



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

18th February, 2022

BSE Limited Listing Dept./ Dept of Corporate Services Phiroze Jeejeebhoy Towers Dalal Street Mumbai – 400 001 बीएसई लिमिटेड लिस्टिंग विभाग / कॉर्पोरेट सेवा विभाग पी. जे. टावर्स, दलाल स्ट्रीट मुंबई- 400 001 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 – 400 051 नेशनल स्टॉक एक्सचेंज ऑफ इंडिया लिमिटेड लिस्टिंग विभाग एक्सचेंज प्लाजा, प्लॉट नं सी / आई, जी ब्लॉक बांद्रा-कुर्ला कॉम्प्लेक्स, बांद्रा (पूर्व) मुंबई-400 051 Scrip Code: IRCON
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Sub: - Transcript of the Q3 & 9M FY2022 Conference Call held on Tuesday, 15th February, 2022

Dear Sir/Madam,

Pursuant to Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015 and in continuation to our letter of even no. dated 14th February, 2022, please find enclosed the transcript of the post result Conference Call held on Tuesday 15th February, 2022 to discuss the financial results for third quarter and nine months ended 31st December, 2021.

In accordance with Regulation 46 (2) (oa) of the SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015, the Transcript of Conference Call is also available on the Company's website (www.ircon.org) which can be accessed through below mentioned path:

Investor Relations>> Presentation and Earning Calls>> [Transcript of Conference Call held on 15th February, 2022 for financial results for third quarter and nine months ended 31st December, 2021.](#)

कृपया उपरोक्त जानकारी को रिकॉर्ड पर ले।

धन्यवाद,

भवदीया,

कृते इरकॉन इंटरनेशनल लिमिटेड

रितु अरोड़ा
18/02/2022

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कम्पनी सचिव एवं अनुपालन अधिकारी

सदस्यता क्र.: FCS 5270





Ircan International Limited
Q3 & 9M FY22 Results Conference Call
February 15, 2022

Management:

- Shri. Yogesh Kumar Misra – Chairman and Managing Director
- Shri. Surajit Dutta – Chief Financial Officer and Executive Director



Ircan International Limited
Q3 & 9M FY22 Results Conference Call
February 15, 2022

Moderator: Good evening, ladies and gentlemen. I am Steven the moderator for this conference. Welcome to the Conference Call of Ircan International Limited arranged by Concept Investor Relations to discuss its Q3 and Nine Month FY22 Results. We have with us today, Shri. Yogesh Kumar Misra – Chairman and Managing Director and Shri. Surajit Dutta – Chief Financial Officer and Executive Director. At this moment, all participants are in the listen only mode. Later we will conduct a question-and-answer session. At that time, if you have a question, please press ‘*’ and ‘1’ on your telephone keypad. Please note that this conference is being recorded. I would now like to handover the floor to Shri. Yogesh Kumar Misra – Chairman and Managing Director for his opening remarks. Thank you and over to you sir.

Yogesh Kumar Misra: Thank you Steven. Ladies and gentlemen, good afternoon to all of you. I am Yogesh Kumar Misra, Chairman and Managing Director of the company. I welcome you all to this conference call which we are holding after declaration of our financial performance for Q3 and for the nine months in FY21-22. So, I have with me, my colleague Mr. Surajit Dutta – Chief Financial Officer and Executive Director Finance. We have already uploaded a detailed presentation on the stock exchanges for your reference. So, I hope you had a chance to go through it. Although, we have faced COVID-19 situations during the current year as well, but the impact has not been as much as the previous years, which shows in our results. We have now resumed operations in a full-fledged manner and we are operating now at pre COVID levels. We have secured good orders during this quarter and earlier during the year. So, our order book as on 31.12.2021 stands at Rs.43,505 crore and out of which Rs.11,000 crore worth of orders have been won in Q3.

Now, as you all know since most of our orders are coming on competitive bidding, so the share of orders under competitive bidding has now come up to almost 45%. Some of these orders that we have secured are in the highway sector under the HAM projects and we have formed two SPVs already in this quarter and after closing of the quarter also we have formed three more subsidiaries. So now, we have five projects are under HAM which we are going to implement. During the quarter we also signed an MOU with one of the leading consultants Systra for cooperation in the tunneling sector. They are named to reckon in the TBM tunneling and Ircan has gone has done good work in NATM tunneling so we thought we’ll join hands together and go together in work where both the technologies are being used.

Now, I’ll briefly summarize the financial performance of the company in third quarter. Our total income stands at Rs.1709 crore as against Rs.1304 crore in Q3 FY21. Revenue from operations



stood at Rs.1639 crore as against Rs.1246 crore in Q3. Core EBITDA reported was at Rs.107 as compared to Rs.86 crore. Profit before tax stands at Rs.169 crore as against Rs.134 and PAT reported was at Rs.130 crore as against Rs.103 crores in the Q3 last year. EPS stands at 1.38 per equity share of face value of 2 per share. I'm happy to, of course it has been announced already, but we have approved an interim dividend of Rs.0.70 per equity share on the face value of Rs.2 per share. So, we are maintaining our dividend as per the previous years to our shareholders. Now, I would like to make the floor open for question answer session.

