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Date  
30<sup>th</sup> May, 2023

Our Reference No.  
SEC/05/2023

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Dear Sirs,

**Sub: Transcript of Analysts / Investors conference call on Audited Financial Results for the quarter and year ended 31<sup>st</sup> March, 2023**

**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 25<sup>th</sup> May, 2023 relating to the Audited Financial Results for the quarter and year ended 31<sup>st</sup> March, 2023.

We have uploaded the same on the website of the Company at  
[https://www.itdcem.co.in/wp-content/uploads/2016/06/ConcallTranscript\\_ITDCementation\\_25052023.pdf](https://www.itdcem.co.in/wp-content/uploads/2016/06/ConcallTranscript_ITDCementation_25052023.pdf)

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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Corporate Identity Number : L61000MH1978PLC020435





# “ITD Cementation India Limited Q4 FY2023 Earnings Conference Call”

May 25, 2023



**ANALYST: MR. MOHIT KUMAR - 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's Q4 FY2023 Earnings Conference Call hosted by ICICI Securities Limited. As a reminder, all participant lines will be in the listen-only mode. There will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference, 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. Mohit Kumar from ICICI Securities. Thank you and over to you Sir!

**Mohit Kumar:** Thank you Darwin. Welcome everyone. On behalf of ICICI Securities I welcome you all to the Q4 FY2023 Conference Call of ITD Cementation. Today we are pleased to host senior management of the company which is represented by Mr. Jayanta Basu - Managing Director and Mr. Prasad Patwardhan – CFO. The meeting will start with a brief remark by Mr. Patwardhan after which we will open the floor for Q&A. Thank you and over to you Sir!

**Prasad Patwardhan:** Good evening everyone this is Prasad Patwardhan CFO of ITD Cementation and I thank you all for joining us on this Q4 FY2023 results concall. I will start with a brief introduction on the financial performance of the company during the quarter and for the year ended March 2023 and thereafter I will hand over to Mr. Basu for his initial comments and then we will take questions from you. This quarter and this year we have posted a very strong financial performance for the company with highest ever turnover, profitability, order flows during the year and order book as of March 2023. Our revenue for the quarter has been Rs 1,631 Crores as against Rs 1,174 Crores a year back which is an increase of about 40%. EBITDA is coming at Rs 147 Crores in this quarter as against Rs 93 Crores on a year-on-year basis that is a growth of 58% and PAT for the quarter is Rs 38 Crores as against Rs 17 Crores a growth of 128% on Y-o-Y basis. For the year ending March 2023 our consolidated revenue has crossed the Rs 5,000 Crores mark as against Rs 3,809 Crores in FY2022 which represents a growth of about 34%, EBITDA is at Rs 463 Crores as against Rs 338 Crores again a growth of about 37% and profit after tax has crossed Rs 100 Crores mark this year. We have reported a profit of Rs 125 Crores as against Rs 69 Crores a year back which represents a growth of about 80% this year. Our balance sheet continues to remain healthy or we have improved upon it to some extent and the net debt to equity is at about 0.22 times. During the year ended March 2023, we have secured new order for over Rs 8000 Crores and that really bodes well and gives us visibility for revenue in the next year or two to come. That is all from my side at the moment. I will now hand over to Mr. Basu for his initial comments.

**Jayanta Basu:** Good evening to all and welcome to this concall. Thank you Prasad for sharing the financial numbers of last quarter and the year. It is evident that we have made substantial progress in

last quarter. Our revenue has crossed Rs 1,600 Crores which is to be around Rs 1,000 Crores a few quarters back so around 60% growth in the work in progress. With that, we also have good work in hand close to Rs 21000 Crores. The mix of the work in hand also is good which was underground metro and marine components are most. If I touch upon the major contribution last quarter Ganga Expressway has contributed a lot in the progress and then few metro jobs underground that is at Bengaluru and Chennai, Marine jobs Udangudi, Sea Bird, Ennore, Colombo has just started and Sivok to Rangpo our tunnel job at north Bengal also going on well so overall all the segments including few building jobs we have done very good last quarter. We have performed the work in hand what we had. There are few big jobs under tenders in marine and underground sectors, some international jobs, so things are also looking good so I would be happy to answer any questions this is in nutshell about the performance of last quarter and last year. Thank you.

