**Operator:** Good morning everyone. This is the final day of the Bharat Connect Conference 2026 September edition. I welcome you all to the call of Ircon International Ltd. Today, from the management, we have Ms. Ragini Advani, Director Finance, and Mr. Sachin Garg from the team. Without taking much more time, before I hand over the call to the management, let me explain the flow of the event. We will start with a brief overview of the company and the current scenario from the management, and then we will move to the Q&A. Participants who would like to ask questions can put them in the chat box. First, we will take questions from the people who have raised their hands, and then we will move to the chat box. If time permits, we will take the questions received from clients who have not been able to participate due to multiple reasons. Please note that we will take the last question at 11:55. I am now handing over to the management. Please go ahead, ma'am.

**Ragini Advani – Director Finance:** Thank you. Just to add, along with me, I have my CFO, Mr. {? Brijesh Kumar Gupta ?}. No, there has been a last-minute change, so he is also here.

**Brijesh Kumar Gupta – CFO:** Good morning.

**Ragini Advani – Director Finance:** Sachin is also here, and I will now begin. Good morning, everyone. Let me thank you for taking the time to attend the conference call of Ircon International Ltd. We have been interacting with many of you through quarterly calls, investor meetings, and one-to-one meetings. However, these types of conferences give us an opportunity to explain the business in a little more detail, including how Ircon International Ltd. has been performing, where it stands today, the evolving parameters in the industry that impact us, and how we are looking at Ircon International Ltd.'s growth in the near future.

We have shared our quarterly investor presentations earlier, so we will go straight into the details because those presentations are available as a reference point. Ircon International Ltd., for everyone's information, is a Navratna company under the Ministry of Railways, Government of India, primarily engaged in EPC, PMC, and PPP works. We have just completed 50 years of existence. The company has primarily grown around railway infrastructure and, over the years, has built capabilities in executing complex bridges, tunnels, highways, railway electrification, freight corridors, and, recently, high-speed rail. We have undertaken a considerable amount of work in metro rail. We have also entered signaling and telecommunication, including Kavach works, as well as building and related infrastructure segments.

We have also entered the solar power sector by setting up a 500-megawatt project through one of our subsidiaries. Our strengths have always been, first, setting up very large and technically complex infrastructure projects. We have consistently completed them with quality. We have the requisite manpower with the required experience and credentials.

As background, to date, we have completed 5,800 track kilometers of railway projects, more than 10,000 route kilometers of railway electrification, more than 7,000 kilometers of roads and highways, 167 kilometers of tunnels, and more than 183 bridges. Overall, we have executed close to 408 domestic projects and more than 130 international projects spread across 25 countries.

From a long-term perspective, the infrastructure space offers significant opportunities, both in India and outside India. In India, the government has been focusing on infrastructure, especially

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roads, railways, and the industries on which we are focusing. This includes connectivity, dedicated freight corridors, electrification, signaling, high-speed rail, tunnels, bridges, and multimodal connectivity. All of these are expected to be focus areas for the Government of India through its central budget, and we hope to play a significant role in these infrastructure investment opportunities going forward.

Within railways, we primarily focus on track works, including new lines, doubling, electrification, S&T, bridges, tunnels, freight corridors, high-speed rail, and other modernization projects. As I mentioned, our most recent areas of expansion have been Kavach and some complex tunneling and bridge projects. Recently, we completed the Udhampur-Srinagar-Baramulla line, which had many tunnels and complex bridges.

The overall environment in India has changed over the past few years. Nomination business for government companies has stopped completely. We are competing as much as any private company, whether the projects are under the Ministry of Railways or any other ministry, including MoRTH. Of our total order book, approximately 55% comes through competitive bidding, while the balance continues from the earlier regime of cost-plus or nomination-based projects. We are fully prepared for the new challenges in this industry. We continue to receive orders, and we hope to receive them more aggressively in the coming years.

Our focus at Ircon International Ltd. has also been to take up orders at a profitable margin. We are not willing to take up orders or increase our top line merely to increase the top line without focusing on the bottom line. That has never been our way of thinking.