Moderator: Thank you very much sir. So, we will now begin the question-and-answer session. The first question is from the line of Shreyans Mehta from Equirus Securities. Please go ahead.

Shreyans Mehta Mehta: Sir, basically my questions is pertaining to, if you could help us with the order book, the key projects which has contributed to the revenue?

Yogesh Kumar Misra: You want to talk about the out of the existing order book you want to know?

Shreyans Mehta: So, key projects like Sivok-Rangpo

Yogesh Kumar Misra: Yes, so our key revenue has come from the projects of the main is Laole-Qazigund or the Uddhampur-Srinagar-Baramulla rail link project. Then we have the Sivok-Rangpo railway project. We have revenue from the DFCCIL, Vadodara Kim Expressway, Katni Grade Separator project and then we have other projects. These are the top five. So, others should be available in our presentation you can see.

Shreyans Mehta: Sir, if you could help us out with the numbers or probably, I'll take it offline?

Yogesh Kumar Misra: Okay. So, number means in each of these projects, what is the?

Shreyans Mehta: Yes, what is the contribution or probably if you could emphasis with the outstanding order book?

Yogesh Kumar Misra: So, you want for the quarter or nine months?

Shreyans Mehta: For the quarter.

Yogesh Kumar Misra: Okay. So, the quarter ending 31st December our US VRL project, it has contributed Rs.506 crores, Sivok-Rangpo has contributed Rs.274 crores. DFCCIL CTP 12 has contributed Rs.164 crore. Vadodara-Kim has contributed Rs.65 crores, Katni Grade Separator has contributed Rs.80 crores, Akhaura-Agartala has contributed Rs.71crores. Chhattisgarh project has contributed Rs.61 crores, Kul-Gaya doubling project has contributed 55 crores, Katni-Singrauli has contributed Rs.37 crores and Khulna Mongla Port has contributed Rs.37 crores. So, these are the top 10.



- Shreyans Mehta:** Sure. So, now come to our revenue guidance for FY22 and FY23 how do foresee quarter four planning out and how do you foresee FY22 and FY23?
- Yogesh Kumar Misra:** I think we are going to significantly increase our revenues of course in the last year our revenues in the last quarter, was also pretty good, but since we have already done well in the three quarters, so my overall revenue would expect going may be a Rs.1000 crore more than last year.
- Shreyans Mehta:** So, roughly Rs.2300 crores for fourth quarter of FY22?
- Yogesh Kumar Misra:** FY22 or FY23 you can.
- Shreyans Mehta:** Okay. And sir for FY23 what is the target now?
- Yogesh Kumar Misra:** FY23 would be similar to this may be an increase of about 5%
- Shreyans Mehta:** Increase of 5% right?
- Yogesh Kumar Misra:** Yes, there won't be any decrease we will be able to at least maintain the revenues to this level FY23 also.
- Shreyans Mehta:** Sir, I just want to understand that we have an order book of Rs. 40,000 odd crores plus. And despite that we are talking this about 5% growth in FY23 so just wanted to understand what is stopping us from going to that 10%, 15% mark?
- Yogesh Kumar Misra:** The projects that we have many of them you can see they are like the HAM projects, they take a lot of development time also, our JV projects in the coal SPVs also are, they are in the development stage. So, although they are in our order book, they are still, land acquisition going on, forest presence is going on. So, the construction is starting a little later. That's why it is taking time, so if you see right from the concept to commissioning, about five years, but once we start the construction it's about three years. So, that's why our revenue is close to this.
- Shreyans Mehta:** Got it. Sir so now coming to our margins we will be talking about 9% to 10% in terms of operating margins, but, since last four quarters you are on track as far as execution is concerned, but margins are still not showing any signs of recovery?
- Yogesh Kumar Misra:** You are right and in the last conference call also, I had said that since we are now going for more and more competitive bidding projects and the portfolio of foreign projects, unless that increases, our margins are going to be under pressure, but we will maintain the margins that we have achieved in this quarter in future quarters as well.
- Shreyans Mehta:** So, sir should we assume that 7%, in terms of operating margin 7% is a realistic number?



