



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

2<sup>nd</sup> June, 2022

<b>BSE Limited</b> Listing Dept./ Dept of Corporate Services Phiroze Jeejeebhoy Towers Dalal Street Mumbai – 400 001 <b>बीएसई लिमिटेड</b> लिस्टिंग विभाग / कॉर्पोरेट सेवा विभाग पी. जे. टावर्स, दलाल स्ट्रीट मुंबई- 400 001 Scrip code / ID: <b>541956 / IRCON</b>	<b>National Stock Exchange of India Limited</b> Listing Department Exchange Plaza, Plot no. C/I, G Block Bandra –Kurla Complex, Bandra (East) Mumbai – 400 051 <b>नेशनल स्टॉक एक्सचेंज ऑफ इंडिया लिमिटेड</b> लिस्टिंग विभाग एक्सचेंज प्लाजा, प्लॉट नं सी / आई, जी ब्लॉक बान्द्रा-कुर्ला कॉम्प्लेक्स, बान्द्रा (पूर्व) मुंबई-400 051 Scrip Code: <b>IRCON</b>
--	--

**Sub: - Transcript of the Q4 FY2022 Analyst Conference Call held on Monday, 30<sup>th</sup> May, 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 27<sup>th</sup> May, 2022, please find enclosed the transcript of the post result Analyst Conference Call held on Monday, 30<sup>th</sup> May, 2022 to discuss the financial results for the quarter and year ended 31<sup>st</sup> March, 2022.

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

Investor Relations>> Presentation and Earning Calls>> Transcript of the Analyst Conference Call held on 30<sup>th</sup> May, 2022 for financial results for the quarter and year ended 31<sup>st</sup> March, 2022.

कृपया उपरोक्त जानकारी को रिकॉर्ड पर ले।

धन्यवाद,

भवदीया,

कृते इरकॉन इंटरनेशनल लिमिटेड

रितु अरोड़ा  
02/06/2022

(रितु अरोड़ा)

कम्पनी सचिव एवं अनुपालन अधिकारी

सदस्यता क्र.: FCS 5270





“Ircon International  
Q4 FY2022 Analyst Conference Call”

May 30, 2022



**MANAGEMENT: SMT. RAGINI ADVANI – DIRECTOR FINANCE – IRCON  
INTERNATIONAL  
SHRI B. MUGUNTHAN - CHIEF FINANCIAL OFFICER &  
EXECUTIVE DIRECTOR FINANCE - IRCON  
INTERNATIONAL**



*Ircan International  
May 30, 2022*

**Moderator:** Ladies and gentlemen, good day and welcome to the Ircan International Limited Q4 FY2022 Analyst Conference Call. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing “\*” then “0” on your touchtone telephone. I now hand the conference over to Ms. Mamta Samat from Perfect Relations. Over to you, Madam!

**Mamta Samat:** Thank you Diksha. Good afternoon everyone and thank you for joining us on Ircan International’s Q4 FY2022 Analyst Conference Call. Today we have with us the senior management represented by Smt. Ragini Advani – Director Finance and Shri B Mugunthan - Chief Financial Officer & Executive Director Finance. Before we begin, I would like to say that some of the statements that will be made in today's discussion may be forward looking in nature. We will begin the call with the opening remarks from the management after which we will have the forum open for the interactive Q&A session. I would now request Smt. Ragini Advani for the opening remarks. Over to you, Madam!

**Ragini Advani:** Thank you. Good afternoon everyone. This is Ragini Advani. I have recently joined as Director Finance of Ircan. Unfortunately, CMD could not be here due to some prior scheduled engagements at ministerial level. I welcome you all to this conference call for financial results of Ircan for the quarter four of FY2021-2022 and the full year results of FY2021-2022.

I have with me Shri B. Mugunthan. He is our Chief Financial Officer & ED Finance and I also have with me our Technical ED, Mr. A. K. Goyal. We have uploaded a detailed presentation on the stock exchange for your reference. Hopefully, all of you been through it. We have had a stupendous performance as far as our results go. Ircan has put the highest ever operating turnover on standalone as well as consolidated basis.

Our order book as at March 31, 2022 stands at Rs.43758 Crores with about Rs.3000 Crores of worth of orders being added in Q4 itself. As all of you are aware, Ircan is moving to an environment of competition for almost 45% to 50% of our order book is on competitive bidding basis. We strongly as management believe that Ircan is well placed to keep these orders and to continue winning such kind of orders even in a competitive environment and we are completely geared up for such kind of environment going forward. During the quarter, Ircan has incorporated three more subsidiaries in highway projects and one for execution of a solar PV power project, so in total Ircan has now 11 subsidiaries including 10 wholly owned subsidiaries.



