

Aiming to turn profitable in 2015: ITD Cementation

After posting losses for last few quarters, [ITD Cementation](#) reported a net profit of Rs 3.2 crore in the June quarter. S Ramnath, Chief Financial Officer of the company expects the company to report profits for calendar year 2015, also the accounting year.

The company's total income rose 76 percent to Rs 732 crore and earnings before income, tax, depreciation and amortization (EBITDA) grew 74 percent to Rs 51 crore.

In an interview with CNBC-TV18, Ramnath said the order book stood at Rs 6,467 crore. The company has received a contract from Bharat Mumbai, subsidiary of PSA International in March. Besides this, another project worth Rs 1,800-2,000 crore will be announced soon, he said.

ITD Cementation has filed a tender for the Mumbai underground metro project, Ramnath said. The tender is divided into seven packages, of which the company has applied for five packages.

Ramnath is hoping his company will get at least one package worth Rs 2,000 – 3,000 crore.

Below is the transcript of S Ramnath's interview with Sonia Shenoy & Anuj Singhal on CNBC-TV18.

Anuj: You have reported profit after many quarters - profit of Rs 3 crore versus a loss. Is that likely trajectory going forward? Would you be reporting profits from here on?

A: Yes, like I mentioned in my earlier interviews with you, this year we will come back into the black. In our business, it is difficult to go on a quarter by quarter basis because September quarter would be our third quarter as our year end is December. The third quarter generally our work is affected because of monsoons in most parts of the country.

Anuj: But for the year you would be reporting profit?

A: I think so. I don't want to look too far ahead but with the kind of work that is going on and the backlog that we have been able to build, we will come back into the profits this year.

Sonia: Can you give us some revenue visibility for the next one year, what does the order book currently stand at? The last time we spoke to you, you had said it was somewhere around Rs 6,400 crore. Where does it stand at currently?

A: Presently as of June, it is hovering around Rs 6,467 crore, around same because we have also done good revenue recognition this year. The order backlog is around Rs 6,400 crore and by the end of this year- it depends on how some of the major contracts that we have bid for, when they come up for award and how they move.

For example, we are in the Mumbai Metro underground sometime this month or next month, they are hoping that it would get open the tenders, so we are confident of something there and end of this year our order back log will be pretty robust and we see a good growth going forward.

Anuj: Apart from that what are the major orders that you are vying right now?

A: We entered in March one large contract from Bharat Mumbai's container terminal which is a subsidiary of PSA, that you know that the work is progressing well. That was a Rs 2,168 crore contract, so that is progressing well, going forward that will contribute to good revenues.

We are also L1 in one contract, I don't want to say the number, that is a fairly big contract about Rs 1,800-2,000 crore but at the moment I don't want to disclose the name and all that because it may take about a month or two to get awarded but we are already L1 there.

Sonia: You said that the Mumbai metro underground tender will open up soon, what is the quantum of that order?

A: Generally there are seven packages, in the Mumbai metro project the whole project that is underground between Colaba to Seepz has been split into seven packages by the Mumbai Metro Rail Corporation (MMRC) and we have bid for five packages and under the tender stipulations, some contractors can be awarded up to two contracts and we and L&T and some of the others are eligible to be awarded up to two contracts.

We are fairly confident of getting at least one but then the value will range between – it can vary because each package, the scope of work and the complexities may not be identical.

But it would be between Rs 2,000-3,000 crore, that would be my guess for each package roughly I would say, the value of work under each package.

Anuj: Are you involved in the Ganga project as well and what is your share of the order?

A: Presently Ganga there are no orders inflow for us. The government's work is focused on cleaning the river and we as a civil construction company, we are engaged in development of the river front and other areas, that will happened later on in the scheme of things.

Sonia: Your margins this time have been at around 6.9 percent. The last time when we spoke to you, you said you hope to see 10-11 margins by end of this calendar year, are you on track to achieve that double-digit margin figure and by when?

A: No, I did not mention 10-11 percent this year. Generally if you see, we have been earning around 11-12 percent Earnings before interest, tax, depreciation and amortization (EBITDA) margins in the past and recent years we have had some execution challenges on some projects as I have said earlier.

Our intention is to reach there in about FY16-FY17 whatever but that is our intention, our intention is not to take orders at low margins just to build an order book.