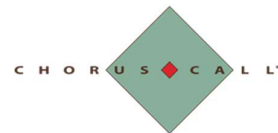




“ITD Cementation India Limited
Q1 FY '26 Earnings Conference Call”
July 31, 2025



MANAGEMENT: **MR. JAYANTA BASU – MANAGING DIRECTOR – ITD CEMENTATION INDIA LIMITED**
MR. NITESH SHARMA – CHIEF FINANCIAL OFFICER – ITD CEMENTATION INDIA LIMITED
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MODERATOR: **MR. MOHIT KUMAR – ICICI SECURITIES**

Moderator: Ladies and gentlemen, good day, and welcome to ITD Cementation Limited Q1 FY '26 Earnings Conference Call, hosted by ICICI Securities Limited. As a reminder, all participant lines will be in listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during this conference call, please signal an operator by pressing star then zero on your touch-tone phone. Please note this conference is being recorded.

I now hand over the conference over to Mr. Mohit Kumar from ICICI Securities Limited. Thank you, and over to you, sir.

Mohit Kumar: Yes. Thank you, Pari. Good afternoon. On behalf of ICICI Securities, I welcome you all to the Q1 FY '26 Earnings Call of ITD Cementation India Limited. Today, we have with us from the management, Mr. Jayanta Basu, Managing Director; Mr. Nitesh Sharma, the CFO; Mr. Rahul Agarwal, Lead Investor Relations. We will begin with the opening remarks from the management, followed by Q&A. Thank you, and over to you, sir.

Nitesh Sharma: Thank you, and a very good afternoon, everyone, and thank you for joining us on the Q1 FY '26 results con-call. So before I begin, the discussion that we will have in this call may contain certain forward-looking statements about the company business prospects, which are subject to several risks and uncertainties, and actual results may differ materially from those in such statements.

So I'll start with the financial performance for the quarter and subsequently followed by our MD, Mr. Jayanta Basu, who will be taking you through the operational performance of the company. So we are pleased to share that we have reported a very robust operational performance during the Q1 FY 25-26.

The total operating income for Q1 FY '26 stood at INR2,542 crores, which is a 7% growth on year-on-year basis on the corresponding quarter. Similarly, the EBITDA stood at INR254 crores in Q1 FY '26 against INR237 crores of the previous corresponding year quarter, again, a growth of 7% reported.

The EBITDA margin remained at a double-digit level of 10% in Q1. PAT of INR137 crores in Q1 FY 26 against INR100 crores, which again has a significant growth of 37% on a year-on-year basis. The company remained deleveraged with a healthy net debt to equity of 0.34x.

And I'm pleased to announce that we also secured orders worth over INR2,900 crores in Q1 FY '26. In addition, we have also secured order worth INR1,300 crores plus in July '25 that makes our total order book secured to INR4,300 crores in FY '26 till date. We are also L1 in orders worth INR1,400 crores as on date as we speak.

So now I would hand over the call to Mr. Jayanta Basu, who will take us through the operational performance. Thank you.

Jayanta Basu:

Yes. Thank you, Nitesh. Good afternoon, and welcome for this Q1 conference call FY '26. The numbers are all known, so I don't want to repeat, but I must say that, again, a good performance by our company during this last quarter i.e. in Q1 INR2,500 crores of revenue and PAT around 5.4%, probably the highest in our company's history. And we believe that we'll be able to maintain the same momentum going forward.

There are some significant or I must say that some high points during this quarter in terms of execution and other aspect. Like for Chennai Metro, one of the project, we have completed a particular section of tunnel i.e. TBM, we call it breakthrough and that TBM has been completed. That is one good thing has happened.

And we are working in Dahej, a very difficult conditions as we know those who are expert in this line. We are able to start the work on time and the piling and foundation work is going on in full swing. We have completed one beautiful structure for High Court of Calcutta Circuit Bench. You will see that picture in our annual report coming soon.

Bangladesh, despite of a lot of issues, as you know, and having a different kind of job, we are doing extremely well. Those who are in this line, they know that the size of the pile, we deal with around 50, 60 tonne weight, but there the pile weight is 300 tonnes. You can imagine the difference. The first time we are doing such a big pile, but it's being done very nicely.

We are doing a lot of precast work that means a lot of buildings nowadays trained by the customer to shift to precast construction. And in Mundra, we have started doing that. The new technique, but we are able to do it properly and the work has got appreciation from the customer. I'm also very happy to say that our credit rating has been increased from A to A+ during this last quarter, which is also a good achievement.

