November 06, 2026

To
The Compliance Manager
BSE Limited
Corporate Relationship Dept.,
Phiroze Jeejeebhoy Towers,
Dalal Street, Mumbai 400001.

To
The Manager, Listing Department
National Stock Exchange of India Ltd
Exchange Plaza, Plot No. C/1, G Block,
Bandra-Kurla Complex,
Bandra (East), Mumbai 400 051.

Scrip Code: 544280 **Symbol: AFCONS**

Subject: Transcript of Q2 & H1 FY '27 Earnings Conference Call

Pursuant to Regulation 30 and 46 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed herewith the Transcript of the **Q2 & H1 FY '27 Earnings Conference Call** held on **Thursday, November 05, 2026.**

The aforesaid Transcript is also being uploaded on the website of the Company: https://afcons.com/financials/

Thanking you,
Yours faithfully,
For Afcons Infrastructure Limited

Gaurang Maheshchandra Parekh
Digitally signed by Gaurang Maheshchandra Parekh
Date: 2026.11.06 17:49:25 +05'30'

Gaurang Parekh
Company Secretary and Compliance Officer
Membership No.: F8764

“Afcons Infrastructure Limited Q2 & H1 FY ’27 Earnings Conference Call”

November 05, 2026

MANAGEMENT: **MR. PARAMASIVAN SRINIVASAN– MANAGING DIRECTOR, AFCONS INFRASTRUCTURE LIMITED**
MR. RAMESH JHA – CHIEF FINANCIAL OFFICER, AFCONS INFRASTRUCTURE LIMITED
MR. HITESH SINGH – HEAD CORPORATE STRATEGY, AFCONS INFRASTRUCTURE LIMITED

MODERATOR: **MR. BHAVIN MODI –ANAND RATHI INSTITUTIONAL EQUITIES**

Moderator: Ladies and gentlemen, good day and welcome to Afcons Infrastructure Limited Q2 and H1 FY '27 Earnings Conference Call, hosted by Anand Rathi Share and Stock Brokers Limited.

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

I now hand the conference over to Mr. Bhavin Modi from Anand Rathi Institutional Equities. Thank you, and over to you, Mr. Modi.

Bhavin Modi: Yes, thank you. This is Bhavin Modi from Anand Rathi Institutional Equities. Good morning, everyone, and a warm welcome to the Q2 and H1 FY '27 Earnings Calls of Afcons Infrastructure Limited.

To discuss the results today, we have the management with us, which is represented by Mr. Srinivasan Paramasivan – the Managing Director; Mr. Ramesh Jha – CFO, and Mr. Hitesh Singh – the Corporate Strategy Head.

Now, at this point, I will hand over the floor to the management for the initial remarks, and post which, we can open the floor for the question-and-answer session. With that, over to you, sir.

Srinivasan Paramasivan: Thank you, Bhavin. Good morning, ladies and gentlemen. Our financial results and investor presentation for the quarter and half year ended September 2026 have been uploaded on the stock exchanges, and I am sure you had the opportunity to review them.

Let me begin with a brief overview of our performance:

For Q2 FY27, Afcons reported a revenue of INR 2,906 crores, EBITDA of INR 316 crores with an EBITDA margin of 10.9%, and profit after tax of INR 41 crores. For the first half year, revenue stood at INR 5,633 crores, EBITDA at INR 578 crores with an EBITDA margin of 10.3%, while profit after tax stood at INR 71 crores.

At the same time, our order booking continued to strengthen. During H1, we secured orders worth close to INR 16,000 crore, taking our total order book to INR 43,836 crore. This excludes L1 orders. As on date, for the year, our intake is close to INR 19,500 crores, excluding L1 orders. With an identified project pipeline of around INR 80,000 crores for Financial Year '27, bids under evaluation, and several opportunities at different stages of tendering, we remain on track towards our full-year order inflow guidance of INR 30,000 crores. These wins have strengthened our order book and provide healthy revenue visibility for the coming years.

Let me now address the operating performance:

Our Q2 performance was lower than the corresponding period last year. The constraints that we discussed in our Q1 call have evolved differently across projects. Land handovers are progressing at affected sites, and certain approvals and clearances have moved forward. These are important developments because they should enable higher activity at these projects during the second half. While these developments are encouraging, our endeavor is to deliver higher level of execution. We remain focused on translating the improving project environment into stronger operating performance in the periods ahead.

Not everything has moved at the same pace. Liquidity and collection remain challenging, and execution on the Jal Jeevan Mission project in U.P. continues to remain gradual. Let me assure you, we are managing the issue project by project, with particular attention to execution readiness, client interfaces, collections, and cash flow. Our objective is to address the issues within our control and be ready to accelerate execution as the remaining constraints are resolved.

Against this background, our Q2 performance was broadly in line with our expectations. On the positive side, both tunnel boring machines at the Mumbai-Ahmedabad High-Speed Rail project are progressing in line with the schedule, and our teams remain focused on achieving the planned execution progress. We have also achieved significant progress at our Greater Male Connectivity Project. The final segment of Thilamale Bridge, connecting Vilimalé Island to the capital Malé, was completed during the quarter, marking a significant step forward to the project. It is the largest infrastructure project funded by India outside the country. It will, upon completion, stand as an engineering marvel and serve as an important catalyst for connectivity and economic development across Greater Malé region.

Beyond the execution progress discussed, we also achieved project milestone. Phase-II of Mithapur–Sipara Elevated Corridor was inaugurated by the Honorable Chief Minister of Bihar during the quarter. The corridor is expected to reduce travel time between Mithapur, Mahuli, and Punpun from approximately one hour to around 15 minutes. The engineering capabilities, execution discipline, and safety systems that underpin these achievements also continue to receive recognition from leading industry institutions during the period.

Afcons was named Construction Contractor of the Year at the 16th Construction Week Awards, while several of our projects received safety awards and recognitions from domestic and international institutions.

