



“IRCON International Limited Q3 & 9MFY21 Results
Earnings Con-call”

February 16, 2021

MANAGEMENT: SHRI. M. K. SINGH – DIRECTOR FINANCE



Ircan International Limited
Q3 & 9M FY'21 Earnings Conference Call
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Moderator: Good evening ladies and gentlemen. I'm Malika, moderator for this conference. Welcome to the Conference Call of Ircan International Limited, arranged by Concept Investor Relations to Discuss its Q3 & Nine Months FY'21 Results. We have with us today Shri M.K. Singh, Director, Finance. At this moment all participants are in listen-only mode, later we will conduct a question-and-answer session. At that time, if you have a question, please press '*' and '1' on your telephone keypad. Please note that this conference is being recorded. I would now like to hand over the floor to Shri M.K. Singh for his opening remarks. Thank you and over to you, sir.

Shri M.K. Singh: Good evening to all of you. I welcome you to the call for Ircan International Limited to Discuss the Financial Performance for Third Quarter ending December 31, 2020. At the outset, I must say that this year has been quite a rollercoaster ride for all of us and Ircan is no exception. Ircan has had certain very difficult times especially in the first quarter and also to some extent in second quarter in respect of project execution progress. However, going forward in Q3, we have made up more than what we expected ourselves. We have done well not only in terms of physical parameters, but also in terms of financial achievements.

So, in the current financial year, the first highlight which I will like to share with you is regarding the new orders. Ircan has already secured new orders worth Rs.4,000 crores. In Q3 FY'21 we have secured an order of Rs.1,623 crores. So, in the nine months period around Rs.4,000 crores is what we have secured by way of new orders and these are pertaining to highway as well as railway system, not necessarily only from Ministry of Railways, but from other rail clients like NCRTC and core and the Ministry of Railways themselves. As of 31st December 2020, the cumulative order book stands at Rs.32,814 crores, out of which railways would constitute Rs.30,700 crores and highways is to the tune of Rs.2,105 crores.

With COVID-19 normalizing execution of projects have started at a much faster pace and I will share with you the "Turnover Figures and Other Top Line Figures." In fact, if we go by the figure then in the Q2 of the current year and in Q3 of the current year, we have shown an increase of 10% in terms of revenue from operations, means 10% work we have done more. Q2 FY'21 was Rs.965 crores and Q3 FY'21 was Rs.1,244 crores showing an increase of 28.88%. So, in respect of last quarter, which was a bad quarter for us, we have shown an improvement of 28.88%. Overall total revenue is showing a growth of 28.44% over Q2. Then PBT has a **(Inaudible) 4:20** story to tell. We have a growth of 29.64% in the PBT compared to Q2 of the current financial year. PAT is showing an increase of 35%, EBITDA 24.48%. So effectively these figures show that we have truly picked up our pace, and we intend going strong and stronger in Q4. So even though we will not be able to fully make up for the lost time in the first half, but we certainly

will surpass the performances which we did in Q3 and Q4 of last financial year. Cumulatively, for all the four quarters, we may not get the same top line and bottom line obviously, because six months is a long time to really compensate in the later six months. But, with this progress, we hope to continue in the same vein as we have done in the past, except for the unfortunate break which we had to take upon us during the pandemic.

So, coming to the figures, even if we compare Q3 of current year with respect to Q3 of last year, barring one exceptional income, which came from one of our foreign projects, amounting to Rs.45 crores, that is if we exclude that Rs.45 crores from our income of Q3 of last year, our current Q3 parameters in terms of bottom line are comparable and in fact a little better. So, for the assurance of all the participants here, let me assure them that current Q3 is a little better than the last year Q3 except for one exceptional item, which we had got by way of claims from Algeria project amounting to Rs.45 crores, but for that, we are comparable in current Q3 vis-à-vis the last Q3. And in Q3 we had a tax refund of Rs.20 crores and that is how you see the larger value in terms of PAT also. But so far as operating revenue, etc., is concerned, we are right up there.