- Yogesh Kumar Misra:** Yes, 7% to 8% is a realistic number.
- Shreyans Mehta:** Got it. Sir a couple of questions from my side, additional questions. One is as far as highway sector is concerned the recently one HAM projects, if you see our bid was very, very competitive, in fact, a couple of projects were at a discount to the authorities estimated costs. So, just wanted to understand the thought process behind this?
- Yogesh Kumar Misra:** Actually, if you see the entire bidding we have analyzed the earlier bids also where we have participated, we have come at L9, L10 or even lower than that, you see, so many bidders have now come up. It's basically; we always do the work from scratch based on the first principles. So, we don't go by what others are going to do or what is the estimate. So, you can see in some of the tenders the bids have gone below the estimate, which should not happen normally. So, which obviously means that there has been something wrong, which the client has assumed or done. So, we have done our engineering, we have done our calculations, and we are pretty sure that we will be able to get both our EPC margins as well as the IRR on our investment. So, we are very sure in fact, we have gone ahead with the EPC contracts also and very soon, you will also know, we will also know that our prices have been quite competitive, although they have been competitive, but still, we are going to make our margins.
- Shreyans Mehta:** Got it. And sir last question as far as our CAPEX plans are concerned what is the number for FY22 and FY23 and for the solar power how much investment are we lined up?
- Shreyans Mehta:** Although, for our CAPEX we don't have any targets as such, but for the solar grid, the cost of the project is about Rs.2500 crores and we intend to finance it with a debt equity ratio of 80 to 20. So, in which our current investment will be about 201 crore.
- Shreyans Mehta:** Rs.200 odd crores?
- Yogesh Kumar Misra:** Yes.
- Shreyans Mehta:** And sir this would be invested in a period of next two, two and a half years?
- Yogesh Kumar Misra:** Yes, our target is June 2024. And the major requirement of this was that we were to sign a power purchase agreement with the consumers and I am happy to tell you that we have already finalized it with the Indian Railways. So, Indian railways will be purchasing all the power that will be producing the entire 500 megawatt will be offloaded by the railway itself.
- Shreyans Mehta:** Okay. And it will be on a fixed charge basis?
- Yogesh Kumar Misra:** Yes, because you know probably that this bidding was done under IREDA under limited competition with PSUs. So there the tariff that we charge is fixed, tariff that we can charge so we have, actually railways is already buying power in the range of Rs.5 to Rs.6 per unit and we would be giving them at about 2.45 and for which is good enough for them. So, they are very



happy to even purchase at that price. But we also cannot go in for a higher tariff because of the conditions of the bid which we had accepted.

Shreyans Mehta: Sure. And just a negation to this, what would be our investments in roads in next two years?

Yogesh Kumar Misra: Our road projects, the total right now the projects that we are going to implement in the next two years, we have a total investment of about Rs.4000 to Rs.5000 crore.

Shreyans Mehta: Okay. But that would be debt plus equity?

Yogesh Kumar Misra: Yes, that's right.

Shreyans Mehta: So, assuming that we have to include around 20% odd, in the account so that 20% will be infused in next two years?

Yogesh Kumar Misra: Yes.

Moderator: Thank you. The next question is from the line of Hiren Trivedi from Axis Securities. Please go ahead.

Hiren Trivedi: Just two questions. One is on the road assets, so given the recent projects, strong infrastructure sector and specialty roads, so what would be our plan on the road assets and how do you see our company benefiting from this announcement and secondly, the nomination contracts have remained in the range of around Rs.24,000 to 27,000 for the past few quarters. So that would also be remaining the same going forward, is that a correct assumption if you were to think of?

Yogesh Kumar Misra: Okay, so regarding the road projects, our portfolio as of now is about 20% after the recent bids and we will continue to maintain this. So, we will be finishing two HAM projects this year and so that, basically, our limitation is the total amount of equity that we can put in. So, as our net worth goes up, the amount that we can invest is higher, we have the cash, but we have limitations in terms of the regulations. So, we intend to take highway projects almost in the same ratio in which we are doing right now. Regarding the railway nomination projects, I told that we are not going to get any more nomination projects. That's why we have started bidding for railway projects wherever it's possible we normally are competitive in the large valley project. So, we have received order for the T2 package of National High Speed Rail Corporation, which is Rs.5100 crore and we have another C7 package which we have one which is in with our JV partner, this was Rs.3400 crores. So, we are also participating in the bids of the railway sector and we hope to get out a significant share from there.

Moderator: Thank you. The next question is from the line of Mohit Kumar from DAM Capital. Please go ahead.

Mohit Kumar: Sir, on the ordering outlook from the railways looking like in FY23?



- Yogesh Kumar Misra:** Sorry, can you please repeat the question, I couldn't hear it properly.
- Mohit Kumar:** Sir, can you please elaborate on the order opportunities in FY23 from the Indian railways?
- Yogesh Kumar Misra:** If I understand correctly, you're talking of the orders from the railways?
- Mohit Kumar:** Order opportunities available in FY23?
- Yogesh Kumar Misra:** Ordering opportunities available in FY22-23, there is going to be some bids coming up in the dedicated freight corridor in the Eastern sector, which will be under **inaudible**, then the National High Speed Rail Corporation there are more bids coming up. We have participated in one sum also, but now we have more bids coming up. We have also participated in we have also won project in the National Capital Region Transport Corporation NCRTC which is an electrification project. So, we are going to go for new corridors there also we see some opportunity that also gets classified in the railway only and we have some Metro projects, where we have the tenders for track construction coming up, we have one a project in Chennai, so, we hope to participate and get some projects from the Metros as well.
- Mohit Kumar:** Sir, I'm trying to figure out the limited participation opportunity which happened between Ircon, RITES, and the other PSUs, what is that opportunity in FY23, is it possible to quantify that number?
- Yogesh Kumar Misra:** No, probably maybe you're not aware; this limited competition has also been done away with by the railway. So, now, they have said we have to go in for competition with private players. Now, the zonal railways will be inviting the bids and we will be going like any other, we are getting projects from high speed or dedicated freight corridor or NCRTC we will have to get funded from railways as well. So, there is no more limited competition now.
- Mohit Kumar:** Understood sir. Secondly sir on the high-speed rail and the high-speed rail you won around a lot of orders of around Rs.68 billion, do we need to subcontract this order to partly or are we capable of executing this project on our own?
- Yogesh Kumar Misra:** See, in such large contracts, nobody does all the activities on their own basically, you have to work like an integrator whether L&T also works in such projects, they also do the same. So, we have to basically put together a set of people with whom we have to design and integrate the entire project. There are some procurements which we do directly, but then most of the contract works like if there is a casting yard to be set up, if there is some laying to be done. So, part of that maybe the machinery we buy, operate on our own, but then the labor contractor has to be there. So that way, we are capable of doing it on our own. So, in C7, we have a partner and is doing a significant part of the work, but D2, we can do it on our own. We are going ahead like that.