Turning briefly to the business environment, the infrastructure opportunity in India remains healthy, although the pace of project awards remains uneven and competition is intense in certain segments.

Internationally, geopolitical tensions in West Asia continue to affect logistics and the cost of certain inputs on some of our projects. We are addressing these through advanced procurement, alternate sourcing, and close coordination with clients, suppliers, and logistics partners.

As I look to the second half of the year, I see clear priorities for us: accelerating execution where the necessary fronts and approvals are available, improving collections and cash generation, and mobilizing new projects faster to make us ready for growth in the next financial year. Our execution visibility for H2 is better today than what was at the beginning of the financial year. Based on the visibility, we expect execution in the second half to be stronger than in the first half.

Let me conclude with one point. We are very confident of achieving the provided order book guidance of INR 30,000 crore and beyond. Our H1 performance was largely on expected lines, and we remain focused on translating the improved visibility into enhanced execution, and execution into collections and cash flow. The strength of our order book, diversified project portfolio, and healthy pipeline continues to provide confidence in our long-term growth outlook, while our immediate priority remains driving execution and cash flow delivery. I would like to thank our clients, employees, partners, investors, and all other stakeholders for their continued trust and support.

I now invite our Chief Financial Officer – Mr. Ramesh Jha, to take you through the financial performance in greater detail. Thank you.

Ramesh Jha: Thank you, Sir. Good morning, everyone. Before talking on the numbers, let me reiterate, company is into business of construction. The margin in quarter varies based on the nature, type, and quantum of work we executed. So, quarterly results may vary in different quarter and may not be indicative of annual results or trend.

Now, let me begin with the revenue number. For the half year ended, we have done INR 5,633 crores of top line against last year H1 top line of INR 6,520 crores, showing a de-growth of 13.6% year-on-year basis. Whereas in Q2, we have achieved top line of INR 2,906 crores versus INR 3,101 crores in the previous year Q2. This is 6.3% de-growth in top line over the previous year Q2.

Both H1 and Q2 execution is on the expected line, as we have already explained that in many projects there were lack of work front availability, and second quarter was a monsoon quarter, which remains to be relatively soft quarter. Pace of the execution is also a manifestation of stress payment across few projects where certification and payments are not happening.

We had explained in Q1 earning call that generally Q1 remains little bit slow in terms of collection, but then things pick up from Q2 onwards. But this year, we are feeling that the customers are continuing with the stretched liquidity, and we strongly feel liquidity across the market needs significant improvement. Payment-related issues in U.P. Jal Jeevan Mission is still continuing. We are receiving small payment based on certain threshold of percentage, which they have defined of the overall work once that is completed.

We reiterate that across the spectrum, payments are being stretched for some or the other reason because the executing agencies, the government, the various state governments, or the executing

agencies do not want to borrow from banks. We are aware that banks are influx with liquidity, but these entities, they do not want to borrow, but they want to stretch the contractor's payment as they may be getting reflected as creditors in their respective balance sheet.

So, we do not want to go overboard in terms of funding any project, and we want to maintain a healthy balance between execution and the liquidity. We are maintaining a very healthy liquidity situation as far as company's treasury is concerned.

Now, moving to the guidance we have talked about in FY 2027, we have booked order amounting to INR 19,437 crores till now, taking the pending order book in excess of INR 47,000 crores. In FY 2027, we are targeting to significantly improve the order booking and improve the balance sheet by collecting some of the stuck receivables.

Uncertainty around the economic activity because of war, geopolitical, and related stuff continues, so we have held back any guidance in terms of growth for the time being. We will reinstate the guidance once we see a broader uncertainty around this when it goes away.

In terms of EBITDA, for the quarter, Q2, we have done INR 316 crore, which works out to be 10.9%, as against we had done INR 401 crores in the Q2 of '26, the last year, where we had done 12.9%. On the half yearly basis, we have done INR 578 crore, which works out to be 10.3%.

In our EBITDA calculation, we have considered BG commission as part of our operating expenditure. So, EBITDA, what we are talking about is after removal of BG commission as an expenditure. Also, we have included other income. We have explained earlier also that the arbitration interest, foreign currency exchange gain, and miscellaneous incomes are recurring and very integral to our business.

Also, there are corresponding expenditure to earn this other income, which has been factored in operating expenditure. Hence, these incomes needs to be factored as part of the operating income to consider the EBITDA margin. So, far, in H1, we have INR 326 crores of total operating income, which we have factored.

In terms of profitability, the profit before tax in the quarter, we have INR 82 crores, which works out to be 2.8% as compared to previous year Q2, wherein we had done INR 149 crore at 4.8%. For the half year, we have done INR 133 crore, which is 2.4% of the total top line, whereas last year we had done INR 333 crores at 5.1% of the PBT.

Profit after tax during the quarter, it is INR 41 crore for the quarter and INR 71 crore in the H1 FY '27. Correspondingly, last year we had done INR 105 crore in last year Q2 and INR 242 crores of profit after tax in the H1 last year.

Now, profits got impacted because of lower turnover on the overall basis. Margins in our individual projects continue to be robust, but because of lower turnover overall, they could not generate sufficient overall contribution to cover the overhead cost or the fixed cost and still leave sufficient profit. What traditionally the company used to generate profit, I am talking about.

We have put a lot of efforts towards reducing cost on the possible avenues, and that you will see that some of the other costs like manpower costs and other costs has gone down. But that has been partially offset by increase in energy, transport and logistics, finance, and provisioning costs.

Now, I would just like to clarify here that in other costs, you might have noticed that there is a significant increase in other costs, which is largely towards the ECL provisioning we have done. Because of that, during this quarter, the other cost has gone up. We have put in place a new ECL matrix. There is an automatic provisioning if the period of outstanding receivable or the contract asset changes from one bucket to another, and we need to provide ECL on that.

