



GR INFRAPROJECTS LIMITED

(Formerly known as G.R. Agarwal Builders and Developers Limited)

CIN : L45201GJ1995PLC098652

16th August 2022

To

BSE Limited

Phiroze Jeejeebhoy Towers

Dalal Street, Fort

Mumbai – 400001

Scrip Code: 543317

National Stock Exchange of India Limited

Exchange Plaza, Plot No. C-1

G Block, Bandra-Kurla Complex, Bandra(E)

Mumbai -400051

Symbol: GRINFRA

Subject: Transcript of an earnings conference call on Financials Results for the quarter ended 30th June 2022.

Dear Sir,

In terms of the Regulation 30 of the Securities and Exchange Board of India (Listing Obligations & Disclosure Requirements) Regulations, 2015, we are enclosing herewith the transcript of an earnings conference call on Financial Results for the quarter ended 30th June 2022 held on Wednesday, 10th August 2022.

You are requested to take this information on your record.

Thanking you,

Yours sincerely,

For G R Infraprojects Limited

Sudhir Mutha

Company Secretary

ICSI Membership No. ACS18857



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“G R Infraprojects Limited Q1 FY23 Earnings
Conference Call”

August 10, 2022



Management: **Mr. Vinod Kumar Agarwal**
Chairman and Wholetime Director,
G R Infraprojects Limited

Mr. Anand Rathi
Group CFO,
G R Infraprojects Limited



Moderator: Ladies and gentlemen, good day and welcome to Q1 FY23 Earnings Conference Call for G R Infraprojects Limited hosted by HDFC Securities. 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 this conference call, please signal an operator by pressing * then 0 on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Parikshit Kandpal from HDFC Securities. Thank you and over to you, sir.

Parikshit Kandpal: Thank you Rochelle, on behalf of HDFC Securities, I would like to thank G R Infraprojects for giving us this opportunity to host the first 1Q FY23 Results call. Today, on this call we have Mr. Vinod Kumar Agarwal, Chairman and the Whole-Time-Director of the company and Mr. Anand Rathi, Group CFO. So, without any further delay, I would like to handover the call to call to Vinodji for his opening remarks. Thank you sir and Over to you.

Vinod Kumar Agarwal: Good afternoon ladies and gentlemen. I Vinod Agarwal, welcomes you all to the Q1 FY23 Earnings calls of G R Infraprojects Limited. Today with me is Mr. Anand Rathi Company's CFO. Now, I am going to share with you all some key highlights of first quarters. I feel very happy to say that in Q1 FY23 company's project aggregation has improved very much and with this improvement, the company has recorded a standalone of approximately Rs. 2,477 crores revenue from operations which was Rs.2,268 crores compared to last years Q1 FY22. Improvement in project aggregation of our company in recent past happened due to the declaration of projects appointed date. Last quarter, company had received early completion bonus of Rs. 130 crores which is a record for the company. This bonus was received for Purvanchal Expressway. We have seen many upward trend with this and we are fully confident that same pace for execution will continue in the future. Due to the government's effort we all feel that pressure of inflation has reduced, there is a downtrend in many other construction materials like cement, steel, is reducing. Impact of these can be definitely seen in the 3rd and 4th quarter, execution in 2nd quarter is little less due to monsoon so, last two quarters will definitely show effect in it. Though it is little uncertain and it a matter of worry but going forward we hope that in GRIL effect of interest is not very high because in grill debt amount is not very high. There is little uncertainty in the interest rate and a matter of worry, but at a company level it will not have much effect because debt is not much in our company. Whereas HAM projects are concerned it is not affected by the rise in interest rate linked with bank and if rate increased then according to that increased rate NHAI, or department of governments then repayment from government is issued at the same increased interest rates itself. Till 30th June 2022, condition of our order book, including one L1 project almost our order book is Rs. 17,700 crores. Besides our One L1 project of Rs. 600 crores, rest of our projects are awarded to us. In order book almost with 90% projects for road sector is more. Few projects are of Rs. 2,000 crores. Today company has 8 completed roads assets with them, besides this 7 under-construction projects are there, one is under-construction transmission project, 8 HAM projects whose appointed date is still to be done. These projects are almost Rs. 7,000 crores and we hope to receive appointed date of these 7, 8 HAM projects this year upto March. In last quarter company has submitted bids of almost Rs.12,000crores in which 3 metros of Rs. 23 crores, 11 road project of Rs. 700 crores,



