

Date: 17th August, 2024

National Stock Exchange

Exchange Plaza, Plot No. C/1, G Block, Bandra (E), Mumbai-400051

(NSE Scrip Code: SPMLINFRA)

BSE Limited

Phiroze Jeejeebhoy Towers Dalal Street, Mumbai-400001

(BSE Scrip Code: 500402)

Sub: Transcript of Earnings conference call for the first quarter ended 30th June, 2024

Dear Sir(s),

Pursuant to Regulation 30 read with Schedule III of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find attached herewith the transcript of Earnings Conference Call organized by the Company on 13^{th} August, 2024 post declaration of un-audited financial results for the quarter ended 30^{th} June, 2024.

Kindly take the same on records.

Thanking you, For SPML Infra Limited

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Date: 2024.08.17
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Swati Agarwal Company Secretary

Encl.: As above



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SPML Infra Limited Q1FY25 Earnings Conference Call August 13, 2024

Management:

Mr. Manoj Digga – Director Commercial & Chief Financial Officer

Mr. Malay Kanti Chakraborti – Executive Vice President

SPML Infra Ltd. - 13th August, 2024

SPML Engineering Life

Moderator:

Ladies and gentlemen, good day and welcome to SPML Infra Limited Q1FY25 Earnings Conference Call.

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

I now hand the conference over to Mr. Pranay Premkumar from Adfactors PR, Investor Relations team. Thank You and over to you, sir.

Pranay Premkumar:

Good evening, everyone. From the Senior Management we have with us, Mr. Manoj Digga - Director Commercial and Chief Financial Officer and Mr. Malay Kanti Chakraborti – Executive Vice President.

Before we begin the conference call, I would like to mention that some of the statements made during the course of today's call may be forward-looking in nature, including those related to the future financial and operating performances, benefits and synergies of the Company strategies, future opportunities and growth of the market of the companies services. Further, I would like to mention that some of the statements made in today's conference may involve risks and uncertainties.

Thank you and over to you, Mr. Manoj Digga.

Manoj Digga:

Thank you once again. Good evening and thank you all for joining the Q1FY25 Earning Conference Call of SPML Infra Limited.

I'll give you a "brief overview" of the "industry trend", "business update", and will also take you through the Company's "financial performance".

Water Sector update:

Despite global head winds of war and economic slowdown, Indian economy continue to display resilience and strong growth momentum with 8.2% growth in Q3FY24. RBI continued with its expectation of 7.2% growth in FY25.

Infrastructure plays a pivotal role in accelerating India's overall development, and will be the major driving factor towards the goal of becoming a \$5 trillion economy by 2025. This is further extended by the government allocation of Rs.11.11 lakh crore towards the infrastructure development across the country. Given that India has become a water stressed country, creating robust infrastructure needed for water security is now essential. The recent union budget gave emphasis on building water supply, sewage treatment and solid waste management projects with substantial budget allocation, along with services for 100 large



cities through bankable projects in partnership with multilateral development banks, which is commendable. We expect that Indian water market will grow, creating better opportunities for us. It is estimated that by 2050 water availability would only be around 750 billion cubic meters, as against the demand of 1,500 billion cubic meters, making a water scarce country. India water infrastructure market is estimated to reach at 2.08 billion by next year, registering a CAGR growth of 9.75%.

In the past five years, the government of India has understood the importance of water, which is a scarce resource and is essential for human life and economic growth, on the basis of which it has instituted various initiatives focused towards water distribution and waste water treatment. Some flagship program, including Jal Jeevan mission, urban and rural, AMRUT 2.0, Namami Gange, along with other schemes such as Pradhan Mantri Krishi Sinchai Yojana, Har Khet Ko Pani, Dam Rehabilitation and Improvement Project (DRIP) phase two and three, National River Linking Project, National Water Safe Project, Atal Bhujal Yojana and National Hydrology Program. All these schemes put together, have an estimated total outflow of approximately 10 lakh crore.

