



ITD Cementation India Limited

Commitment, Reliability & Quality

Dept. of Corporate Services – Corporate Relationship,
BSE Limited,
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Mumbai 400 001.

National Stock Exchange of India
Limited,
Listing Department,
Exchange Plaza, C-1, Block 'G' Bandra-
Kurla Complex,
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Mumbai 400 051.

Date	Our Reference No.	Our Contact	Direct Line
22 nd August, 2022	SEC/08/2022	RAHUL NEOGI	91 22 67680814 rahul.neogi@itdcem.co.in

Dear Sirs,

Sub: Transcript of Analysts / Investors conference call on Unaudited Financial Results for the quarter ended 30th June, 2022

Scrip Code No: 509496 (BSE) / ITDCEM (NSE)

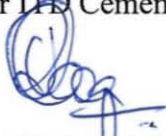
In terms of Regulation 30 read with clause 15 of Para A of Part A of Schedule III of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed the Transcript of Analysts / Investors conference call held on 17th August, 2022 relating to the Unaudited Financial Results for the quarter ended 30th June, 2022.

We have uploaded the same on the website of the Company at <https://www.itdcem.co.in/investors/investor-presentation/>

Please acknowledge and take the same on record.

Thanking you,

Yours faithfully,
For ITD Cementation India Limited


(RAHUL NEOGI)
COMPANY SECRETARY

Encl: as above

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“ITD Cementation India Limited
Q1 FY2023 Post Results Conference Call”

August 17, 2022



ANALYST: MR. ANSHUMAN ASHIT - ICICI SECURITIES LIMITED

**MANAGEMENT: MR. JAYANTA BASU - MANAGING DIRECTOR - ITD
CEMENTATION INDIA LIMITED
MR. PRASAD PATWARDHAN - CHIEF FINANCIAL OFFICER –
ITD CEMENTATION INDIA LIMITED**

Moderator: Good morning ladies and gentlemen, welcome to Q1 FY2023 post results conference call of ITD Cementation India Limited 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. Anshuman Ashit from ICICI Securities. Thank you and over to you Sir!

Anshuman Ashit: Thank you Lizaan. Good morning everyone and welcome to the Q1 FY2023 post results conference call of ITD Cementation India Limited. Today we are pleased to host the management of ITD Cementation which is represented by Mr. Jayanta Basu - Managing Director and Mr. Prasad Patwardhan – CFO. I would like to hand over the call to Mr. Jayanta Basu for his initial remarks after which we will open the session for Q&A. Thank you sir and over to you!

Prasad Patwardhan: Thank you Anshuman. Good morning everyone and welcome to our Q1 FY2023 results concall. This is Prasad Patwardhan – CFO. I will take you through the highlights of our financial performance in this quarter and then hand over to Mr. Basu for his initial comments. We are pleased to share with you that we have started this financial year on a very positive note and have reported a strong financial performance in this quarter. Our total operating income has crossed Rs 1000 Crores once again. We are at nearly Rs 1100 Crores as compared to Rs 826 Crores, so this gives us an increase of 33% on Y-o-Y basis. EBITDA is at Rs 101 Crores in this quarter as compared to Rs 85 Crores a year back, which gives us a growth of over 19%. PAT of Rs 30 Crores in this quarter as compared to Rs 18 Crores a year back, a rise of about 68%. Our balance sheet continues to be deleveraged and debt equity ratio is at a very comfortable 0.3 times. The good part is we have secured good orders in this quarter. Our order inflow in this quarter has exceeded Rs 6000 Crores. This includes one large greenfield road order of about Rs 4850 Crores and a few other orders as well. Our order book as of June end has crossed Rs 20000 Crores which is again an all time high for the company and subsequent to the quarter end we have received another order worth about Rs 450 Crores plus, so the order pipeline and the orders received are at a pretty good level. That is all from my side to start with. I will hand over now to Mr. Basu for his initial comments and then we will take your questions.