transmission project of Rs. 1,000 crores, in which company has not got anything and some projects results are yet to come. In FY23, our target is to achieve new projects worth Rs 15,000 crores. With the effective utilization of our available Capacity and resources, opportunities created by government for infrastructure, in that we can take Rs. 1500 crores work and can see a nice growth in future. This year's government targets to award projects of approximately Rs. 2.3 lakh crores, there are 330 projects in the list which we have received and whose total cost is Rs. 2.3 lakh crores. I feel very happy in saying that for our HAM projects planning for InvIT has been done and company has named this InvIT as Bharat Highway InvIT, it has received SEBI's registration and with this we are planning to transfer our operational projects and it is a new milestone for company. Government, NHAI, and ministry of transports are bringing out many ropeways projects and for that also we are trying for our company to enter in these ropeway projects also. And we are planning to receive bids for at least one or two ropeway projects. In addition to it, I want to say that focus of our Indian Government should remain same regarding the infrastructure. During the time of COVID, government has given some relaxation but later slowly government reduced the relaxation, due to that relaxation there was much competition in sectors but now slowly it has withdrawn due to which in the coming times the reduction done in performance security may be started again by the government, with that competition will reduce and we will get new projects at a very reasonable rate. With governments reduction in relaxation, bidding will be properly done and in the coming times we can see less competition as compared to last year's competition. With this I want to take your attention to one thing that company is a law-abiding company. One investigation is going on in one CBI matter and we hope our company will come out of this with very clear hands. And with this Anand Rathi is here with us, he will tell you regarding the key financial numbers. Thank you.

Anand Rathi:

Thank you sir, for giving me this opportunity for setting the financial for the quarter ending June 2022. So, to talk about revenue from operation, I am happy to say that we have recorded decent increase in the same which stood at approx. Rs 2,477 crores for the quarter ended June 2022 with 15% on Y-o-Y basis. On that basis also it is almost Rs. 2,700 crores with a growth of 19% approximately.

Our standalone EBITDA margin is **(Inaudible) 10:12** for the quarter. We see the approximately 20% of the revenue from the operation, EBITDA margin on consol basis also Rs. 700 crores approx. which is almost 25% of the revenue from operation. Standalone PAT margin is what we have recorded is Rs. 321 crores in the current quarter Rs. 203 crores and the quarter ended June 2021 that is year-on-year basis and PAT margin on consol basis also increased by around 83% which almost at Rs. 405 crores in the current quarter as compared to Rs. 221 crores in the previous quarter it is a June 2021 quarter. We are close to around Rs. 4,700 crores in terms of our networth as of June 2022 and networth on consolidate level which has also crossed Rs. 5000 crores mark more specifically it is approximately Rs. 5,215 crores. Standalone borrowings at GR level, company level at Rs. 1,055 crores which includes the short-term borrowings of Rs. 57 crores approximately with that to equity ratio of .23 times. In terms of consolidated borrowings, outstanding at the end of June 2022 is around Rs. 5,330 crores with debt to equity of around 1.04x. During the quarter the company has made addition in terms of CAPEX, CAPEX addition