We intend in ending the year on a good note. And based on the Memorandum of Understanding which we have with the Department of Public Enterprises, we are sure that we will again be rated as outstanding even in the current year. We have had our review of our MoU targets just a few days back internally and we find that we are right up there, we will be meeting the targets and we will again be graded as outstanding. So, except for revenue from operations which was around Rs.5,200 crores last year, this will be a little lower for the simple reason as six months we hardly worked. But other parameters we hope to do well in terms of ratios, in terms of percentages, or in terms of physical achievement regarding completion of work is concerned.

As I said, we look forward to working now really vigorously given the fact that we have bagged work for Rs.4,000 crores in the current year that has made us really rejuvenated once again, because it adds to our order work and the visibility of the revenue for next three years at least is there and we intend doing very well in the coming years and coming quarters.

With this I will close my opening remarks and without going into each of the exact figures in this concall, I will request and open the floor for questions into figures of Q2, Q3 or anything and also any other general questions regarding Irrcon. Thank you very much.

Moderator:

Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Sachal Agarwal, retail investor. Please go ahead.

Sachal Agarwal:

Hi, sir. Just wanted to get an update on the OFS timeline. So last time I remember you said it will be done in January or February. So we have already in the mid of February. So any update on that?

Shri M.K. Singh: Yes, OFS, as you know, the primary call is to be taken by the Ministry of Finance, DIPAM. But as per the informal chat, which we had with the authorities out there, they are still hoping to go in February only. And that is the position till now. And OFS is likely to happen by end of this month or at the most by first week of next month.

Sachal Agarwal: Sir, I remember, there was a land sale in Mumbai, which you talked about in your last call. So any update on that?

Shri M.K. Singh: Yes, there is an update that we have a 12-acre plot in Bandra, I may not go into the history of this because all the regular participants are aware of this. So in that, as I had shared that there was a problem of exit and entry to the plot from the Western Expressway. Issue to our satisfaction has been sorted out with MMRDA. So that is a very great achievement from our side, that was a greatest hindrance in going ahead with any kind of sale or any kind of development tender. So now that **(Inaudible) 11:21** from Ministry of Railways, and hopefully, they will intimate us soon to go ahead with the tender, because this was the most difficult bottleneck which we had.

Sachal Agarwal: So approximately by when the sale of this will be done?

Shri M.K. Singh: I can't give you a timeline as of now, but we expect to hear something three months down the line.

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

Mahesh Kabra: Just wanted to understand how is the execution going on right now in the current quarter?

Shri M.K. Singh: In the current quarter, we will be exceeding what we did in the last quarter or last financial year means Q4 of last year, and last quarter we had execution of Rs.1,800 crores. That obviously goes to show that we have done well in first two months of the current quarter.

Mahesh Kabra: We had rented out some places in Gurgaon, Noida. Are we looking at rent or what is the situation there?

Shri M.K. Singh: No, we had an agreement in respect of renting out our mall in Noida to Select City, but because of the COVID everybody has invoked force majeure clause, and as you are aware shopping complexes mall or PVR, etc., or even office complexes, the demands have been on a dwindle, there are not enough demands, that is why those contracts have not been operated. So, as on date, we are not receiving rent from our buildings which we have constructed.

Mahesh Kabra: So, those places are unoccupied completely currently?

Shri M.K. Singh: No, out of three buildings one is occupied because we had hired a building in Palika Bazar that is Irecon. So we have shifted our office to one of the buildings and we have surrendered the lease building which we had taken from NDMC, there is a saving in outgo of rental to NDMC.

Mahesh Kabra: The mall that we had constructed that is unoccupied?

Shri M.K. Singh: That's right, mall is empty, then Gurgaon office complex which we had constructed, for training purposes it is being used, but other commercial spaces which we were to rent out, that unfortunately hasn't happened because since last one year, nothing has moved.

Mahesh Kabra: We were also in discussion through the government for some international contract. Any progress?

