



“ITD Cementation India Limited Q1 FY2020 Earnings Conference Call”

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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 FY2020 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!

Adhidev C: Good morning everyone. Thank you for joining us on the call today. From the management today we have with us Mr. Jayanta Basu, the Managing Director and Mr. Prasad Patwardhan, the Chief Financial Officer. I now like to hand it back to the management for opening remarks. Thank you.

Prasad Patwardhan: Thank you Adhidev. Good morning everyone and thank you for joining us on this Q1 FY2020 earnings call. Just to take you through the financial highlights of our performance in the quarter ending June 2019 we have reported the gross income from operations of 705 Crores, which is an increase of about 19% as compared to the quarter ending March 2019 so on quarter-on-quarter basis the increase is about 19%, EBITDA reported is about 82 Crores against an EBITDA of 8 Crores in the quarter ending March 2019, the EBITDA percentage was share over 11.5% and our profit after tax for this quarter was 17 Crores as compared to a loss of about 35 Crores in the previous quarter. In terms of debt, our net debt is about 480 Crores, which gives us a net equity ratio of just around 0.5 times, which is in line with what was the debt level in the previous quarter share with only a small increase in the debt levels. The working capital cycle continues to be robust and within control. The notable achievement in this quarter is all time high order book of about 10155 Crores and in addition to the order book we are lowest on orders worth of 2700 Crores largely comprising of three tunneling orders from IRCON worth about 1200 Crores, there is one CPWD order in New Delhi worth about 1100 Crores and one microtunnelling project in Mumbai worth about 200 plus Crores, so that is all from my side. I will now hand over to our MD, Mr. Basu for his opening remarks on the operating performance of the company and thereafter we will take your questions.

Jayanta Basu: Thank you Prasad and good morning ladies and gentleman. Prasad has covered our financial performance of last quarter, maybe you will be interested to know the operational performance of some of the key projects we are doing, so I will take you through one-by-one.

Marine sector, Udangudi job we are doing in Tamil Nadu so far we have achieved around 18% progress, however the job is doing well and we are into 4 km inside sea, out of 8 kilometers.

In Haldia for Inland water transport, so far our progress is around 65% which equals to around 300 Crores, and hopefully by end of this year we will be able to complete this job. Vizag we have three contracts for Vizag port trust, two contracts have already been completed and third one is going on now, which will take some more time.

Andaman Project is also going on well.

Coming to metro rail we put it in two different categories. One is underground and another one is elevated, underground Mumbai metro the tunnel we have achieved around 6.6 kilometer out of 10.9 kilometer and financial progress is achieved around 46%. Kolkata metro our financial progress is around 70% out of 13 kilometer of tunneling 11 kilometers is completed and the balance portion should hopefully be completed by January 2020. Coming to the elevated sector, in BMRCL our progress is more than 60% now and we have overcome all the initial challenges related to foundation and other issues and hopefully by mid of next year we shall likely to complete.

Nagpur completion is expected by April next year.

In the airport sector Trichy and Pune job have already commenced and progress is around 7-8%.

This is brief about few major projects our operational performance, I will now request Prasad to continue further.

Prasad Patwardhan: Thank you Mr. Basu. We can now take questions from whoever is on the call. We can start with the Q&A.

Moderator: Yes thank you very much. We will now begin the question and answer session. The first question is from the line of Hardik Sodha from Crescita Investments. Please go ahead.

Hardik Sodha: Sir just coming to the Bangalore metro, so now during this quarter have you break even on the same or we are still bleeding?

Prasad Patwardhan: You see in the previous quarter we have accounted for the entire loss that we expect to incur on completion of the project, so now going forward unless there is any material change in

our estimates we will not be booking any profit or loss on this project, so in this quarter we have not accounted for any loss on the project or any margin on this project either.

Hardik Sodha: Okay great and Sir in terms of when we spoke last time you said whatever been loss or whatever we have to find a revised estimate and we have to get it litigated as to the government so have we started that process?

Jayanta Basu: Yes we are discussing with our client, Bangalore metro very closely and we hope things will get resolved.

Hardik Sodha: Okay Sir just coming to the broader picture in terms of the order as you said we are allowing 2700 but beyond that if I look at in most of these sectors the order flow has slowed down, so has that been a scenario where in terms of new RFPs or even also the order convention is taking time in such a scenario that is there or things will start moving faster in next two to three months?

