



ITD Cementation India Limited

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Mumbai 400 001.

National Stock Exchange of India
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| Date | Our Reference No. | Our Contact | Direct Line |
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| 31 st May, 2022 | SEC/05/2022 | RAHUL NEOGI | 91 22 67680814 rahul.neogi@itdcem.co.in |

Dear Sirs,

Sub: Transcript of Analysts / Investors conference call on Audited Financial Results for the quarter and year ended 31st March, 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 27th May, 2022 relating to the Audited Financial Result for the quarter and year ended 31st March, 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

ITD Cementation India Limited

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Corporate Identity Number : L61000MH1978PLC020435





“ITD Cementation India Limited Q4 FY2022 Post Results Conference Call”

May 27, 2022



ANALYST: MR. RAHUL MODI - ICICI SECURITIES LIMITED

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

Moderator: Ladies and gentlemen, good day and welcome to the ITD Cementation India Limited Q4 FY2022 Post 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. Rahul Modi. Thank you and over to you Sir!

Rahul Modi: Thank you, Seema. Ladies and gentlemen, good day and welcome to the Q4 FY2022 post results conference call of ITD Cementation India Limited. Today we are pleased to host the senior management of the company represented by Mr. Jayanta Basu - Managing Director and Mr. Prasad Patwardhan - Chief Financial Officer. The call will begin with a brief introduction by the company after which we will open the floor for the Q&A session. I now hand over the call to Mr. Patwardhan for his opening remarks. Thank you and over to you sir!

Prasad Patwardhan: Thank you Rahul. Good morning everyone and welcome to this Q4 FY2022 earnings call of ITD Cementation. We have declared our results yesterday and I am sure you would have had a chance to go through the numbers. We have reported a very healthy operating performance in this quarter and in the year as well. Our topline has grown by nearly 40% to Rs.3810 Crores for the whole year and for the quarter as well we have crossed the Rs.1000 Crores mark and reported turnover of Rs.1175 Crores. In terms of the order backlog as well we have an all-time high order backlog as of March 2022 of about Rs.15500 Crores and one more feat that we have for this financial year is the new order booking, we have received new orders for Rs.7700 Crores during the year. In terms of the working capital management as well the operating cycle has reduced significantly due to large collections that we have received during the year and that has helped us to de-leverage our balance sheet and our debt utilization stands at about 0.2 as of March 2022. This is all from my side in terms of the opening comments. I will hand over to Mr. Basu for his comments and then we will take up questions.

Jayanta Basu: Good morning and thank you all for joining this Concall. As Mr. Prasad has mentioned that our last quarter performance was good. I think we have achieved a revenue Rs.1,175 Crores which is a record in our company history in any quarters and revenue of Rs.3,800 Crores plus in consolidated. We are going through an exciting time and work in hand position also is quite healthy and not only that there are few good jobs in the pipeline which we convert to order very soon. So, the work in hand what you see today will increase drastically by another one or two months' time. With that I will touch up on few projects, important

projects which we discuss in every meeting. Like Mumbai Metro as we all know that hopefully by the end of this year this job will be completed, around 90% progress has been achieved so far. Kolkata Metro maybe another few month's 97% progress has been achieved. Bengaluru Metro underground we have started a year back and the tunnel is going on in full swing. So far we have achieved around 22% progress. As you know Udangudi was our signature project, work is going on very good we have reached the end point which is eight kilometer from the shore, around 60% progress has been achieved. Both the seabird jobs under Indian Navy are going well except one job which is at Chhara which we have to suspend because of client issue, all the other projects are going on okay. So, with this I will request to your questions and we will be there to answer your questions whatever you have. Thank you.

Moderator: Thank you. We will now begin with the question-and-answer session. The first question is from the line of Mohit from DAM Capital. Please go ahead.

Mohit: Good morning and congratulations on good set of revenue numbers. The first question is that of course we have a large order book and we are doing quite well in terms of revenue booking. But our EBTDA margins and our PAT margins remain very low despite having a large order book which is where we have price escalation clause. So, what can we expect in FY2023, can expect this EBITDA margin to move into double digits?

Jayanta Basu: Whatever jobs we have been executing now they are mostly what we have secured one or two years or three years back and even though we have the escalation clause available in most of them but the amount of increase in steel price is beyond any expectations. When we discussed last time in concall it was around Rs.60,000, recently it has gone up to Rs.75,000 – Rs.76,000. So, that has got some impact on the bottom line versus new job what we have secured they will yield their revenue and the margin maybe after two-three quarters from now. So, we hope that this year margin will be better than last year.