Mohit Kumar: Who is your partner in C7?

Yogesh Kumar Misra: C7 we have Dineshchandra Agarwal is our partner.

Mohit Kumar: Understood and sir on the highway side, we have floated tenders to subcontract am I right in saying that?

Yogesh Kumar Misra: Yes.

Mohit Kumar: So, both the packages?

Yogesh Kumar Misra: Yes, because in Highways we have earlier tried to do some projects on our own in the sense that we had our own batching plants, our own hot mix plants, our own plant and machinery operated by our people. But, gradually we have found that subcontractors are able to somehow use all those more efficiently. So, we are now subcontracting a large part of the work to the subcontractor directly; keeping our margins of course.

Mohit Kumar: When can we expect this tendering to happen sir?

Yogesh Kumar Misra: Already two tenders have been invited and three more are going to come very soon. Two tenders are already invited.

Mohit Kumar: What is the kind of margin we expect on our books?

Yogesh Kumar Misra: EPC margin would be about 6%, 7% but our IRR is going to be in the range of 12% to 13%.

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

Raj Oza: I have just two questions. First is on, could you give us a quantum of international orders we have in our kitty in coming quarters?

Yogesh Kumar Misra: As of now, we have not won any big orders in the international market in the recent past. We have become L1 bidders in two projects, one in Sri Lanka and another in Bangladesh but we are yet to receive the orders from there. We hope to get one project in another one of our other neighboring countries, which we are trying to secure directly through the ministry, but that may happen soon. Other than that, there are not many tenders which have come up in the recent past probably because of COVID restricted international travel. So, not many opportunities are coming up, we are following all the developments very closely. We hope that we will find some opportunities very soon we'll be able to get something. But as of now, there is nothing concrete which I can see other than this Bangladesh, Sri Lanka and maybe a project in Myanmar.



- Raj Oza:** Okay, that was useful. My second question is like, we have heard that the government will ask PSUs for mandatory quarterly payout of dividends. Have you received any such notification from the government. Can you just put some light on that sir, can be really helpful.
- Yogesh Kumar Misra:** Yes. We have we have received directions but they are not mandatory, they have not asked to give dividends mandatorily but as a good practice, we are giving it so we have given the dividend in all the quarters now, all the three quarters we have given the dividend.
- Moderator:** Thank you. The next question is from the line of Sanjay Awatramani from Envision Capital. Please go ahead.
- Sanjay Awatramani:** Sir can you get me the debt figure for this until nine months?
- Yogesh Kumar Misra:** We have no debt on our books, we don't have any debt on our books whatever entries are there, that's a pass-through entry and guaranteed by the government of India, Ministry of Railways. Repayment is to be done by them.
- Sanjay Awatramani:** Okay, got it sir. And next is sir, that someone previous participant told that the road project investments will be Rs.4000 to 5000 crore. So, just wanted a clarity that will be 20% of the overall revenue share road projects for us?
- Yogesh Kumar Misra:** Yes, almost.
- Sanjay Awatramani:** Okay. And sir what are the challenges we might face in the near future as you said that the private companies will also be coming in for competition for orders with railways, as you mentioned previously, so, what will be the challenges we will face in this?
- Yogesh Kumar Misra:** Since we have also been getting projects earlier. So, we got our DFCC project on competition there we had L&T and all coming up as our competitors' big companies, our Bangladesh project we won in competition, Sri Lanka project we won in competition. So, and this high-speed projects, we have won in competition. So, I don't think that is a challenge for us, because we are not dependent only on the nomination portfolio. We were in any case going for bidding for highway projects, but yes, because we had a large portfolio on nomination basis it was serving as a sort of a secure order base on which you can rely on but then since it is not there, now we have the entire market open to us and we will keep making more attempts at securing projects from there because we know we're not going to get anything from the railways.
- Sanjay Awatramani:** Okay, understood sir. And lastly, you said that we have Rs.11,000 crore order book so, what is the timeline to continue this order?
- Yogesh Kumar Misra:** The Rs.11,000 crore that we have secured Rs.5,100 crore is the high-speed railway project, the high-speed railway is basically track laying on the elevated track so, the elevated track is also under construction. So, the total work is to be done in about four, four and a half years. So, in



that project it is four, four and a half years but all our highway projects they have to be completed within, there is one project which is to be completed in 18 months there are other which has to be completed in 24 to 30 months. So, highway projects, we have shorter timelines. In high-speed project we have a slightly longer time line.

Sanjay Awatramani: Okay. So, if you see that the range will be around approximately three to five years' time line, this is what we can get out of this?