Second, over the years we have moved from EPC to PPP and PMC projects. From a geographical perspective, we have focused on both domestic and international markets. Within the infrastructure segment, apart from railways, we have diversified into other related infrastructure segments. Across all 3 axes, we expect to increase our presence in the infrastructure segment and increase our order book.

In terms of margins, we have been achieving a PAT margin of approximately 6% to 7%, and we hope to continue in that range. There may be some fluctuations, but because we are now competing rather than executing cost-plus projects, we expect any decline to be limited to approximately 25 to 50 basis points.

Ircon International Ltd. as a group has, apart from Ircon International Ltd., 11 subsidiaries and 7 joint ventures. Most of the subsidiaries are for PPP projects, essentially road projects involving toll or HAM projects. We also have a subsidiary for renewable power, as I mentioned earlier. We are setting up a 500-megawatt project in Karnataka.

We also have one subsidiary, IISL, Ircon Infrastructure and Services Limited. This company primarily undertakes multifunctional complexes for the railways, along with some PMC and advisory work. On the joint-venture side, the companies are mainly involved in railway coal connectivity projects or mineral connectivity projects. Some are under execution, while 1 or 2 are also under closure. Those assets will be taken over by the railways. This is part of an overall strategic decision taken by the railways.

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Going forward, we had slowed down on certain PPP projects, but we plan to return to PPP projects in the next financial year. We are also undertaking the monetization of some of our assets and trying to put that money back into PPP projects.

As of March 31, 2026, our order book stood at close to 25,000 crores. This was approximately 2.5 times the turnover that the company was recording in any financial year. We have some efforts to make to increase our order book further, and we are doing that. We are maximizing our efforts and are hopeful of achieving good results.

Overall, the tenure of our project execution cycle varies, but it can range from 2 years to more than 5 years. As we are all aware, infrastructure projects always face issues, whether related to the availability of land, the availability of clearances, environmental clearances, or certain decisions that continue to evolve dynamically during project execution, especially in complex projects. All these factors sometimes result in time and cost overruns. We try to optimize as much as possible while at least maintaining our margins.

Coming to the financial performance, FY26 was a slightly challenging year. We saw a slight reduction in both our top line and bottom line. This was primarily because some of our very good cost-plus projects were completed, and given the size of the order book, we had lower turnover and margins to record.

Overall, in terms of margins, I think we maintained our margins. Our consolidated EBITDA margins were close to 9% or slightly above at the consolidated level, which is a very decent margin from an industry perspective. We are putting considerable emphasis and effort into securing more orders and continuing our growth story.

There will be some volatility given the nature of the business in which we operate. There will be good years and bad years. However, the overall financial strength of this company is by far one of the best in the industry. Therefore, we are a company that can withstand these ups and downs and still continue to maintain a reasonable level of top line and bottom line. I think that is something very rare in this type of industry.

To conclude, we have a strong execution legacy, established credentials, and the requisite experienced manpower. The opportunities are immense, but so is the competition. Therefore, one has to be more selective while taking up orders and ensure, first, that we do not compromise on quality or completion, while still achieving reasonable margins.

The industry has been shifting from cost-plus or nomination-based work to a highly competitive industry. It is now becoming more focused on serious players. There was a time over the last 3 or 4 years when the competition was more from players who were probably not at the same level. However, efforts have been made by both the Ministry of Railways and MoRTH to ensure that competition is among serious parties that are actually capable of delivering. We will continue to focus on our margins. That will always be the case at Ircon International Ltd.

Quarter-to-quarter volatility may occur. Five of our HAM projects are under construction, and therefore, at the consolidated level, we are not currently recording turnover from them. However, taking the accounting aspects into account, some of the costs are currently hitting our P&L. From

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next year, that should also help.

That is the broad perspective of Ircon International Ltd., the industry, and our overall group. I am happy to take questions or discuss any issues that investors would like to raise or have clarified. Thank you for listening.

**Management:** Vishal, can we take it forward from here?

**Operator:** I will take it. The first question is from Mr. Atharva. There are many questions received through the chat window, and I will take them gradually. Atharva, you may ask your question.

**Atharva:** Hello, am I audible?

**Management:** Yes.

**Atharva:** Yes, ma'am. I am sorry about the disturbance in the background. I wanted to know whether the recent QIP has been raised. I am also seeing a significant increase in PP&E on the balance sheet. Could you explain what this capex is for and throw some light on it?

