"Ceigall India Limited Q1 FY25 Earnings Conference Call"

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MODERATOR:	**MR. SIDDHESH DHARMADHIKARI - ORIENT CAPITAL**

Moderator: Ladies and gentlemen, good day, and welcome to the Q1 FY '25 Earnings Conference Call of Ceigall India Limited.

As a reminder, all participant lines will be in the listen-only mode. There will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during this conference, please signal an operator by pressing '*' and then '0' on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Siddhesh Dharmadhikari from Orient Capital. Thank you, and over to you, sir.

Siddhesh Dharmadhikari: Thank you. Good afternoon, ladies and gentlemen. I welcome you to the Q1 FY '25 Earnings Conference Call of Ceigall India Limited.

To discuss this quarter's business performance, we have from the Management, Mr. Ramneek Sehgal - Managing Director; Mr. Puneet Singh Narula - Whole-Time Director; Mr. Bhagat Singh - Group CFO; and Mr. Kapil Aggarwal - CFO.

Before we proceed with this call, I would like to mention that some of the statements made in today's call may be forward looking in nature and may involve risk and uncertainty. For more details, kindly refer to the investor presentation and other filings that can be found on the Company's website and stock exchanges.

Without further ado, I would like to hand over the call to the Management for "Opening Comments", post which we will open the floor for Q&A.

Thank you, and over to you, sir.

Ramneek Sehgal: Hi. Good afternoon, everyone. This is Ramneek Sehgal. I am MD of the Ceigall. First of all, I would like to welcome you all to the First Earning Call of Ceigall India Limited to discuss our "Performance" on Q1 Quarter '24.

I would like to extend my gratitude to everybody who has taken the time out to attend this call. I would also like to thank every one of you for such an overwhelming response to our IPO. Your trust and belief in Ceigall have been instrumental in making this endeavor resounding with success.

I have along with me, Bhagat Singh, who is a Group CFO, Mr. Narula, who is a Whole-Time Director, and our investor relation advisor, Orient Capital, to address these queries.

Before I start with the business update, I would like to take this opportunity to formally introduce the Company to all the participants here. We are an infrastructure construction firm specializing in complex structure projects such as long elevated roads, flyovers, bridges, railway over bridges, tunnels, highways, expressways, metros, and runways.

As of Fiscal 2024, we rank among the fastest growing Engineering, Procurement & Construction companies based on the three-year revenue compound annual growth rate, CAGR, within the segment of the companies with a turnover exceeding Rs. 1,000 crore. With over 20 years in the industry, we achieved an impressive year-on-year growth of about 43% for the Fiscal 2024. We have experienced a 50% CAGR from Fiscal '21 to '24.

Over the past two decades, we have evolved from a small construction entity into a prominent EPC player, showcasing our proficiency in designing and executing all types of projects which come on the road, including the specialized structures across 10 states in India. Additionally, we have been empaneled to participate in Delhi Metro Rail Corporation Limited in its upcoming tenders involving inter alia construction of railways, mega bridges, tunnels in India and abroad, and also with the public sector undertaking for bridges, highways, tunnel work in northern eastern states of India. Such empanelment is mutually extendable to the date.

We have completed over 34 projects in the highway sector, comprising 16 EPC, 1 HAM, 5 O&M projects, 12 Item Rate projects. Presently, we are managing 18 ongoing projects, including 13 EPC projects, 5 HAM projects, which encompass elevated corridors, bridges, flyovers, railway over-bridges, metros, tunnels, expressways, runways, and multi-lane highways, alongside fulfilling our operation and maintenance obligations under EPC HAM concessionary agreement.

Among our notable achievements, we have completed 7 out of 16 HAM projects ahead of schedule and earned bonus for early completion on 2 EPC and 1 HAM projects. Our first HAM project, Malout Abohar Sadhuwali, was finished 214 days ahead of schedule of its planned completion date.

We have a proven track record in handling projects of varying scales from 20 lane to 260 lane kilometer in length. As of 31st March 2024, we have constructed over 1,739.88 lane kilometers of roads and highways, including specialized structures. Additionally, as of March 31, 2024, we have 1,488.17 lane kilometers of ongoing projects and have completed 2,158.72 lane kilometers of O&M projects.

In our industry, the order book value is a key indicator of future performance. As of June 30, 2024, our order book value stands at 9,470 crores compared to 9,225 crores at the end of the Fiscal 2024, for which project awarded by NHAI constitutes 80.31% of order book. We have recently received two new contracts. One is for Bhubaneswar Metro project worth 900 crores and development of Kanpur Central Bus Terminal, which is typically a BOT project. LOA is yet to be received. And our consistent order book growth is attributed to our extensive experience and dedication to maintaining high quality standards in the construction and project execution.

We are committed to diversify our expertise and order book across various business sectors in EPC space and PPP and geographical regions. This strategy allows us to pursue a wider range of project tenders, thereby optimizing our business volume and profit margins. We are qualified to bid a single NHAI EPC project up to 5700 crore, single HAM project value to 5500 crore.

