



“ITD Cementation India Limited
Q4 FY '24 Earnings Conference Call”
May 29, 2024



MANAGEMENT: **MR. JAYANTA BASU – MANAGING DIRECTOR – 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 Q4 FY '24 Earnings Conference Call hosted by ICICI Securities. As a reminder all participant lines will be in the listen only mode and there will be an opportunity for you to ask question after the presentation concludes. Should you need assistance during the conference call please signal an operator by pressing star then zero on your touchtone phone. Please note that this conference is being recorded.

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

Mohit Kumar:

Thank you Yusuf. Good afternoon. On behalf of ICICI Securities, I welcome you all to the Q4 FY '24 Earnings Call of ITD Cementation India Limited. Today, we are pleased to host the management of ITD Cementation, which is represented by Mr. Jayanta Basu, Managing Director and Mr. Prasad Patwardhan, CFO of the company.

Without much delay, I'll hand over the call to management for their opening remarks, which will be followed by Q&A. Thank you, and over to you, sir.

Prasad Patwardhan:

Thank you. Good afternoon, everyone, and thank you for joining us in this Q4 FY '24 result con call. Before I begin, let me mention that there could be certain statements from the management today during the call. It would be forward-looking that would be subject to certain risks and uncertainties, so we'd like to bring this to your attention before we move ahead.

We have declared our result yesterday and I'm sure that everyone has got the chance to look at the numbers. We have had a very satisfying performance during the quarter and a very stellar performance has been reported for the year ending FY24. For the quarter ending March '24, our total operating income was INR 2,258 crores as against INR1,631 crores in Q4 of the previous year, representing a growth of about 38%. EBITDA of INR242 crores as against INR147 crores, a growth of 64%. PAT of INR90 crores as against INR38 crores a year back, which represents a growth of about 138%.

For the full year, we reported a top line of INR7,700 crores, which represents a growth of 52% on a year-on-year basis. Our EBITDA has also grown by about 75% during the year. And PAT has grown by 120% from INR125 crores to INR274 crores. Our balance sheet continues to be extremely healthy and the net debt-to-equity ratio is under 0.2x. During the year, we have secured new orders of about INR6,900 crores. And our order book as of March '24 is a little under INR20,000 crores. This is as far as our financial performance is concerned.

I'll now hand over to Mr. Basu for his initial comments, and then we'll take your questions.

Jayanta Basu:

Thank you, Prasad. And good afternoon to all for joining this con-call. And I'm very happy to share the numbers what we have just heard from Prasad. The substantial growth in top line and bottom line as well during this last year. And we have grown from INR5,000 crores to close to INR8,000 crores in top line. And in PAT level also, it is almost 3.6% of the revenue, which is, I think, the best PAT we have in recent past.

I'm sure that this momentum will continue further because we have several jobs opportunity. Some of them, we have already tendered. Some of tender work is going on. And some, we are yet to receive the tenders that we have identified, and those are mostly in the segments where you do good, like Marine, Underground Metro, and Bridge, so the kind of jobs where we normally perform better.

Going forward, our focus is to have some more jobs from the overseas market because as we find that there are new developments happening in Middle East, West Africa, a lot of investment from Indian government, but they are also investing money. So there are a lot of new projects coming that we would like to participate. So our endeavor and efforts are there to get some new jobs from the overseas market as well.

Now this year, we have seen the revenue growth and margin growth. But there are a few jobs which we have secured towards the end of the last year, are still in initial limit of the margin declaration. So we have taken the revenue. So margin is yet to be declared, which we'll definitely add to the bottom line second or third quarter onwards. This is what I have to say in opening statement.

Now we'll be happy to answer any questions you may have going forward. Thank you.

Moderator: Thank you very much. We will now begin the question-and-answer session. First question is from the line of Nikhil Abhyankar from ICICI Securities.

Nikhil Abhyankar: Congrats on a very good year. So my first question is regarding. At this juncture, will you be able to provide some kind of a guidance for FY '25 in terms of revenue growth, margins, and the order inflows?