Yogesh Kumar Misra: Yes, exactly. See, when we get projects on nomination, when we used to get projects for nominations from the railways, the projects were, when they were given to us, they were like half-baked projects. So, we had to do a lot of development work before we could actually start working on those projects or getting revenue from those. So that is why the time period taken and railway, there are a lot of approvals to be taken. And the railway just handed over the project to us without giving us all the approval. So, that's why the timeline there. Normally, if you see, was in the range of five years, four to five years, but with now in the bid-out contracts, because the time is of essence, and everything is very well defined at the tender stage itself. And everything is defined there are penalties if the client is not able to give me land, in the nomination project, if I didn't get land for five years, nobody's bothered because, and we also did not bother because it was a cost-plus project. But here when we go for a project, which we have won on bidding, there though the client is also answerable for that and he has to compensate me for that. So, the timelines for completion will become shorter.

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

Shreyans Mehta: So, sir just wanted to understand what is the cash on hand?

Yogesh Kumar Misra: Cash on hand, our own fund is Rs.428 crore and the client and other earmark fund is Rs.3680 crore.

Shreyans Mehta: Okay. So, sir last quarter, it was roughly around Rs.600 odd crores. And now we are at around Rs.430 odd crores. So where is the, what is the usage of funds which you run?

Yogesh Kumar Misra: See we have projects of the SPV model with the, in Chhattisgarh, in Jharkhand, in Orissa, which are basically with the coal companies where we have an equity share of 26%. We have contributed some there and about Rs.90 crores we have contributed towards our working capital requirements.

Shreyans Mehta: Sir, could you quantify how much has been for those railway projects the SPV ones?

Yogesh Kumar Misra: Sorry, can you repeat the question?



- Shreyans Mehta:** Sir I am asking you to quantify the investment, the cash which has gone towards the SPVs if you can quantify?
- Yogesh Kumar Misra:** I will just tell you. In this quarter or you are saying overall position?
- Shreyans Mehta:** This quarter.
- Yogesh Kumar Misra:** This quarter, Rs.90 crore has gone to the SPVs.
- Shreyans Mehta:** And Rs.90 crore for working capital?
- Yogesh Kumar Misra:** Yes.
- Shreyans Mehta:** Sure. And sir last question what is the update on the BKC commercial project where we were supposed to get some approvals and at the same time, our NCR project the mall project?
- Yogesh Kumar Misra:** Yes.
- Shreyans Mehta:** So, wanted updates on the same.
- Yogesh Kumar Misra:** One is the mall project, another one which one did you say?
- Shreyans Mehta:** BKC land.
- Yogesh Kumar Misra:** The Bandra land, we are still struggling with BMC and the greater Mumbai corporation we have to sign a tripartite agreement with the railways and the conditions which they are trying to impose are not acceptable to the railways. So, possibly there is a some kind of a stalemate there because the access to the land has to be provided from the expressway and unless the MMRDA facilitates that we cannot realize the value of the land which is there. So, as of now, that is right now, a little stuck up unless something comes up at the political level, maybe then only we'll be able to resolve it. Regarding the mall we had invited tenders and we have issued a letter of acceptance to one of the operators and what we are going to get is Rs.25 crores upfront and eight crores annually as a lease. So, we have given it for 9+9+9 so 27 years.
- Shreyans Mehta:** Sorry, 9+9+9?
- Yogesh Kumar Misra:** Yes, another 9 extendable of course on mutual agreed term.
- Shreyans Mehta:** And would there be any escalation clauses out here?
- Yogesh Kumar Misra:** There is an escalation clause in that.
- Shreyans Mehta:** And this should be effective from, when will this happen?



- Yogesh Kumar Misra:** As soon as he gives the upfront payment, after that it starts we have some rent free period in which he has to develop because he will need some time to do the furnishing and then give it out to the secondary to the other retailers, so there is some rent free period and after that we will start realizing our rent but it will start from the day he gives our upfront payment of Rs.25 crores.
- Shreyans Mehta:** Okay. And sir in terms of accounting, this will be part of our standalone revenues, right?
- Yogesh Kumar Misra:** Yes, it will be our standalone revenue because this investment is from Ircon.
- Shreyans Mehta:** Got it. And sir just wanted more detail for the same so Rs.25 crore ideally would be in terms of probably eight crores would be coming to the top line and anything in terms of cost which you would be incurring or it would be majorly flowing through the bottom line.
- Yogesh Kumar Misra:** No, it will mainly be adding to the bottom line there are very because most the maintenance the, all the charges, electricity everything is included in this, eight crore is net of all that. So, we are not going to incur any expenditure there?
- Shreyans Mehta:** Got it and this Rs.25 crore is it deposit amount?
- Yogesh Kumar Misra:** No, it is going to come as revenue to us.
- Shreyans Mehta:** Upfront?
- Yogesh Kumar Misra:** Upfront.
- Moderator:** Thank you. The next question is from the line of Vishal Periwal from IDBI Capital. Please go ahead.
- Vishal Periwal:** Couple of questions, one you mentioned the Rs.8000 crores orders that you received in high speed so what is our share of work in this?
- Yogesh Kumar Misra:** No, there are two projects which we have won, one is Rs.3400 crore in which our share is 50% so Rs.1700 crores and the other one is Rs.5100 crore which Ircon has won on its own. So, there are no partners in that, 100% is to be done by Ircon.
- Vishal Periwal:** Okay, got it. And another thing, like you mentioned, clarification on this part, the total investments that we plan to have right now is Rs.200 crore in the solar that is over the next two years and then, you have on a road asset of around Rs.2500 crore. So, incrementally like Rs.500 crore in road investments over the next two years?
- Yogesh Kumar Misra:** Yes, because we have got five projects the value is about Rs.5000 crore worth of highway projects in which we will be providing our share of the equity. So, that will be about 20% to



30% depending on what we are able to negotiate if it is 30% also, we will have to provide about Rs.1,500 crores in that.