We have certain arbitration receivable – non-prime, which we are negotiating for settlement. We have provided for some discount negotiation possibility because we are looking at if we can realize those arbitration award by giving some discount. So, towards that, we have made a provision.

Third, in Middle East, we have certain outstanding in one of the subsidiary, and for this financial year, we have set up a task force which is following up with all the customer. In our interaction in Middle East with the customers, with banks, we have got very negative feedback around one of the location where we have got outstanding.

So, in order to, in future, we are not giving you any surprise, we thought that it would be prudent to make a provision. But when we realize, and not that we will be leaving that receivable, we will be following up. Once we realize, then a lot of these receivables may needs to be reversed. So, we need to see how things progress, and then basis that we will take the call. But at the moment, we thought that it would be prudent to make such conservative provisioning.

Now, talking on the specific finance cost, that finance cost has also increased for the quarter as well as for the half year. We have seen higher average borrowing during the half year. Because of this, the interest cost has gone up. Coupled with this, interest-bearing advances, more than 40% of our overall advance is interest-bearing. So, because of that also, the interest cost towards client advances has gone up.

Currently, of the total advance, currently around 59% of the advances are interest-free and 41% of the advances are interest-bearing. This year, we have booked substantial order, but the corresponding advances of those new orders have not come yet till Q2 financials we have prepared. We have big amount of advances lined up for collection, and that will change the working capital scenario significantly.

Interest-free advances will help us in reduction in the finance cost as we move forward. Because of the advances we are looking at collecting for the new project, 60% of the advances are interest-free.

Depreciation during the quarter, we had INR 181.51 crore, which works out to be 3.22% of the turnover.

Tax also, this period, it was higher, which is almost 46% of the PBT. This is primarily because on Afcons profit, we are paying 25% tax. However, in the consolidation, the profit has decreased due to provisioning as just explained in one of the overseas subsidiary. That was done primarily based on the local market feedback and the geopolitical scenario in that market. Also in some of the closed projects which are in joint venture, we are required to make ECL provisioning, and that also takes the consolidated profit down.

As a result, consolidated profit has reduced, but 25% tax on Afcons profit, which is far higher than the consolidated number, works out to be the higher tax percentage on the consolidated profit. Other factors contributing in some of the JVs, we pay tax in the range of, say, 35%-36% in some JVs. In overseas locations like Bangladesh, the tax is charged on turnover. And in such situation, and if we are not making profit, say, in a place like Bangladesh, the tax, they do not have any provision of refund. So, that needs to be charged off as an expenditure in tax. So, because of all this, there is an increase in tax.

ROCE, I am not talking about because we will see this number. At the moment, it is around 8.2%-8.3%. We will talk about when we see the number annually.

In terms of net working capital, the net working capital number is for the half year 147 days. Net working capital is at elevated level because of funding to the projects and less than expected collection of blocked-up assets. We are witnessing delays in certification of the work done and release of payments in projects. This has led to increase in uncertified work done, leading to jump in working capital requirement.

Generally, this remains the trend in H1. We have seen that last, say, four years, the working capital requirement in H1 is anywhere between INR 800 crore-INR 1,000 crore, and this year also remains to be the similar situation. So, this is no different from the previous year.

As we have booked significant order this year and corresponding advances will come in next six months, we are also working towards realization of some of the stuck receivables. Hence, we are confident that there will be significant improvement in net working capital or other metrics going forward.

In terms of debt in H1, payment issues has continued and operations have been funded. Also, we have done sizable CapEx payment during this period. So, debt has moved to INR 4,765 crore on a gross basis, and on net basis, it is INR 4,050 crore. On net basis, the debt-to-equity works out to be around 0.74x of the net worth. We are maintaining a very healthy liquidity in terms of funds and also in terms of bank guarantee limit availability.

If I talk about the cash flow from operations, cash flow from operations is negative in the first half, which remains to be the trend every year. As I told that, say, we have seen that last four

years also there was a similar negative cash flow in the range of, say, INR 800 crore-INR 1,000 crore. However, this year we can inform you that in next six months, we are likely to receive substantial amount of advances on the already secured job. Also, we are likely to receive stuck receivables, which we have targeted this year.

So, in an overall probability, we will see a significant improvement in cash flow from operations in H2, leading to an overall annual number correction for the cash flow from operations, debt reduction, net working capital number reduction.

So, this is from my side. On behalf of Afcons, I thank everyone for attending this call. Now I request the moderator to open the floor for question and answers.

Moderator: Thank you very much. We will now begin with the question-and-answer session. The first question is from the line of Aditya Bhartia from Investec. Please go ahead.

Aditya Bhartia: Sir, you spoke about execution pace picking up in second half. Just wanted to kind of clarify, are we looking at it on a year-on-year basis that revenue decline would be lesser, or are we speaking about in absolute terms that let's say we have done around INR 5,500 crore of revenues in first half, second half should be materially higher than that?

Srinivasan Paramasivan: Second half would be definitely higher than the first half. That much we can say for certainty.

Aditya Bhartia: Also, if you could give us some indication about high-speed rail project, how is the execution going on that? What kind of revenue accretion should we be looking at it in second half as well as next year? Given that we have already gotten decent amount of orders in first half, plus we are L1 for a few contracts as well, how would you look at revenue growth from the perspective of next year?

Srinivasan Paramasivan: Next year, as we conveyed to you earlier also, we do expect about 20%-25% growth from that of current year, number one. Number two, with respect to high-speed railway project, as in the earnings call we mentioned earlier, in the previous quarter, both the tunnel boring machines have come, and that has been put into operation.

As we call initial drive with respect to one tunnel boring machine is completed, regular working has started. With respect to second tunnel boring machine, initial drive is likely to get completed in the month of November. We are on track to achieve the budgeted number in high-speed railway project for the current year.

