IRCON/SECY/STEX/124 **13th February, 2023**

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

Sub: - Transcript of the Q3FY2023 Earnings Conference Call held on Thursday, 9th February, 2023/ गुरुवार, 9 फरवरी, 2023 को आयोजित Q3FY2023 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 6th February, 2023, please find enclosed the transcript of the post result Earnings Conference Call held on Thursday, 9th February, 2023 to discuss the financial results of the Company for the quarter and nine-months ended 31st December, 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 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 9th February, 2023 for financial results for the quarter and nine-months ended 31st December, 2022.

कृपया उपरोक्त जानकारी को रिकॉर्ड पर ले।

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

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

"Ircon International Limited Q3 FY-23 Earnings Conference Call"

February 09, 2023

MANAGEMENT: **SMT. RAGINI ADVANI – DIRECTOR (FINANCE), IRCON INTERNATIONAL LIMITED**
SHRI. B. MUGUNTHAN – CFO & EXECUTIVE DIRECTOR (FINANCE), IRCON INTERNATIONAL LIMITED
SHRI. ALIN ROY CHOUDHURY – CGM (FINANCE) & IN-CHARGE OF COMPILATION AND ACCOUNTS, IRCON INTERNATIONAL LIMITED

Moderator: Ladies and gentlemen good day and welcome to the Q3 FY23 Earnings Conference Call of Ircon International 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 '*' then '0' 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 Ms. Samat.

Mamta Samat: Thank you Michelle. Good afternoon, everyone and thank you for joining us on Ircon International Limited Q3 FY23 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.

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 Mamta. Good afternoon, everyone. I am Ragini Advani – Director (Finance), Ircon. I thank you for your presence today at the Ircon's earnings call for the Q3 FY23. I have with me Shri B. Mugunthan – our Chief Finance Officer and ED (Finance) and Shri. Alin Roy Choudhury, my CGM (Finance) & in-charge of Compilation and Accounts.

We hope you've had a look at our detailed presentation that has already been uploaded on the Stock Exchange.

The Company as you're aware has performed very well in this quarter as well and recorded the highest turnover for the third quarter. Ircon has recorded 36% growth in Q3 FY23 in operating turnover on standalone basis and about 33% growth on consolidated basis as compared to the same period of the last year. Our Order book as of 31st December, 2022 stands at Rs. 38,023 crores and it mainly consists of a 50-50 percentage between nomination and competitive bidding orders. The orders are spread across railways, highways, solar power, etc. 92% of our order book comes from domestic orders and 8% is international. Railways has been the dominant sector for us and it continues to contribute more than 90% of our operating revenue. The balance is mainly from highways. Ircon as you all are aware has 11 subsidiaries, 10 wholly owned and this includes 9 road and highway SPVs. We also have joint venture companies including 5 coal connectivity companies.

As regards financial performance:

For Q3 FY23 the Company has outperformed its previous fiscal year-on-year performance. We have delivered a revenue of Rs. 2,347 crores which is 33% higher as compared to Q3 of FY22. The PAT numbers stood at Rs. 190 crores and Q3 FY23, again about 40% higher as compared to the same period last year. EBITDA of the Company has increased to Rs. 233 crores vis-a-vis Rs. 221 crores for the corresponding quarter of the previous year. PBT almost remained flat. This was on accounts of some one-time adjustments. Earnings per share has gone up to about Rs. 2.02 per equity share as against Rs. 1.44 per equity share for the quarter corresponding period of the similar quarter for the last fiscal. This is on a face value of Rs. 2 per share. Board of Directors have also approved an interim dividend of Rs. 1.80 per share on the face value of Rs. 2 per share. Without taking much time, I would like to open the floor for Q&A session now please.

Moderator: Thank you very much ma'am. We will now begin the question-and-answer session. The first question is from the line of Swvechha Jain from ANS Wealth.

Swvechha Jain: My first question is if you could help us understand how many new orders that we got in Q3 and in nine months?

Ragini Advani: In Q3 we've had an order of about, we've had one major order of 122 crores. This is regarding an S&T project in Sri Lanka. Apart from that in Q2 we had roughly about 330 odd crores. The total orders that we've secured in the nine-month period is about 453 crores. But that is as we had suggested earlier, we are focusing on execution and focusing less on securing new orders as of now.

Swvechha Jain: That's what I wanted to understand because we have annual top line of around 9,000 crores and the current order book is 38,000 and we are not focusing right now on getting new orders. Just want to understand then how do we see the order book building up and why is it that we are not focusing on getting new orders?

Ragini Advani: So, let me just put it in a slightly different perspective. What we are saying is that as you all are aware there is a lot of focus on infrastructure development. The budget has been fairly pompous when it comes to the targets and the budgetary support that they've given for railways as well as other infrastructure. The opportunities in the market are immense. Currently we have tried over the last 2 years to build a niche within railways in certain areas. For example, we take pride in doing tunneling projects or fairly complex bridges. Also, as you are aware we've bagged some significant contracts for national high speed the Bullet Train project as well as certain other projects relating to NCRTC and your Metros as well as dedicated freight corridor. Those are projects which will also be coming in the near future and because these are niche projects we would like to focus going forward in these kind of projects. We are continuing to also bid for the normal railway projects but we do not want to pick them up against very squeezed profit margins because typically right now EPC projects are coming up and those too are also, some of them are little low-ticket projects and therefore you have many such players who have bid for the projects and have become L1, who probably in terms of pricing, it's too slow. That's a conscientious call we've taken right now. We will be sprucing up our efforts in terms of getting more orders but maybe towards the end of this financial year and mainly starting from the next financial year onwards.