Vishal Periwal: Okay. So, what are your thoughts on funding, the reason I'm asking is like, on annual basis our PAT is something like Rs.4500 odd crores and we are going in these investments when you talk about solar or maybe road assets and plus we have a dividend again like 40% - 50% dividend payout that we've been doing it till now. So, how exactly we plan to fund it?

Yogesh Kumar Misra: No, if you if you see our cash balances and some of the cash that we have put in our earlier projects, if you see we have all refinanced our debt in those projects and got the cash out from there. So, all our earlier road projects where we had initially put in our money, later on we have substituted our loan with a loan from the bank. So, that is the cash that we have or we will have for our investments for our other projects.

Vishal Periwal: Okay. So, this own cash of Rs.430 odd crore you mentioned, it includes the money that you received from the bank after refinancing of the loan?

Yogesh Kumar Misra: No, this Rs.430 is already available with us, like we already have a loan sanction of for the Irrcon Shivpuri-Guna project, we already have a sanction available from the bank and approval from the NHAI to take the loan and substitute the money that we have given there. So, once we do that, we will get about Rs.500 crores back from that project. So, we'll have Rs.900 odd crores to be invested.

Vishal Periwal: Okay. And then earlier you were planning to sell off the road assets the operational one. So, any timeline, that you see or probably any talk that's happening?

Yogesh Kumar Misra: See, this substitution of our own loan with the bank loan was a step in that direction, we were planning to go ahead with the sale of road assets. But, because last time also I said, there are guidelines from DIPAM now, and probably some of these assets may be taken under the National monetization, the monetization of the assets program that the government has. So, we are waiting for more clarity on that. So, because in any case, we'll have to go to them for taking the approvals now. So, we are waiting for some clarifications on that and once we have the clarification, either we will offer it to them for monetization or we will monetize ourselves so that clarity has to come.

Vishal Periwal: Okay. And you mentioned in one of the query previous participant questions that Rs.90 crore is the investment that we have done in rail SPV?

Yogesh Kumar Misra: Yes, we have five rail SPVs one is Chhattisgarh East railway, Chhattisgarh East West railway, Mahanadi coal railway, Jharkhand and the BRPL the Buser rail, we have five SPVs in which we have 26% stake, the majority stake in four companies is by the coal companies, the Central coal fields, Southeastern coal fields, the Mahanadi coal fields and in Buser rail, it is by NMDC. So,



we are there in these projects. So, one is we are also the executing partners. So, we have put in our equity, but we are also executing this project. So, we are realizing our share of revenue and turnover from there, revenue and profit from there and once the project becomes operational, so, our first project of Chhattisgarh East railway has become operational already initial 30 kilometers was commissioned last year, 44 kilometers we have commissioned this year, some more score lines and sidings are now getting commissioned this year. So, once the traffic picks up, that SPV will also start getting some revenue and maybe at some stage it will also come to the.

Vishal Periwal: So, what is the incremental investment that you see, which will go in probably next year, 12 months, 18 months and is Railway SPV. Or any tendering which is there or it is done?

Yogesh Kumar Misra: We have yet, in these projects we are to invest about Rs.76 crores more as of now.

Moderator: Thank you. The next question is from the line of Rakesh Vyas from HDFC Mutual Fund. Please go ahead.

Rakesh Vyas: Few questions from my side. First one just a clarification on the investment required in the road project so effectively our total road portfolio is closer to Rs.5000 crore as you indicated, but you highlighted that 30% equity contribution could be close to Rs.1500 crore I was wondering because these are HAM projects so 40% of funding will come from NHAI.

Yogesh Kumar Misra: Sorry, I did a mistake there before I was just doing a calculation, 40% will come to us so the investment is much lower.

Rakesh Vyas: It will be closure to Rs.900 crore I guess?

Yogesh Kumar Misra: Yes, you are right, I made a mistake there. They are all HAM projects, so 40% is going to come from NHAI during construction.

Rakesh Vyas: Got it sir, so that clarifies. Secondly, you are in one of the response indicating that you can't take more HAM projects because of the limitation of net worth. So, I didn't get that clarification, is there a reason whether verification of percentage with Board?

Yogesh Kumar Misra: We have a department of public enterprises guideline where we can invest only 15% of our net worth in one project or 30% overall as equity. So, that is one limitation.

Rakesh Vyas: Sorry, 15% in one project another 30% overall across any number of projects put together?

Yogesh Kumar Misra: Yes, any number of projects put together so, 30% of net worth as equity. So, some we are also able to manage as a promoters' contribution and all but then you have to see how much cash you have or how much cash you have put in and how you are going to get it back, but there is



a limitation on the net worth, based on the net worth which is by the DPE. 30% of net worth is what we can actually put in.