**Moderator:** Thank you. We will now begin the question and answer session. The first question is from the line of Nikhil Abhyankar from ICICI Securities. Please go ahead.

**Nikhil Abhyankar:** Thank you Sir. Thanks for the opportunity and congrats on a very good set of Q4 so going forward what will you guide for FY2023 in terms of revenue EBITDA margins, PAT and order inflow?

**Jayanta Basu:** I think we would maintain the same run rate in terms of the topline because we have got work in hand and those need to be executed during the given time so revenue we can say the same Rs 1,600, Rs 1,700 Crores per quarter. EBITDA will be around this maybe we will touch double digit end of the year and order inflow last year we have secured Rs 8,000 Crores job, this year also it should be at least Rs 8,000 Crores that is our target.

**Nikhil Abhyankar:** You just mentioned that we might have double digit margins in FY2024 itself so what exactly has changed in the last two years it is almost 200 BPS jump?

**Jayanta Basu:** Last two years we had some legacy jobs like elevated metro at Bengaluru and some other places so those we could not do better, now those jobs are behind us so that will contribute to the bottomline. In fact for Bengaluru metro we did not declare any margins for two years though we have done around Rs 1,500 Crores revenue during this period.

**Nikhil Abhyankar:** So all the legacy orders are behind us?

**Jayanta Basu:** Yes some claims and some certificates are always the part of this business that will keep on going but more or less we are under control now.

- Nikhil Abhyankar:** Understood and Sir you mentioned order inflow target of around Rs 8,000 Crores again so do we have any preference regarding the segments where it will come from and what is the pipeline as of today?
- Jayanta Basu:** We expect that we may get some jobs from overseas neighboring countries in marine division and underground metro at various places as you know the tender being floated so that is what the two areas we are focusing most at this stage. Specifically underground metro job as you know being tendered at many places like Chennai and Kolkata and Kanpur so we are trying to get some of them. Marine jobs also, few marine jobs in Maldives, Bangladesh we are targeting.
- Nikhil Abhyankar:** Sir you mentioned that Ganga Expressway was a significant contributor for revenue in the last year so how much did it contribute last year and how much will it contribute this year and can you give us the major revenue contributors in terms of projects for the next year?
- Prasad Patwardhan:** Ganga Expressway last year I think very, very limited. We have just got completed around Rs 300 odd Crores or work but the important issue is that we have started the job in the month of January so during this last quarter itself it has completed Rs 300 Crores at the beginning of the project which is quite significant and this year also Ganga Expressway contribute quite substantial in the topline and then Chennai Metro, Bengaluru Metro and a few other marine jobs in Colombo will be the main contributor this year.
- Nikhil Abhyankar:** Just a final question. We had announced an order of Rs 8.8 billion for Thal Sena Bhawan but it is not included in the order book as of now so is it relevant still?
- Jayanta Basu:** I think we have secured this order in last quarter. It has been included in the order book number what you are seeing.
- Nikhil Abhyankar:** Because in that notification it was mentioned Rs 88 billion was the total order inflow and in this presentation it is 80.
- Prasad Patwardhan:** It is included in the order book.
- Nikhil Abhyankar:** I will get back in the queue.
- Moderator:** Thank you. The next question is from the line of Dhananjay Kumar Mishra from Sunidhi Securities. Please go ahead.