**Management:** We are executing some complex PPP as well as EPC projects. In EPC, the latest one is the bullet train project that we are executing, the {? T2 ?} package. That is why we need dedicated machinery for those projects, and that is essentially the reason for the increase in PP&E.

As I mentioned, at the consolidated level we are executing HAM projects. Therefore, our investments in those projects are increasing until they are completed from a construction perspective. Does that answer your question?

**Operator:** Does that answer your question, Atharva? One question has been received through the chat window.

**Management:** What has changed in terms of competition? What steps have been taken to ensure that only serious players participate? What is our right to win against players such as Afcons, Sim India, or L&T? What is our current bid pipeline, and how do you see margins in the competitive environment? Do you see margins bottoming out going forward? If so, when do you expect that?

**Management:** The first point is that, as I mentioned, margins have already declined by approximately 0.5% over the last 3 or 4 years. The maximum further decline should be another 25 to 50 basis points. Therefore, we would say that, relative to the industry, our margins are well protected and are largely in the range of 6% to 7% at the PAT level.

The second point is that, as I mentioned, certain guidelines have been introduced for EPC projects by both the Ministry of Railways and MoRTH, with the latest ones coming from the railways. Earlier, approximately 30 to 35 players were bidding for some projects, and the projects were being closed, or the L1 bid was being submitted, at levels significantly below the estimate. In some cases, the bid was 10% to 15% below the estimate, and in certain cases it was as much as 30% below the estimate. Those players might ultimately have been unable to complete the work or provide quality deliverables.

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Taking all these aspects into account, the authorities have done the following. First, they have made EMD mandatory, at 2% of the project value for all projects. Therefore, only serious players with the necessary financial strength can bid. Similarly, wherever a bidder quotes below the estimate, a performance bank guarantee is necessarily taken for that difference. I think this has been capped at 5% overall of the PBG. This is over and above the normal PBG.

These guidelines came into effect approximately 4 or 5 months ago, and we have already started seeing the impact. Earlier, there used to be approximately 25 to 30 players for a bid in railway projects. Now, I think we normally see 10 to 12 players. They all appear to be players with the requisite credentials and capabilities. Therefore, the process is becoming more serious. At least they are not short-term players, and that should benefit companies such as Ircon International Ltd.

The third aspect, which you mentioned, was Ircon International Ltd. versus other good private players, and I think you mentioned Afcons. As I mentioned, we have the right credentials, capabilities, execution strength, and project experience from the work we have undertaken so far. We also have the requisite bid capacity and financial strength.

The only requirement, of course, is that one has to be L1 in all these bids. We are bidding as aggressively as we can, but as I mentioned, we will bid only where we can earn a profit from those projects. We will not bid merely for the sake of bidding.

We hope to receive orders this year that are close to the level of the turnover we will record this year. Since the infrastructure space in India is very large, there are sufficient opportunities for all serious players of a particular size. On a project-specific basis, Afcons may become L1 in one location and we may become L1 in another. Overall, however, the opportunities within the country itself are quite substantial. Thank you.

**Operator:** Thank you. The next question is from the chat window.

**Management:** Do you see growth returning this year? If growth is likely, what can we expect?

**Management:** Our growth this year will be at a level similar to last year because the orders we receive this year will take some time to gain momentum and be converted into revenue. I see growth over the next 2 to 3 years.

To be fair, we will be in a stable phase for now, with neither a decline nor an initial increase. After that, growth should resume. We are looking at some very good opportunities both in India and outside India. Hopefully, over a period of 2 to 3 years, we should grow well.

**Management:** FY26 OCF was 618 crores. Can you split this into the working capital build-up, receivables from the Ministry of Railways, NHAI, unbilled revenue, retention, and SPV equity? When did OCF turn positive?

**Management:** At the consolidated level, the point regarding OCF is that it also includes our investment in HAM assets. From an accounting perspective, approximately 500 crores of our negative OCF is only because of HAM. The investments we make in HAM are classified as financial assets, and financial assets are classified as changes in working capital. Therefore, while we are in the construction phase of HAM projects, we will have negative working capital primarily because of

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the HAM assets.