Jayanta Basu: Well in government sector normally once the results are declared, it takes three to six months' time to convert it to the order, so that is normal time cycle and that is what we are going through. I do not see any slowdown in converting order after the results are out.

Hardik Sodha: Sir just putting that in a different session because every time if you see the change in government, but this time the government has not changed the things have remained more or less the same in fact the minister and all that they have not changed, but despite that we are seeing a slowdown in terms of moving things around, so is there a problem in terms of overall liquidity, which is holding the government to announce the project because even in March the people are expecting in February things have been slowdown and now if you look at almost six months past that there is no government order, so what you said is right that election, but people pay premium to continuity saying that once there is a continuity things should move faster, so this time it is not so, is there the constraint in terms of the government finances and all that, which is hurting the flow of the orders?

Jayanta Basu: I would not be able to talk about the market, but as we see as our scenario is concerned we have no issue because order booking is over 10000 Crores plus and there are around 2700 Crores in the pipeline and there are couple of other jobs, which we are bidding for and probably this year our order booking at the end of this year will be the highest compared to last year or even second last year and conversion of order to order. You see we have got mixture of clients, it is not only government we have got some private clients, some clients from the overseas like port of Singapore, Dubai port and the Adani, so it is a mix and we do not see any issue on that.

- Hardik Sodha:** Ok thank you very much.
- Moderator:** Thank you. The next question is from the line of Vibhor Singhal from PhillipCapital. Please go ahead.
- Vibhor Singhal:** Sir just I wanted to check on the topline front. At a consolidated level we have done topline of around 705 Crores excluding the other income of course decent 8% kind of a growth, any guidance that you would want to give for this year in terms of what we could do in terms of topline growth?
- Prasad Patwardhan:** Vibhor, you have seen our order book. We have grown significantly over the last year and even in this quarter we are sitting on an all time high order book and L1 position of 2700 Crores. Now the existing order book itself is likely to give us a significant improvement in our overall revenue. We are hoping for a good growth in our topline this year. One thing I would like to mention here is this tunneling project where we are L1 or one order that we have received this is not likely to contribute significantly towards topline in this year because the work itself will commence after the monsoon, but even without those orders we have a very healthy order book today and it will get executed over the next three years, so you will see a decent improvement in our topline numbers in this year and going forward.
- Vibhor Singhal:** Sure that is very heartening to hear. Sir just on the order book front in fact as you mentioned this one project that we are doing in consortium with the MYTAS project that project has remained at around 850 Crores for the last six or seven quarters, we have not see any progress on that so any update on that and given that there is a change in government in Telangana we can get in this project whether there is anything happening on this project, what are we thinking because it has been the number for the last seven, eight quarters?
- Jayanta Basu:** Issue was there is basically the funding and political uncertainty, but then they have tied up the finances for the projects and as and when they are releasing money for the contractors the work progress is happening, so even in this quarter in the last couple of quarters we have some progress in the work, so it is happening, but you are right it is a bit slow, the progress is a bit slow on that project, but with the new government in place now we expect things to be done this year.
- Vibhor Singhal:** Ok because in the last six quarters the order has come from 890 Crores to only 835 Crores.
- Prasad Patwardhan:** It is a bit slow in moving, but ultimately we are able to have some cash flow and they are releasing payments to us, the work progress is taking place.

Vibhor Singhal: Fair enough. Sir my second question was basically on the interest and depreciation part. This quarter at the consolidated level we have seen both these numbers jump significantly. Interest going up to 131 Crores and depreciation around 23 Crores, so would you just speak about what drove these numbers and is this the run rate that we should assume for the next few quarters and few years as well?

Prasad Patwardhan: No basically the increase in the interest cost and depreciation in this quarter particularly is on account of the new accounting standard, accounting for leases so because of that what was being earlier accounted as a lease rental is now being accounted differently, the interest and depreciation costs have basically gone up because of that.

Vibhor Singhal: And these would be the run rate for the remaining part of year as well?

Prasad Patwardhan: Yes that is going to happen now because once we have changed over to this new Ind-AS compliant with the Ind-AS 116 that is how it will get reported.

Vibhor Singhal: So Sir could I understand it also that some part of the cost, which was above EBITDA level is now coming in depreciation and interest and that is why also our margins are probably 10.5% despite the fact that we booked zero profit in the Bangalore project?