Jayanta Basu: Thank you Prasad and thank you all for joining this concall. Good morning to all of you. Prasad has just briefed about our Q1 performance for first quarter that is FY2022-2023. As you have seen that consistently our topline is growing and it is close to Rs 1100 Crores this last quarter and we are sitting on huge order book of around Rs 21000 Crores and I hope we

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wish that we will be able to maintain the same run rate in terms of topline, order book and bottomline as well.

Coming to the operational performance I would like to share with you the major project what we are doing now at various segments. For MRTS, as you know that we are executing three underground contracts actually four but three underground contracts which is ongoing. Chennai metro 2 and Bangalore one and of course Kolkata Metro is on verge of completion. Chennai metro we have started. We have briefed last quarter but now the development that we have mobilized trench cutter machine which is a very sophisticated machine for tunnel work so already we have mobilized around four numbers and good thing is that successfully we could execute initial panels in the new machine and the progress is as per our expectation. Underground metro at Bangalore almost 35% progress has been achieved. I had visited it last week and the performance is well within our control compared to other contractors also we are doing better, customer is happy and things are all okay there.

Then coming to Mumbai metro it is almost on verge of completion, Tunnel we have completed long time back and another important aspect of Mumbai metro if you remember that we have been talking about the critical activity that is drilling and blasting tunnel to connect two shaft which is very critical for underground work, that has been completed now so the risk what we had now before is now overcome. Metro job thereafter we have marine jobs Udangudi, Sea Bird project, Vizhinjam breakwater and Indian Oil Corporation at Ennore, all the jobs are going very well and I must say that in Udangudi we are doing a breakwater which is almost 9 km inside the sea probably first time in Asia and it was a very difficult job but today we can say with confident that we have almost achieved the required progress and the performance what we desired before. Similarly at Vizhinjam also the deep sea port where the breakwater construction was very difficult and as you know that the customer Adani was struggling for last several years to do the job but we have started it last year and we have done successfully and now the job is hold because of monsoon but after monsoon we will be able to start hopefully by end of next monsoon, before next monsoon we will be able to complete the job. These are the significant technical achievement I must say.

Similarly few jobs in building sector we have just secured one in Sikkim University then Guwahati one riverside development, Surat metro job all have started and going on well and the good thing is that Bangalore metro elevated contract the client has already taken over two contracts out of four, third is also on the verge of taking over from the client. Fourth one of course will go up to end of this year so I think that things are quite going okay and we have also secured a big job in UP that is Ganga Expressway as you all know with that recently we have secured around Rs 6000 Crores of order in last quarter which is also

significant achievement so that is all from my side and I will be happy to answer any questions from your side. Thank you.

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 DAM Capital. Please go ahead.

Mohit Kumar: Good morning Sir and thanks for the opportunity. Sir my first question is on the margins I think you guided for a double digit margins for FY2024 given that the inflation pressure is easing now how do you see the margins for FY2023 can you expect improvement in the margin compared to Q1 I think it is around 8.1%?

Jayanta Basu: There are few aspects which is bothering this margin one is inflation as you rightly said but you have to also consider that as I mentioned last time that the Bangalore elevated metro is still continuing and the revenue of Rs 1,100 Crores out of that around 70 to 80 Crores has come from Bangalore elevated metro for which we never draw any margin. If we eliminate that, the margin goes close to 9% a little more than 9% and going forward once the Bangalore metro is over I think the margin should improve and definitely next year it should be double digit for FY2023-2024. Another one aspect also, that some revenue we have drawn from big jobs which are yet to be 10% progress for that we do not declare margins that also contribute little bit. With that I do not see much issue on that coming next quarter or going forward from there.

Mohit Kumar: When do you expect the Bangalore elevated to be completely out of our books?

Jayanta Basu: By end of this year I mean December, January sometime it should be over.