Now going forward, as I said last time, we have got a good amount of job in pipeline. I mean, if I sum up, it will be around INR87,000 crores to INR90,000 crores of work which we are dealing with now. Some are in the tender stage, some prequalification, some have submitted tender. So opportunities are quite okay. And good thing is that the number of job is not much, though it is INR90,000 crores.

It will be hardly 15, 16 in terms of the number of projects. So that means the jobs are all big ticket job. We were again successful to secure a job in overseas condition of Abu Dhabi last week or so, which we have been pursuing hard, and we are very happy to say that we got the LOI.

In addition to that, as Nitesh has mentioned, if you put L1 altogether, already have secured around INR5,000 crores job, either they have secured or L1. So that is something which is also

very significant because in the first quarter is still securing INR5,000 crore job, which has never happened before.

If I go to the further detail of the performance, which I normally do in every con call, the few big jobs like Chennai Metro is around 55% we have completed. Bangalore Metro is verge of completion. Sivok Rangpo always a difficult job, but we are able to overcome the difficult situation. Close to 80% job has been done already. Mumbai Metro is almost completed. Similarly, Ganga Expressway, as you know, is a big job, but we are able to complete the main carriageway on time, finishing work is pending. So around 85% has been completed.

Few marine jobs. I mean, there are a lot of marine jobs we are doing nowadays. like Project Varsha is a big job. I think we have done around 38%. Bangladesh, as I mentioned, 42% has been done.

LNG Petronet at Dahej 25%. Colombo, another overseas job, around 80% we have done. And there are some new jobs also we have secured like Ruwais at Abu Dhabi, just I mentioned, we are just starting. Bangalore, we have got a metro job. I mean not metro, it's a metro rail, but from the different agency. We are just starting the job. Then we have got one port in Odisha from JSW place called Jatadhari. That work is going to start. Vadhvan port, all of you know that we have got the first package. We are starting the job. Trivandrum Airport, we have got a package. Jaipur Airport, we got a package. And we got recently one building from Keventer, a multistory building in Kolkata. In long and short, that is the story about the performance and going forward.

So I'll be very happy to answer the questions. So please go ahead. Thank you.

- Moderator:** The first question is from the line of Aditi Loharuka from CD Equisearch Pvt. Limited.
- Aditi Loharuka:** Sir, how much has the industry tailwind supported the surge in your execution in the last few years?
- Jayanta Basu:** Could you repeat it, ma'am?
- Aditi Loharuka:** How much has the industry tailwinds supported the surge in your execution in the last few years?
- Jayanta Basu:** I mean, I don't know whether I've got your question rightly. Industry tailwind means, yes I mean there are a lot of opportunities, and we have secured a lot of jobs. Market is good. And you know that we are looking for 8% GDP growth in our country, emphasized by the government for the infrastructure. So all these things are, if you can say, the tailwind is helping us to get more revenue and more opportunities. Is it the right answer to your questions, if I have understood rightly?

- Aditi Loharuka:** Yes, sir, partially, like I just want to know that how much has the contribution of macroeconomic factors helped you in growing, like you yourself secure projects and you are continuing with the past projects. So how has the macroeconomic factors contributed in your growth?
- Jayanta Basu:** Yes, of course, they are contributing because see, business means you have to have the opportunity and there are so much of opportunity in India, not only by the government of India, there are from outsiders like investors from the overseas. So economic conditions also better. Now one thing which I can very clearly tell you that the payments from the customers, in particularly government customers are very good. Gone are the days when we have to wait for a long time. And the contractual terms and conditions are also getting more level level filled conditions. So there are many factors, which is really, you can say the tailwind and macroeconomic factors are helping us.
- Aditi Loharuka:** Okay. And what sort of orders do you generally subcontract?
- Jayanta Basu:** It depends upon the nature of work we do. But if you ask me, in general, around 20% to 30% is the range, we subcontract.
- Aditi Loharuka:** Okay. 20% to 30% is the range, but what type of orders do you subcontract?
- Jayanta Basu:** Mostly if it is not in our domain like electromechanical work, HVAC, firefighting, those we rely on the specialist associates. So that is subcontract. Sometimes there's a large earth work where we have to source the earth from outside, that is subcontract. Sometimes some mining work like tunneling, there are a good tunnel subcontractor we have that also sometimes we subcontract.
- Moderator:** The next question is from the line of Raman KV from Sequent Investments.
- Raman KV:** Sir, first of all, I just wanted to understand from the presentation, it has been shown that current order book is around INR18,820 crores. So what will be the execution time line for this?
- Jayanta Basu:** INR18,880 crores will be executed in 1.5 years' time.
- Raman KV:** Okay, sir, 1.5 years' time. And sir, with respect to your order books in pipeline, you mentioned that it's around INR87,000-odd crores of order book -- orders are in pipeline. So what is your win rate in this? And how many of -- at what percent -- like what's the annual status among these projects?
- Jayanta Basu:** Yes, I'd like to correct you, INR87,000 crores is not order in the pipeline. The opportunities are in the pipeline.
- Raman KV:** So what's the current order strike rate?
- Jayanta Basu:** It will be around 20% if it is good. So you can say INR16,000 crores, just going by the statistics, it can be little less or more.