Mohit: Can I expect double digit margins in the medium-term, maybe not in FY2023, FY2024?

Jayanta Basu: FY2024 yes, FY2023 it will be close to double digit, if it is double digit we will be very happy we will try to do that.

Mohit: Understood, and can you please lay out the order which you received for FY2023 segment wise and the appetite for us for taking a larger order given that order book is very sizeable at this point time. Can discuss segment wise opportunity and also the update of Mumbai JNPT order where it is and anything on the Adani order from Colombo?

Jayanta Basu: I will update you about first of all JNPT, the tender is on and we are short listed and we have been in discussion with the customer two three rounds of negotiations has already happened. So, someone we will get the job by end of this month I believe and we are well placed there. Coming to Colombo, as you know the local situation in Sri Lanka is not so conducive, so purposefully both Adani and ourselves are going slow to see how it becomes after few months and accordingly we will proceed, but otherwise we are pretty sure that we will be preferred contractors for these jobs. Then overseas jobs apart from Colombo we are pursuing some job in Bangladesh which is a new addition now, some river job which is also more than Rs.2000 Crores, already tender going on by end of June we will compete all these. Recently we are discussing with some of the prospective to client, our old client for a big infrastructure job, I will not be able to disclose now if it comes to us that will be quite sizeable job. All these things there are two tenders at sea bird, so all this is Rs.15,000 Crores jobs are knocking and I hope that some of them will be definitely matured we will secure one or two orders.

Mohit: On the airports are given that the Adani has a very large pipeline and we won one small contract in Lucknow or something right. Do you think there is an opportunity for Adani in this fiscal year we will get a larger order for their six airports?

Jayanta Basu: You know that already we have secured two contracts from Adani for redevelopment of the Ahmedabad airport both the terminals T1, T2 value will be around Rs.500 Crores odd. So, most of the airports what Adani is now doing, they are innovating it, it is not a Greenfield, except Navi Mumbai Airport. So, they are after us to take part of some of the jobs like Lucknow and Guwahati and all, but as far as we are concerned we are already with Trichy and Pune, we want to complete Ahmedabad as well there after we will see because airport is not the segment where we do much, we will be happy with this Ahmedabad job at present.

Mohit: Understood Sir. Thanks and all the best.

Moderator: Thank you very much. We take the next question is from the line of Meet Parikh from Anand Rathi. Please go ahead.

Meet Parekh: Thank you for the opportunity sir and congratulations on a good set of numbers. In terms of the Chennai Metro, how is the progress have we started work on mobilizing or the work on the project?

Jayanta Basu: Yes, we have two jobs there underground UG1 and UG2 and our mobilization in terms of manpower and temporary instalment such of office building, store, etc., those things are almost done. Now, we have to mobilize special equipments called trench cutter which has

been already ordered and I think some will reach by end of this month. So, it is as per the plan the mobilization is going on.

Meet Parekh: Okay, sir in the order book, how much is the fixed price contract and how much is the variable?

Jayanta Basu: There are very less fixed price contract most of them are variable in the sense they are escalation stable and I would not be able to tell you exact number but close to 90% escalation is available in our contract.

Meet Parekh: Okay, and on the Bengaluru metro has the progress been good underground and the elevated?

Jayanta Basu: Underground progress is very good, amongst the three company like Afcons, L&T and ourselves, I think we are doing better and customer is also very happy and we are doing well. As far as elevated is concerned as you know that it is almost verge of completion, out of four jobs three jobs is almost handed over, the last job is also we have done around 85% to 86%, so by the end of this year we should be able to come out of the elevated job.

Meet Parekh: Okay, thank you so much.

Moderator: Thank you. We take the next question from the line of Vibhor Singhal from Phillip Capital. Please go ahead.