Second, given the type of industry we are in, one of our strengths is that we have a very strong balance sheet and substantial financial strength. We are trying to maximize that strength as well. This means that even if the payment terms from the client are based on certain milestones, we may pay more quickly on certain projects to achieve faster execution or timely delivery, whether to subcontractors or for procuring materials. This also results in negative working capital.

This is a common practice for any financially strong company that wants to execute projects faster and protect its margins overall. Given these factors, our overall negative OCF was 618 crores. The negative OCF should continue for at least another year because we still have our HAM assets. Given the industry in which we operate, as I mentioned, we tend to pay out money faster than we receive it from our clients.

However, we have the cash strength to deal with this, and I think it is a very common phenomenon in this industry. From a long-term perspective, because this is a cycle, OCF should become positive perhaps another year or 2 years from now.

**Management:** Can you tell me more about the role Mr. Salim Ahmed is playing? He is also the CMD of RailTel Limited. According to market news, RailTel has recently failed to complete some key projects. What changes is he bringing to the table, and can you discuss some of the synergies between RailTel and Ircon International Ltd. going forward?

**Management:** The first point is that it is not RailTel; it is RVNL, Rashtriya Vikas Nigam Limited.

**Management:** I am sorry, there was a question—

**Management:** No problem. Mr. Salim Ahmed is the CMD of RVNL. RVNL is also a Ministry of Railways, Government of India company, and as of today it is also primarily engaged in EPC work. Therefore, there is definitely synergy between the work they are doing and the work we are doing. In fact, one can say that we are largely in similar industries. Like many private players, both of us are also in similar industries, and both of us are government companies.

The synergy is that wherever they are stronger, they will bid for and try to secure and complete those projects, while wherever we are stronger, we will try to execute them. As I mentioned, the opportunities are immense.

Mr. Salim Ahmed himself brings significant experience and credentials. Before this, he was with NBCC, and prior to that he was with Delhi Metro. Before that, he was with a Port Trust Authority.

Right now, as I mentioned, whether it is RVNL or Ircon International Ltd., our focus has to be, first, securing new orders and strengthening our order book and, second, executing and delivering those orders with decent margins. Since Ircon International Ltd. is a 50-year-old company, the latter part is very well established within our company.

The first part is where I think his experience and credentials should help us secure some good orders this year as well as next year. In itself, it is a cohesive advantage, which I think the government has also recognized, and that is the reason he is our CMD as well.

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**Management:** What is your outlook on JCRL, MCRL, and CRL? What is the outlook for narrowing their losses? What is the timeline and trajectory for these JVs for FY27 and FY28?

**Management:** We will take them project by project. MCRL is profitable. However, in MCRL we constructed a 14-kilometer line, after which the railways planned to undertake the remaining construction itself. Therefore, we are in the process of handing over our existing assets in MCRL to the railways and receiving value for them.

Eventually, this company will be closed based on railway directions. However, it is a very small number at our overall consolidated level because it is only a 14-kilometer line and our equity in that company is 26%.

Coming to JCRL, it is in the construction phase. It should be completed in the next financial year, and that is when it will start generating profits.

Coming to Chhattisgarh, we have 3 projects: CRL-1, CRL-2, and CEWRL. CRL-2 and CEWRL are also in the construction phase. One of them should be completed in this financial year and the other by the middle of the next financial year.

CRL-1 is currently generating losses because the coal being evacuated through the lines we have constructed is not sufficient to cover the costs. However, it is always a chicken-and-egg situation. Once an asset is ready, the mines may develop or transportation may take place through the railways, or the sequence may occur in the opposite order. Therefore, it is taking some time.

We expect CRL-1 to break even from the next financial year and start generating profits 2 years from now. That is the position regarding the coal connectivity projects.

All the projects are good and reasonable. We have a 14% IRR provided by the Ministry of Railways because these are PPP projects. These are initial projects with teething issues and timelines that may take some time, but in another 2 to 3 years they should all turn around.

**Management:** Regarding the international business, what are our margins? What is the status of the Bangladesh contribution? What is the normalized margin once the Bangladesh contribution rolls off? Are some of the margins we have seen in international business due to foreign-exchange gains or financial accounting adjustments?