Prasad Patwardhan: That is correct.

Vibhor Singhal: Right. So that gives a boost to our EBITDA margin I would say overall per say, but our interest and depreciation will probably increase because of this?

Prasad Patwardhan: That is correct.

Vibhor Singhal: Sir as you mentioned what is the net debt at the end of the quarter was 480 Crores, could I get the gross debt figure and where do we expect it to be at the end of the year?

Prasad Patwardhan: Gross debt as of June it was 590 just a little under 600 Crores.

Vibhor Singhal: Okay.

Prasad Patwardhan: And the net debt is about 480 Crores

Vibhor Singhal: And where do we expect it to end it by this year?

Prasad Patwardhan: The debt is a function of the new orders that we execute and the advances that we are able to draw on these projects, so it will be difficult for me to give you a number on the debt at

the year end, but we do not expect any major variation or increase in the debt compared to where we are now.

Vibhor Singhal: Lastly what is the capex that we are expecting for this year?

Prasad Patwardhan: This year we should be doing about 70 Crores, 80 Crores of capex.

Vibhor Singhal: Sure Sir. Thanks for taking my questions and wish you all the best.

Moderator: Thank you. The next question is from the line of Parikshit Kandpal from HDFC Securities. Please go ahead.

Parikshit Kandpal: I wanted to know how much of the debt is sitting in the BMRCL contract.

Prasad Patwardhan: BMRCL contract is about 300 Crores of debt.

Parikshit Kandpal: Okay by mid of next year we expect that to be gone down?

Prasad Patwardhan: Yes.

Parikshit Kandpal: So that should give significant reduction in our debt number. Some of it obviously move into the orders, but more or less it will bring down all debt for the company, right?

Prasad Patwardhan: Bangalore Metro debt as the project execution continues we expect the debt to run off and by next year end it should get paid up fully.

Parikshit Kandpal: Okay what will be the FDR in the balance sheet, they are sitting in the balance sheet?

Prasad Patwardhan: Sorry I did not hear you properly.

Parikshit Kandpal: What will be the FDR amount, which is sitting in the balance sheet cash flow against the bank guarantee?

Prasad Patwardhan: We will get bank guarantees at nil margins, so there is no margin in the bank guarantee, but there are some EMDs and other deposits that we have, so basically the difference between the gross debt and the net debt would largely be the deposits that are lying in of the balances that we have in all the project accounts across sites, so that will be the reason.

Parikshit Kandpal: What will be the range?

- Prasad Patwardhan:** Good cash balance is across the total company, on a consolidated basis it will be nearly 100 Crores.
- Parikshit Kandpal:** Cash margin you are saying?
- Prasad Patwardhan:** Not the margin, we do not give any margin for guarantees, etc. These are cash balances across projects or deposits that we have or earnest money deposits that we have given for projects that we bid for.
- Parikshit Kandpal:** Are you seeing any because what we are hearing is that money contractors are now facing this issue that the banks are now started asking because of liquidity issues they have started asking cash margins and higher cash margins for the projects for giving the nonfunded limits and bank guarantees, so are you facing any such issue in the company?
- Prasad Patwardhan:** Many banks especially public sector banks are putting stricter and tougher conditions. You are right they are asking for margin money on bank guarantees, they are asking for other tangible securities, in fact in our case one of the banks has asked the promoter to pledge its shares as security. There is no default or nothing of that sort and the performance is there for everyone to see, in fact some of the banks are also talking about hiking the bank guarantee commissions. Overall especially the banking scenario and because of the NPA level in the banks things are getting a bit tougher.
- Parikshit Kandpal:** But will it impact cash to be invested in cash margins going ahead for the new orders?
- Prasad Patwardhan:** As of now it is not significantly impacting us, but if this is the way the banks are going to jack up their rates and deal with contractors, we are not doing projects that 20%/30%/40% margins to absorb these sort of increase in cost, so we need to see how things go from here, but yes there is a possibility that it could impact us going forward.
- Parikshit Kandpal:** These are new orders, which you are taking like these three tunneling jobs, CPWD order, so how different the working capital cycle will these projects have versus the current order book we have in the metro and marine?
- Prasad Patwardhan:** The payment terms here are similar to the other EPC contracts that we are executing, so we are eligible to about 10% of mobilization advance and monthly payment against our bill and in some of these projects we are also eligible for plant advances, so the payment terms are similar to the other projects that we have been executing in the past,