SPML Business and Operations:

As we complete 43 years of operation in water supply and distribution and wastewater treatment segment this August, I once again welcome you to the start of a fresh financial year and another quarter of a strong performance. We pride in being one of the leading integrated water management company with a key focus on water infrastructure development. With a strong pre-qualification criteria, coupled with superior project selection technique, we are assured of participation in the government initiative towards the water infrastructure. With our strength, significant capabilities and expertise, we aim to stay ahead of our competitors. We have completed almost 700 turnkey project across India and provided drinking water facility to 50 million+ people. We have the strong belief that India has the potential to reduce the gap between the water demand and supply. Given the immense opportunity in the water business, where the company has significant expertise and strength going forward, the company wants to exclusively focus on the water sector, particularly on the bulk water supply, as it offers better project execution and financial return.

With 10 years of experience in handling the O&M of individual water supply project, the company has a superior track record in water EPC sector. We have a requisite prequalification in executing several individual density water supply and management projects worth over Rs.1,500 crore, along with laying down over 10,000 kilometers of water pipeline project. We have a long-standing relationship with various central and state government bodies. We seek to leverage this strong position to continue building ourselves to become the leading player. Our focus is towards building a strong order book by bidding for selected but larger targeted project with complete life cycle engagement, and seek to optimize cost by executing projects on a subcontract basis, which will eliminate bank guarantee, avoid



penalties and remove execution delay. We seek to be risk averse by applying escrow mechanism to reduce strain on the working capital. Our focus from here on would be to work on increasing our profitability, rather than just working on our top line by undertaking higher margin projects and moving towards the funded project and cash rich states where payments are guaranteed. We have already placed bids for certain projects, and we are positive about receiving the same.

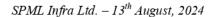
We are pleased to inform you that the company is embarking towards sustainability with the publication of our first Business Responsibility and Sustainability Report (BRSR). We are taking a significant step in aligning our operations with global Environment, Social and Governance (ESG) standards. The report not only showcases our current non-financial performance across environment social and governance related parameters, but has also set the stage for our future commitments in this space. The said BRSR report will be part of our FY24 annual accounts.

With the aforesaid focused strategy of the business, the promoter is in the process to improve the liquidity of the company and has infused over Rs.150 crore in last five years, successfully resolved the debt issue with the lenders and is ready to grow the company, along with the growing opportunity in the water sector. As a process of growth, the company is further exploring the possibility to raise funds, to improve the liquidity further from the current level. Inspite of continuous infusion of funds, the promoter stake further reduced due to allotment of 12.5% shareholdings to the lenders through NARCL in the process of debt resolution.

We will now move towards our quarterly financial performance:

On a standalone basis, we recorded a revenue of Rs.221.3 crore in Q1FY25 as compared to Rs.256 crore in Q4FY24, this is after excluding the non-one-time receipt of Vivad se Vishwas scheme of Rs.208 crore. This reduction is primarily contributing towards the slowdown of operation due to election, the impact of which will also remain partly in Q2FY25. The company envisage that the operation from Q2FY25 onwards will improve gradually. Our EBITDA was recorded at Rs.27 crore compared to Rs.30 crore in the last quarter. This Rs.30 crore is after excluding Vivad se Vishwas receipt of Rs.208 crore, and exceptional item of Rs.170 crore, included in the other expenses. We recorded a PAT of Rs.13 crore in Q1FY25 as compared to Rs.17 crore in last quarter. The difference is mainly on account of applicability of MAT tax in the current quarter and gain on exceptional items in the last quarter.

For Q1FY25 our EBITDA margin and PAT margin stood at 12% and 6% respectively, which we aim to sustain going forward. Currently, there is more than Rs.30,000 crore worth of order availability towards the various states, and the Company is targeting to participate in more than Rs.10,000 crore worth of order this year, and we are expecting to achieve our required target order book from the aforesaid order.





With this we conclude our opening remarks. Thank you for listening to us. We now open the floor for the question-and-answer session. Thank you.

Moderator: Thank you very much, sir. We will now begin with the question-and-answer session. We take

the first question from the line of Dhananjay Mishra from Sunidhi Securities. Please go ahead.

