



“ITD Cementation India Limited Q4 FY2020 Results Conference Call”

June 19, 2020



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Moderator: Ladies and gentlemen, good morning and welcome to the ITD Cementation India Limited Q4 FY2020 Results Conference Call hosted by ICICI Securities. 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 Chattopadhyay: Good morning everyone. On behalf of ICICI Securities, I would like to thank everyone for joining us on the call today. From the management today, we have with us Mr. Jayanta Basu, Managing Director and Mr. Prasad Patwardhan, Chief Financial Officer. I would now like to hand it over to the management for their opening remarks.

Prasad Patwardhan: Thank you Adhidev and very good morning everyone to all of you. We declared our results the day before yesterday and I am sure you would have had a chance to look at the numbers. I will briefly summarize our financial performance before we commence with your questions.

This quarter we have reported income on a consolidated basis of 740 Crores as compared to 707 Crores in the quarter ending December and 590 Crores in the quarter ending March 2019. Our EBITDA before exceptional item is about 12.% this quarter as compared to 10.16% previous quarter and marginal EBITDA of about 1.4% in the quarter ending March 2019. In this quarter there is an exceptional item, we have written off our dues from IL&FS worth about 41 Crores, you would recollect that we were executing one marine project for IL&FS and because of the issues, which IL&FS group is facing we had stopped the work over there and we were talking to them for recovery of our money due, but in view of the fact there has been not much progress in resolving the IL&FS issues we have chosen to write-off this amount in the current quarter.

On a year-on-year basis this year in the year ending March 2020 we have reported a topline of 2861 Crores as compared to 3165 Crores the previous financial year, which was a 15-month period, so on a like-to-like basis we have reported an increase in total income of about 15%. In the quarter ending March 2019 we have reported a loss in the Bengaluru metro project, this quarter our performance in that sense is much better. If you look at our Gross debt numbers have gone as of March 2020 is about 475 Crores, we have a significant amount of cash in hand because of the lockdown imposed by the Government of India we

were not able to pull in all the collections that we received from our clients in March, so our net debt as of March is about 190 Crores.

Overall if you look at our order book position we are at an all time high, our order book as of March is about 11700 Crores I will give you the segment wise breakup of our order book. Urban infra accounts for about 35% of our order book, the marine segment accounts for about 25% of our order book, hydro dams and tunneling accounts for about 21% of our order book, building is about 8.5% and airports is about 6.5%. In addition to this we are lowest on a couple of orders worth about 670 Crores that is all from my side to start with. I will now hand over to Mr. Basu for his opening comments and then we will take your questions. Thank you.

Jayanta Basu:

Thank you Prasad and good morning to all. I wish and hope that all are safe and sound. Financial year has just begun two months back, but we got in to an unprecedented situation due to COVID, which is something we haven't seen before. Our operational performance last year was better than previous year , the numbers finally got affected due to write off ILFS outstanding .

| _____ I will take you through the major projects what we have executed last year and still going on one by one.

In urban and MRTS sector, Bengaluru Metro, four packages, we have almost completed 80% of the job and the remaining job would be completed by end of this year except for one package, which will go up to mid of next year.

| _____ Mumbai Metro is going pretty well but t due to the effect of COVID last two months we were not able to progress much, so far t we have almost achieved around 50%.Financial progress.

| _____ Kolkata Metro as you know we had problems couple of months back, but after the court order we resumed the work in mid of February and it was going well, due to COVID temporarily it is under suspension, we have completed around 75% of the work in the Kolkata Metro.

| _____ Nagpur Metro is in verge of completion, around 95% of work has been completed, by end of this year we should be able .to move out of Nagpur Metro.

| _____ The newly secured Bengaluru Metro underground, package just started and will take another couple of months to pickup.

In marine , Udangudi remain s the top contributor last year also and it is going okay, 24% job has been completed so far,

| _____ Haldia is in verge of completion , by next quarter I think we will be able to substantially complete the job.

| _____ We have secured one overseas job in Myanmar. Myanmar is not that much affected due to COVID..

| _____ In the airport sector Trichy and Pune airports,till March we have done around 15% to 18% of the job.

| _____ In addition , as you know that we have secured three contracts in north of Bengal from IRCON when it was picking up , the job came to a halt because of the COVID .

| _____ ~~this~~-This is more or less the situation of all the major jobs today,going forward , er I hope that from August, September onwards normalcy will come. This is in nutshell about the operations. If you have any questions we will be happy to take that.