**Management:** In the international market, we have historically had better margins than in the domestic market. In Bangladesh also, I think we have achieved margins of approximately 11% to 12%. The Bangladesh project is almost complete, but we currently have certain other projects under execution, such as the project in Algeria. We are hopeful of receiving more projects in Sri Lanka. We are pursuing opportunities aggressively in some African countries and in Central Asian and East European countries as well.

Margins from the international business, based on our experience, tend to be slightly better than domestic margins. Ircon International Ltd. has also had a very good reputation outside India over the last 50 years because of the type of projects we have executed and the volumes we have delivered. Therefore, this will be a focus area for us and will help us maintain our PAT margins overall in the range of 6% to 7%.

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Regarding your question about foreign exchange versus financial accounting of profits, in Bangladesh approximately 2% to 3% is attributable to foreign exchange. We have benefited from foreign exchange, and since this is an export of services, we will naturally have some upside from foreign-exchange gains. However, even if this fluctuates slightly from one accounting year to another, because these projects are spread over 4 to 5 years, it generally works in our favor in terms of actual gains as well.

**Atharva:** What are the gross margins on legacy competitive orders versus the fresh orders we have won? What is the competitive intensity right now? Is bid aggression peaking or easing? Also, when do you expect government ordering to pick up, especially in railways and other segments? When will ordering return to an aggressive or normalized mode?

**Management:** What was your first question?

**Atharva:** What are the gross margins on legacy competitive orders?

**Management:** The gross margin we used to earn earlier on our cost-plus jobs was typically in the range of 8% to 8.5%, which was slightly higher than the industry average. The industry average is approximately 6% to 7%. Therefore, those margins are coming down, which is why our results are also showing margins in the range of 6% to 7%. That is where they are expected to remain. There may be a few basis points of variation, but this is the level at which margins are expected to stay.

In terms of aggression, as I mentioned, we saw significant aggression in the market until approximately 4 or 5 months ago. There were many bidders, some of whom did not even have railway expertise or experience in the railway sector, but they were still bidding.

Certain norms have now been tightened. As a result, there are more serious players bidding, and we see that our chances of securing projects are now higher. We also see margins becoming more realistic for whichever bidder takes a particular project.

Until now, particularly over the last year, the market was very fragile and volatile. We knew of many players whose names we had perhaps never even heard, yet they were taking up projects at prices significantly below the estimate. In our view, those were projects that would result in pure losses. Those conditions are now easing, so the situation should only improve from here.

**Atharva:** What proportion of work do you subcontract overall? What margins do you retain on back-to-back projects, such as RVNL or SG Infra subcontracts on the Chhattisgarh lines?

**Management:** Could you repeat at least the second part of the question?

**Atharva:** For example, projects involving RVNL and SG Infra subcontracting on the Chhattisgarh line?

**Management:** We are executing the Chhattisgarh line, and RVNL is not executing it in the first place.

**Atharva:** Have you subcontracted SG Infra?

**Management:** No, we have not subcontracted SG Infra. Therefore, I think the question is intended more for RVNL than for us.

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When we execute the Chhattisgarh line under PPP projects, we follow a packaging concept. We do not have a 100% back-to-back arrangement for those packages. That addresses the Chhattisgarh project.

Overall, I think another part of the question was about the margins we expect if we execute back-to-back projects. Historically, we have undertaken very limited back-to-back work. Going forward, we are taking up some back-to-back work. The outcome depends on the industry, the type of area, and how the project develops. Typically, we would like to have margins of approximately 5% even on back-to-back work. However, it really depends on the entry strategy and many other factors.

**Atharva:** Which are the large railway orders you expect over the next 2 to 3 quarters? Could they involve doubling or tripling, new lines, gauge conversion, new lines in the Northeast, or the Jammu and Kashmir corridor after USBRL? Where are the large orders likely to come from?

**Management:** In the railways, the electrification component is now almost complete, with 100% of the railways electrified. However, if I leave the civil side aside for the moment, the focus is now significantly on S&T works and on Kavach. Even in electrification, they have started moving from 1 into 25 megawatts to 2 into 25 across the lines. These are opportunities in electrification and S&T.