- Dhananjay Mishra:** Thanks for the opportunity and congratulations for very strong performance for Q4 as well as FY2023. My first question is related to order inflow so till December itself we had Rs 8000 Crores order inflow and we won two projects including this Bangladesh project so what is the status of Bangladesh project as of now that is Rs 2000 Crores project?
- Jayanta Basu:** Bangladesh project that has not still been awarded to us so it continues to be as on date.
- Dhananjay Mishra:** So Rs 27 million L1 is still there apart from Rs 25 Crores order book we have?
- Prasad Patwardhan:** L1 position is about Rs 1,600 Crores.
- Dhananjay Mishra:** L1 is Rs 1,600 Crores that is Bangladesh?
- Jayanta Basu:** That is mainly Bangladesh that is correct.
- Dhananjay Mishra:** Last two years we are having good profit in JV growth is Rs 32 Crores so this year I think these JVs or this metro project is over so this kind of profit will not come in FY2024 is it right understanding?
- Prasad Patwardhan:** No I do not think your understanding is correct. It depends on the order mix and where is the order that we are getting from so if the JV orders are getting completed we have got new orders in the standalone company as well. The JV projects are own projects they are under management and we are executing those projects. It just depends on where the order comes from. If the orders comes in JV then that is disclosed separately in our results and if the orders are in the main company then they are disclosed separately so it is just a matter of presentation otherwise there is no difference.
- Dhananjay Mishra:** So 10% EBITDA margin this is excluding of JV profit because this quarter itself we have done about 9% EBITDA margin?
- Prasad Patwardhan:** We are talking about the overall profitability here we are not differentiating between the JV projects and other projects whatever numbers the PAT is being reported and we are going based on the reported numbers.
- Dhananjay Mishra:** This Chennai and Kolkata metro which were under pipeline so when do you expect these orders to be tendered or these two marine jobs next six months or next three months what is the timeline?

- Jayanta Basu:** Timeline depends upon how the clients take it forward. We have submitted our bid and technically this is all expected and evaluated. Evaluation of the price bid will happen once the tender is open but generally speaking it should be another two to three months' time.
- Dhananjay Mishra:** So that will be significant in the first half the order inflow?
- Jayanta Basu:** If you are lowest, if you get the job yes.
- Dhananjay Mishra:** That is all from my side. Thank you.
- Moderator:** Thank you. The next question is from the line of Pratik Kothari from Unique Portfolio Managers. Please go ahead.
- Pratik Kothari:** Hi good evening and thank you. So my first question is on this loss which we reported in our JV so can you just highlight what is it regarding?
- Jayanta Basu:** Some loss we have declared. You know what happened this job has been completed two years back and the certification process also almost done, during the process of the work we did some additional work for which ad hoc payment was received but the certification is still getting delayed and we thought to provide that amount as loss.
- Pratik Kothari:** Anymore expected and which project could this be?
- Jayanta Basu:** This is Delhi elevated CC26.
- Pratik Kothari:** In our cash flow we see Rs 2,800 Crores of impairment allowance on non-financial asset so is it the same or is it something different?
- Prasad Patwardhan:** It is not the same. The provision for doubtful debts on the standalone is basically expected credit loss provision that we have taken in the books.
- Prasad Patwardhan:** The Rs 2,700 Crores provision for doubtful debts are in the standalone entity whereas this loss is around the JV project which was completed a couple of years back so this is different from the provision for doubtful debts?
- Pratik Kothari:** Fair enough but coming to provision for doubtful debts it went from 9 odd Crores to 28 now any reason we were expecting that lot of our legacy provisions, etc., were all done and dusted so why such a large number?

**Prasad Patwardhan:** This is largely coming out of the expected credit loss provision. It is the requirement under the accounting standards so that is why we have provided for it. We do not expect this amount to result in loss but the accounting standard requires us to make this provision and based on that we have made this provision in the books but we expect to recover the money in full that is why that is a provision it is not a write off.

**Pratik Kothari:** Sir in the last call we had mentioned that by Q1 of FY2024 we should be closer to almost doing double digit margins but I think now in the opening remark we mentioned that it might be towards the end of the year, what are we missing and are we delaying double digit margin guidance we had given earlier?