*Ircon International*  
*May 30, 2022*

Ircon has also won an international order amounting to about Rs.1800 Crores in Myanmar in quarter four of FY2021-2022. This is a road project received under line of credit assistance from MEA, Government of India. As regards financial performance of the company on consolidated basis in respect of quarter four FY2021-2022, our income stands at Rs.3011 Crores as against 2513 Crores in the corresponding Q4 of FY2020-2021. Revenue from operations stood at 2953 Crores as against 2424 Crores. PAT was reported at 242 Crores as against 170 Crores. Core EBITDA remained almost flat at Rs.213 Crores vis-à-vis Rs.218 Crores for the corresponding Q4 quarter of previous year.

PBT stood at 221 Crores as against 276 Crores for the corresponding period. Earning per share has gone up to Rs.2.57 per equity share as against Rs.1.81 per equity share for the Q4 of Q4 FY2020-2021. This is vis-à-vis a face value of share being Rs.2 per share.

As regards dividend, Board of Directors has recommended a final dividend of 0.65 paisa per equity share. This is subject to approval of shareholders. We have already declared interim dividend cumulative of Rs.1.85 per equity share and with this these are giving a good yield to our shareholders from a dividend perspective.

Now, without taking much more time, I would like to open the floor for Q&A session. Thank you.

**Moderator:** Thank you. We will now begin the question and answer session. Ladies and gentlemen, we will wait for a moment while the question queue assembles. We take the first question from the line of Mr. Vishal Periwal from IDBI Capital. Please go ahead, Sir!

**Vishal Periwal:** Good afternoon, Madam. Thanks for the opportunity. One, I think order book continue to move strength to strength, in terms of execution how do you see because in this year also we have done pretty strong set of execution particularly in the fourth quarter, so how do you see this for FY2023?

**Ragini Advani:** As your are aware our order book is about 43000 Crores and depending upon the project duration we would be having end to end project execution period in 14 projects of about two years and in 14 about four years, so given the fact that we have a very strong order book and a very strong technical team within Ircon with our subcontract, etc., also being in place for most of these other books, we do hope to execute good number in FY2022-2023 as well, in fact God willing and if COVID was not to prevail I think we should be surpassing the turnover for FY2021-2022.



*Itron International*  
*May 30, 2022*

**Vishal Periwal:** I mean given the order book which was there so I think probably for the investing community would expect some sort of growth probably strong set of growth, so would you like to give a number for that maybe a range will be helpful?

**Ragini Advani:** You know, we expect 10% to 15% growth in our topline vis-à-vis FY2021-2022.

**Vishal Periwal:** Okay and the second, on this quarterly results I think on a reported basis, EBITDA level margins were bit on the lower side, so if you can highlight any one off which was there and in terms of margin how do you see this for FY2023?

**Ragini Advani:** What has happened is, there are a couple of factors because of the low EBITDA margins for this quarter has taken a hit, one of course is certain onetime provisions that we have done on certain jobs and second what had happened is, I mean if you were to compare quarter-to-quarter, the corresponding quarter of the previous period has had some income on account of claims, which the one and those are one on extraordinary income that reflected in our turnover as well as in other income in the previous period, so if we were to take out these abnormalities then we are pretty much in line with the quarter-to-quarter results in terms of our EBITDA margins.

**Vishal Periwal:** Maybe in a recurring basis if had this one off not been there, what would have been the margin maybe if you can give what exactly that quantum is in terms of Crores or something?

**Ragini Advani:** Yes, so you know we had a quantum of about this time a provision of about 60 Crores as a one off number.

**Vishal Periwal:** And this is booked in Q4 the complete, right?

**Ragini Advani:** That is right.

**Vishal Periwal:** Based on the estimates, so do you think this will spillover any further provisions required or anything for the next quarter?

**Ragini Advani:** As of now, I think we have taken care of everything up to March 31, 2022, so the spilling over is not expected, so going forward I think we should be able to continue with our robust EBITDA margins given the PPC segments in which we operate.

**Vishal Periwal:** Sure, Madam and in terms of investments I think you mentioned a couple of subsidiary are being formed to take care of the road project, which you have won so what sort of equity investment that you expect to put in FY2023 or FY2024, any number that we have worked out?



*Ircon International*  
*May 30, 2022*

**Ragini Advani:** We are expecting to put in about 300 Crores of funds whether through equity or interest free loans in FY2022-2023 in our new ventures that we just announced as there were some of the previous ones the expertise still to be given on a pro rata basis.

**Vishal Periwal:** So, 300 Crores of equity that we plan to put in, right?

**Ragini Advani:** Yes, equity along the equity.

**Vishal Periwal:** And this will include even the solar project 500 megawatt in this 300 Crores or it is over and above that solar?

**Ragini Advani:** Yes, this includes the investment that we envisage to make in the solar project also in FY2022-2023.

**Vishal Periwal:** Sure, last thing from my side, in terms of our bid pipeline, would you like to give some colour maybe a brought quantum how much project that we have bidded probably in terms of key projects that we are looking and where we have participated and probably the announcement could come probably in the next quarter or maybe six months anything that you like to highlight?