Shri M.K. Singh: No progress. I do not have any good news on that front also because it was a lull period for eight, nine good months. Only 15 days back, myself and Director (Works) have been to Bangladesh. So we have made the ground and hopefully it should help us. That is all I can say at this point of time.

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

Dixit Doshi: Just one question. So, as you mentioned that we did last year in Q4 around Rs.1,800 crores and may do slightly better compared to that. So, I am assuming, let's see, we'll do Rs.4,500 to Rs.5,000 crores top line plus or minus, but how do you see going forward FY'22 and FY'23 because, if I see Rs.5,000 crores top line, but the order book is almost Rs.32,000 crores and I assume you give the order book number where construction has already started. So, if this Rs.32,000 crores of construction has already started, so how do you see FY'22 and '23?

Shri M.K. Singh: Yes, the first part that we are likely to be around Rs.4,500 to Rs.5,000 crores. I tend to agree with you, but we can better this also, it depends how we work say one and a half months which we have at our hand, that is true. And coming back to the FY'22 forecast, we are seeing around Rs.7,000 crores of execution that is how we are internally planning. In fact, this year also we had an internal target of Rs.7,200 crores but for this unfortunate pandemic period, we have not been able to really push it, but next year we intend crossing Rs.7,000 crores as the revenue from operations and that's right, Rs.32,000 crores is the doable work which we have in our hand and going forward FY'23, etc., around 10,000 crores, that is how we look at.

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

Raj Oza: First, my question was related to macro level. Just wanted to understand from you, considering the Union Budget, which they have sanctioned around Rs.1 lakh crores in infra and railways, so, how this can help us to get the order from government side?

Shri M.K. Singh: Yeah, as you are aware, the total plan size of Railways is around 2.15 lakh crores, out of which 1.10 lakh crores is coming from Ministry of Finance to Railways. Now, Rs.1.10 lakh crores constitutes a lot of money for even the DFC corridors or NHRSC High Speed and for conventional works, the allotment will be more or less in the same range as we had last year, that is roughly Rs.70,000-odd crores and out of Rs.70,000-odd crores they have not even called for limited competition from PSUs in the current financial year pertaining to track portion, of course, electrical portion as I shared, I have got work of around Rs.4,000 crores in the current year, but for track portion they have not actually distributed the work to any of the PSU as on date. So, there is a cumulative distribution to be done, this is for the year '20-21 and also '21-22. So, we expect around Rs.5,000 crores, Rs.7000 crores of work coming our way in terms of track works from Ministry of Railways, that is our back-of-the-envelope expectation.

Raj Oza: My second question was can you guide us like what order would be coming from our international market going forward?

Shri M.K. Singh: Sorry, I have no rough estimation of this because there are many issues which we have to first put in place like appointment of agents in various countries and most of the developing countries where we operate, they are also down in terms of fund available with them, in terms of resources available with them. But in Bangladesh, we expect to get around Rs.1,000 crores of orders either by way of additional work in addition to what we are doing at present. Similarly, in Sri Lanka and Maldives also, we have been shortlisted by EXIM Bank for a connected network of roads to be made on the island. And in Sri Lanka, we expect around 100 million, 200 million-odd work coming our way by way of line of credit. Not a very bright picture I can paint at this point of time, because those governments are yet to come out of the shock which their economy has taken because of pandemic.

Raj Oza: Could you please update us on your sale of road assets, what is the status like of that?

Shri M.K. Singh: We haven't made any progress as on date, but what we have been able to do, we have been able to arrange take out loan, for example, in Davangere-Haveri we had given a loan of around Rs.326 crores which we have been able to tie up with a third-party lender and we have been able to convert this financial investment into our own cash. Similarly, we are on very advanced stage for Shivpuri Guna Tollway also for negotiating a takeout loan. For sale we have not been able to go ahead. So, for that we have our target set in, it will take time at least six months down the line.

Moderator: Thank you. Next question is from the line of Parimal Mithani, an individual investor. Please go ahead.