Jayanta Basu: Revenue growth, as we have been maintaining, it will be 20% plus in terms of revenue. Margin also will be commensurate to that. And order inflow, we're expecting the order what we can see in our horizon goes to INR8,000 crores to INR10,000 crores say INR9,000 crores, our target is to have this year's order inflow.

Nikhil Abhyankar: So around INR9,000 crores. And the margin, is there any scope to improve the beyond 10% going forward?

Jayanta Basu: It's difficult. You see, construction industry has got their own standard margin and revenue. So 10% plus is, I think, okay. If we can do something better, we'll be happy, we'll try that. But I think we have to live with this margin, 10%, a little bit more than 10%.

Nikhil Abhyankar: Sure. And sir, you mentioned in the opening remarks that you will be looking at overseas orders going ahead. So what kind of opportunities are we looking at? And what will be the share of overseas orders out of this INR9,000 crores?

Jayanta Basu: We aim to do around 30% of revenue from overseas by another 2 years' time or 3 years' time. Now today, the kind of job which we're pursuing, if we get some of them, I think it will be around 20% plus on our overseas business.

- Nikhil Abhyankar:** 20% plus from overseas. Okay. And just a final question. And recently, there's a lot of road tenders which were opened in Maharashtra, almost around INR90,000-odd crores. So did we participate? And if not, why?
- Jayanta Basu:** I don't know which one you're mentioning. There are many jobs, particularly coastal road and tunnel job between this National park, Sanjay Gandhi Park. We have not participated because we found that it requires a lot of investment, particularly tunnel job, where the tunnel boring machine surge is quite big, and requires a lot of investment. And if the stage that we have today, we have to contain our capex within a limit. That is the main reason. And in some cases, to all these, there is a qualification issue as well. So we have not participated because these reasons.
- Moderator:** Next question is from the line of Parikshit Kandpal, HDFC Securities.
- Parikshit Kandpal:** I just wanted to understand from you, you highlighted that you had about INR8,000 crores to INR10,000 crores of orders for the next year. So this factors in the election related and delays in the government formation, which may take some time and also ordering to pick up. So have you factored these while giving your guidance?
- Jayanta Basu:** Well, see, it is not only that we are depending on the government order. Beyond that, customers are mostly private client like DP World, Port of Singapore, AP Moller and we have Adani as well, JSW. So, all of them have got big marine jobs, which we are pursuing. And yes, there are some jobs we have submitted our bid like few Metro jobs which are already there, which definitely after July, August they will be matured.
- And few jobs, it doesn't depend on the election. The overseas job, has nothing to do with our election result. And around four such jobs we are pursuing, we are quite hopeful to get at least one or two and they are big-ticket jobs.
- Parikshit Kandpal:** What is the current pipeline in the Marine segment? Because that is what is the most profitable segment for you. So if you can highlight what is this pipeline there? And also, in terms of the upcoming bidding opportunities, do you think that you'll continue to work as contracted towards larger players, especially Adani you've been doing their Ganga Expressway. So do you think you're open to exploring opportunities and sticking to subcontracting at least on the NHAI road projects for leading contractors or developers?
- Jayanta Basu:** No. At the moment, we don't have such plan to the road work from NHAI. But if we get one more Ganga Expressway, probably we'll be happy to do such work.
- Parikshit Kandpal:** And on the marine side, sir. And then directly from NHAI, let's say, Adani win some BOT toll projects or some other developer wins and he takes the support. So are you okay to give support bids to the leading developer where your scope of work will only be limited to EPC for the developer? Are you open to those opportunities?
- Jayanta Basu:** Yes, yes. Definitely, there is a developer and basically, it depends on the due-diligence of the project. Basically, you have to see whether the funds are available and the developer has got money and such kind of thing and the location. If all these things match, why not? If we are able

to do in Ganga Expressway, you can do anywhere. And in marine, of course, marine is one of our strong areas.

So as we just mentioned, pipeline, yes, there are at least seven jobs in front of my table, which we're pursuing now. Then all of these are INR1000 crores plus-minus. If we get at least two of them, then that's a good deal for us.