**Ragini Advani:** I may not go on a particular project basis, but yes, we are actively continuing to bid in railways as well as highways for us to setup the project and especially with the high speed and dedicated freight corridor initiative coming forward, we do it to get some more business there and again if things are good we should be able to generate about additional order book of anywhere between 10000 Crores and 15000 Crores going forward in FY2022-2023 as well, but mind you all this is going to be more on competitive basis and on lump sum price basis.

**Vishal Periwal:** I think typically in nomination I understand the pass through was there, but your margins used to be little on the lower side if I see maybe if I can just say like since RVNL is doing the same work and they have 5.5 Crores, so in a competitive bidding can we say that margins you can achieve double digit sort of margins?

**Ragini Advani:** You know, there are a couple of factors for it to be very honest, one of course we are all aware that the Ukrainian war has resulted in increase in a lot of commodity price increase, the kind of EPC that we do steel, copper even the impact of crude oil and the diesel and petrol prices all have impact on our business, so if we were quote lump sum right now in a competitive environment and assuming the things stabilize in terms of the commodity pricing then we should be able to get margin similar to the margins that we have in a cost plus model, again it really depends on the environment going forward, but otherwise it could be other way around also I mean if God forbid prices of these commodities gets a



*Itron International*  
*May 30, 2022*

new high and there is a timing difference in terms of the time at which we bid versus when we actually put it, this could take a toll on up going forward, so this is something in fact which we as management are very careful now and accordingly one is we have to win the job from the competitive environment and has to take care of such kind of ambiguity so to that extent it is going to be a challenge going forward, but we are gearing up for it and we are sure we should be able to continue as I said earlier also, we should be able to continue on the EBITDA margins that we been doing for the past few years.

**Vishal Periwal:** Right, last thing from my side, I think out of this 43000 plus kind of order book that we have reported in PBT it is safe to assume right, nomination projects everything is a pass through for us, 54% of order book is a pass through in terms of cost inflation?

**Ragini Advani:** Pretty much.

**Vishal Periwal:** And in bidding out this 46%, how much will be a pass through?

**Ragini Advani:** In bidding there is a price variation formula, which is there in any of the projects or contracts, but again it is not apple-to-apple, so the actual price that you give on a subcontract vis-à-vis the price that you get after the formula it could go up and down depending upon the parameters that are given in the formula, but as of now the analysis that we did inhouse, we should be able to capture all of us practically.

**Vishal Periwal:** Maybe quarterly difference will be there, but any number that you will put like what is a fixed price contracts in this 44000 Crores order book?

**Ragini Advani:** Since we have a variation clause in our contracts, whatever contract value we are giving right now is lump sum price of the fixed price at least quoted as of now and based on the price variation formula that would be an upward division in the contract value.

**Vishal Periwal:** No, Madam, what I was trying to understand is, in this order book is there any proportion probably a quantum which is fixed price in nature?

**Ragini Advani:** What you are trying say is which does not have price variation of all?

**Vishal Periwal:** Right, Madam.

**Ragini Advani:** Yes, so that would be miniscule almost less than 1%.

**Vishal Periwal:** Sure, Madam. Thank you so much, I will come back in the queue. Thank you.



*Ircon International*  
*May 30, 2022*

- Moderator:** Thank you. We take the next question from the line of Mohit Kumar from DAM Capital. Please go ahead.
- Mohit Kumar:** Good afternoon, Madam. Is it possible to lay out the ordering opportunity from Indian Railways that is first question, second question is that have we given the tenders already awarded for our two, three road project, which we won in FY2022 and also on the solar contract, has the award been given?
- Ragini Advani:** So, as far as the tenders for road are concerned, we have given out partially, let us say 50% of the tenders have been given out and 50% we are still in the process and what is your next question, as far as solar is concerned?
- Mohit Kumar:** Yes, solar.
- Ragini Advani:** Solar, we signed the PCA and we are also in the process of land acquisition, as far as the tendering is concerned it should be happening in the next quarter.
- Mohit Kumar:** Understood, Madam and on the ordering opportunities from the railway side, how do you see it in FY2023?
- Ragini Advani:** As far as the ordering opportunities, you are saying going forward, right?
- Mohit Kumar:** Yes.
- Ragini Advani:** The new business that we will get in the current financial year from railways?
- Mohit Kumar:** Yes.
- Ragini Advani:** So, what do you mean that when we see government of railways would you include the IC and BSC as well?
- Mohit Kumar:** Yes, all put together if you can lay?
- Ragini Advani:** All put forward I think we should again targeting something like 80% of our business from railways if not more.
- Mohit Kumar:** We are expecting 15000 Crores of order inflow is that number right?
- Ragini Advani:** We are already at the order book of 43000 Crores, we expect to get anywhere between 10000 Crores to 15000 Crores in FY2022-2023, the order for 10000 Crores to 15000 Crores is about 80% should be again from railways.