was to the tune of around Rs. 145 crores as of June 2022, netblock of property, plant and equipment is approximately Rs. 1,600 crores including loans stood at around Rs. 1,545 crores at the end of June 2022. Balance contribution which is to be infused in those SPVs is approximately Rs. 1,880 crores 2 to 3 years of time. Our working capitals in base form that remains almost same, it is slightly higher I would say it is 77 days against 72 days. Our working capital has increased slightly, it was around 77 days for the current quarter as compared to 72 days which was at the end of fiscal 2022. It was mainly because of increase in our pace of execution and unbilled amount. Our trade receivable at standalone basis around Rs. 670 crores at the end of June 2022. Our trade receivable at the consolidate level was around Rs. 542 crores. Our unbilled revenue or unbilled amount at standalone basis was around **(Inaudible) 13:33** at the end of June 2022 which was Rs. 580 crores at the end of fiscal 2022. Inventory has also increased slightly from Rs. 1,022 crores at the end of March 2022 to Rs. 1,102 crores at the end of June 2022, which is again the reflection of increase pace of execution in the previous quarter. Our cash and cash equivalent including bank balances, at the standalone basis around Rs. 295 crores as compared to Rs. 445 crores at the end of fiscal 2022, our cash and cash equivalent on console basis is around Rs. 887 crores on June 2022 as compared to Rs. 1,095 crores at the end of fiscal 2022. Mobilization advance has also increased from Rs. 70 crores at the end of fiscal 2022 to Rs. 260 crores at end of June 2022. As of June 2022, our order book is almost Rs. 17,598 crores which includes L1 position of Rs. 592 crores of order as on date. So, that is all from my side, in terms with the financial of the company for the current quarter, I sincerely thank all our bankers, vendors, auditors for all their support and look forward to their continuous support on behalf of the company, I thank everybody for attending this call and requesting Parikshit to open floor for questions.

Moderator: Thank you very much sir. Ladies and gentlemen, we will now begin the question and answer session. Our first question is from the line of Mohit Kumar from DAM Capital. Please go ahead.

Mohit Kumar: Good afternoon sir, and congratulation on a very good set of number. Sir, my first question is on the executable order book. It is given that some of our orders are still in awaiting the appointed date. What are the order on which the work has commenced and what are the pending order book in which the order is not coming for?

Management: So, it is my total order book as I mentioned it is around Rs. 17,600 crores it includes L1 order also that is almost Rs. 600 cores and the order where we have to receive the appointed date from manager is around Rs. 7,000 crores, so effectively I would say Rs. 10,000 crores of order are under execution.

Mohit Kumar: Secondly, on the InvIT given that we have registered our InvIT with SEBI, what is the timeline for monetization to happen and are you looking to put the entire portfolio or giving some to InvIT, is the understanding right?

Management: This InvIT will be a public registered InvIT and we will transfer our 6 completed HAM projects in this InvIT and whereas timeline is considered our planning is that this InvIT is completed at the year end and we will are trying that our other completed projects who are not in the position



to hold. So, initially we will start with 6 projects and afterwards as our project completes we will add it to this InvIT.

Mohit Kumar: And in the rest of the projects which are not yet completed will you give ROFR in that for InvIT?

Management: See, it bases the negotiation and so as on now we just don't have plan but idea is to because it would be an InvIT which is sponsored by G R, ideally whatever project which is being completed that has to be and it should be ideally transferred to that, I mean whether or not ROFR is there or not like. So, ideally it should be transferred to that InvIT.

Mohit Kumar: Lastly sir, what is the status of land acquisition which you have won on these 5, 6 project and as per you when will we get appointed date?

Management: There is quite a good improvement in this land acquisition and we are trying that immediately after monsoon 2 projects will happen and rest in the third and fourth quarter, all the 8 projects work will start?

Moderator: Thank you very much. Our next question is from the Shravan Shah from Dolat Capital. Please go ahead.

Shravan Shah: Thank you and congratulations on good set of performance this quarter. Sir, before the question just asking the numbers that you have mentioned because your voice was not clear so just to clarify again, in terms of the CAPEX you mentioned in Q1 how much CAPEX we have done?

Management: It is Rs. 145 crores as of now.

Shravan Shah: And for the full year we are looking at?

Management: It would be between Rs. 300 crores to Rs. 400 crores depending on what kind of order we have win, at what time the project would be started, right? So, generally, it would be in the range of Rs. 300crores to Rs. 400 crores.

Shravan Shah: And the equity invested already in HAM is how much sir?

Management: We are around Rs. 1,545 crores.

Shravan Shah: And the balance is?

Management: We have to infuse our almost 1,900- 1,880 specifically, but that is to be invested in next 2 to 3 years of time.

Shravan Shah: So, this year how much we will be investing in June FY2024-2025?