Coming to the civil side, out of a budget of approximately 2 lakh to 2.5 lakh crores that the government provides every year, almost 50% relates to track work. This could include new lines, doubling, tripling, modernization, or several other activities.

That is a significant number, almost 1 lakh crore. Even if we include some amount from last year that was carried forward into this year, the number still comes to a good 50,000 to 60,000 crores.

This is a long-term opportunity in the railways because the railway network is so large. Wherever there was a single line, doubling is required; wherever there was doubling, tripling is required. There are many complex and overcrowded corridors that need to be eased. A large number of ROBs, tunnels, and bridges also need to be constructed. Therefore, infrastructure growth in the railways is here to stay for at least 5 to 10 years.

**Atharva:** What could be the drivers over the next 2 to 3 quarters?

**Management:** Again, the railways has to issue tenders, after which we participate, so it is very difficult to say. For example, recently the Cabinet approved railway tenders worth close to {? 16,000 crores ?}. Before that, there were several other contracts.

Regarding the USBRL project, they are also looking at an expansion for further connectivity into the Kashmir Valley. The Sevoke project that we are executing on the Sikkim-West Bengal side is also being considered for further expansion up to Nathula Pass.

It is difficult to say when these projects will come or how they will come, but there are sufficient orders to be issued on a quarter-to-quarter basis for Ircon International Ltd. to bid for.

**Atharva:** When do you expect new orders to start coming in regularly? Are you seeing any improvement, given that we have not won any major orders in this financial year?

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**Management:** We did not win any orders in the first quarter, which is absolutely true. However, we have been fairly positive about 2 of our orders at present. As I mentioned, we hope to be much more aggressive over the next 6 months, and the orders will come.

If one looks at things on a quarter-to-quarter basis, they may not appear very positive. Overall, however, given the strength of the company and the expertise we possess, things will return to normal sooner or later. That is why I am currently maintaining that, in terms of turnover and profit, this year will be a flat year.

**Atharva:** And FY28 will be, ma'am?

**Management:** FY28 will be slightly better. I will not comment at this stage on how good it can be because it will depend significantly on the orders we secure over the next 6 months. Overall, from a medium- to long-term perspective, it will grow.

**Atharva:** One question on the monetization of Ircon International Ltd. Are we planning to monetize the HAM portfolio through an InvIT, sell it to a platform such as NHAI InvIT or a private buyer, or sell a stake? If so, what is the timeline and what is the expected EV relative to the equity invested? Which assets would be monetized first?

**Management:** As I have mentioned in my investor calls, we are pursuing asset monetization of 4 operational road assets. This is an initiative we have taken after obtaining the requisite approvals from the Government of India. We have just started the process and have appointed an advisor.

It should happen over a period of approximately 12 to 15 months, because that is the amount of time required given the approvals we have to obtain from the Government of India. We are hopeful of proceeding, but we will have to see whether we are able to sell those 4 assets and at what price. It is too early to say, but the initiative has started.

Once we are able to do this, we will put the proceeds back into PPP projects. After these 4 assets are monetized, another 5 assets that we are constructing should become operational, and we will then be able to take them through the monetization process as well.

**Atharva:** What is your outlook on our renewable power project, in which we hold 76% equity, the Ircon Solar Power project? Is this a saleable product, and what are the current capacity, PPA tariff, and value?

**Management:** Regarding the renewable project, we have already commissioned 450 megawatts out of 500 megawatts. We should complete the remaining 50 megawatts in another 3 to 4 months, by the end of this financial year.

**Atharva:** By March?

**Management:** Yes, by March we should be able to complete it. We have already entered into a PPA with the Ministry of Railways itself. The tariff is the IREDA price of 2 rupees and 57 paise per unit. We are largely on track. It should proceed, and it is a long-term PPA.

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It is a good project to enter into. Once it becomes fully commercial, we will accordingly look at similar opportunities going forward.

**Atharva:** Are private players now receiving a large number of subcontracts from PSUs? Is our role shifting from project management toward project management and consultancy, which could result in lower revenue, higher margins, and better ROCE? Is this a conscious strategy? What is your thought process on this?

**Management:** The industry is evolving. Many private players are taking back-to-back work from public-sector companies. We are also in the process of understanding, evolving, and assessing how much of this mix we can take on.

