



“ITD Cementation India Limited  
Q1 FY2021 Earnings Conference Call”

September 18, 2020



**ANALYST:** **MR. ADHIDEV CHATTOPADHYAY – ICICI SECURITIES**

**MANAGEMENT:** **MR. JAYANTA BASU – MANAGING DIRECTOR – ITD CEMENTATION INDIA LIMITED**  
**MR. PRASAD PATWARDHAN – CHIEF FINANCIAL OFFICER – ITD CEMENTATION INDIA LIMITED**

**Moderator:** Ladies and gentlemen, good day and welcome to the ITD Cementation India Limited Q1 FY2021 Earnings Conference Call hosted by ICICI Securities Limited. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing “\*” then “0” on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Adhidev Chattopadhyay from ICICI Securities. Thank you and over to you Sir!

**Adhidev C:** Good morning everyone and thanks for joining us on the call today. Today from the management of ITD Cementation India we have with us Mr. Jayanta Basu, the Managing Director and Mr. Prasad Patwardhan, the Chief Financial Officer. I now like to hand it over to the management for their opening remarks. Over to you!

**Prasad Patwardhan:** Thank you Adhidev. A very good morning to all of you and thank you for joining us on this concall for the Q1 results of FY2021. I will briefly touch upon the results and the numbers and then hand over to Mr. Basu for his comments and then we will take your questions.

As you are all aware this quarter has been significantly impacted by COVID. April was a month of complete lockdown and in May as well we saw an exodus of labour from various places and that has had an impact on our operations in the quarter ending June. On a consolidated basis we have reported revenue of about Rs.400 Crores for this quarter as compared to Rs.740 Crores in the quarter ending March 2020 and a year back we had a topline of about Rs.700 Crores, so you can see the significant impact on our revenues in this quarter and that has impacted the operating margins as well, so that has resulted in a profit after tax. At a PAT level we have reported a loss of about Rs.17 Crores.

As far as our debt is concerned, the gross debt as of June 30, 2020 is about Rs.450 Crores and net debt is about Rs.300 Crores. The silver lining is our order book. The order book stands at about Rs.11335 Crores. In addition to that the new orders that we have secured in this quarter are just about Rs.80 Crores, but the good news is that after the end of this quarter we have secured good orders worth about Rs.1200 Crores so far. These are largely in the marine sector and metro sector as well and in addition to that we are lowest on orders worth another about Rs.1500 Crores this is again one more marine order and one High Court building order from the North East in Bengal so that is as far as our order book situation is concerned. I will now hand over to Mr. Basu for his comments and then we will take your questions.

**Jayanta Basu:** Good morning to you all. This is Jayanta Basu. My colleague Mr. Prasad has briefed you our quarterly results for June 2020 quarter. In continuation I will touch upon some key aspects of our operations and the challenges that we have and the opportunities lying ahead of us.

If you see our revenue is down by around 44% during Q1 as compared to same quarter last year and that is almost industries average. The other companies are also in that range 55% to 60%. But our collection was good, though the revenue is down by 44%, but our collection is around 90% of similar quarter last year. The basic issue of COVID, which the construction companies are largely affected are due to non availability of the labour force. Today when we work in a normal situation, we have around 18000 to 20000 labour at any given point of time. During the COVID, in Q1 it came down to 8000 to 9000, but I am happy that gradually things are changing and now we are almost having 70% to 80% labour force as it should be in the normal case .

I will touch upon couple of key projects and our performance thereof. I will start with the Mumbai Metro. Mumbai Metro so far we could do around 60% of the total progress and by the end of this year we believe that our tunneling will be completed, Second underground metro is at Kolkata, we call it UG2. As all of you know that we had some challenges faced last year, but we could overcome them quite okay. Today we have got another one-and-a-half months to go to complete the tunnel in this phase one, so by end of October we hope the tunnel, which is going on now will be completed, later on the same tunnel boring machine will start from other direction that will take us to end of March next year, so we hope that by March next year our tunneling at Kolkata Metro will be over.