Mohit Kumar: A very, very good order booking in the quarter my question is on the Adani and the BMCT both the orders are they fixed price contract or they are variable contract when do you expect the work to start in these two projects?

Jayanta Basu: Adani road is not fixed price contract it is star price contract. Star price means we have agreed for certain basic price of material based on which our contract value has been finalized if those basic price changes either upward or downward accordingly either will be compensated or we have to give them back so the risk of escalation is not there as far as road is concerned and BMCT that is JNPT work it is a fixed price contract and the estimate we have considered is in the probable escalation cost in our price.

Mohit Kumar: When you say star price contract what exactly do you mean which are the indices you track in general or is it something to do with actual?

- Jayanta Basu:** It is based on actual. If you see the escalation clauses by the government tender they have formula which is based on RBI indices and on the material, on the fuel, on the labor, etc., etc, that is one concept whether it is a star price it is basically you have did this job with Rs.5000 per tonne of cement fixed, now the cement price goes up by Rs.500 they will compensate you Rs.500 per tonne that is one of the concept of star price.
- Mohit Kumar:** Understood Sir. Thank you Sir and best of luck.
- Moderator:** Thank you. The next question is from the line of Vibhor Singhal from PhillipCapital. Please go ahead.
- Vibhor Singhal:** Good morning Sir thanks for taking my questions and congrats on great order inflow in this quarter and a strong execution as well. Sir my question again I come back to the order inflow. Sir I think this is a second conservative quarter in which we have more than Rs 5000 Crores of order inflow. Last quarter also I think we have very strong inflow and this time of course it was invested by the Ganga Expressway project, so now Sir that we are at more than Rs 20000 Crores of order book which kind of gives us more than five year kind of revenue visibility so going forward what is going to be our bidding strategy I know it is not possible to take a break and not bid for any orders and all but let us say the road suddenly has become 24% for order book which was less than 1% in last quarter so are they still going to bid for maybe some other road projects if we can get somewhere else and similarly in metro and your marine works will our bidding continue vis-à-vis whatever opportunity comes or are we going to go slow and first maybe execute or complete this order book and then probably take up newer orders?
- Jayanta Basu:** Yes our strategy will be little different now but you cannot stop the growth. The growth has to be there and if we bid today the work will start after several months, maybe 7 to 8 months or even a year. If you remember the BMCT JNPT job we have started bidding two years back the order has just come so it is like that but definitely our strategy will be little different. I do not think we will be interested to do further road work unless we complete this big job at Ganga Expressway that is number one. Number two certain sector like elevated metro and difficult jobs also we will be now very selective going forward but underground metro and marine job which is our bread and butter and we do well we will definitely keep on pursuing for further order book. At the same time also we have to see that our resources are available in terms of not only plant we have to have our human capital as well and the fund-based non-fund based, so based on all those aspects now we have got the opportunity the privilege to select the job which is a very good situation for us accordingly we will have our strategy now.

- Vibhor Singhal:** Sure Sir. Definitely I think it is a very good situation in which we can pick and choose which projects we want to bid, Sir this Ganga Expressway project what is the status on that, has work started or when do you expect it to start?
- Jayanta Basu:** Actually there is zero date which is basically when the financial closure of Adani, they will take financial closure and environmental clearance both the things are the trigger points so they are working on that and the idea is to have it after the monsoon is over that is from October so the zero date for us will start say around October end.
- Vibhor Singhal:** We will have to complete this in three years?
- Jayanta Basu:** It is not three years it is around 27 months as per the contract.
- Vibhor Singhal:** 27 months from October is when we have to complete it?
- Jayanta Basu:** Yes.
- Vibhor Singhal:** Also Sir now that we have got one very good execution in this quarter and the order book as well any changes to our guidance, we had earlier guided to basically 20% to 25% revenue growth in this year are we going to maintain that or is there any change to that that you foresee?
- Jayanta Basu:** Actually if you see the Ganga Expressway contribution in this year will be very nominal. If we start the work from October it has got some design involved so design and approval of that so exactly this year contribution will be not much. Of course for the marine work BMCT will get some contribution which already we had factored in our guideline what we have given last so I do not think there will be much changes it will be around whatever we have told.
- Vibhor Singhal:** Sir just one last book keeping question if I may if I could get the gross debt number and the cash on the balance sheet at the end of the quarter?
- Prasad Patwardhan:** Gross debt is about Rs 500 Crores it is more or less at the same level as it was in the previous quarter. It is cash on the books which has gone down the cash was nearly Rs 380 Crores in March is down to about Rs 180 Crores, so the net debt that is why it has gone up a bit but at the gross level the debt continues to be at the same level as the previous quarter.
- Vibhor Singhal:** So the cash would be lower because seasonally Q1 some clients tend to pay a little bit delayed payment so it would be a seasonal thing nothing to fall out in that type of projects?