Turning to the sector highlights and infrastructure development, India continues to be the fastest growing major economy with a real GDP of 160 trillion in fiscal 2023. It is projected to become the third largest economy globally by 2027. The infrastructure sector is pivotal, contributing 3.5% to the GDP with the investments in industry anticipated to reach 52,962 billion between Fiscal 2024 and Fiscal 2028. Road construction is a crucial component of the infrastructure development, driving economic growth and job creation.

The 2023-24 budget underscores the government's commitment to enhancing infrastructure through significant public investments. This initiative will be guided by PM Gati Shakti, leverage a multi-modal approach. The government has identified 100 critical transport infrastructure projects with a total investment of 750 billion, including 150 billion from private sector players. For urban infrastructure in Tier 1, Tier 3 cities, the Urban Infrastructure Development Fund has been allocated 100 billion.

Additionally, the government has introduced the National Monetization Pipeline (NMP), and Development Finance Institution (DFI), to enhance the infrastructure financing. The National Infrastructure Policy has been unveiled, covering various sectors and regions with an investment target of 111 trillion by central and state government as well as the private sector during 20 to 25 FY.

In conclusion, Ceigall remains dedicated to creating value of our stakeholders, customers and shareholders. We are confident that our focus on innovation, diversification and operational excellence will propel our growth in the coming years.

Thank you for your support and trust in Ceigall India Limited. I will now hand over the call to Mr. Bhagat Singh – our Group CFO, who will provide the overall overview of financial performance. Thank you once again. And lastly, I just want to add one thing. This is my first call. So, pardon me for any mistakes. Thank you. Over to you, Bhagat Singh.

Bhagat Singh: Good evening, our esteemed stakeholders. So, at the outset, kindly accept my sincere gratitude on behalf of our Company for attending this first call, post listing, our Earning Call on behalf of our Company. I am grateful to Ramneek sir, our respected MD sir for providing this opportunity to explain the financial performance of our Company with our esteemed stakeholders. So, I would like to inform our respected stakeholders that the Company, in line with the guidelines, uploaded our financial results with the respective exchanges. And on this call, I will explain in brief our financial performance.

At the outset, the first quarter performance of FY '25 was completely outstanding. The Company has achieved a turnover of 822 crores precisely as against the turnover of 650 crores during the corresponding quarter of FY '24. Then the Company has achieved a growth rate of 26.5% as far as the top line is concerned, and it is pertinent to mention here that the Company has not only obtained the growth in the turnovers, but this growth in the top line has been duly supported by the growth in the EBITDA margins.

The Company has achieved a growth of 65.10% in the EBITDA margins. In absolute terms, the margin has increased from 87.30 crore during Q1 FY '24 to margin of 144 crores in Q1 FY '25. In relative terms this margin stands at 65.10%.

This is a substantial growth in the EBITDA margins of the Company and this growth in the EBITDA margins has been duly converted itself into the growth in the PAT margins, which have increased by 76.5%. In absolute terms, we have achieved the PAT margin of Rs. 77.90 crore as against the PAT margin of 44.10 crore during the corresponding quarter Q1 FY '24.

So, this is a brief about the financial performance and this financial performance has successfully enabled the Company to provide the short-term and long-term support to the resources which the Company requires for its long-term sustainability.

As far as the debt is concerned, so I would like to highlight in brief the debt picture of the Company on a standalone as well as on a consol basis. On a standalone basis, the debt of the Company stands at 629.70 crores. This comprises of 91 crores of equipment term loans; 393 crores of our mobilization advanced term loans and a working capital limits of 144 crores. So, in totality, this loan stands at 629.70 crores.

And I would like to make a specific mention of the fact that this standalone debt of 629 crores is on 30th June, that is pre-listing. During the listing of the Company, we have raised 413 crores of amount from the stakeholders for the repayment of a debt which is a part of our primary issuance. Post listing, the Company will be utilizing, since the Company has already been listed, so the Company will be utilizing this amount which has been raised from the stakeholders for the repayment of a debt and post the repayment, this number would be reduced by 62%.

On a consol basis, the total debt of the Company stands at 1,195 crores, which comprises of 629 crores of a standalone debt and balancing figures of 400 crores plus would be in the form of a HAM term loan. The Company has total 5 HAM projects as we speak, out of which one project has already been completed, which is with the name is Malout Abohar Sadhuwali HAM project. The Company has also received an early completion bonus from NHAI during this quarter amounting to Rs. 17 crores including GST.

And apart from this project, the Company's two more running projects are there for HAM. One is Bathinda – Dabwali, which is 85% complete as we speak and Jalbehra, which is 63% complete. The Company has already received an annuity of Rs. 90 crore on a gross basis from NHAI with regard in respect of its first HAM project that is Malout Abohar Sadhuwali. I would also like to make a specific mention of the fact that this HAM project which has been completed precise earlier in case of Malout Abohar, this has been rated AAA by CRISIL and overall rating of the Company as we speak is A+ on a long-term basis and short term A1 by CRISIL.