If these are the types of projects where PMC is the focus, PMC will have a lower top line but better margins. We are open to taking up PMC projects.

**Atharva:** What is the current position on the non-railway side? The other bucket is 16,000 to 30,000 crores. Could you share whether MMRDA Line 6, the smart grid, or other projects are the key drivers? What are the key power projects and the key shares of the order book?

**Management:** As we mentioned, if I exclude the railways, and when we say railways this also includes the high-speed order we have taken and the DFCC order, our focus has essentially been on roads.

We are also executing metro works in Chennai, MMRDA Line 6 electrification, and certain EPC projects. We have taken up some road projects in the Northeast. We are also executing building works and some Kavach works, as mentioned earlier. These are the areas on which we will continue to focus.

A large number of road projects, especially at the state-government level, are coming on an EPC basis. That is something on which we will continue to focus.

**Atharva:** What are the capex numbers for the next 2 years?

**Management:** Overall capex, including our investments, will be in the range of 500 to 700 crores this year. A sizeable portion will be investment in PPP projects. However, some amount of capex on PP&E will also increase because we need to procure additional plant and machinery. The overall number will be in the range of 500 to 700 crores.

**Atharva:** On the PPP projects, what are the realized IRRs compared with the 13% to 14% target we had envisaged earlier? Which SPVs are tracking below 10%, and what is the reason? Is it cost overruns, delayed appointment dates, change of scope, bank rates, or an annuity-interest mismatch?

**Management:** When we bid for PPP projects, it is not that we used 14% as the hurdle rate in every case. It really depended on the assumptions for each project.

In the case of coal connectivity projects, I mentioned that the hurdle rate, or the minimum return that the railways provides us, is 14%. For road projects, we proceeded based on the competition

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and the advantage we had because we were able to obtain very good rates for term loans from banks on a project-financing basis. That is how we were able to win these projects.

Whatever the IRR may be, it is specific to each project. Currently, all these IRRs are higher than our WACC. Therefore, there are no issues on the HAM projects that would make me feel that we will not earn from our PPP projects.

Having said that, if one compares the original estimate with the current position, some projects have experienced cost increases and some have experienced time increases. An IDC factor also applies to these projects. However, the NHAI has a formula under which it compensates us based on its escalation formula.

Overall, the picture for our PPP and HAM projects has been good.

**Atharva:** Are there any plans for—

**Atharva:** Are there any plans for a buyback or anything through which shareholders can realize value? Are there any plans for a buyback or to increase the dividend?

**Management:** The way I have been trying to maximize shareholder interests and add value is by putting the money back into PPP projects. If you compare standalone and consolidated results, we have very good consolidated EBITDA margins. This is purely because of the planning we have undertaken and the money we have invested in PPP projects.

Therefore, instead of paying a dividend, I am trying to enter PPP projects and increase the overall profitability of the group. Having said that, there are DIPAM guidelines for dividends, and we do follow them. We have paid dividends in the past.

However, given that PPP projects should provide better overall returns, I still believe that we should continue putting money back into the business rather than paying a higher dividend. This would be positive for the company's growth as well as for investors.

Regarding a buyback, that is probably beyond my authority. It is something that the Government of India decides on a case-by-case basis. If and when it happens, we will let you know. A group of secretaries looks into the matter. At present, there are no such plans.

**Atharva:** The next question is about our L1 position. What is the current L1 position and what is the bid pipeline?

**Management:** I think that is fairly sensitive project information, which we will provide when we inform the stock exchange.

**Atharva:** Fair enough.

**Operator:** We have Vishal Gupta. Vishal, you may ask your questions.

**Vishal Gupta:** Thank you for the opportunity. I have 2 or 3 interconnected questions. Starting with the first point, from 2015 to 2020 we maintained a double-digit EBITDA margin. From 2021 to 2026, we came down to a single-digit margin of approximately 9%, 7%, or 8%.

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Along with that, over the last 2 or 3 years, promoter holdings have also declined from 8% to 9%, or perhaps 10%. Depreciation and interest have also increased significantly, along with borrowings. Are we planning a large amount of capex that may be commissioned over the next 1 or 2 years and could enhance the top line and, consequently, the bottom line?