Dhananjay Mishra: So, in terms of bid pipeline assuming that Rs.10,000 crore bid pipeline we have, and we are

going to get significant order out of that. How, in terms of BG requirement and all, how we are placed, do we need more fundraising to get these orders or we are adequately placed as

of now?

Manoj Digga: At the moment, as I explained around Rs.32,000 crore of tenders are floated in the market at

various states, out of which as we have a very robust system of selecting the order book

which is risk averse, and which is profit making and easy to execute, fast to complete. So, out

of these, we have around Rs.10,000 crore of order book we are targeting that we will bid, and

from that we are expecting roughly around Rs.2,000 to Rs.3,000 crore, which we are targeting

for the current financial year we will get with that. The BG requirement normally starts from 1% to 5%, it depends upon bid to bid. We have roughly around Rs.84 crore of fixed deposit,

which is in our hand. We are expecting further amount from Vivad se Vishwas of

approximately around Rs.40 crore, and we have some warrant of the promoter, so roughly

around Rs.150 crore availability and visibility is there for the fund for the BG purpose. We are

exploring the possibility of raising, because of the various opportunity available in the water

sector, and we can accelerate our growth. We are exploring at the company level that

whether we should target further fundraising, but till date, we have not arrived at a

conclusion towards this aspect.

Dhananjay Mishra: Okay. What is the current order book position as of now?

Manoj Digga: Current order book we have around Rs.2,000 crore.

Dhananjay Mishra: Okay, because as per last PPT order book position was Rs.1,300 crore, so have we added

Rs.700 crore?

Manoj Digga: This order book is including of our JVs. So, this is roughly around Rs.2,000 crore inclusive of

all.

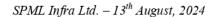
Dhananjay Mishra: Okay. One more question with respect to other income and interest, can you explain, how we

are we going to account this Rs.270 crore over next eight years or it will be accounted over,

how it is going to be accounted?

Manoj Digga: The difference between the two options, Rs.276 crore.

Dhananjay Mishra: So, on quarterly basis you are going to account this for how long?





Manoj Digga: Eight years basically, as per the IndAS requirement since we have recorded the loan at the

NPV and the benefit of also the two scheme we have referred as the deferred revenue

income. So, both will be continuing for the next eight years.

Dhananjay Mishra: Okay. Every year there will be close to Rs.50 crore other income from this accounting, right?

Manoj Digga: No, this will proportionately keep on reducing based on the repayment to the NARCL. So, this

year it will be roughly around Rs.48 crore and roughly around Rs.32-Rs.33 crore will be the

interest cost, but both are only provisional.

Dhananjay Mishra: Rs.600 crore, zero coupon NCD, which is as on June after making payment of Rs.225 crore?

Manoj Digga: The NCD, it is in our sanctioned letter. It is very, very clearly written the day we pay the

Rs.700 crore, out of which Rs.224 crore we have already paid, the NCD will be relinquished

immediately. So, we don't have to pay anything into that.

Dhananjay Mishra: So, technically we have close to Rs.475 crore debt right, after paying Rs.224 crore?

Manoj Digga: We have that and this year we have identified Rs.40 crore of the property, which is in the

advance stage of negotiation with the buyer, so that Rs.40 crore will further reduce into this

year as a loan.

Moderator: Thank you. We take the next question from the line of Chirag Jain from Yogya Capital. Please

go ahead.

Chirag Jain: Sir, I had few questions. First question is on the fundraise. So, what would be the fundraise

size that we are looking for?

Manoj Digga: It is at the drawing board level currently, so we will not able to comment, but we are

exploring the opportunity.

Chirag Jain: So, it would be in the second part of the financial year?

Manoj Digga: First we internally discuss and then we will recommend it to the board. And once we have,

then we will do the process. But if it happens, it will be in this year.

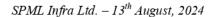
Chirag Jain: Okay, got it. Sir next on the revenue and margin so how are we looking at FY25 going ahead

at revenue and margins?