Parimal Mithani: I just wanted to know about your Bandra land. Is this for the railways development authority or is it just on a standalone basis?

Shri M.K. Singh: For Bandra land, we have paid a land lease premium of Rs.3,200 crores to Ministry of Railways. So, it is a land which is ours because we have paid for it.

Parimal Mithani: Earlier participant asked about the road assets. When will you conclude that sir? I think it was close to Rs.1,000 crores that you have said.

Shri M.K. Singh: That's right. So, as I stated in reply to the last question, we will take six months down the line to sell our equity to a reasonable level in the completed projects and also some of it in the ongoing projects.

Parimal Mithani: You said in your opening remarks in terms of the MoU, you are going to rework with the Ministry of Railways. What is the annual target that we work if you can just highlight for us?

Shri M.K. Singh: In MoU, we have various financial targets as well as physical targets and also some miscellaneous targets like HR, finance, then essentially 50% of it pertain to financial parameters and 50% of the marking pertains to execution of the projects and different milestones which are project-specific. So, those are set by administrative ministry and also approved by DP, negotiated and then settled. So say supposing we have 10 projects, those 10 projects will carry five marks each and some physical parameter for the year will be set. So, if we achieve that, then we get 50 marks. In financial parameters, we will have parameters like how much will be your turnover for the year, how much will be PAT to network, how much will be bills recoverable, how much will be your outstanding claims not acknowledged as debt, whether you want to have any reduction in that. So things like this. So we have 100 mark parameters set for us at the beginning of the year. And after negotiation we have to achieve them.

Parimal Mithani: One is the cash and cash equivalents as of 31st December. In terms of the competition which have been in the last nine months, between the three PSUs, what is the share of order that we got from among the three sir?

Shri M.K. Singh: So far as cash and bank balances as on 31.12.2020 is concerned, we have Rs.3,165 crores worth of cash and bank balances and out of which client fund is Rs.2,885 crores and our own fund is Rs.280 crores. So, cash wise we are well placed, there are no worries, and also as I said financial investments which we had around Rs.326 crores, that we have converted into cash. So, cash is not an issue for us.

Parimal Mithani: The bidding that you did for a project coming in this year. Who are able to get more orders can you just highlight that?

Shri M.K. Singh: So, far as bidding for projects by the PSUs are concerned, railways had invited bids for railway electrification works and some road overbridge and road underbridges which we call as ROB and our RUB. In the electrification portion, the total amount of the bid was Rs.4,000 crores, out of which we have got around Rs.2,400 crores and RVNL got Rs.500 crores, RITES got 700-odd

crores. So, we were way ahead of them in getting the work on the bidding. So far as ROB and RUB are concerned, since these were open to all the PSU, not only railways PSU, so, the rates quoted by PSU like NPCC and then EPIL and WAPCOS, etc., they were very low and we did not participate in most of the RUB and ROB because those were all very small value work, scattered all over India. However, we have been given one work by Ministry of Railways in order to ensure that we continue our presence in RUB and ROB also, and that has come at around 5% of the cost. So, that is something which we are not looking as a viable business option because we cannot go at prices which are being quoted by a company like NPCC or EPIL or even WAPCOS and others. We intend excelling in proper highways, railways. In domestic sector, these are the sectors where we have a threshold to be there, and we have the necessary wherewithal to be there.

Moderator: Thank you. Next question is from the line of Vaibhav from HHI Investment. Please go ahead.

Vaibhav: So the Rs.7,000 crores revenue target that you're aiming for FY'22, will that be our MoU target as well or that is our internal projection?

Shri M.K. Singh: No, see, after all, internal projection is what we propose as our target, and then they negotiate, maybe they will increase it or they will keep in the same range. So, we intend keeping our target in and around Rs.7,000 crores for next year, but it is too early to predict what administrative ministry or DP will actually tell us to do, maybe they will tell us go for the shot at Rs.8,000 crores or you have done only say 5,000 crores this year, how can you do 7,000 crores, you do only 6,500 crores, we really don't know. But it is more likely to be in the vicinity of Rs.7,000 crores in the MoU as well.