Parikshit Kandpal:

And just the last thing on the JV profit. So I just wanted to understand from you that this year the numbers on the joint -- profit from joint venture has declined. So if you can highlight and help us understand that what is the residual value of cash because I know we are very conservative. So I just wanted to understand how much of the profit there yet to be realized from underground Metro projects, when do you expect it to get commissioned?

So even from Calcutta Metro, if anything is pending? So anything there which can be realized. So carrying value of unrecognized profit from the JV companies. So if you can give some colour on that.

Jayanta Basu:

Yes. One thing Parikshit that JV jobs are almost now on the finishing stage because if you see Calcutta Metro is completed, I think it's completed, leaving few work. Bombay Metro is almost completed. And there is no other JVs that we are doing. So all at the fag end. And there'll be a little bit of margin and cash will remain there. I don't have the number exactly, I can talk to you later on. But I can say that there is not much substantial consideration, either plus or minus on cash on JV jobs going forward.

Parikshit Kandpal:

Okay, sir. Sure. The only thing is I was looking at your orders, the guidance looks to be a little bit on a muted side because now the book-to-bill of -- this year, maybe if you do -- I think you had earlier guided close to about INR9,500 crores of top line for FY'25, so which means that we're just replacing our order book of INR9,000 crores and we are still at closing maybe at about INR19,000 crores- INR20,000 crores of backlog, which is 2 times book-to-bill.

So do we see, we need to grow from here on into FY'26 to at least get more than INR15,000 plus crores of orders to deliver that kind of a growth. So I just wanted your colour -- a little bit more colour and sense on that, how do you see the growth beyond FY'25 given kind of muted inflow guidance for FY'25?

Jayanta Basu:

Yes, we are thoroughly aware about the situation where we are working. And there are plenty of opportunities not only in India but we are going overseas as there is a good overseas market as well. We have plans in place and future will tell.

Parikshit Kandpal:

Okay, sir. Sure. Thank you. Those are my questions. And wish you the best.

Moderator:

Thank you. Next question is from the line of Pratik Kothari from Unique PMS. Please go ahead.

Pratik Kothari:

Yes, hi. Good afternoon and thank you for the opportunity. Sir my first question is on the competition. In the last call, we highlighted that, be it underground Metro, be it marine, it seems that more number of players have started participating in bidding for the projects. If you can highlight any change. And also in the context that currently, the order inflow seems to be muted

across players given elections over there. How has the behaviour been versus peers in terms of how they're pricing? Are they dropping their margins to go out and get orders? And how are we reacting to that?

Jayanta Basu:

Well, I think this is a very constant phenomena in any business. Today, if you are doing good margin in one segment or one particular type of job, tomorrow there will be crowd, you have to go to new places. That is how business goes and that is what we do really. We have realized that a few segments like small marine jobs is no more a profitable segment. So one thing that we have gone to bigger marine jobs or bigger jobs.

If you see today, our work in hand, we may have 50 jobs in hand. And out of that, about eight contribute to 80% of our revenue. So the moment you go for the bigger jobs, you have less players. And fortunately, because of our past, we are able to get qualified as well for the bigger jobs. That is one thing.

Second thing is that we are going to overseas market because last two or three years, we have demonstrated that we can do overseas jobs, which is a new ball game, and we have established a team, and so our market footprint is now big. And third thing is that we have got a few clients and we are delighted because basically, they want us to do the job.

We are trying to maintain the good relationship with them to get more and more jobs for them. So these are the strategies and the way we work to get out of this red ocean to green glowers, whatever you can say.

Pratik Kothari:

Correct. And sir, regarding what you mentioned that top eight customers contribute 80% of revenue. I mean, I understand that we do a few large projects, and we are able to concentrate on it much more, but doesn't this then create a much larger risk that it's something. And historically something what goes wrong at some point of time. So if something goes haywire it completely affects our company as a whole. I mean just your thoughts on how do we balance between concentration and diversifying across the bit.