Manoj Digga: As I told you, the water sector is growing. Water sector opportunities are very high. Our pre-

qualification is such that we are qualifying in almost all the up-coming orders because of our past 30-40 years of operation in the water sector, and even after this huge volume of

opportunity, we are targeting very limited, high profitable, fully funded, easy to operate, easy





to execute, projects in the range of Rs.3,000 crore to Rs.4,000 crore in the current financial year along with the EBITDA margin of reasonably decent size of more than 10%. So, this will improve our profitability going forward.

Chirag Jain: Okay, sir. So, let's try it other way, you mentioned that we have Rs.2,000 crore of order book

in hand currently. So, what's the execution period so, what part of the Rs.2,000 crore would

be booked in FY25?

Manoj Digga: This will be completed into next two and half to three years. So, you can make around 40%

this year, 50% next year and 10% next to next year approx.

Chirag Jain: And the margins remaining in double digit around?

Manoj Digga: These are the old book, share margin may not be double digit, but our target margin for all

our new targeted orders is more than double digit.

Chirag Jain: Okay. So, have we won any new order during quarter one?

Manoj Digga: If you look at quarter one, up to the election there was a code of conduct, so no order or

tender initiation has happened. It started last month, and the process will take two to three

months. So, by that time, we should get one order.

Chirag Jain: Okay, fair enough. Last question, before I get back in the queue. So, I just wanted to know, if

there is any liability that remains to be bought till date on the balance sheet, so like any

equity infusion or any other liability that's remaining to be booked on the balance sheet?

Manoj Digga: On the asset and liability we have booked, we have reviewed very extensively in the last year

accounts 31st March, and whatever is required to be provided, et cetera we have provided.

So, I don't think anything is left. It's a normal business transaction whichever it will happen

we will keep on accounting.

Chirag Jain: And no receivable or bad debt is left on the balance sheet?

Manoj Digga: We have made extensive provisions, so I don't think now anything is pending.

Moderator: Thank you. The next question is from the line of Tej Patel from Niveshaay. Please go ahead.

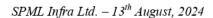
Tej Patel: Sir, I am not getting on, how our order will be at Rs.2,000 odd crore if at the end of the last

quarter our order book was Rs.1,300 crore, and we haven't received any order inflow in this

quarter, so can you elaborate?

Manoj Digga: As I told you, if our order book is roughly around Rs.1,100 crore, and then you can say

Rs.1,000 crore is our order book, Rs.1,000 crore is the JV, when we have taken the business





on the JV, that order is also executed, our share is into our accounts. Both together, the last earning call whatever I have told that is my order book, which is around Rs.1,000 crore as of now, because we have booked certain amount into the last quarter.

Tej Patel: So, out of the Rs.2,000 odd crore, Rs.1,000 crore is with SPML right?

Manoj Digga: Rs.1,000 crore by us and Rs.1,000 crore is through a JV.

Tej Patel: Sir, how much would be the O&M part in this order book?

Manoj Digga: I will check, but it will not be much. It will be roughly around Rs.100 crore, but I will check and

let you know.

Tej Patel: Okay, got it. So, out of Rs.1,000 odd crore, Rs.100 crore would be around O&M?

Manoj Digga: Right.

Tej Patel: And sir these are all direct orders won by SPML, or you have some subcontracting orders also

included?

Manoj Digga: No, this is our own.

Tej Patel: Okay. And you told in last call that, we were supposed to win an arbitration award from the

state of Arunachal Pradesh which was in its final hearing. So, sir any move on that?

Manoj Digga: It's going on, but it is at a really advance stage. So, we can expect orders of that, maybe in

September, October. But the execution will further take one, one and a half year. So, the

money received, we can target in next two years.

Tej Patel: We were also planning to sell around Rs.15 odd crore of non-core assets, to pay off your bid

of obligation from the NARCL?

Manoj Digga: Yes, we have decided that roughly around Rs.40 crore of non-core assets we are selling and

we are paying to NARCL and that work is going at very advanced stage. We have made the publication, and now the final offers are going to come which is going to be settled and paid

by January or February.