As I move forward further, this is a brief of our debt as we picture of the Company. The net working capital days of the Company which was 45 days as on 31st March '24, they have been reduced to 38 days as on 30th June. This date has been calculated considering the inventory days, WIP position, debtor and the vendor. On a console basis, this number stands at 38 days.

The Company has a clear-cut good revenue strength and revenue visibility in the future to come, and during this quarter we have made substantial progress in our financial performance. And we feel that this financial performance will continue to grow in the year to come and the Company would be able to get the strong internal accrual to meet the long-term financial resources of the Company.

So, thank you. I sincerely thank all our esteemed stakeholders including our employees, business partners, vendors, auditors, bankers for their wholehearted support in the long-term growth journey of the Company. On behalf of the Ceigall India Limited, I thank everyone for attending this call.

Now I request the moderator to open the floor for question and answer. Thank you.

Moderator: Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Rohit from Nvest Analytics Advisory LLP. Please go ahead.

Rohit: Sir, my first question is what is the Company's revenue guidance for FY '25 and EBITDA margin target for FY '25?

Bhagat Singh: So, the Company has already achieved significant growth in the past and we expect that the double-digit margins that the Company has achieved in the past, we will be able to continue to achieve the same during the current year also, and as we mentioned during the call that the Company has a healthy order book of 9,470 crores. So, we believe that all the projects are at the good pace of their execution and the Company will be registering, would make a proper effort to register the same level of growth during the current year also.

Rohit: Sir, can you share the Company's strategic outlook and key milestones expected three years down the line?

Ramneek Sehgal: So, you know, I have already spoken about how and where we are. We are already present in more than 10 states and we have about 10, 11 verticals with the Company, and we are doing everything what comes on road. So, outlook, we are also looking forward to the country's growth and with country's growth, like you can see we have got metros of three different cities like Kanpur, Andhra and even Bhubaneswar. Our metro order book value has crossed about 1,600 crores and another 35 cities are coming up with a metro project. So, a lot of projects will be coming in this space.

And besides this, we are doing tunneling work, we are doing runways, we are doing highways, we are doing specialized structure, we are doing water sewage, we are doing solar for our internal project. So, I don't think going forward there will be any dearth of the work and milestone, yes, you have seen the Company's growth story before also and we are targeting to grow organically and going forward, I think we are young Company. I always say, and use one dialog is, "Sky is the limit for a Company like us." And we are young Company. And after IPO, we are 2.0.

So, order book value, we had about 9,400 crores by 30th of June, but now with the adding of these two new projects, which is worth 900 crores of Bhubaneswar Metro, which is going to start in another month's time. We have already started mobilizing this project and close to 150 crores is a Kanpur Bus Terminal.

And besides this, we have quoted projects worth 12,000 crore. And like I said, we are present in more than 10 states. A new state is added with this Bhubaneswar Metro which is Odisha. And our Company strategy is very clear. We want to maintain our EBITDA margin of two digits. So, for us going to any state is not a challenge and the outlook is great.

Moderator: Thank you. The next question is from the line of Nidhi Shah from ICICI securities. Please go ahead.

Nidhi Shah: The only question I had was on NHAI bidding. We have seen that NHAI bidding, we have seen that NHAI bidding last year was muted and that was mainly because of the impending budget and the election. But my question would be, how do you see the NHAI bidding picking up in not just this year but the next say one or two years to come? And what do you think from your perspective on this industry, how do you think NHAI is going to play out?

Ramneek Sehgal: Thank you so much, Nidhi, for the question. NHAI has cleared some projects worth Rs. 55,000 crore. It was very well, you know, by NHAI also it has been given as a press release to the various newspapers and other mediums also. So, we have today also quoted a project for about Rs. 2,200 crore, Rs. 2,300 crore in NHAI. What I want to tell you is NHAI will be maintaining what they have been doing because they have built so many highways. So, maintenance O&M for work will be a lot.

And number two, they have to build the balance projects also. For example, we are doing a project of Varanasi-Kolkata. So, there are still project balance with which only the expressway will be completed. So, there are many expressways in the country which are yet to be completed, and those projects are yet to be out. And O&M again is on the higher side.

Besides this, if you see, we have entered into metros. We are doing work for ADB. We are bidding a lot of work in ADB. We are doing one project already in Bihar for 781 crores. And we are diversifying into water irrigation projects also. We have quoted for a STP plant in Jharkhand which itself is a large project, more than 1,000 crore in HAM.

So, for us, the companies which were in the NHAI, when they go up to the level of 6, 7 or 8,000 crore, they start making the verticals then. We have started making a vertical when we were only 2,000 crore, and that is the reason we already have 10 to 11 verticals. And not only that. We are present in more than 10 states. If you see other listed companies, they have restricted themselves to certain states.

