IRCON/SECY/STEX/124 **31st May, 2023**

BSE Limited Listing Dept./ Dept. of Corporate Services Phiroze Jeejeebhoy Towers Dalal Street Mumbai – 400001 **बीएसई लिमिटेड** लिस्टिंग विभाग / कॉर्पोरेट सेवा विभाग पी. जे. टावर्स, दलाल स्ट्रीट, मुंबई– 400001 Scrip code / ID: **541956 / IRCON**	**National Stock Exchange of India Limited** Listing Department Exchange Plaza, Plot no. C/I, G Block Bandra –Kurla Complex, Bandra (East) Mumbai – 400051 **नेशनल स्टॉक एक्सचेंज ऑफ इंडिया लिमिटेड** लिस्टिंग विभाग एक्सचेंज प्लाजा, प्लॉट नं सी / आई. जी. ब्लॉक, बांद्रा-कुर्ला कॉम्प्लेक्स, बांद्रा (पूर्व), मुंबई-400051 Scrip Code: **IRCON**

Sub: - Transcript of the Q4FY2023 Earnings Conference Call held on Thursday, 25th May, 2023/ गुरुवार, 25 मई, 2023 को आयोजित Q4FY2023 आय सम्मेलन कॉल का प्रतिलेख

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 23rd May, 2023, please find enclosed the transcript of the post result Earnings Conference Call held on Thursday, 25th May, 2023 to discuss the financial results of the Company for the quarter and year ended on 31st March, 2023.

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 at the link https://www.ircon.org/index.php?option=com_content&view=article&id=226&Itemid=643&lang=en which can be accessed through below mentioned path:

www.ircon.org>> Investor Relations>> Presentation and Earning Calls>> Transcript of the Earnings Conference Call held on 25th May, 2023 for financial results for the quarter and year ended on 31st March, 2023.

कृपया उपरोक्त जानकारी को रिकॉर्ड पर ले।

धन्यवाद,
भवदीया,
कृते **इरकॉन इंटरनेशनल लिमिटेड**

Digitally signed by RITU ARORA
Date: 2023.05.31 13:32:59 +05'30'

(रितु अरोड़ा)
कम्पनी सचिव एवं अनुपालन अधिकारी
सदस्यता क्र.: FCS 5270

IRCON INTERNATIONAL LIMITED
(A Government of India Undertaking)

"Ircon International Limited Q4 FY '23 Analyst Conference Call"

May 25, 2023

IRCON INTERNATIONAL LIMITED
(A Government of India Undertaking)

CHORUS CALL®

MANAGEMENT:	**MRS. RAGINI ADVANI – DIRECTOR FINANCE – IRCON INTERNATIONAL LIMITED** **MR. B. MUGUNTHAN – CHIEF FINANCIAL OFFICER AND EXECUTIVE DIRECTOR FINANCE – IRCON INTERNATIONALLIMITED** **MR. ALIN ROY CHOUDHURY – CGM FINANCE AND IN-CHARGE OF COMPILATION AND ACCOUNTS – IRCON INTERNATIONAL LIMITED**
MODERATOR:	**MS. MAMTA SAMAT – PERFECT RELATIONS PRIVATE LIMITED**

Moderator: Ladies Ladies and gentlemen, good day, and welcome to the Ircon International Limited Q4 FY '23 Analyst Conference Call, hosted by Perfect Relations Private Limited. 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 star then zero on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Ms. Mamta Samat from Perfect Relations Private Limited. Thank you, and over to you, ma'am.

Mamta Samat: Thank you, Dorwin. Good afternoon, everyone, and thank you for joining us on Ircon International Limited Q4 FY '23 analyst conference call. Today we have with us the senior management represented by Smt. Ragini Advani, Director of Finance; Shri B. Mugunthan, Chief Financial Officer and Executive Director of Finance; Shri. Alin Roy Choudhury, CGM 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. Thank you, and over to you, ma'am.

Ragini Advani: Thank you. Thank you, Mamta. Good afternoon, everyone. I am Ragini Advani, Director Finance, Ircon International. On behalf of my team, I extend a warm welcome to you all, and thank you for your presence today at the Ircon's earning call for the quarter and year ended 31st March 2023. I have with me my CFO and ED, Finance Shri. Mugunthan; and CGM, Finance, Shri. Alin Roy Choudhury.

I would like to express our gratitude to all our stakeholders for their continued support and trust in the organization. Our focus remains on a strong foundation for sustainable growth and maintaining a robust balance between long-term value creation and short-term profitability. We are committed to leveraging our expertise, resources, partnerships to drive and enhance our operational efficiency as well as have better outcomes for our investors.

Our projects are progressing well. We have had a very good financial year '22-'23, and we do hope to continue the momentum for '23-'24. As you are all aware, we have crossed the milestone mark of INR10,000 crores in terms of our earnings. The company maintains a healthy order book of INR35,000 crores as on 31st March 2023. Many of these orders are on a competitive bidding basis. We continue to focus on railways as well as highways and execution will continue to be our focus for FY '23-'24.

In terms of our financial performance of Q4 FY '23, the company has reported a total INR10,750 crores in FY '23. It's 42% up from FY '22. PAT has increased to INR765 crores as against INR592 crores in FY '22, almost an increase of close to 30%. Core EBITDA increased by 15% to INR735 crores vis-a-vis INR640 crores in the previous year. Our earnings per share have gone up to INR8.14 per equity share in FY '23 as against INR6.30 per equity share in the last fiscal year. And this is considering our face value of our share at INR2 per share.

In the last few years, FY '18 to FY '23, we have had a CAGR of almost 20% in our revenue and a CAGR of almost 13% in our PAT. BoD has also recommended final dividend of INR1.20 per equity share on a face value of INR2 per share, thereby giving an overall dividend of INR3 per share, and this will be, of course, subject to shareholder approval in the AGM. Currently, Ircon has 11 subsidiaries, including 10 wholly owned subsidiaries and this also includes nine roads and highways SPVs. Apart from that, we have seven joint ventures, out of which one -- out of which 5 are relating to coal projects.

Without taking much more time, now I open the floor for Q&A session.

Moderator: The first question is from the line of Manish Ostwal from Nirmal Bang Securities Private Limited. Please go ahead.

Manish Ostwal: And my question, first on the order book position. So, sir -- madam, this has declined on Y-o-Y basis almost 19%. So one, what is the outlook for FY '24 in terms of order inflow? And secondly, how is the pipeline of the orders -- order book, so that we can get some visibility about the increase in order book in coming quarters?

Ragini Advani: So, yes, our order book was at a peak about a year back, almost close to about INR43,000, INR44,000 crores. As I've been maintaining on all our calls, we have had execution as our main area of focus in FY '22-'23. And therefore, it has gone down by almost INR10,000 crores to come into the range of about INR35,000 crores.