Apart from this Kolkata Metro we have got another one underground out in Bengaluru Metro where work has just started. Unfortunately, the commencement of the work and COVID is simultaneously so we could not do much, but we have just started our temporary initial setup permanent work will start from the end of this month and as you know we have got two elevated jobs one is Bengaluru Metro and one is Nagpur Metro, both are in the verge of completion, Bengaluru Metro progress is around 80% to 83% overall and Nagpur is around 90%.

Apart from the MRTS, we have got a couple of big marine jobs. Udangudi progress is around 40% so far, Haldia is on the verge of completion, Andaman we could do around 40% and you know we are having a work at Myanmar, which is progressing as per our expectation. The major activity, which is called piling at marine condition have started since last one-and-a-half months and then if you take it to the other sector like airports Trichy and Pune despite of the COVID effect still we could do some progress and our so far progress is around 25% overall.

We have got another big chunk of job in drilling and blasting sector that is in IRCON at Sikkim where the progress is really affected because of COVID situation and due to lockdown so we could not do much.

Now coming to the work-in-hand position, as Mr. Prasad has said that our work-in-hand position is still very healthy, which will be around Rs.12000 Crores plus as on date and in the last quarter or till date YTD till date we have secured around Rs.1300 Crores or Rs.1400 Crores job already secured and I am glad to say that we have got the LOI for a bridge to be constructed over River

Ganga in Allahabad it is a Rs.500 Crores job, this should be a signature project for us. We have secured one contract from Adani Group the construction of breakwater at Vizhinjam, Kerala. We have also secured one metro job in Kolkata under RVNL and a small marine job for Adani at Krishnapatnam. In addition to these jobs, we have got another three jobs, which we are in L1 position. I am also glad to say that there is a job in project Seabird Rs.1200 Crores where we are L1 bidder, tough competition and the phase one was done by us this is phase three, we are expecting LOI sometime during October or November, which should be a good job for us. In addition, there is a small not small around Rs.300 Crores job construction of High Court building in West Bengal we are waiting for the LOI.

I must say that the future there are plenty of opportunities we have with the existing jobs and jobs, which are L1 and one thing I want to touch upon here, if you see our financial results last quarter though we have got around Rs.12000 Crores work in hand most of them around Rs.5000 odd Crores have just started, so I will repeat my comment what I said last time that, they have not crossed the threshold limit of declaring margin. So, I hope during Q3 we will see that this helps us in increasing our margins.

I will touch upon some other jobs, which are in pipeline. Probably around Rs.17000 Crores jobs we are pursuing, those are in various stages now, some under tender, some prequalification stages and bulk of them are from marine. This is in nutshell our operational performance and prospects. I will now hand over to Prasad for any further comments from him or you can start your question and answer session.

**Prasad Patwardhan:** Thank you Mr. Basu. We will now take your questions, so request Adhidev to assemble the queue.

**Moderator:** Thank you very much. We will now begin the question and answer session. Ladies and gentlemen, we will wait for a moment while the question queue assembles. The first question is from the line of Mohit Kumar from IDFC Securities. Please go ahead.

**Mohit Kumar:** Good morning Sir and congratulations on a good set of results given the COVID situation. So my first question is can you please comment on the labour availability across size, are we facing any challenges and what kind of challenges and do we see this revenue ramp up to Rs.1000 Crores, which you have guided earlier is it possible during Q3 or has the milestone shifted?

**Jayanta Basu:** Thank you Mr. Mohit. I have just touched upon the labour situation. During normal situation, we manage the projects with around 18000 to 20000 labours. During the COVID or during March and April it came down to 8000, but now from the mid of August it is gradually becoming more and more, today we have got at site around 14000 labours ballpark, which is close to 70% to 78% of the normal situation, but one more challenge we have it is only the number, but when the labour comes back to site we have to keep them under quarantine sometime 14 days even sometimes 21 days as well, so it is not there the number of labours we have to also deal with the

quarantine situation, but things are improving because our progress is directly proportional to the availability of the labour force and apart from labour force the other things, which affect our progress like liquidity and supply chain those are the more or less under control I must say. I do not want to give any guidance on our revenue, but as you see that this time it was 56% I think Q2 will be a little better than that maybe about 65% to 70% of last year and it should gradually increase in Q3 and Q4.