Prasad Patwardhan: In fact we got lot of payments from our clients in the previous quarter which resulted in a higher cash balance as of March and that got deployed in our projects in all these new orders that we have secured the money has been deployed on these projects and that is why the cash flow balances have gone down.

Vibhor Singhal: At year end we expect the debt to remain same at Rs 500 Crores?

Prasad Patwardhan: Yes it may go up marginally because of all these new orders there will be some funding that will go into the new orders as well but we do not expect it to be significantly different.

Vibhor Singhal: Got it Sir. Thank you so much for taking my questions and wish you all the best.

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

Parikshit Kandpal: Hi Jayanta congratulations on a decent set of numbers and strong order inflow. Sir my first question is that for last three quarters we have been in ballpark range of Rs 900 to Rs 1050 kind of turnover so order book has almost jumped 50% so by when do we see this run rate hitting Rs 1500 Crores so is it by third quarter or fourth quarter we will start seeing that happening?

Jayanta Basu: The second quarter also we will be almost close to first quarter because there is some effect of monsoon which is obvious but in third and fourth quarter if not Rs 1,500 Crores it will be close to that.

Parikshit Kandpal: So next year we are definitely well placed to cross that Rs 6000 Crores of turnover mark if that run rate sustains for the next year it should ideally be because at the Rs 20,000 Crores order book typically company report Rs 6,000 Crores to Rs 7000 Crores of turnover taking three years time to completion of the order book and largely you have EPC project there is no HAM, there is no BOT so the work time to start is like really quick after you get the LOAs so is it the right assumption?

Jayanta Basu: Yes you have the question and answer together so I think it is okay.

Parikshit Kandpal: Great Sir. Now the only puzzle here is that whether these orders, now we have seen inflation cooling off last couple of quarters we have decently maintained our margin to higher single digit now we have all this complex job, very limited elevated component here and all are like right of way is not a constraint so do we expect that margins to maybe

ballpark crossing that double digit and closer to 12% in that range from next year given that commodities have been cooling off?

Jayanta Basu: Yes I will maintain the same whatever I have told last time and today morning also. This year it will be close to double digit if not double digit but next year definitely it will be 10% plus.

Parikshit Kandpal: No closer to 12% somewhere in between the band of 10 to 12%?

Jayanta Basu: That is our expectation Parikshit and we hope we will be there in FY2024 and you will see that improvement in the margins from Q3 or Q4 onwards.

Parikshit Kandpal: You have done a very excellent job in containing your balance sheet especially on the debt side we have seen companies with a similar size of order book of Rs 20000 crore having debt of more than Rs 1500 to 2000 Crores even in some cases Rs 4000 Crores but you have very well contained yourselves in debt, so the only thing is as the growth picks up whether that will translate into profitability and flow to the part is the question which we as an analyst look at and we have had multiple accidents in the past wherein we had faced issues on elevated metro where we have made losses one project, two project have really impacted our performance I hope that you have been given comfort many quarters that we do not have any more projects like that which will continue to bleed us on the profitability so I hope you will maintain that, are you still maintaining that given the visibility on the projects on the execution which is happening do you see any more pain points coming off from any further write off in the order book?