But whereas with us, there is no restriction as such. So, we don't see any dearth of work. And if you see, we were doing only EPC work in Ceigall and we started doing HAM only because we always wanted to have a vertical in the Company that if today we don't get work in EPC, we are getting work in HAM.

Now, if there was some delays in awarding the projects from NHAI or tendering, we went into metros, and we are already doing a tunnel also. So, for us, we have so many verticals and geography wise also, we have spread in so many states. So, getting new order book value will not be a challenge.

Moderator: Thank you. The next question is from the line of Vaibhav Shah from JM Financial Limited. Please go ahead.

Vaibhav Shah: Sir, when do we expect to receive appointed dates for V-R-K 11, 12 and Delhi-Amritsar-Katra?

Ramneek Sehgal: Hi, thank you for the question. So, V-R-K 11 and 12, for package number 12, what we anticipate 50% land is available. Only and only land is available, just forest approval which is required. I think it is really on an advanced stage. We are expecting that by October, package 12 should be cleared so that in the next quarter the work is started. And in terms of Delhi-Katra, yesterday also they tried taking the possession and there has been little resentment by the, what do you call these, farmers. But still the government is very positive, and they are still trying to get possession. But the good thing is Bhubaneswar will start in a month's time.

Vaibhav Shah: Sir, what about V-R-K 11 in terms of AD?

Ramneek Sehgal: So, it is the same position. V-R-K 11 and 12, the land is there. Only and only the forest approval needs to be done because forest diversification is there. They have to divert the land for the forestation. So, I mean, last week also a great discussion has happened between Gadkari sir, and the environmental minister and the things are very positive. So, I think very soon it will be there because it is not only two projects, it is almost the entire expressive which is held up only for this decision. And from our side, everything is done. If you see our agreement is signed, our SE is done and we are ready to go in terms of mobilization starting the work. Our design is also done in fact. In fact, we have submitted a plan and profile also.

Vaibhav Shah: Sir, in V-R-K 11 also 50% land is available currently?

Ramneek Sehgal: So, land, in both cases land is available. 50% land in 12, what do I mean to say is in that there is no forest. The rest of the land forest is there. And once the forestation issue is solved, which I think will be solved very soon, then the work will be started. Because you know the region is good. There is no problem of raw material. You know, there is a lot of cutting there. So, we are really expecting that it will start soon.

Vaibhav Shah: Sir, for both we can expect some time in 3Q for both the execution should start or AD should come in from both the projects?

Ramneek Sehgal: We are very positive about it.

Vaibhav Shah: Sir, secondly, what would be our equity investments for '25, '26, '27? So, what is the currently outstanding requirement and the investment we are targeting in '25, '26 and '27 for the HAM projects?

Ramneek Sehgal: Good question. For HAM, the equity close to 100 crore has already been infused. In that, we have achieved the pre-COD, and we have already received the two annuities, and that project is AAA rated.

The second HAM, 100% equity infused. That project is about to be completed in a month's time. So, in that project also, we should target to get the COD by October and that project will be completed almost 9 to 10 months ahead of schedule. First HAM project we have taken a bonus of 8 months. In this, we are targeting 9 to 10 months of the bonus.

Third HAM project 50% equity is infused, which is about I think 45 crores, and the project will be completed around March. So, that project also will be completed before or ahead of schedule. So, that project hardly 40 crores or more of the equity has to be infused and that will be infused during this period.

Now besides this 11 and 12, once they start, of course, we have to infuse according to the project tenure, which is almost about 30 months. Over two periods, 2 years.

Vaibhav Shah: And sir, what was the mobilization advance as of June '24?

Ramneek Sehgal: I think Bhagat will be the right person to answer this.

Bhagat Singh: 413 crores.

Vaibhav Shah: I didn't get the number. 413? 4-1-3?

Ramneek Sehgal: Yes.

Vaibhav Shah: And sir, what was the same number as of March '24? As I am asking for on the standalone books.

Bhagat Singh: So, you are asking for the standalone books.

Vaibhav Shah: Standalone, Yes.

Bhagat Singh: Standalone books, Yes, so it would be 393 crores on June '24 and 259 crores as on March '24.

Vaibhav Shah: Sir, lastly, what would be our revenue and margin guidance and order inflow guidance for FY '25?

Bhagat Singh: So, Vaibhav, I just would like to reply to the first part question again. So, whatever number I have quoted to you as on June, I repeat what I replied as here also because these are the numbers before listing. So, during listing, we have raised 413 crores for the repayment of our debt. So, once this payment has been done, which has been significantly done already, and I think by the next quarter, so this number of total outstanding of our debt, it would be reduced to a major extent of 62%. Post that the debt-equity ratio would be at a very, very respectable number. So, this is the completion of the first query.

Number two, you asked me about the revenue and EBITDA. So, as I already replied on our call, the Company has on the basis of its present order book have already achieved a significant benchmark in its top line in the previous year. We are expecting to achieve a good revenue number this year also with the same growth rate. And as far as the EBITDA also, the Company has achieved an EBITDA between 13% to 15% during the past few years and we are expecting that the present ecosystem of the resources, material financials and the technical team, so we feel that the present order book, the words which are already started and which we are expecting to start, the execution of these projects will deliver the same level of EBITDA within this range only.