*Ircon International*  
*May 30, 2022*

- Mohit Kumar:** Understood. Thank you, Madam and all the best.
- Moderator:** Thank you. We take the next question from the line of Shreyans Mehta from Equirus Capital. Please go ahead.
- Shreyans Mehta:** Thanks for the opportunity. Madam, if you could throw some light in terms of execution of couple of our key projects for the quarter?
- Ragini Advani:** Would you like to know in the terms of the turnover that we have done?
- Shreyans Mehta:** Yes, also on the key projects.
- Ragini Advani:** So, in terms of our turnover I will just speak out some of the key projects, it is J&K rail project Banihal where we have done at about 1878 Crores of turnover this year, and we have one Sivok Rangpo project about 1000 Crores, DFC project about 687 Crores, Vadodara-KIM 400 Crores, Grade Katni Separator as well as Katni Singrauli Doubling projects both combined should be about 650 Crores and then Chhattisgarh CEWRL project about 300 Crores, and Agartala-Akhaura Road Link about 220 Crores and CEWRL Chhattisgarh project of about 205 Crores.
- Shreyans Mehta:** 205?
- Ragini Advani:** Yes, so this is the broad top ten you can mention.
- Shreyans Mehta:** Sure, others I will take offline.
- Ragini Advani:** It should constitute about 80% of my total turnover standalone.
- Shreyans Mehta:** Got it, sure. Madam, second question pertains to again dwelling on the EBITDA margin, even if I adjust the 60 Crores odd number, you have still at sub 6%?
- Ragini Advani:** You know actually there are two things, 60 Crores is an adjustment in this quarter for the one of the provisions that we did and about 70 Crores is the number that we mix with this from the Q4 FY2020-2021 for one of the income that we got that quarter.
- Shreyans Mehta:** Right, I got that point, what I was trying to understand is that even if we see on a quarterly basis last eight ten quarters, here the margins have been continuously declining so is it fair to assume that the current quarter margins will be the margins which will continue going forward?



*Irecon International*  
*May 30, 2022*

- Ragini Advani:** I mean the fact is apart from these one off quarter-to-quarter differences that we can have depending upon some extraordinary claims or some provision entries, but the fact is that as I was mentioning earlier as well, we are taking the jobs on a competitive basis and on lump sum basis so while there is a price variation formula, we will need to see going forward given the current scenario how much we are actually able to recover, going forward I do see margins to be on a strain, so we will attempt to about margins similar to the levels that we have right now, but if we say that they will improve in the future the answer may not be yes, as of now.
- Shreyans Mehta:** Got it, so just to delve more upon on this what has happened is we might see increase in turnover, but in terms of profitability we will be flattish or probably in case the margins go down we might also see a degrowth?
- Ragini Advani:** In terms of percentage, yes, in terms of absolute terms, yes, our profit would be marginally increasing because obviously the turnover is going high substantially, so cash built up will be there, but in terms of the percentages, yes, it could be at similar levels or maybe going forward I am talking for the long-term perspective, the margins could come down a little bit.
- Shreyans Mehta:** Got it, sure and Madam, in terms of depreciation now in this quarter it is slightly on a higher side, any particular reason for it?
- Ragini Advani:** So, is this a particular item that you are telling me, first what we have also done is we have shifted our asset from PT to investment property 36 Crores and so also the corresponding depreciation, it should be more of a clarification is that is what you are saying.
- Shreyans Mehta:** Got it, so from margin perspective from FY2023-2024, depreciation would be around 67 Crores odd on a quarterly basis?
- Ragini Advani:** Sorry, what could be 67 Crores?
- Shreyans Mehta:** Depreciation would be around 67 Crores odd on a quarterly basis?
- Ragini Advani:** Depreciation number for us is about 28 Crores on a yearly basis.
- Shreyans Mehta:** Right, I am around the quarter, okay broadly if I put it the other way round for FY2023, it could be in the range of say around 25 Crores to 30 Crores odd, right?
- Ragini Advani:** That is right, it should remain on that range only about 26 Crores to 27 Crores.