Moderator: Thank you. Ladies and gentlemen, we will now begin with the question and answer session. The first question is from the line of Mohit Kumar from IDFC Securities. Please go ahead.

Mohit Kumar: Good morning and congratulations on good set of numbers. My question is in the last conference call you had mentioned that we were able to achieve 1000 Crores of revenue given that you have a won a fair number of orders in FY2020 when do you think this 1000 was given before the situation and how was the Q1 revenue spend out across the project?

Jayanta Basu: The first question was 1000 Crores revenue in second quarter of this year that is what we have told during last concall, but because of the COVID-, there will be almost two quarters shifts-. so it may happen in third or fourth quarter not in second quarter.

Mohit Kumar: Any comments on Q1 and Q2 you expect?

Jayanta Basu: The lockdown from 23 March affected negligibly last year and last quarter, but definitely this first quarter and second quarter of FY20-21 will have significant effect on revenue and cashflows. But we are hopeful that from August onwards things will be better

Mohit Kumar: Pipeline of orders that you were trying to get something looking for container terminal bids, Mumbai sewerage packages all these orders is there something happening?

- Jayanta Basu:** Actually two good things ,one ,t we are sitting on good amount of order, which is close to 12000 Crores, in addition to that there are plenty of jobs in the pipeline. As you rightly mentioned JNPT, three packages , for which we have already put our bid r. . But due to e COVID , the authority are going little slow and I think that it may take another couple of months for them to finalize contract e with the successful bidder . Second is sewage treatment plants in Mumbai, there are I think five packages tender is out so we are working on that and let us see how it goes.
- Mohit Kumar:** Sir the other current liability which was 400 Crores at the end of Q2 has gone up to 739 Crores by the end of fiscal year?
- Prasad Patwardhan:** See basically the other current liability includes the advances that we receive from our customers unadjusted amount is reported under other current liabilities so all these orders that were awarded to us in the last year we have been able to take the first tranche of the mobilization advances on all these projects so that is getting reflected in our current liabilities.
- Mohit Kumar:** Cash has gone up correct Sir?
- Jayanta Basu:** Yes that is correct.
- Mohit Kumar:** Thank you.
- Moderator:** Thank you. The next question is from the line of Parikshit Kandpal from HDFC Securities. Please go ahead.
- Parikshit Kandpal:** Sir Congratulations on good set of numbers. Sir last time in the call you had said that three projects were slow so one we have already taken write off then second one is that irrigation project and fort project in Mumbai suburb so what is an update on those two projects have they resumed and is there any chance of any of write-offs in those projects if you can just highlight on them?
- Jayanta Basu:** Parikshit there is no chance of any write-offs, those projects are slow but we are receiving payment every month .. There are two projects as I said one is irrigation project at Pranahita in Telangana where in last month also we got substantial amount of payment so work is going on .. In Karanja , the work is suspended by us and at the same time employer is paying us in tranches .and outstanding due has comedown .and today outstanding balance has come down a lot so there is no chance that we will be writing off anything in these projects and we hope that once the COVID situation over the work will resume.