**Prasad Patwardhan:** No we have never said that we will achieve double digit margin in Q1. We have always said that this will be a gradual process and you will see the improvement during this year that is FY2024 and Mr. Basu made those initial comments. He said that we will see that during the year now exactly in which quarter that will happen it remains to be seen but the trend is towards improvement in margins and we should be reaching that status sometime during this year.

**Pratik Kothari:** When we say double digits do we include the JV in that or we do not?

**Prasad Patwardhan:** That is correct we do.

**Pratik Kothari:** Fair enough and Sir my last question is on order inflow across various infra companies the order booking for this quarter was substantially higher than what we have booked in Q3 or in the first five months we have not been that kind of order book is it that the competition has increased or currently we have our plates full and we do not want to go aggressive on that what is the thought process there?

**Prasad Patwardhan:** I think it is a mix of everything that there is a timeline issue, which company has bid for which and when that matters because in our segment like marine or underground segment we might not have got any order in last quarter but that is what we got. We have seen totality. Totality if you see our order book has increased a lot in this year Rs 8,000 Crores plus.

**Pratik Kothari:** Fair enough and Sir my last question on this Karnataka issue which had come out. We are not stopping all work, not releasing payments, we have explained what our exposure there but how much to the local government are there any changes in the kind of work we do?



- Prasad Patwardhan:** No I do not think there is any issue with that. There is some statement somebody told me. We are doing two major work in Karnataka, one is underground metro at Bengaluru which is totally funded either by ADB and it is joint venture of state government and central government so there is no way that in this job because in fact the new government also trying to increase the provision to achieve some milestones about the underground metro so there is no issue and second job we are doing that is a different job, Indian Navy project Seabird Karwar that has got no connection with the state government so I do not think it is to be taken as a matter of concern.
- Pratik Kothari:** Fair enough. Great and thank you so much and all the best.
- Moderator:** Thank you. The next question is from the line of Rajesh Kumar Rathi from Right Shopping Pvt. Ltd. Please go ahead.
- Rajesh Kumar Rathi:** Thank you for taking my call. One question is about the provision for income tax. I think this quarter the provision seems something like 45% so what is the reason for that and what is your guidance for next quarter onwards?
- Prasad Patwardhan:** The provision for tax is brought on the profit before tax that you see in the reported numbers but there is an element of some losses that we have taken in the JV projects or the provision for doubtful debts the expected credit loss that we have recognized during the quarter so that gets added back to the profit and hence the taxable profit for completing the tax liability is higher and the tax provision is made on that number, not on the PBT that you see on the face of other events.
- Rajesh Kumar Rathi:** So what is the guidance for next quarter onwards would it be something like 25-26% or more than that?
- Prasad Patwardhan:** Gradually it should come to that level. I think next quarter onwards it should be around 25%.
- Rajesh Kumar Rathi:** My second question is about the topline for FY2024 I think we will be doing substantial Ganga Expressway project next year which should be something around Rs 1,800 to Rs 2,000 as guided before so if I deduct that from the topline guidance of about 20-25% growth the rest of the thing there is no growth at all it seems so how do you explain that?
- Prasad Patwardhan:** Why should we deduct that, this is an order that we have own, we are in the process of executing the order, we must definitely consider it when we look at the growth of the

company's revenue this year versus the previous year. There is no reason for us to exclude the turnover from the Ganga Expressway project.

**Rajesh Kumar Rathi:** Understood. Thank you so much.

**Moderator:** Thank you. We have the next question from the line of Ramanan Venkateswaran from MK Ventures. Please go ahead.

**Ramanan V:** Good evening and congratulations for a great set of numbers. Couple of questions again like last time projects were threshold levels for margin recognition not being reached, second is the Bangalore elevated expressway do we expect completion by the end of first quarter or probably second quarter of this year that is second and last of course what do we see as the project pipeline for us going forward?