Aditya Bhartia: My second question is on the ECL provisioning that we have done. Now, I could not understand what is really the change that we had put in, because from my understanding, ECL provisioning always is based on buckets, and as soon as a contract assets or a receivable moves from one bucket to another, there is provisioning that is required. What was the change that was being done this particular quarter?

Ramesh Jha: No, what earlier the practice we were following was based on the previous experience of different buckets, whatever provision we had done in past or we had experience of any receivable going bad, basis that the provisioning used to happen.

From March 2026 onwards, what we have done, we have now, rather than looking at the past trend, what we have done, we have defined that any receivable which moves from, say, a six month to more than six month, then more than one year, more than two year, likewise we have bifurcated. And basis that there will be automatic provisioning rather than looking at the previous. So, this has called for an enhanced provisioning now going forward.

If you compare our ECL provisioning, what is appearing, we have looked at that number with other industry players, you will find that our provisioning is far higher than the others. So, this is one change.

And as I explained you that we have formed a task force in the company. We are looking at some 15 odd project where the amounts are stuck, and that task force is on a continuous basis interacting with the customer. There are many projects which is in overseas location. People are visiting, they are meeting the concerned team, and they are taking feedback how it is going to get materialized.

Now, in that endeavor, in the Middle East, the feedback we got from the bankers and the overall geopolitical situation, it was not very encouraging. So, then we thought that let's make the provision at this point in time, and as things materialize, then we will see how to go about on the ECL provisioning. There will not be any surprise going forward. Rather, it could be a positive surprise.

And two, we have received some three, four arbitration award, which we are on a constant basis in the same exercise we are discussing with the customer. On a suo moto basis, we have made this provision towards this. It will give us some headroom for negotiation so that we can realize the cash quickly.

At the moment, we are not seeing that anybody has asked for any discount, but then from our end, we thought that it would be better we keep it so that it gives us flexibility, we can quickly conclude the deal. So, that is where we have made the provision. If we realize all that amount, there could be a reversal.

Aditya Bhartia: What had really warranted this change of kind of increasing the way we are creating provisions? Because we had a one-off kind of provisioning in fourth quarter as well. Now, if we are fairly confident that we should be receiving these amounts, then why change the rate at which provisioning gets created?

Ramesh Jha: Because see, the amounts are outstanding for the period of outstanding is higher, and once that outstanding receivable moves to a certain bucket, basis that bucket, we are making provision, the rate whatever is defined for that particular bucket.

Aditya Bhartia: Just one last question. On Pune Ring Road, has there been any progress? Are we anticipating that project award in the near-term?

Srinivasan Paramasivan: Which one?

Hitesh Singh: Pune Ring Road.

Srinivasan Paramasivan: Pune Ring Road, we expect maybe Q4 it could get awarded because tender has already been floated with 45 days deadline for submission. After the submission, then it will take about a month for them to evaluate and give. We do expect the award of Pune Ring Road job in Q4. As this thing, as this fresh bid, depending on who is the L1, that will get awarded. And we are quite confident.

Moderator: The next question is from the line of Shravan Shah from Dolat Capital Private Limited. Please go ahead.

Shravan Shah: Couple of questions. Sir, just wanted to get a clarification that for next year FY '28, when we are saying that we are looking at 20%-25% kind of a revenue growth, and even for the second half, we are saying confident that the things will improve on the execution front and obviously on the entire working capital payment, everything, and also the mobilization. So, then why not to give a guidance for the second half or maybe for the full year of FY '27? What stops us to give a guidance on the revenue and the margin for second half or maybe for full year of FY '27?

Ramesh Jha: See, what we have explained is the guidance which was held back because of the geopolitical situation. There were challenges related to energy availability at many projects site. Because of that, we had held back. See, even when we speak today, we are experiencing in place like, say, Bangladesh, there is a challenge of availability of energy, and we are facing challenges in terms of the logistics for sending material to places in overseas location.

So, considering that, we do not want to get into a situation where we factor something and then things go haywire. I know we are now expecting that situation should improve in terms of geopolitical situation. And once we see that the uncertainty around that is done away with, we will be resetting back the guidance.

Shravan Shah: But then, sir, when we are saying FY '28, we will look at 20%-25%, but if we don't know the base, then also that also contracts that we are confident for FY '28, but we are not confident for the second half of FY, which is very immediate and one month is already passed for this quarter. So, some sense in terms of where we can look at the INR 5,300 crore revenue that we did in 1H or could it be a INR 6,000 crore, INR 6,500 crore, INR 7,000 crore, less than, higher than? Some idea on that front.

Ramesh Jha: This 20%-25% number we are talking about, we are talking about that number from the full year of March 2026.

Shravan Shah: Okay, from March '26, we are looking at a 20%, 25% growth in FY '28.

Ramesh Jha: Yes.

Shravan Shah: Second, sir, on the margin front, so two, three things to get a clarification. What was the ECL provision for Q2? Second, my understanding is it would be around INR 86 odd crore kind of a number would be there. Even if we remove that also, then also the margin for what the second half, not as per you, but as per the reported is close to a kind of a 6.7%, which is given the similar revenue 1Q and Q2, it is significantly lower versus a 9.4% as per the reported.

Still not able to understand what is impacted the margin in the second quarter. Related is now how we can look at the arbitration, whatever till now we have got, so in third and fourth quarter, how are we looking at the arbitration amount? Because that will change up significantly in terms of the margin for us.

Ramesh Jha: No, see, the way we will have to look at it is, in terms of top line, when we do say around say INR 2,400 crore, INR 2,500 crore kind of a top line, at that number, that gives you a kind of break-even kind of a situation. Because the fixed cost, whatever you are incurring, that will remain fixed.

Now, incrementally, over and above those numbers, say around INR 2,400 crore, INR 2,500 crore number, we start generating margin. If we look at the gross margin we are generating is around 35%, maybe say 10, 20 basis point here and there. So, we generate that 35% margin on the gross profit basis. Incrementally, every INR 100 crore, we will be generating another say INR 35 crore, and that adds to your EBITDA margin, to your profitability.