- Raman KV:** Okay. And what's the L1 out of this?
- Jayanta Basu:** So far, I think we are L1 in INR1,460 crores and some order we have just received. So put together in this year, around INR5,000 crores of order we have already secured, including the L1 if you consider.
- Raman KV:** Okay, sir. Sir, my second question is with respect to the interest run rate with the current upgrade in the credit rating as well as the 50 bps cut in the interest rate, can we see this interest cost quarterly going down from INR50 crores to INR40 crores? Or will it stay at INR50 crores?
- Jayanta Basu:** Yes. I think if you see the interest cost, it is a mix of many things. It is interest we pay to the bank. It is the interest we pay to the client for advance which secure. It is the interest or money we pay for the LC and bank guarantee. So in this, because of the credit rating gone up, definitely, we'll get some leverage in the interest, some of this item. We have to see how it goes.
- Raman KV:** And sir, with respect to the guidance for FY '26, what is your revenue -- how much revenue growth are you expecting? And will there be any improvement in margins going forward?
- Jayanta Basu:** Well, revenue growth, as I have mentioned last time also, will be around between 20%, 25% in that range. And what was your second question? I just missed.
- Raman KV:** Margins.
- Jayanta Basu:** Margin, as you can see that it has been steadily, we are doing around 10% EBITDA range. But EBITDA is one parameter. But if you see our PAT, that has substantially improved within the quarter.
- Raman KV:** Sir, and my final question is with respect to the revenue recognition. So I just wanted to understand how does the revenue gets recognized. So when you bid for order and you get an order, do you get any advance payment on those orders? Or is it like if you complete 15% of the particular order, then you get 15% of the order value like phase wise?
- Jayanta Basu:** Well, see, one is advance. Advanced payment depends upon the contract condition. We get 5%, sometimes 10%. Some are with interest bearing, some with interest not bearing. That is one different subject. Margin recognition, normally, we wait for 10% of the work to be completed, but revenue is recognized from the start when we start.
- Nitesh Sharma:** That is a percentage of completion method basis. So these are 2 independent things. Advance is a utility contract term and revenue recognition is the POC method, which is being applied.
- Moderator:** The next question is from the line of Aditya Sahu from HDFC Securities.
- Aditya Sahu:** Yes. I wanted to understand on the order inflow guidance for FY '26, what are we expecting? And also, how much of this are we expecting from group entities?

Jayanta Basu: Look, we are expecting to get around total INR15,000 crores to INR16,000 crores of orders in this year. Out of that INR4,000 crores, INR5,000 crores already have secured. So that is, I think, pretty sure that we'll get this amount of orders. And if you ask me from the group will be around 35% out of that.

Aditya Sahu: Got it, sir. Got it. And in the current existing order book, how much of that is from group entities?

Jayanta Basu: 20%.

Aditya Sahu: 20%. Okay. Understood. And in the revenue and EBITDA guidance that you've given, 20%, 25% growth in revenue and EBITDA guidance of 10% for '26. Similarly for '27 sort of if you can go a bit further and help us on that, how much are we expecting that on the same lines for '27 also, '27, '28?

Jayanta Basu: See, there are 2 things. One is you can plan for second year, third year, fourth year, fifth year, which we normally do. But giving some sort of guideline is not correct because it depends upon many factors. And most of the factors are not in our control. So let us wait for some time.

Aditya Sahu: Understood, sir. Understood. On the execution front, you had highlighted in the last quarter that the execution was a bit impacted because in the Bangladesh because of the political scenario over there. Like has that situation normalized? Or are we sort of facing an impact over there?

Jayanta Basu: I think last time I have told the situation is under control. There was some stoppage of work in last year up to October, November or up to December. And thereafter, we are working full swing. There is no problem for us to execute there.

