



इरकॉन इंटरनेशनल लिमिटेड

(भारत सरकार का उपक्रम)



IRCON INTERNATIONAL LIMITED

(A Govt. of India Undertaking)

An integrated Engineering and Construction Company

IRCON/SECY/STEX/124

15th February, 2024

BSE Limited Listing Dept./ Dept. of Corporate Services Phiroze Jeejeebhoy Towers Dalal Street Mumbai – 400001 बीएसई लिमिटेड लिस्टिंग विभाग / कॉर्पोरेट सेवा विभाग पी. जे. टावर्स, दलाल स्ट्रीट, मुंबई- 400001 Scrip code / ID: 541956 / IRCON	National Stock Exchange of India Limited Listing Department Exchange Plaza, Plot no. C/I, G Block Bandra –Kurla Complex, Bandra (East) Mumbai – 400051 नेशनल स्टॉक एक्सचेंज ऑफ इंडिया लिमिटेड लिस्टिंग विभाग एक्सचेंज प्लाजा, प्लॉट नं. सी./ आई. जी. ब्लॉक, बांद्रा-कुर्ला कॉम्प्लेक्स, बांद्रा (पूर्व), मुंबई-400051 Scrip Code: IRCON
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Sub: - Transcript of the Q3FY2024 Conference Call held on Friday, 9th February, 2024/ शुक्रवार, 9 फ़रवरी, 2024 को आयोजित Q3FY2024 कांफ़्रेंस कॉल की प्रतिलेख

Dear Sir/Madam,

Pursuant to Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and in continuation to our letter of even no. dated 1st February, 2024, please find enclosed the transcript of the post result Conference Call held on Friday, 9th February, 2024 to discuss the financial results of the Company for the quarter and nine months ended on 31st December, 2023.

In accordance with Regulation 46(2)(oa) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Transcript of the Conference Call is also available on the Company's website at the link https://www.ircon.org/index.php?option=com_content&view=article&id=226&Itemid=643&lang=en which can also be accessed through below mentioned path:

www.ircon.org>> Investor Relations>> Presentation and Earning Calls>> Transcript of the Conference Call held on 9th February, 2024 for financial results for the quarter and nine months ended on 31st December, 2023.

कृपया उपरोक्त जानकारी को रिकॉर्ड पर लें।

धन्यवाद,
भवदीय,

(अंकित जैन)/ (Ankit Jain)
अनुपालन अधिकारी/ Compliance Officer
सदस्यता क्र./ Membership No.: A35053



“Ircan International Limited
Q3 & 9M FY'24 Analyst Conference Call”
February 9, 2024



Management
Ircan international limited

Mrs. Ragini Advani	– Director Finance
Mr. B. Mugunthan	– Chief Financial Officer and ED Finance
Mr. Alin Roy Choudhury	– CGM Finance



Moderator: Good afternoon, ladies and gentlemen. I am Dorwin the moderator for this conference call. I thank everyone for joining us today for the Ircon International Limited Q3 and 9 Month FY24 Analyst Conference Call.

At this moment, all participants are in listen-only mode later we will conduct a question-and-answer session. At that time, if you have a question please press "*" then "1" on your telephone keypad. Today we have with us the senior management represented by Smt. Ragini Advani – Director Finance, Shri. B. Mugunthan – Chief Financial Officer and Executive Director Finance, Shri. Alin Roy Choudhury – CGM Finance.

I would like to remind you that some of the statements that will be made in today's discussion maybe forward looking in nature. It is subject to several risks and uncertainties and the actual results could materially differ. I would now like to hand the conference over to Smt. Ragini Advani – Director Finance for the opening remarks.

After which we will have the forum open for the interactive Q&A session. Thank you and over to you, Madam.

Ragini Advani: Thank you Dorwin. Good afternoon, everyone. I'm Ragini Advani – Director Finance Ircon. On behalf of my team, I extend a warm welcome to all of you and thank you for your presence today at the Ircon's earnings call for the third quarter and 9 Month period ended 31st December 2023.

Let me introduce you to my team today. I have with me Shri. B. Mugunthan – CFO and ED (Finance), Shri. Alin Roy Choudhury and Shri. Sachin Garg – DGM (Finance). As you are aware in this quarter DP Government of India has upgraded Ircon to Navratna status on 12th October.

With the grant of Navratna status the company will be able to undertake larger size PPP projects and there shall be market credibility enhancement as well. We extend our heartfelt gratitude to all the stakeholders for their continuous and unwavering support. I am pleased

to once again convey that we have been reaching greater heights quarter-on-quarter and recorded the highest ever third quarter turnover.

We hope to continue this growth story of ours. Financial results as well as the presentation has already been uploaded on the stock exchanges and I'm sure that all of you had the opportunity to review the same. Let me take you through our financial performance of Q3 FY24. The company has reported total revenue of 3,012 crores up by 24% as compared to Rs.2,422 crore same period last year. PAT has increased by 29% from Rs.190 crore in Q3 FY23 to Rs.245 crore in FY24 Q3 FY24.

Core EBITDA has also increased to Rs.296 crore vis-a-vis Rs.169 crore. It has increased to 10.3% in Q3 FY24 an improvement of 304 bps over the last year. Earnings per share has gone up to Rs.2.60 per equity share as against Rs.2 per equity share for the corresponding period in Q3 FY24, this is on a face value of Rs.2 per share. The order book of the company as at 31st December 2023 stood at Rs.29,436 crores which includes 45% on nomination basis roughly and about 55% on competition basis. The split between domestic and international is 91% to 9%.