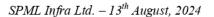
Tej Patel: And sir, revenue has scale up throughout this year, why could we see the margins settling up

for this year, and let's say the next year. Could it touch let's say 7% or 8% this year, and

probably let's say our normal 10% which you are guiding in next year?

Manoj Digga: That as I told you, any order book because of enough opportunity in the market, and

basically SPML size and the order book is totally disproportionate in nature, because if I can





bid, if it is a one lakh crore, I can bid at Rs.80,000 crore, but I have to take the order book. I am very, very selective, because, as I told you in my earnings speech, that we will not be in a rush towards taking the order, we will take quality orders, high profitable orders. And we will see that our order book, our turnover, our order size, which we are targeting Rs.3,000 crore to Rs.4,000 crore this year, with a high profitable business, which is easy to operate, easy to complete, good state, fully funded and DPR is completed. So, if it is that, and we are also targeting the bulk order where the piping is there, so that we can do the escrow mechanism with the pipe manufacturer, which will reduce my working capital substantially. So, these are few parameters by which we are targeting the orders, and there is enough order in the market of those targeted areas, and whatever order we are going to select, the profit margin will be more than two digit that is our minimum target area for taking the business.

Tej Patel: Got it sir. Any move towards such a final stages for other arbitration awards which we have

already filed?

Manoj Digga: All are being worked on, because the first arbitration award is definitely on Arunachal, but all

are progressing at a very proper stage and development is happening. So, our target is that we will get two years Arunachal award, and within that time, or maybe one more year, we will have one or two more awards. So, the total award book, in our book is roughly around Rs.604 crore, and we have to pay to NARCL roughly around Rs.400 crore, which is the leftover

amount. So, we will have decent size of earning in next five to six years from the approval of

award after the payment to the NARCL.

Tej Patel: Okay. And sir, do we have a relationship with JITF Logistics, which you came to know that it is

related party entity, which is in similar line of business. So, do we have any relationship with

that?

Manoj Digga: Which Company?

Tej Patel: JITF Logistics?

Manoj Digga: We don't have any relationship with them.

Moderator: Thank you. We take the next question from the line of Subhash from Value Investments.

Please go ahead.

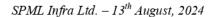
Subhash: Okay. I just wanted to ask, I know that in Q1 it was muted when it comes to order winning,

but in Q2 and Q3 as you said, you might win some orders. So, can we expect you to notify the

Stock Exchanges about the order win?

Manoj Digga: Pardon, order which are going to be bid?

Subhash: Yes, whenever you win orders in the future, would you be notifying it to the Stock Exchanges?





Manoj Digga:

Yes, this is by statute, we have to announce to the Stock Exchange. So, whenever we win the order, we will inform to the Stock Exchange.

Subhash:

Okay, got it. And also, when I look at the note number #6 in the result, it clearly indicates the other income that you have included. That is Rs.12 crore with regards to Vivad se Vishwas, the agreement that you have signed with the NARCL. The difference amount you will be realizing it every quarter, I understand. But could you give a breakup of the finance cost that you have shown?

Manoj Digga:

So, the finance cost also, there are two factors, as I told you, the finance cost we have, as discussed in the last conference call, that we have discounted our loan book of Rs.700 crore into the Rs.511 crore, basically as the IndAS requirement, and the NPV of Rs.189 crore we have booked into that. This we have to unwind every year up to the seven years. This is again the IndAS requirement. So, in the finance cost roughly around Rs.8.42 crore - Rs.8.6 crore that transaction, this is only the provisional entry we have to book every year, and it will show as interest, but nothing is payable. The same is payable in the accumulated Rs.700 crore. The same way there the NARCL has given us the two options. One option is Rs.700 crore, second is Rs.967 crore. The difference between the first option and second option, we have booked as a deferred revenue income. And while deferred revenue income also we keep on charging it to the next eight years, because in the eighth year or earlier whenever we pay the full to NARCL, then this two transaction, will get nullified into our balance sheet. So, till eight years, there will be around Rs.12 crore every quarter proportionately reducing and increasing based on the repayment schedule. This will keep on charging as income as other income and there is a Rs.8.6 crore that will keep on debiting as a finance charge into the interest expenses, where both are provisional entries.