Jayanta Basu:

Yes, I think the basic has to be right. I mean if you take a big job with a poor margin and if execute wrong then you are gone. That's true. So that has to be first ensured that we are matured enough now to realize which job we will do what and enough due diligence we do and then execute them well. And if you have less amount of jobs I mean less number of jobs then you can control much better. So it will be the balance and your maturity and experience playing such things.

Pratik Kothari:

Right. And sir there is some INR40 crores of provision this year specific to any project or this is ECL?

Prasad Patwardhan:

No it's a general provision. Basically we have to follow the ECL regime and provide for it accordingly. So it's not related to any specific projects it is a general project.

Pratik Kothari:

Correct. And sir, last two data points. One what will be your capex plans for FY '25 and if you can share what was our order pipeline currently what is the order pipeline?

- Jayanta Basu:** Capex will be less than last year because last year or second last year we had to invest for the tunnel boring machines and trench cutters. So it was more than INR450 crores plus I think last year. This year it could be around INR250 crores in that range and our order pipeline is an overseas job and job we're pursuing. I can see around INR25,000 crores to INR30,000 crores jobs in different stage either in tender or we submitted and tender to come they come in 6 months, 7 months' time.
- Pratik Kothari:** Thank you and all the best.
- Moderator:** Thank you. The next question is from the line of Vipulkumar Anopchand Shah from Sumangal Investments. Please go ahead.
- Vipulkumar Shah:** Hi sir thanks for the opportunity and congratulations for a great set of numbers. So my question is regarding overseas biddings. So will it not that our parent will also be participating in those opportunities? So how will you manage that conflict of interest? So is there any understanding that certain projects you can bid in certain areas? So how it works?
- Jayanta Basu:** Yes that we've sorted out. If you have noticed that 2 years to 3 years back we never have been to overseas, and then we have discussed with our parent. It is not that they have interest. It is they wanted to see our ability to do what we want. And that we have demonstrated that, yes, we can do and we can do well. So that is the first step.
- And when we discuss, of course, if they have interest we don't go or if we saw more interest, they will go away. So that is common understanding. So there is no conflict as a whole to go for overseas business with our parent company.
- Vipulkumar Shah:** And sir what is the order intake till date in this current financial year? Can you give that figure, please?
- Jayanta Basu:** This '24-'25?
- Vipulkumar Shah:** Yes sir.
- Jayanta Basu:** So far we have not secured new jobs.
- Vipulkumar Shah:** Sorry, sir?
- Jayanta Basu:** I mean in the first quarter I mean this is May in this year we have not secured any job during the last 2 months.
- Vipulkumar Shah:** And sir last question is regarding margins. So one of our Bombay-based peers is continuously reporting 14%, 15% EBITDA margin. We are very strong in marine which naturally carries high margins. So why there is such a big gap with the peers? So what they are doing right which we are not doing? Your comments will be welcome, sir?
- Jayanta Basu:** Yes. If you see the gap is coming down. So as I said that it is not only marine jobs we do because if you only depend on marine jobs it's a big risk, but if we do 30%, 35% from marine jobs. Other segments like the airport or even road what we do we have to compete with the local players.

So you must have seen the increase in revenue margin from last year to this year. We'll try to do better to reach more margin, but today's scenario is that, that we don't have much overseas jobs. That is one of the reasons we want to go to overseas because we believe margin will be better. But in India whatever job we secure, most of the job we have to secure through company. And there if we have contribution for 10% margin more than that is difficult.