- Parikshit Kandpal:** Okay and the CPWD order is all the clearances is in place like tree cutting, environment, and everything is in place?
- Jayanta Basu:** Yes tree cutting is the environmental clearance is already there, but it is our responsible to cut it physically, so once we get the LOI we will start with tree cutting and other clearance of site activities.
- Parikshit Kandpal:** Turning on the margin earlier we used to see I know you would say that we look it on an annual basis, but the margins have been now like turn to lowest two digits in marine projects still contribute the revenue, so it is like one of the quarter or the margins will improve from here on and on a full year it will be like 12%-13%?
- Prasad Patwardhan:** Parikshit we have been indicating this in the past as well. The margins are going to be coming lower because of share of marine order book, today marine contributes only about a third of our order book and that with the new orders there is one marine order in the new L1 order that we have, but otherwise all the other orders are in tunneling or building segment, so there will be some rationalization of the margin going forward and which is what we have been saying in our earlier concalls as well.
- Parikshit Kandpal:** But 9-10% will be a reasonable assumption?
- Prasad Patwardhan:** Giving a number will be difficult because it depends on the order mix, which are the projects, which are contributing, but yes we are hopeful of it being in the rage of 9%-10%.
- Parikshit Kandpal:** Just lastly on net working capital cycle, so what is the net working capital days this quarter?
- Prasad Patwardhan:** It is under 100 days.
- Parikshit Kandpal:** We were 115 last quarter.
- Prasad Patwardhan:** It is about the same. It is about 90, 95 days or 100 days. It has not moved significantly from that number.
- Parikshit Kandpal:** Okay. I have a few more questions I will join in the queue.
- Moderator:** Thank you. The next question is from the line of Viral Shah from Prabhudas Lilladher. Please go ahead.

- Viral Shah:** Can you throw some light on the bid pipeline and which all sectors are looking attractive from a bidding point of view?
- Jayanta Basu:** Okay bid pipeline apart from the L1 job what you already know that about tunneling project and one building job and we have got in underground of Bangalore metro there are two jobs, each job would be around 1900 to 2000 Crores and in marines we have got three medium or big size job, one job we are quoting for Adani in Myanmar in fact that will be around close to 1000 Crores and in project Seabird we have got two big jobs each will be around 1500 to 2600 Crores. These are the big jobs in pipeline for marine and underground.
- Viral Shah:** So you have Bangalore metro which is around 2000 Crores. Two jobs right Sir or three?
- Prasad Patwardhan:** Two jobs.
- Viral Shah:** And marine is one and one is project Seabird 1600?
- Jayanta Basu:** Marine is three actually, project Seabird there are two and one in Myanmar.
- Viral Shah:** Okay. Any other sectors, which we would be looking at because we have plans for bidding for HAM projects as well nothing has materialized as of now, are we looking at exploring those opportunities as well?
- Jayanta Basu:** Actually HAM projects yes, one of the job in Bihar for a bridge over Ganga we have tied up with some company.
- Viral Shah:** And what will be that cost be?
- Jayanta Basu:** That is in the range of 2500 Crores EPC job.
- Viral Shah:** In terms of basically as reiterated in terms of guidance or any guidance which you would like to give for in terms of topline and bottomline going forward?
- Jayanta Basu:** See topline we are in the growing path as you see that from last quarter we have done around 19% more, so we will try to maintain the same momentum in topline.
- Viral Shah:** Fair enough Sir. Sir thank you and all the best for future.
- Moderator:** Thank you. The next question is from the line of Ruchi Parekh from Anand Rathi. Please go ahead.

Ruchi Parekh: Thanks for taking my questions. Two questions, one was in your presentation you have given net debt number including your share in associate and this is lower than the consolidated number that you have reported, which essentially implies there is some associate wherein you are sitting on cash, would you be able to share which associate would that be is it your Mumbai underground metro and if you have not taken any debt in that entity?

Prasad Patwardhan: That is right. This is referring to Mumbai metro and Kolkata metro projects, which are both associate joint ventures meaning we do not consolidate the performance of these two projects in a topline only the share of profit gets reported, but sharing more information with the investors we have put in that slide that really gives you an idea of what is our actual operations that we are doing because this Mumbai metro and Kolkata metro it does not get reported in our topline, the idea is to just share more information with the investors.