Swvechha Jain: So just to reiterate, we are consciously not bidding for the orders and that is why we are not able to add new orders. It is not that we are losing out the competition, right? Because our competitors are getting lots of orders.

Ragini Advani: Yes. What I'm saying is that the niche projects in which we are interested, we are bidding out. In the projects which are low tickets, small scale or the standard EPC projects we've been little choosy this year because we can afford to and then accordingly depending upon what is going to be the inflow of bids in the coming quarter as well as in the quarter of April to June, we shall be repositioning our marketing efforts and start getting more orders.

Swvechha Jain: Can you give some sense on what kind of pipeline bids we have in mind? Like any number if you can give.

Ragini Advani: Actually, see again there are a lot of bids which are in pipeline by the government itself but those projects have not yet been announced. It will not be fair for me to give you a number from them. Similarly for international projects again we are looking at certain projects but those are little sensitive projects. Number is something which I'll be a little difficult to say right now but we assure you we should be going forward we should be able to get our good orders.

Swvechha Jain: My next question is if I look at the presentation, our standalone core EBITDA margin for Q3 and even on a consolidated basis, our margins have reduced substantially. If you could help us understand why these margins have reduced while our top line obviously has grown but the margins have reduced substantially. How do you see these margins in next coming quarters? Where do you see it settling down?

Ragini Advani: So again, as I mentioned in my opening remarks, we've had some one-time adjustment in our JV Company. This is a Company called CERL. It's one of the coal connectivity projects. They've had some accounting adjustment entry in respect of depreciation which has taken care which has been affected this year but pertains to previous years as well. That one-off entry has affected my consolidated results and because of which I've had my EBITDA margins low as compared to the corresponding nine-month FY22. But if you were to see from annual basis it's about a 0.2% decline. 11.24 is what I had for FY22, my EBITDA margins and right now it's 11.08. I'm talking on a consolidated basis.

Swvechha Jain: But even on a standalone our margins have gone down by 150….

Ragini Advani: I'm just coming to that. As far as this is concerned this is a one-off entry and which we shall be taking care which will obviously not get reflected from next quarter onwards. That would be a routine depreciation. As far as my standalone results are concerned, there are one or two again one-time entries that we've made on our projects in terms of certain expenses provisioning. Those were again something which was required from an accounting perspective and they should not be carrying on into the next quarter. So, from that perspective we do hope to continue maintaining our margins as we've been mentioning in our investor calls as well as the analyst meets. It should be, EBITDA should be in the range of about 11% and core EBITDA should be in the range of 8.5% to 9%.

Swvechha Jain: This is on consol basis or standalone?

Ragini Advani: This is all on consolidated basis consol.

Swvechha Jain: Can I take one more question then I will join the follow up queue.

Ragini Advani: Yes, please move ahead.

Swvechha Jain: Other thing I wanted to understand was our profit before tax on a standalone basis is close to 212 crores but on a consol basis this is substantially lower by 25 to 30 crores. I wanted to understand is these the subsidiaries making losses?

Ragini Advani: Yes.

Swvechha Jain: So quarterly run rate of 25 to 30 crores losses what the subsidiaries are making currently?

Ragini Advani: No, again there are two things there, at a PBT level when you're talking we have also taken into account, are you talking on a standalone or on a consolidated basis?

Swvechha Jain: If I compare the standalone and the consol profit.

Ragini Advani: What happens is, I have a negative share of the joint venture which is sitting there which is because of the reason I mentioned to you right now that there's been a change in depreciation policy. The second thing is that there are certain entries which get knocked off between the standalone and consolidated. What happens is that on the revenue line it gets knocked off while from the other side it could be an item after PAT if they're paying dividend for example. Those are the issues because of which this ambiguity is there if you were to look at a quarter number. This does not mean that my subsidiaries and my joint ventures combined are giving me a loss. My joint ventures was a one-off entry. My subsidiaries on an overall basis will continue to be giving decent results as they've been giving till last quarter, so this is more of that one off entry issue that has happened.

Swvechha Jain: So, subsidiaries currently are EBITDA positive?

Ragini Advani: Yes, on a cumulative positive.

Swvechha Jain: And PBT positive also?

Ragini Advani: Yes.

Swvechha Jain: I still fail to understand that standalone PBT is 212 crores and consol PBT is 178 crores. We have a difference of 34 crores between the PBT at consol and standalone basis.

Ragini Advani: Out of 178 if you will note, 9 crores is on account of share and loss of joint ventures. So, it makes it 186. As far as 186 is concerned the difference between 186 and the standalone number is because the revenue gets knocked off which is what I was trying to explain to you. If there is like one of my joint ventures Ircon Soma Tollway, they've given me a dividend this year this quarter. Now that dividend is getting knocked off my other income in the numerator and so it's affecting my PBT in consol. From standalone perspective that number was sitting in my other income.

Swvechha Jain: That means we are not making a substantial loss on a quarterly basis.

Ragini Advani: No, that is what I'm telling you that's not the case. In fact, we've had good dividends because of which this figure in consolidated it's getting negated.

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

Abhishek Maheshwari: First question is regarding order bidding. If you could guide for FY24, what quantum of bidding are we planning in both railways and highways?