- Vipulkumar Shah:** Okay sir. Thank you and all the best.
- Moderator:** Thank you. The next question is from the line of Nidhi Shah from ICICI Securities. Please proceed.
- Nidhi Shah:** I wanted to ask what is the depreciation policy for the TBM?
- Moderator:** Sorry to interrupt Ms. Nidhi, there is background noise from your end. Your voice is very low.
- Nidhi Shah:** Okay. What is the depreciation policy for the TBM?
- Prasad Patwardhan:** Sorry. I did not yet understand your question. Can you please repeat?
- Nidhi Shah:** What is the depreciation policy for the TBM that we use?
- Prasad Patwardhan:** The TBMs are depreciated. The current ones that we have in use are being depreciated over a period of five to six years.
- Moderator:** Next question is from the line of Jiten Rushi from Axis Capital. Please go ahead.
- Jiten Rushi:** Yes. Good afternoon, sir. Thank you for taking our question. I just wanted to harp more on the overseas diversification. So these would be projects which will be funded by the multilateral agency or the existing, or it will be a project which will be directly from that particular country which is funded by the country?
- Jayanta Basu:** Yes, our main focus is to go where there is funding by India and Exim Bank. That is Bangladesh, we have secured a job funded by Exim Bank, payment being made in India. And there are few jobs where we want to go, not totally depending upon the foreign funding. There we have the associates who we know very well, and the payment will be guaranteed. So that is the first thing we have ensured that payments should come. So there are two, three models we are working. One is Exim Bank, of course, another models we are working. So Yes, it's like that.
- Jiten Rushi:** So payment terms would be like, if these are like fixed price contract or you will get some escalation? How will be the payment terms here?
- Jayanta Basu:** See, basically in foreign contract, escalation normally you have to cover in your price. That is what we see in foreign contract.
- Jiten Rushi:** And sir, payment terms will be what? Because usually you get mobilization advance also when you do overseas contracts. So I understand that you will be getting mobilization advance in these contracts. And again, the payment terms should be healthy, otherwise it becomes difficult, the capitalization becomes a challenge.

- Jayanta Basu:** Yes, we get mobilization in advance. Like, Bangladesh job is secured and we have really got 10% mobilization in advance. We have got Colombo. We have got 15% mobilization in advance. Likewise, in the future going forward also, we'll get mobilization in advance. In addition to that, there will be some preliminary items, which is almost like a mobilization item. Against that you can build initial few ones to get the payment early.
- Jiten Rushi:** And sir, which segment you are targeting? Only marine, or it could be like non-marine, especially like something like metro or some other buildings?
- Jayanta Basu:** It is mostly marine and there is another two jobs which is bridge and tunnel. I mean, tunnel also is involved, TBM.
- Jiten Rushi:** Your Bangladesh project, so your portion, which is river portion, right, for that Bangladesh transmission company, right, sir?
- Jayanta Basu:** Yes.
- Jiten Rushi:** So your order book would be how big and when are you targeting to complete the project, sir?
- Prasad Patwardhan:** Our order value will be IN R1,700 crores in terms of Indian rupees.
- Jiten Rushi:** This is out of your order book?
- Jayanta Basu:** Yes.
- Jiten Rushi:** Yes. And your completion timeline would be December '25?
- Jayanta Basu:** Completion time will be December '25 or maybe '26, early '26.
- Jiten Rushi:** Early '26. Okay. And sir, this is your share, not the JV partner, right?
- Jayanta Basu:** No, this is our share. It is around INR1,200 crores, INR1,300 crores in that range.
- Moderator:** Next question is from the line of Sriram R, an investor. Please go ahead.
- Sriram R:** Thank you for the opportunity. Sir, pardon me if I'm asking the same question, I joined a little late. Can you share the order pipeline for domestic marine orders? And also, what is the proportion of overseas orders in your current order book?
- Jayanta Basu:** Current order book, we have got around 9% to 10% from overseas, that is current order book. And in pipeline, domestic and overseas, almost 50%-50% in marine.
- Sriram R:** Sorry, sir, come again, domestic?
- Jayanta Basu:** From the new job, what we are pursuing, in marine at least 50% from overseas and 50% from the domestic.
- Sriram R:** And how is the pipeline looking, sir?