Vaibhav: We have a really good order book relative to other revenue if we look at the historical years as well, and we have not been able to achieve, the 10,000 crores revenue number, will kind of give us a growth of around 30%-35% or so on the current year revenue. So that that is the growth that we have not seen in your company historically in spite of having reasonably good order book related to revenue. So, what makes you confident that you can do it particularly next year, is there some big projects who are beating the milestone or what is making you confident that you can do Rs.7,000 crores next year?

Shri M.K. Singh: That's a very interesting question. We have two projects which are actually at the ripe stage; one is my USBRL which is Udhampur-Srinagar-Baramulla Rail Project connecting Jammu to Baramulla. So, that project is slated to be completed by June 2022 or at the most by August 2022. So, there we have around work of Rs.3,000 odd crores which we need to complete. So, that one work itself where everything is mobilized and the work is in full swing. In fact, in the current year, we would have touched around Rs.6,500 crores had there have been no issues like this. So, that is one work which we are eyeing on for arriving near to 7,000 crores. Second is Sevoke Rangpo project which is again Rs.8,500-odd crores project, in which the turnover has hardly been around Rs.600 - 700 crores. All the agencies and all the necessary technical

mobilization are in place. There also we intend doing around Rs.1,500, Rs.2,000 crores in next financial year and rest of the project in any case something like Chhattisgarh East Railway project or DFC project, these are all targeted to be completed at the most by end of 22. So, unless we do really well in all these four or five projects, we will not be able to complete it. So, given those physical targets, our Rs.7,000 crores turnover is not wide of the mark and this is what we intend basically.

Moderator: Thank you. The next question is from the line of Rishikesh Oza from RoboCapital. Please go ahead.

Rishikesh Oza: Can you please provide a guidance for order book and EBITDA margins going ahead in FY'22 and FY'23?

Shri M.K. Singh: This is a straight question. For order book for FY'22, we see around Rs.5,000 crores of work at the minimum flowing to us. For EBITDA margin, in terms of percentage, we will have around 13%,

Rishikesh Oza: Sir, your debt levels has actually come down. So further, are we on the same level or you will increase this a little bit?

Shri M.K. Singh: We will increase a little bit because recently we have taken Rs.900 crores worth of highway project; Gurgaon-Rewari. There we are intending to take debt from bank around Rs.300 crores, but overall debt will reduce because this Bandra plot debt repayment of around Rs.700-odd crores will also happen. So, overall there will be a reduction of around Rs.400 to Rs.500 crores of debt.

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

Shreyans Mehta: First question pertains to the amount which is received from the Dewangere project Rs.330-odd crores, how did you utilize the same?

Shri M.K. Singh: We had to put equity in our Gurgaon-Rewari. That was that was one utilization. Second one was working capital infusion for NCRTC electricity project. That was the second utilization. And then we have a Vadodara-Kim HAM project, there we had project expenses, we have put in Rs.112 crores.

Shreyans Mehta: Can you quantify how much did we put for Gurgaon-Rewari?

Shri M.K. Singh: It will be roughly around 20% of Rs.750 crores, which comes to around 150 crores.

Shreyans Mehta: Coming back to the operating margins, you said that 13% EBITDA margin. Is that including other income or excluding other income?