Ragini Advani: We would be bidding as I mentioned earlier in both these areas, we are specifically focusing on railway projects going ahead as well. But it will be very difficult for me to give you a number. All we can say is that we are hopeful that we'll be able to continue having decent order books going forward. The kind of turnovers that we maintain we should be able to do it from a long-term perspective as well.

Abhishek Maheshwari: Second question regarding the 2.4 lakh crores budget allocation that the FM had given to railways, how much of it falls under the services that we provide? What I mean is this 2.4 lakh crores also include the Vande Bharat trains and train manufacturing, metro manufacturing or is it only EPC work?

Ragini Advani: No, it's combined. But as obviously Vande Bharat trains also, procurements also. But it does include doubling, electrification, setting up of new lines. So, it's a combined thing. I think my CFO will give more insight into it.

B. Mugunthan: Yes, I think if you see the railway budget about 60,000 crores is towards doing the gauge conversion, doubling and other works. There are other portions which are going towards Vande Bharat and other works. About 60,000 to 70,000 is the figure which would be there for which we are eligible to compete.

Abhishek Maheshwari: We are also competitively bidding now for highway projects or we are focusing more towards railways right now?

Ragini Advani: So, we are bidding for highway projects. As you are aware we have already taken in last year four new highway projects and there was another one just a few months before that. We would also, see at the end of it, it can't be just procurement because there is also this focus on execution and you have to deliver it within the time as you're well aware especially in case of highway projects. Therefore, we will be focusing more on railway projects. We will be focusing on highway but maybe little less because we have these four new projects which we need to start now. We've already done their financial closures and we need to now focus on their execution.

Abhishek Maheshwari: Two more questions, regarding steel and cement prices, any fall there? Does it help or you have to pass on the cost decreases to the customer?

B. Mugunthan: Generally, we have a pass-through mechanism only. If there is a variation, we have a price variation clause or price adjustment clause both with the client and as with the subcontractor. So generally, it's a pass-through mechanism.

Abhishek Maheshwari: One last question. Ideally Q4 is the quarter where we booked majority, a large component of our revenue. I mean Q4 is generally much better related to other quarters. You think we'll be able to crores 10,000 crores this year because we have already done around 6,600 crores.

Ragini Advani: We estimate we should be in the range of 9,000 to 9,500. We may, may not crores 10,000. It would actually depend on the execution efforts which really happened. As we are all aware government is pushing all infrastructure projects. So yes, it could be true. But our own analysis is close to 9,000-9,500 crores.

Moderator: The next question is from the line of Karan Mehta from Nirzar Securities.

Karan Mehta: I just have two questions. First one is, will the closure of our JV Company that is Indian Railway Stations Development Corporation have any material impact on our financials? Have we already done some provisioning for this? Second is, we have got several subsidiaries and JV companies, so can you please throw some light on their business model and also on their return ratios? Also are we looking for any divestment of stake in these companies?

Ragini Advani: So starting with your first question, as far as IRSDC is concerned the Railway Ministry has asked for its closure and handing over of its business as well assets to RLDA. But the decision which was taken was it is cumulative, it has positive reserves in surplus and whatever assets and liabilities are there, the decision has been taken that the value will not be less than the book value at which these assets will be taken over by RLDA. There are certain valuations which are involved but they are also on the positive side. There's been no provisioning requirement per se but that number has not got finalized. As and when that number gets finalized it should only give us an upside in our balance sheet. So that's the first part. Now as far as the second part is concerned regarding JVs and subsidiaries, we basically have SPVs for our road highway projects. There are 9 of these. There is one which is solar JV that we have or a subsidiary we can say IRPL. We have 5 coal connectivity projects which are again with one of the subsidiaries of Coal India where we are a 26% equity holder and 64% is by that Coal India subsidiary and another 10% is by the local government, the state government or one of its entities. So, there are 5 coal connectivity projects, 9 roadway highway projects, 1 renewable project, 1 IRSDC which is under closure and there is another Company called IISL which is our 100% subsidiary and which mainly does a lot of maintenance and PMC related work. This is again a profit-making entity of ours. That's the broad split in terms of our SPVs, subsidiaries and JVs. As regards our profitability, see some of these projects are under construction, some of these have just begun and some of them are declared commercial but probably it's been a year or two. So, for all these projects the feasibility report gives us good returns, the actual returns will start flowing in. As regards one of our JV, ISTPL which is in road or highways that has been giving us profit as well as good dividends. For coal connectivity projects again most of them are right now under the construction stage or they've just begun their operations. We do expect profits out of them in a year or two years' time. There is this period where everyone needs to kind of stabilize but we don't foresee any of these having any kind of impairment.

Karan Mehta: So in 1 or 2 years we expect some profits from most of these companies.

Ragini Advani: Yes, the ones which will get operation we will expect profit after 1 or 2 years. The ones which are in construction obviously will only make profit after their COD is in place and they've stabilized their operations. But we are pretty confident on this part. Yes, let us go forward and see it should turnout the way we are expecting.

Moderator: The next question is from the line of Manish Ostwal from Nirmal Bang Securities Pvt. Ltd.

Manish Ostwal: My question on this one-off thing on the standalone and the consolidated basis, so can you quantify the number for the same both the consolidated and the standalone?

Ragini Advani: So, in consolidated it's 20 crores. The effect that has happened. In standalone also it's roughly about 20 crores.

Manish Ostwal: Secondly how do you see the growth for the next financial year given the pipeline? Now we saw the union budget also where the CAPEX for the railway and the overall CAPEX requirement has gone up significantly. How do you see the FY24 in terms of top line and order inflow, any initial thoughts on that?