Iircon has 11 subsidiaries currently mainly into roads highways project and one in renewable, and it has 7 joint venture companies again mainly into coal connectivity products and roads and highways. Without taking much time, I would now like to open the floor for Q&A session. Thank you.

Moderator: Thank you. We will now begin the question and answer session. The first question is from the line of Sujit Jain from Bajaj Allianz Life Insurance. Please go ahead.

Sujit Jain: I wanted to know what is our scope in terms of project winning etcetera and opportunity in the India Middle East Europe corridor and is it taking shape it has been spoken about in GCC and even including in the recent budget, but is there a traction in terms of laying it out?

Ragini Advani: As far as this corridor is concerned we are also aware as much as you are based on the announcements that were made in GCC and recently some activity is happening at a government level or at a ministry level, but not something at which we would be aware at this stage. So, we will not be able to comment on it any further till we get more details.

Sujit Jain: Just to understand in this which Indian entity would be at the forefront? Would it be RVNL or would it be Iircon or would it be some other railway entity?

Ragini Advani: Nothing has been so far discussed in those lines. I think it's still at a preliminary stage. I don't think those discussions have right now been done or deliberated.

Sujit Jain: And ma'am just to understand the difference between us and RVNL, is it safe to understand that we engage in material sourcing and management of overall contracts as well and so therefore our staff is much higher than let's say an RVNL?

Ragini Advani: So, our model is that we actually work like an EPC company. Therefore, we will do certain works in house. We will have material procurement, design and many other works that we like to do ourselves and that is the reason we have that kind of strength of manpower available with us.

Sujit Jain: And do we also eventually intend to get into consulting business which is more like a DPR viability etcetera which is mainly done by RITES?

Ragini Advani: So, there are two things. One, we offer a concept to commissioning to all our clients. Two, we have a subsidiary called IISL which does PMC as well as some of the initial consultancy work, but typically where the consultancy work is a loan standalone. Either we will have our IISL the subsidiary to do to some extent.

But we may not like to do that directly in our company if it's pure consultancy because then a consultant versus an EPC there could be a conflict of interest going forward. So, that is where we tend to prefer

going into EPC role because that's where our strength is, but if it is a part of the overall opportunity then we are definitely also doing that.

Sujit Jain: And just to understand more about the 11 subsidiaries that you spoke about, are there any asset ownership businesses residing in those subsidiaries and what is our position there in terms of capital allocation? Will we undertake, will we not?

Ragini Advani: Other than subsidiaries other than IISL which is a perfect management consultancy company essentially rest all are asset owned companies they all have assets, but these are long term PPP assets that you have.

Sujit Jain: And in the field of railways or it is in the field of other infrastructure?

Ragini Advani: So, our joint ventures are in railway connectivity projects. Our subsidiaries are mainly into roads and highways. There is one which is in renewable, and the rest are roads and highways.

Sujit Jain: And in terms of more capital allocation to asset owned projects what is our thought process?

Ragini Advani: Yeah. So, we'll continue to do that as well and if you see that we started with some 2 or 3 projects then moved on to 5, then we took another 5. Currently we have something like total of about 9 road and highway projects, another 4 to 5 coal connectivity projects and we continue to doing that. As a part of our business, we will be doing both PPP as well as EPC.

Sujit Jain: And ma'am one last question so as I understand international is 9%, 10% not large. Right now the IMEC corridor is at a very conceptual stage. So, the main growth driver would be railway CAPEX and you have small portion in infrastructure. So, how do we view this company in terms of on a medium term let's say 3 to 4 year horizon from today from then, what kind of growth one can expect? Would this be a 13% to 15% kind of a growth company? Would it be lesser, how do we view this?



Ragini Advani: Yeah. So, I think we've mentioned earlier also that in the next 4 to 5 years we see our doubling our turnover.

Sujit Jain: And that is mainly riding on the CAPEX in budgeted CAPEX in the railway sector?

Ragini Advani: So, it would be a mix of railway roads and highways and some related infrastructure activities that we may foray into, but yeah it would be driven mainly by railways, roads and highways.

Sujit Jain: Because when you say doubling in 4 years, it's 18% CAGR?

Ragini Advani: Yeah.

Sujit Jain: I'm sure you would have worked it backwards?

Ragini Advani: So, 4 to 5 years if I may use that word.

Sujit Jain: Yeah, 5 years then that would be about 14%, 15%?

Ragini Advani: Yeah that is what we would like to target.

Sujit Jain: And one last question is 45% nominated and remaining is a competitive bidding if you can give us a flavor which contracts with some examples where those are nominated contract and which contracts were competitively bided just to understand that in terms of future pipeline what would be coming directly to us on nomination basis and what would be bided out?

Ragini Advani: Going forward nothing will come to us on nomination that practice has been stopped. So, whatever existing nomination business we have it should get completed in the next 2 to 3 years one of them being let's say, a Sivok project, USBRL we are in the process of completing, so it should get completed in this year and similarly we will have some other railway projects which were on nomination basis.

Usually we have one nomination project internationally. This is the Myanmar project which has been given to us by MEA, but that is again an exception which has come to us. But typically, the way ahead as a

rule would be competitive basis. Any new orders would be on a competitive basis.