**Mohit Kumar:** Has the situation eased out across sites or you are still facing some of the other issues in some of the metros or in Sivok-Rangpo or CPWD, Delhi can you just comment on all these especially on all these four to five projects, which are likely to contribute a major share of revenue going forward?

**Jayanta Basu:** CPWD problem is little unique it is not entirely related to COVID but it is more related to the availability of the front because Client have to give us some front by dismantling existing buildings, which is going very slow, so that is why there is the effect of COVID plus front availability as well. Sivok-Rangpo it is also little sensitive area, so the people are very much concerned that the railway people are coming from outside and they are spreading COVID. We have to go very slow on that. Now and then there is a lockdown for one or two days, five days, six days, go slow, so these two projects are going slow because of all these issues, the other projects apart from labour I do not see much of a problem.

**Mohit Kumar:** What is the average lifecycle of our entire order book and have you got an extension from the clients for the COVID situation?

**Jayanta Basu:** Yes, if you see our order book it is now around Rs.12000 Crores plus, which should be around three-and-a-half years based on today's rate of progress what we do. You asked me about extension of time as well is not it?

**Mohit Kumar:** Yes.

**Jayanta Basu:** From the client side there are several issues one of them is extension of time and if you know that there is general guideline by MHA that at least five months extension of time normally they are granting to most of the contractors because of this COVID situation. We do not see much of an issue on that getting extension of time from the client.

**Mohit Kumar:** Understood Sir. Thank you, Sir, and best of luck.

**Moderator:** Thank you. The next question is from the line of Vibhor Singhal from Phillip Capital. Please go ahead.

- Vibhor Singhal:** Sir a few questions from my side. One is just wanted to check is there any update on the bullet train project and regarding the Central Vista project the parliament building, are we basically looking to bid for that?
- Jayanta Basu:** Yes, I think you have asked for two projects one is bullet train and one is Central Vista is not it?
- Vibhor Singhal:** Yes Sir.
- Jayanta Basu:** Bullet train project it is going really slow because of whatever maybe the reason maybe the budget what was projected earlier now reality is not like that. It is going slow and we really do not know when it will likely to take up, but we are there of course we are there and somehow or other we will get into that. Regarding Central Vista it is also a very big concept and project and as you already know the parliament building probably will be awarded to Tata Projects, they became lowest day before yesterday, but that is not the end of that there will be some other structures will come, so let us see how it goes.
- Vibhor Singhal:** Would we be interested in bidding for that, the new project that will come in Central Vista?
- Jayanta Basu:** Of course, we are interested, but as you know it will have its own prequalification criteria. We must see whether we get qualified or not so that will be the prime challenge we have.
- Vibhor Singhal:** Fair enough Sir. My second question was to Prasad Sir. Sir just a small clarification and accounting kind of a question that I just wanted to ask you. Sir in the Q1 results if I look at the gross margin so that is basically if I take the cost of goods consumed as a percentage of sales that has come down significantly, so generally it used to be around 35% to 40% in this quarter it is just around 21% so any reason that the COGS were so low in this quarter because of either revenue booking or whatever might that be the reason?
- Prasad Patwardhan:** No, it is just an impact of the lockdown nothing different has changed we would have procured the material but because of the availability of labour, the type of work that was carried out probably the material consumption was lower in this quarter as compared to the earlier quarters, so there is no other reason for it. This was an exceptional quarter in that sense because of COVID and that is why the numbers are looking the way they are.
- Vibhor Singhal:** Other than that, there is not any change in accounting policy or any other external thing?
- Prasad Patwardhan:** No change in the accounting policy.
- Vibhor Singhal:** Sure, Sir that is it from my side. If I have anything more, I will come back in the queue. Thank you, Sir.