- Jayanta Basu:** In terms of the number you are asking?
- Sriram R:** Yes. I mean I'm just asking whether we'll maintain the same share of 30% for marine going forward?
- Jayanta Basu:** Yes, that is the aim to have 30% revenue from marine -- from the overseas market. So today, it is mostly marine we are working if it is overseas. And say around INR8,000 crores to INR9,000 crores of business in marine we can see from overseas this year -- I mean opportunity. How much we'll get, that is different.
- Sriram R:** And sir that is same for domestic, what will be the opportunity?
- Jayanta Basu:** Yes, domestic also same kind. But domestic, some jobs are going little slow and election also is a factor. The time lines, I cannot say anything, but the opportunities are there. I mean, projects are there.
- Moderator:** Thank you. Ladies and gentlemen to ask a question you press star and 1. Next question is from the line of Mehul Mehta from Nuvama PCG.
- Mehul Mehta:** Congrats on great set of numbers. Especially on working capital cycle, if we look. It's virtually flat, like on 51% revenue growth. So how should we see it going forward? Is there something one-off during the year? Or like we should see this sustainable?
- Prasad Patwardhan:** No, we have been reporting, our working capital has been in similar range throughout the year. So I think you can work with the similar numbers. There may be some elongation of the working capital cycle going forward, it is normal for our business, but it should not change significantly.
- Mehul Mehta:** If I can further enter into, is that like when I'm looking at debtors, inventories and creditors. If I look at like a net of that, it's like kind of flat. Maybe like whatever like non-billable like in revenue contract and all that I'm not looking at. I'm looking at like debtors plus inventories plus creditors, it is virtually flat. So that is a very significant achievement for me. So how do you see it like -- should be like is that something one-off or like should like -- because 50% is revenue growth, whereas like this net working capital cycle is flat. So how should we see it going forward? That's what is my question.
- Prasad Patwardhan:** No. In fact, most of our projects, we are getting payments on time. As soon as we bill, as per the contract terms, we are getting our payments. So I mean, we don't expect any significant change in the working capital cycle going forward.
- Mehul Mehta:** But over in FY '23, in FY '24, definitely, what you call like an efficient working capital, there is improvement. So what I'm looking at is that FY '24 should be continuing and that's sustainable. There's nothing a one-off kind of...
- Prasad Patwardhan:** Any exceptional or nothing that we do, we are expecting this similar cycle to be sustained in the next year. It may be there are few days here and there, but more or less it should be sustainable.
- Mehul Mehta:** Sure sir, one more question is in terms of like if I look at the order inflows, like say, in FY '23, there were about INR8,800 crores. This year, it is about INR7,000 crores in a year. So on

average, if we look at it's about what you call INR7,000 crores, to what we call like INR9,000 crores, and so maybe about INR7,500 crores kind of average. So going forward, should we look at once government is stable, government is in place, still can we look at a substantial growth on that as compared to average INR7,500 crores for the last 2 years' average. So should we look at? How can we look at it?

Jayanta Basu: Yes, basically, because of the size of the job what we are bidding for. Suddenly, if you get a job of INR4,000 crores and then another job of INR4,000 crores, then the whole thing changes. It's a matter of 2 big jobs. So we are quite hopeful that we get some big ticket jobs, and we'll be able to achieve the order inflow what we have targeted.

Mehul Mehta: Yes. So what I'm questioning is, like once government is stable there has been significant orders which have been received by kind of H.G. Infra and PNC Infra and all. So it is like coming up. So are we seeing in our segment also like marine or whatever segments we are like very focused? So are we seeing with the government, stable government in place, are we seeing that kind of growth? Your outlook on that.

Jayanta Basu: In marine, there are a few big jobs for the government which will be activated after the election results out there, like Bardhaman Port and then few more other jobs. So in private investment from Adani and from the DP World and from a similar those marine jobs are domestic, there as a few jobs. So altogether you see Bardhaman Port is still INR 7,500 crores jobs. I mean if you are capable, if we see if we can take a chunk of them, it is a breakwater it is a jetty, it is bridge many things which is the cup of our tea.

Likewise, I say that if you get 2, 3 jobs like that, the things will totally, the order book scenario will totally change. And beyond that we are going to overseas also, trying our best.

Moderator: Thank you. The next follow-up question is from the line of Parikshit Kandpal from HDFC Securities.

Parikshit Kandpal: Jayanta sir, just wanted one clarification. If I see over the last 4, 5 years, your gross margin has been coming down. And whatever the gains in your EBITDA margin, they are largely coming in because of high volumes and savings, because of that lower employee expenses as percentage of sales and even other expenses reducing. So just wanted to understand why is gross margin declining given that Marine has gone up in the mix? If you can give some color on that.