Subhash:

Okay. This doesn't affect your cash flow, is what the actual cash?

Manoj Digga:

It's not affecting anyway our cash flow, we have to pay Rs.700 crore, and that is time-to-time, we don't have to pay more than that out of which Rs.224 crore we have paid, Rs.40 crore we are paying into this financial year from the sale of property.

Subhash:

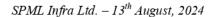
Okay, sir thank you for the clarification. So, out of the Rs.10.29 crore of finance cost what is the actual finance cost that is actually affecting your cash flow, maybe you would have taken some short term loans for the project?

Manoj Digga:

Charges, et cetera this is total Rs.1.45 crore, Rs.1.5 crore that you can say is the final cost on 30th June.

Subhash:

Okay, just Rs.1.5 crore. And just my last question, so do you have any, can you quantify the revenue guidance for FY25 or FY26, what is the target revenue, the number that you are targeting for the year?





Manoj Digga:

That, based on our order book, we are targeting roughly around Rs.2,000 to Rs.3,000 crore order book into this financial year, when we will get how much we will execute into this financial year that will get impacted. From our existing operation, of our order book from us and JV, we will book roughly around 50% the whole year from our operation and JV we will book around Rs.800 to Rs.1,000 crore, plus the order book whatever will come when we will get, how much will be implemented into this year, we will keep on updating you in every quarter.

Subhash:

Sure. So, you clearly guided us that, around 50% of the Rs.2,000 crore order book will be booked in FY25?

Manoj Digga:

--35 to 50% we will book into this year.

Moderator:

Thank you. We take the next question from the line of Tej Patel from Niveshaay. Please go ahead.

Tej Patel:

I wanted to know you already shared that the Rs.10,000 crore worth of opportunity that you are looking in, and you are expecting around Rs.2,000 odd crore of order inflow this year, and probably in the next financial year too. But what would be your bidding pipeline, the number of projects you were bidding, and in terms of value, how much would that be right now?

Manoj Digga:

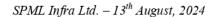
As I told you, we have made certain guidelines. One is our eligibility, second is the business opportunity and third is our internal guideline. So, if you see the opportunity, the government has a spending of roughly around Rs.10 lakh crore in next five to six years. So, there will be opportunity of Rs.1 lakh to Rs.1,50,000 crore definitely into every year in the water sector. Number two, our eligibility will be around 75% to 80% into that, subject to the tender size which they are going to be published. Third, our targeting because we have made certain disciplines into our organization that, which type of business we are going to pick for which we have a main criteria it is a fully funded project, it should be easy to operate, it should be completed within three years or four years of operation, it should be mainly into the bulk area. So, all these targets which we have made, we are targeting that roughly around, at the moment it is Rs.10,000 crore of tenders which is in our targeted area. It should be around Rs.40,000-50,000 crore worth of tenders into our targeted area in a year. And our target is Rs.3,000 to Rs.5,000 crore to be awarded from this Rs.40,000-50,000 crore of tenders.

Tej Patel:

Okay. I get your strategy in the markets which you are telling me. But, I wanted to know, have we bid for any projects as of now, have we put bids for any projects?

Manoj Digga:

As I told you Rs.10,000 crore we have, out of which roughly around Rs.3,000-4,000 crore we already bid, rest of the things their bidding date is coming. So, whenever it will come, we will keep on bidding. Afterwards, maybe next month again few bids will come, and out of our targeted project we will keep on bidding.





Tej Patel: Okay. So, you are saying right now you have bid for projects for around Rs.3,000 crore?

Manoj Digga: Out of this Rs.10,000 crore we have bid quite a bit, I will give the exact figure, but we did

quite a bit, and we are targeting that out of these bids few of them will succeed in a month or

two.