- Parikshit Kandpal:** Sir this write-off, which you have taken in this IL&FS so you will persuade the payments from the new buyers whenever the new buyer gets finalized, but as of now you will continue to pursue right?
- Jayanta Basu:** Definitely yes.
- Parikshit Kandpal:** In the Q4 out of the total 12000 Crores of order book how much of the order backlog is revenue generating, so this revenue of 700 odd Crores would have contributed for like what percentage of the order book I wanted to know the order book, which is still not contributing to the revenues for Q4?
- Jayanta Basu:** Basically the job, which we have taken in north of Bengal, Sikkim they were in verge of starting the operations, but just because of COVID we could not start so we are seeing hardly any progress is coming from those projects, which will definitely come from the third quarter onwards and another job in Delhi also, the large job of 1100 Crores CPWD that is also affected because of this COVID, so those things, which we expected to start generating revenues I think the revenue in the month of May or June will push to September onwards.
- Parikshit Kandpal:** Even the underground metro would not have contributed anything in Q4?
- Jayanta Basu:** Bengaluru Metro hardly any contribution in Q4.
- Parikshit Kandpal:** Put together almost like 5000 to 6000 Crores of order backlog not contributed anything to the revenue?
- Jayanta Basu:** If you see if I go very specific IRCON job in north of Bengal will be around 1600 Crores, Bengaluru Metro 1700 Crores and maybe Delhi 1000 Crores & 5000 to 6000 Crores job have not contributed anything in Q4.
- Parikshit Kandpal:** You are accruing the cost already in the P&L so whatever little bit cost has already come in P&L on these projects?
- Jayanta Basu:** Yes.
- Parikshit Kandpal:** Second question is on labor availability we have a concentration in urban area be it Bengaluru, Delhi or Mumbai or even Kolkata even some of our interior sites are also getting impacted like this north of Bengal site, so what would be the labor availability in

these sites have we seen trends of again the reverse migration started happening in these projects, give some colour on that?

Jayanta Basu: The effect of COVID is exodus of labor there is a direct impact on us, just if you see the statistics in the month of March before the COVID we had got around 18000 labors all over India, in the May it has come down to around 8500 so less than 50% and this has happened because reverse migration of the labor and today the scenario is that even if they want to come back also the facilities are very scarce so they do not have train, they cannot come back and we are trying our best, but I think normalcy will come only in the month of August, second half of August.

Parikshit Kandpal: So the first half you will be operating at a revenue efficiency of somewhere around 50% of the normal levels of the quarter?

Jayanta Basu: I think it will be slightly more than that it will be not bad as 30% it will be.

Parikshit Kandpal: I am saying 50%.

Jayanta Basu: Yes around that 50 to 55%

Parikshit Kandpal: Then second half we will start going back to the normal levels of 100% like 1000 Crores from third quarter onwards around that number from third and fourth quarter?

Jayanta Basu: Third quarter also will be affected because after monsoon and the labor comes back, but I think the normalcy 100% will come back only in the fourth quarter that is our prediction so far from whatever we have seen.

Parikshit Kandpal: Lastly Prasad Sir if you can give what is the current break even cost for month or whatever fixed cost per month?

Prasad Patwardhan: Fixed cost per month would be in the range of 40 to 45 Crores so that is the fixed cost because mainly it is labor salary and it is the standing cost for the facilities that we have taken on lease for our casting yard and for the residence of our employees, offices and plant and equipment overall, etc., that could be in the range of 40 to 45 Crores.

Parikshit Kandpal: Interest cost you have taken moratorium on working capital?

Prasad Patwardhan: We have not opted for moratorium.

- Parikshit Kandpal:** So around 10 Crores per month will also be the interest cost around that?
- Prasad Patwardhan:** This may not be 10 Crores because the interest cost that gets reported in our financials includes the interest on client advances also and the pure cost on our debt may not be to that extent of 10 Crores it may be around 4 or 5 Crores.
- Parikshit Kandpal:** Okay Sir I have a few more questions I will join in the queue. Thank you.
- Moderator:** Thank you. The next question is from the line of Ashish Shah from Centrum Broking. Please go ahead.
- Ashish Shah:** As regards to the disruption, which has been caused by COVID for some highway contracts NHAI and all we know the mechanism that they are adopting, but for our side of clients, which can be private or various agencies in metro so what are the clients saying about compensating for the impact of disruption what are the kind of discussion that we have had on the same?
- Jayanta Basu:** In the long run I cannot say now, but the short term what we have seen so far during the COVID lockdown period whatever labor wages we have paid to the laborers they are compensating that in particularly metro like Nagpur Metro, Bengaluru Metro that we have seen that is number one. Number two most of client has accepted for giving extension of time to the extent the work has been affected and they are even proposing to release some sort of bank guarantees to the extent the work has been completed so these are the three direct effect we can see now. In terms of compensation of the cost that will be something which we have to see later on how it goes.
- Ashish Shah:** Sir any initial assessment we have based on whatever we have seen whether the margins which we would have bid for in a contract would that have suffered because of this or the fixed cost impact is the only impact that we are seeing, whatever monthly fixed cost we are incurring apart from that the margin on the contracts per se or not going to get disturbed and what is your view on that Sir?
- Jayanta Basu:** There will be some effect but I do not see to be much because fixed cost what Mr. Prasad has said apart from the whatever fixed cost we are trying to control them, we are already having a lot of strategies how to minimize the fixed cost, we are trying to release the rentals plants and machineries so on and so forth because we are quite conscious about what is going to happen I do not think that there will be much effect on our margins because of this COVID.

