

# Expect revenue to grow 15-20% in CY16: ITD Cementation

Speaking to CNBC-TV18, S Ramnath, CFO of ITD said that improvement in order inflows gave boost to the company's topline and expects revenue to grow 15-20 percent in CY16.

[ITD Cementation](#) reported good set of earnings in its fourth quarter on Wednesday.

Revenue increased 106 percent to Rs 1063 crore year-on-year and EBITDA went up 300 percent to Rs 66 crore.

The company's orderbook grew 10 percent in calendar year 2015 and stands at Rs 5200 crore.

Speaking to CNBC-TV18, S Ramnath, CFO of ITD said that improvement in order inflows gave boost to the company's topline and expects revenue to grow 15-20 percent in CY16.

*Below is the transcript o ITD Cementation's interview with Latha Venkatesh and Sonia Shenoy on CNBC-TV18.*

**Latha: What went so right?**

**A:** We have been talking about improving our performance. Nothing has happened dramatic, but yes, our topline growth has been good because we have seen good order flows and our order book is strong and vibrant and with good executable orders – that is the bottomline, although still there is room for improving margins which will happen as we go along thing year.

**Sonia: There is room for improving margins, that is very good to hear. I was looking at your consolidated figures for the full year. You have done a revenue growth of almost 80 percent in this year at Rs 3,070 odd crore. I am sure this run rate is not sustainable because of the base effect, but going forward in the next year, what could a sustainable topline run rate be?**

**A:** Actually, our business, our revenues are based on the order book that we have been able to cultivate and build. So, we started 2015 with an order book of around Rs 4,762 crore and we have ended December with a growth of about 10 percent in that and our order book is Rs 5,204 crore. Importantly, in that Rs 5,200 crore, there are L1 contracts of about Rs 3,000 crore which we are expecting to be converted into awards in the first quarter this year. Hopefully, Mumbai metro is one of them and some other projects are there. So, we are hoping that we can convert them into awards. Therefore, order book traction has been very good and that has been the underlying reason for the growth.

**Latha: What were these exceptional losses that you had to suffer?**

**A:** Earlier, if you remember, in your channel I was explaining that we had in March of last year, entered into a one-time settlement with National Highways Authority of India (NHAI), of all our dues on those past road projects, claims and other things. That we wrote-off in March of last year, and we have disclosed that in the first quarter financials of 2015. March, 2015 was the first quarter for us. So, that is the loss and what remains is about Rs 60 crore out of that as an exceptional item which will be possibly absorbed this year.

**Sonia: You did mention that there is scope to improve your margins further. What would that be led by and from this 6 percent level, how much do you think you can grow it by over the next couple of years?**

**A:** Margins are at 7 percent compared to about 6.3 percent last year. So, margins have already improved in that sense. But what happens is in our order book, there are still some projects where we have had some execution issues which we have explained earlier in our annual report also. So, some projects which are a bit slow and we have had some cost-over and other issues, and they are all getting, I would say, mitigated. All these projects are getting over this year. We have about 10 percent in our order book which possibly will get exhausted this year, will be completed this year. And going forward, this year, you will see an improvement. I do not want to give guidance on what percentage margins and all that. But, given a good topline growth and improvement in margins and 2017, going forward we are fairly optimistic for the next two to three years.

**Latha: Can you just guide the revenue growth then?**

**A:** Revenue I would expect to be about 15-20 percent higher than last year.

**Sonia: You did mention that your order book stands at Rs 5,200 crore. What kind of visibility do you have in orders over the next 6-12 months? If you can give us more details on the exact orders and how much the growth in order book could look like over the next one year?**

**A:** In our industry, we make certain projections and internal estimates of order flows based on the tenders that we have bid for. First and foremost, there is competition, so you may or may not win a tender. That is one part. The other part is although, we are selective in all these projects, you have some people who come and bid and in a competitive atmosphere, you may end up losing some of them. That is one part. The other part is that the timing of the order flows. Like for example, we were expecting some of these L1 contracts to be awarded in the last quarter of last year. Our order book should have been higher than what it was last year. But, unfortunately, they are getting delayed. So, if some of those contracts, you know yourself, I do not want to mention them. So, these projects are getting delayed.

**Latha: It is a touch and go issue and therefore you do not want to guide. But, can you leave us with an idea whether the total amount of orders in the system are improving? You touch base with practically all the infrastructure guys, Delhi Metro Rail Corporation (DMRC),**

**Kolkata Metro, Mumbai Metro, Mazagon Dock, Garden Reach, Airport Authority. Has the public sector or for that matter, has infrastructure started giving orders?**

**A:** That is a very good question. We are a little bit different from some of the other contractors in the sense that in certain segments, where we have a leadership position like Maritime or Marine Port projects, and specialist works, and some of the mass rapid transit (MRT) projects that we are executing, where we have a good share of work coming into us. So, that has been one of the reasons for our robust order growth and the next two to three years, I expect marine projects to continue to grow. And that is one of the reasons we have been able to. That does not mean that every segment of the economy is contributing to this growth. That is not happening yet.