Vibhor Singhal: Good morning sir. Thanks for taking my question and congratulations on great execution in this quarter. Sir, my first question was majorly on the margins front again, in this quarter if we look our margins, I know this is kind of making the headwinds in terms of commodity price inflation but the margins are actually now fallen down to around 7% in this quarter. Last quarter of course it was around 8% and we were looking for some revival from those numbers. Given the commodity price inflation that we have do you foresee this kind of a pressure continuing? I know wanted to make it close to double digit margins in FY2023 but given that in the last eight quarters we have crossed double digit only once. Basically, trying to understand in the last three quarters also we had 6%, 8% and 7% EBITDA margins, so what will it take us for us to consistently report a double digit or close to double digit margins every quarter and not as an aberration just like once in eight quarter?

Jayanta Basu: As all of you know when you have just mentioned rightly that commodity price is influenced because the margin what you saw last year that is mostly the jobs which we have secured long time back where our basic assumptions for the steel was Rs.40,000 –

Rs.45,000 though escalation payable but the price went up to Rs.70,000 to Rs.75,000. This is one and secondly what happened if I just forget last two weeks before that the steel prices are going up, so we have to keep adequate contingency for future that is also one factor. But good thing is that if you see last two weeks the steel prices coming down Rs.75,000 to Rs.71,000 to Rs.69,000 to now Rs.55,000. So, if it goes like that that will be good news for us and hopefully we will be able to touch or if not touch very close to double digit margin this year.

Prasad Patwardhan: Just to add further, the number we have reported I have seen the numbers reported by some other of our peer companies as well and operating profits and the operating margins that we have reported are more or less in line with what others have also reported. So, I do not see a large variation between our operating margins and the other companies in our industry. As you rightly said the headwinds on the commodity prices are hurting us to some extent and hopefully as Mr. Basu said once the prices start correcting we should see an improvement in our operating margins.

Vibhor Singhal: Got it. Just to add on that basically you are asking to compare with other companies also and almost all peers have reported around 50 to 100 basis points quarter-on-quarter contraction in margins which we also have. But to put that in perspective for other companies are let say peers are 100 basis points lower from their normal range of margin which is like 10 to 12%. We are right now at 7% which is like 300 basis point from our targeted range or our usual margin range of 10%. So, if there is a commodity price impact, my question was okay commodity price impact in this quarter is probably 100 basis point but what ails our business in terms of our margins being consistently in single digit 7 to 8% in the last three quarters or so and those are not getting recovered at all.

Jayanta Basu: One aspect as you all know for the last several quarters that a big chunk of our turnover has come even last year also from elevated Bengaluru metro where we are not declaring any margin at all for the last one year. We should just eliminate that turnover of Bengaluru metro and consider zero margin from there you will find there our EBITDA percent more than double.

Vibhor Singhal: Got it and this year that you are saying that you should be able to complete the project. Hopefully, next year onwards we should be able to report better margins if hopefully there is no other project like Bengaluru metro with that constraint.

Jayanta Basu: Yes, there is no other project like that.

- Vibhor Singhal:** Got it, sir. Thank you so much for answering that question in detail. Just one last question given our order book of Rs.15000 Crores and the strong topline this year what would you kind of guide to in terms of topline, what is the kind of topline that we could do next year?
- Jayanta Basu:** Topline should be 25% more than this year.
- Vibhor Singhal:** Sure sir that is great and just one last bookkeeping question. Prasad sir if I could get the gross debt number at the consolidated levels at the end of this year?
- Prasad Patwardhan:** Our gross debt is little over Rs.500 Crores is about Rs.515 Crores.
- Vibhor Singhal:** Sure sir, got it. Thank you so much. Thanks for taking my questions and wish you all the best.
- Moderator:** Thank you Mr. Vibhor. We take the next question from the line of Shreyans from Equirus Securities. Please go ahead.
- Shreyans:** Thanks for the opportunity and congratulations on a great turnover. Sir, my question pertains again to the EBITDA margins. If you could quantify in terms of provisioning, how much provisioning was taken for the raw material price number one and number two our contract and site expenses for this quarter look very high, particularly for this quarter. So, any particular reason for that?
- Prasad Patwardhan:** To answer the first part of your question, we have not taken any hit on the material cost as such, whatever we are actually paying for procuring steel, cement or other commodities that will be booked in our financials, so there is no additional provision that we have taken in our financials. The other expenses you mentioned we have considered provision loss of about Rs.30 Crores from the Bengaluru metro project.
- Shreyans Mehta:** Okay, sure and in terms of guidance, in terms of margins for FY2023 or even for that matter FY2024, can we see that looking at the way raw material prices are can we foresee at least 10 to 11%?
- Prasad Patwardhan:** Actually, Mr. Basu answered the same question earlier, so in FY2024 as we mentioned we hope to see normalized double digit margins and this year as the steel and other commodity prices cool off we should see an improvement in our margins in this year as well.
- Shreyans Mehta:** Got it. That is all from my side. Thank you and all the best.