- Moderator:** Thank you. The next question is from the line of Aman Sonthalia from A K Securities. Please go ahead.
- Aman Sonthalia:** Sir my question is what is the threshold limit when we recognize the business?
- Jayanta Basu:** Sorry I did not get your question can you come again?
- Aman Sonthalia:** Sir there is a policy of the company that after this much of work you will recognize the business, so what is that limit Sir?
- Jayanta Basu:** Generally, it is 10% of the order size, order value.
- Aman Sonthalia:** Sir what type of EBITDA margin you can expect from the orders, which we are getting?
- Jayanta Basu:** Well the EBITDA margins vary from sector to sector we would not be able to comment on individual projects, but typically the marine sector tends to give us better margin. Marine sector, the underground metro sector, the tunneling sector, the margins are better as compared to an elevated metro project or a building project something like that, so the margin varies on different projects.
- Aman Sonthalia:** So, on an average you can expect around 13% to 14% margin?
- Prasad Patwardhan:** It will depend on the mix of projects that are getting executed so it will not be possible to put a general number on the EBITDA margins it is a mix of which sector is contributing how much to each quarter of revenue, but broadly as I indicate that these two or three sectors tend to give us better margins as compared to an elevated metro project for example.
- Aman Sonthalia:** Okay Sir and what type of run rate we can expect from Q3 onwards every quarter?
- Prasad Patwardhan:** As Mr. Basu mentioned we have seen the numbers that we have reported in Q1 and Q2 is likely to be better than what we have done in Q1. The COVID situation is still unfolding so we are hopeful that from next quarter onwards Q3 onwards we will see an improvement in the run rate in the execution of projects because the labour is available now it is only the COVID situation that we need to get on top of, so we are hopeful every month-by-month and quarter-by-quarter we are expecting an improvement in our level of operations basically.
- Aman Sonthalia:** Sir already we have around Rs.12000 Crores of order in hand and we are already bidding for a lot of more orders so whether we have so much of manpower to handle all these orders?
- Jayanta Basu:** There are a lot of jobs in the pipeline as you rightly said, but I do not think there is issue in the resources. We have got engineers those who are getting free from the project like Bengaluru, Nagpur, Haldia, and Mumbai Metro, so many of the projects also are going to be getting

completed, so those engineers will be free and we will utilize them and there will be some recruitment as well, which is a continuous process, so I do not see that is a big challenge.

**Aman Sonthalia:** How big this marine business is going forward, what type of orders we can expect in this sector in future and what type of competition we can face in this sector?

**Jayanta Basu:** Competition it has come down from what it was two to three years back because a couple of companies those who are there they are no more there in this business, it is limited to only three or four companies like us and as I have told you that there are around Rs.8000 Crores jobs in the pipeline in marine, so we have to see how much of them we get. Out of Rs.8000 Crores around Rs.1600 Crores already was L1. One of them is the Project Seabird Rs.1200 Crores and another is Vizhinjam, so this is a broad picture about marine business.

**Aman Sonthalia:** So if we got all these orders so if suppose the order, which is right now Rs.12000 Crores and if it crosses Rs.15000 Crores or Rs.16000 Crores whether the timeline is three-and-a-half years of the whole order or it will take some extra more time for complete those orders?

**Jayanta Basu:** No, it depends upon when this project comes. Typically, marine job it depends upon the weather condition as you know. If you get a job now then you have got another six to seven months good time to execute, but if you get job in the month of April that will lead to a problem, so it is very difficult to predict in that way how much time it will take, but normally typically a marine job it takes around two years, two to three years time to complete.

**Aman Sonthalia:** Okay Sir thanks a lot.

**Moderator:** Thank you. The next question is from the line of Prem Khurana from Anand Rathi. Please go ahead.

**Prem Khurana:** Jayanta Sir in your opening remarks you spoke about some Rs.17000 odd Crores of opportunity landscape that you see would you be able to break it down into sectors I think you said it will be largely in marine, but if you could help us understand how much of this is essentially metro, elevated or underground or how much of it is marine?

**Prasad Patwardhan:** Broadly I can tell you. Marine as I have told you around Rs.8000 Crores out of which around Rs.1500 Crores to Rs.1600 Crores already we are L1. Metro will be around Rs.3000 Crores, bridge and sewer project in Mumbai will be around Rs.3500 Crores and for the building and airport sector another Rs.3000 Crores, so put together Rs.16000 Crores to Rs.17000 Crores.