Jayanta Basu: I think margin is better than last year, can you get specifically tell?

Parikshit Kandpal: Gross profit margin. I'm talking about revenue less material cost, that is the gross profit. So your EBITDA margins have increased but you're --in the mix, your gross profit margins have declined over the last few years.

Prasad Patwardhan: Parikshit, I think you need to look at the material cost and the subcontract cost together. It depends on our integration strategy and methodology. In some projects the subcontract cost may be higher and the material cost maybe lower. So I don't think it's right to only look at the gross margin considering the material costs. Overall, as Mr. Basu said our margins have only improved and that is what really matters.

- Parikshit Kandpal:** I agree, Prasad but your other expenses also reduced as a percent of sales but I'll take this offline. My second question is these 3, 4, last 4, 5 quarters, we've been pretty stable in terms of no major escalation or cost overruns. I just wanted to understand are all these 3 key projects when we were running continuously on cost, we are largely behind especially Bangalore Elevated, I think it got completed something pending there. And any other projects which may create some issue for us in the coming quarters? Or now the worst is behind and we'll see continuity at least in high single-digit or early double-digit margins?
- Prasad Patwardhan:** Yes, as far as the projects are concerned, we had Bangalore Metro as all of you know that is in the last two quarters before it has been behind us. So, what is remaining now only is the claim and arbitration. If we get something from there, that will be only pluses. And beyond Bangalore Metro there is no other job where we have got any such issues. So yes, we are in a comfortable situation as far as legacy is concerned.
- Moderator:** Okay, sir, next follow-up question is from Nidhi Shah from ICICI Securities. Please go ahead.
- Nidhi Shah:** I want to ask that the employee expenses are proportionately much lower given that you've had a 51% increase in revenue and you're projecting another 20% increase next year. Would there be any further hiring that would sort of make the employee expenses more proportionate to last year?
- Jayanta Basu:** Yes, there will be definitely for working business there will be some inclusion of employee and that is a normal cycle of business. Not much but if you have to do more revenue there has to be more people as well not to the proportionate to the increase of revenue but some proportionate increase.
- Nidhi Shah:** Okay. So currently, would we see that the employee expense proportional to the revenue would increase by how much? Do you have any rough count on that?
- Jayanta Basu:** Difficult to tell. The delta increase in the employee cost will be less compared to the increase in revenue. So in that way, proportional if you see only marginal increase or even flat in terms of percentage.
- Nidhi Shah:** Okay. All right. And I also wanted to know what do you think are the 2 or 3 key drivers for growth of revenues this year?
- Jayanta Basu:** I couldn't get it. If you can repeat, please?
- Nidhi Shah:** What are the 2 or 3 key grow the drivers of revenue for this year?
- Jayanta Basu:** Well, first of all, we are focusing on big jobs. When I say big jobs INR1,000 crores, INR2,000 crores, INR3,000 crores in that range. And when we execute the big jobs will give you much more revenue than what you do normally with the small jobs. So that is one area that we are focusing on the big jobs.
- And second is that execution speed. Nowadays, nobody allows the five or six years time particularly marine and all. So, we are trying to improve our execution cycles so that we can get

more turnover per month by mechanizing the things and using it first. These are the two types for the big revenue.

Nidhi Shah: All right. Last question, if you don't mind. What is the order opportunity in underground Metro in next 1 or 2 years?

Jayanta Basu: There are plenty. Usually I can see that at least 3 jobs -- 4 jobs we have submitted, we're waiting for the opening. So, if you see, underground Metro is probably around INR2,000 crores plus, and they are kind of few are in the pipeline. So, I think around INR15,000, INR16,000 crores job opportunities are there in this year. And we have to bid for that. How much we get of that is a different issue.

Moderator: Thank you. We will take our last question from the line of Sunil Bhojwani from Veekay Investments. Please go ahead.

Sunil Bhojwani: Congratulations for the great set of numbers. Can I know what is the order bid pipeline currently? What's the amount?