**Jayanta Basu:** I think I will start from the last one project pipeline as we have been discussing around Rs 17,000 Crores domestic tenders are in the pipeline, there are few international jobs put together will be around Rs 3,000 to Rs 4,000 Crores, I think the domestic part of them are marine and part of them are underground metro and some building and international we have got two marine jobs in Bangladesh and one job in Maldives. These are the main jobs we are targeting and we are actively working for tender process. Now your second question was Bengaluru metro elevated, Bengaluru metro elevated in all aspect it is now completed. The physical work is completed. Two jobs already have got the taken over certificate that is as you know in whitefield area so they have taken over and the other side also one job they have taken over. Last one that job also which was under construction is over now so in physical sense all the work in Bengaluru metro has been completed and what was the first question.

**Ramanan V:** For you to say that this is fully completed where everything gets sorted out it will take three to six months for you post that?

**Jayanta Basu:** Completed means physical work has been completed, now balance remaining part that is finalization of the pre final deal, reconciliation of the material, winding up of the site so those things will continue, normally for big job it continues for six to seven months time minimum.

**Ramanan V:** The first question was projects where we have not yet reached threshold levels for margin recognition in the last quarter?

- Prasad Patwardhan:** Among the larger project that would be the project that we are executing in Colombo and Thal Sena project that was awarded to us last year I think other than that to maybe marginal to almost other projects.
- Ramanan V:** So in terms of value how much should that be?
- Jayanta Basu:** Previous year we had something like 200 Crores of revenue did not have margin recognition.
- Prasad Patwardhan:** Mr. Ramanan I do not have the number at the moment maybe offline we can reconnect and share that number.
- Ramanan V:** Fine. Thank you so much.
- Moderator:** Thank you. The next question is from the line of Vignesh Iyer from Sequent Investments. Please go ahead.
- Vignesh Iyer:** Congratulations Sir on good set of numbers and strong execution. I just wanted to understand one thing on accounting part of it, we have paid a very high tax at consolidated level as compared to the earlier year I just wanted to understand going ahead are we shifting to a lower tax rate of 25-26%?
- Prasad Patwardhan:** We will see the tax rate coming down to 25%. It is just like PBT that we have reported in this quarter after considering the provision for the expected credit loss and some losses that we have taken on our JV projects so the actual PBT on this is completed is higher than the numbers that you see in the reported financials so that is the reason but gradually from subsequent quarters you will see the tax rate coming down to around 25%.
- Vignesh Iyer:** But Sir even if I take the entire year we have actually paid more than that. I understand on Q4 part usually divestment needs to be done but overall as a year itself we have paid more tax.
- Prasad Patwardhan:** I do not think we have paid more tax. The tax computation has been done correctly. I mentioned there are two, three components, the profit loss in the joint ventures and the provision for doubtful debts of the expected credit loss, if you adjust the reported PBT for these numbers and then calculate the tax at 25% you will come to the number that is mentioned in our reported numbers.

- Vignesh Iyer:** I will probably do it. On the share of profits that you get from joint ventures now we have been doing some consistently 30 plus for the last two years just wanted to understand do you think we can maintain the profitability at this level?
- Jayanta Basu:** In fact the order wins in our order book is changing we are getting more and more projects in the standalone company and there is no need for us to go into joint ventures. The order book is largely in the standalone company then the profitability will also be in the standalone entity and the profit or loss for the JV projects will taper off we may see some profits in the current year that is FY2024 but beyond that we do not see any significant contribution coming in from JV projects.
- Vignesh Iyer:** Fair enough Sir. Thank you Sir and all the best.
- Moderator:** Thank you. The next question is from the line of Pujan Shah from Congruence Advisers. Please go ahead.
- Pujan Shah:** Hi Sir. First question would be are we seeing any delay in project execution or any project have been like any timeline specific and then it has been delayed due to feasibility issues or political issues anywhere?
- Prasad Patwardhan:** Not really.
- Pujan Shah:** The total bidding tender what would be the number I think I just missed out that?
- Jayanta Basu:** Are you talking about tenders in pipeline or submitted?
- Pujan Shah:** I am talking about the total tender we have done till date for the project pipeline for the upcoming projects.
- Jayanta Basu:** Around Rs 17000 Crores tender we are pursuing.
- Pujan Shah:** We have the conversion ratio of 20% right that is what we have maintained initially?
- Jayanta Basu:** That is what has been the historical data.
- Pujan Shah:** With that perspective if you look into it we have already Rs 20000 Crores and if you see this conversion sheet it will be around Rs 3500 Crores so on a total order book it is less than 20% growth so are we seeing any slowdown in the economic scenario or what has been looking into it?