Ruchi Parekh: But in situation wherein you are able to take some debt because Mumbai metro as Sir in his initial remarks had mentioned 6.6 kilometer complete in terms of tunneling, but we have not taken any debt as yet, so how are we funding this thing essentially given the fact that you would have been able to receive only 10% as the mobilization advances and a part of it would have gone back?

Prasad Patwardhan: In fact the project cash flows are very good in fact the project is generating cash surplus on a month-on-month basis, so if the project is able to manage from the payment that we are getting from the client that we have separate bank lines tied up for both these projects and the fund base facility in the case of Mumbai metro we have not had to use it at all, now it is three years we are into that project, but we have not used that facility and in Kolkata metro we have actually prepaid the facility.

Ruchi Parekh: And Sir since we are in Kolkata metro, I was looking in our annual report in the DMRC, which is essentially we are doing this Kolkata as well. There was a loss around Rs.32 odd Crores last year so we are not essentially as of now booking any profit in Kolkata?

Prasad Patwardhan: No. Kolkata we are booking margin. It is in Bangalore metro that we have not booking any because we reported a loss in the Bangalore metro project in the previous quarter and we are not reporting any margin in the Bangalore metro projects.

Ruchi Parekh: No because in the annual report the ITD - ITDCem JV there was a loss of around Rs.32 Crores last year, which is I was wondering, I was in another impression there is only one project, which is there in this erstwhile DMRC that we are doing and which is where I am reporting 32 odd Crores.

Prasad Patwardhan: No that was some residual loss that we booked in the Delhi metro project, which is under ITD - ITDCem JV, which was accounted for I think in the earlier part of the previous year.

Ruchi Parekh: And just one last from mine. I was looking at the standalone numbers and what I realized is the other operating expenses that you give before last quarter essentially if I ignore Q5 FY2019 our numbers used to be around 80 odd Crores on a quarterly basis. This quarter it is around 100 so which is almost 15 to 20 Crores higher so there is some associate wherein there are still booking losses?

Prasad Patwardhan: No that number was higher in the previous quarter because the loss in the Bangalore metro project.

Ruchi Parekh: No Sir which is what I am saying last quarter your numbers are 135 odd Crores if I have to adjust or let us say Rs.40 odd Crores it was almost around 90 odd Crores that number is around 105 and in December quarter or September quarter that number was 90, so against a run rate of 90 odd this quarter it is 105 so which is 15 Crores higher so whether it is a loss in some JV?

Prasad Patwardhan: No there were some reversal of provisions or there were some additional costs on some projects that were accounted for, so it is normal operating expenses that are booked over there, there is nothing extraordinary.

Ruchi Parekh: Sure Sir. Thanks a lot. That is it from mine.

Moderator: Thank you. The next question is from the line of Parikshit Kandpal from HDFC Securities. Please go ahead.

Parikshit Kandpal: At the current debt level what will be the interest expense on a quarterly basis, in this quarter it was 31 Crores so this will be the run rate going ahead?

Prasad Patwardhan: Yes this should be the run rate because the finance cost has three components to it, one is the interest on our external debt, the second is the interest on the mobilization and plant advances that we draw from the client and the third is the LC and guarantee commissions that we pay to the banks so this is expected to be the run rate going forward.

Parikshit Kandpal: What is the pending mobilization advance you are yet to receive?

Prasad Patwardhan: For example Udangudi is a large project that we have not drawn any advance about 80 Crores, 90 Crores we plan to draw in that project, there are a couple of other projects where

we have drawn the initial first 2.5% or 5% out of the total 10% mobilization advances that we are able to draw in and the balance amount will be drawn down during the next quarter or two, but it will be difficult for me to quantify the exact amount it could be in the range of 125 Crores, 130 Crores of mobilization advance that we could still draw is probably in the next one or two quarters and we are not talking about the mobilization advances on the new orders that we have won. This L1 position 2700 Crores orders and even the orders that we have received in this quarter, the quarter ending June, we have still not drawn any of those mobilization advances.

Parikshit Kandpal: For new projects of L1 of 2700 Crores will have what kind of advance?