Now, what we are trying to say that H2, we will have a better number than what we have done in H1, and that is where we are trying to give you a confidence that for the full year, we are looking at correcting the situation as far as the margins are concerned.

Now, specifically, you are talking about the H1 number you are talking about. Maybe the difference we are having, we have explained that we include other income also as part of our operating income, and that is where we are having difference. Maybe you are looking at the number excluding the other income.

If you look at the standalone Afcons profitability, that will give you a sense that the projects are generating sufficient margin, because as I explained that in one of the overseas entity, we had to make ECL provision, and that has pulled the overall profitability down.

Shravan Shah: So, sir, total ECL provision in Q2 in consol is how much? INR 86 odd crore?

Ramesh Jha: No, in Q2 it is higher than that.

Shravan Shah: Can you specify the number?

Ramesh Jha: I will give you that number. Maybe I will give you that number offline.

Shravan Shah: And two, three data points on the CapEx front, we have already done INR 700 crore. Previously, we were looking at INR 700 crore, INR 800 crore for this year and INR 600 crore, INR 650 crore for next year. How one can look at now? And in terms of the gross debt level, we were looking at kind of a INR 3,500 crore similar number.

Ramesh Jha: **See, t**he CapEx number we have talked about for the FY '27 and '28, that number remains to be the same. It is not going to change. We are looking at for FY '27 CapEx in the range of INR 700 crores, and in FY '28 is around say INR 650 crore. That number remains to be the same.

And in terms of debt, we had talked about that FY '27, on gross debt basis, we will be around INR 3,500 crore. On net debt basis, it will be around say INR 2,750 crore, INR 2,800 crore. That number will remain. I think important point in debt one needs to understand is, we will have of the March '27 debt, a significant portion will be a term debt towards the CapEx. The working capital debt will come down.

Moderator: Mr. Bhandari, do you have any follow-up questions? Mr. Bhandari, we are not able to hear you. As there is no response, we move on to the next participant. The next question is from the line of Shirom Kapur from Jefferies. Please go ahead.

Shirom Kapur: Just a couple of questions. You mentioned your order book is excluding L1 orders. So, would you be able to quantify and give us some detail on what these L1 orders are that you currently have?

Srinivasan Paramasivan: There are a couple of orders in Europe aggregating to around INR 4,000 crores.

Hitesh Singh: INR 4,200 crore.

Srinivasan Paramasivan: INR 4,200 crores, two projects, we are L1.

Shirom Kapur: By when do you expect conversion of this?

Srinivasan Paramasivan: More or less, when you look at it on the INR 30,000 crore guidance, Europe, it takes a little longer time to convert into order as compared to other markets. Therefore, we have not considered this in FY '27. We do expect it in FY '28.

Shirom Kapur: Second, in your last quarter, you mentioned a couple of big-ticket projects coming up, such as the Brahmaputra Tunnel and Dholera connectivity in Ahmedabad, about INR 18,000 crores, INR 19,000 crores worth of projects. Any update on these tenders, how we are positioned in these?

Hitesh Singh: See, it will not be appropriate to discuss individual tenders, but as MD sir mentioned, we are fully confident that we will achieve our guidance of INR 30,000 crores. Pune Ring Road is already being discussed in the previous question. Brahmaputra, also the tenders are out. If everything goes fine, the award for that project should also happen this year as well, considering we will be L1 there. For other projects, there are certain big-ticket projects which are in the

pipeline, and we are fairly confident, considering our strike rate and various considerations, we will achieve that target.

Shirom Kapur: Just if I could ask, you have maintained your INR 30,000 crore order flow guidance for this year, but we are almost seven months in. Looking ahead to FY '28, directionally, maybe you do not have to quantify the guidance, but directionally, do you see that this INR 30,000 crores is largely a function of a lot of bunching up of orders from last year, and maybe next year the quantum could come down? Or do you expect this to continue growing in terms of order flow in FY '28-'29?

Srinivasan Paramasivan: From last year, only one job we got, INR 7,500 crores of Croatia, and all others are fresh jobs. Okay. So, it may not be appropriate to look at bunching up of orders from the previous year. As opposed to INR 7,500 crores of Croatia, we already have about INR 4,200 crores of other European jobs in the pipeline, which is marginally less, I would put it. So, for the next year order inflow guidance, we would say it will be too early to say. For the year, we will achieve first, and then we will come back to you with guidance for next year.

Hitesh Singh: However, we will keep in mind our book-to-bill ratio and other risk factors. Even if there is a large availability, we will make sure that we will take the projects which we can deliver. So, all those factors will prevail.

Shirom Kapur: Just lastly, you usually give a two-year prospect pipeline. You split it between your businesses and between domestic export. If you could just share those numbers.

Hitesh Singh: Sure, we will do that. So, for the remaining H2, our pending pipeline, which we see is around INR 80,000 crores, and which is spread across segments. Hydro is around 35%, marine also 35%, surface, which is road and rail, is relatively less, around 10%, and urban infrastructure is 20%.

For the next year, that is FY '28, and plus this quarter, which means around six quarters, the total pipeline, the total TAM for us is INR 3.6 lakh crores. Again, equally spread across segments, at 20% in hydro and underground, 27% in marine and industrial, 20% in surface and surface transport, and around 32% in urban infrastructure. In terms of geography, 65% of this pipeline is domestic and 35% is outside India.

Moderator: The next question is from the line of Bhavik Shah from Invexa Capital LLP. Please go ahead.

Bhavik Shah: My first question is regarding the provisioning. Sir, is it fair to say, like, in the coming quarter as well, there will be an increased provisioning?

Ramesh Jha: No.

Bhavik Shah: This is a one-off, which will get corrected in the coming quarters, right?