Aditya Sahu: Understood. And on the net working capital, the working capital days, if you can help me with what is the net working capital days for the current quarter?

Nitesh Sharma: Net WC remained at 80 days.

Aditya Sahu: 80 days. Understood.

Nitesh Sharma: It has improved from the previous quarters.

Aditya Sahu: Right, right, right. We earlier had, I think, close to 100 days, so 100 days that has improved. On the capex front, if you can help us with the capex we are planning to do in '26 and how have we done in Q1?

Jayanta Basu: Capex also depends upon a few factors. Normally, it will be around this year, we try to make INR280 crores to INR300 crores. But in first quarter itself, we have already spent around INR89 crores. But it depends upon a few work if we get, then capex can be really high than this whatever I have told you, which we are not able to disclose anything now. But otherwise, it will be below INR300 crores.

- Moderator:** The next question is from the line of Jainam Jain from ICICI Securities.
- Jainam Jain:** Sir, my first question is, how are you seeing the opportunities in the Middle East? And what kind of work are you pursuing over there?
- Jayanta Basu:** Middle East opportunity, one opportunity, it has been converted to order, I have just mentioned. It is a marine work for ADNOC. ADNOC is Abu Dhabi port, where we have got Mumbai port, they have got Abu Dhabi port. We secured an order, a small order, not so big compared to overseas market.
- Thereafter, there is a sewer work that is underground sewer pipeline, which is a big job in 2 packages, 2 packages put together will be huge. So there, we are having consortium partners with some of our Indian company and one Dubai based company as well. So these 2 jobs we are pursuing very hard now.
- Jainam Jain:** Okay, sir. Sir, my second question is what is the status of other set of tenders from Vadhvan port? And are you seeing these opportunities in this year itself or in FY '27?
- Jayanta Basu:** Vadhvan port, one, we have got, as you know, that first job we have got. The second will be the breakwater and third will be the dredging and reclamations, and it will keep on coming. So breakwater job, I hope that tender may come any time. It may come even tomorrow.
- Jainam Jain:** Okay, sir. Sir, are you facing any labor shortage problem?
- Nitesh Sharma:** Labor shortage.
- Jayanta Basu:** Labor shortage is a common problem. Look, we work in different segments. One is tunnel, one is marine, one is airport and mining, we work in building as well and road. So there are a few segments which is labor-oriented jobs like building work. So there are crisis. But because we don't do much of building job, we don't have that much problem like other companies. But still, yes, we have got some issues with the labor issue of building jobs.
- Jainam Jain:** Sir, how are you mitigating that then?
- Jayanta Basu:** How we are mitigating?
- Jainam Jain:** Yes.
- Jayanta Basu:** I think I have to speak with you for a whole day because it's a very short question, where there is a long answer, a lot of options. First of all, we have to see that the labor forces, those are working this day. Normally, in Indian condition, if you require 500 labor, in whole year, you'll find that you recruited at least 3,000 labor, 6x, 5x a turnaround. So why they go, you have to find the root cause and you have to sort it out. That's the first thing. Second thing is that try to mechanize as much as possible. In short, this is my answer.

- Jainam Jain:** Okay, sir. Sir, we currently have a book-to-bill of 2x. And earlier in the last call, we had given a guidance for FY '26 of 25% growth. So sir, can you help me understand like how are you looking to accomplish this guidance?
- Jayanta Basu:** Yes, I still maintain 25% growth, but it cannot be so accurate. So 25% has a range, 20% to 25%.
- Moderator:** The next question is from the line of Shreyans Mehta from Equirus Securities.
- Shreyans Mehta:** Sir, my first question is pertaining to the orders which you are targeting from the parent. Can you quantify or name a few contracts which we are looking from the parent? And just in conjunction with that, are those on a negotiated basis? Or how does it work when it comes to the orders from the parent?
- Jayanta Basu:** I think I have clarified this last time also. There is no negotiation. It is being done the way it has to be done before for last 15 years. The tender comes, we participate and we get the job or we do not get the job. If we get the job, we get the job based on the lowest evaluated bidder.
- So those things are still continuing. The only difference is that earlier, we used to be very choosy to participate in certain segments only. But now our parent or our group company, they have done so much of work in all the segments, you mean you name. So as because they are parent, they are asking us requesting us to participate more and more. So that is why the percentage of work from parent will be more because we are going to the other segment as well. That's the only difference.
- Shreyans Mehta:** And sir, can you name a few contracts where we are under negotiation or where tenders are invited from the parent?
- Jayanta Basu:** I don't know. There are many, but yes, I think same segments like marine, data center, airports, roads, tunnel everywhere.
- Shreyans Mehta:** Okay. Sure, sure. Sir, second is a bookkeeping question. What is the gross debt as on date?
- Nitesh Sharma:** It's INR960 crores as on date. As on 30th of June, we have reported.
- Shreyans Mehta:** INR950 crores.
- Nitesh Sharma:** INR960 crores as reported on 30th of June.
- Shreyans Mehta:** Sorry, I missed it. INR906 crores?
- Nitesh Sharma:** INR960 crores.
- Shreyans Mehta:** INR960 crores and cash?