We are going to go focus now in terms of getting more orders from the market because we do like to -- we would ideally like to get it back to levels of about INR45,000 crores to INR50,000 crores going forward and the efforts have started. But as I've been saying that up to March '24, our bulk of the team and management efforts would continue on execution. And we would continue now onwards to look at certain projects, where we see we have a niche or where we see the margins would be protected going forward.

There is a lot of opportunity that is sitting in the market. That is not a problem. The issue is one that we have to execute it well and two, we have to maintain our margins. So rest assured, yes, we should be taking that target forward.

Manish Ostwal: Secondly, on the operating margin side, we have seen the decline of operating margins, especially in quarter 4 and even full-year basis, there is a decline in operating margin. So, in your opinion, what is the sustainable margins in our business, where below that we don't want to work? So where do -- how one should think of operating core EBITDA margin for the business to sustain?

Ragini Advani: See, our core EBITDA margins, in fact, again, as we've been saying our EBITDA margins, where we like to sustain and we think we'll be able to maintain is 10% to 11%, a percent here and there can always happen. And right now also the overall decline in our margins on consolidated level is about 0.7% to 0.8%, so which is within that 1% range.

Now that happens because of many factors. There are times when certain jobs are about to be ending or there are certain jobs where certain provisions need to be created because these are jobs spread over 3 to 4 years. But we will continue maintaining the margins of EBITDA in the range of 10% to 11%.

Manish Ostwal: Madam, the core EBITDA margin has declined by 158 basis point on...

Ragini Advani: Actually that gives a wrong figure because in our annuity model, in all our HAM projects are part of our income comes in other income, but that is pretty much an operational aspect of HAM. So if you were to take that out, then our decline is about 0.7% to 0.8% only.

Manish Ostwal: Understood. And revenue growth guidance for the next year? We have achieved our guidance for this year.

Ragini Advani: Revenue growth, I mean, we were expecting to close -- this time close to INR9,500 crores. We surpassed that and we've got, obviously, more than INR10,000 crores. As the base has grown bigger, our -- I mean, we will probably have a jump of about 5% to 7% on this number.

Manish Ostwal: 5% to 7%.

Ragini Advani: Yes.

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

Abhishek Maheshwari: Congratulations on crossing INR10,000 crores mark.

Ragini Advani: Thank you.

Abhishek Maheshwari: Yes. Ma'am, a follow-up on the previous participant's question. Ma'am as you said, you are focused more towards execution. Last year you were and even this year, you will be. Ma'am, but this whole bidding thing, the strategy we are not able to understand because other players are gaining a lot of market share. I mean, look other players like RVNL and Titagarh Wagons a lot of companies are gaining a lot of big huge ticket orders. So you -- are you -- whether it could lead to losing market share to other companies? And what's the strategy because INR2.4 lakh crores railways budget was announced. And how much are you planning to bid this year, ma'am?

Ragini Advani: Yes. So I've understood your question, there are 2, 3 aspects to it. First, it is not a limited market, it is not a market of INR100, where already people have taken orders of INR50. So I should be worried. It is a huge market sitting there and there are enough opportunities for all of us. Second, as I've always mentioned, we would like to maintain our margins and bid. It is very easy to get orders and say that we've got many orders, but ultimately in a long-term basis, it has to be at sustainable margins.

The third thing is that I also mentioned that while execution was our focus in FY '22-'23. In this year, apart from execution, we will be going whole-hock on the order book front also or on the business development side also. We have already started initiating lot of business proposals. And we do hope to come back to the order book levels as we had previously. So we have a clear strategy in mind, it is just that we were not in a hurry to pick up jobs, which are being picked up at the losses.

Abhishek Maheshwari: Got it, ma'am. And then, ma'am, if you could give any guidance as to how much value of projects are you planning to bid this entire year or that's confidential?

Ragini Advani: It's difficult to say that because we are, as I said we are going hold off -- in the last 2 months only, we have picked up -- I mean, we are bidding for jobs, which are exceeding many crores. But then the point is, ultimately, everything is a competitive market, and it will really depend on the ratio in which we actually get up and then again, we'll revisit our strategy and accordingly take it forward. But overall, guiding factor should be that we should be able to come back to our order book levels.

Abhishek Maheshwari: Ma'am majority of it is railways only or some HAM also and EPC also?

Ragini Advani: So it would be railways and highways.

Abhishek Maheshwari: Okay. Ma'am one last question. So ma'am, this year -- because next year there are elections, has the tendering process quickened it's pace or are you still waiting to see that kind of activity from government's end?

Ragini Advani: So our tendering process has its own guidelines in every ministry, as well as company. So all that will happen. What would be more important as I see it from a government point of view is, if whatever are the existing orders and the existing capex that they've committed is what they would like to finish earlier in the election time. In terms of orders going forward, they will take that pace to come, but they will be coming. I mean, probably, it will not be able to do an extra fast forward on that side.

Abhishek Maheshwari: Okay. So, ideally, 3, 4 months before elections, they stop awarding any projects, right? So they have only 9 months of this year to finish the entire tendering, right?

Ragini Advani: No. It doesn't happen that way. They don't announce any major policies, but a normal tender, which is going on a competitive bidding in a sector like railways or highways, they don't stop.

Abhishek Maheshwari: Okay. Okay. So irrespective of elections, the tendering process continues from the railways end?

Ragini Advani: That’s not a problem.

Moderator: The next question is from the line of Dixit Doshi from Whitestone Financial Advisors Private Limited. Please go ahead.

Dixit Doshi: First question is how much order we win during the financial year -- current financial year?

Ragini Advani: Current -- as on the first quarter of '23-'24 as of May.

Dixit Doshi: In FY '23 full year, how much orders we win?

Ragini Advani: In FY '23, we have won around close to INR500 crores.

Dixit Doshi: Sorry, how much?

Ragini Advani: INR500 crores.

Dixit Doshi: Full FY '23, only INR500 crores.

Ragini Advani: Yes.

Dixit Doshi: Okay.

Ragini Advani: And as far as these 2 months are concerned, again, I think it is close to about INR360-odd crores for these 2 months.

Dixit Doshi: Okay. And now you did...

Ragini Advani: Project which is subject to certain placements of LoA.

Dixit Doshi: Okay. No, you did mention that we have also bidded for the project and as we are awaiting the final approval. If you can just broadly give a range that how much value of the projects we have bidded right now and are awaiting the result?

Ragini Advani: It is -- actually it is difficult for me to say because lot of these projects, I mean, it would be a sensitive data for me to declare it right now. But on the whole, I think the guidance factor for all of you should be because ultimately it will also depend if I come L1 in any of these or all of these projects are not. So given all those probabilities and the fact that it's a dynamic market. I think the guiding factor for all our investors should be that we will be focusing on our orders now, and we should be getting back to the order book levels.

Dixit Doshi: Okay. Because --

Ragini Advani: Typically, pinpoint it will be little difficult to me.

Dixit Doshi: Yes, because the concern was that our execution is quite large because we almost execute INR10,000 crores, INR11,000 crores a year. So our order book will deplete very fast. So that was the reason...