Ramesh Jha: No. As I explained that even this provisioning what we have done, we have explained that we are at a very advanced stage of certain arbitration award realization. We thought that let's have something in hand so that if there is a requirement to offer some discount, we will be able to offer and we can get the amounts realized. We don't foresee going forward there will be any requirement. Even if we are able to realize this amount, there will not be, maybe we can look at correction in the provisioning.

And two, in one of the overseas subsidiary, based on the market feedback, we had done the provisioning. But then we will be following up with the customer for realization of that. And basis the progress, we will take call how to go about on the provisioning.

Srinivasan Paramasivan: Third, newer arbitrations also, when we get arbitration award, we will keep some cushion for negotiation.

Bhavik Shah: Sir, what is the receivables outstanding from these debtors, like which have been provisioned or which have been provided for in this round, the additional ones? What is the total amount of the receivables outstanding we have?

Moderator: Mr. Shah, please go ahead with the question.

Bhavik Shah: Sir, what is the receivables outstanding from these subsidiaries or projects which have been provided for in this round, like of the total receivables?

Ramesh Jha: See, the total receivable, it would not be appropriate to give the number, but we have made sufficient provision, and we don't foresee that there will be any further requirement of any provisioning.

Bhavik Shah: Sir, in our, say, order book, what is the proportion of, say, now the JJM order book and the JJM receivables which are outstanding?

Ramesh Jha: We have explained in past that in JJM, we are doing project at two, three location, but the difficulty we are facing is in U.P. only. The pending order book in U.P. is around INR 474 crores now, which the discussion what we had with the customer, they are expecting us to complete 75%, and then after that, they will release that payment. So, going forward, we are going to execute. We will take whatever percentage we have completed to 75%, we will get the realization, and then with that money, we will try to complete.

As far as outstanding is concerned, we have got INR 372 crores in U.P. outstanding. We have realized some amount of payment in last two, three months, but the amount realization is small. But I think going forward, the way forward we are looking at, it will not be a significant chunk getting released. We will have to progressively complete 75%, and against that, we will get the realization of payment.

Bhavik Shah: Sir, outstanding is INR 372 crores, or we have realized INR 372 crores till now?

Ramesh Jha: No, outstanding amount is INR 372 crores. This amount we had talked about in past, it used to be in excess of INR 400 crore, but then gradually, they have released some payment. Now, going forward, we have got a plan we have discussed with the customer. They are looking at completing certain segment, which progressively we will complete, we will cross the threshold of 75%, and once we complete, they will release the payment.

Bhavik Shah: Sir, you told that some projects are seeing slowdown from the customer's end. Which are these projects and which you see will pick up execution in H2?

Ramesh Jha: No, sir, see, slowdown in the sense what we have talked about, one, we have talked about that the payments are getting stretched. That we are seeing that it is across the spectrum, that kind of a trend we are seeing. In second half, the execution pace picking up, we have talked about in past that in some of the Maharashtra projects, there were certain land acquisition-related issues. There were certain design-related aspects which had to be changed. Those has already been completed, and going forward, we will be looking at Q3, Q4 faster pace of execution. Also, some of the project which is into offshore marine-related project, which generally slows down in monsoon season, we will see a pickup there.

Moderator: The next question is from the line of Mudit Bhandari from IIFL Capital Limited. Please go ahead.

Mudit Bhandari: Sir, over the last few quarters, we have seen this in terms of various projects, like either change in scope, like you recently mentioned, in terms of either design-related or any other issues or pending clearances, either in terms of land acquisition or any other clearances. So, as we speak till now, whether the work has actually started over the projects that we are talking about since it's been some time that execution is yet to start?

Ramesh Jha: No, the work was happening. In those projects, work was happening. Please understand that the project we are talking about are long stretch projects. It runs into kilometers. So, the customer had given certain land with which we had commenced the work. Certain land they had to acquire, and there were certain challenges in the acquisition, or maybe during the course on some aspect of the project, there is a change in design. So, as I explained that those aspects we have already crossed, and going forward, we will be looking at a faster execution in the entire stretch of the project. So, we were already working in those projects.

Mudit Bhandari: And when you say in terms of delays in receivables due to uncertified bills, so how that has panned out since if you look at September numbers, that still feels elevated. So, any progress till date?

Ramesh Jha: Can you just explain once again?

Mudit Bhandari: When we say that there would be improvement in collection in the second half, till now, if you have seen any major collection being realized post-September till now, or any other in terms of interactions that you have seen that in terms of visibility of improvement of collection?

Ramesh Jha: See, there are three aspects to it. One, what we are saying is the work done we are doing, the customers are taking time in certifying and releasing the payment. I am not saying that they are not releasing. What I am saying is they are stretching the payment. That is one. Whatever work done we are doing, we are getting it, and going forward also we will get. When we are talking about any number for the March, we have factored in this kind of a stretched payment.

Two, what we are talking about is we have got certain stuck receivable which we have to receive. Say, we have completed the project, some places the retention is to be released, likewise. Those collections, we had set a target for this financial year. We had set the target for first half also. We have seen a substantial movement in first half, and in the close interaction with the customer, we are quite confident that the target we have set for this financial year, we are going to achieve that number. So, that will give us a big boost in terms of fund getting into the company from the stuck receivable. So, that will bring down the, say, receivables or contract asset, and that will also help in reduction of debt, net working capital, and that will aid to the cash flow from operation.

The third aspect we are talking about is the new projects we have won now. For those projects, there is a eligibility of mobilization advance. So, till we have finalized the September accounts, we have not realized those advances. Those advances are going to get fructify in, say, Q3 and Q4. That is also going to aid the fund availability for the company, and that is how we are saying that we will see an improvement in cash flow from operations.

Mudit Bhandari: Lastly, when you said that our other cost has three other things, including ECL provision, arbitration receivable provision, and one overseas subsidiary's provision, so is it possible to quantify this amount to get the correct run rate of other cost?