**Prem Khurana:** Any preference given the fact that your urban is now a very large part of the order bag also does it mean you would look for more of marine now because you would want to have a balance between urban and marine, which is where you get a good margin as well as growth or we are agnostic in terms of the project that comes to us?



- Jayanta Basu:** If you see our philosophy wise, we continuously focus on marine and underground metro and airport, these three sectors we will be trying our best.
- Prem Khurana:** Sure, and Sir on our Bengaluru elevated I think we were facing issues with some work front over the last package has that commenced now or is it still to come to us?
- Jayanta Basu:** There are four packages each package is ranging from Rs.400 Crores to Rs.600 Crores out of that three packages are through, through in the sense that we know that when it will be completed and because of COVID it got delayed by three to four months, so hopefully by Q1 of next year it will be completed, but the one project we still do not have enough for front around 32% to 35% front still not available, so we are talking to the client and see how best can be done on that.
- Prem Khurana:** Could there be a case where you would finish whatever is available and exit the project or you would have to wait for them?
- Jayanta Basu:** Normally no, because that does not help, we must complete the job. Leaving the job does not help. The only thing you must deal with the client how to handle the commercial issues.
- Prem Khurana:** Sir underground metro we were supposed to have two TBMs and the old TBMs that you were supposed to refurbish and then get into the site so what is the status there now?
- Jayanta Basu:** TBMs should have been there by this time, but because of COVID places where it is getting repaired also under shutdown. It has just started, and it should be ready by November so that we can commence the TBM work sometime during Q1 of next year.
- Prem Khurana:** Prasad Sir two questions from my side. One was on P&L so when I look at our employee cost this quarter sequentially this is up given the fact we were under the impression that there could be some reduction so how do we explain this because March was significantly lower from Rs.90 odd Crores of run rate that we used to have you went down to Rs.70 odd Crores and then suddenly it is back at around Rs.85 Crores and in continuation to this when I look at our presentation Sir you give us a number of permanent employees and there appears to be sharp reduction on a sequential basis I think the March presentation says it was around 2900 odd people and it is around 2100 now so how do I reconcile these two wherein the number of employees have come down by my employee bill is up?
- Prasad Patwardhan:** I will answer your question. On the manpower cost the March numbers the numbers that we had reported in the March quarter there was some write backs of excess provisions so because of that that number was depressed in the month of March whereas in the June quarter although the labour there was an exodus of labour we have been continuing to pay the wages and the salaries in full, so it is the normal labour cost there is no additional costs that have been considered in the labour cost here.

**Prem Khurana:** The run rate would remain the same or it will go up because we are yet to have another round 22% odd of labour come back to us?

**Prasad Patwardhan:** No, it should be at the same level. I do not see any major variation in the labour cost. I am not sure of the numbers that we reported in the previous quarter, but what we have reported here is the number of permanent employees that we have on our roles, so in the opening remark the manpower strength that we mentioned was including the labour that is working at all our project sites, so what we have mentioned in the presentation is only the permanent labour force, which is about 2000 plus so there will be no change, probably in the previous quarter we may have included the project based employees as well that is why the number was at about 2800, but there has been no significant change in the manpower numbers.

**Prem Khurana:** Just one last point if you could help me with the standalone debt and standalone cash?

**Prasad Patwardhan:** The standalone gross debt is Rs.278 Crores and the net debt is about Rs.145 Crores.

**Prem Khurana:** Sure Sir. Thank you.

**Moderator:** Thank you. The next question is from the line of Ashish Shah from Centrum Broking. Please go ahead.

**Ashish Shah:** Sir First continuing the employee expenses part, so are we booking the costs for the permanent as well as the casual labour in the employee line item or the casual labour gets booked in the contracting or other expenses?

**Prasad Patwardhan:** No, it depends on the nature of contract, if it is a subcontract with material then the labour cost is borne by the subcontractor it will not come here, but whatever labour we are employing directly the entire labour cost is coming as a part of the employee cost.