- Moderator:** Thank you. We take the next question from the line of Aksh Vora from Praj Financials. Please go ahead.
- Aksh Vora:** I just wanted to know the Rs.15,000 Crores order book what is the execution timeline for the same?
- Prasad Patwardhan:** Execution timing should be in the range of three to three and a half years.
- Aksh Vora:** Okay, and the new orders what we got in this FY2022 around Rs.7700 Crores what would be the timeline for those execution orders?
- Prasad Patwardhan:** There are two large orders from Chennai metro which are to be executed over four years. There are some other projects where that execution timeline is shorter for Marine projects it would be about two, two and a half years so as I said the average execution timeline for our order book would be between three to three and a half years.
- Aksh Vora:** Is it safe to assume that over next three to four years we will be having around 20 to 30% kind of revenue increment every year?
- Prasad Patwardhan:** Well three to four years is difficult to envision at this stage but as Mr. Basu had also indicated earlier we should see a 25% rise in our topline this year and next year as well we should see that it could be better if we book more orders during the current year then that will obviously add to our topline in FY2024 as well.
- Aksh Vora:** Sir, one more thing is what would be our gross debt?
- Prasad Patwardhan:** Gross debt is Rs.515 Crores.
- Aksh Vora:** And net debt is around Rs.120 Crores?
- Prasad Patwardhan:** Net debt is around Rs.123 Crores.
- Aksh Vora:** And how would we be funding for these coming projects in near term?
- Prasad Patwardhan:** We are having our bank limits, we have a consortium of sixteen banks, we have added a couple of banks into our consortium in the previous year and some of our large projects in fact our banks have been very supportive and they have provided us with enhancement in the banking limits, so with the support of our banks we have been able to take on these large value projects and execute them in the timeline that we are required to execute these projects.

- Aksh Vora:** Sorry sir, actually I meant we will be taking debt route or how will we funding in those terms?
- Prasad Patwardhan:** Sir, our requirement is largely in terms of bank guarantees and letters of credit. The funding requirement is not that significant of course the funding requirement will definitely be there when we execute the projects. But the larger requirement is in terms of bank guarantees and LCs and that is where our consortium of banks have been supporting us.
- Aksh Vora:** Okay, got it. Thanks a lot.
- Moderator:** Thank you. We take the next question from the line of Parikshit Kandpal from HDFC Securities. Please go ahead.
- Parikshit Kandpal:** Sir, this elevated metro project again we have a provision of Rs.30 Crores, so it is now done, the cost of completion accounting has been done so why this is again coming?
- Prasad Patwardhan:** It is a combination of two-three things Parikshit, that the extension of timeline because of COVID and the commodity prices as well both the things have impacted the margins on that project. But the good thing is we have claims and we are going to pursue these claims and the money will get recovered, but in the Indian context the timeline for recoveries will be quite long. So, in terms of the accounting policies that we are required to follow we are accounted for this loss. But our feeling is it will be more of a timing mismatch and we hope to recover this money from the legitimate claims that we have on the project.
- Parikshit Kandpal:** Secondly, on the Kolkata metro we again heard some news of cracks emerging, if you can through some light there and also update on insurance claims, so where are we in terms of progress on that?
- Jayanta Basu:** Well yes, two-three buildings there has some damage we have observed and those buildings are there for the last 200 years without proper foundations and if you do something below that something can happen but it was well controlled, those inmates are all evacuated on time. So, it is under control now there is no such issues and work has already started. As far as insurance is concerned we have already got some amount from insurance company not much that means that there is an indication that it is going well.
- Parikshit Kandpal:** The tunneling work was already over, right, you said that Kolkata metro tunneling work is over a few months ago?

Jayanta Basu: Tunneling work is well over long time back but if you remember that tunnel boring machine which was stuck up on August 31st that needs to be removed from there, so that rail and track can be through. To remove that we need to excavate up to the bottom of the TBM machine, so while excavating or exposing the surface during that time was some surrounding building got cracked.

Parikshit Kandpal: That has been removed or it continues the work is in progress?