Jayanta Basu: No I think we all know that we had Bangalore metro which should be behind us totally by end of this year and prior to that we had Delhi apart from these two jobs we do not see any issues on any other jobs. Yes margin will be little more little less but there is no major hit from any job.

Parikshit Kandpal: But beyond this any other elevated projects in the order book beyond the Bangalore elevated metro?

Jayanta Basu: Bangalore is hardly maybe another Rs 100 Crores or maximum around that.

Parikshit Kandpal: Okay so we have totally stopped bidding on elevated side or we are bidding very, very conservatively?

- Jayanta Basu:** No we have not totally stopped. We are open in this but definitely we will be very conservative in this segment going forward.
- Parikshit Kandpal:** Okay and this Rs 4,850 Crores of Ganga Expressway project is this including GST or excluding GST?
- Jayanta Basu:** Excluding GST.
- Parikshit Kandpal:** In this GST will be how much sir 12% or 18%?
- Prasad Patwardhan:** Because of the change in regulation last month it is now 18%.
- Parikshit Kandpal:** Okay so you have adjusted this order book for 18% of GST?
- Prasad Patwardhan:** This Rs 4,850 Crores is excluding GST so GST will be over and above these Rs 4,850 Crores.
- Parikshit Kandpal:** Great Sir. I think you have done a phenomenal job especially on the balance sheet side I hope this momentum now gets translated into order book, momentum gets translated into margin is what we are looking at. Thank you and all the best to you.
- Moderator:** Thank you. The next question from the line of Abhay Lodha from Sanmati Consultants. Please go ahead.
- Abhay Lodha:** Good morning Sir. Congratulations for good set of numbers. Sir I have got two questions we have got the total order backlog of Rs 21000 Crores approximately as on June 30, 2022, now I just wanted to know how much value of the tender we have already participated and which is pending and how much amount of contracts where we are L1?
- Jayanta Basu:** First participation, I think it is around close to Rs 8000 Crores which consist of two overseas job one in Bangladesh, one in Sri Lanka and few jobs in Adani in private sector and some jobs in Tamil, so around Rs 8000 Crores job we have participated and none of the results is out so there is no job which is we are at L1 but definitely few jobs which we are discussing with private client like Adani where we are expecting the order very soon which will be around Rs 500 to Rs 600 Crores. So to summarize Rs 8000 Crores job we have tendered for and Rs 500 to 600 Crores order we are expecting from the job what we have tendered for.

Abhay Lodha: Second question is regarding the earlier participant asked again I am asking but in a different way regarding margins, this current quarter shows 9% margin approximately on the sales book whereas our competitor like Patel Engineering they are generating margins of 14% to 15% consistently since last three to four quarters, so why is there so low margins there is something in tendering process or some specialized job which they are doing which we are not doing can you throw some light on this?

Jayanta Basu: I think to answer this question it will take long time. There are company of our standard and their margin if you see also close to around 9 to 10% even less than that. There are companies those who are small and their business model is different I do not want to comment on that but definitely on our side I can comment that our margin has affected because of two reasons one is the commodity price which is common for everybody and second which is not common for everybody we had some bad jobs which is still going on but as I said by the end of this year those jobs will be completed and there we will find that our margins is improving.

Moderator: Thank you. The next question is from the line of Vijay Sarda from VL Finance. Please go ahead.

Vijay Sarda: Congratulations on good set of numbers Sir. I have two questions one is regarding the interest cost that we are paying. It seems pretty high given the kind of debt and cash we are holding on books, can you explain in detail what are other elements in the interest cost apart from the core interest cost so if I can understand there is a bank guarantee and other costs also involves so if you can just split the interest cost that will be great and secondly just coming to Bangalore metro how much is the residual tender that is to be booked in the current year and have we raised basically the portion of the government on regarding the losses in the Bangalore metro and when we can expect those money to come back to us.