Vaibhav Shah: And sir, last question from my end. In the bonus we received of Rs. 17 odd crores, what was the GST component?

Ramneek Sehgal: Just a second. Just allow me one minute. In this June quarter, it was 18% and in absolute term in absolute, it was Rs. 2.59 crores.

Vaibhav Shah: And it was entirely passed through revenue, even the GST part.

Ramneek Sehgal: Come again.

Vaibhav Shah: Even the GST was passed through revenue, GST portion of Rs. 2.59 crores?

Ramneek Sehgal: No, no, without GST. Excluding GST.

Moderator: Thank you. We have the next question from the line of Prem Khurana from Anand Rathi. Please go ahead.

Prem Khurana: Sir, if I refer your presentation, it seems that we already have one project, hybrid annuity, which is operational. And you said, there will be one more, which would be operational by October, and then the third one will be operational by March '25. So, by this year-end we would have three operational assets. So, what's the idea with these assets? Do we intend to own these assets till the time the concession is exhausted, or would you be willing to go and offer these assets, if there is a taker in the market and then get that money back and try and look for more growth opportunities?

Ramneek Sehgal: Thank you so much for this question. And Prem, we are very clear with our thought process. Whenever we get a good valuation, we want to sell it. But only thing what we look for is we should have an opportunity to put this money somewhere. If we have a project where we can put the equity because we are getting good IRR there. Like for the first project, our equity IRR is close to 20%. If we sell that, we have a lot of offers from InvIT and from other players also in the market, so when we sell it, so what we would do, we have to keep it in FDR, so it is better that we just wait for the right project. Once we have the project with us, we put that money in that project so that, again, the great return on equity can be achieved.

Prem Khurana: So, eventually, I mean, whenever it is required, you would be open to consider selling assets.

Ramneek Sehgal: 100%. Our model is an asset-light model. If you see our Company, overall, we work with the asset light model.

Prem Khurana: And sir, I mean, if I were to look at our order backlog today, it's skewed in favor of EPC vertical at this point in time, but the way, if you look at the way NHAI has been kind of guiding, it seems as if hybrids and BOTs would be a much larger part than EPC going forward, and BOT would make a comeback. So, would you be open to kind of take this number of, I mean, currently, it seems 60% of our order backlog is EPC and the balance is hybrids. But if it is required, let's say you are required to go and try and bid for BOT tolls because the NHAI would try and give out more of BOTs going forward to optimize their resources, would you be open to kind of consider BOT state traffic risk, inflation risk or you would look to diversify into newer segment even if it requires you to have settle for a little lower in terms of margins, but then the idea would be to have more of EPC than the asset ownership orders?

Ramneek Sehgal: So, good question again. You know, we are always open for HAM because HAM is tried and tested. For HAM wherever we required equity, we already have completed project or projects are getting completed. So, equity is not at all a challenge.

And number two, for BOT, we are little conservative. We have just kind of already in discussions with some large companies who want us to execute their EPC in that BOT, and if they want us to put some part of the equity, which is very negligible, we are open to that cause.

Eventually, if the project is good where the project IRR is good and we feel that the toll collection is already getting collected, or a project where the project of four to six lane is to be done or four to eight lane is to be done, six to eight lane is to be done and the toll is getting collected where we feel the numbers are intact, then we can think of planning something, doing something.

But again, I want to repeat it. We are very conservative with BOT. HAM we are very, very okay, and EPC is to like a baby. So, that's what I want to say.

Prem Khurana: Just a small clarification. I mean, this hybrid annuity asset, Ludhiana Bhatinda (Package 2)-Greenfield Project, we won that project in 2021, and we have still not been able to manage appointed dates or any thoughts there? Would you want to retain this or?

Ramneek Sehgal: I tell you, Bhatinda – Dabwali was allotted to us. The tender happened in 2020. So, it started after three years, and the minimum escalation was about 23%, and now the project is about to be completed in almost a year's time. So, there is nothing to lose.

In Ludhiana, Bhatinda, the problem is there of the farmers in Punjab, and Ludhiana - Bhatinda department is still trying that we should get the possession and start the project. Today only I spoke to the team. They said demarcation is happening and about 11 kilometers they are targeting to get possession also. So, we are after it today also when we had a discussion, the escalation is close to 16%, 17% that project. So, we have nothing to lose. If the project gets started, it's a great project.

So, we always look forward and positive that the project should run. Other thing is if it does not run, we can terminate it, but why? Let's wait. We have nothing to lose because in Punjab we are so strong. We have a camp is also there, we are already doing Bathinda – Dabwali. So, we have nothing to lose.

Prem Khurana: And sir, all this 9,000 odd crores order backlog that we have, how many of these projects or how much of order backlog is eventually where you are either awaiting appointed dates or FC spending? So, three hybrid is wherein we are waiting for appointed dates clearly, which is what is visible in the presentation. Do we have any projects on the EPC side wherein we were awaiting the appointed date?