Rakesh Vyas: So, just pardon me my ignorance, but let's say our net worth let say is closer to Rs.4500 crore totally as of now so, 30% of that is almost Rs.1350 crore, this is the total investment that you can make across road projects, across coal SPV and solar, all of these all of the assets that you will actually own in which you can put up equity. So, current constraint is limited to Rs.1350 crore across all of them put together?

Yogesh Kumar Misra: Yes, this is strictly as equity, this is the contribution that we can make, we can also contribute some amount as an interest free loan or promotor equity. So, to that extent, we have some more leverage, but primarily, we also tend to follow this limit and not try to overstretch too much in putting our equity in BOT projects.

Rakesh Vyas: And just for clarification sir, the loan substitution that you are doing for let's say for Shivpuri-Guna Rs.500 crore is coming back, of which how much is coming as part of equity return or this is all that you have actually given as the interest free loan from?

Yogesh Kumar Misra: No, this was not interest free, see in the initial projects, when we first took some BOT projects at that stage, because, it was taking time for us to go for loan from the banks and banks were not easily forthcoming. So, we provided that loan from our company itself. So, that is an interest-bearing loan and later on now, because when we decided that we should now get out of these projects and probably try to sell them. So, we tried and substituted these loans, and we have taken out our own money. So, now, we have more cash available to be deployed for other purposes.

Rakesh Vyas: Got it sir, just rounding this up on this particular aspects sir, so Rs.900 crore is the kind of equity that you have to put in the five HAM projects, Rs.200 crore is the equity that you have to put in solar and you've already put in some money in coal SPVs more to be put. So, effectively we are reaching to that Rs.1300 crore range already?

Yogesh Kumar Misra: As I said this Rs.1300 crore is pure equity that we can use, but you have also. So, we have already invested Rs.1098 crores in equity, and in our earlier projects we have Rs.124 crore more which we have to invest. And now we will be putting, in the new SPVs, in this we will be going for a very small equity contribution and more amount will go as interest free loan. We have the cash but we cannot contribute in the form of equity. So, we will be going for interest free loan.

Rakesh Vyas: Okay, got it. But just on this sir, given this limitation, it essentially means that unless we are able to monetize some of these investments over next one to two years our ability to take newer projects will be fairly constrained. So, I agree that we will have good profit but 50% of profit going into dividend out network will only increase by that much. So, we will get constrained unless we have recycling of these assets.



Yogesh Kumar Misra: You are right there, but we are also going to start getting some dividends from some of these SPVs, which we are already getting from one of our companies, which is Ircon Soma Tollway. We have already this year we have got about Rs.41 crores as dividends from that company. So we are also now getting some returns and maybe in the next quarter, we will get some revenue from some of our other SPVs as well. So, we will get some money. But yes, you are right, the ideal thing to do would be to monetize these assets and get the cash so that we can invest more, but because being a government company, we have a limitation. So, we'll see when we can do that. But as soon as we get an opportunity, we'll try to do that.

Rakesh Vyas: Got it sir. And one last question sir, you did indicate the goal connectivity CERCL status, if you can just also highlight the broad status for the other projects where we are today.

Yogesh Kumar Misra: Yes, one is that we have one SPV which is Chhattisgarh East Railway Limited, which is called CERL, which has got CERL phase one and phase two. Phase one we have nearly completed this is with the Southeastern coal fields. Phase two is in the process of land acquisition. Then, we have another SPV which is called Chhattisgarh East West Rail limited, here also our majority partner is Southeastern Coal fields in this the land acquisition, forest clearing everything is done and now the work is going on in the entire project so, this is the second.

Rakesh Vyas: When do we expect these to commission sir?

Yogesh Kumar Misra: No, this work is going on. Right now, civil works are going on, this will take about two years more. Then we have the MCRL which is Mahanadi Coal Railway Limited. Here our majority partner is the Mahanadi Coal Limited. So, the phase one of that is about 14 kilometers but it is going to be a very good project in the sense that the revenues that we are going to realize from these 14 kilometers itself will be very good. So, this project we are going to commission in June this year. And the phase two of course it's in the preliminary stages, land acquisition, forest clearance and other things. Then we have Jharkhand Coal Railway Limited, Jharkhand Central Railway Limited, it is in Jharkhand, this is a project from Shivpur to Kathautia. So, here also basically we have done all the engineering work, we almost reached financial closure the banks, we have actually got the loan sanctioned from the bank only the papers are under signature, but we have started the work in one part of the section and this also this will take about three years to materialize, but this will also be a very remunerative project. So, this is another one. And we have Bastar Rail Private Limited which is Rowghat to Jagdalpur railway line. Here, NMDC is the majority partner. So here again, there were some issues with land acquisition, but they are getting sorted out and very soon we expect things to move. The financial closer is yet to be done. But once that is done, we'll go for the execution of the work.

Rakesh Vyas: Great, sir that was very, very helpful. One last question sir, this loan substitution that you are doing for Shivpuri-Guna is at what interest rate and what timeframe sir?