Jayanta Basu: Okay regarding bank interest I think Prasad will address it but before that let me address the Bangalore metro. I think Bangalore metro we are still around Rs 80 to Rs 90 Crores of job we have to do which should be over by this year December, January and regarding claim yes as we have maintained on the concall that we have got several claims which we are pursuing with the client and those things are under discussion and some will be settled amicably and if not amicably it will go for arbitration and proceedings as per the contract.

Prasad Patwardhan: The breakup of our interest cost is roughly it includes interest on the borrowings that we have from banks and financial institutions which is about one third of the figure that we have reported nearly, one third is interest on customer advances most of the advances that we get from our clients are interest bearing and our customers are charging interest

generally at market rate. It is linked to the MCLR of the banks so one third of the interest cost that we are reporting is interest from customer advances and the remaining one third is roughly the cost that we incur for getting bank guarantees and letter of credit so largely that is the split of the finance cost that is getting reported in our financials.

Jayanta Basu: Okay so this cost will remain more or less the same or it will be a function of kind of turnover?

Prasad Patwardhan: It is not a function of turnover. If we take more advances then if the advances are interest bearing then we will end up paying some cost on it. If our debt increases or decreases correspondingly the interest cost will also vary so it is not the function of our turnover but it is a function of the debt and customer advances and LCs and guarantee limits where we utilize from the value system.

Vijay Sarda: So basically one third is only a pure interest portion the rest is all okay got it Sir. Thank you very much Sir.

Moderator: Thank you. We will move on to the next question that is from the line of Parikshit Kandpal from HDFC Securities. Please go ahead.

Parikshit Kandpal: Just some book keeping questions for Prasad. Prasad you just highlighted this interest breakup if you can also quantify the amount that you have already told Rs 500 Crores so now what is the customer advances and what is the total letter of acceptances?

Prasad Patwardhan: LC and guarantees are varying it will not be possible for me to quantify the LCs and guarantees that we have, but out of about Rs 33 to 34 Crores of interest cost nearly Rs 11 Crores is the interest on the bank debt and the term loans that we have. About Rs 11 Crores is the interest on customer advances. Our advances outstanding as of June 30, 2022 are about Rs 600 plus Crores and the rest is cost of LCs and bank guarantees that we have issued for our customers and to our vendors for supply of material.

Parikshit Kandpal: What is the total acceptance outstanding as of June quarter?

Prasad Patwardhan: I do not have the exact number but it should be in the range of about Rs 3500 Crores.

Parikshit Kandpal: Rs 3500 Crores.

Prasad Patwardhan: Rs 3500 Crores acceptances and bank guarantees both together.

- Parikshit Kandpal:** I am just talking about acceptances against the credit.
- Prasad Patwardhan:** I do not have the number with me right now Parikshit maybe we can touch base offline and share these figures.
- Parikshit Kandpal:** Okay and just one more thing on the recognition of profits from the associates so we have seen done the tunneling job in Mumbai metro, even if you can update us on Kolkata metro how is the status there what I understood that tunneling is also over so why the momentum is not catching up on the recognition of profit from associate, can you comment there it will be helpful?
- Jayanta Basu:** Mumbai metro definitely as I just mentioned that the NATM is over, so we definitely have some effect from next quarter onwards so far we went little conservative on this Mumbai metro I hope that from next quarter it will reflect on our result and Kolkata Metro also the tunneling is over but unless and until we retrieve the TBM portion which was stuck up we want to still maintain our existing run rate, once it is retrieve we will see what can be done.
- Parikshit Kandpal:** Sir are we booking any losses from Kolkata metro or just we are not booking anything or just like zero profit or losses from there and associates?
- Jayanta Basu:** Kolkata metro I think the profit we are declaring profit there is no loss. I mean do not see that there will be any losses profit may increase whatever we are declaring today.
- Prasad Patwardhan:** Actually we have been regularly booking profit on Kolkata metro even when that incident happened three years even after that we have never recognized a loss from the Kolkata metro project.
- Parikshit Kandpal:** Prasad what will be the residual profit right now on the percentage completion basis on both these projects?
- Prasad Patwardhan:** We are not able to give out that number right now. We can reconnect offline for that.
- Parikshit Kandpal:** Any settlement we have reached with the insurance company anything if you want to talk on how much amount we would have received, any reversals on account of that?
- Prasad Patwardhan:** There are no reversals whatever claim is realized it will only be an upside to the numbers that we are reporting. The insurance company in principle settled about Rs 10 to Rs 15 Crores of claim so there is an acceptance of liabilities but the balance amount is yet to be received from them. The good thing is the acceptance of claim by the insurance company