- Shri M.K. Singh:** This is including other income.
- Shreyans Mehta:** If you see the quarterly numbers, if I include the other income, we are still at the lower end of EBITDA margin of roughly around 6% to 7%-odd whereas historically we've done around 9%-odd. So do you foresee this moving back towards 8.5% to 9% going forward?
- Shri M.K. Singh:** Actually, by end of March, we will be what we were last year.
- Shreyans Mehta:** In FY'22 too, this will be maintained?
- Shri M.K. Singh:** Yes, absolutely. Core EBITDA margin will be roughly 10%. No two opinion about that.
- Shreyans Mehta:** We don't have any price escalation clauses because the way raw material prices are increasing, can there any squeeze in margins?
- Shri M.K. Singh:** See, there are many things involved in contract management which will otherwise go to make revenue from operations. Those contain our genuine claims withheld by the client, genuine work done, but not paid as yet, and they don't even recognize, normally we will not take it as part of our revenue from operations. So, when those things materialize, our core EBITDA will improve. So, we are having the visibility of handsome money coming from NHAI for the work which we have done with them and that money will add to our core EBITDA as well as EBITDA at PBT level.
- Shreyans Mehta:** What are the proceeds we are expecting in terms of debt repayment and Shivpuri - Guna?
- Shri M.K. Singh:** Rs.762 crores.
- Shreyans Mehta:** Because of this, overall, what would be the interest cost guidance for FY'22?
- Shri M.K. Singh:** Interest cost to Irecon? Nothing, it will be to the SPV.
- Shreyans Mehta:** In Irecon standalone also, we have around Rs.4-odd crores or Rs.6-odd crores of interest which we are paying. So, it might be because of bank charges or other financial charges?
- Shri M.K. Singh:** Yeah, those are very small amount.
- Shreyans Mehta:** Nothing major as such?
- Shri M.K. Singh:** Nothing will come in the standalone one way of interest outgo. I am taking back my Rs.762 crores from the SPV and they're taking loan from bank.
- Shreyans Mehta:** How much do we need to include in the HAM in FY'22? Since you will be receiving Rs.700-odd crores back from SPV, what will be the usage of the same?

- Shri M.K. Singh:** Going ahead, we have to put money in our rail JVs with all coal subsidiaries, and then also in HAM projects which we are having; one, now, of course, Gurgaon-Rewari is coming and then we are doing Vadodara-Kim. These are the two HAM projects which we have in hand. If you can just leave your mail ID, I will give you this information.
- Shreyans Mehta:** Sure, I definitely get back to you. What is the debt number as on date?
- Shri M.K. Singh:** Bandra is Rs.1800 crores.
- Shreyans Mehta:** That is on consolidated?
- Shri M.K. Singh:** I am talking about standalone. Consolidated will be higher.
- Shreyans Mehta:** Rs.1858 crores is the gross debt?
- Shri M.K. Singh:** That is right.
- Moderator:** Thank you. The next question is from the line of Vishal Periwal from IDBI Capital. Please go ahead.
- Vishal Periwal:** One question on the execution front. So, you mentioned Rs.7,000 crores kind of run rate for FY'22. A couple of projects you mentioned. So, by June '22, you plan to conclude the Srinagar rail. So, can we expect this large portion of the Rs.7,000 crores will be front ended at least we can see an execution probably starting from first quarter of next year?
- Shri M.K. Singh:** That's very right. Actually, execution is on full swing. In last one month we have finalized tender worth around Rs.1,000 crores in Jammu and Kashmir itself. Similarly, in Sevoke - Rangpo that rail connectivity project from Siliguri to short of Gangtok, there we have finalized tender for around Rs.4,000 crores. So, we will be spending a lot of this money in '21-22. And Rs.7,000 crores will come to a large extent from these two projects.
- Vishal Periwal:** Coming to on your order inflow, so, your press release mention and you also mentioned 4,000 crores of orders has been received. Will it be possible to segregate on a competitive bidding or nomination still happening or coming to us now in this Rs.4,000 crores order?
- Shri M.K. Singh:** These are all one on bidding.
- Vishal Periwal:** You mentioned the ROB work is on 5% plus above cost. Will you categorize as a nomination or how you consider this?
- Shri M.K. Singh:** Out of all the shortlisted public sector units, we were asked to quote a percentage above the actual cost, who takes the minimum percentage above the actual cost that was the bidding

parameter. So cost plus the margin. The margin was a bidding parameter. So margin could have been 1%, 2%, 5% or 10% anything, so it became 5%.