Jayanta Basu: Disconnection is completed and they need to protect the side by concrete and all which has been done. Now, part of that has been removed and part is going on now. I hope by June end it will be completed.

Parikshit Kandpal: Just on this Mumbai metro and Kolkata metro how much will be the residual cash released to the entity by these projects that are nearing completion now, so do you think that once these projects are complete we still have some sizeable profits to be recognized from these projects?

Jayanta Basu: Definitely, Kolkata metro we have almost around Rs.200 Crores lying there in the bank in spite of all this what has happened we do not see that there will be further problem and this should be profit to us, Mumbai metro Prasad?

Prasad Patwardhan: That site we do have cash balances over there but it is precisely because of the possibility of some such incidents happening that we are withholding or not declaring the full margins just now. But as the project nears completion we should see some release of margins and that should get accounted in the current financial year or maybe slip a little bit into the next year.

Parikshit Kandpal: Okay, just on the JNPT project if you can update have we bid for these projects and update there?

Jayanta Basu: JNPT as we have been discussing there are three tenders, one is the supply of filling material which is basically arc work almost local work, so that has gone to a local party. Second is that compression of those arc so that also has gone to the local party. But our target was Jetty work which is still we are discussing with them and let us hope for the best.

Parikshit Kandpal: And how big is the Jetty work?

Jayanta Basu: It is close to Rs.1000 Crores.

Parikshit Kandpal: Any outlook on the order pipeline, I joined the call little late so I do not know whether you discussed it with, if you have discussed it then I will take it offline any outlook on segment wise ordering potential and pipeline?

Jayanta Basu: Ordering potential, as far as marine is concerned JNPT and Colombo put together will be Rs.4000 Crores apart from that one Rs.2000 Crores we are pursuing in Bangladesh, so Rs.4000 plus Rs.2000 i.e Rs.6000 Crores in Marine which is under active persuasion through tender process. There are some other infrastructure jobs put together will be around Rs.6000 Crores which is also likely to be concluded very soon and there are seabird project in Karwar, two big development projects we are pursuing now put together around Rs.2500 Crores. So, all together it would be Rs.15000 Crores jobs under pipeline on the verge of finalization through tender process.

Parikshit Kandpal: And you earlier did mention that you are looking at some road project, some opportunity as you informed about, anything on that?

Jayanta Basu: Yes, that is still there and the number what have told you that includes that also.

Parikshit Kandpal: Okay, so just to summarize by now the work will be behind us and we are gradually moving towards double digit margins. So, can we expect by second half, starting third quarter can we say that we move towards double digit margin?

Jayanta Basu: Margin is a function of various things, I can only tell you that towards the end of this year we will be in a very good position and we will be able to tell you exactly that what will be our margin, which should be very close to 10%.

Parikshit Kandpal: Okay, Sir. Thank you so much. That is all from my side.

Moderator: Thank you. We take the next question from the line of Mohit from DAM Capital. Please go ahead.

Mohit: Good morning sir and thanks for the opportunity once again. Sir, while you alluded to the order inflow from the various other segments is there any order inflow or order opportunity from the Railways this fiscal year which you are pursuing which you believe that could be closed in this fiscal?

Jayanta Basu: Metro yes, as you know that there are several metro jobs tender in Delhi and in Chennai underground and definitely we will be targeting those and we are very much there in terms of our capability and our appetite. Otherwise railway most of the works are tunneling job in

North East and Northern part of India where we already have three jobs so I do not see that we will be much interested for those type of jobs for the time being.

Mohit: But are those opportunity very large the tunneling job why we are not pursuing some of them?

Jayanta Basu: Opportunities are very large at the same time the risk is also very large, I mean doing tunnel in Himalayan Range you can see in paper everyday there are something happening. So, when you have good work in hand why to go there to that extent. So, we already have got around Rs.2500 Crores of job with tunnel jobs let us complete that then we will be interested in those jobs.

Mohit: Understood sir. That is it from side. Thank you and all the best.

Moderator: Thank you. We take the next question from the line of Prem Khurana from Anand Rathi. Please go ahead.