and whatever we receive will only be an upside to the margins that we are reporting because we have not considered any realization from the insurance claim for reporting the numbers.

- Parikshit Kandpal:** What is the total hit we had taken on account of this incident till now in the book?
- Prasad Patwardhan:** Till now we have spent about Rs 50 to Rs 60 Crores because of that incident in terms of compensation and other cost that we have incurred.
- Parikshit Kandpal:** Against that we have got a claim acceptance of..
- Prasad Patwardhan:** Rs 10 Crores.
- Parikshit Kandpal:** Is it kind of phase one of the claim acceptances still working on or there is final settlement like Rs 60 Crores?
- Prasad Patwardhan:** No it is not final settlement, we will get something more from the insurance companies but that is being discussed and processed by the insurance company we will get it.
- Parikshit Kandpal:** This Rs 50 to Rs 60 Crores has been already provided already in the book?
- Prasad Patwardhan:** Yes that is already considered in the results that we have declared so that is why I mentioned whatever insurance claim is realized it will be only an upside to the numbers that we report.
- Parikshit Kandpal:** Okay Prasad great thanks for answering my question.
- Moderator:** We will move on to the next question that is from the line of Vibhor Singhal from PhillipCapital. Please go ahead.
- Vibhor Singhal:** Hello Sir thanks for taking my question again. Sir just one small question. Sir we have historically also taken projects overseas and right now also we are working as you mentioned in the pipeline we have two projects in Bangladesh and Sri Lanka so generally Adani group has always been a very important client for us and we have also been all across so recently Adani group has acquired a port in Israel that is of course an operational port already but if there is any marine job that comes up in that part of the world will you be comfortable or will you be willing to consider that also or is there a specific geographies or countries that we believe that we are more comfortable working in?
- Jayanta Basu:** Well it depends upon few factors first and foremost will be only interested if it is the marine job that is number one. Number two we want to concentrate on the neighboring countries

like Bangladesh, Sri Lanka, Myanmar, Maldives maximum up to Mauritius and then we do not want to have too many jobs overseas at a time so maximum two at a time and then we will see maybe another two to three years time what we do based on this strategy whatever comes we will decide our bidding strategy on that.

- Vibhor Singhal:** Got it Sir. Thanks for answering that and wish you all the best again.
- Moderator:** Thank you. The next question from the line of Saket Kapoor from Kapoor Company. Please go ahead.
- Saket Kapoor:** Thank you for this opportunity. What is currently the work in progress, how much amount is there as on June 30, 2022?
- Jayanta Basu:** Work in progress is about Rs 950 Crores.
- Saket Kapoor:** How much is the customer advance for the various projects?
- Prasad Patwardhan:** The outstanding balance is about Rs 650 Crores as of today.
- Saket Kapoor:** The claims part Sir what is the claim figure?
- Prasad Patwardhan:** We will not be able to share with you the claim figure because these are under various stages of discussion with the client so it will not be possible for us to share the claim figure with you.
- Saket Kapoor:** Sir about the execution cycle if you could give you us some more colour since now this would be the monsoon affected quarter and what I heard our MD said that we would be scaling up to Rs 1200 to Rs 1500 would be our ideal target for H2 this should be a fair understanding?
- Jayanta Basu:** Yes I think the second quarter also will be like first quarter as because of monsoon effect and the jobs which have secured like Ganga Expressway and JNPT job they will take time to pick up so third and fourth quarter definitely it will be as you mentioned Rs 1200 to Rs 1400 Crores in that range you can expect.
- Saket Kapoor:** You did mention Mr. Jayanta that you have been visiting the site and taking note of the progress so who are the key competitors in the major projects which we are currently doing; we are competing with the likes of which competitor?