Ragini Advani: So as far as the top line is concerned, we've always maintained that we should be growing our top line for FY24. We have a good order book. Also, most of our projects are going to be peaking in that year and therefore we do expect an improvement in our turnover. If we say we would be doing this year between 9-9.5, it should be about 5% to 10% increase next year. As regards fresh order book is concerned, order secured is concerned as I've mentioned earlier as well, we shall be refocusing on it from end of March or April onwards and we should be able to get orders going forward which should sustain the kind of turnover that we are doing currently.

Moderator: The next question is from the line of Viraj from Jupiter Financial.

Viraj: My question is, for the next year would we grew at the same level of sales growth of around 35% and the PAT margin of 8%, is it sustainable?

Ragini Advani: See, the operating revenue number will grow but obviously not that kind of a percentage. We're already at a 9,000-9,500 crores turnover is what we are seeing for this FY. Next year should be another 5% to 10% increase on that. In terms of our profitability margins, we should be sustaining our FY22 profitability margin numbers.

Viraj: That 8% margin looks like sustainable, right?

Ragini Advani: Yes. 8%. You're referring to core EBITDA or what are you referring to?

Viraj: PAT margin. Your presentation says that you have some...

Ragini Advani: So PAT margins would be about 7.5% to 8%. Yes.

Viraj: They are sustainable. This railway budget is such a huge budget. We don't see any great growth coming from that. What is your sense?

Ragini Advani: It gives us a lot of opportunity. But the budget is announced, then they're going to have probably some detailed scheming under it. They will be taking out decisions in terms of what they'll give under EPC and what under PPP. There's a lot of work which is continuously happening at railways and they keep coming out with tenders. We do expect some big-ticket niche tenders now coming out which is where our strength lies. Those are the ones we will like picking up next year.

Viraj: With this highways speed corridor what are we doing? Are we a part of some bullet train project or something like or Vande Bharat or what, if you can give some sense on that?

Ragini Advani: High speed is the bullet train project and we are basically laying the tracks for it. Ours is the main work. We are quite a significant….order book comes from there. Yes. We'll be one of the pioneers to do it in India with the Japanese technology. On the basis of which should there be more bullet trains and all these kind of projects coming up, we'll definitely have the experience to handle them.

Viraj: Can you give some color on this? Like what would be the size of orders and the margins we would enjoy in this? Unless that will be on nomination basis, not a competition basis?

Ragini Advani: No, we won this on competition basis. This is a separate Company. National High Speed and they took out a tender and we won it on a nomination basis. We have an order book of close to about 5,000 plus 1,200, about 6,200 crores out of this project.

Viraj: The margins would be higher for this kind of project, is that correct to think?

Ragini Advani: Actually, this is Japanese technology, things would be done for the first time. The margins at an overall level would be similar to what we are maintaining at a Company level. But since this project is right now somewhere it has just started, so we will have to wait and watch and see how it proceeds. But yes, overall as we are maintaining with this project also, we should be able to get the margins that we are getting at a Company level. It won't be higher margins because this is a competitive bidding project.

Moderator: We have the next question from the line of Hiten Boricha from Joindre Capital.

Hiten Boricha: I have a couple of bookkeeping questions as well as a clarification question. My first question is on the one-off which you mentioned 20 crores. Can you help me to understand in which line item you have provided this?

Ragini Advani: In the early dated results, this would be affecting my project expenses. This is for the standalone. And in the consolidated it is anyway getting affected in my overall share of JV. There is a separate line which appears PBT out of JV companies. That is where it is getting affected.

Hiten Boricha: My second question is ma'am you mentioned we will do a margin of 8.5%-11%. That's on EBITDA level or that's on PAT level for FY23?

Ragini Advani: 11% is at EBITDA level.

Hiten Boricha: 11%?

Ragini Advani: Yes 11% and at PAT level gentlemen before you had asked, so we said we'll be able to do about 7.5% to 8%.

Hiten Boricha: So, the reason I'm asking this question because suppose if we are doing a 9,000 crores top line and if we'll do a margin of around 11% that brings me to EBITDA of roughly around 1,000 or 950-1,000 crores. So, suppose if we want to do 1,000 crores EBITDA in FY23 we'll have to do around 450-470 kind of EBITDA in Q4. Just want to understand is Q4 or a best quarter or how this is going to work?

Ragini Advani: See, you already have an EBITDA for nine months of 753 crores. I'm talking everything on a consolidated basis. You already have 753 and we are talking of 990 crores.

Hiten Boricha: 757, I mean if you are including other income in this?

Ragini Advani: Yes, so that is EBITDA. That's why I'm maintaining EBITDA margins. We have a concept of core EBITDA if that's what you're getting confused with. I had mentioned that the core EBITDA would be in the levels of about 8.5.

Hiten Boricha: Okay my bad. Actually, I was excluding the other income from this.

Ragini Advani: All right.

Hiten Boricha: Just to reconfirm that we will do 8.5% PAT margin in FY23 as well as in FY24.

Ragini Advani: No, 7.5% to 8% PAT margin, 8.5% core EBITDA, 10% to 11% EBITDA.

Moderator: The next question is from the line of Shreyans Mehta from Equirus Securities.

Shreyans Mehta: I joined a bit late, so maybe my questions would be a bit repetitive. So, what has changed to one quarter that we are revising our guidance as far as the revenue is concerned that's one? Second even if I adjust for the 20 odd crores one-off still my margins are below what you had guided for.