- Ashish Shah:** Sir what are the non-fund limit that we are utilizing currently and the mobilization advances as of March 2020?
- Prasad Patwardhan:** See the non-fund based limits in ITD we have about 3300 Crores of non-fund based limits and the utilization is about 80 to 85% of that. What is the second question you asked me?
- Ashish Shah:** The total mobilization advances.
- Prasad Patwardhan:** The total mobilization advances outstanding in the balance sheet would be in the range of 350 to 400.
- Ashish Shah:** All of this will be interest bearing?
- Prasad Patwardhan:** Yes most of it, it would be interest bearing.
- Ashish Shah:** Got it Sir. Thank you.
- Moderator:** Thank you. The next question is from the line of Vibhor Singhal from PhillipCapital. Please go ahead.
- Vibhor Singhal:** Prasad Sir just a couple of book keeping things what would be our gross debt at the end of this financial year?
- Prasad Patwardhan:** Gross debt would be about 475 Crores.
- Vibhor Singhal:** Come down significantly from the last year that we had. Sir any ballpark number that you would say that you are targeting for this year or it would be too difficult to fall in this kind of environment?
- Prasad Patwardhan:** Vibhor do you know what sort of situation we are going through right now it is difficult for me to give you any number unless we get clarity on how this COVID situation is going to unfold and how our project execution will pickup thereafter so I would not like to give you any indication of what the debt number would be maybe this year end.
- Vibhor Singhal:** Fair enough I completely understand the situation. Also Sir in this quarter our EBITDA margins were significantly strong was there any kind of write back of any provisions that we took for projects, which we had executed earlier anything extraordinary in this quarter that we follow?

Prasad Patwardhan: Nothing material or significant typically there is some excess or short provisions, which you write-off or write-back, but there is nothing of significance or material that I can share with you.

Vibhor Singhal: Sure Sir. Lastly on the balance sheet size basically you can see the current asset, at the consolidated level other current assets as reported in the exchange 179 Crores have become 875 Crores?

Prasad Patwardhan: The current assets includes our unbilled work in progress, it includes the receivables for the work that we have performed so that has gone up a bit this year as compared to the previous year, but otherwise there is nothing extraordinary or nothing exceptional that is being reported as a current asset year, if you see our cash and bank balances they have also gone up a bit in this period.

Vibhor Singhal: So that is my point, 179 to 875 Crores is like 700 Crores jump in the asset side what it reflect is it unbilled revenue of around 700 Crores?

Prasad Patwardhan: I am sorry I am not able to understand where this figures, 179 Crores is.

Vibhor Singhal: Sir consolidated statement that we have filed.

Prasad Patwardhan: You are looking at the figure of other current assets.

Vibhor Singhal: Yes Sir other current assets.

Prasad Patwardhan: Yes that includes our unbilled work in progress. I will explain to you. This unbilled work in progress last year was reported under other financial asset you see just one line above it, it is a classification difference in the accounting side so last year it was reported under other financial assets and unbilled work in progress has been reported under other current assets in this year that is the only difference. If you take these two numbers together there is not a significant increase.

Vibhor Singhal: In fact my next question was that why other financial assets come down, put together...

Prasad Patwardhan: Yes put together they are more or less there is not much of a difference between them it is just a reporting in terms of the accounting standard that is how it has got to put it.

Vibhor Singhal: Other current liabilities that you mentioned anyway that is because of the mobilization advances.