*Ircan International*  
*May 30, 2022*

- Shreyans Mehta:** Got it and Madam, if you could just further breakup the investment which is given of 300 Crores odd, how much would be going for the road and how much for the power?
- Ragini Advani:** In solar should be about 35 Crores and as far as remaining of concern it should be railways should be about 50 Crores odd that is mainly in Chhattisgarh so that 138 Crores committed, so automatically you can say about 100 Crores in collieries and about 20 Crores to 25 Crores in solar and the balance from inroads.
- Shreyans Mehta:** So, we were talking about an investment of roughly around 150 Crores to 200 Crores next year?
- Ragini Advani:** Yes.
- Shreyans Mehta:** And similar amount for FY2024?
- Ragini Advani:** The amount that I mentioned to you is for FY2022-2023.
- Shreyans Mehta:** Right, so I just wanted to understand for roads I mean from a two year perspective, how much more investments should be lined up?
- Ragini Advani:** So, for roads it should be other than these three, four projects, we will be giving 300 Crores more is something that you should expect going forward.
- Shreyans Mehta:** Sure, and my last question pertaining to our investment in the joint venture, which we had for the ISRDC, I want to understand that the entire entity has been to cool down so when we recover then investments from them?
- Ragini Advani:** So, what is happening is right now ISRDC is being asked to be closed down and all their assets are supposed to be taken over by railways probably current year that has been in process and depending upon the valuation that we have already engaged the value out for it based on that valuation I think it should be in the current financial year, it is not in the first quarter maybe in the second or third quarter we should be taking accordingly the value for it, but there should be been an upside I do not see any downside there on our stake volume.
- Shreyans Mehta:** Got it. Thank you so much and all the best for the future.
- Moderator:** Thank you. We take the next question from the line of Viraj Mithani from Jupiter Financial. Please go ahead.
- Viraj Mithani:** Good afternoon, Madam. I would like to understand this order book of 43000 Crores would be executable over what period of time?



*Ircon International*  
*May 30, 2022*

- Ragini Advani:** On an average four to five years.
- Viraj Mithani:** Four to five years, the whole order book would be executable, right and you will keep on generating the orders and this how the cycle will go, is it correct to think?
- Ragini Advani:** Yes, absolutely.
- Viraj Mithani:** Madam, can you give the breakup of this order book 43000 Crores in terms of percentage would be enough?
- Ragini Advani:** So, would you want the split between railways and highways, how do you want it?
- Viraj Mithani:** Yes, that is what railways, highways.
- Ragini Advani:** Okay, railways is about 80% and highways is about 17% and that makes it to 97% and the 3% is balance of others.
- Viraj Mithani:** And regarding this gross profit, the bottomline will be like flat or will be going down a bit, how it will pan out because of this commodity inflation or the factors right now, what is your sense, I just want your sense on that?
- Ragini Advani:** Sorry, could you repeat your question, I did not get it?
- Viraj Mithani:** I like your sense on your net margin given the problems of commodity inflation and Ukraine war going forward, our falling will be in the flattish there or we will falling down?
- Ragini Advani:** So, as far as my EBITDA and PBT margins are concern as I had mentioned earlier as well, we expect them to be flattish and over a long-term period slightly squeezing given the fact that our competitive mix in the order book is going up, so you know in a competitive environment at time on have to calls which makes a slight toll on the margins.
- Viraj Mithani:** My last question is what was our contracts, suppose there is a price variation in commodity of the steel or copper, the price has been up or down or beyond that the contract does not work or how it will work?
- Ragini Advani:** No, there is no such thing there is a price variation formula so which basically takes into account several factors so based on those factors you get the values, I mean the change order of your contract value so it includes many components you know there would be labour related, there would be an overall inflation, there would be a commodity related variation as well, but there is no such thing that steel prices have to go back 50% and the project will not hold any longer or it will be shelved that is not the case.



*Ircon International*  
*May 30, 2022*

- Viraj Mithani:** My question is how do we protect ourselves because commoditizing developing then?
- Ragini Advani:** So, what we try to do is in maximum contracts we try to pass on the same terms and conditions to our contractor and that act as a natural hedge for us, then of course the second is one has to do a more efficient planning while executing the project so you know exactly what quantity is required when and if you know that this is the period where the prices are high you would rather go for a smaller quantity right now and order more subsequently when the prices stabilize, there is a full technical team, which is looking into all these aspects and so you could have some changes in your execution strategy to make sure that we do not incur lot from this account.
- Viraj Mithani:** Thank you. That is it from my side and all the best.
- Moderator:** Thank you. We take the next question from the line of Mr. Vipul Shah from Sumangal Investment. Please go ahead.
- Vipul Shah:** Good afternoon and thanks for the opportunity. So, the questions have been asked regarding EBITDA margin so I am coming back to the same so can you guide or what sort of sustainable EBITDA margins we can expect in the next two to three years if all things remain equal?
- Ragini Advani:** I think we should be able to get about 8% EBITDA margin going forward, there could be plus or minus 1% there, so if I have to look at it, it should be anywhere between 7% to 10%, but my own personal view is that going forward the sustainable margin should be in the range of around 8%.
- Vipul Shah:** So what should be the EBITDA margin in nomination process and what should be on competitive bidding projects?
- Ragini Advani:** So, what has been happening is that even the nomination projects, everyone gets aware there is some competition that what is the kind of margins that are flowing in the industry, so even in the cost plus as someone one of your colleagues was also mentioning there is a quite a bit of negotiation to keep a cards on the margins, so going forward whether it is nomination or whether it is competition that should be the range, it is only return I mean in nomination to get an order 1% to 1.5% extra could be in few projects on competition may go 1% to 1.5% over all well.
- Vipul Shah:** Okay, Madam, thank you and all the best.
- Ragini Advani:** So, the margins and all we would be strategizing our bids as and when we going forward even on competition basis.