Ragini Advani: Absolutely, I mean, we are also as concerned as you all are. And that is the reason that we are picking up our bidding strategy again in this year.

Dixit Doshi: And can you give your -- just qualitatively, how is the bidding happening? I mean, do you really feel that most of the projects are bidded at -- by the competitors at such a low margin, and therefore we are staying away from those projects?

Ragini Advani: Actually, there are different types of projects like different bodies in India, and all pertaining to railways or highways. It could be many, many such clients. Certain projects maybe the values are lower, maybe the work is run of the mill, and therefore, you have many people picking it up and some of them probably at a very low margin, if I would say so. But at the end of it, the universe is large and there are many projects, which are coming up where we feel that we should be able to get some part of it and we should be able to maintain our margins as well. So we are basically continuing to focus on those kind of projects. There is good enough of value projects sitting there as well. So last year, the projects that you've seen, where we have probably not come forward, is because we felt that there was -- those were being picked up at very low margins or at losses. But currently, we are looking at a lot of opportunities, where we should be able to take it at a decent mark.

Dixit Doshi: Okay. And do we look at anything other than the railways and highways also?

Ragini Advani: Related -- related work...

Dixit Doshi: Like building construction or institute...

Ragini Advani: Yes. So we look at building construction, we look at PMCs, we look at airports, again PMC at airports. And anything related, we are open to it. And we are looking at some of these aspects. So tunnels, complex bridges, we are looking at all of these.

Dixit Doshi: Okay. Now my second question is regarding the other income that we receive. So for the full year, on a standalone basis, it was around INR340 crores and on console at around INR382 crores. So this has jumped significantly. So is there any one-off like income tax refund or any write-backs, which may not occur in the future?

Ragini Advani: So it's a small amount INR17 crores we have bought as interest on income tax refund.

Dixit Doshi: Okay.

Ragini Advani: And the rest is all out of dividend and interest income. Basically the reason why it's gone up is, as I mentioned, 2 of our projects have been declared commercial and HAM categories. And as a part of that HAM when we get annuity, a part of annuity comes as normal turnover and a part of it goes as a part of other income.

Dixit Doshi: Okay.

Ragini Advani: So that jump is because of that basically, and I mean, we will continue, I mean, that because HAM projects will continue to give me annuity in both these areas.

Dixit Doshi: Okay. And how much it would be annual HAM project?

Ragini Advani: See, HAM projects, we currently have 2 commercial. And we are still to do another 4 to 5 projects. So it will keep growing. I mean, there is not a set number that I can tell you right now. But in the current financial year...

Dixit Doshi: No. Let's say in this 340 -- yes, current financial year other income...

Ragini Advani: For current financial year, the interest in -- out of other income, about INR127 crores pertains to interest relating to annuity model of HAM.

Dixit Doshi: Okay. Okay. So, most of the increase is due to that only.

Ragini Advani: Absolutely.

Dixit Doshi: So is it fair to assume that this kind of other income will be sustainable?

Ragini Advani: Yes, absolutely.

Dixit Doshi: Okay. And now, my last question is, if I see the annual number, on the -- the revenue has -- the difference between the revenue of standalone and console is around INR400 crores. So we have done INR9,900 crores in standalone and INR10,400 crores in consol. And if I see the PBT before the share of profit from JV, it comes down like INR883 crores in the standalone and INR860 crores in the consol. So obviously the subsidiaries are making losses. So how do you see them going ahead? Do you expect it to turn around in the near future?

Ragini Advani: Yes. So I mean, it is -- if I can say, so it is almost like a one-off entry I had in one of my subsidiaries called IISL, I had certain provisioning to do, which is what I've done this time. And it was -- it was a one-time hit. So I don't see that number increasing going forward or coming again for that matter.

Dixit Doshi: How much it was?

Ragini Advani: It was about -- close to about INR17 crores, INR18 crores.

Dixit Doshi: Okay. Okay.

Ragini Advani: And in joint venture, of course, we've had a further risk, which we mentioned last time also, there's been some policy changes as well as certain losses, which have been incurred by one of my coal JVs, it's called Chhattisgarh CERL and I have taken a hit to the extent of 26% sale.

Dixit Doshi: Okay. And other than the tax write-backs of any of the earlier year, our normal tax rate will be 25%, right?

Ragini Advani: That's right.

Moderator: We have the next question from the line of Vishal Periwal from IDBI Capital. Please go ahead.

Vishal Periwal: Yes, ma'am. Thanks a lot for the opportunity and congratulations on good set of results.

Ragini Advani: Thank you, Vishal. Same to you.

Vishal Periwal: Yes. So the first thing, ma'am, even like in FY '23, we saw that initially we commented like the revenue growth will be in the range of 10-odd percent. And finally, we have done pretty good. Even now we are conservatively guiding or probably like you think that could surprise on the upside or maybe this is the way one should see?

Ragini Advani: So, Vishal the point is, I think, even I didn't know that execution pressure from Government of India before the elections would give us this kind of revenue. So ideally speaking, if we would have moved that the kind of pace that we were moving, the numbers that we gave you is what we had envisaged. But believe me, there is a lot of execution pressure, and because of which, we've done phenomenally well this year.

And, I mean, I can't say because again the elections are coming in March '24. So I don't know how much that much momentum will continue. But again, as of now realistically speaking, even after considering this number of this FY '23, I feel that we should be able to do another 5% to 7% on this number. I don't see that going very aggressive because right now we are peaking in terms of our execution capacity. Does that answer your question? Vishal?

Moderator: Excuse me ma'am, the current participant seems to have dropped from the queue.

Ragini Advani: Okay.

Moderator: We have the next participant, Shreyans Mehta with the next question. Please go ahead.

Shreyans Mehta: Thanks for the opportunity and congratulations on a strong execution. A couple of questions from my side. One of the current order book, are there any slow-moving projects? Or is there any order book which is totally moving?

Ragini Advani: Pardon, I didn't get your question.

Shreyans Mehta: The current order book, which we have of around INR36,000-odd crores, so are there any slow-moving orders in that order book?

Ragini Advani: Slow moving, no, no.

Shreyans Mehta: Sure. Okay.

Ragini Advani: Slow moving in the sense, could be a year or 2 year, here or there in terms of the delay, but most of the projects would continue the way they are.

Shreyans Mehta: Got it. If you can help me out with that number, which is rumouring 1 to 2 years?

Ragini Advani: Sorry. See, our screening projects typically takes about 3 to 4 years to execute.

Shreyans Mehta: Right. Right.

Ragini Advani: So this particularly would have a project of bullet train, which will probably take a little time more than that.

Shreyans Mehta: Got it. Got it.

Ragini Advani: So that is what I'm meant to say. So there would be certain orders, which would be 2- to 3-years spread. There would be certain 3 to 4 years and there are certain, which would be spread about 5 years timeframe.