Moderator: Thank you. The next question is from the line of Rohit Natarajan from Antique. Please go ahead.

Rohit Natarajan: My first question is more to do with what Iircon is doing as compared to competitors. For instance, I was on another call with RVNL they were saying they are looking at orders. In fact, they have bid for a \$10 billion Trans-Kalahari in South Africa, \$4 billion in Kyrgyzstan even a company like RITES they are in discussion with a country like Chile to export Vande Bharat whereas Iircon by design was supposed to be an international railway execution agency as well. We have had a rich history of doing projects in the past in international countries like Sri Lanka.

We were talking about Malaysia, Singapore, one MDB that particular high speed rail contract, somewhere this international picture is nowhere to be seen in the discussion stage where exactly is that disconnect?

Ragini Advani: While I may not like to comment on what RVNL, RITES are doing, but from Iircon perspective yes you are right. We were internationally very strong till about couple of years back so much so that we had most of our turnover coming from international projects and we continue to enjoy that credibility or that respect that we have in those countries.

In the past jobs that we got internationally were of two types. One which were mainly funded through some kind of government grants for MEA funding. So, the projects which we negotiated on a one-to-one basis and managed to get good returns there on. There have been changing scenarios all over the world. It is not that your Iircon is not making efforts. We are making efforts right now we are doing it in our neighboring countries as well as in the Middle East.

But having said that the window which is right now currently drying up is where Government of India or MEA used to fund projects. Though

that kind of projects are not coming as of now. They may be coming in future, and we are very much in touch with MEA. As far as one to one projects are concerned typically most of these countries when they talk of such large size projects are also looking for project financing.

It is not that they're sitting with this kind of finance, and they just want you to come and execute. The project financing by itself is a difficult task if Government of India is not a part of it and therefore when we are looking at international projects we are essentially trying to look at the projects where either they have already tied up.

The financing from somewhere and we are doing the EPC or where we are confident we'll be able to manage some kind of a structuring in which those kind of financing would be possible. Having said that yes we still need to work a lot on our international business. Our business development and marketing teams are looking into it so is our CMD, but what is very important is to really understand that which are the projects which are tangible, and which are actually on paper and which are the projects where we are looking at some kind of an MoU and not knowing when they're actually going to come ahead. So, I think I'll leave at that point and I think it would be best if we speak with our results as and when they happen.

Rohit Natarajan: My second question is more to do with the domestic opportunities. There was a time when all this network debottlenecking, electrification, doubling, all those orders came to you nomination, but if you look at the National Rail Plan as such the scope of conventional works is very limited.

Going ahead, the CAPEX is largely confined to high-speed rail, rolling stocks and dedicated freight corridor where technically speaking Iircon hasn't proved its credential probably dedicated freight corridor could be an exception?

Ragini Advani: Both high speed and dedicated freight corridor, Iircon has the advantage. It's the only CPSE which has that credential.

Rohit Natarajan: Yes, there is one particular tender that you may be doing in Gujarat part, but when you look at the overall scheme of things, you will have to fight with the remaining players as such private player. You will have to the market share is dramatically reduced over there even within the overall scope of things?

Ragini Advani: So, okay yes, there are two things. As you rightly pointed out when we talk about National Rail Plan or any of the railway CAPEX it is split between what I may call as rolling stock and the areas which Iircon may not be into and the areas where Iircon is into which would include doubling, tripling, whatever of the lines having new lines, modernization S&T works, electrical works and then having semi high-speed, high-speed kind of networks as well as dedicated freight corridor.

So, on the latter part, I would say as of now whatever has been there the budget is easily between 30% to 50% of the total. It's not a low number. So, I mean it is not that the cost the rolling stock has come these numbers are low. In fact, these are quite significant. As far as competition is concerned yes there is a competition amongst serious players, good players and that is what Government of India wants and we are happy to participate in the competition and get the jobs.

The advantage with Iircon has been that one we have the credentials. Two we do a lot of work in House and we have that kind of requisite experience and the quality. So, per say the market share is depleting as of now for Iircon in certain area, but that's a very temporary phenomena because a lot of players are coming in small ticket size jobs wherein some of them have been quoting numbers which are not even covering the cost. If one was to look at those project estimates, but we are fairly confident of our skills as well as the fact that we should be able to get some of these complex and reasonably sized jobs.

Rohit Natarajan: Then finally, when you come to the order inflow part, we last time we said you have placed bids for 50,000 crore projects as such and you were confident to win some 5,000-crore kind of number, but when you look at the execution you require...