*Ircan International*  
*May 30, 2022*

- Vipul Shah:** Lastly you said you have won a project in Myanmar right?
- Ragini Advani:** Yes.
- Vipul Shah:** So, there is a lot of political instability and I think there are sanctions so we are not affected by any sanction from this?
- Ragini Advani:** So, what has happened is this is the government NEA induced project, so to that extent and all our payments are in dollars, and the payments are in NEA, so we are protected from those sanctions and as far as what we were mentioning in terms of geopolitical environment in Myanmar, yes, we are aware of that, it a challenge because of this NEA government of India, government of Myanmar everyone is very focused on this project and all kinds of security as well as all kinds of other arrangements which needs to be taken care of this environment, they are all being properly planned and being used during execution.
- Vipul Shah:** Thank you.
- Moderator:** Thank you. We take the next question from the line of Saket Kapoor from Kapoor & Company. Please go ahead.
- Saket Kapoor:** Madam, firstly in your order inflow you had mentioned about the Mumbai-Ahmedabad high-speed rail amounting to Rs.5143 Crores, so what is the pillars on the ground, where are we in terms of lane and the execution of this project and what portion of the total pie has we have been into out of the total order book?
- Ragini Advani:** So, this 5143 Crores is our portion of order book only, but as far as the execution is concerned I did hand over right now to my ED works and he will tell you exactly where we are in this project.
- B. Mugunthan:** Good afternoon, because we will be doing the main track work on this high-speed, what you call it divided you see that is done by another civil conductor, so we are likely to get the site by end of March-April, so our work mostly will be taken in the next financial year, so this year we are buying other equipment and raise the material only, so physical execution mostly will be taken up in the next financial year, maybe given the site contactually we will be getting the site around April, so we will be starting our works physically from there, prior to that all our procurement will be completed with our required equipment.
- Saket Kapoor:** What kind investment will be entered?



*Ircon International*  
*May 30, 2022*

- B. Mugunthan:** Yes, investment I think maybe about 1000 Crores we have to purchase rail sleeper material, we will be purchasing it as per our requirement schedule we will be investing some order will come this year.
- Saket Kapoor:** What have been the fund release from the party who has released the order?
- B. Mugunthan:** Firstly, we will get the mobilization advance up to 10% they are allowed, we have availed I think about 5% advance we have already taken so we will be taking from 10% we are allowed up to mobilization advance against the 5000 Crores may be around 500 Crores we will be taking the mobilization advance and balance will be using our funds also.
- Saket Kapoor:** Here also the margins are in the same vicinity about 8% to 10% EBITDA margin?
- B. Mugunthan:** Yes, competitive bidding yes.
- Ragini Advani:** Yes, it is in the similar range.
- Saket Kapoor:** Because it is one off project?
- Ragini Advani:** Yes. You know the advantage of this project it has a big CTR to secure more such projects going forward.
- Saket Kapoor:** CTR means, Madam?
- Ragini Advani:** Cash track record, once we do one, we have to showcase this while taking other initiatives further.
- Saket Kapoor:** Madam, when we look at your cash flow and the tax outgo, the tax outgo for this income tax rate for this year comes was around 33 Crores?
- Ragini Advani:** Yes.
- Saket Kapoor:** If you could explain what is our tax rate and out budgets?
- Ragini Advani:** See, in terms of our tax we are basically at 25.18% of the tax rate, but in terms of the reason why we have had better PAT at this time vis-à-vis the 25% rate if we categorically look at because we have had some dismissal of our trending income tax cases, these are relating to some previous years and we have had an income to that extent which is adding onto my PAT currently.



*Ircon International*  
*May 30, 2022*

**Saket Kapoor:** No, my point was when we have done the provisional on a consolidated level, it is around 186 Crores and when we take this around, if we take the knock out default it is around 100 Crores, but in actual we are saying only 32 Crores, so that was my estimate account and the actual cash outflow is only to the tune of 32 Crores, that is significantly lower than what the provisions had been?

**Ragini Advani:** So, what you are saying is, as far as my actual cash outflow is concern, what you are saying is it is 96 is what I have shown this year, is that what you are saying?

**Saket Kapoor:** Madam, in the cash outflow I had found the total outflow is only 33 Crores roughly wherein if I look at the P&L the tax provisioning done for this year on a competitive basis is 186 Crores?

**Ragini Advani:** We also have TDS deducted by our clients and that is taken into an account while computing my overall income tax for the year.