Ramneek Sehgal: EPC only this Delhi-Katra project is awaited which is part two. Otherwise, EPC apparently ours everything is running.

Moderator: Thank you. The next question comes from the line of Raaj from Arjav Partners. Please go ahead.

Raaj: I wanted to ask you, out of the total receivables of 430 crore of the books, how much of them are from Punjab?

Ramneek Sehgal: Bhagatji, can you answer? Can you understand what he is saying?

Bhagat Singh: Yes, I understand. So, state-wise, it is tough. So, I can answer you this way, the total receivable which has been reflected on a standalone basis, the debt amount is 442 crores, as against 469 crores. So, this is a debt receivable from the normal execution of a work. So, if you want me to work on an approximate basis, it could be like 40%, close to 200 crores because this component is from the execution of the work under the different region.

Raaj: So, what you are saying is, out of 442 crores of receivables which we have, out of that 200 crores are outstanding from the Punjab government, right?

Bhagat Singh: See, the classification in the balance sheet is either on a standalone or consol basis. So, I don't have a region-wise exact number. So, considering the order book number, what I am saying is, whatever work we are executing, so on that basis, tentatively, the numbers revolve around this number.

Raaj: I actually wanted to know how much of our payment is outstanding from Punjab government specifically.

Ramneek Sehgal: No, so I think, Bhagatji, let me speak. Punjab government, there is no payment to SSU because we work for the state. It's only national highway projects or a runway by MES, where we are working in Punjab. And our order book value is on a lower side, less than 30% in Punjab.

Raaj: So, the payment is going to come from Central Government, right?

Ramneek Sehgal: Central Government, Yes. There would be some small, small awards by the state government, which will take time, but yes, we will get it. We have won some awards.

Raaj: And sir, how much is the outstanding bid that we have done till date?

Ramneek Sehgal: About 12,000 crores.

Raaj: 12,000 crores. And how much would be our bid to order book conversion?

Ramneek Sehgal: So, it's 3.1x.

Raaj: 3.1x. So, in FY '25, you are expecting an order inflow of around 4,000 crores to 5,000 crores?

Ramneek Sehgal: You are talking about the new tenders?

Raaj: New tenders, Yes.

Ramneek Sehgal: Yes, we have already got more than 1,000 crores in this year. And yes, our expectation is there. And I think we have already quoted 1,000 crores as a reasonable number, what you are saying. But looking forward for good results, or maybe more than that. Just waiting for the good results.

Raaj: This would be around 5,000 crore plus.

Ramneek Sehgal: So, see, we can never have this thing in our mind that this much work we have to take. What we have to see is getting tenders on our EBITDA levels. We should make minimum this much amount in the business. That's more important for us. Bidding is not an issue, instead of 12,000 crores of bidding we can do 20,000 crores. We have spare BGs. We have spare surety bonds. But if we make money then only the business will be profitable no.

Raaj: And sir you have bidded for so many projects, so if we get all these orders so how much EBITDA we would be able reach?

Ramneek Sehgal: Actually, it is difficult to say but eventually our system is for example we have bid the tender that we have to take, and this is tender is going to run with our other work so maybe we can bid it at 14% EBITDA because our expense will be less. We can convert and with hard work we can increase it. Then we have more work in that area, or maybe we have more work, we can increase the EBITDA to 15% to 16% or even to 17%. So, it depends upon the time we bid. It's not this what Bhagat clearly said, we want to be in the same pedigree where we have been doing in the last 4-5 years.

Raaj: And sir, our current EBITDA, as we closed in FY '24, it was 17.09%. So, are we going to continue the same level of EBITDA in FY '25 and FY '26?

Ramneek Sehgal: We are definitely going to try and achieve our best. And of course, we have great teams. We have great financial execution teams also, besides the site execution. So, the entire teams are working and doing their best.

Raaj: And sir, if I compare '23 and FY '24, the sales growth was around 40% or something. So' you are expecting a similar growth in FY '25 as well. So' it would be around 4,200 crores of sales in the, Yes.

Ramneek Sehgal: So, we are very conservative with our numbers. We speak less and we deliver more. So, you know, it is better that you have seen our first quarter results also, and we are really looking forward to achieving maximum, and letting natural growth or organic growth have its own picture. And of course, we are looking for the best results.

Moderator: Thank you. We have the next question from the line of Ronald Siyoni from Sharekhan Limited. Please go ahead.

Ronald Siyoni: Sir, if you can highlight, of the 12,000 crore, what you have bidded, so any segments in terms of roads or metro projects, even if you can help us.

Ramneek Sehgal: I thank you for the good question. I think you were saying something. Sorry, please repeat and I will answer your question.

Ronald Siyoni: So, apart from these segments also, in terms of client wise, NHAI orders or MoRTH orders or other state or PWD orders.