Shreyans Mehta: Perfect. Got it. Got it. Got it. Secondly, in terms of our execution, has the high-speed rail and the solar power started contributing in terms of the revenues?

Ragini Advani: Which ones?

Shreyans Mehta: The high-speed rail corridor and the solar power.

Ragini Advani: Solar power, we are under construction right now. I mean, in fact we are under land aggregation right now. It should start contributing from next year. Yes. Current year is partly over, but basically next year.

Shreyans Mehta: Next year means FY '25?

Ragini Advani: Yes, '24-'25 -- FY '24-25.

Shreyans Mehta: Sure. And if you could help me out with the high-speed rail corridor contribution during the quarter, and likely contribution next year?

Ragini Advani: What is the IP rail corridor?

Shreyans Mehta: High speed rail corridor. The NHS...

Ragini Advani: Okay, okay.

Shreyans Mehta: Yes.

Ragini Advani: High-speed, of course, will take time -- but then it's an EPC project. So I am basically booking my revenue every year on it. It should get completed by '26-'27, I think. Yeah.

Shreyans Mehta: Okay. So ma'am, can you just highlight in terms of contribution during say FY '23 and likely contribution in FY '24, particularly from this project?

Ragini Advani: So that I can tell you right now. I mean it is too much of a detail we can give you later. But overall, my numbers, as I mentioned in turnover will continue. There will be certain projects which will be declining, there will be certain, which will be picking up.

Shreyans Mehta: Got it.

Ragini Advani: So, overall the number would remain INR10,000 crores plus, about 5% to 7%.

Shreyans Mehta: Sure. So ma'am continuing in that fund. So 5% to 7% growth, which we are seeing is on console basis. Can you help me out with the similar growth number for standalone?

Ragini Advani: In fact, I'm telling you from both perspective because we have a difference of about INR400 crores to INR500 crores in our standalone and console, so yes more or less similar levels.

Shreyans Mehta: Sure. And in terms of our investments. What are the current investments put together in all our JVs, road and the others?

Ragini Advani: Our current investments are about INR1,800 crores, INR2,000 crores.

Shreyans Mehta: INR2,000 crores, including the loans and advances.

Ragini Advani: Including the interest free loan.

Shreyans Mehta: And likely contribution over next one year.

Ragini Advani: And if you were to include interest-bearing loan, then there would be close to 2200.

Shreyans Mehta: 2200, sure, sure. And likely investment in next, say, 1 year or 2 years?

Ragini Advani: So next one year we expect our equity/ interest-free loan investment in the range of INR600 crores to INR700 crores. And based on the existing HAM projects that we have as well as the coal JV projects that you have, another INR600 crores and the year after that. Total of about INR1,200 crores, INR1,300 crores.

Shreyans Mehta: Over next 2 to 3 years?

Ragini Advani: In this year and next year.

Shreyans Mehta: Got it. And in terms of our cash and bank balances -- our own cash and bank balance number?

Ragini Advani: It's about INR850-odd crores.

Shreyans Mehta: INR850-odd crores. So, sequentially that's declined?

Ragini Advani: Yes because we are investing equity in our projects.

Shreyans Mehta: Got it, got it, got it. So...

Ragini Advani: One of our profit into the new businesses.

Shreyans Mehta: Got it, ma'am. We would have also, during the quarter, we've made profit as well which would have consolidated. So on a net basis, we've invested more than that?

Ragini Advani: Sorry?

Shreyans Mehta: I'm saying, Q3, Q4, we have also done execution and that would have translated into some profitability, some cash flows.

Ragini Advani: Yes. So, my overall profitability is about INR700 crores, INR800 crores on a standalone basis.

Shreyans Mehta: Right.

Ragini Advani: So, out of INR700 crores, I have -- in this particular year itself, I think I've spent about -- I think roughly about INR500 crores, INR600 crores.

Shreyans Mehta: That could be during Q4 itself?

Ragini Advani: Partly in Q4, I'm talking about the full-year results Q4, if you so. I mean the overall, my profit number is INR700 crores. I have something like about INR700 crores to INR800 crores is what I've already invested already. In fact, we had done more than that, with interest loans and all, how much was the figure? 1000 was coming. And then we've also paid out dividend, interim dividend during the year.

Shreyans Mehta: Right, right.

Ragini Advani: On the basis of which you get an overall number of cash of about INR850 crores.

Shreyans Mehta: Perfect, perfect, perfect. And lastly, on the JV, which we have, we have been guiding that they'll start earnings profit probably by FY '24. And so, are we on track on that front?

Ragini Advani: Sorry. Again, I didn't get your question -- actually your question tends to break.

Shreyans Mehta: So, basically what I want to understand, we've been guiding that JV profit will start accruing to us because some of our JVs are still to come into that phase. So are we on track that those forward JVs will start throwing profit in FY '24?

Ragini Advani: Yes, yes. So, again, in terms of my subsidiaries or SPVs, I've already had 2 commercial -- I mean 2 of my SPVs have been declared commercial in FY '23. So the full-year benefit should be visible in FY '24. And in terms of joint ventures, again, 2 of my joint ventures phase 1 each or both of these joint ventures, who is already commissioned.

Shreyans Mehta: Got it, got it. And if I may, one last question, in terms of monetization, do we need to go to deeper more, are we allowed to monetize the assets, which we have?

Ragini Advani: So that is something we have right now going to, we are in the process of hiring a consultant through which we will be taking all these clarities. I mean, there is no such written guidelines. We've had some series of interactions with DIPAM as well as DPE and our Ministry, on a very, very -- on a very informal basis. So we understand it should be doable, but let us have a formal report from a consultant on it.

Moderator: We have the next question from the line of Vishal Periwal from IDBI Capital. Please go ahead.

Vishal Periwal: Yes. Sorry ma'am, my line dropped off. My second question was on, I think you mentioned FY '23 order inflow is INR500 crores. But I think, if we do a working that's implied basis, that the start of the year order book, and then what exactly it is. So it comes to around INR1,400-odd crores. So is it the project escalation that has lead to this...

Ragini Advani: There's been some variances on my existing projects as well.

Vishal Periwal: Okay. Fine, thanks. And in a standalone, I think we can see for a full-year basis tax rate works out to be around 11%- and 12%-odd. So is there any loss making -- I mean what exactly is leading to this? And how do you see this FY '24-'25 tax rate?

Ragini Advani: No, our tax rate is 25%. It is just that we've had a couple of refunds in income tax because of which some deferred taxation effects have also taken place.

Vishal Periwal: Okay. Okay. So is it fair to say that all these refund it has -- we have received it and probably for next year, we can have a normal 25% tax rate?

Ragini Advani: No, I think we should be having another good year of income tax refunds if all goes well. In terms of quantum, it may not be as high as INR80 crores or INR90 crores. But I am hopeful of getting another few crores again because we have -- this is one area where we stringently following up and getting all our funds.