**Saket Kapoor:** Correct, so that is an account?

**Ragini Advani:** So, essentially what happens is, I say my advance for every quarter, I had my TDS deducted and then I do a yearend provisioning, typically that yearend provisioning gets offset by TDS and advances that has paid over the period, the TDS per case is not a cash outflow, but on that side if you see from the client while I have taken my 50%, so that movement probably get recorded in your movement and working capital and not in your tax.

**Saket Kapoor:** So, that is the reason why it is not reflected this year?

**Ragini Advani:** Yes.

**Saket Kapoor:** Correct and in terms of solar also, I think actually 1960 Crores that we are setting up where is the location, and when are we going to start the work on ground?

**Ragini Advani:** Yes, so I till ask my CFO, ED Financial, they are only directly looking into this project to answer this question for you.

**B. Mugunthan:** This is Mugunthan. So, as far as the location is concerned we are working with power that are solar park, this park already has an installed capacity of about 2.1 gigawatt in Karnataka so we have selected that as the location of the plant.

**Saket Kapoor:** And it is floated by the state government?





*Ircon International*  
*May 30, 2022*

- B. Mugunthan:** Yes, the solar park is floated by state government, but there are no more parks there now, so now we will have to go in for leasing of towers from the farmers.
- Saket Kapoor:** So, I am not getting this, please come again?
- Ragini Advani:** So, basically what we are saying is that this is the land in Karnataka and this particular order that we took was IREDA scheme and as per as the land is concerned the discussions are ongoing with the farmers in that area particular area for leasing of the land on the long-term basis.
- Saket Kapoor:** So, that was floated is IREDA?
- Ragini Advani:** Yes.
- Saket Kapoor:** Exchequer is IREDA only, but they will be paying us?
- B. Mugunthan:** They only give wages funding, it has to be funded by the promoter or the developer.
- Ragini Advani:** As far as tariff is concerned that will come from...
- B. Mugunthan:** The tariff has been fixed by MNRE at Rs.4.45 that is the maximum savings at which we can enter into PPA, so we have already signed up PPA with the vendors.
- Saket Kapoor:** Madam, here what is our scope of work, we are installing the solar panels or we are sourcing the panel from third party and installing them or what is the scope of work there for us?
- B. Mugunthan:** Scope of work is, you have to put the entire, take all relevant approvals for connectivity and then assemble the plant and maintain the plant for a period of 25 years.
- Ragini Advani:** We are a developer and operator for this who are JD.
- Saket Kapoor:** Then could be an annuity project for us, BOT?
- B. Mugunthan:** Yes, it is a BOT project.
- Saket Kapoor:** So, when will they charge from this project?
- B. Mugunthan:** In 2024 the project will be completed, August 2024.
- Saket Kapoor:** And what will be the annual revenue post that booking under the income ahead?



*Ircon International*  
*May 30, 2022*

**Ragini Advani:** This is a 500 megawatt plant and the tariff, so we can share that later with you, but in terms of parameter even you can get that it is a 500 megawatt if you have scope on capacity utilization factor and the tariff...

**Saket Kapoor:** Thank you, Madam.

**Moderator:** Thank you. We take the next question from the line of Shreyans Mehta from Equirus. Please go ahead.

**Shreyans Mehta:** Thanks for the opportunity. Just one clarification to the previous participants, you had said that EBITDA margins in long-term we see at around 8% odd, so just wanted to clarify is it including your other income or that would be excluding the core EBITDA margin you are talking about?

**Ragini Advani:** Core EBITDA margin.

**Shreyans Mehta:** Core EBITDA margin, right?

**Ragini Advani:** Yes, core EBITDA margin. The other income should be 10 plus.

**Shreyans Mehta:** Alright, thank you so much.

**Moderator:** Thank you. We take the next question from the line of Parimal Mithani from Credential Investments. Please go ahead.

**Parimal Mithani:** Good afternoon, Madam. Madam, I just wanted to update in terms of previous conference call you have said that you have time to assess and monetize of your JVs the road JVs which you had especially (inaudible) 45:31 can you give me update on what is the status of that because I think the international pipeline who will put money into that and where are we right now on that?

**Ragini Advani:** So, you know there was some kind of ambiguity and how to go about monetizing this kind of our assets, but recently the Deepam cabinet has taken a decision to empower respect the board of directors to recommend and undertake the investment of the subsidiaries and JV, so this has just come in May 2022 and the detailed guidelines as well as the figures have yet to be announced, so once that is in place, we shall take cognizance of that and start making efforts towards asset monetization.

**Parimal Mithani:** Madam, can you give a ballpark figure of this what is the monetization level be for this, is the value same or the value will be appreciable over the years?