Ramneek Sehgal: So, I will just answer your question. We have quoted this 12,000 crore, which is the mix of MoRTH, NHAI, airport, metro and even the HTP plant. We generally don't bid for state government till the time it is funded by ADB, World Bank or centrally aided projects.

We work majority, majorly only with the center government projects where we feel the payments are 100% secured. And we have been bidding for about 10-11 verticals including tunneling. It could be a railway. We have quoted for a railway project also, the Haryana Orbital, we have quoted for 2,000 crore project there also.

So, it is a mixed bag of all these verticals, and it has nothing to do with the state government assets. Because state government, as I said, we don't work till the time it is funded by ADB, Asian Development Bank, World Bank or centrally funded projects, or they have a reserve in their thing. Otherwise, we don't bid.

Ronald Siyoni: So, NHAI still will compress around 75%-80% of these orders you have quoted or it will be less than NHAI?

Ramneek Sehgal: No, it will not be appropriate for me to answer exact numbers, but yes, it should be around 50% NHAI and MoRTH. Rest would be from other verticals. That are the numbers.

Ronald Siyoni: And what would be the fund-based and non-fund-based limits and how much you have utilized till date?

Bhagat Singh: So, as of now, as we speak, we have a fund-based limit of 300 crores, against which our utilization was only 144 crores. So, for non-fund-based limit, our utilization was 629 crore as against a sanction limit of 1,100 crores. So, this is the running limit of the Company and the BG limit which the Company is utilizing. So, this is one of the best limits and the Company always tries to maintain minimum utilization of the BG limits. And the reason and why the Company is successful in maintaining this number at a lower level was the Company tried to make a perfect ecosystem of execution and on account of early completion of project, the Company is able to get the BG release from the authority since the project was completed and it will enable the Company to lower its utilization as far as the BG limit is concerned. And this limit is, the Company is maintaining this ratio since the last many years.

Ronald Siyoni: And lastly on, sir, this equity investments, if I calculate for high HAM projects, around 900 crores of equity requirement would be there and so around 300 crores per annum would be required per annum for the next three years and your operating cash flows would be in the range of 200 crores, so higher than 200 crores at least. So, the 100-crore additional is how you would be able to fund it or if you can highlight whether you will be taking up some debt going ahead or this is the peak debt after paying off your BRC at current levels?

Bhagat Singh: So, sir, like there are two ways, or we need to look at this picture in a very broad way to explain to you the entire picture how you need to look at the equity commitment of the Company. So, as we speak, the Company has 5 to 6 HAM projects. The Company has already invested in the equity projects which have been completed.

So, as Ramneek sir had just mentioned on the call, in Malout Abohar project, which has already been completed, the Company has already infused the equity. Number two, in Bhatinda – Dabwali, which is running and 85% complete, the Company has already infused the equity of Rs. 84 crores. Jalbehra - Shahbad HAM project, which is 65% complete as we speak, the Company has already invested 55 crores as against the desired amount of 85 crores. So, in totality, Rs. 240 crores have already been invested in the HAM projects which are running. So, only an equity amount of 30 crores is required to be pending in Jalbehra HAM project which will make the equity complete.

So, if you ask me apart from these three, I need to infuse Rs. 490 crores of equity in the Varanasi-Ranchi HAM projects, both of the HAM projects put together. So, 490 plus 30, it will make the total picture to Rs. 520 crores. This is the amount of equity which we need to infuse in the HAM projects which are existing as on date.

And one more thing which we need to understand, as per the financial closure sanctions which we have executed, this equity of 490 crores is required to be infused in two financial years. And 50% needs to be infused in the upfront as and when the appointed date is issued by the authority. The remaining 50% will be in the next year in line with the debt-equity requirement. So, this is the first part.

So, if we divide Rs 490 into two parts, you will realize 245 crores would be in the first year. First year means as the management has just guided, we are expecting the Varanasi-Ranchi project appointed date to be released in the third quarter. So, from the financial year, December '24 till December '25, the total equity requirement would be 245 crores put together in the two HAM projects. And in the next year, from December '25 to '26, another 50%, that is 245 needs to be infused. This is the first part.

Now sir, what needs to be understood is, companies have a healthy cash accruals from operations and it has been proved in our balance sheet also, that the Company has also existing unencumbered FDRs in the bank which the Company is constantly building up to induce the equity in the long-term HAM project.

Another important point which will support my answer to your query is, during this current IPO also, the Company has been successful in its raising its IPO and we have 140 crores of amount which is utilized, which is named as a GCP, which the SEBI permits to be utilized for any purpose. So, this is another portion which is available for the Company to be utilized for its long-term resources.

Whenever the Company invests or bids for a HAM project, it is a part of the bidding strategy of the Company that the Company gives a few instances on the long-term resources available with the Company and how the Company is going to fund its equity requirements. And the long-term resources includes the internal accruals, which are very healthy in the Company and you can also very well check and examine that the EBITDA margin of 14% to 15% is converting itself. 60% of the EBITDA is converted into cash pockets, which is ultimately supporting me in maintaining and earning healthy cash accruals.