Jayanta Basu: Bid pipeline, I mean, some we have submitted; some we are working; some we are yet to start, put together will be around INR25,000 crores plus.

Sunil Bhojwani: So you had given a guidance of about INR 9,000 crores of order inflow for this year, which approximately means that our success ratio is close to 30% to 35%? Is that the correct understanding?

Jayanta Basu: Actually, INR25,000 crores order, pipeline is yet to submit our bid. But there are some already we have submitted before. So, 35% success rate is quite high. I think it will be around 20%, 25%. Basically, it doesn't depend upon the amount. It depends upon the number. If we are successful to get 20% success, 20% value, maybe 30%, if we have the big ticket jobs. So that calculation has been same a little bit now.

Sunil Bhojwani: So what is the submitted bid amount, sir?

Jayanta Basu: Submitted bid amount, there are 2 figures, one figure will be around close to INR20,000 crores. And that other figure is INR 8,000 crores. Because the INR10,000 crores figure, that is a Grey area, whether that project will take place immediately or not.

Sunil Bhojwani: Okay. But we have submitted our bids for these projects, so collectively, it's INR28,000 crores, where we have collectively bid for the projects, but INR20,000 crores is the time line cannot be predicted, right? Is that the correct understanding?

Jayanta Basu: INR30,000 crores -- INR25,000 crores, INR30,000 crores is the opportunity. We have submitted around close to INR20,000 crores. Out of that, INR12,000 crores, we are not sure when and how this project will take off. But it will happen sometime, but we don't know about the timeline.

Sunil Bhojwani: Okay. So if 20,000 is the bid we have submitted out of the 30,000 opportunity, right, sir?

Jayanta Basu: Yes.

- Sunil Bhojwani:** Okay. So the other 10,000 also we plan to submit a bid sooner or later?
- Jayanta Basu:** Yes, the work is going on. And some of them are related to elections. So maybe another 3 months, 4 months' time, we'll be able to submit.
- Sunil Bhojwani:** Okay. And out of this order pipeline, you said that domestic and international would be about 50-50, right?
- Jayanta Basu:** That is in a particular segment that is the Marine.
- Sunil Bhojwani:** Only in marine. Okay. Otherwise, what would be the breakup of domestic and international in this bids?
- Jayanta Basu:** Otherwise domestic is predominantly domestic. There is some job in overseas which is not marine, but that is not much. I don't want to quantify now. I don't have the figure now what that is less.
- Sunil Bhojwani:** No, I'm just trying to understand, sir, if we submit, say, by next quarter, we are ready with the INR30,000 crores opportunity and with a success rate of 20%, 25%, we are still left with INR7,000 crores, INR8,000 crores order -- new order inflow. And we are going to realize about INR9,500 crores of revenue?
- Jayanta Basu:** Yes, I'll tell you one thing you, see at INR30,000 crores, 20% success, this doesn't work nowadays. In one job if you get INR8,000 crores, only 1 job. So it has to go to the number. How many tenders you have submitted? And how much we may expect to get? And what is the value of that job? So sometimes Marine has seen 35% success rate.
- Sunil Bhojwani:** So can I say that you are being a little conservative right since this is the beginning of the year for the order inflow and maybe you would revise the guidance going ahead? Is that the correct way to look at it?
- Jayanta Basu:** So probably this, I'm not conservative. I think whatever number I have said, that is the upper limit, around INR9,000 crores.
- Sunil Bhojwani:** Okay. So you think that is the upper limit and crossing that would be a bonus.
- Jayanta Basu:** Yes.
- Sunil Bhojwani:** Okay. And you maintain by the 20% growth guidance?
- Jayanta Basu:** Yes.
- Sunil Bhojwani:** Thank you so much.
- Moderator:** Thank you very much. Ladies and gentlemen, we will take this as the last question for the day. I would now like to hand the conference over to the management for the closing comments.

Prasad Patwardhan:

Thank you so much for joining us for this Q4 FY '24 earnings con call. We appreciate your support and interest in the performance of our company. We look forward to interacting with you in the next quarter. Thank you.

Jayanta Basu:

Thank you.

Moderator:

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