Prem Khurana: Thank you for taking my question and congratulations on good execution during the quarter. Sir, most of my questions are already answered, just two so one was when I look at the inflows and in this quarter the inflows have been very, very strong. But what I realized is that, we had this Rs.5000 Crores of inflows available with us when we spoke last time during Q3 Con-Call and that was in the month February, so which essentially means that second half of February and even in March we have not been able to have much incrementally. So, what would you attribute this to essentially and there were hardly any tender in your areas of liking or the competitive intensity still remains high which is why you could not have any new orders come to you, let us say in the month of March or in the second half so, if you could share your thoughts on the competitive intensity that is there in the market today?

Prasad Patwardhan: Prem, we have already secured in the April in fact we have secured orders worth about Rs.450 Crores, the values may not have been as large as the ones we secured in January. But there has been a continuous flow of orders and as Mr. Basu said the pipeline is very strong. In the next few months we are hopeful of our order book increasing further. So, while there is competition there are lot of projects that are coming up for tender and we have been winning projects as well it is not that we have not received any orders after January or February 2022.

Prem Khurana: Sure and do we see this competitive intensity to go down because of the way the commodities have been behaving where in some of these especially smaller players got

scared or you do not see that situation and you would get the similar kind of competition which has been there in the system for a while now.

Jayanta Basu: Today if you see the market most of the investments by the government in the road sectors and road sector is not have much affected because of the commodity price because it is more earth work and cement. So, I do not think that this affecting the road sector but we are not there but from that metro competitions are as usual between few parties like us, Afcons, L&T, J kumar four or five others. So, competitions will remain and we have to survive in that situation.

Prem Khurana: Sure and my second question was Chennai underground metro by when are we likely get the start with our tunneling work and any number that you could share in the capex that you need to incur either in terms TBM any other equipments that we would need to get to start with our tunneling job there?

Jayanta Basu: Tunneling job requires lot of enabling work to do before tunneling starts. So, from now it will be at least one year so that genuine tunnel work will start so next year May or June. Capex yes, Chennai metro has capex involved in terms of buying of TBM and trench cutter close to Rs.300 – Rs.345 Crores.

Prasad Patwardhan: Yes, the capex this year is likely to be quite sizeable especially for Chennai metro projects and some other projects as well. So, we could see capex in the range of about Rs.300 Crores during the year.

Prem Khurana: Okay, but large part of this would be made good because you would be able to use mobilization advances with these projects?

Prasad Patwardhan: That is correct. The funding for this capex will be out of the advances that we get on the project and maybe some term loans.

Prem Khurana: Sure, last on our working capital cycle, I see in our cash balance has gone up substantially is it essentially the year end phenomena that we generally get to have wherein the government departments release payments because they want to exhaust their budgets and which is where in the subsequent quarters the cash balance number would go down. Is it the right understanding and where do you see the normalized working capital cycle for us as we progress?

Prasad Patwardhan: What you are saying is partly correct, yes that we did see a large inflow towards the end of the year. But overall during the quarter we have seen the collections coming through and

that has resulted in a large cash balance as of balance sheet date. But normally while the working capital numbers in terms of number of days are much lower as of March they will probably go up to some extent our endeavor would be to manage working capital in a better manner so that the investment in working capital does not go up significantly.

Prem Khurana: Sure and just last with your permission if I may, how much is the mobilization advance that you would be able to draw from the recently added projects and any quantum that you could share with us, the amount that you would be able to draw from these projects?

Prasad Patwardhan: Generally we get 10% mobilization advance, we have partly taken some of the advances but then another Rs.250 to Rs.300 Crores we should be able to draw over a period of time during this financial year.

Prem Khurana: Okay, sure sir. Thank you. That is all from my end and all the very best of future?

Moderator: Thank you. We take the next question from the line of Vipul Shah from Sumangal Investments. Please go ahead.

Vipul Shah: Hi! Sir, I have joined the call late, there may be some repeated questions. Why there is a sudden jump in other expenses?

Prasad Patwardhan: Vipul, as I mentioned earlier we have booked some loss of the Bengaluru metro project in this quarter of about Rs.30 Crores and some of the other heads of expense because of the execution has also picked up on our projects, we have seen some increase in our plant hire, the cost of spares and other project related expenses those have also gone up during this quarter.

Vipul Shah: So, this Rs.30 Crore are they recoverable or it is written off permanently?

Prasad Patwardhan: Well it is written off as of now, but we do have claims on the client for various reasons and these are legitimate claims in our opinion and we pursue these claims and recover this money but that procedure is likely take a bit longer.