- Nitesh Sharma:** So cash and cash equivalents, I mean, excluding the earmarked balances, we had close to INR290-odd crores of cash balance. So the net debt remains at INR669 crores.
- Shreyans Mehta:** Got it. Sure. And one last question from my side. Sir, if you see our order book has been building upon and execution is also happening at a healthy pace, but margins largely have been since last 8 to 10 quarters are in the range of, say, anywhere between 9% to 9.5%. I'm talking about the core EBITDA margins. So is there any scope of improvement at least by, say, 50 basis points or 100 basis points, which can see going forward, the core EBITDA margins?
- Jayanta Basu:** I know margin, you can say EBITDA margin or PBT or PAT, whatnot. But I personally rely more on the PAT, which takes care of everything. So I'll address PBT, EBITDA also. But PAT, if you see, it has increased quite gradually but steadily, like 3.6% to 3.8% to 4.5% to 5.4%. And in our industry, 5% PAT, I think it's okay. I mean you can compare. EBITDA, yes, it has a factor of depreciation and all. We are all looking for 10% plus, which you've been achieving now. And definitely, we'll try to achieve more. Let us see.
- Moderator:** The next question is from the line of Vaibhav Shah from JM Financial.
- Vaibhav Shah:** Sir, we have seen a sharp reduction in the interest cost for the quarter from INR62-odd crores to INR50-odd crores despite the debt increasing on a Q-o-Q basis. So what has led to the sharp fall?
- Jayanta Basu:** Basically, as I told you that interest has got 3, 4 components. It is not only the bank interest, it is interest from the client on advances, LC charges, bank guarantee charges. So those components are now a little bit less because most of the contracts we are able to get interest-free advance through our hard negotiation and persuasion and bank guarantee cost also has reduced. I think probably that has contributed to this improvement in the interest cost.
- Vaibhav Shah:** So if the debt remains at similar levels in the next few quarters, so we can expect a similar interest cost around INR50-odd crores or if there is a possibility of an increase?
- Nitesh Sharma:** So definitely, there would be improvisation or optimization of the overall financing cost when we are doing post the Adani or the parental leverage, which will happen, okay. So that definitely in terms of absolute numbers also would come down. But we should see rather that as a percentage of revenue as the top line grows and whereas we are able to manage the working capital efficiently. So as a percentage of the top line, that definitely should come down over a period, yes.
- Vaibhav Shah:** Okay. And what is our average borrowing rate as of now?
- Nitesh Sharma:** So that's in the range of 10-10.5-odd percent on the working capital lines. Plus there are other components. We have a larger portion, which is earmarked for the non-fund-based limits, largely

for the LCs and the bank guarantees, which we have been issuing. So that contributes a larger portion of the interest and finance cost.

Vaibhav Shah: So what would be our limits and how much they have been utilized, both fund-based and non-fund based?

Nitesh Sharma: So that all put together, we have close to INR6,000-odd crores of limits available and almost like 90% is being utilized today.

Vaibhav Shah: Okay. And sir, what would be your mobilization advance as of June?

Nitesh Sharma: That stands at INR830-odd crores as on 30th of June 2025, INR835 crores to be precise.

Vaibhav Shah: And out of this, what would be ballpark interest-bearing?

Nitesh Sharma: Almost 80% is non-interest-bearing. So 20% is like interest-bearing in the range of that.

Vaibhav Shah: Okay. And sir, lastly, what would be our total receivables as of June? And of that, what would be from Bangladesh?

Jayanta Basu: Bangladesh, I can say Bangladesh, there's no receivables because we have been paid on time and advance already have got payment. Total receivable, Nitesh?

Nitesh Sharma: So total receivables stood -- I mean, the total receivable was like INR1,600-odd crores. And in terms of you say the number of days, it is like 64 days average, which is what we have been maintaining.