- Jayanta Basu:** No I do not think so because we have a plan for this year and we know this year how much work we can execute from the work what we have and how much work we should secure to meet our target and we are comfortable with that whatever tenders we are pursuing or whatever future prospects we have I think it is okay.
- Pujan Shah:** We have started the Sri Lanka project or it will start like this Q1 FY2024?
- Jayanta Basu:** Work already started, permanent work already has started installing foundation work at Colombo.
- Pujan Shah:** So recognition will be flow from this fiscal year?
- Jayanta Basu:** It is initial time so it will take two quarters to come.
- Pujan Shah:** Last question would be we have guided revenue of 6500 Crores that is correct right?
- Jayanta Basu:** Yes 6500 Crores I think that is the number we have mentioned.
- Pujan Shah:** So this is the number actually what we have previously said that we have been executing Rs 6,000 Crores now we have reached that so are we seeing that the execution pipeline would be more stronger in the terms because we have been saying that this is the highest growth in terms of revenue are you saying the execution figure will be most faster or we are saying the order book will be more stronger and the execution will be what we have assumed?
- Jayanta Basu:** See it depends upon the size of the job you do. Nowadays the jobs what we are doing are quite big but at the same time for a small job and for a big job completion times are almost same two years to two-and-a-half years so naturally if you have clearly good job like Ganga Expressway or Bengaluru metro or other marine jobs so run rate will be much better than previously what we used to do.
- Pujan Shah:** The total order book if we see is Rs 20000 and we are saying that the execution pipeline would be two-and-a-half years so are we being conservative in the revenue guidance because if you convert also by 0.5 it would be much better revenue in terms of execution?
- Jayanta Basu:** It was to think what could be the number.
- Pujan Shah:** No issues. Thank you so much Sir.
- Moderator:** The next question is from the line of Prem Khurana from Anand Rathi Shares. Please go ahead.

- Prem Khurana:** Thank you for taking my question. Sir book keeping question so when I look at the order backlog and look at the geographical breakup that you have given in your presentation Gujarat number seems to have come down substantially from 1800 odd Crores to 800 Crores have we removed any order from there and same in the case of marine there is a sharp drop sequentially so what would explain this drop in the Gujarat or let us say marine number?
- Jayanta Basu:** Well I think there are two factors normally marine jobs are executed very fast. If we have underground metro if we take four-and-a-half years to five years same kind of marine job we execute in two years so that is one thing and second is few of the Adani contract small jobs two or three jobs which we have not taken because they are temporarily suspended so unless we know what will be the final stand we have removed it from the order book.
- Prem Khurana:** Sure but fair to assume that some of these projects should be essentially new wherein you are still to start and which is where you would have decided these projects wherever you have already made some progress and continue because last time you highlighted the payment cycle is still good for Adani orders?
- Jayanta Basu:** Well Adani payment cycle is still very good. Ganga Expressway we are getting paid within 10 to 15 days of our billing but I think I have also mentioned that there are two kind of jobs we are doing for Adani one job is the captive job they want to build their own facility at their own port so that they have kept in hold for a few more months or quarter so hopefully they will start and we will start the work again.
- Prem Khurana:** As far as Ganga is concerned the execution cycle is 27 months?
- Jayanta Basu:** Yes 27.
- Prem Khurana:** We are on track right we would be able to finish that kind of timeline?
- Jayanta Basu:** Yes 27 months for Rs 5000 Crores job is very tight but so far the way it is going on we are hopeful that we will be able to do that.
- Prem Khurana:** In terms of capex it has been on a higher side this year more than 400. I am assuming this would be essentially because of Chennai and the Bengaluru underground so what ideally should be the number for the next year assuming this is the order back log I understand if you look at some new order where you procure some new equipment it could go higher but otherwise what ideally should be the number I am assuming it will be the same mix that you would be able to have in FY2024 in terms of order inflow?