Ragini Advani: So, first thing is we are not reducing our overall revenue. I do not know how you get that impression. We've only outperformed whatever we have always expected as far as our total income or operating revenue goes.

Shreyans Mehta: What I recollect we had given a guidance of 9,500 to 10,000 odd crores.

Ragini Advani: Again, I had said about 9,000-9,500 for this year and we'll be happy if we cross 10,000. That is exactly what I've maintained in this call also and we'll be doing it.

Shreyans Mehta: But even if I have to achieve 9,500 and if I see the quarterly, I mean we are talking about doing even to achieve 9,500 we are talking to do around 3,200-3,300 odd crores for fourth quarter.

Ragini Advani: We are already at 6,700 and yes, we should be about 3,000 crores plus in the fourth quarter.

Shreyans Mehta: Because historically 3Q versus 4Q, it's majorly a jump of say around 20%-30% whereas third quarter we've done around 2,200. So just trying to reconcile that.

Ragini Advani: Yes. Overall as I maintain again, we will be in the range of 9,000-9,500 crores on a consol basis. Whatever numbers I've been giving has always been on a consol basis and as far as next year is concerned it should be beyond that of course and for that we continue to maintain our numbers and we are fairly confident about it. Now as regards your profitability is concerned, we've had a one-off dip in this quarter because of two adjustments I've made. There is 20 crores on the consolidated basis and there is 20 crores on a standalone basis. The overall number impact is about 40 to 45 crores. Now another 5 crores is because of PRP and certain other expenses. I am saying that I've made two one-off adjustments both in standalone as well as in consolidated because of which the numbers have dipped. But we continue to maintain that for the year end, for the annual figures, our EBITDA will be in the range of 11% to 11.5%. Our core EBITDA will be about 8.5% and our PAT will be about 7.5% to 8%.

Shreyans Mehta: Just to reconcile even if I adjust 20 odd crores.

Ragini Advani: 20+20, 40 crores.

Shreyans Mehta: Secondly in terms of if you could give us the cash and bank balance for owned funds and also if you can help us with the revenues from our key projects.

Ragini Advani: So as far as my cash and bank owned funds are concerned, they are in the range of 1100 crores.

Shreyans Mehta: Both put together, cash plus bank both?

Ragini Advani: Yes, cash and bank balance. They are in the range of about 1,100 crores. As regards my profitability is concerned, on different projects, I told you that all my JVs and SPVs are at different stages. Some of them are in construction and some of them have become operational. Overall perspective I have a turnover of about 300 crores addition in my turnover from my JVs and subsidiaries. If you were to exclude the 20 crores one-off entry, then I have overall profits from my JVs and subsidiaries which are operational.

Shreyans Mehta: My question was, the breakup of revenues project wise if you could highlight what has contributed during this quarter like Sivok-Rangpo, Katra?

Ragini Advani: Are you talking about top 5 projects which are contributing to my revenue?

Shreyans Mehta: Yes.

Ragini Advani: Okay. I have the J&K project, now I'm telling you for a nine month number or do you want a Q3 number?

Shreyans Mehta: Q3 would do.

Ragini Advani: Q3 number I have from J&K project about 620 crores. Then I have a Sivok-Rangpo project. This is in Sikkim that's about 540 crores. Then I have another 200 crores from DFCC project. I have a huge list of projects ranging from about 80 crores to going all the way down to whatever, some decimal numbers and crores. These are top 3 projects.

Shreyans Mehta: I'll take it offline. Lastly in terms of our CAPEX for the year and how much investments have we done in nine months and third quarter? If you could break it in roads and the other SPVs.

Ragini Advani: I have done a total of, I have invested about 70 crores in this quarter in form of my equity, quasi equity. I have invested in nine months period of roughly about 260 odd crores.

Shreyans Mehta: For full year would be FY23 and '24.

Ragini Advani: FY23, I expect another 50 crores maybe is what I'll put in and FY24 should be big number. I would say about 500 to 600 crores.

Shreyans Mehta: Any broad breakup between the road SPVs, how much into that and how much into the rails?

Ragini Advani: When I'm saying as far as my highways are concerned, road SPVs, from the 500 crores roughly about 400 and 450 would be in highway projects only. There would be about 50 to 100 crores in my JV projects.

Shreyans Mehta: The JV projects includes the solar power or that would be separate?

Ragini Advani: I could say I've clubbed it with renewable. This would be more of coal JV's that I'm talking about.

Shreyans Mehta: So just to clarify, so the solar power CAPEX that will be different. It's not a part of 500-600 odd crores?

Ragini Advani: No. I have to overall put in an equity, quasi equity of about 900 crores going forward. It would be spread not just next year, a part of it could be even next to next year. Out of that 900 crores I'm saying roughly between 500 to 550 odd crores is what I expect we will be spending next year. That would be mainly in highway projects and partially in my renewable as well as coal JVs.

Shreyans Mehta: In terms of the CAPEX, if you've done any CAPEX and guidance for this year.

Ragini Advani: This is CAPEX because these are my SPVs in which I'm putting an equity. I'm borrowing funds from the market and I'm setting up projects which are obviously larger from that perspective. If you're talking about standalone CAPEX in our Company, that's more of my routine assets and some plant and machinery that I have for my EPC projects. That number we have already done about 242 crores.

Shreyans Mehta: Lastly if I can squeeze, in terms of our project in Bandra and our projects in Delhi what's the status out there? Our land assets of RLDA.

