

## **Look to grow 15-20% by this year; may win Mumbai metro order:ITD**

S Ramnath, the CFO of [ITD Cementation](#) , says the infrastructure company is an inch closer to bagging the Mumbai metro order.

Overall, he estimates the company to grow 15-20 percent by end of this current year.

ITD Cementation follows the calendar year for its business operations.

With the government's intention to double port capacities, ITD is hopeful of winning a few tenders, says Ramnath.

At present, ITD's total orderbook is worth Rs 5,200 crore. While marine and maritime construction work contributes 52 percent to the orderbook, construction of dam and irrigation projects accounts for 17 percent, adds Ramnath.

He clarifies the company isn't dependent on government funding for its projects.

The company is L1 (lowest bidder) in the Mumbai metro project for which it has bid along with two other companies.

***Below is the transcript of S Ramnath's interview with Sonia Shenoy and Latha Venkatesh on CNBC-TV18.***

**Sonia: There is a lot of hope that you would be bagging the big metro order very soon and a lot of incremental orders in the airports and the ports business as well. Can you just take us through what the order pipeline is looking like now and what the visibility is for the next one year?**

**A:** I had mentioned earlier in my interactions with you that we are looking to grow by about 15-20 percent this year and we are hopeful of addressing all the opportunities in the areas that you mentioned. We are a strong leader in the marine maritime structure construction business and that pipeline in the immediate vicinity looks good. There are several major projects that the company has bid for and the government also has stated its intention to double the port capacities in the next 5-6 years. So, we see some good traction in the maritime structure business for the next few years.

And also, the new opportunities through the inland waterways bill and all that, so marine segment will continue to grow decently, that is our feeling. In addition to that, we are selectively addressing opportunities in the maritime space in another country

also where we are in discussions. We are still at the bidding stage and all that. So, for the first time we are looking at some opportunity outside India. So, this business. And apart from that of course, we look to grow our presence in the metro space, water is another area.

So, from a positional point of view, the company is reasonably well positioned to benefit from any additional initiatives in all these areas.

**Latha: Can you split up your order book? How much is from marine and maritime related work? How much is from metro and others?**

**A:** As of December, our order book was about Rs 5,204 crore and about 52 percent of that is from marine and about 16 percent is from metros.

**Latha: Expect this metro significantly, we hear that the Maharashtra Chief Minister is pushing for faster implementation or at least construction of the metro in Mumbai. You were L1 in one of those orders, were you not?**

**A:** Yes, we are L1, but the orders were expected to be converted. The L1 status was supposed to be converted by March that has not happened. So, it is getting delayed for some unknown reasons.

**Latha: And if that happens, then your Rs 5,200 grows up significantly. It would be a 50 percent push to your order book.**

**A:** We are in consortium with two other parties and our share in that consortium is 40 percent. Yes, but that will be a big ticket order, so our share in that is about 40 percent, so it will be a decent growth to the order book. In addition, we are also L1 in another contract which contains marine work at Tamil Nadu. So, this also possibly could get – I do not know what is the status there now, because these take time to get awarded.

**Latha: What is the visibility in terms of L1 positions or tenders in the market in the maritime sector?**

**A:** There are several projects we are pursuing. Visibility in terms of value is difficult to assign. But, among the large ticket projects that we are pursuing, one is construction of a virgin port at Kerala and there is, as I mentioned, one in another country that we are pursuing, in Bangladesh, that could be some maritime related work there. There are also additional port expansions planned across many major ports in India. So, we will

be pursuing all these opportunities selectively and some other projects also related to inland waterways development. Through that, there could be some terminal constructions across the major waterways that the country is planning.

So, these are some opportunities we will be considering and evaluating as we go along.

**Sonia: But, you just spoke about the delay in the timeline for the metro projects and that is a bit disappointing. Do you think that the metro projects may not flow through in the first half of FY17? Will it get delayed further you think?**

**A:** I am not actually aware what is the reason for the delay. So, I will not be able to answer that question. But the governments are committed to ensuring this important development to happen for the city of Mumbai because it is an underground major prestigious project from infrastructure point of view for the country. I think it will happen, it is getting delayed for some other reasons that we are not aware of.

**Latha: You must pardon our scepticism, we have lived in this city long enough and not seen the metro grow as fast as it has in other cities, despite the teaming millions who will use it. That apart, margins. How will margins trend in the current year? Will they be an improvement over last year?**

**What did you do in FY16 in terms of margins?**

**A:** Calendar year, 2015 our margins were around 7 percent. As you know, December is our year-end and we expect our margins to improve this year. But, I have been on record on your channel saying that the improvement is more likely to happen gradually. It will be improving substantially this year, but we will go to more normalised margins by CY17.

**Sonia: You spoke about being L1 in one of the Chennai marine orders. Can you give us some indication of what the quantum of that order is and what kind of margins would you enjoy in these marine orders?**

**A:** Marine orders typically have been traditionally higher margin yielding business for us, but I do not want to talk about values on this marine order in Chennai, but it is a substantial amount, because the values can change before award.

**Latha: You are dependent entirely on governments moving on orders. Are you seeing a substantial improvement compared to 2015 or 2014 or 2013? Is there a quantum leap?**

**A:** There is a slight correction. We are not dependent entirely on the government funding these projects. In the marine space at least, some of the large ticket projects are all private projects that we are pursuing. And even the major ports that the government takes up for expansion, most of these ports have their own funding arrangement. They do not rely on the government funding coming through the budget. So, in that sense, we are not entirely reliant on government's expenditure to propel our growth.

### **ITD Cementation stock price**

*On April 13, 2016, at 15:48 hrs ITD Cementation India was quoting at Rs 121.60, up Rs 2.60, or 2.18 percent. The 52-week high of the share was Rs 125.50 and the 52-week low was Rs 44.15.*

*The latest book value of the company is Rs 32.77 per share. At current value, the price-to-book value of the company was 3.71.*