**Prasad Patwardhan:** Well it depends upon the mix, type of the job essentially for the underground metro the machine cost is very high like tunnel boring machine, trench cutter etc., which we have to purchase for Bengaluru and Chennai so definitely it will come down because we do not expect that much of underground metro job we will be bid for and even if we bid already the machines what we have those can be utilized.

**Prem Khurana:** Sure and also if you can share your thoughts on the debt part this quarter the net debt has come down substantially part of it I am assuming is explained by the EI phenomena wherein the government authorities tend to release payments because they want to exhaust their budgets fair to assume it will normalize in Q1 and Q2 and again we will get to have similar sort of reduction in Q4, Q3 because H2 generally tends to be better in terms of payment cycle?

**Prasad Patwardhan:** Yes that is correct that is what we have seen over the years and we expect that to continue.

**Prem Khurana:** Sure Sir. Thank you and that is it from my end. All the very best for future.

**Moderator:** Thank you. The next question is from the line of Alisha Mahawla from Envision Capital. Please go ahead.

**Alisha Mahawla:** Hi Sir good evening. Thank you for the opportunity. Just needed two clarifications to comments made earlier one is that our pipeline currently for 2024 is Rs 17000 Crores and we normally have 20% but we have also mentioned that the kind of order inflow looking for is Rs 8000 Crores so there is a significant gap if you could just help me understand this?

**Jayanta Basu:** The tender will keep on coming it is not that whatever we start with that will be whole year figure. Again we will get some new tender tomorrow, next month so on and so forth so far we have got Rs 17000 Crores. We may get some jobs from there again new tender will come so it goes like that.

**Alisha Mahawla:** I understand that these are tenders that are currently announced so at least we know that they can get finalized in the next one year we know that this is a slow and long process anything new that gets announced that flows in the financial year for us to see the kind of inflow we are targeting?

**Jayanta Basu:** Yes if you target big jobs, each jobs Rs 5000 to Rs 6000 Crores like that four or five tender if you do you may expect some order from there so it is a process of whole year and Rs 17000 Crores whatever we have it may increase next month also so it is quite achievable Rs 8000 Crores new order is not difficult task.

**Alisha Mahawla:** Sure understood great and my second question is with respect to margins we did mention that we target double digit margins are we targeting it for the full year or are we saying sometime during the year we will hit it in some or particular quarter but it may not be double digit for the entire year?

**Jayanta Basu:** So it depends upon how it goes gradually our budget will be better and better. It is now 9% maybe next quarter it will be little bit more than that so end of the year where we are that we need to see but we will hit double margins this year that is what we have said in some quarter.

**Alisha Mahawla:** Thank you.

**Moderator:** Thank you. The next question is from the line of Deep Mehta from Bank of India Mutual Fund. Please go ahead.

**Deep Mehta:** Congratulations Sir for very good set of numbers. Most of my questions have been answered. I just had two questions first is regarding our legacy Bengaluru metro order. Sir what is the expected receivables which is still pending including the claims which we may have to charge them?