Ragini Advani: As far as Bandra is concerned that MoU had expired and there are certain issues between the state government, railways and central government in terms of developing that plot. Those issues are still not resolved at a government level or at an inter ministry level because of which it is status quo, the entire thing. We have been pushing railways to give us a decision either way one way or the other and we should be hopefully getting it soon. But as of now there is no movement as far as the Bandra plot goes. Now when you were talking about Delhi which project are you referring to?

Shreyans Mehta: Both the projects, the commercial one.

Ragini Advani: Are you talking about our own land or are you talking about an RLDA project?

Shreyans Mehta: No, the mall business which we were supposed to.

Ragini Advani: That is working that we've already given to a Company called RQ and we've started getting our rentals from there.

Shreyans Mehta: Is it fully leased, if you can?

Ragini Advani: Yes, it is fully leased.

Shreyans Mehta: What is the potential of this? How much are we earning from there?

Ragini Advani: We're earning about 6 to 7 crores per annum and we've got some upfront lease premium from there of about 25 crores.

Moderator: The next question is from the line of Viraj from Jupiter Financial.

Viraj: I want to reconfirm, are you saying that next year we'll have a top line of FY24 top line of 11,000 to 12,000 crores that will be the growth?

Ragini Advani: I'm saying we'll be having a top line assuming that this year it's 9,000 to 9,500, we'll be having a top line of next year (+10,000) crores. But I am not saying whether it will reach 11,000-12,000. That we'll have to see. Because see, ours is an infra project. It really depends on the execution speed at which we will do the projects and also of course on certain other factors which is at times beyond us. That's why I'm maintaining that it would be (+10,000) crores number.

Viraj: Is it correct to think on conservative basis 10% growth and on little bit bullish basis it will be 15% growth? Is that correct to think?

Ragini Advani: You can say it will be 10% to 15% yes. By next year.

Viraj: You said next year a lot of our JV income will start coming in. so won't be there increase our net margins?

Ragini Advani: No, what I said was that some of my SPVs have started commercial operations now. Once they stabilize, we do expect them to start giving us profits in a year or two. Many of my SPVs are under construction stage including JVs. As and when they get constructed, as and when they get stabilized after COD then they should all add to my profits. This was regarding someone asking me what is going to be your profitability from these JVs and all. It is not starting from next year. Most of them are still under construction.

Viraj: When will we expect that to come in by next 2-3 years, is it?

Ragini Advani: Yes 3 to 4 years.

Moderator: The next question is from the line of Pranay Khandelwal from Alpha Invesco.

Pranay Khandelwal: I just had a bookkeeping question that in Quarter 3 we see that there's a charge of (-64) crores related to taxation from previous years. Just wanted to understand what that might be coming from?

Ragini Advani: We actually won an income tax case for FY2011-12 and we've actually got this in our favor and there is no further challenge. We had provided for this amount and now we are reversing so therefore my taxation number is at (-64) odd crores as a previous year tax benefit that I'm getting.

Pranay Khandelwal: All right so this is also a one-off thing if we look at the PAT level.

Ragini Advani: Yes.

Moderator: The next question is from the line of Chiranjeev Desai, a retail investor.

Chiranjeev Desai: So, my first question is, there was news regarding proposed merger of Ircon and Rail Vikas Nigam Limited a few months back. Is there any progress regarding that news?

Ragini Advani: We also only heard it in the news and we are also not aware of any other development.

Chiranjeev Desai: Secondly is the board considering buyback of equity shares to arrest the extremely depressed equity market valuation of the Company?

Ragini Advani: No as of now as I mentioned we are planning to plough back our profits for highway, coal JV connectivity projects, renewables and we are trying to diversify and establish ourselves as well-established players in these businesses. Currently all my cash is going to go for all these investments I need to grow.

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

Manoj Sah: Just wanted to check if you can comment, how is the EBITDA margin in your different segments like railway projects, highway and others and also the margins on the nomination and the bidding book, how they look?

Ragini Advani: As far as coming to my railway first, whatever I'm deriving my about 90% to 95% of revenue from railway projects. Effectively the margins that you're seeing or what I'm planning to say is going to be maintained is going to come essentially going forward also from a railway business and therefore the margins are in this level only. As regards competition versus nomination it's a 50-50 order book that we have. In nomination you do get cost plus. You are obviously at a lesser risk of some unprecedented cost lowering your margin. But because of the experience and expertise that Ircon has wherever we picked up competition, we've tried to maintain our margins. At the most there may be about a half percent difference between the two on an overall basis. That is the reason we are confidently saying that we will continue to maintain our margins in the next FY as well. In terms of our highway projects, most of them are right now under construction. One or two have started giving me dividend. In terms of my IRRs which I calculated at that time obviously they've all given me decent returns and I do hope to continue getting those returns but that will be spread over the O&M period. From a perspective of next FY, I think railways would be a better bet to see from margin perspective. As we maintain we continue to maintain the margins of FY22 going forward.

Manoj Sah: On railway project you will have a better margin as compared to the highway projects?

Ragini Advani: No, one cannot say that because see, as of now our highway projects are PPP mode and our railway projects that we do are more on cost plus or EPC mode. That comparison is difficult to make. What I'm trying to say is that the IRRs are more relevant in the case of PPP projects. Our IRRs are good on the basis of which we bid. But once the construction is done and once the operation phase starts specially in case of your toll projects, the toll that you get in, we will have to wait and watch. Based on our own understanding we should be able to get decent margins out of it. But that would be an IRR concept.

Manoj Sah: So, in case of highway projects, you are limited to only till the constructions….