- Ragini Advani:** We have never said that we bid for 50,000 crore.
- Rohit Natarajan:** My point here is the order inflow for this year this fiscal that is FY24. How what is that realistic number one should be looking at and second part of the question is are we really going into the road projects with BOT toll model is that in our cards?
- Ragini Advani:** So, there are two things again. One I did give a message in the last concall as well as that we have been going low on our order secured or input and that is something which has further come down from the estimate that we thought in Q2.
- Till date, I think we've had order size that we've secured in this year of currently about in the range of 500 crores and since we're already sitting in mid-February and some of the big ticket jobs which we were anticipating should come this year are not likely to come because of various reasons.
- There could be political scenario, there could be delay in decision making at some of these client ends. So, I don't see this number going very high in this financial year, but some of our efforts of this year should give us good results next year in terms of order, in terms of the BOT projects.
- See we will continue to focus on road and highway projects. We will also be doing EPC as well as PPP projects. BOT specifically is something that we will be examining on a case-to-case basis. We have taken up 2 or 3 BOT projects in the past. So, based on how we see them we may be looking at them whether on a standalone or on a JV basis.
- Moderator:** Thank you. The next question is from the line of CA Akash Dhanuka an Individual Investor. Please go ahead.
- Akash Dhanuka:** Ma'am, in the last conference call you had upgraded your guidance with respect to the revenue part to 15% over the last year which means that we'll have to achieve around 11,900 crores and that could mean that in

Q4 you have to achieve over 3,300 crores. So, are we on track to achieve that, will we achieve that number?

Ragini Advani: Yes it could be a 200, 300 here or there, but we are there pretty much.

Akash Dhanuka: So, I mean 11,600 will touch for sure?

Ragini Advani: Yeah, 11,500 or is something that we should be touching, yeah.

Akash Dhanuka: The other income part, ma'am, you also said that we'll be touching 550 crore and till now we have touched 388 crores which means in the Q4 we'll be needing 162 crores and in this quarter we had only 127. So, will we achieve that 550-crore number?

Ragini Advani: In the other income part what is happening is at a consolidated level as we mentioned we started getting income from our interest element in annuity of HAM projects which if you see is has been a significant contributor in these 9 months also. So, if we are at about a 550 level, yeah we should be in the level of about 800 in March. You're already in the number of 388 so we should be in the range of 500.

Akash Dhanuka: And now with respect to the guidance for FY25 ma'am, I mean, if we are touching 11,500 crore this year if you can help us with the guidance for the next year FY25?

Ragini Advani: Sorry FY25?

Akash Dhanuka: Yeah ma'am.

Ragini Advani: So, next year I think we should be seen given the current order book that I have, I would say we would be at similar levels. I will be revising my judgment as and when I get more order in flows if any.

Akash Dhanuka: With respect to the EBITDA part ma'am just give me a patient hearing on this ma'am, in public interest then there is a lot of confusion because of that HAM annuity part and why I'm saying this is because a section of media for the past few quarters is putting a figure of 7.4.

Whereas we have in our presentation quoted 12.6 and that is because of two different and which is because we are taking the media is showing the revenue from EBITDA from operational part only whereas we are taking into account the other income and also the profit from the joint venture part.

But this creates an anomaly and at the end affects the share prices does the investors interest. So, my request is if you can give the PAT percentage instead of EBITDA percentage it brings the clarity ma'am. I hope I have conveyed it correctly.

Ragini Advani: I think we would be conveying PAT percentage as well. If we are not we shall do that. So, we'll do PAT percentage as well.

Akash Dhanuka: So, if you can help me with that ma'am for this year and the next year I mean FY24?

Ragini Advani: I have been as far as in my con-calls I've always been stating that the PAT percentage will be in the range of 7 to 7.5.

Akash Dhanuka: And for the next year ma'am it remains the same?

Ragini Advani: PAT percentage I've been saying that we'll be maintaining at that level.

Moderator: Thank you. The next question is from the line of Shreyans Mehta from Equirus. Please go ahead.

Shreyans Mehta: Ma'am just wanted to understand since we have a lot of JV's into rail connectivity and I believe we were probably expecting them to be up and operational by 24 end or 25. So, is that on cards and how much of that income will we see in the JV share of profit coming through?

Ragini Advani: So, in the cold connectivity projects two of my JV part one, I mean if I would call phasing of those projects are already commercial. So, in Chhattisgarh I have phase 1 which is already operational and MCRL though of course we have now mentioned that it may be taken over by Railways. Again, the phase 1 was operational or I can say still operational.

Now in the Chhattisgarh project where the phase 1 is operational there have been certain losses because the traffic has been little lesser than the overall expenses. This has been the first quarter where we've had some good marginal profit, but otherwise ever since operations there were certain losses.

The rest of the projects which are right now under construction they should be getting completed by some partly by the end of this year and some by the end of next year. So, the actual benefit of coal connectivity projects should come two years from now and it will take some time for them to stabilize because once you have these coal connectivity projects, the coal companies have to have that kind of the fact that some of the traffic is already going by truck and they also need to have certain accessories and certain yards and linings and all in place so there could be some mismatches that's why I'm saying it should take 2 years for it all to stabilize.

Shreyans Mehta: Ma'am in terms of your order inflows as you mentioned that probably there were certain projects which we were targeting and are yet to be ordered. So, in terms of the projects which have been awarded, so is it fair to assume that it is primarily because of competition or something else which we need to introspect into?

Ragini Advani: So, couple of factors again the first thing is the big-ticket complex orders that we were looking at some of them are delayed and that is where our forte lies. Some of the projects where we bid again there were two categories. One where we were quite close to being L1, but did not get it. Some where you had something like 20 to 30 parties quoting and again it's gone at a very indecently low price.

So, that is what I'm talking about the domestic segment per say and internationally again certain projects that we are trying we're trying to get that is something which we are trying to, I mean, it takes time because as I told you this is not coming through an MEA or a government grant too. So, it's taking us some time to get to moving even on the international front. Certain projects which we updated the results are still awaited. Now, given the kind of scenario right now in India in terms

of political the elections coming up etcetera there could be further delays in certain tenders of bids that we were targeting or certain results which we were targeting that they will come in this year. So, it's a mix of everything. It's not just competition, but it's a mix of everything.