Prasad Patwardhan: Parikshit, it could be upwards of maybe Rs.200 Crores to Rs.220 Crores.

Parikshit Kandpal: Will that be interest bearing?

Prasad Patwardhan: Most of the advances today are interest bearing there were hardly any projects, which give us interest free advances.

Parikshit Kandpal: So they will have to be close to be higher than your borrowing cost?

Prasad Patwardhan: They might be close to our borrowing cost, may not be higher, the interest cost was higher so we did not draw that advance but they have now agreed to reduce the interest rate it is more or less in line with our borrowing cost today, so we are planning to take part of the advance that we can draw in Udangudi.

Parikshit Kandpal: These orders also you will plan to basically draw the advances?

Prasad Patwardhan: Yes,

Parikshit Kandpal: Sir can you highlight the competitive intensity in marine segment, they have not really have any large significant gain last many quarters leaving the Udangudi project, which was like quite old in the order book. We have been getting private orders or small or private orders, but large orders like 1500 Seabird orders, so if you can highlight how is the competitive intensity in that segment?

Jayanta Basu: Yes Parikshit if you know that our continuous effort is to increase, maximize the order booking of marine sector and if you have the year-on year basis last year this time and today there is 3% more order we have in marine, it was 30% of total work in the last year now it is 33% plus and we have secured one marine job in last quarter that is from Shapoorji, which

is around 325 odd Crores. There are small jobs like that, but if I talk about the big jobs in marine as I just mentioned to you that we are pursuing one job in Myanmar for Adani, we have submitted our bid, and there are two big jobs in Seabird put together would be plus 2000 Crores and one job we have submitted in Sri Lanka I think, which is also 600 Crores plus, so these are the big jobs apart from small 100 Crores, 150 Crores jobs, which were going on continuously.

Parikshit Kandpal: This Adani job will be a private negotiation or it will be like proper bidding L1, L2, L3?

Jayanta Basu: You are talking about the Seabird?

Parikshit Kandpal: Adani job Sir.

Jayanta Basu: Adani normally they do not open the price so they call, negotiate and that is how it goes.

Parikshit Kandpal: And Sir what about the JNPT the next phase earlier you said that may be December onwards there could be some activity there, so how do see that order now?

Jayanta Basu: That is going on. If you see JNPT they have already published the tender for dredging and we are not participating as we are not a dredging contractor. For the next one will come the reclamation and third one is jetty and fourth will be the yard, so those all bids are ready and it will come one after another. By end of this year I think most of the bidding process shall be completed.

Parikshit Kandpal: And how big will be the opportunity for you like the new kind of bidding opportunity?

Jayanta Basu: As usual BMCT we have done the last phase so naturally will be this phase also and competition will be among two, three guys and we think that is a good opportunity for us.

Parikshit Kandpal: It will be like 3000 Crores value wise how big this opportunity could be?

Jayanta Basu: Value wise it would be close to 3000 Crores for all these packages.

Parikshit Kandpal: Okay. Last year in the Bihar Bridge Ganga Bridge where the Chinese Company participating. You said that there is a possibility of 2500 Crores subcontracting work for you, so has these projects achieved financial closure?

Jayanta Basu: No. They have cancelled and they have re-invited the bid and this time also we are dealing with somebody else.

- Parikshit Kandpal:** Okay some Indian company?
- Jayanta Basu:** Yes Indian company.
- Parikshit Kandpal:** So you have given a back to back bid to the Indian company for this project?
- Jayanta Basu:** We are not able to talk, but yes we are there.
- Parikshit Kandpal:** Okay Sir. You would be only executing the EPC part, there would not be any equity component, which we will be investing?
- Jayanta Basu:** Yes.
- Parikshit Kandpal:** Thank you and all the best.
- Moderator:** Thank you. The next question is from the line of Dhiral Shah from PhillipCapital. Please go ahead.
- Dhiral Shah:** So out of the total order book of 10000 Crores so what is the portion of JV?
- Prasad Patwardhan:** See the standalone order book is about 6600 Crores and the remaining 4000 roughly or 3400 are roughly in the joint ventures.
- Dhiral Shah:** Under JV?
- Prasad Patwardhan:** Yes.
- Dhiral Shah:** Okay and what is the portion of revenue booked from Bangalore metro this quarter?
- Prasad Patwardhan:** This quarter about 140 Crores has been booked.
- Dhiral Shah:** How much Sir?
- Prasad Patwardhan:** About 140 Crores.
- Dhiral Shah:** So around 850 Crores would be outstanding right?
- Prasad Patwardhan:** Yes roughly that is the number, yes.