Vishal Periwal: How exactly is your experience? We are yet to execute this competitive bid project. But in terms of margin wise, will it be similar to what you have got in nomination or how exactly you see that?

Shri M.K. Singh: Actually, as you are aware, the nomination work which we used to get in past was cost plus around 8.5% to 10%. And exactly same thing we have got except for this one ROB. So, around 2,600 crores railway electrification, the rate which we have got varies from 8.49% to 10%. Similarly, in NCRTC the one which we have got on bidding had a profit margin of around 8% - 8.5%.

Vishal Periwal: You mentioned your peer group, RVNL, RITES and even we have got some order. So, if we are getting order, so they have to match up at the same rate you have got it or it will be a different rate for them?

Shri M.K. Singh: See, there were many packages in the railway electrification project; there were 13 packages, right. And in every package, we had quoted. So, package which has gone to say RVNL, the criteria was they must be the lowest in that or they have to match the lowest. So, that way it has gone. They were the lowest in those things. In fact, in all 13-packages, we became the lowest, but they did not want to give everything to one particular PSU because execution is also a parameter and the key, because railway electrification is something which they want to really fast track and do it very quickly. So, all the 13 packages worth Rs.4,000 crores would have come to us had they gone only on the lowest bidder. So, they have given something to RVNL also and also I think KRCL. They were given the rates, which turned out to be the lowest for their package. And obviously, we were the lowest in all.

Vishal Periwal: Eventually, we have got it at the same rate?

Shri M.K. Singh: Same rate which we had quoted as the lowest.

Moderator: Thank you. The next question is from the line of **Sachal Agarwal**, retail investor. Please go ahead.

Sachal Agarwal: If I'm not wrong, there was a board meeting yesterday for bonus issue. Why the decisions got delayed and by when we can expect that to happen?

Shri M.K. Singh: See, regarding the bonus issue, this was slated to be taken in last board meeting, that is yesterday, but it could not be taken for a very technical reason. That being a PSU, we have to take approval from government and government constitutes two organs; one DIPAM, another administrative ministry called Ministry of Railways. So even though we had received the go

ahead from DIPAM, but we could not get it from Ministry of Railways in time, although there are no issues involved in that. So purely for technical reason, we could not take it yesterday. But the next board meeting we are going to do in this month only and there we will certainly be taking the bonus issue.

Moderator: As there are no further questions, I would now like to hand the conference over to Shri M.K. Singh for the closing comments.

Shri M.K. Singh: I deeply appreciate participation of all the interested stakeholders. And I thank you from core of my heart. You asked questions which are very relevant and which are also in our minds and they occupy top priority. And I on behalf of the entire management want to ensure all our friends and all our investors that the company which is stable...

Moderator: Excuse me sir. We have one question from the line of Venkatesh Subramanian from LogicTree. Please go ahead.

V Subramanian: I just wanted to check with you on a couple of things. One is with respect to the mall that you have in Delhi and the Bandra land, is there a possibility that you will do an outright sale of this mall because it doesn't fit in with Ircon's business model? And number two, Bandra land, how have you valued it in the balance sheet, how is it reflecting and what do you intend to do with it, is it going to be an outright sale or JV, what sense of valuation can we carry home?

Shri M.K. Singh: See, so far as the mall is concerned, this has been made and constructed showing it as a capital expenditure of Ircon. So, this is truly asset which is being reflected in our books. We are open to either leasing it out on a long-term basis or even outrightly selling it off provided we get a reasonable return on our investments, but for the time-being, we are seeing that we will have to go for leasing it out instead of selling it off, because of the present real estate market scenario, we will not be able to get much value, we purchased it way back at much higher circle rate of Noida authority. So, we can't sell it off because they themselves have reduced the circle as on date. So, hiring remains the good option, but as I told, we have had an agency in place, but still they have backed out for the pandemic and for further forward linkages which they had developed in terms of selling it off to PVR and food chains, etc., So, those things have fallen flat and that is how they have also backed out. But we are going ahead with the tendering and in fact today we will be publishing the tender and we have one or two parties who are interested in taking this. So, we intend finalizing in one and a half to two months leasing out of the mall. So far as Bandra plot is concerned, on the liability side, we have a loan of Rs.1,815 crores and on asset side we have recoverable from Ministry of Railways/RLDA for 1,815 crores, that is how we treat this accounting wise.