Vipul Shah: Sir, regarding the cost escalation clauses in your contracts, are they 100% or only partially cost inflation in commodities recoverable in your majority of the contracts, if you can give some color it will be very helpful?

Jayanta Basu: Around 90% of the contract are protected with the escalation clause but typically those clauses are driven by the formula from RBI indices and so on and so forth. What happened

the steel price has gone up to so extent that this escalation clause is not adequate enough to cover up entire cost. There will be some shift which has affected our bottom line this month and last quarter but going forward I see that the steel prices also now coming down and we hope that the things will be better in coming days.

Vipul Shah: Sir, can you quantify what percentage of cost inflation is recoverable?

Prasad Patwardhan: It will be difficult to quantify because each contract has its own defined escalation clause and we need to claim it from the client as per the clause and the cost that we incur, the quantum of steel or cement which goes into every project will also be different. So, it will be difficult for us to quantify but we do claim it on a regular basis from the client based on the contractual conditions.

Vipul Shah: Okay, sir. Thank you and all the best.

Moderator: Thank you. We take the next question from the line of Rahul Modi from ICICI Securities. Please go ahead.

Rahul Modi: Thank you for the opportunity. Sir, most of my question have been answered just two questions. Any provisions which are left and to be done in the Bengaluru project going forward and how much capex if you could quantify that we have done so far?

Prasad Patwardhan: Whatever losses we have envisaged on the Bengaluru metro project have already been considered in the March financials. In terms of capex as I mentioned earlier for the Chennai metro project and for some of the other projects that are under execution we would be incurring capex of about Rs.300 Crores during this year.

Rahul Modi: Great Sir. Thank you very much.

Moderator: Thank you. We take the next question from the line of Jiten S from Axis. Please go ahead.

Jiten S: Good morning Sir. Thank you for taking my questions. My first question would be on the future pipeline which we are looking to bid. Any large projects which you are targeting this year I may have missed out in opening remarks highlights please?

Jayanta Basu: Yes, as I mentioned that one project in Colombo which is getting delayed because of local political issues a sizeable job of about Rs.3000 Crores, another overseas job in Bangladesh will be Rs.2000 Crores and one more infrastructure job which is also pending we are pursuing with some party in India.

- Jiten S:** But sir, these projects would be fixed price contract like Colombo probably would get further delay and Bangladesh could be a fixed price contract, right sir?
- Jayanta Basu:** Bangladesh is not fixed price contract, escalation clauses are there. Colombo as because it is from the private party we have to negotiate with them and it depends upon the cost benefit by both the parties maybe they can include the escalation, maybe they may not, it depends on the negotiation.
- Jiten S:** Sir, now if we are bidding for any newer projects on major at least what kind of margins we are building in while we are bidding for these projects, are we building in like 12-13% margin because we are looking for a double-digit margin coming in second half of 2023 and 2024. So, what kind of margins you are building in after the recent commodity price run up and competitive intensity going forward. So, what is your view on this?
- Jayanta Basu:** There are several factors which decide what should be our margins, depends upon the segment, depends upon the size of the job. I can tell you a range that it varies from 8 to 15%, location, nature of the job and the segment wise.
- Jiten S:** Probably our Marine could be having the highest margin being one of the largest players in the country for us?
- Jayanta Basu:** Yes, Marine is highest margin and Marine big jobs will be around 10-11% small job will be 15% in that range.
- Jiten S:** Okay, and again this execution guidance, we are talking about 20-25% growth for FY2023 but since our order backlog is the strong and large, so what kind of growth you are envisaging in FY2024 and the capex for FY2024?
- Jayanta Basu:** FY2024 I think momentum will be there which will be around 20 to 25% most of the capex this year is because of the Chennai metro I do not foresee much requirement next year.
- Jiten S:** Okay, and we will not be seeing such provisions what you have done in Bengaluru metro in any other projects which we shall be executing now and in future?
- Jayanta Basu:** Fortunately not we are already behind this Bengaluru metro almost and Delhi metro long time back.
- Hiten:** Right sir that is it from my side. Thank you and all the best. Thank you Prasad Sir.



*ITD Cementation India Limited
May 27, 2022*

Moderator: Thank you. As there are no further questions, I would now like to hand over the conference to the management for closing comments.

Prasad Patwardhan: Thank you so much everyone for joining us on this earnings call. We look forward to your continued support to the company. Thank you once again.

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