Vishal Periwal: Okay. Okay. Sure, ma'am. And then I think you did mention to a previous -- one of the previous participant questions that equity investment in various subsidiaries and JVs, INR600 crores FY '24 and same number for FY '25. Yes. But for, I mean like the construction work that we're doing, so any capex that is planned for that in standalone level?

Ragini Advani: Yes. At a standalone level, our capex number is limited to about INR100-odd crores. This would be more for equipments and plant and machinery, etc. But otherwise, our main focus is on equity investment for interest-free loan investment.

Vishal Periwal: Okay. Okay. Got it ma'am. And then one last question, I think we have done at a standalone level if you see that we have done pretty good PBT, but when it comes to cash flow, so probably things are like see -- yet to see an improvement. So as we are moving toward a competitive bid project, is the working capital requirement different from the nomination project came in...

Ragini Advani: Coming to do with working capital, in fact, we are pretty much poised on the working capital. As I mentioned, the cash flow improvement, probably, you wouldn't have seen because I've already invested a lot of money into my JVs and subsidiaries, in this year itself. So apart from the interim dividend, I've had some capex this time. And then I've had my equity investments and that is how my overall profit is getting utilized, but there is no working capital issue whatsoever in our standalone balance sheet.

Moderator: The next question is from the line of Manish Ostwal from Nirmal Bang Securities. Please go ahead.

Manish Ostwal: Yes, madam, I have follow-up question on your guidance. So you said 5% to 7% revenue growth for the year 2024. If I take that number and your comment about the -- we are again working towards to achieve the peak -- previous peak order book. Then the order inflow for the year will be very, very large number. So, can you explain the both the -- your comments slightly...

Ragini Advani: So I'm saying that is -- the -- our idea is to get the target high and to achieve an order book -- closing order book of that number. One thing is that it doesn't come at the beginning of the year. And in our kind of industry, it will really depend on the number of projects and the size of the projects. So, you may get an order book, but it may not start yielding revenue immediately.

Manish Ostwal: I got you, madam. Like for example, we -- starting point is INR35,000 crores, and we are guiding of INR11,000 crores of revenue. So if you knock off that number, the number is INR24,000 crores, and then you are talking about INR40,000 crores-plus...

Ragini Advani: So, when I meant INR45,000 crores, what I meant was that ultimately that is our target. We may be initially going for another INR10,000 crores, INR12,000 crores by this year end and may be another INR10,000 crores by the next year. It's very difficult to actually put a number to it till you start getting those kind of high-value orders. So it is not that I'm saying that we will have a INR45,000 crores after another INR10,000 crores of turnover by the year end. It could well be that we've got another INR10,000 crores of orders and we have also executed another INR10,000 crores and net-net, we are at a level of about INR35,000 crores to INR38,000 crores.

Manish Ostwal: So basically INR45,000 crores can be by FY '25, right?

Ragini Advani": It can be even FY '23, but it's too preliminary for me to say, because we are bidding for some big ticket jobs, but one really doesn't know how the competition will shape up.

Manish Ostwal: Sure, sure. Thanks a lot, madam. Thank you.

Ragini Advani: What I'm trying to say is that we will continue to focus on getting more orders at sustained margins.

Moderator: The next question is from the line of CA Akash Dhanuka an Individual Investor. Please go ahead. Akash Dhanuka the line for you has been unmuted, you may proceed with your question. As there is no response from the participant, we will proceed with the next question, which will be from the line of Karan Mehta from Nirzar Securities. Please go ahead.

Karan Mehta: I just have one question. So we have got very healthy margins in our international business in Q4. So I just wanted to know what is the reason for these kind of margins? And are they sustainable? And what will be the outlook for margins for international business in FY '24?

Ragini Advani: So our margins have increased in international business in Q4. There were couple of reasons. We've had certain increase in our value of projects in Algeria, as well as one other in, I think we've had it in Malaysia. But as far as -- there's also been some particular provisions that we've written back because they had become time barred, and that is the reason this kind of percentage of EBITDA, you're seeing against international business. Going forward, in terms of what would be our sustained margins in international business, it should be in the range of 8% to 9% maybe, 11% is on a higher side because of certain one-off items.

Karan Mehta: Okay. Okay. Fine. Yes. So in Q4, we have been able to get around 44% of margin. So you are saying that on a full year basis that it will be only at 8% to 9%, is that so?

Ragini Advani: Yes, so for on a full-year basis, currently it is at about, I think 11% in case of EBITDA margins. But going forward, it will be 8% to 9%.

Moderator: We have the next question from the line of Deepen Shah, an Individual Investor. Please go ahead.

Deepen Shah: Yes. Thank you for the opportunity and congratulations on a good set of numbers. I had one question about the company's capabilities. In the past calls, we have been saying that we are focused on building capabilities, after which we will start bidding for relatively higher margin projects. So can you just throw some colour on what's the kind of capabilities we are developing and what stage we are in?

Ragini Advani: Sorry, could you repeat your question?

Deepen Shah: No in the past calls, we have been saying that the company is building capabilities because of which it can take over higher margin projects. So could you just give us some colour on what's the kind of capabilities that companies are building and at what stage we are in?

Ragini Advani: Yes. Yes. So the first thing is we are talking of sustained margins, not higher margins. The second thing is that we are saying that vis-a-vis a standard rail civil job or road civil job. What we've had is, we've had a via duct experience, we've had some complex tunnelling experience, especially in the hills, different difficult geologies. Then we have also done certain complex bridges. So given all these factors wherever such kind of opportunities are there, we should definitely have a niche.

Deepen Shah: Okay. And other question is like, could you just give us some insight on how do we compete with RVNL, which is another government company probably in a similar kind of business, and how do we differentiate with that company?

Ragini Advani: So we compete with many other players and RVNL happens to be one of them.

Deepen Shah: Yes.

Ragini Advani: In terms of our experience and expertise, I think we can take pride by saying that we've had a better mix of experience. We've done some very complex jobs, as I mentioned in your previous question. The second thing is that we are one of the initial ones who've taken the diversification initiatives. So if you see, we are well poised, even if the entire order book is not coming from railways, we've already got into highways. We are already into their commercial operations. We know the nuances and we understand the industry.

And even in terms of our order book, I think we have almost close to 55% of our order book on bidding basis. RVNL, typically had most of it on nomination basis. And internationally, the kind of experience, Ircon's had I do think others have that kind of a parallel experience. So those are the factors that we have. But in terms of actually going ahead and winning a job, it depends a lot on your business strategy. And yes, they are a competitor to us. And so, are we to them.

Deepen Shah: Sure. Understood. And lastly, on the core EBITDA margins, we current -- in the current year, if I'm not wrong, we did about 7.2% on a consolidated basis for the full year. We probably were targeting 8% to 8.5%. So on a poor level on a consolidated basis, what should we pencil in terms of margins next year?

Ragini Advani: So I was explaining that if out of other income, I was to take out the annuity-based interest income and club it with revenue from operations because in HAM apart of the annuity goes into other income.

Deepen Shah: Sure.