Tej Patel: Okay. And, pardon me, if I ask this question again, but what is our current FD, which we have

right now so, I just wanted to know how much bank guarantees, we can take up so as to bid

more number of projects?

Manoj Digga: As I told you we have the visibility, at the moment we have around Rs.80-90 crore of fixed

deposit. We have the visibility in next two to three months, another Rs.40-50 crore of Vivad se Vishwas money which is at the final stage, and any day it can come and we have the promoters warrant also. So, roughly around Rs.160-170 crore visibility we have, that fund will be available for the BG purpose. We are also talking to the bank for further BG limit. So, these fund Rs.150 crore will be available for me for getting the order book of Rs.3,000 crore. So,

that is sufficient, we are also exploring for fundraising if that happens, then that will give further availability of bidding plus we are discussing with the banks for the bank limit also.

Tej Patel: Okay, sir got it. And I just wanted to know a book keeping question. Sir you said the order

book the rest Rs.1,000 crore is with a JV, but in terms of top line the revenue would come

from only those Rs.1,000 crore order book which you have and which you would be

executing?

Manoj Digga: Our portion also come into revenue. So, roughly around Rs.2000 crore will come into our

revenue, out of which 40% to 50% is of this year and next year 40% to 50%.

Moderator: Thank you. We take the next question from the line of Megha from PI Square Investments.

Please go ahead.

Megha: My question is on the other income, if you could just specify the nature of the other income

that we have received this quarter, and what is the amount we are expecting in the quarter

going forward?

Manoj Digga: This other income mainly includes of the deferred portion of the deferred revenue

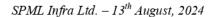
expenditure of Rs.12.5 crore that will come into every quarter approximately, and rest is

basically the interest income, et cetera on the FD what we have.

Megha: Okay. So, this is likely to continue?

Manoj Digga: Both will be likely to continue, interest will keep on increasing, and this will be likely to

continue next eight years.





Megha: Okay. And I joined the call a little late, just wanted to understand the drop in the top line

about 40% compared to June 23 even Q-o-Q it's a big drop, so what's the reason for that?

Manoj Digga: If you see the top line in the last year, last quarter it is Rs.463 crore, but out of this Rs.208

crore is from the Vivad se Vishwas. So, if you exclude that Rs.208 crore, then we are coming roughly around Rs.254 crore which is the operating revenue against the Rs.206 crore in the current financial year. So, that is roughly around Rs.50 crore reduction, Rs.45-50 crore reduction is mainly on account the elections. So, the 1st Quarter got impacted due to the operation into the election period. Some lag will remain into the 2nd Quarter also. So, that

will reduce the turnover of 1st Quarter. 2nd Quarter also will remain approximately the same. From third quarter onwards, the new order book and existing order book both will add and

then the turnover will increase.

Megha: Okay. So, second half looks strong for us?

Manoj Digga: Second half looks strong for us.

Moderator: Thank you. The next question is from the line of Dhiraj Ram from Ashika Stock Broking. Please

go ahead.

Dhiraj Ram: Just wanted to know, what is the bank limit or bank guarantee that we put while bidding. I

want to be specific here, what is the performance bank guarantee and what is the advanced

bank guarantee that we took with the bank while bidding for a particular project?

Manoj Digga: It depends on the project to project and state to state. So, it starts from, there are 1% to 5%

which are the tender condition. Advanced bank guarantee since we have the fund, we will not take the advanced bank guarantees. So, basically, 1% to 5% is the bank guarantee which will be required for taking off any project. Earlier there were few projects which has come

which is the performance bank guarantee that depends, which are the project we bid and

without the bank guarantee. I don't know in future also if any project government may

announce into that. But at the moment, whatever tender is there are ranging between 1% to

5% performance bank guarantee.

Dhiraj Ram: Got it, sir and one more question. How do you see an uptick in your margins? You have given

a double digit margin guidance for FY25 and how and why do you see uptick in margins?