Shreyans Mehta: And ma'am in terms of clarification I mean when you mentioned that probably we expect to grow at some 15%, 20% CAGR for next and we need to double our revenues. So, if I just do a rough ballpark calculation probably we need order inflows to the tune of say around 15,000, 20,000 odd crores on a yearly run rate basis. So, how confident are we in achieving that?

Ragini Advani: So, there's been a year when we moved from 26,000 crore to 41,000 crores in terms of order books. So, the confidence is there, but it is such a dynamic market where we are working in and as I also mentioned earlier that there are lot of these fly by the night players which are times travelers or in fact some of the serious players.

So, given all these factors the confidence is there, the growth overall in infrastructure segments shall be there both internationally as well as domestic, but on the other hand, we want to be doing projects which are serious projects and where ultimately we are making profit.

We don't want to increase our top line or the order book by knowing at stage 0 itself that it will be into a loss. So, given all these factors as I mentioned, that is what we target. There could be some ups and downs, but overall from a 5 year scenario should be doable.

Shreyans Mehta: And in terms of investments what have we done till date if you could break up in road SPVs and the other segments and at the same time our cash on the books, our own cash?

Ragini Advani: Our own cash on the books is about 700 crores to 750 crores and in terms of the amount that we have already put in JVs and subsidiaries is about 2,300 crores. We have another 1,000 crores that we have to invest and I think in this year we've done about 200 crores, 150 crores to 200 crores.

- Shreyans Mehta:** So, this 2300 also include the road, right?
- Ragini Advani:** Yeah, this is road and rail connectivity and renewable project that we have.
- Shreyans Mehta:** So, just to clarify 2300 odd cores is what we've invested, and 1000 odd is what we need to do over next 2 to 3 years?
- Ragini Advani:** Next 2 years in fact it is lesser than 2 years.
- Shreyans Mehta:** And my last question from my side in terms of the solar Power project which we are doing for the status of the health, the construction started and when will it be operation?
- Ragini Advani:** So, I will ask my CFO to address this question since he's directly looking into this.
- B. Mugunthan:** Currently we have acquired or done the lease dates for about 70% of the total land requirement. We have already started constructing four blocks and our other assets like pulling substation and transmission lines are under construction.
- We were targeting to partially commission the project by 31st of March, but there are some impediments which are there which need to be sorted before it and in any case we are planning to complete the project by September, October of 24. So, that is the current status.
- Shreyans Mehta:** But in terms of raw material is the entire thing procured or we are yet to procure it?
- B. Mugunthan:** So, we have placed the orders for all the transmission equipments, transformers and all the modules also entire order is placed and we have already received the modules for about 50 megawatts also at the site and over the current month and the next month we do hope to install partially some of these modules also and our target is to kind of partially commission the project, but there are certain issues which are involving other agencies of government of Karnataka. We are trying to get those

permissions so that we can partially commission. So, that is the current status.

Shreyans Mehta: And just to follow up on the same so sir just trying to understand there's no raw material risk because largely this projects generally fail because of raw material then second these are back-to-back signed contracts as in the PPA are backed by the state governments 100% procurement bill will be there right?

B. Mugunthan: So, raw material I assume that you are referring to modules.

Shreyans Mehta: Right majorly modules.

B. Mugunthan: So, we have already placed the orders and the supplies have already started. So, we don't foresee any disruption on that account. As far as the power evacuation and PPA we have already signed the PPA with the Indian Railways. So, they will buy whatever power is being generated, so that has already been tied.

Moderator: Thank you. The next question is from the line of Abhishek Maheshwari from SkyRidge Wealth Management. Please go ahead.

Abhishek Maheshwari: My first question is regarding the budget that was announced to 2.55 lakh crore for this year. Can you give a dissection of this amount how much of it is going to infrastructure work that we do and or bulk of it is being used for conversion of old trains to Vande Bharat. So, how much of it will be helpful for us the kind of work that we do?

Ragini Advani: The budget split is still not known of 2.55 lakh crore, but mainly they mentioned two things. One, of course for the Vande Bharat coaches and the trains and the second thing they mentioned was more connectivity projects to port and many other infrastructures. So, the second part since it's been mentioned especially as a part of the budget.

I think it should have a significant share and that is where we are already there. We are already doing some of the coal connectivity projects also. So, once we also get to know we'll be looking at all those aspects.

Abhishek Maheshwari: Ma'am second question so whenever just for understanding sales whenever a budget is announced do you have some clarity on hand before the announcement that okay these projects are in pipeline, these are going to happen in the coming year or is it completely secretive process?

Ragini Advani: We work like any other company does, so it is not that because we are a government company, we get to know anything before or just immediately after the budget. All of us will know it in due course as and when Ministry of Railway works it out.

Abhishek Maheshwari: OK, ma'am, lastly now you're working on one high speed rail project for Ahmadabad, Mumbai. So, are there any more such projects in discussion even in discussion or is it first you will finish this project and then government will see if it is feasible to proceed with others?