**Management:** Let me address this point by point. As I mentioned, we are investing equity in PPP projects. Five of our HAM projects are under construction. They should become operational sometime during the next financial year, although the timing will differ for each of the 5 projects.

Until they become operational, you are seeing this increase in borrowings because all these projects are financed on a project-financing basis. At the consolidated level, all that debt comes into the consolidated accounts, resulting in a corresponding increase in interest.

Regarding depreciation, as I mentioned, we have taken up some very good and complex projects. The latest is the high-speed project, the T2 package. Certain specialized machines are required for this project, and therefore depreciation is increasing.

This is positive because, ultimately, all these assets are being used for the growth of the company and to increase margins. That is why our consolidated EBITDA margins are still in the range of 7% to 9%.

The double-digit margins we had until 2021 belonged to a very different era, as we mentioned earlier. There was a significant amount of nomination-based business, as well as international projects. Many of those projects were also taken up on a one-to-one basis, and they were one-off projects where we probably achieved margins as high as 20% or more. In 1 or 2 projects, I think the margins were as high as 40% to 50%.

That does not happen continuously or indefinitely. Those were exceptional projects. Therefore, while the company's past performance represents a good growth story, repeating it would be difficult given the current competitive environment, both in India and outside India.

However, the margins we are delivering currently are much better than the overall industry average.

Regarding promoter holding, the Government of India has diluted approximately 8% of its holding through an OFS. That is again a Government of India decision. From our perspective, it is positive to have more shares in the market, and we are happy to have more investors around us. It is a decision taken by the Government of India.

**Vishal Gupta:** I would like to add one point. As you said regarding depreciation and interest, if we are undertaking significant capex, all of this will eventually be commissioned. When do you expect us to see the impact in the books?

**Management:** I told you that all the HAM projects will become commercial during the next financial year.

**Vishal Gupta:** There is one confusion. You said that this year will be a flat year and that FY28 will also not see a significant increase in the top line. Even though the capex business will be commissioned, will FY28 still be a normal year after the commissioning?

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**Management:** Let me put it this way. When I talk to you about depreciation and interest, I am referring to the consolidated level. At the consolidated level, I have PPP projects that will be commissioned, and I will record turnover from them.

Having said that, one of my PPP projects has already been closed. Its 20-year concession period ended last year, and the project has gone back to NHAI.

In a PPP project, the outcome depends on the duration. When I talk about flat growth, I am referring to EPC at the standalone Ircon International Ltd. level.

**Vishal Gupta:** My final question is whether you have any positive or optimistic target for FY28 to FY30 in terms of the top line, bottom line, and consolidated EBITDA margin.

**Management:** As I said, at present my comments would be that management is very hopeful. However, to give you a tangible answer, I need to demonstrate that kind of growth in our orders. I think I will be in a better position to comment more strongly, probably at the next meeting.

**Vishal Gupta:** Thank you very much, and all the best.

**Operator:** Thank you. Are there any closing comments? That was the last question.

**Management:** I would again reiterate that this is a very strong EPC company operating in a sector in which it has been present for 50 years. We will continue to deliver over the medium to long term.

Every industry has its own trend. We are experiencing flat growth, but I see 2 opportunities in this flat growth. First, we are maintaining our margins. Second, we are still striving to secure projects that provide good margins.

What we bring to the table is the type of credentials we possess and the complex projects we have executed in the past, which very few companies have undertaken. Therefore, I see that as a growth story.

I also see the international growth story picking up. International business had declined to a very low level within our company, but we expect it to recover. All these positive factors should support our growth story over the years.

In the short term and medium term, growth may remain slightly flat, but it should then increase. That is where we stand. We will continue to demonstrate strong financial performance. Thank you.

**Operator:** Thank you. Thank you, CFO. Thank you, Ragini ma'am. Thank you, Sanjeev. We are planning to host Railway Day in physical mode toward the end of November. I will send you the invitation. We would appreciate your participation. Thank you very much, and all the best, ma'am.

**Management:** Take care. Goodbye.

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Note: {? ... ?} indicates a figure or name where audio clarity was insufficient for confident transcription. Verify against the source audio or the company's published filings.

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