- Prasad Patwardhan:** That is largely because of the mobilization advances that we have taken during the year.
- Vibhor Singhal:** Fair enough Sir. Great Sir. That is it from my side Sir. Thank you so much for taking my questions and wish you all the best.
- Moderator:** Thank you. The next question is from the line of Vipul Shah from Sumangal Investments. Please go ahead.
- Vipul Shah:** I just want to know whether this IL&FS write-off is fully done with or we will see it in subsequent quarters as well.
- Prasad Patwardhan:** No it has been fully written-off whatever was sitting in our books as due from IL&FS it has completely been written off.
- Vipul Shah:** Secondly what about this Kolkata Metro have things settled down all the problems about this rehabilitation and cost related to that they are likely to resurface in any subsequent quarter or that is also done with?
- Prasad Patwardhan:** In February itself we received permission from the High Court of Kolkata to restart the work I think we received the permission on February 11, 2020 and around February 18, 2020 we started the work, now the work was stopped subsequently only because of the lockdown on account of COVID that was announced by the government so we are hoping to restart the work again by the end of this month, all the issues are behind us now, we have already received the permission, the station building work has also been substantially being completed we do not see an issue over there we should be able to start the work by the end of this month.
- Vipul Shah:** What about the cost any further write-offs related to it will come in subsequent quarters that is my question Sir?
- Prasad Patwardhan:** No in fact even earlier we have not written off anything on account of the Kolkata Metro incident it was an exceptional issue, which came on, it was not because of any ignorance or anything lacking on our part while constructing the project, so it is not related to any lethargy or anything that we have not done. There is no loss that we have booked on this project even when the work was stopped last year, so there is not going to be any additional cost, whatever cost is going to be incurred that will be recovered through the insurance claims and we have cost provisions in the budget of that project, which will take care of any additional cost that may arise on the project so it is not impacting the margins of the project anywhere.

- Vipul Shah:** Okay Sir. Thank you all the best for the future.
- Moderator:** Thank you. The next question is from the line of Jiten Rushi from Axis Capital. Please go ahead.
- Jiten Rushi:** My question was related to the unbilled revenues and retention money as on March 2020 can you just highlight the amount please?
- Prasad Patwardhan:** See unbilled work in progress on consolidated basis is about 700 Crores and the retention money outstanding I do not have the exact number, but I think it is about 180 odd Crores.
- Jiten Rushi:** Sir the employee cost we have seen has fallen down significantly in this quarter so any reason why we are seeing such fall in the employee cost because the run rate was around 95 Crores has come down to 76 to 77 Crores so what was the reason for that Sir?
- Prasad Patwardhan:** Because of some write backs that we have done for the earlier period we will make some provisions for bonus payment or incentive payment to the labors the actual payout is less than that then the differential gets returned back so there is nothing exception even this write back has been done in the March quarter that is why you see the reported figure is more than what it was in the December quarter.
- Jiten Rushi:** The run rate might change going forward again we can see some provisions coming back and the cost will go up to around 90 Crores level?
- Prasad Patwardhan:** How much it will go up remains to be seen because there has been all this labor disruption, etc., that will also impact the way we booked the employee related cost, but conceptually I am giving you reply on the differential in the employee cost in the quarter ending March.
- Jiten Rushi:** Sir on the profit from associate has improved significantly so what has changed are we started booking margins in the projects, which we are not booking like Mumbai Metro and what is the revenue contribution from these projects?
- Prasad Patwardhan:** The revenue of Mumbai Metro project does not get consolidated in our results the Mumbai Metro is not getting reported here. Yes the margin from the Mumbai Metro project and other joint venture projects are also getting reported, yes there has been some improvement in the margins of the Mumbai Metro project and those have been accounted for this year.
- Jiten Rushi:** Sir what could be the margin we have started accounting for in Mumbai Metro?