- Dhiral Shah:** And Sir secondly what would be the order inflow guidance for FY2020. Last year we did around 5000 Crores order inflow right?
- Prasad Patwardhan:** We hope to surpass that number in this current year. If you see the orders that we have won and where we are L1 we are close to about 4000 Crores so in certainty the way things are stacking up right now we hope to surpass last year's order inflow about 5000 Crores.
- Dhiral Shah:** Okay and Sir this quarter we have seen share of profit of around 6 Crores, so what would be run rate for the next year?
- Prasad Patwardhan:** Again it will be difficult to give you a run rate because this is coming out of two or three different projects. Secondly we are heading into a monsoon quarter, this July to September is going to be a monsoon quarter where work is likely to get impacted, so we have been mentioning on some of our earlier calls as well the margin recognition is a bit subdued because we are going through a critical phase especially on the Mumbai and Kolkata metro projects, so it will be difficult for me to indicate any run rate for the margin recognition on these projects.
- Dhiral Shah:** So at least for the full year, would it be profitable?
- Prasad Patwardhan:** Yes we are very hopeful of it being profitable.
- Dhiral Shah:** And Sir what about the outstanding order book we have right now, so for that EBITDA margin would be around 9%-10% only or we would have been bidding for a higher EBITDA margin also?
- Prasad Patwardhan:** No we are bidding for higher EBITDA margin as well. The margin is lower because of Bangalore metro, which is about 900 odd Crores in our order book today. We are not recognizing any margin right now, so nearly 8%-10% of our order book is not giving us any margin.
- Dhiral Shah:** Okay, but for the full year it would be around 9%-10%?
- Prasad Patwardhan:** That is what we are hoping it to be.
- Dhiral Shah:** Sir how much portion would it be completed for Bangalore project this year full 850 Crores?

- Prasad Patwardhan:** No, as Mr. Basu mentioned earlier this project should be completed by around this time next year.
- Dhiral Shah:** Okay thank you Sir. That is it from my side.
- Moderator:** Thank you. The next question is from the line of Arvind Joshi from Bateleur Advisors. Please go ahead.
- Arvind Joshi:** Sir I would like to know the status of the effluent treatment plant orders in Mumbai, which were expected to be announced in the coming days, any idea?
- Jayanta Basu:** Yes those tenders I think they are all cancelled and we are inviting for the new bids.
- Arvind Joshi:** Any idea Sir when could that be?
- Jayanta Basu:** The bids will come any moment, may be by end of this month.
- Arvind Joshi:** We are still not yet recognizing the margins in the Mumbai project right the underground project.
- Jayanta Basu:** Yes we are recognizing.
- Arvind Joshi:** We are recognizing the profit margins?
- Prasad Patwardhan:** Yes.
- Arvind Joshi:** Okay right thanks.
- Moderator:** Thank you. The next question is from the line of Vipul Shah, an Individual Investor. Please go ahead.
- Vipul Shah:** What is our share in Mumbai underground metro?
- Prasad Patwardhan:** 60%.
- Vipul Shah:** 60%, but in your presentation at one place it is mentioned 60% and on next slide it is mentioned 40% so you see ITD cementation 40% and TPL 20%?
- Prasad Patwardhan:** Mr. Shah I will explain that to you. When we bid for the project there were three bidders Tata Projects, ITD and one more foreign company, but as far as the execution is concerned

it is only Tata Projects and ITD, which is doing the execution so the margins are shared essentially by these two and the third partner is just getting a fixed fee.

Vipul Shah: Okay so our share is 60% ?

Prasad Patwardhan: Yes.

Vipul Shah: By the way what is the revenue we have recognized from Mumbai metro in this quarter?

Prasad Patwardhan: We have not recognized any revenue on Mumbai metro in this quarter because reported number Mumbai metro being an associated joint venture project, it is not getting reported, only our share of profit gets reported here.

Vipul Shah: Profit we have reported or what is the profit?

Prasad Patwardhan: Our share in all the associate projects put together in this quarter, it will be about 6 Crores.