Jayanta Basu: If you see the segment where we are in marine L&T, Afcons and NCC and for the underground metro apart from L&T, Afcons we have got J Kumar and Tata Projects, Gulermak from Turkey so these are the kind of competition we have now.

Saket Kapoor: Taking this irrigation and the tunnel project with the irrigation are we doing some river linking projects also currently and this Nal Se Jal scheme are we playing a part for this Uttar Pradesh or we are only up to the MRTS part of the story for Uttar Pradesh?

Jayanta Basu: Uttar Pradesh I do not know we are not in the irrigation job and I do not read for anything we have agreed for, so connecting the river and all I also have no idea is there any prospect of course we are doing Ganga Expressway in Uttar Pradesh. We have done one job for inland water transport at Haldia but that job is already completed and we are on the verge of getting the final certificate.

Moderator: Thank you. Ladies and gentlemen we will be taking the last question that is from the line of Venkatasubramanian from Organic capital. Please go ahead.

Venkatasubramanian: Thanks for taking my question. On Bangalore and Delhi will we have any claims or will those projects have any claims on us and what is the current discussion there?

Jayanta Basu: I think we are mentioning in every concall that both the projects Bangalore and Delhi we have our claim. We are discussing with the clients and some claims are in discussion stage, some are in arbitration stage it will take time but definitely have got claims on both the job.

Venkatasubramanian: You would expect this to be coming to light what in about 12 to 18 months what kind of timeframe do you have in mind to get to know which way it goes?

Jayanta Basu: See it is pretty standard in Indian context because if you have arbitration it goes to one-and-a-half year and thereafter the customer can challenge it through the court so cycle would be something around two to three years time not before that.

Venkatasubramanian: There is a lengthy discussion today about margins and margins improving beginning next year, etc., we added something like about 2.75% of PAT margin so given both levers one margin improving and higher execution what kind of PAT margins do you think will be realistic?

Jayanta Basu: I cannot comment about next year but this year it will be the same margin work around close to 3%. Next year definitely it will be little bit more but maybe within 3% to 4%.

Prasad Patwardhan: As we see improvement in our operating margins the PAT margins will also move up. We have already given some indication of the expected EBITDA margins for next year so in line with that we should see an improvement in the PAT margins as well. As Mr. Basu said this year at least we are expecting around 3% PAT margins. Next year we will have to see as the operating margins improve we will see an improvement in the PAT margins as well.

Venkatasubramanian: Operating leverage should play a fairly meaningful role in that improvement right?

Prasad Patwardhan: Yes.

Venkatasubramanian: Thanks a lot I am done.

Moderator: Thank you. Ladies and gentlemen that was the last question. I now hand the conference over to Mr. Anshuman Ashit for his closing comments.

Anshuman Ashit: Thank you Jayanta Basu Sir and Prasad Sir for giving us this opportunity to host the call and I thank all the participants as well for making this call very interactive. Sir any closing comments that you would like to make.

Prasad Patwardhan: I would like to thank everyone for taking time out in joining us in this call and we value your continued support and interest in the company and we look forward to interacting with you again next quarter. Thank you.

Prasad Patwardhan: Thank you.

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