V Subramanian: Would you consider outright sale of that land?

Shri M.K. Singh: No, we will not because it has been mandated to be given on lease only and the lease will extend to 90 years or 99 years. So, that is as good as sale but not truly a sale.

V Subramanian: In terms of order book, we currently have about Rs. 32,000 crores and you've given a guidance for roughly Rs.5,000 crores of flows. Earlier in some of the concalls you had mentioned that in FY'21 or '22 we might get some blockbuster orders which is big orders possibly from bullet trains or whatever in excess of Rs.10,000 crores, Rs.12,000 crores, then the overall order book can grow up to 40,000, 50,000. Is that still a possibility?

Shri M.K. Singh: Bullet train, no possibility. We have participated in one more tender around I think 4,000 crores. In main tenders, L&T have quoted the rates which are much below even the estimate of National High Speed Rail Corporation. So, we have not been able to go to that extent and we have been outbid, simple. Regarding blockbuster order book, foreign was the only hope which we had and as I stated in my earlier part of the concall, foreign projects are at a premium, but there is nothing in the horizon immediately.

V Subramanian: You have also stated revenue guidance of roughly Rs.10,000 crores for FY'23. If we end up doing Rs.7,000 crores, then it would be a 20% up from there. So is that also something that you think is achievable? When you invest in JV, when you take out money from one project and put it into another JV as an equity, would it be also a possibility that instead of putting in equity, it could be a debt, which is probably guaranteed by Ircon or something like that, would you consider that because our resources are much more conserved there, return on equity goes up?

Shri M.K. Singh: Coming back to first part of the question, in fact, CAGR of revenue from operations is roughly 18% in last four or five years, right. So, Rs.7000 crores is something which we should have achieved for FY'21, but for reasons best known to everybody, we have not been able to do so. In fact, that will be going one year back. So, in FY'22 we should have done much better than Rs.7,000 crores but we intend doing on a conservative basis in and around Rs.7,000 crores. After that, seeing the order book of Rs.32,000 crores and also inflow of around Rs.5,000 - 6,000 crores of order book Rs.10,000 crores is something which is doable because the large size projects are already on execution fast track mode. So, we hope to get Rs.10,000 crores, shouldn't be an issue because all electrification of Rs.4,000 crores will have to be completed, all HAM projects which we have in hand need to be completed, by that time all JV projects which are there, would have been at the finishing line. So, we expect Rs.10,000 crores to be a realistic figure for FY'23.

V Subramanian: The JVs, instead of putting in equities....?

Shri M.K. Singh: For JVs actually, there is a stipulation from Ministry of Railways that we have to put in 26% of classical equity by way of participation on behalf of Ministry of Railways. So we do not have any leeway in diluting it in the form of quasi equity or something.

Moderator: Thank you. As there are no further questions, I would now like to hand the conference over to Shri M.K. Singh for the closing comments.

Shri M.K. Singh: Yeah, so I was in the midst of the closing comment when Mr. Venkat came. He put in really nice questions. But I can only say that you be with us have faith in us, keep on reposing confidence, and we will certainly come to the expectations as I have indicated in today's concall. In the current year also, we were fairing a lot worse, but we have been able to come out of the trouble, going ahead we have a bright future and we continue engaging meaningfully with all our stakeholders, investors, ministries, etc., so as to bring value for each one of them. Thank you so much.

Moderator: Thank you all for being a part of conference call. If you need any further information or clarification, please mail at gaurav.g@conceptpr.com. Ladies and gentlemen, this concludes your conference for today. Thank you for using Chorus Conference Call Service. You may disconnect your lines now. Thank you and have a pleasant day.