- Yogesh Kumar Misra:** The loan that we have got is at 6.95%, period it's for 10 years, I am not very sure but my colleagues are telling me that it's for 10 years.
- Moderator:** Thank you. The next question is from the line of Akhil Hazari from Robo Capital. Please go ahead.
- Akhil Hazari:** So, I just wanted to know that the company have an internal target of order inflows every year that they try to achieve?
- Yogesh Kumar Misra:** Yes, till about last year, we also had this, not just internal we also have this target as a MoU target with the ministry. But now, because the ministry itself has said that we are not going to handhold you for any orders, so, you go on your own. So, now we have our own orders, but then we have our five-year business plan, and we have targets of both our revenue as well as order books, because both of them are linked and based on that, we have our internal targets.
- Akhil Hazari:** Sir, what is the internal order inflow target that you have like the minimum order inflows that you try to achieve?
- Yogesh Kumar Misra:** Right now, what we have targeted is about reaching about Rs.50,000 crore order book in the next five years. So, minus the turnover that we will achieve so, the orders inflow has to be between Rs.10,000 and 15,000 crores. So, I'll have to go into the details, but they are available, we have a business plan dropped out and based on that only our every year we picked our order inflows target.
- Akhil Hazari:** Right. And just coming back to your revenue guidance, so that increase of 5% in FY23, is it 5% over FY22 revenues, total revenues?
- Yogesh Kumar Misra:** Yes, it is going to be over FY22 revenues.
- Moderator:** Thanks you. The next question is from the line of SJ Rao from Share Trend Research. Please go ahead.
- SJ Rao:** Firstly, congratulations on your different approach than your predecessor; you have taken a new way of presenting your results. Most of the questions, I intend to ask was covered by HDFC. I thank him for the questions. Regarding the recent budget guidelines, around Rs.2,45,000 crore outline of the plant over the next three years, how Irrcon is planning to deal with most of the outlay sir?
- Yogesh Kumar Misra:** See, as I already said most of these works will be tendered out by the government directly, by the railways directly. So, zonal railways will also come up with big size tenders right now, they were not doing that. So, once they come up with big size EPC tenders, we will be participating in them and then trying to secure from them directly, as we have done for as I said, for right now, big tenders were coming only from dedicated freight corridor or high-speed rail, where



we have already, bid and secured projects. So, we also hope that we will be able to compete with the best players in the country, and that some of these projects that are going to come up for.

SJ Rao: Last one, actually Ircon was not valued properly at the marketplace. In fact of the very good results, it is recording year after year. And under your leadership I hope that Ircon will be getting respectable valuation at the marketplace. Especially, instead of LIC, before the upcoming IPO issue. I hope that Ircon will be getting its new valuation at the marketplace.

Yogesh Kumar Misra: Well, thank you very much, that's what we also hope but unfortunately the market is not valuing us as you rightly said correctly probably whatever, I don't know what is the reason because nobody can understand the markets but then we also hope as you are saying, to see better valuations in future, definitely, we are a very strong company, we have delivered good results, our results going forward, that I see are also going to be better. So, I don't see why our share price or our valuation should not improve.

SJ Rao: Wish you and your colleagues all the best

Yogesh Kumar Misra: Thank You

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

Shreyans Mehta: Sir, if you could help with us with the investments which we've done in this SPV till date, that would be really helpful?

Yogesh Kumar Misra: The investments that we have planned?

Shreyans Mehta: No, investments we have already done till date for our railway and for the road projects.

Yogesh Kumar Misra: Okay. So, in the road projects we have already invested Rs.562 crores.

Shreyans Mehta: Rs.562 is the equity amount right?

Yogesh Kumar Misra: In equity and Rs.1019.85, so Rs.1020 crore as loan which I said we are substituting with the bank loan and in the coal connectivity project, we have invested Rs.420 crores as equity.

Shreyans Mehta: Sorry, sir which project?

Yogesh Kumar Misra: The coal, as I said SPV projects the coal projects where we have taken, we have formed special purpose vehicles with the coal companies. There we have invested Rs.420 crores as equity.

Shreyans Mehta: Rs.420 crores in total in five SPVs?



Yogesh Kumar Misra: Yes, and then we have some other like our subsidiary Ircon ISL the Station Development Corporation Rs.117 crore in that. So, total of Rs.1098 almost Rs.1100 crores we have actually invested.

Shreyans Mehta: Sure. And sir coming back to the roads, as you said that Rs.1020 crore is given as loans. So, of which in we are expecting Rs.500 odd crores coming back to us. So, the remaining Rs.500 is it that we are yet to we'll be going for the similar thing?

Yogesh Kumar Misra: Yes, depending on our requirement of cash, again there is a problem there because we as a government company, we cannot invest this cash, we can only invest this cash in government securities or in FDs of the public sector bank. So, there are also guidelines there. So, that's why since we do not get a good return on our cash that is available with us, we would take it out as and when it is required where we can really put it into use.

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

Yogesh Kumar Misra: Thank you Gaurav. Thank you for organizing this conference call and I would like to really pay my sincere gratitude to all the analyst and investor friends who have taken the time out of their busy schedule to listen to us today. I hope, I have been given them the information and answers to satisfy them and, if you have any more questions, please feel free to connect with us in case you have any and we'll be happy to get back to you. Thank you.

Moderator: Thank you. Thank you all for being a part of the conference call. If you need any further information or clarification, please mail us at gaurav.g@conceptpr.com. Ladies and gentlemen this concludes your conference call for today. Thank you.