**Ashish Shah:** Sure, Sir secondly on the pipeline what is the status of the JNPT four terminal bids?

**Jayanta Basu:** The JNPT all the bids are in place with the client now and as because they are now tackling their own operation issue, which is affected by the COVID, so when I have spoken to them they said it may take some time maybe beginning of next year they will start discussion with prospective bidders.

**Ashish Shah:** Sure, thank you.

**Moderator:** Thank you. The next question is from the line of Sanjay Dam from Old Bridge Capital. Please go ahead.



Commitment, Reliability & Quality

*ITD Cementation India Limited  
September 18, 2020*

**Sanjay Dam:** Just one question I had is that when we look at our order book for the last three to five years it has doubled more than doubled and when I look at the gross block that also has kind of seen a kind of similar increase, so when we look forward is it that our profile of equipment that is necessary now for the next maybe a few thousand Crores of order intake, would we see the same level of capex intensity that we have seen in the past?

**Prasad Patwardhan:** I think we should see the same level of capex intensity unless we need to invest substantially in any new equipment, for example for a underground metro tunneling project if you have to invest in acquiring some tunnel boring machines for example then the capex requirement would go up substantially, but most of the equipment that we have today can be used on the projects in different sectors, so this will largely be replacement capex and maybe if the order book grows there may be some new equipment that we may purchase, but the intensity is expected to remain the same. We do not see any significant change in the intensity.

**Sanjay Dam:** Just to understand see the margin profile of the company has changed over a period because of mix of the order backlog has also changed. So when you look at the returns from the business post the investment in equipment that you do over a period of time, which covers say the lifecycle of a project say over say three, three-and-a-half years right is usually what you have been doing, so over a block of three years say the latest three years versus the previous three years and the three years before and the next three years do you see returns shrinking or would you say that, that has been largely similar?

**Prasad Patwardhan:** No, we expect the margins to be largely similar. If the competition decreases, then the competitive intensity if it goes down there could be an improvement in the margins as well.

**Sanjay Dam:** Margins are fine Sir what I meant was that when you look at the free cash flow that the business generates so one is that the business has a cash flow and you have to invest in equipment right so when you net that off would you say that your investments and capital equipment it is worth the while even with high intensity because we see the cash flows from the business growing over time, but if we look at the net cash flow out of the business that is really not grown commensurately between the time you had say Rs.6000 Crores order book and when you have a Rs.12000 Crores order book?

**Jayanta Basu:** In terms of the capex, a large chunk of the job that we do in marine, we normally hire machines from the market to the piling Barges the big cranes, that is how we are able to manage our capex quite efficiently during the last couple of years and if you see there is no large variation in our capex and in terms of the return I do not know, Prasad you will have to comment on that?

**Prasad Patwardhan:** Yes Sanjay just to answer your question when we bid for any project we consider the proportionate cost of the equipment also in our bids, so all that cost is factored in when we bid for any project and on the intensity of the capex that we are doing I just answered that question earlier so if there is anything else that you want me to address please let me know.