- Prasad Patwardhan:** Well I would not able to tell you the margin that we are reporting off hand.
- Jiten Rushi:** Sir probably once normalcy we can see a similar number of profit from associates going forward?
- Prasad Patwardhan:** These are three to four different projects that we are accounting that Kolkata Metro, which went through some difficult situation last year and Mumbai Metro, which we are executing so it is a mix of three to four projects, offhand I would not able to tell you whether the margin profile will remain the same or it will improve. Yes Mumbai Metro margins are expected to improve, but whether it will happen in this quarter or over the duration the remaining period of the project that needs to be seen.
- Jiten Rushi:** What are the capex we are planning to do in 2021 and 2022 and how much capex you have done in FY2020?
- Prasad Patwardhan:** In FY2020 we have done on a consolidated basis roughly 120 Crores of capex, this year also we have planned some capex for all these new orders that we have secured, we have to see how it goes now because we are going to be focusing on the conserving our cash flows as well, but wherever we need to invest for execution of this project when we have secured we will be doing right, offhand I would not be able to give you numbers it may be in the range of 70 to 80 Crores, but we are revisiting these numbers again and will not be possible to give you the exact number at this stage.
- Jiten Rushi:** Sir last question on the margin front we have seen some improvement in margins on consolidated level in this quarter so do we see any margin improvement going forward in the 11% to 12% range kind of what we should do in the cost?
- Prasad Patwardhan:** Our MD Mr. Basu addressed this question just a few minutes back there is nothing more than I can add on this.
- Jiten Rushi:** Okay Sir. That is it from my side. Thank you and all the best.
- Moderator:** Thank you. The next question is from the line of Prem Khurana from Anand Rathi. Please go ahead.
- Prem Khurana:** First question was for Mr. Basu if you could help us understand how does your bidding strategy change given the fact that there is uncertainty because of COVID in terms of labor, in terms of having whether you will get second round of lockdown or not, so how do you approach the new orders and would that change your margin expectations when you are

bidding for these projects because of these uncertainties that you would have to take care of going forward?

Jayanta Basu: I do not think much changes but one thing has to come now there has to be some additional expenses we may incur in the project because of COVID, a lot of restrictions will be imposed during work maybe some night work will not be allowed, people has to work in a safe manner, so those cost will come, so naturally our bidding price will be a little bit more than what it used to be earlier that is the only change that I can see.

Prem Khurana: How about contingency that you used to build earlier will that would remain the same or would that change now?

Jayanta Basu: Contingency if you take care of the COVID there is nothing more than what it was there so basically you have to take care of the COVID situation and cost related to that.

Prem Khurana: Just to continue on this how is your experience being with the decision making process because not exactly right, but then when I look at Kolkata High Court project it came to us last quarter where it is still reflecting as L1 so does that mean the decision making process has gone a little slow or is it one off wherein there is client specification, which is why the project was delayed and otherwise the authorities have been kind of fairly go in terms of decision making process and also if you could share your thoughts on last quarter you spoke about some opportunities in Sri Lanka as well?

Jayanta Basu: Well that is one of projects we cannot generalize everything based on the Kolkata High Court, but we expect that also will come very soon, we are talking to the clients and secondly there are a couple of other jobs I think one more job we are at L1, which we will expect the order by next week so there are two side of this and I do not think that decision making process has slowed down, there are plenty of jobs in pipeline and tenders are happening, even clients are pressurizing us to put the tender on time, so those things are happening. Sri Lanka unfortunately that job has been shelved off and they will probably go for retendering because of what reason I do not know.

Prem Khurana: Just one small clarification to the sewage project status of our Mumbai these are five packages or there were supposed to be six?

Jayanta Basu: I think total six packages.

Prem Khurana: Okay sir tenders have been quoted only for five projects for the time being am I right?

- Jayanta Basu:** Yes.
- Prem Khurana:** Okay, Sure, thank you Sir.
- Moderator:** Thank you. We move on to the next question that is from the line of Alok Deora from Yes Securities. Please go ahead.
- Alok Deora:** Sir just a couple of questions one was you mentioned about the increasing cost, which you will be factoring in for the new projects, which you will be bidding for so how about the existing projects even in those projects the cost would go up right because of the safety and precautions, which you need to take additionally so how would that be compensated or how would that be a hit on the margins?
- Jayanta Basu:** Well as I said that it will definitely have some effect on the margin, but as I said before that we are quite conscious about that, we are trying to cut cost in other areas like fixed cost and all and some of the cost also will be compensated by the client. Generally speaking there would not be much effect on the existing jobs because of COVID.
- Alok Deora:** Sir one more question like we have seen in case of some other agencies where they have extended the time period for projects because of the time lost here so how it has been for our projects in marine and metro whether we have got some time extension or how we have been compensated for the loss of execution?
- Jayanta Basu:** As I said before that there will be some extension of time given by the clients for maybe two months, three months, four months depending upon the situation of the particular project so that is one and regarding cost compensation so far we could achieve only the labor wages, which we have paid during this lockdown period. any other cost compensation the dialogue is going on that will unfold only after sometime.
- Alok Deora:** So this labor compensation we have already received for the metro projects?
- Jayanta Basu:** Yes particularly Nagpur and Bengaluru Metro.
- Alok Deora:** Okay, alright, that is it from my side. Thank you so much.
- Moderator:** Thank you. The next question is from the line of Aayush Sharma. Please go ahead.