Vaibhav Shah: Okay. Sir, for the quarter, we have seen INR7 crores of share of profit from joint ventures. So what led to this sharp rise?

Jayanta Basu: That is for the Mumbai Metro. Mumbai Metro is getting completed. So they have reduced that amount.

Vaibhav Shah: Incrementally, this should be a marginal number?

Jayanta Basu: Yes, because we almost completed it now, we have taken margin before also.

Vaibhav Shah: So largely, it should be done now in terms of booking the profitability?

Jayanta Basu: Yes, I think the JV work is completed. We may get something a little bit more, but nothing significant going forward.

Vaibhav Shah: And tax rate for the quarter was 17%. So why it was so low? And how do you see it going forward?

- Nitesh Sharma:** So we had a tax-free income from one of our JV, which had carryforward loss into it. So that has bring down the effective tax rate for the company.
- Vaibhav Shah:** So it should be only for this quarter, right? Incrementally, it should be a normal estimate.
- Nitesh Sharma:** Yes, yes. So effective tax rate would be in the same range. This is just a quarter reporting.
- Moderator:** The next question is from the line of Ishita Lodha from Svan Investments.
- Ishita Lodha:** My question is that in the order pipeline of INR90,000 crores, how much is from the parent company?
- Jayanta Basu:** Around 30% to 33%.
- Ishita Lodha:** Okay. And do we have any slow-moving orders in our order book?
- Jayanta Basu:** Slow moving, no, I don't think, I think. No.
- Nitesh Sharma:** No.
- Ishita Lodha:** Okay. And this order that we have received INR5,600 crores so far, so this is also largely from the parent?
- Jayanta Basu:** No. These are largely from the outsiders. Parent will be around INR1,000 crores, balance INR4,000 crores from the outside.
- Moderator:** The next question is from the line of Shreyans Gathani from SG Securities.
- Shreyans Gathani:** I had a couple of questions. The first one was you mentioned that the ticket size for the opportunity that you have is going to be much bigger. So just trying to understand what kind of or how do we look at the ticket size versus margins? Or is that like the order size is -- like the margins are agnostic of the order size that we pick up. Usually, like bigger orders, we see some kind of efficiencies that are built in. So just trying to get a sense on that.
- Jayanta Basu:** Well, the bigger orders, if you convert to -- I mean, bigger opportunity if you convert to order, then your revenue goes up. And if your revenue goes up, then naturally, it has got some positive contribution to the margin. That is generally speaking. So that helps. And number two, the big ticket job, you get less competition.
- So it is not like an NHAI job where 26 participants are fighting each other, hardly 2, 3 companies. Naturally, everybody will try to get their best. The competition is less. And most important part is that you are able to get qualified for this big ticket job. So that is another significant thing.

And another thing that if you have 60 projects to handle and if your revenue is INR10,000 crores and if you have 30 projects to handle revenue is INR15,000 crores. The second is much better option to run more efficiently. So these are the few factors which helps.

Shreyans Gathani: Got it. Got it. That's very helpful. So is it fair to understand that going forward, we would aim for like historically, the kind of order sizes that we've got, we want to go into like a bigger level of orders that we actually intake now?

Jayanta Basu: Yes, yes, of course.

Shreyans Gathani: Okay. Okay. So is that, like are we getting out of some smaller ticket jobs? Or is that continuing or we are just focusing on the larger jobs now?

Jayanta Basu: We don't have so-called smaller job now. Once upon a time, we used to do job of INR20 crores, INR30 crores INR50 crores INR40 crores. Now there are hardly any job which is less than INR300 crores or INR500 crores. We are slowly getting out of that. That's what I say that we are getting qualified also to get the big jobs.

Shreyans Gathani: Got it. Got it. Sir, last question. So you've already done INR5,000 crores. And even in the last con call, you mentioned that you're looking at INR15,000 crores for a INR90,000 crore opportunity.

So is there a possibility that we actually get more than INR15,000 crores given we are ahead of the run rate? Or is that not a fair assumption?

Jayanta Basu: I don't want to increase every quarter. So let us be happy with INR15,000 crores. We'll be able to achieve that.

Moderator: The next question is from the line of Balasubramanian from Arihant Capital.

Balasubramanian: Sir, I hear labor shortages in the industry itself, which delayed project execution. I just want to understand margin perspective because we have seen some of the companies witnessed margin erosion in this quarter, but we are almost maintaining the same levels.