- Sanjay Dam:** That is about it Sir. Wish you all the best.
- Moderator:** Thank you. The next question is from the line of Jiten Rushi from Axis Capital. Please go ahead.
- Jiten Rushi:** Sir just wanted to understand the bid pipeline as you have highlighted can you give us state of the projects that we are targeting, so in Marine as you said we are already L1 in Seabird and the Adani Vizhinjam project, so for the balance can you give us the breakup because you are talking about the JNPT and again similarly in the metro sector and the sewage portfolio from Mumbai?
- Jayanta Basu:** Yes, I have briefly mentioned you the numbers. If you see in marine there are a couple of big jobs one is GCPTCL at Gujarat that is in Dahej Gujarat Chemical Port Terminal Limited, and MRTS as you know Delhi Metro underground and then underground metro at Surat. Mumbai there are new sewer treatment plant, which will be coming, that is at Malad, Worli, Bandra and all and there are a couple of airport jobs , .
- Jiten Rushi:** So, this airport would be in which city?
- Jayanta Basu:** At Tuticorin, in the South of India.
- Jiten Rushi:** So, this Gujarat Dahej project and the Colombo project in Adani is of like more than Rs.1000 Crores plus?
- Jayanta Basu:** Yes. They are all close to Rs.2000 Crores each job.
- Jiten Rushi:** Prasad Sir can you just give us the breakup for the balance sheet if possible, debtors, mobilization advances, creditors, inventory retention and build revenue assumption?
- Prasad Patwardhan:** That is not readily available with me right now, but the net working capital as Mr. Basu mentioned we were able to collect a lot of money from our clients in April and May, so our debtor position has improved, but overall we have seen some increase in the working capital number of days. Right now, the breakup of the debtors, creditors, etc., is not readily available with me.
- Jiten Rushi:** Any mobilization advances are we expecting now because we started receiving LOI for most of the projects so what is the mobilization advances you are expecting in the coming months?
- Prasad Patwardhan:** Well we have still not taken all the advances on the projects that were awarded to us last year, so as per the contract conditions we have taken maybe part of the advances and the remaining part of the advances we will be now taking in this year, so one part is the advances on the earlier orders and these new orders once we start executing the orders we will draw on the advances for these new orders as well.

- Jiten Rushi:** Can you give the nonfund limit and fund limit and what is the utilization levels?
- Prasad Patwardhan:** Nonfund based limit is about Rs.3300 Crores, our utilization is about 75% to 80% and fund based is about Rs.650 Crores and utilization is about 60% of that.
- Jiten Rushi:** Thanks a lot Sir and all the best.
- Moderator:** Thank you. The next question is from the line of Bachh Raj Nahar from Mili Consultants. Please go ahead.
- Bachh Raj Nahar:** Since you are expected to get very large orders in addition to the existing order whether you will be in a position to deploy more machines, more manpower and other resources to complete in case if you are awarded say Rs.10000 Crores worth of order more in the same period of time I mean to say that can you open many sites of the new projects?
- Jayanta Basu:** Yes. I think we have addressed this issue. When the new orders are coming there are some old orders, which are getting completed and those orders are also quite big. If you see Bengaluru Metro is getting completed, Nagpur Metro is getting completed, and Mumbai Metro is getting completed, our marine jobs are getting completed, so basically the manpower in terms of the engineers will be free and always we keep on recruiting some people. There are now good people available in the market because many of the companies are not doing well. In terms of plant and machinery, we have a mix of rental plant and our own plant. We must buy some plant, which are very specialized and that is a part of business and we are quite confident that we will be able to manage it with the resources what we have and what we plan for.
- Bachh Raj Nahar:** Right now your turnover is in the range of about Rs.3500 Crores to Rs.4000 Crores, so in case if you are awarded large number of projects whether you can ramp up that turnover to Rs.6000 Crores to Rs.7000 Crores far enough going forward?
- Jayanta Basu:** Rs.6000 Crores to Rs.7000 Crores not immediately, maybe after two to three years, but yes we will be able to manage around 20% to 30% growth year-on-year basis that is quite possible.
- Bachh Raj Nahar:** Okay Sir, thank you.
- Moderator:** Thank you. The next question is from the line of Shreyans Mehta from Equirus Securities. Please go ahead.
- Shreyans Mehta:** Sir, two to three questions from my side, one if I see the consolidated and standalone numbers is it fair to assume that the results primarily the degrowth, which we have seen that is primarily contributed by the standalone, basically marine projects and metro is still doing good?