Ragini Advani: Parallely the discussions have started on some more high-speed projects. I think at a DPR stage two projects are already being discussed. Overall, the government wants more of these projects, both semi high speed as well as high speed and in semi high speed like we have recently also done NCRTC electrification work. This is the Delhi Meerut corridor.

So, I think a mix of semi high speed and high speed from a long term perspective is what government could want our country to have. So, it is here to stay and grow in a big way. The details will be known to us as and when they are announced, but yeah it is a promising area going forward.

Abhishek Maheshwari: One last thing when if such projects are discussed generally, it's the conversion of existing lines into high-speed lines or you have to completely look for new line?

Ragini Advani: No. This is a completely new project, and it is based on Japanese technology.

Abhishek Maheshwari: No, I mean when you want to lay down the railway lines for such high-speed rails, are the existing lines, old lines converted to new lines or you have to look?

Ragini Advani: That's what I'm saying. It's completely new. It's a Greenfield setup of lines.

Abhishek Maheshwari: So, land acquisition must be a big challenge here.

Ragini Advani: So, that's where you have a company National High Speed Rail Corporation Limited, which is doing these projects on a dedicated basis. So, we are doing the part of the EPC work, but there is a company. There is a set up within Government of India which does all this. It's something similar to when you have metro setups.

Moderator: Thank you. Next question is from the line of Vishal Periwal from IDBI Capital. Please go ahead.

Vishal Periwal: In awards, ma'am can you clarify like in railway sector is there any data available that what was the total award for the sector as a whole in this year last year, anything that you can provide color?

Ragini Advani: I think you are talking about Ministry of Railways awarding?

Vishal Periwal: Yes ma'am.

Ragini Advani: No, I will not have that data with me because that data is I mean every zonal railway will have their own set of data then there will be certain centralized projects also different departments civil, mechanical, electrical will have their own set off. At company level I may not have that data.

Vishal Periwal: But the CAPEX number which generally it's shared in the public and everywhere. So, that is combined of all the zonal railways and everything, right?

Ragini Advani: Yes sir.

Vishal Periwal: And second you mentioned there were like 30 parties in one of the order that we bided. So, can you give some color like where exactly this competition is, is it in the station development side or a traditional railway work of laying lines if you can just give some color?

Ragini Advani: So, it's this particular one that you're talking about it is a railway project, it's not in station development, I think. Let me just look into this one. Can you move ahead till I get back to you because this is a very specific question or we can take it off the conference call also because it's something I need to fetch out the data.

Vishal Periwal: In terms of to get more orders for us. So, is there any sector that we are building up a team for ourselves and then like we can get orders, anything that you can provide a color?

Ragini Advani: See as much as you all are anxious about it. As company management, we would be even more anxious about it and would be making all efforts towards the side because we understand that is something which is important for us. So, while we are doing well on many of the stratas or the pillars that company has, this is the area where we've fallen short in this year and we need to gear up.

So, a lot of internal deliberations activities some deliberations on how we are doing it and how should we be going ahead and what should be the identified team all that is happening, but again that's something which I mean I would rather have the results speak for it rather than get into that deliberation.

As regards your previous question, this was the construction of road bridge major and minor bridges, ROBs, RUBs etcetera in the state of Maharashtra for Central Railways. So, those kinds of projects you are getting bidders in the range of about 15 to about 28, 30 odd percent.

Vishal Periwal: So, is it like the norms are being relaxed or any changes which have happened?

Ragini Advani: As we mentioned these are typically projects which have been taken by zonal railways. The project size is of a smaller scale and it's and it's also has a lot of routine work for normal bridges, the normal ROBs etcetera. So, the credentials and the EQC requirement are also not as stringent as they should be and typically the size could be anywhere between 300 to about 600 crores, 700 crores. So, more people do get to participating including some of the local parties.

Vishal Periwal: And ma'am in terms of awards only I think I'm asking that repetitive kind of question. So, can you give some color what could be the total bid project that we have right now, what it could be like maybe 6 months before how it was, and any bid pipeline is it becoming more promising to you or still it's conclusive?

Ragini Advani: What I can tell you is that as of now there are 5,000 crore worth of projects for which we have bid, but the results are awaited and we are bidding for another 3,000 crores and in the past, we've already bid for about 15,000 to 18,000 crores in the cumulative 9-month period.

Vishal Periwal: So, incrementally this 9-month period that awards in terms of actual results are out incrementally what we have is 3,000 plus 5,000 that you mentioned?

Ragini Advani: So, 3,000 will be bidding and 15,000 the results are awaited.

Vishal Periwal: And last thing from my side if it is covered pardon me. In terms of revenue, we did mention like 11,500 crore that we are targeting for FY24 is it?

Ragini Advani: Yeah.

Vishal Periwal: So, that is on a standalone EPC work typically that the number that is being shared?

Ragini Advani: No, we talk everything on a console basis.

Vishal Periwal: I mean fourth quarter number if we just imply then is it like you're seeing things to be a little kind of subdued or because the implied number looks to be little?

Ragini Advani: So, what has happened is, I mean, the reason I'm giving this is again because I'm fairly confident that this is something I'll do, but if there is an upside I'll also be as happy as you are because they're sitting in mid of Feb and I've had some of my projects which have been affected geopolitically.

Like Myanmar project there have been some political disturbances, insurgencies because of my work has temporarily been stopped almost and similarly in Sivok we were all aware that there were certain issues in the month of October, November after which lot of our resources were pulled in and given to NHAI to get the roads etcetera back.