I just want to understand about maritime, urban infra and industrial buildings, how the margins are differentiating? And is there any inflation risk steel, cement and any other things are impacting on the margin side? And you can share the breakup of fixed price contracts and variable contracts also. And you can throw some light on that how domestic and international projects are differentiating in terms of margin on the execution side?

Jayanta Basu: Okay. So I'll start with your last one. Normally, international jobs gives you better margin because international means they are international players, they work in a high price model, number one. Number two, the terms and conditions are not friendly, I mean, level field terms and conditions.

International job, provided you access it properly, you know the job properly. Otherwise, international job can be killer because their quality standards, safety standards are very high at the location also sometimes if you go to Africa, some country can get a hit there. If your assessment of the location and the project is good and if you get the job, if you can deliver, international projects normally fetch you better margin. That is number one.

Number two, in terms of the variable contract and fixed contract, I think for most of the contracts are now variable. Exactly, I cannot tell you the ratio. It will be around 70% to 30% i.e. 30% are fixed, 70% is variable price contracts. In terms of the commodity price, commodity prices are now more or less steady for last few quarters. We don't see much surge in that.

But I don't know what may happen in future. The labor is an issue. And there are companies, those who rely most on the labor-oriented work, they are getting hit. We are also not exceptional to that. For segment like building, we are suffering because of labor force not available and because of that delay is there.

Moderator: We may request participants to please remove their handset while the management is answering your question.

Moderator: As there is no response, we move to the next question. The next question is from the line of Rehan Saiyyed from Trinetra Asset Managers.

Rehan Saiyyed: Sir, I want just a brief understanding regarding the growth that you have shown in the press release. The press release highlights strong growth, but execution remains a critical. Are there any cost escalation risk due to raw material or overseas projects that you are seeing right now? Or also this could impact margins in the coming quarters, just put some light on it?

Jayanta Basu: Raw material price, I have just mentioned that I don't think it's affecting significantly to us. There are 2 reasons behind that. First of all, that I don't see much surge in raw material price. At the same time, we are able to negotiate with the customer to have a fixed raw material price intent of the contract. That means the price increases, we are getting compensated, vice versa.

So this is all about raw material price risk. Quarter 2, okay, always quarter 2 is low than quarter 1, as you can see from all the companies, we are not exceptional. So quarter 2 will be a little bit muted because of monsoon effect.

Rehan Saiyyed: Okay. Okay. And sir, like that you have previously mentioned the margins you are showing for FY '26 and FY '27. So like is there any effect on margins for coming quarters or full year that should be aware of?

Jayanta Basu: I mean EBITDA, as I mentioned, that around 10% will be maintained. We'll try to maintain. Is there anything specific you want to know? I couldn't get your question.

- Rehan Saiyyed:** Like you got my question or you didn't got my question?
- Jayanta Basu:** No, no. I mean what you want to know that margin?
- Rehan Saiyyed:** Okay. Okay. I'm just clarifying that is there any risk or any uncertainties we have to expect in coming quarters for affecting our margins going forward.
- Jayanta Basu:** Yes, I got it. Sorry, I got it now. Political risk in the overseas country is always there. Like when we started, Colombo, we had some problem. We have started Bangladesh. If Bangladesh goes smooth, I don't see there is any other risk we have, which can affect the margin.
- Rehan Saiyyed:** Okay. Okay. Sir, my next question is regarding the quarter, ITD Cementation become a part of Adani Group. So could you provide some insights into the strategic benefits of this transition, specifically will this open up new project opportunities or improve access to financing and bidding strength?
- Jayanta Basu:** Well, the basic idea is to grow and the emphasis is given a lot on the growth path as because Adani as a group have got a lot of plenty of jobs to be done. And earlier, we used to do only marine, but now we are getting into the other segments also like airports, data center. The emphasize has been given to build up our strength in that segment to improve our capability so that we can do more job in that segment through Adani.
- Moderator:** The next question is from the line of Jayesh Shah from OHM Portfolio Equi Research.
- Jayesh Shah:** Okay. I want to go back to the EBITDA question that people have raised. How do we read it? Because if you double your turnover every second or third year that you have done, then if your gross margins are same, the operating leverage should have helped you to have higher EBITDA.
- So are you bidding at slightly lower gross margins and getting better payment terms because we have seen improvement in working capital or is the mix of jobs responsible that the overall average EBITDA still remains at 10%? Because what we can't understand is that doubling of growth is not helping you in terms of operating leverage?
- Jayanta Basu:** Well, there are many, many things in that. You know that we had some bad projects a few years back like Bangalore Metro and Delhi Metro. And so those projects are gone now behind us. And that is why you can see that EBITDA, which used to be around 9% or 8% to 9% has finally gone to 10% consistently during last 3, 4 quarters. So that is an improvement. And I strongly believe that if you do not have such one-off bad job, EBITDA will further increase. So let us see.
- Jayesh Shah:** Okay. But at bidding level, you are bidding at the same margins as you were bidding before despite higher capability? Or are you able to pick and choose the contracts at higher margins now? If I look at your order book, will they be at higher margins than what you have done till now?