Aayush Sharma: Sir my question is regarding the current uncertainty crisis I know it is very difficult to give a prediction, but just wanted to understand your views on going forward what sort of opportunities you might look into in these particular sectors?

Jayanta Basu: I opportunities are plenty , lots of tendering is happening now . Also I may refer to Govt initiative to enhance our prospects for several opportunities the .

Aayush Sharma: Thank you Sir.

Moderator: Thank you. The next question is from the line of Aman Sonthalia from AK securities. Please go ahead.

Aman Sonthalia: Sorry I joined the conference late just wanted to know that the company will be able to maintain the margin, which we would get in the fourth quarter in a normal scenario?

Prasad Patwardhan: In the normal scenario we hope to be able to maintain this margin, but because of this COVID issue we are going to see some impact on one or two quarters and once normalcy is achieved again we hope to come back to the same margin profile.

Aman Sonthalia: The turnover is very much same informally in all four quarters or it comes down a bit in the monsoon period?

Prasad Patwardhan: Generally in the monsoon period over the year we have seen that the turnover tends to be a bit lower in this July to September quarter.

Aman Sonthalia: Okay Sir. Thanks a lot.

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

Parikshit Kandpal: Sir with regards to the JNPT orders you said that three big we have submitted the three orders and next couple of months it will get finalized can you give some color on what is the approximate size of these bids and how many bidders would be there?

Jayanta Basu: Well put together it will be around there are 3500 to 4000 Crores all the three packages and as usual there are other bidders like L&T, Afcon and one more.

Parikshit Kandpal: Earlier in the past we have taken because in the private sector typically the contracts sometimes do not go on L1 basis so they are again negotiated and maybe someone at a

higher bid also gets so what is your view on these projects basically L1 or can be getting privately negotiated because in the earlier past you have done?

Jayanta Basu: We cannot comment but only thing we know that with this company we have worked together for a long time so it depends upon them. Basically that is not the important factor today, factor is the timing because of COVID issue they are also struggling to have their operation going on . may be something will unfold after August & September.

Parikshit Kandpal: So most likely they will go ahead and open the bid there is less likely that they again postpone it, this project may get postponed by a year or so?

Jayanta Basu: No, they also have to have a timeline to be achieved because they have agreement with JNPT , maybe they will get some three or four months extension of time that much.

Parikshit Kandpal: Based on the bid prospects how big is the pipeline if you can quantify in terms of like total overall bid pipeline will be how big leaving these projects where you have already submitted the bid the marine one you have already submitted 3000 to 4000 Crores worth of bid besides that how is the bid pipeline looking just to understand how is the government focus on ordering?

Jayanta Basu: Put together just ballpark figure is around 24000 to 25000 Crores in pipeline.

Parikshit Kandpal: This was largely comprising of big segments exclusively big segments like marine will be how much in this and if you can just highlight which are the key segments here?

Jayanta Basu: TBM like NCRTC, Delhi Metro, RVNL it would be around 10000 to 12000 Crores and elevated sector will be around 5000 to 7000 Crores and remainder would be around 5000 to 6000 Crores.

Parikshit Kandpal: We would not be bidding in the elevator segment right we stopped bidding for elevator metro?

Jayanta Basu: Elevated there are two kinds of elevated as I mentioned before one is for the metro, one is for the elevated road and we had a plenty of elevated roads and definitely we will bidding for them.