Ramesh Jha: See, as I explained that ECL provision, we have done because we have moved to a new ECL provisioning matrix, basis that we have done the ECL provisioning. They will not be as such, you will be able to extrapolate that ECL provisioning for the remaining period, because that was on certain specific aspect we have made that provisioning.

Now, going forward, I don't think that there will be a similar ECL provisioning in, say, Q3, Q4, or maybe future period. Even on this provisioning aspect what we have done, if we see the collection is happening, then maybe we will see how do we take this ECL provisioning.

Mudit Bhandari: Anyway, I was asking in terms of correct other costs, but that is fine.

Moderator: Next question is from the line of Balasubramanian from Arihant Capital. Please go ahead.

Balasubramanian A: Sir, actually, tunneling turnover technically starts in November onwards. If you look at our depreciation anywhere between INR 85 crore-INR 90 crore range, but historically nearly INR 120 crore-INR 130 crore range. I think once that TBM-related tunneling activities will ramp up, whether the depreciation run rate will hit nearly INR 120 crore-INR 130 crore after quarter 3, sir?

Ramesh Jha: Yes. You are right. The depreciation will go up. As the TBM starts operating, you will have uptick in the turnover and also the contribution, because the TBM-related tunneling, we have explained in past that it generates a higher contribution margin. You are right, the depreciation will go up, but at the same time, it will also take the top line up, and it will also contribute more margin.

Balasubramanian A: Also, is there any risk on that Vadhavan Port execution side? Because the Vadhavan is restricted to geotechnical investigation and design due to land or reclamation handover delays and public agitations. What are the risks we have? Are we protected in terms of contractual or escalation clauses or equipment compensation in those sites?

Srinivasan Paramasivan: In Vadhavan Port, there are three aspects. One is our own execution. Two is approach. The approach, one project is being handled by NHAI, another project is handled by Vadhavan Port only. Both are already delayed. With respect to our work, we have already started geotechnical investigation. We have not faced any local issues so far. We have kind of engaged locals also wherever needed, all that.

But the issue would remain without the approach being handed over to us, which is contractually to be handed over to us, there is going to be a challenge for a full-scale working. Clients are in discussion with us for alternative methods of doing the work, which is something currently under discussion, as this forms part of a follow-up of projects in the PRAGATI portal. There could be specific discussion around that.

The alternatives are being discussed as to how to get the work going, not confining ourself only to geotechnical and design. In terms of extension of time and other areas, we don't find any issues. But the issue could come up on the execution side till the alternatives are frozen and cost related to the additional work is frozen. To that extent, the turnover could be less till that time. But we are working on the geotechnical based on which designs and all we will complete.

Balasubramanian A: Sir, my last question on that Croatia railway project side. If you look at on the international market, supply chain-related challenges and material availabilities is still there. What is that expected peak revenue contributions from this project, whether it will start from FY '28 or FY '29? And how the supply chain has been localized to protect the margin side?

If you look at on the export side, generally 200 to 300 basis point higher margin compared to our domestic projects. Still, we are in that same side to get higher margins compared to our domestic projects.

Srinivasan Paramasivan: On this project, typically international projects don't have a pass-through mechanism. But fortunately in this project, beyond 10%, the escalation is compensable. And the 10% we have already taken appropriate provisions. So, we don't foresee any issue on profitability. Revenue will start in FY '28.

Moderator: Next question is from the line of Shravan Shah from Dolat Capital. Please go ahead.

Shravan Shah: Just two, three things to clarify. Sir, we are looking at a mobilization advance to be received in the second half where we have received recently the INR 19,500 crore order inflow. How much are we looking at broadly in terms of the mobilization advance in the second half?

Ramesh Jha: See, it would not be appropriate to give you a specific number, but then I can tell you that generally in our project, we are eligible for 10%. In some projects, there is a 15% advance possibility also. But at the same time, the entire amount is not disbursed in all projects in one go.

In some projects, it is given at one go. In some projects, it is given initially, they will give 5%, and then subsequently they will give another 5%. Once you utilize the 5%, then they will give you the subsequent 5%. I can tell you with certainty that we are looking at a very sizable number of advance in the next half.

Shravan Shah: Second, sir, this contract asset, particularly the unbilled revenue, the INR 6,200 crore part of current assets and INR 2,000 crore kind of a part of non-current assets. So, this INR 8,200 odd crore, have we seen any kind of a certification post-September till now in last 35 odd days? Has this number came off or maybe because of the ongoing execution, this number is broadly the similar? The old one is getting certified, but the new one is also getting added.

Ramesh Jha: Yes, so you are right. It remains to be the trend, but then our endeavor is to bring it down, and maybe now we will see this number at the year end. There is a full effort that we should bring it down.

Shravan Shah: On the arbitration and the other income part, till now, whatever we have received in terms of arbitration, do we expect, is there any arbitration claim the way we have INR 183 odd crore in Q2 in third quarter or a fourth quarter? Any likely given till now whatever the situation we have?

Ramesh Jha: See, I mean, these are all semi-judicial process, and we will not be able to pinpoint that we will be receiving or not receiving. There are various cases we are fighting, and the company is putting its best foot forward to defend its position in the arbitration. So, there are many cases which is there. Whether that is going to get fructified in Q3, Q4, it will be difficult to give answer.

Shravan Shah: So, let's say, if we exclude that, then how one can look at the other income in the second half. The run rate that we have normally INR 60 odd crore, INR 70 odd crore, that run rate is to be continued in the second half.

Ramesh Jha: It will be, yes.

Shravan Shah: On the finance cost, given obviously the debt has increased, excluding the bank charges, the current INR 136 odd crore kind of a quarterly run rate, will it be higher in the second half or given the way we are looking at the reduction in the working capital leading to a reduction in the gross debt, but will that impact will be in the Q4 onwards or maybe Q1 onwards, but this run rate or maybe it would be increasing the finance cost at least in the second half?