Our own work was told to be stopped because the national priority was to get the road back in place and even those roads right now are working on a very temporary basis only for the army, trucks, etcetera. So, even our own stuff cannot go up and down from those roads. So, these are things because we are working in some tougher terrains.

So, these projects especially Sivok is an important project for me in this year for my revenue, so it did take a toll in my October to December quarter, and I see that happening till March because we're already in Feb and these activities are not picking up in this year.

Vishal Periwal: But if I look at your quarter 3 numbers I think double-digit growth that we have shown. So, maybe there are certain projects which are compensating for that. So, can we expect the same continuing in quarter 4 also?

Ragini Advani: Yeah that is the reason I'm saying the overall number would be in the range of about 11,500 plus, but yeah that is how it's being doing and hopefully it will continue, but we should be there.

Moderator: Thank you. The next question is from the line of Ayush Agarwal an Individual Investor. Please go ahead.

Ayush Agarwal: So, I was looking at the numbers reported this year this quarter and when we look at the consolidated versus standalone for December 2023, I noticed that the standalone number for December 2023 has dropped compared to December 2022, while the consolidated number has increased. Can you share some more information on how that changed?

Ragini Advani: I just mentioned that on a standalone basis some of my projects were had a drop like I just give an example of Sivok and Myanmar more domestic as well as international. So, on standalone all those have taken a toll on my results. If you were to see it vis-a-vis the previous quarter, but on a consolidated basis I have two of my HAM projects which are fully operational, and I've started getting annuity incomes from them.

Also, there have been some dividend inflows because of my joint ventures and subsidiaries. So, given all this consolidated I'm making it up but on a standalone I've taken that it.

Ayush Agarwal: And when we talk about these auctions that you are being outfit by other players and you've mentioned a couple of times that these other players are getting ridiculous numbers which don't even cover the cost of the bid like project then can you give us some more information on why it couldn't be a case of less operational efficiency on your part?

Ragini Advani: Sorry.

Ayush Agarwal: I'm saying that if other companies are outbidding you in an auction and you're saying that the offers that we are making the numbers are very bad like it's not possible to even cover the cost of the project then could you give us a reason why or rather like some information on why this could be down to a more efficient operations from your compensation?

Ragini Advani: No, all the serious players are the ones who have been in the industry and who are of our kind of size and credibility they are also not getting those jobs. I also mentioned that these are players who you would not have heard of and are taking the bids.

Ayush Agarwal: So, please correct me if I'm wrong on this, but I have read that many times the government puts certain criteria on who can be qualified bidders for these projects. So, on that basis I would assume that these players whom no one has even heard of, wouldn't actually qualify for the bid?

Ragini Advani: Again, as I mentioned there are couple of reasons. So, in certain projects where the project size is low or the EQC criteria such that some of these are very relaxed criteria where you have such kind of players who are coming and quoting ridiculously low and probably they would not be the players you would have heard of earlier as your serious long-time competitors.

So, that is one part which I mentioned, and I said that is where if there are 15, 16 players we would not even be L1, L2, L3. So, there is that class of orders which are happening right now in which we don't see ourselves standing a chance because of the kind of players who are coming, probably either they don't understand the business or they are trying to enter into the market by quoting low so that's something which I will not be able to comment upon, but long term serious players are not the ones who are winning this bids.

But on the other hand there is a category of projects where the competition is good. The EQC is well laid out where we may not have won the jobs, but we may have been an L2 or L3. So, that's another class of history that we've had recently.

And third are certain projects where the tenders were expected to come out those are fairly complex or large size projects, but either they have not come out or if they came out then they have been rescheduled or retendered and that is where we see ourselves picking up a recent good file.

So, it's all the three categories, but the category that you've been asking the question on the fact is that yes see there are many players especially local players and if the local zonal railways is taking it out you will have some many many players in that city or in that zone to do civil work.

And you may see them doing the civil construction work and similar activities for railways as well when such tenders come out so they bid. The idea is to see if they'll be able to perform at that price.

Ayush Agarwal: So, when you when you say that because of these projects getting delayed because of elections and environmental reasons and stuff, so does that mean there will be a spurt in a particular year or does that mean it will be a long-term increase year over year for these new projects which were delayed?

Ragini Advani: So, what I'm trying to say is that as of now going forward for the next few months we expect there to be a lull and whatever projects we're already looking at we should be looking them coming after few months and then from there on onwards it should become a regular feature. So, this should be a short to midterm issue right now.

Ayush Agarwal: My last question is regarding your EPC and modernization projects like the Japanese rail project that you're working on. I wanted to know as a business how much R&D is a part of your business strategy or do you generally rely on other parties to create technology and then you implement it in your project?

Ragini Advani: So, the high speed project has been taken by Government of India based on JICA loan on Japanese technology only. So, there is no R&D or technology improvement that India is doing from their side. It's a well-established technology in Japan and which is being imported into India and that is how the high speed is being set up. So, we are doing it on a project, technology as well as guidance from Japanese company and whosoever are associated in Japan for this project.

Ayush Agarwal: What I actually meant was how does this affect your technologies that you can offer in your bids for other project even in the conventional?

Ragini Advani: Technology in our kind of jobs it is owner driven. What we do is an EPC, EPC may R&D and technology is not so significant part wherever it is done it is taken with the help of this thing, but per se it is not a critical factor for our kind of business.