Ragini Advani: If I suppose to do that re-grouping, my core EBITDA currently is also at 8.31%.

Deepen Shah: Okay. Okay. Okay. And we should...

Ragini Advani: And we should continue to maintain that, yes, in the range of 8% to 8.5%. In fact, I mean, it could go down slightly going forward, but I think we've been always saying that our EBITDA would be in the range of 10% to 11% and core EBITDA in the range of 7.5% to 9%. So that is where we do business.

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

Abhishek Maheshwari: Yes, thank you for my follow-up. So a follow-up on previous participant's question only. He already asked about the core EBITDA margins. So, my question was more about at the PAT level, console PAT level. So as you said, core EBITDA, you plan to maintain, if not -- it will marginally decrease. So PAT also, it should be in a similar range, right, 7% or so.

Ragini Advani: That is right. PAT, we, again, we will be in the range of 7% to 7.5%, I think, going forward.

Abhishek Maheshwari: Okay. And ma'am, now that the competitive share of order book has increased compared to nomination basis. So we would have thought maybe there might be a slight depreciation in margin, but the fact that you are giving a guidance of sustaining margins, we are very happy to hear that. Just wanted to compliment you on that. Thank you.

Ragini Advani: Thank you so much, because I think that dip could be more because of the life cycle of the project and also on certain provisions that we have to create from an accounting angle. So, as I've been mentioning it could go hit 0.5% here or there, but otherwise we do tend to hopefully continue maintaining it.

Abhishek Maheshwari: So steady state at 7% maybe.

Ragini Advani: Yes, yes.

Moderator: We have the next question from the line of Jinesh Kothari from HDFC Securities. Please go ahead.

Jinesh Kothari: Yes. So, my question was on the -- almost all my questions got covered. But one last question that given the niche that we are having and given the central elections coming up in the next year. So are we looking at some of the -- to get some nomination-based contracts from the government because we got some, as you mentioned in your previous calls, we got some Japanese technologies for the high-speed rail work and we are expertise in the tunnel work. So are we aiming at some of the nomination-based contracts more compared to competitive bidding?

Ragini Advani: As far as I know, there are no nomination-based jobs that have been given immediately. So, those are our experiences and our expertise, which will help us in competing, but per se I think the mood will continue to be competition.

However, in MEA kind of jobs where Exim Bank and MEA are involved in LOC or direct one-to-one jobs are involved like something like Myanmar, for that matter. There may be yes, one can hope here and therefore some point in nomination. But by and large, it's going to be competitive tendering only going forward.

Jinesh Kothari: Fine, ma'am. And largely all our order wins that you mentioned that we'll be looking at in next 2 years that largely will be in the competitive bidding, I guess?

Ragini Advani: Yes, yes.

Moderator: The next question is from the line of Shubham Shukla from Voyager Capital. Please go ahead.

Shubham Shukla: Actually my answers are -- my questions are already answered, so and -- just thank you.

Moderator: The next question is from the line of Hiten Boricha from Sequent Investments. Please go ahead.

Hiten Boricha: So, most of my questions have been already been answered, ma'am. Just the one question, so you mentioned last year, we have order wins up only INR500 crores, and the reason for that is the competition. So, our orders were mostly into the lower margins. So just wanted to understand how is the competition looking right now? Are we going to see the margin pressure in the order inflow side point of view? I just wanted to understand the competition, how is it going as of now?

Ragini Advani: As I have mentioned, there are different categories of orders or business opportunities that one sees in the market. In the past year, lot of those opportunities were, where people were going cutthroat on the competition and going very low on the margins. There were certain players, who probably did not even understand the market per se but quoted very low, in fact below estimates also. So we did not want to get into that kind of a game. And we wanted to all those things to ease out. So, one that has started easing out.

And two, there are certain jobs, which are large scale big ticket or do require past experience and expertise, the kind that we have. So there, we are hopeful that we'll be able to protect our margins and yet get orders, because ultimately, see, there's so much trust on infrastructure in India right now that you have all kind of possibilities coming from different doors, some of them may be taking time.

But we are waiting for those ones where we genuinely feel we can take the orders and deliver, as well as can have some margins their own. We don't want to take orders just for the sake. So there is a spread out market and we are hopeful that we'll be able to get such kind of orders in this year.

Hiten Boricha: So ma'am, just want to understand, is the competition easing now?

Ragini Advani: No, no, so what happens is that competition really it depends on the complexity of the job and the size of the job. So the orders which came last year had lot of run-of-the-mill kind of people taking it also. Or certain people who are probably doing it as an increased strategy to diversify or to start showcasing that they have a competitive-based win in their order book.

Hiten Boricha: So largely that is because of the smaller size of the orders, which is going to increase this year. Is my understanding correct ma'am?

Ragini Advani: Yes. So this year we will have all kinds of orders. Those orders are the kind of opportunities we need to focus on. We will seriously work on those ones and try getting those out of competitive basis only, but competition amongst the serious pattern.

Hiten Boricha: Okay. Understood. Understood. And second is just a clarification, ma'am, you mentioned that 25% tax rate will be for console basis or on a standalone basis, because I understand the tax rate was low on standalone side?

Ragini Advani: So on standalone, our standard tax rate will be 25.168%, but every time we get some tax refunds. I mean the tax refunds, it also has an impact on my deferred taxation. Because the percentage may go haywire slightly. Otherwise, we should be in the range of -- I mean, the rate is 25.168%, so maybe a 2%, 3% here or there.

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

CA Akash Dhanuka: Yes. Congratulations on a great set of numbers. Ma'am, I just wanted to confirm, 2, 3 things on the HAM side. In the Q4, we had INR173 crores of other income. And out of that is INR127 crores the annuity interest or on the total INR381 crores, INR127 crores is the annuity interest?

Ragini Advani: Out of INR381 crores, INR127 crores. I am actually talking on an annual basis.

CA Akash Dhanuka: Okay. So, out of INR173 crores ma'am, what is the breakup?

Ragini Advani: Out of INR173 crores, I think about INR88 crores is on HAM basis.

CA Akash Dhanuka: Okay. So on an annual basis ma'am, what can we expect in FY '24?

Ragini Advani: FY '24, you can say, it should be close to eight into four about INR320-odd crores.

CA Akash Dhanuka: Okay. So...

Ragini Advani: INR320-odd crores, out of the existing 2 projects that we have in hand, which are already commercial.

CA Akash Dhanuka: This is only out of the 2?

Ragini Advani: Yes, the rest are under construction, anyways, and they'll take time.

CA Akash Dhanuka: Okay, okay.

Ragini Advani: So about INR300-odd cores. Yes. If INR80 crores for quarter, then it should be into 4, yes.

CA Akash Dhanuka: Okay. And another question ma'am, the 2 months have already passed ma'am in this quarter. So can we expect you to deliver the same kind of results that you have delivered in the Q4 one?