Ramesh Jha: See, this finance cost what we are looking at, I don't think that from this kind of a run rate it is going to go up. Only thing is incrementally if we back project and if we are required to, if the bank guarantee utilization goes up, there will be increase in the bank guarantee cost. But as far as the borrowing cost is concerned, I don't think that we are going to cross the kind of run rate we have clocked, say, in H1.

Shravan Shah: Last, just a clarification. The L1 order with what we have mentioned INR 4,200 crore, that is not part of INR 19,500 odd crore the YTD order received. That is where we have received the LOA, and this is the separate one, INR 4,200 crore.

Ramesh Jha: Yes, INR 19,400 odd crore we have got the confirm order. This L1 order we have talked about, this INR 4,200 odd crore is not counted in that.

Moderator: Next question is from the line of Yogesh Doshi, an individual investor. Please go ahead.

Yogesh Doshi: Sir, as a layman investor, would love to know from you that we are into extreme engineering businesses. Can we not have payment schedule in an extreme way? See, how many cases we are fighting, we are very competitive to European companies in terms of our margin. We are one of the best engineering company in India. For every good project, we have some arbitration or legal issues. Can't we have a board with a legal strong point so that our payment schedule is not delayed and if it is delayed, then compensated with interest? Because as we are paying interest for our borrowing for that particular project. Can you please guide me whether this extreme engineering is supposed to have extreme measures of collections?

Srinivasan Paramasivan: The point what you are making is well made. There are some projects, especially some overseas projects, where delays in payments are compensated with interest. Domestic projects, barring exceptions, generally there is no interest clause. It is not that for a complex project there are separate contract terms. It is not so in India as of now. Currently, it is all on pure L1 basis. First of the jobs had come in India with 60% technical, 40% commercial. First time it has come under QCBS now.

Going forward, if that comes in, then technical will get a weightage. So, even if somebody is not L1 in terms of price, they would get as the lowest evaluated bidder. But in terms of payment terms, that is something which is more or less fixed under the Government of India procurement guidelines in most of the times. Therefore, there changes in the payment terms may be difficult. Another difficulty in these things, in arbitration, barring some, I would say some employers or some states, other places on payment terms, it remains uniform, but mostly guided by the Government of India procurement guidelines. In terms of QCBS, first of the projects, one or two projects have started coming. We need to see how it is taking shape. Therefore, just because we do complex project, we do not get a premium in the domestic market.

In the international market, many places it is QCBS, and where technical proposal gets significant weightage, and based on which you are not necessarily required to be L1, and in terms of pricing. But if you are a lowest evaluated bidder based on technical and commercial

score, you will get it. There also, payment terms, whatever is the standard payment terms, that remains. Therefore, for complex project, there are separate payment terms. For other projects, it is a normal payment term. That kind of a differentiation is not there, both domestic and international.

Yogesh Doshi: Sir, how can we, I mean, make ourselves unique, or how an investor can get a premium or pay premium to our company's market cap if it is equal to everyone? I mean, the payment cycle or projects. See, just to make my point, if I am buying Afcons Infrastructure and so many other infrastructure EPC companies, why should one pay premium to Afcons Infrastructure despite of this much of arbitration, legal issues, and net margin or gross margin is very much similar?

Srinivasan Paramasivan: Traditionally-

Yogesh Doshi: No, let me complete, sir.

Srinivasan Paramasivan: Please, please.

Yogesh Doshi: The Shapoorji Group and Afcons are known as the best EPC companies overall in the world. But if we can't insist the payment schedule with Indian government, we should be a little choosy about taking all the projects where you feel that payment can be an issue. We should be only concentrating and focusing on projects where we see the payment cycle and promise of facilities are good enough. Instead of having INR 50,000 crore of orders, we can have INR 25,000 crore of orders for next two years. Anyway, we are doing only INR 10,000 crore, INR 12,000 crore orders. We can choose among the projects, no?

Srinivasan Paramasivan: Traditionally, if you look at why Afcons is held at a premium, one, corporate governance. Second, if you look at profitability in the infrastructure segment, in normal circumstances, we have always been at the higher end of the profit spectrum. And EBITDA margin in excess of 11%, 12%, I don't think most of the construction companies achieve. You are aware of yourself. As you are an investor, you know these things.

Third, there is a huge international recognition which adds to the intrinsic value, even though it may not necessarily convert into transactional value. At some stage, if some stocks have moved, like stocks, some of the other stocks have moved to a portfolio stock. At some stage, Afcons could also move into portfolio stock. That is what we expect. Therefore, taking that into consideration, I think in our assessment, Afcons would continue to be a premium segment.

As you know, Afcons is the eighth-largest player in marine in the world, 12th-largest player of bridges in the world. These are not my statistics. These are Engineering News-Record U.S.A. statistics. We are the only company for 11 years in succession, we have been adjudged as the Most Admired or Most Innovative Knowledge Enterprise at India level, Asia-Pacific level, and global level. Taking all that into consideration, it is for the individual investors or the group of investors to decide what kind of premium one can avail or all that. I cannot comment on that.

Yogesh Doshi: Thank you so much. Thank you, sir. Thank you for enlightening individual shareholders with this confidence. Thank you very much.

Srinivasan Paramasivan: Happy Deepavali to you all. Happy Deepavali and a very happy and prosperous New Year. Thank you.

Moderator: Thank you, sir. Ladies and gentlemen, as there are no further questions from the participants, I would now like to hand the conference back to management for closing comments.

Srinivasan Paramasivan: Thank you very much. Happy Deepavali and Happy New Year to you all. As conveyed to you, we are looking at a 20%-25% growth in FY '28, and the second half will be better than first half. We stand by our guidance of INR 30,000 crore of order book, and we are looking forward to exciting times back. Thank you.

Moderator: Thank you very much. On behalf of Anand Rathi Shares and Stock Brokers Limited, that concludes this conference. Thank you all for joining us today, and you may now disconnect your lines.