**Prasad Patwardhan:** Well Bengaluru metro as far as financials are concerned we have our pre-final bill and final bill submitted and being submitted for last job so that needs to be certified. The amount receivable I have to check I do not have the number immediately with me but physically work is completed as we have just mentioned.

**Deep Mehta:** Approximate number will also do.

**Jayanta Basu:** We can get back to you offline on this it is not ready right now with us.

**Deep Mehta:** Sure Sir and my second question is regarding margins like you said that slowly and steadily your margins will improve and by this year we will hit double digit in a quarter so is it fair to assume that with current order book which we are having in FY2025 we will have double digit margin for full year as well?

**Prasad Patwardhan:** Yes that is the expectation based on whatever work we have and if we get few jobs with good margin we should have double digit margin next year for sure.

**Deep Mehta:** Sure Sir this is very helpful. That is all from me. Thank you very much.



**Moderator:** Thank you. The next question is from the line of Jaitra Mayani from ICICI Securities. Please go ahead.

**Jaitra Mayani:** So my first question is when I look at the balance sheet on the asset side there is a line item called contract assets which is unbilled work in progress I wanted to ask if we have a number for the same thing as in contract liabilities because I do not see that mentioned?

**Prasad Patwardhan:** There is no number as contract liability but the corresponding number will be included in other current liabilities I guess.

**Jaitra Mayani:** Would you be able to give the breakup for that or is it clubbed as other current liability?

**Prasad Patwardhan:** It is in the range of Rs 375 to Rs 400 Crores.

**Jaitra Mayani:** My second question is if you could give a rough number for the capex next year?

**Prasad Patwardhan:** Capex this year that is FY2023 has been about Rs 300 Crores.

**Jaitra Mayani:** Next year what would be the rough estimate?

**Prasad Patwardhan:** Next year it will be lower than this. This year it has been a bit different because of the orders that we have secured in the last year and the previous year earlier so we do not expect the capex to be that high this year and this could be in the range of Rs 100 crore plus in this year.

**Jaitra Mayani:** Understood. Thank you so much.

**Moderator:** Thank you. The next question is from the line of Sunil M Kothari from Unique Portfolio Managers. Please go ahead.

**Sunil M Kothari:** Thank you Sir for the opportunity. Just one question you are being in this business and this India experience so many years of experience what precautions are we taking to lose money on some maybe because of some external reasoning and internally you try your best to have a solid contract, very clear guidelines and terms and conditions, what additional precaution we are taking with your past experience that we may not lose very big on any project if you can detail a little bit on qualitatively?

**Jayanta Basu:** I think it starts from the process of selection of the bid so we have our own risk mitigation system in our company so which bid to go for and not to go for that is the first and foremost important thing that we do and once we select the bid and we submit the bid, while

submitting also we take care of the risk which is involved for this job, some job may have got different type of risk, more risk or less risk that will factor in our price and then eventually when we get the job when it comes to operation we have to put a proper plan and methodology and put proper person there, people there to execute the job this is how it goes.

**Sunil M Kothari:** I am trying to understand is compared to say last 2007 upcycle of capex so many companies have got very big orders, big business but ultimately they have lost used money also, so what precaution or what learning, what experience we are utilizing to maybe avoiding those type of some unfortunate things and it can happen to us?

**Jayanta Basu:** I think we should have a separate session with you because this is a very big subject but you have to understand that we have been in this business for last 90 years plus. We have got our inherent culture to risk mitigation committee so it is a big subject it depends upon which segment we are working, what is the area geographically, who are the clients and what team we have, what machines we have, many factors are there and we apply our knowledge and experience to mitigate the risk.

**Sunil M Kothari:** Thank you Sir. Wish you good luck.

**Moderator:** Thank you. Ladies and gentlemen that was the last question for today. I would now like to hand the conference over to the management closing comments. Over to you Sir!

**Jayanta Basu:** Thank you very much for joining us on this Q4 FY2023 earnings call. We look forward to interacting with you again in the next quarter. Thank you once again.

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