Ragini Advani: No, we are PPP player, right. So, we continue for the concession period.

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

Shubham Shukla: I'm just trying to understand our position in the market when it comes to tunneling. Like you said we take pride in tunneling project. We are like the best in the market when it comes to tunneling or we are like trying to build a moat here like if we do have a strong position in tunneling and as we have seen the government is pushing more infra projects development in J&K, Ladakh, overall border area which is like majorly is in Himalayas and requires more tunneling. As we have seen like 50% of order book comes from nomination. So, if there are any new projects leading to tunnel and if we have good position and expertise in tunneling, we can anticipate the orders coming to us directly based on nomination?

Ragini Advani: There are two things. To begin with the nomination business have stopped in the ministries or in government so things would going forward be on competition. When I say that we have expertise or we've gained expertise because of our J&K project in tunneling, some difficult terrains, etc. this will help us in being more confident in executing similar projects going forward and it will give us more strength in terms of qualifying for such projects going forward. Because you would have these kind of criteria going forward. We're building our past track record or PTR as it's called. From that perspective I stand a better chance to win a job. But going forward jobs would come on competition only.

Moderator: We move on to the next question which is from the line of Swvechha Jain from ANS Wealth.

Swvechha Jain: I have few clarifications. I think what we said to an earlier participant is the one-off, write-off is of 20 crores in standalone, right?

Ragini Advani: Yes, there is a one-off, write-off of Rs. 20 crores in consolidated and there is a one-off expense provision of Rs. 20 crores in standalone.

Swvechha Jain: If I look at the standalone so if I even add back this one-off to core EBITDA of 128 crores still our EBITDA margins are lower than previous quarter. So, just want to understand even after if I don't consider the one-off why we have a lower EBITDA margin in this quarter?

Ragini Advani: You are saying for the standalone?

Swvechha Jain: Standalone, yes.

Ragini Advani: The 626.57 nine-months number?

Swvechha Jain: No, Q3. If I look at this quarter.

Ragini Advani: If you're looking at this quarter, if you add to my EBITDA of 221 another 20, it's 241.

Swvechha Jain: No other standalone core EBITDA is 128 crores. If I add 20 crores to that it is 148 crores, right?

Ragini Advani: Yes.

Swvechha Jain: So, the core EBITDA margin comes to 6.5%.

Ragini Advani: Yes, see again the point is ours is an execution project which has a different, there would be projects where I would be probably booking lesser margins now and going forward because there would be lot of provision entries that one does and then one writes them back or vice versa. That 0.5% margin here and there on a core EBITDA levels will be difficult to explain. And specially if you compare it to my Q3 FY22 it's fine but if you compare to Q2 FY23, then there again I had some extraordinary one-off profit number sitting for some time because these are execution projects. That is the reason I'm saying on an overall perspective you could compare it to my annual numbers.

Swvechha Jain: Other thing that so far during the call a lot of people have asked about FY24 guidance for revenue numbers. I think what I heard is once we mentioned 5% to 6% growth then we also mentioned 10% to 15% growth?

Ragini Advani: See, actually what is happening is I'm assuming a number of 9,000 to 9,500 this year. It really depends on what we will clock this year. If you're talking of a 9,000 number this year then 10% would be about 10,000 next year. That is why I've been again and again saying that let's not get into the percentage. I am 9,000 to 9,500 this year and I'm at (+10,000) next year. It could really vary from that 5 to 10 depending on what the base would be.

Swvechha Jain: My last question is now you said that we are not consciously bidding for a lot of projects right now. That's why we're not able to add new orders because that is not our focus right now?

Ragini Advani: The run-of-the-mill projects we were consciously not bidding.

Swvechha Jain: So that is acceptable so just hypothetically if I were to assume that we are going to bid for new orders. So, if you could give some sense as to how is the competition if you were to bid today for new projects, how tough is the competition now?

Ragini Advani: Again, it really depends on the category. While Railways itself may sound as one category, there would be station development contracts, there would be normal track laying contracts and there would be smaller size contracts which may be taken out at Zonal Railway and there could be bigger contracts which could be connecting, it could be distance wise more or it could be geologically more challenging area. So, for me or even for that matter even outside of India you could have EXIM Bank and MEA Finance projects or otherwise also. What I'm trying to say is that there are certain areas where I stand a lesser chance of competition because either the project size is big or it has some niche requirements which not very many players will have. Ircon's had that execution experience over the years and we've tried to increase that diversification of our experience in the last few years by taking bullet trains, by doing that J&K project, etc. In those areas I think I should be comfortable. There should be lesser number of competitors and I should be able to maintain good margins. But where I have to compete in small ticket, normal station development kind of jobs there may be many small-time players and probably it may not give us the kind of I mean either I'll have to squeeze onto my margins to get that kind of jobs or I will have to let go of those jobs. However, having said that overall, the targets are huge in terms of the infrastructure spend. The area where we need to focus and get our jobs and continue to get our maintainable margins, we feel those jobs will be coming out soon and that is where we will try to win and get those jobs with lesser competition.

Swvechha Jain: So, we are confident to add this order book as and when these kinds of projects are happening?

Ragini Advani: As and when these kinds of jobs come. I don't want to just pick up jobs for the sake of announcing that instead of 30,000 now it's 40,000 or 50,000 knowing very well that those jobs will not result into profits or very very low margins. That is what we are trying to do right now but of course, it's an ever-evolving market, it's a dynamic market so we'll have to see. Otherwise, we'll have to play the volumes game. Pick up lot of such jobs and continue to maintain our margins from a volume perspective.