*Ircon International*  
*May 30, 2022*

- Ragini Advani:** I think it is too preliminary to comment on it, we will obviously assume that it should not deteriorate but I think maybe we will be able to answer this better in the next quarter or maybe half year down the line.
- Parimal Mithani:** Second thing in terms of the Jammu and Kashmir, is one of the vital project that you are doing currently?
- Ragini Advani:** Yes.
- Parimal Mithani:** What I understand is the margins there mostly in the range of 10% if I have not mistaken?
- Ragini Advani:** Yes.
- Parimal Mithani:** Are we having any impact on that because it is a critical project in terms of nationwide as well as the strength wise so are we having any pressure or margins have an impact on that project itself?
- Ragini Advani:** No, we are absolutely comfortable and that project is running well of course I had rightly mentioned, so we are not affected in terms of our margins of that as well.
- Parimal Mithani:** One last question, can you just tell us the cash flow at the company level, the size of clients that will be much better?
- Ragini Advani:** I am sorry, I could not understand if you can just repeat your question, please?
- Parimal Mithani:** The cash at company level, company on cash basically?
- Ragini Advani:** Cash?
- Parimal Mithani:** Yes.
- Ragini Advani:** For the company level cash after taking off the funds, which we have earmarked for clients as well as the project it should be about 1000 Crores as at March 31, 2022.
- Parimal Mithani:** Thank you.
- Moderator:** Thank you. We take the next question from the line of Vishal Periwal from IDBI Capital. Please go ahead.
- Vishal Periwal:** Thanks for the opportunity again, I think you just mention the company owned cash is 1000 Crores odd including the projects and client money?



*Ircon International*  
*May 30, 2022*

- Ragini Advani:** Excluding the client money and the project fund.
- Vishal Periwal:** Excluding, I am sorry, so that does it mean 300 Crores that we plan to invest in this year is already taken out from this 1000 Crores?
- Ragini Advani:** No, so this 300 Crores in on the 1000 Crores, but in this year we will also be making more profits, so that setup somewhere because our profit numbers are in the range of 500 Crores to 600 Crores, so even if we were to take out dividends there should be a navigation from profit as well.
- Vishal Periwal:** Got it and can you give some colour on this international project that we have won this 1800 Crores Myanmar you mentioned in terms of two, three things. like you know what kind of margins that you see make in this, I think you have mentioned that the earnings from this will be in dollars so the forex is like we are taking care and then margin, the forex is taking care and then last thing in terms of the payment struck down is it similar to what like typical NHAI norms or how exactly it does?
- Ragini Advani:** No, this is not NHAI norms, this is in fact like you know any other lump sum contracts so nothing to do with the BOP or a HAM kind of a model, as far as the dollar payments are concerned since it is worlds margins for us and this is as I mentioned it is a driven project and in a difficult geopolitical terrain so the margins are good there and as far as my hedging is concerned because I am getting my money in dollars and given the rupee US depreciation as well as the fact that lot of subcontracting would also be in dollar terms, so if at all it should add to my values, it will not reduce my margins in anyway, did you get the answer or it got dropped off somewhere?
- Moderator:** We have the line disconnected, we move onto the next question from the line of Parimal Mithani from Credential Investments. Go ahead.
- Parimal Mithani:** Just a followup question, in terms of your land which I understand from the IPO side it was for a duration of four year, what is the status on that, can you tel us how do we, but I think the loan was for Indian Railways that was passthrough vehicle, can you just give me the update on that?
- Ragini Advani:** The situation is pretty much remains the same. There were certain issues between Mumbai Metropolitan Regional Development Authority as well as some Municipal Corporation of Greater Mumbai with Railways and the issues are still under discussion, we do see them getting resolved soon and till such time that these issues have not resolved the MoU between MRDA, RLD and Ircon is the first to be extended going forward after that gets updated or modified MoU with timeline change should be executed I think in this quarter



*Irecon International*  
*May 30, 2022*

itself, so in terms of only when those issues are resolved then we go ahead appointing a developer, so per se the execution is status quo there. That is from Irecon book's perspective as you rightly mentioned basically has taken loans from IRFC and given it to RLD so that way we are not affected by this delay directly per se.

**Parimal Mithani:** But then are we getting consultancy fee for this thing, has it revised or is at the same level?

**Ragini Advani:** We will be getting the consultancy fee after we have appointed the developer. There is some fixed amount of fee, which we were supposed to get initially so they are listed subsequently that we receive partly and partly, we shall be getting on timing of the updated MoU. So there were fixed fees to take care of our expenses, but in terms of the percentage fee that we were supposed to get that will only get after the developers are appointed.

**Parimal Mithani:** Thank you.

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

**Ragini Advani:** Thank you. Thank you, Diksha for moderating the same and thanks to Perfect Relations for organizing this call. I would like to pay my sincere regards to all analysts and investor friends who have taken out their out of their busy schedule to have this interaction with us. We would be happy to connect with you even on a one to one basis if required, for any further queries that you would have and take it forward. Thank you so much once again.

**Moderator:** Thank you everyone for joining this call. You may now disconnect your lines. Thank you.