Vipul Shah: Okay Sir and for Bangalore metro are we taking any legal action for this I think last quarter you had explained what were the problems in the Bangalore metro, so are we going to take any legal action, why this project is nil margin project?

Jayanta Basu: See we are speaking to client and in close contact and dialogue with the client and likely matters shall get resolved.

Vipul Shah: No it will be resolved definitely but it will be resolved with 0 margin.

Jayanta Basu: We are not recognizing any margin now. but things have improved a lot as far as work is concerned I can confirm that we have done more than 60% progress and we do not see any problem further going forward.

Vipul Shah: Okay Sir. Thank you and all the best.

Moderator: Thank you. The next question is from the line of Rajeev Mehra from JM Financial. Please go ahead.

Rajeev Mehra: Sir if you could just tell me what is the kind of order bid pipeline on the metro side if you had reported I would have missed that and any update for Nhava Sheva project, which was suppose to be awarded this year?

Jayanta Basu: Yes metro site there are two jobs. The tender is underground metro project at Bangalore and put together each job will be around 1900 to 2000 Crores. Nhava Sheva as I have told that there are four packages, first package is dredging, which is already on, but we are not in the dredging package. The other three packages we will definitely participate and it will be around 3000 Crores all together roughly.

Rajeev Mehra: Okay any timelines for these three packages?

Jayanta Basu: Yes bidding process already started and second, third and fourth package I hope that will be completed by end of this year.

Rajeev Mehra: Alright Sir. Thank you Sir.

Moderator: Thank you. The next question is from the line of Aditya Chandrashekar from Edelweiss. Please go ahead.

Aditya Chandrashekar: Just a quick question on Mumbai metro, so as I understand we are waiting for some critical activity to get completed before kind of ramping up the margin recognition, so could you comment on that and the kind of timeline for this activity to get completed.

Jayanta Basu: Yes the critical activity what we have mentioned last time, we have almost 50% through that critical activity, that is NATM tunnel. By end of the monsoon maybe by September we will be able to be through that critical activity.

Aditya Chandrashekar: Sir post that we will be recognizing the full margins right?

Jayanta Basu: Yes.

Aditya Chandrashekar: Okay as of now we are not recognizing some portion of margin right, waiting for this activity to get over?

Jayanta Basu: Yes

Aditya Chandrashekar: Okay and just another quick one, so last quarter I think you had mentioned that there are some arbitration awards that are pending in our favor around 120 Crores, so any update on that timeline for the receipt of that or something?

Prasad Patwardhan: There is one arbitration about that we have on Kolkata airport project that we noted earlier so that is still going through the process, we have not still received the money so we are

pursuing that was the largest arbitration about the deal on hand so far so we are pursuing those orders.

Aditya Chandrashekar: How much is that Sir?

Prasad Patwardhan: That was in the range of 70 Crores -80 Crores.

Aditya Chandrashekar: Okay but we have not booked anything right?

Prasad Patwardhan: No we have not booked anything.

Aditya Chandrashekar: So it will come to other income whenever it comes.

Prasad Patwardhan: Whenever we realize the money it will come, but please bear in mind that it was awarded in a joint venture so what will come to our books is only our share and our share in that project was about 40%.

Aditya Chandrashekar: Which project is that Sir?

Prasad Patwardhan: Kolkata airport modernization project.

Aditya Chandrashekar: So then this will directly come to the share of profit from associate?

Prasad Patwardhan: It will come as a share of profit but then there is some subcontractor liability is also which we have pay back, so if the claim is realized there will be some payment to the subcontractors and the residual margin, our share of it will get recognized.

Aditya Chandrashekar: Okay, so might not be very significant?

Prasad Patwardhan: I am not sure of the amount right now, but yes it could be a large number.

Aditya Chandrashekar: Okay Sir that is it from my side. Thank you.

Moderator: Thank you as there are no further questions, I would now like to hand the conference over to Mr. Adhidev Chattopadhyay for his closing comments.

Adhidev C: On behalf of ICICI securities, I would like to thank everyone for joining us on the call today and now like to hand over the thing back to the management for closing remarks. Over to you Sir!



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Prasad Patwardhan: Thank you Adhidev. I would like to thank all the investors for taking time out and being with us on this call. We really appreciate and thank you for your patronage and support in the company. Thank you Adhidev for hosting the call for us.

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