Swvechha Jain: This 6,200 crores order of bullet train which you are mentioning, that is included in 38,000 crores of order book, right?

Ragini Advani: Yes.

Swvechha Jain: This is executable over how many years?

Ragini Advani: About 4 to 5 years.

Swvechha Jain: The bullet train?

Ragini Advani: This is a fairly complicated project.

Moderator: The next question is from the line of Pranay Khandelwal from Alpha Invesco.

Pranay Khandelwal: I just wanted to understand when this bidding process happens and just what are the criteria on which this is decided that who gets the award? Is it just on the cost basis as in the amount they have bid for or there are other criteria involved as well?

Ragini Advani: Are you asking for the bids that we take for having our contractors or are you asking from a revenue perspective the bids that we participate in?

Pranay Khandelwal: From what you participate in?

Ragini Advani: What happens is there are certain criteria which are built in, in terms of saying that this is being offered or a bid is being invited to players who have had this much kind of turnover, this kind of balance sheet size, net worth, profit, then it may say that you've had experience of doing these many kilometers of rail line, tunneling in case it's required or a bridge. All that gets covered in a BQC or a PTR and then after that it in such whosoever qualifies with such kind of potentials, only they are called in for a L1 kind of a bidding that's one way. The second is where there are specially internationally when we look at projects there could also be a QCBS kind of an arrangement where there's a weightage given to your technical specs as well. Third could be run-of-the-mill projects where everyone with very basic criteria everyone can bid and the L1 gets it. So, there are all these categories.

Pranay Khandelwal: We are looking to majorly go for the first two one-time categories?

Ragini Advani: First two categories. Yes. What is also good as long as it is a larger scale project and something which involves bridges, tunnels, etc. We've had L1 wins out of our order book of 30,000 crores. 50% is from competition and we've had those wins from L1 concept only.

Pranay Khandelwal: Just wanted to understand, not just anyone can come in and just throw in a very ridiculous bid and get the order. There are some criteria.

Ragini Advani: A very run-of-the-mill, small size projects even that can happen yes and that is how competition and yes you may be right. I mean those people may eventually not be able to execute or not execute it properly or may fail midway. I mean that really depends on what kind of project and who's actually taking out the tender. For Ircon being a government Company obviously when we take up a project, we make sure that it's executed properly. I think that's where we take our pride in. That's something we'll never ever compromise on.

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

Manoj Sah: I just wanted to get a little clarity on the highway project. Like you've got 9 SPVs. Can you give a sense of how much equity you have put in these SPVs; these are like long gestation so that 25–30-year kind of it you will be having the toll concession period to one kind of it so how much equity of the total highway….

Ragini Advani: For my highway projects I have a total committed equity of about 600 crores out of which not 600, it is 600 plus 1,900 so about 2,500 crores; 2,000 crores. Out of 2,000 crores, I have put in about 500, about 1,100 to 1,200 crores. 800-900 odd crores I still have to put.

Manoj Sah: Since you will get a basically toll collection over a period like 25-30-year kind of it so what was the thought process of getting into this kind of rather than just constructing and then moving on kind of build a new highway rather than getting into projects where we have over a period of 25-30 years collect the toll revenue and that's how you will make money over the period?

Ragini Advani: I didn't get your question. You repeat, your voice was muffled.

Manoj Sah: I'm saying that since these are long gestation period where you get a concession of 25-30 years, you will collect money through the toll revenues and so what's the rationale of getting into these kinds of projects rather than just construct the highway and then move on, use the capital to bid for the new project and enter a new highway project kind of it instead of getting into these kind of concession projects?

Ragini Advani: There are two things. The first thing is that these are not just toll projects; these are toll as well as annuity-based projects. And it really depends on how NHAI wants these projects to be. Per se these are the two active models they've been using toll and HAM so it is not for us to decide what we want to do. It is for the highway projects the way they come out is how we go. The returns are attractive. The construction period still remains 2 to 3 years after which you get a proper annuity or a toll as the case may be. In terms of whether we would like to continue in these projects or after a particular point monetize them so that we can get out our money and start using for other projects. Yes, we are preliminary started looking into those aspects and let's see we would be hiring some specialists to guide us to take this forward.

Manoj Sah: Yes, because some of the construction companies they are monetized in this kind of structure.

Ragini Advani: We are also preparing ourselves to take those steps.

Manoj Sah: What are the target IRRs that you keep for these projects?

Ragini Advani: 13% to 14%.

Moderator: Thank you. Ladies and gentlemen that was the last question for today. I would now like to hand the conference over to Smt. Ragini Advani, Director (Finance) Ircon International Limited for closing comments. Over to you ma'am.

Ragini Advani: Thank you Ms. Mamta for moderating the call and thanks to the Perfect Relations for organizing this call. I would also like to thank all our shareholders, business partners, analysts and investor friends who have shown continued faith on us and supported us throughout our journey. We would also be happy to connect with you on a one-to-one basis if required for any further queries and take it forward.

To conclude we are fairly confident of our results and we do continue to maintain our revenue lines as well as margins. I request everyone now to, as a concluding measure to feel free to discuss anything with us if required for greater clarity and here's wishing everyone a healthy and a safe day today and always. Thank you once again and I think by this I would like to call-off from here.

Moderator: Thank you ma'am. On behalf of Ircon International Limited that concludes this conference. Thank you for joining us and you may now disconnect your lines.