Parikshit Kandpal: Prasad Sir on this Bengaluru project how much is the residual debt left because project is almost 80% complete so out of the total debt of Rs.275 Crores how much will be the debt sitting on this Bengaluru project?

- Jayanta Basu:** I think around 150 Crores Prasad?
- Prasad Patwardhan:** Yes around 150 Crores
- Parikshit Kandpal:** It is getting added from the last quarter?
- Jayanta Basu:** Yes.
- Parikshit Kandpal:** Last year the Kolkata Metro anything finalized by insurance saying that the company is insurance company?
- Jayanta Basu:** series of discussion going on I think three to four round of discussion has happened so we have submitted our clarifications and it is ongoing.
- Parikshit Kandpal:** Okay Sir. Thank you. That is all from my side.
- Moderator:** Thank you. The next question is from the line of Umesh Matkar from Sushil Financial Services. Please go ahead.
- Umesh Matkar:** My question was regarding on the labor you just mentioned that the availability of labor is down to 50% so going forward how the company is dealing with, are we going to recruit labor so that we have enough labor for execution of the projects that is the first question?
- Jayanta Basu:** Basically the labor those who have left they have to come back and because of restrictions in movement and quarantine even if they come back they have to be in quarantine for 14 to 15 days so we do not see that things will improve radically, but definitely they are also interested to come back because they are losing their earnings and we are also interested to take them back because we have to generate our revenue so the efforts are on I think by end of August things will be normal, till such time we will have difficulty.
- Umesh Matkar:** Second question is because of this labor shortage are we going slow on bidding for new projects or there is no dependency on labor availability?
- Jayanta Basu:** Any projects under bidding will be converted into order after another five to six months down the line so the present crisis of labor will not influence this and has got no connection with bidding.
- Umesh Matkar:** Okay. Thank you very much.

- Moderator:** Thank you. The next question is from the line Aman Sonthalia from AK securities. Please go ahead.
- Aman Sonthalia:** Sir you have mentioned in the conference that normalcy will be in the fourth quarter of this accounting year so Sir once the labor comes back in the month of August can we expect a better third quarter?
- Jayanta Basu:** Yes normalcy means normally what we used to do before the same situation will come only in the fourth quarter,, third quarter will be bit of mix, it will be better than second quarter of course, but it will not be 100%
- Aman Sonthalia:** Sir what about the second quarter whether it will be better than the first quarter?
- Jayanta Basu:** Slightly better of course.
- Aman Sonthalia:** Not much?
- Jayanta Basu:** Not much because of monsoon and labor still not able to come back and the first quarter is almost over so I do not see much improvement, a little bit not much.
- Aman Sonthalia:** Okay. Thank you.
- Moderator:** Thank you. The next question is from the line Anand R. Please go ahead.
- Anand R:** Just one question I wanted to understand in light of the restrictions that are coming in and the tight scenario that has been followed and is expected to follow for the next couple of months do you see significant impairment of mid size companies in the construction line and enabling us to find a relatively better breathing space or the relative competitive intensity coming down as we go ahead for the next six to eight months?
- Jayanta Basu:** Well there will be definitely different scenario in which you have to work everybody has to live in a different situation now and this gives us opportunity to even find better method, smarter method to go ahead and that is how we are looking for and we are discussing within our team so we will be able to handle that and I think we will be coming out with a smarter method to work in future.
- Anand R:** Do you feel this is some kind of slight tailwind in our side because we are slightly better off than most of the average companies around maybe in the top 10 of the better companies so

maybe this could work as some kind of tailwind for us in the bidding line, bidding pipelines as they emerge?

Jayanta Basu: Should be yes.

Anand R: Okay. Thank you.

Moderator: Thank you. Ladies and gentlemen that was the last question, I now hand the conference over to Mr. Adhidev Chattopadhyay from ICICI Securities for his closing comments.

Adhidev Chattopadhyay: On behalf of ICICI Securities, I would like to thank everyone for joining us on the call today and I would now like to hand it back to the management for their closing remarks.

Prasad Patwardhan: Thank you Adhidev for arranging this conference call and I would like to thank everyone for being on this call and I hope I have been able to address your questions. These are difficult times for all of us and I hope all of you will stay safe and everything returns to normalcy as soon as possible. Thank you so much.

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