- Prasad Patwardhan:** No. We have metro projects both in the standalone as well as in the consolidated financials, so that may not be the correct conclusion. Marine projects are only in the standalone, get reported only in the standalone numbers and consolidated includes metro projects as well.
- Shreyans Mehta:** My question is pertaining to our next two to three years, for example now our order book would be majorly coming from the standalone execution, so how do you foresee the margin profile and the working capital going forward?
- Prasad Patwardhan:** No. We answered part of this question earlier. We are hoping that the margin profile will improve because all the new orders that we have got are in the standalone books that is one. Secondly these orders are largely in the marine sector or in the underground metro sector where the margins tend to be better than in an elevated network and some of the other sectors, so we are hoping that the margin profile will improve and the pressure on working capital will also be eased because these projects are likely to be cash flow accretive to the company.
- Shreyans Mehta:** What would be the debt on the Bengaluru Metro project?
- Prasad Patwardhan:** Bengaluru Metro debt now would be in the range of Rs.160 Crores.
- Shreyans Mehta:** So that has come down significantly?
- Prasad Patwardhan:** Yes. It is coming down progressively.
- Shreyans Mehta:** So probably by year end this Rs.160 Crores will also go out?
- Prasad Patwardhan:** Well I am not sure it will go off fully because the execution timelines of the project are also likely to get extended a bit because of corona, so it is very difficult to give you any number at this stage, but yes the intent is to reduce the Bengaluru Metro debt as the execution progresses.
- Shreyans Mehta:** Basically, once this debt comes down, so is it fair to assume that debt levels what we are seeing currently are the peak levels?
- Prasad Patwardhan:** Well the debt level is a function of our order book and the capex that we incur. If our order books, which has been growing for the last four to five years if it were to increase further, so there will be some proportionate increase in our working capital debt as well, but our endeavor will be to keep the debt as low as possible.
- Shreyans Mehta:** Okay Sir. Thank you so much. That is, it from my side.
- Moderator:** Thank you. The next question is from the line of Mohit Kumar from IDFC. Please go ahead.



Commitment, Reliability & Quality

*ITD Cementation India Limited  
September 18, 2020*

- Mohit Kumar:** Sir my question regarding TBMs, so I think most of the TBMs comes from China, right, so does it create any kind of issue in terms of importing TBM and deploying them will it increase our cost given everything and given geopolitical situation?
- Jayanta Basu:** Yes, the TBM, which will come from China will face problem. Fortunately, our TBMs are all available for the job what we have now. Otherwise our manufacturers are all from Europe and they have got alternative places to manufacture the TBM, not only in China, so yes that is my answer, but definitely if it is from China it will face some problem fortunately we are not in that.
- Mohit Kumar:** Is there any cost difference between deploying Chinese or some other TBM and what will be the range?
- Jayanta Basu:** Normally if you have it from Europe directly it will be a little bit costly because it will be a prime product. I do not know I will not be able to tell the exact number it will be a little bit costly, yes.
- Mohit Kumar:** Secondly Sir, this Karwar base order, marine order, this is completely marine order, right, building dry berths in all those sites this is the old order quoted in 2018 am I right?
- Jayanta Basu:** I could not get you.
- Mohit Kumar:** I was asking about Karwar base marine order.
- Jayanta Basu:** Yes.
- Mohit Kumar:** It is completely marine order, right it is not a building order?
- Jayanta Basu:** Completely marine order, completely marine.
- Mohit Kumar:** Understood. Thank you, Sir.
- Moderator:** Thank you. The next question is from the line of Aman Sonthalia from AK Securities. Please go ahead.
- Aman Sonthalia:** Sir my only question is that since Chinese are not allowed to participate in the tenders right now, so whether Indian Construction Company is going to benefit a lot from that?
- Jayanta Basu:** See what was happening before Chinese they never used to participate alone they used to come as a joint venture partner, so now Indian has to find out different joint venture partner other than Chinese if they are not getting qualified, but at the same time the job where Indian could get qualified on their own, the Chinese competition is not there, to some extent definitely India will get benefited. Yes.



*Commitment, Reliability & Quality*

*ITD Cementation India Limited  
September 18, 2020*

**Aman Sonthalia:** Okay Sir. Thank you.

**Moderator:** Thank you. As there are no further questions, I now hand the conference over to the management for closing comments.

**Prasad Patwardhan:** Thank you Adhidev and I would like to thank all the participants for their questions and continued support to the company. We hope to interact with you again next quarter. Thank you so much.

**Moderator:** Thank you. Ladies and gentlemen, on behalf of ICICI Securities Limited that concludes this conference. Thank you all for joining us and you may now disconnect your lines.