Moderator: Thank you. The next question is from the line of CA Akash Dhanuka an Individual Investor. Please go ahead.

Akash Dhanuka: With respect to the PAT again ma'am we were. 8.12 in this current quarter and 8 in the previous quarter. So, are we a little conservative on guiding on 7.5?

Ragini Advani: No, we are not. It really depends on the kind of where we are in the project cycle because when I'm talking of a PAT number we have a 7.61 for the 9 months and we have 7.49 for the previous year 9 months and we had for FY23, 7.12. So, I am talking the same range. I don't know where you're putting 8.16. So, that's on a quarter-to-quarter so quarter-to-quarter really kind of project that we have, it could really vary.

Akash Dhanuka: So, just correct me if I'm wrong on the conclusion part that we'll touch 11,500 crores on the operational revenue, 500 crores on the other income part which brings us to 12,000 crores and on that we'll be earning 7.5% which amounts to a PAT of 900 crores?

Ragini Advani: 7 to 7.5 and it could be the overall revenue could be in the range of 11,000 to 11,900.

Akash Dhanuka: So, I mean as of now we have achieved a PAT of 682 crores. So, can we assume another let's say about 275 crores?

Ragini Advani: Mathematics I'm sure you can do please. I'm confirming again and again the same.

Moderator: Thank you. The next question is from the line of Niket Jadhav from Purnartha Investment Advisors. Please go ahead.

- Niket Jadhav:** So, if I'm not wrong out of the 8 road projects that we have 2 are completed. So, could you provide us the breakdown of how much income goes from the HAM model to operating and how much goes to other income?
- Ragini Advani:** So, out of the 4 projects that are operational right now there are 2 are HAM projects. So, out of the 2 HAM projects that I have my interest income that I earned from them is roughly 130 odd crores, 140 crores.
- Moderator:** Thank you. The next question is from the line of Rupali, an Individual Investor. Please go ahead.
- Rupali:** Can you please give us a flavor of contribution of roads, highways and railway projects in your total order book for FY25?
- Ragini Advani:** I think roads and highways are about 15% to 20% so about 6,000 crore is highways out of 30,000 crores and about 2000 crores is others and balance about 21,000 is rail.
- Rupali:** One more thing does this order book includes the overseas project as well?
- Ragini Advani:** Yeah domestic as well as international.
- Rupali:** International means which countries you are...
- Ragini Advani:** So, we have Myanmar project. We are doing some works in Sri Lanka and Nepal, Bangladesh though some of them are under I mean they're at the fag-end of almost getting close and in Algeria.
- Moderator:** Thank you. The next question is from the line of Shreyans Mehta from Equirus. Please go ahead.
- Shreyans Mehta:** Ma'am my question pertains to our standalone core EBITDA margins excluding other income. So, it seems to have being settling at say closer to 6.5 odd percent since the last 3, 4 quarters. So, assuming you know that we are expecting a 15% growth year over year, so can we expect that margins have stabilized here and once we heal up then economies

of scale can play out and this margins can actually go upwards of say 7.5?

Ragini Advani: No, it's not about the economies of scale it is about the competition and the fact that the jobs are going at very, very thin and competitive margins. So, the very fact that we'll be able to protect them by itself and also continue to get good size of order book is the balancing that we'll be doing and we hope to continue doing that from a small-to-mid term perspective. It is not expected to go up the margins it would be a few percentage decline.

Shreyans Mehta: So, at least, as a stabilized year I would say 6.5 the core EBITDA margins or there is a scope of further going down?

Ragini Advani: So, given our order book that we have right now and the margins therein we hope to be there, but having said that now we have to start securing more orders and the market is getting intense day-by-day. So, from a next 1 to 2-year perspective it should be there, but going forward I mean I'll only be able to tell as and when we pick up those orders.

Moderator: Thank you. The next question is from the line of Niket Jadhav from Purnartha Investment Advisors. Please go ahead.

Niket Jadhav: So, I had a question about our profit from associates and joint ventures. So, if we compare the 9 months of FY23 to the current 9 months of FY24. There's a jump from 18 crores to about 60 crores. So, could you tell me what is driving this increase in profit?

Ragini Advani: So, there are two things. One as I told you that my two HAM projects are now fully operational and therefore, they are giving me a significant contribution to my PBT. Second in one of my coal projects CERL phase 1, I had losses till about last quarter and the losses were significant while this quarter it has given me a profit. So, these are the two main reasons for this increase.



Moderator: Thank you. Ladies and gentlemen, we have no further questions. I would now like to hand the conference over to the management for their closing comments. Over to you ma'am.

Ragini Advani: Thank you so much for moderating the call, Mr. Dorwin. I would also like to thank all our shareholders, business partners, analyst, investor friends and the overall stakeholder community who have shown continuous faith on us and supported us throughout the journey.

We assure you that we will continue to strive towards greater height and are doing all our efforts as management to carry on with this growth journey of ours. We would be happy to connect with you on one-to-one basis for any other further queries that you would have and take it forward. I conclude today's concall and thank you once again for your participation. Thank you, everyone and good evening.

Moderator: Thank you all for being a part of the conference call. If you need any further information or clarification, please e-mail at sachin.garg@iircon.org. Thank you everyone for joining this call. You may now disconnect your lines.