Ragini Advani: See, there is always a difference between Q4 and Q1 for any company. So I won't say that Q1 for this year will be pulled to Q4, but nevertheless, the overall execution pressure is there. We have a lot of work to be completed by, in fact, most by December and some by March '24. So while I will not be able to comment anything further. But yes, Q1 should give me good results as compared to previous Q1, but I don't know how much it can really match the Q4.

CA Akash Dhanuka: Okay. I mean, but the difference is huge between the Q1 and Q4. I mean Q1 last year was pretty dismal compared to Q4 this year.

Ragini Advani: Yes. So we can't wait for some time and wait for our results to come because again what happens is, many of our projects somewhere in June, July, August, we have the rainy months.

CA Akash Dhanuka: Sure, sure. I understand that ma'am. Yes, just a last question on the tax part ma'am.

Ragini Advani: I'm not be able to comment on that part, yes.

CA Akash Dhanuka: Okay. Okay, I understand that ma'am. Just -- quick last question on the tax part. You had briefly mentioned about that the refund had tripled in and that had an effect on the deferred tax part and the normal taxation is around 25.168%. And it will be hovering around 2%, 3% below that this year. So can we expect you will be paying 22% tax or approximately this year compared to 15% you have paid last year?

Ragini Advani: No, I can't say that because I am expecting some more refunds in this year. So it could even go down further, but it is something, which I will only get to know when I have those refund orders in my hand.

CA Akash Dhanuka: Okay. So it will be below 20%. I'm just...

Ragini Advani: No, I cannot comment whether it will be below 20%, 22%, I cannot get into these numbers.

Moderator: The next question is from the line of Manoj Sah from Laxgov Investments. Please go ahead.

Manoj Sah: Yes. Thank you for the opportunity. ma'am. Just wanted to check in your orders, will be the raw material price increase? So there is an escalation clause pass on -- clause you can pass onto the customers or how does it goes, if you can comment on that?

Ragini Advani: Yes. So there is a price variation clause and that effectively -- we have it with the contractor, as well as with the clients. So typically I don't tend to take hit on that account.

Manoj Sah: So basically you don't take a hit in case of an increase in the commodity prices.

Ragini Advani: Yes. See, again, the formula is different from the actual procurement size that you will do. But at the end of it, at times, it could go plus, at times, it could go minus. So till date, we will have not taken any major hit on this account.

Manoj Sah: But there is an escalation clause, you can pass on the hire into your cost.

Ragini Advani: Yes. Yes. There is an escalation clause.

Manoj Sah: Okay. Okay. And like -- in case of like new and your company and RVNL are more or less in a similar kind of a business. Is there any chances are heavier anything around the merger or even in case the merger is announced? Do you see any kind of synergy between these two companies?

Ragini Advani: So one, we are not aware of any such process, which is going on in terms of merger. In terms of synergy, again, I mean that's an exercise, which we will have to do. The case is similar, but there are lot of other points that one will need to see in detail. Should this ever happen? And we will be examining it at the right time, if there is any such direction from the government.

Manoj Sah: Okay. And one more thing, you said like you might get order book, your order book which is currently at INR35,000 crores might shell to INR45,000 crores to INR50,000 crores, out of which you might execute INR10,000 crores, INR11,000 crores. So, by the year-end of March FY '24, you will end up order book of around INR35,000 crores. Is that the correct understanding?

Ragini Advani: What I was trying to correct the gentlemen to say that it is not that we will -- I'm commenting that we will have a year-end order book of INR45,000 crores. So this is what should be the likely scenario. But again, I mean it is -- we are sitting in May. And as I mentioned, we are having a focused approach towards getting orders. One order here and there could actually get you to jump quite a few thousand crores here or there. So I don't know where we'll end up, but that is where I'm saying that we should be there.

Manoj Sah: Okay. So what you're saying is this year order bids -- the pipeline bids are also very large ones from the size of the orders we've launched, it can mix in either way kind of...

Ragini Advani: It is mixed. So some of them are large. So if they get it then it could immediately increase in our order book. If we don't, because it's a competitive bidding after all, and obviously you don't get those kind of orders. So it's very difficult to predict the outcome, all we're saying is that we will continue to fight and hopefully, we should be able to get that kind of order book at the end of the year.

Manoj Sah: And regarding the execution capability. You are in a position to execute orders in the range of INR10,000 to INR11,000 crores. Are you trying to put on more resources towards increasing this execution capacity?

Ragini Advani: So, our execution capacity will never be a hindrance to getting a particular revenue, because we have the required skill sets also, and we can augment the manpower for it. But typically speaking, I mean based on the experience that we've had in this company, we are seeing that's the kind of level we should reach next year as well. But it does not in any which way mean that my revenue will come down because I didn't ask the people to execute. No, that will never be the way.

Manoj Sah: Okay. So execution won't be a hindrance to...

Ragini Advani: So, my manpower or machinery will not be a hindrance to execution.

Manoj Sah: Okay. But for next 2, 3 years, we will continue to expect the execution in that INR10,000 crores, INR11,000 crores range, or do you think you are over next 2, 3 years you may go much beyond that?

Ragini Advani: Let us see, what our order book is going to be by the end of FY '24, and then we will know the outcome, because see it also depends the kind of orders we do, there could be some orders, which we may be doing over a period of 2 years or 18 months. There could be some, which -- like, for example, the bullet train is a very prestigious project, but it has a very different technology, very different raw material, different kind of molds in this sector that we need to build.

So obviously it has a longer time duration and basically to execute. So average revenue will also depend upon the complexity of the project, the size of the project, the geology of the location. So many factors, very difficult to say.

Moderator: The next question is from the line of Prasad Dhonde from Arcade Investments. Please go ahead.

Prasad Dhonde: Yes. Madam, thank you for the opportunity, and congratulations for the great set of execution. I have a little different question, madam, because I heard all the participants so far on the order book. I have a little longer horizon questions. So recently I heard, our railway -- Honourable Railway Minister in Express Adda, wherein he made a point that India needs to invest something like INR3 lakh crores in railways for the next decade or so.

Ragini Advani: Yes.

Prasad Dhonde: So that's the kind of an opportunity he is saying basically as an investor and he is saying in railways and there is already a big capex happening in highways, the road sector. So I just wanted to understand Ircon again being very mission delivery in the highways, how is it gearing up to grab this opportunity for maybe 5 years to 10 years in terms of building capabilities? I mean, how would you build your company or build the capability for this opportunity? How do you look at these opportunities?

Ragini Advani: So I mean on our Honourable MR has mentioned a INR3 lakh crores kind of capex outlay. And he does expect even all companies to contribute to it, including the PSUs, which is our RNVL RITES etc. And in terms of gearing up, see in our kind of an EPC -- the gearing up is 1, 2, 3 accounts. One is that we are doing as much complex work as we can, which probably the developed nations are doing and it is something new in India. So those are areas which we continuously monitor and we've tried to take a lead. That is the reason we are doing the bullet train project for example.