Jayanta Basu: Well, I mean, see, we cannot choose that. It depends upon the market. What we do now that we definitely find some job which is interesting, which will make good margin, we try to get the job. So there is no pattern that earlier used to do 8% margin. Now we are bidding for 12% margin, not like that.

But the one thing is there, let me complete that. As I have just said that we are trying to get bigger jobs, but the competitions are less. There probably we'll be able to make a little bit better margin while we tender.

Jayesh Shah: Okay. So in a way, you are giving the benefit of the operating leverage to the customers and trying to get more orders. Is that the way to understand?

Jayanta Basu: It's a matter of balance. I mean, both sides. Sometimes we put better margin, we get the job. Sometimes we have to get the job. That's why we put a little bit less margin. So both are there.

Jayesh Shah: Right. And whilst I'm not asking you for guidance for FY '27, '28 post Adani's acquisition and the fact that you have a parent which can give you captive jobs, is the organization geared up to maintain such growth rate in terms of planning? Like we are trying to understand what is the peak capacity of ITD or what could be a constraint? If we keep 25% per annum.

Jayanta Basu: We have got enough capacity as we have demonstrated just for your sake of consumption that we have grown, as you know, 3,000 to 5,000, 5,000 to 7,000, 7,000 to almost 9,000 plus with almost same kind of resources in terms of the manpower and even machinery also. So the core thing is that if you have the knowledge, the core theme, if it is with you, then it is not a big problem because plant and machinery, you can buy. They are available now in plenty, and we can get support from Adani Group also. What is required is our knowledge. Knowledge we have. So I don't see that much of a challenge.

Jayesh Shah: Okay. And in terms of mix of jobs, are margins same or are they different? Even if you can just rank them in terms of what is most profitable and what is least profitable without giving the percentages?

Jayanta Basu: Yes, yes. I mean it cannot be same because different segment has got different thing. If you ask me in that way that the top will come underground metro in terms of margin, better margin, then marine, then specialized jobs like foundation-oriented job, then roads and building. It goes in that manner.

Jayesh Shah: And airports and ports, you would include in ports would be marine?

Jayanta Basu: Marine is port. Airport will come in between. Airport also has got different scenario. Some airports are INR400 crores, some are INR5,000 crores. So if you go for INR400 crores job, you have to put a very low price, which is not viable. But big airports, yes, we can make better margin.

Moderator: The next question is from the line of Amit Agicha from HG Hawa.

Amit Agicha: Sir, my question was connected to like is the company like looking for interlinking of the river project like it's a big opportunity?

Jayanta Basu: Which project you mentioned?

Amit Agicha: Interlinking of rivers in India.

Jayanta Basu: Interlinking rivers in India is a thought, which is there for last 15, 20 years, so inland water transport. So we have to see that whether really it happens. If it happens, if it is size is good, definitely we'll be interested because it is a kind of marine job, which we are very good in that. But we need to see the opportunity in a perspective of when it is happening, what is the feasibility, etcetera.

Amit Agicha: Till now, the company is not doing, right?

Jayanta Basu: I don't see much. You tell me any project of such kind of interlinking happening now. I don't see.

Amit Agicha: In MP, I think MP, Rajasthan, Maharashtra have showed their target picking up.

Jayanta Basu: Yes. I mean it is in plan. The whole India, there's a lot of plan, but when it will happen, if it happens, then that will depend upon the size of the project, we'll choose whether it is okay or not.

Moderator: Thank you. Ladies and gentlemen, that was the last question for today. I now hand over the conference to management for closing comments.

Jayanta Basu: Thank you for the questions, and we are very happy that you have got interest on us. Please rely and keep on keeping interest on this company. Thank you very much.

Moderator: Thank you. On behalf of ICICI Securities, concludes this conference. Thank you for joining us, and you may disconnect your lines.