So, unencumbered balances, GCP portion as well as unencumbered FDRs, all these put together are sufficient enough to infuse the equity commitments of the existing HAM projects.

Ramneek Sehgal: I will just add one more thing. The completed projects can be sold anytime. We don't sell it because we don't have as such any requirement because these projects are churning good IRR on the equity. We have the opportunity to sell these, raise money against NCD bonds or even refinance or even sell this to the InvIT. So, on the 300-crore equity, we can encash that equity with a good multiple. So, the money required for the equity for these new projects is not at all a pressure.

Ronald Siyoni: And just one last one, if you permit, sir. On the interest side, what kind of interest expense you are estimating for FY '25 for the full year?

Bhagat Singh: The interest expense in terms of percentage?

Ronald Siyoni: Actually, how much interest outgo you should expect for FY '25 as you have paid a significant amount of debt?

Bhagat Singh: Sir, we are expecting that the Company in the IPO itself, we are paying 413 crores of debt from the IPO proceeds. So, we are expecting that the finance cost would be kept at a very minimum level during this financial year because number one, the significant of a debt would be repaid through IPO proceeds. Number two, since the Company has now been listed, so Company would be going to get the benefit of the reduction in the financial cost, both in terms of the fund-based limit as well as in terms of the non-fund-based limit. So, the financial arbitrage benefit which the Company is going to get, it will be able to support the Company in the financial cost reduction from 70 basis point to 1%.

Ronald Siyoni: Any absolute amount you want to quote?

Bhagat Singh: Since we are sitting in the first quarter, so for giving an absolute for the entire period, so it would not be wise enough because it depends upon the appointed date of a new project which may be allotted. But general guidance we can give as I just stated.

Moderator: Thank you. The next question is from the line of Pranav from Pink Wealth Advisory. Please go ahead.

Pranav: I just had a couple of questions. Sir, firstly, we have seen some comments and news coming from the Ministry that there have been certain parties which have been opposing the Punjab projects. There are certain talks of termination of the highway projects in Punjab. Could you throw some light on how that will affect us?

Ramneek Sehgal: So, good question. You know farmers are not letting the work to be executed in Punjab. So, we only requested the Minister and everyone including GR, us and other listed players that either the site is to be given clear to us, otherwise we need to take termination payment from NHAI. We hardly have two projects there, which has hardly any impact to us. And if NHAI doesn't provide us the land, they have to pay us the termination payment. And our order book value is hardly, it is under 30% from Punjab. We have more work in Jharkhand than Bihar now. 3,000 crore almost is from Bihar. Almost 29 crores is from Jharkhand. And as I said before, we have added three cities and one new state in terms of the metro. So, in that way, we are very prepared. Punjab is a little tough because of the farmers and they are taking the money also from NHAI and not giving the possession. That's the situation. And no contractor wants to sit there and wait.

Pranav: And there were some talks about that we have our own internal IRR percentage that we would like to maintain before we are thinking of selling away project. What is that IRR number?

Bhagat Singh: So, sir, internal IRR number, if I am correct, so you are talking about the HAM project, right sir?

Pranav: Yes, sir.

Bhagat Singh: So, in a HAM project, we are maintaining a good IRR, 17% plus. So, as Ramneek sir mentioned, the Company wishes to continue to earn the same IRR till the time there is a cash flow requirement for the Company, which can be meted through monetization in HAM project. Till that time, the Company wishes to earn the same across the HAM project. It varies from

HAM to HAM, but on an average basis, the Company tries to maintain a good parity between the EPC and the HAM margin.

Pranav: And one last question. Sir, we have already bidded for around 1,200 crore projects. So, are there any further pipeline that you are expecting from NHAI or Metro?

Ramneek Sehgal: Thank you, Pranav. We have quoted for 12,000 crore, and we have a great pipeline ahead, and a lot of bidding is happening on a weekly, monthly, and even monthly basis also. So, there is no dearth of the work and we have been bidding through and through.

Pranav: And sir, lastly, I heard that our conversion is 3.18. Is that correct?

Ramneek Sehgal: Our?

Pranav: The conversion ratio is 3.18.

Ramneek Sehgal: No. So, conversion is in a book, order book where you have to turn over. Like, for example, if it is 3000 crores then our order book value is of 9,400 crore. We don't work or bid for any conversion. We bid for our EBITDA levels.

Moderator: Thank you. Ladies and gentlemen, we will take that as our last question for today. I would now like to hand the conference over to Mr. Siddhesh Dharmadhikari for closing comments. Over to you, sir.

Siddhesh Dharmadhikari: Thank you. I would like to thank the management for taking this time out for the conference call today and thanks to all the participants. If you have any queries, please feel free to contact us. We are Orient Capital, investor relations advisor to Ceigall India Limited. Thank you so much.

Moderator: Thank you. On behalf of Ceigall India Limited, that concludes this conference. Thank you all for joining us. You may now disconnect your lines.