Or in fact, we were one of the earlier ones who did play an important role in Delhi Metro project. So whenever we feel there is a particular kind of an opportunity, which is going to hit India or can come in India, we are trying to play the role. And so, it's a continuous learning process. So we have our experience from the last few years, we have the requisite team, the skill sets, even the right kind of contractors with them -- with us with whom we have built over the relationship.

So all that is there. So on the input side, I don't think we feel that we will ever lag behind should we be moving ahead at a very fast speed. In terms of actually getting the orders, it is the space has been opened up to competition. And it's been opened up to all kinds of players. So there are players who may have that kind of experience, there may be players who will try to get that experience by picking on those jobs, which probably even a very low margin or at a loss.

Now that is, of course, for survival of the fittest kind of an approach, which will happen, but considering our niche, as well as the fact that we have the right skill sets and that we have been always delivering on in terms of quality and efficiency, I think we are rated one of the highest. So given all these factors, as a long-term player, we are there to survive and continue to grow. But there could be small messes here and there, because you will have all kind of competitors around these.

Prasad Dhonde: Yes. No. That's quite comforting and great -- I mean, that's a great response. Just one follow-up question maybe I can ask. I have been hearing you for last many con calls and even today, you made a point, last time you said 10% to 12% top line growth, this time 5% to 7%. So given that opportunity is so big, why can't we -- why can't Ircon target or we target to grow at much higher double-digit kind of growth on the top line since the opportunity is there. I mean, in the past, there was no opportunity, but now you have railways and highways. So, are we really becoming conservative in those terms?

Ragini Advani: No, no. So what happens is the opportunity -- it is like a top-down approach, you said that India's growing at this much kind of in GDP, and oil and gas industry should be growing at this pace and so should Indian Oil be growing at this pace. It doesn't happen that way because there is a INR3 lakh crores budget in railways, a lot of that could be of redevelopment of stations, for example.

So those are activities, because we've been in this industry, we may know the nuances of it. It's not easy doing an existing station redevelopment and continuing to maintain margins and you will keep having extra work there on. And it will be a -- typically a very delayed project. I mean, I'm just giving an example.

Prasad Dhonde: Sure, sure. That's great.

Ragini Advani: So similarly, you have certain S&T projects, certain electrification projects. You -- there are -- these -- a lot of money is going towards supplies of Locos and Vande Bharat trains. That has not been a forte of Ircon. So Ircon has to go into such kind of industries, if at all, then one has to do a proper research and see to go ahead or not. But whatever is our domain, there is enough opportunity there and we will be pursuing. But to say, we will be galloping. It practically doesn't happen that way. We are geared up for it. Should that come to us that way, we will do. But it's not happen that way, that's a more of a top-down way of looking at things.

Moderator: The next question is from the line of Dixit Doshi from Whitestone Financial Advisors. Please go ahead.

Dixit Doshi: Yes, thanks for the opportunity again. Just one clarification. You mentioned that out of the INR120 crores of revenue from the annuity other income, INR80 crores came in the Q4 only. So is it that these projects started in -- late Q3, and therefore, there was no income in the earlier quarters?

Ragini Advani: It only happened somewhere in Q3, you are right.

Dixit Doshi: Okay. And...

Ragini Advani: Actually it is like, there is a 6-month after which you get annuity. So some of it started in Q3 versus Q2, someone is in Q3 and finally, they started coming in Q4.

Dixit Doshi: Okay. In this -- out of this INR380 crores, if I remove this INR120 crores and some interest on the income tax, still our other income, almost of INR200 crores to INR250 crores is a consistent other income tax predominantly an interest on advances or cash that we have?

Ragini Advani: Yeah, INR320 crores, what are talking about -- is it standalone.

Dixit Doshi: No. So INR380 crores of total other income of which, let's say INR120 crores was this annuity income from HAM. And another INR20 crores is interest on income tax refund. So if I remove both of that, then INR250 crores is normal other income.

Ragini Advani: Yes, yes, that's right. So out of INR250 crores...

Dixit Doshi: That is predominantly income from the cash that we have?

Ragini Advani: Yes, yes. So what happened is, see, we have interest on FDs or mutual funds as the case may be. But we -- and we also have certain other interest income. So by and large till the time I haven't utilized all of this fund into equity investments. I should be able to get that kind of money here, but this is assuming that, how much I am investing, that much I am generating cash going forward. Then that's the kind of level we should be able to maintain with the kind of interest rates, which are prevailing right now.

Dixit Doshi: And in terms of the order book, so let's say, currently we have around INR35,000 crores order book and we are targeting 5%, 6% growth in next year. Now, whatever order either INR10,000 crores or INR15,000 crores, whatever new orders we received this financial year, it will take time to start. So considering the current order book and the phase of different projects must be at a different lifecycle. So, considering that, can we say that even in FY '25 will -- our growth rate could be around 8% to 10%?

Ragini Advani: I think that is something which we will like to say after maybe a quarter or so because I cannot give that kind of a commitment, we will ideally like to have that any company or its management would like to target that, but whether it really come or not will also depend upon the additions in order book that I have.

Dixit Doshi: Okay. And this INR35,000 crores average execution timeline would be 3 years?

Ragini Advani: Yes, that's right.

Moderator: The next question is from the line of Sajal Agarwal, an Individual Investor. Please go ahead.

Sajal Agarwal: Ma'am, I have a question. So there has been a recent announcement by the Karnataka government that they will be cancelling some state orders and they will be deferring through payment. So just wanted to understand, do we have any current orders, which we are executing for Karnataka state government?

Ragini Advani: No, we are not.

Sajal Agarwal: Okay. And is there any -- anything in our order book?

Ragini Advani: No.

Moderator: As there are no further questions, I would now like to hand the conference over...

Ragini Advani: Just a second. Just a second. I think I'll just like to clarify the issue on interest income international. I think a gentlemen had said that we've earned something about 40% to 44% this year and -- which was true, we have earned about 40-odd percent this year out of our international business in terms of EBITDA margin.

But going forward depending upon the kind of jobs we pick up going ahead, I think that number can drop down. But those would be very difficult to say how much would that number be. So I just want to stay corrected that currently the margin had been in the range of 40% in international businesses. Yes, thank you.

Moderator: Ma'am, we have no further questions at the moment. So I would like to hand the conference over to you for closing comments. Over to you, ma'am.

Ragini Advani: Yes. Thank you. Thank you for moderating the call. Thanks to Perfect Relations for organizing this call. And thanks to all our stakeholders, business partners, analysts, investor friends, who have showed faith on us and supported us. We do hope to continue to have your support and we as management do continue to show our loyalty as well as our desire to grow the way we have grown till now.

I understand the concerns most of you have around the order book, and that is something, which even we are focused on. We would be happy to connect with any or all of you on a one-to-one basis if required, for any further queries. I conclude today's con call. Thank you all for active participation. Thank you.

Moderator: Thank you. On behalf of Ircon International Limited, that concludes this conference call. Thank you for joining us. You may now disconnect your lines.