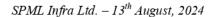
Manoj Digga: These are the tender, because if you see existing tender, one there is a limited player remain

into the EPC and into the water sector, who has the qualification what we have, there are four, five players that only remain into that. There is business opportunity which is there, so

there is a less cut throat competition into that. And then we have the select expertise in our control into the various cost element, into the subcontractor, supplier, et cetera. So, all these

projects which we are evaluating, we are evaluating only if it is more than double digit

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margin. And there are enough projects this Rs.10,000 crore which we are targeting all are more than double digit.

Dhiraj Ram:

Okay, got it sir. And last question, do you see any increase in order inflow from wastewater treatment, because we have seen in budget the focus on wastewater treatment plant?

Manoj Digga:

With the recently announced fundraising on AMRUT so these are for wastewater. So, this will keep on, if you see in the water, the World Bank has said that India needs at least Rs.20 lakh crore investment, and the government also realized that if they are not focused and make the investment into the water sector, India will face a serious crisis on the water. When we say about the water, it is in all round, because one is the pipeline, second is the distribution to the household and irrigation. Third is the sewage, so all the three area you will find good development, good growth, good business opportunity, one and above, there is one more opportunity which is going to come in big, big way which is the river linking. The government has also decided, there is some two dam linking we have in the SAUNI one, two, three where we are developing all the three process. But these are going to come which will further make the investment into the country in the water sector. So, if you ask me my personal opinion roughly around Rs.20 to Rs.25 lakh crore is going to come into the water and the execution will be for next 10 to 15 years. So, in the water sector, the growth story will be for next 10 to 15 years, which is going to remain.

Moderator:

Thank you. We take the next question from the line of Shubhash from Value Investments. Please go ahead.

Shubhash:

I was just calculating the revenue, as per your guidance. So, from the last year's revenue, I took out the amount that you received from Vivad se Vishwas. So, even after taking that amount, your revenue was for FY24 was more than Rs.1,000 crore, right. But now, when you said 50% of the Rs.1,100 crore order book that you have will be executed in this year. It will come only up to Rs.500-600 crore. So, I am assuming that as you win orders in Q2 to Q4, considering all that will you beat last year's revenue?

Manoj Digga:

We will decide every quarter if we can or cannot beat based on the order book we receive. But, if you see as I told you, Rs.2,000 crore JV and my own order book we have, roughly around 40% to 50% are going to get into this year. So, this will be roughly around Rs,800 to Rs.1,000 crore we are going to give into this financial year.

Shubhash:

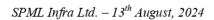
But that doesn't affect the top line, the JV part I am saying?

Manoj Digga:

That will affect the top line, because this is our share of JV, so it will come into this.

Shubhash:

Okay, got it.





Manoj Digga: Now, whatever order we will win which will keep on informing to you, and all the investor

through the Stock Exchange, whatever almost we will execute that we add into that.

Shubhash: Got it. So, out of the total Rs.2,000 crore order book, your own plus your share of JV is how

much?

Manoj Digga: This is our share of JV together we are talking about. Only our share I am talking. So, roughly

around Rs.1,000 crore, you can say.

Shubhash: Okay, got it. And can we expect any rating upgrades, because as per the last rating report, it

only said that the Company or they did not co-operate to give more information. So, since you will be looking for fundraising in the future, or you would need funds for order wins would you be looking for rating upgrades in near future. Your balance sheet is anyway cleaner

now?

Manoj Digga: We are discussing with the rating agencies. And we are discussing with them, maybe this

financial year we may get upgrade in the rating also.

Shubhash: Okay. So, out of the total order book, is it pure EPC order book or you have any other project

as well?

Manoj Digga: Only EPC because the order book is only EPC and mainly on water.

Moderator: Thank you. I now hand the conference over to Mr. Manoj Digga for closing comments.

Manoj Digga: Thank you very much for attending the earnings call. We will be happy if anybody has any

specific query to be discussed. If you need any information you can approach Adfactors PR (Investor Relations agency) and Mr. Kapil Joshi (SPML - Investor Relations). Thank you very

much.

Moderator: On behalf of SPML Infra Limited, that concludes this conference. Thank you for joining us and

you may now disconnect your line.

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