Management: We have understood almost Rs. 200 crores of equity. At the end of March 2022, our equity infusion required was Rs. 2,100 crores so far we have invested Rs. 200 crores and what we have



mentioned is that in last quarter also, that almost equally Rs. 700 crores each may be Rs.100 cores here and there that is all.

Shravan Shah: Sir, second is on the balance sheet numbers, inventory I didn't get trade receivable number can you repeat again?

Management: Rs. 670 crores on standalone basis as of June 2022 and on console basis is Rs. 542 cores.

Shravan Shah: And out of this Rs. 670 crores our HAM debtor is how much?

Management: HAM debtor would be because on console level HAM debtor would be out.

Shravan Shah: On standalone I am saying. On standalone Rs. 670 crores trade receivable out of that HAM debtor.

Management: So, HAM debtor would be around Rs. 250 crores.

Shravan Shah: Trade payable is how much as on June? Unbilled revenue is how much sir?

Management: Unbilled I mentioned it. It was around Rs. 917 crores.

Shravan Shah: Rs. 917 crores, so it has increased significantly from Rs. 580 crores?

Management: Yes, that is reflection of our increase in phase of execution getting in, monthly run rate basis my revenue from operation is around Rs. 800 crores.

Management: Only one month's billing is due.

Shravan Shah: So, sir, last time you said our revenue, we are looking at 5 to 10% growth for this year and EBITDA margin 15 to 16%, so what is the new number? Are we increasing the guidance on revenue front?

Management: Basically, clarity comes in third quarter so as of now we are maintaining same, 5 to 10% kind of.

Management: And EBITDA again forward as we know sir, as I mentioned that pressure of inflation is coming down but if it is temporary or I don't know so we have to wait for another one quarter right.

Shravan Shah: So, still we will maintain that 15 to 16% guidance?

Management: Right.

Shravan Shah: And order inflow you said Rs. 15,000 crores that we are targeting, so out of that HAM would be how much and other segment you already mentioned one or to roof way projects, so if you can also specify in terms of the value how much are we looking at?



Management: See we are targeting around Rs. 15,000 crores of orders for the current year and out of that probably Rs. 10,000 crores to Rs. 12,000 crores would be in the road may be 90% HAM or 70% HAM depending on what kind of proportion that NHAI would be coming out with right, but range of Rs. 10,000 crores to Rs. 12,000 crores for road and balance would be for let us say 1 or 2 projects from transmission in the range of again Rs. 1500 crores and from railway, metro or ropeway, all put together would be in the range of Rs. 3000 crores , Rs. 4000 crores that is how we are targeting.

Management: And in future NHAI changed in structure, now besides the 40% grant brought one new model with 20% grant so we think that it is a good opportunity for us, equity is little bit more required so it will have less competition. So, we hope in that also when one or more projects will come then there will be less competition and we will be in a better position in this.

Shravan Shah: Sir, till when do you feel that NHAI will finalize that 20% or 40% ?

Management: It is in process but this bidding it is a bit less in third and fourth quarter so we hope that it should come in third quarter.

Shravan Shah: And sir, you mentioned regarding bid, that you have submitted this bid and result of some is pending, so how amounts result has come, how much is remaining, and please repeat because voice was breaking?

Management: We have bided for total of Rs. 12,000 crores project in this quarter, so in this Rs. 12,000crores approximately Rs. 10,000 crores result has come. And the remaining two or two and half crores result is yet to come, so we have not got any projects in this result which has come.

Moderator: Thank you. The next question is from the line of Alok Deora from Motilal Oswal. Please go ahead.

Alok Deora: Good afternoon sir and congratulation on good numbers. Sir, just wanted to understand on this metro project we have been L1 since some time now. So, what is the status there now?

Management: Still remains the L1 only, may be there procedural issue, I don't know, probably they have not got the sanction from their authorities, I don't know, that may be case, but when we are also guessing why it is getting delayed so much?

Alok Deora: So, there is no clear timeline like 3 months 6 months when it will come through?

Management: It is almost more than 1 year, so we are also actually clueless on this.

Alok Deora: So, also sir, you mentioned about bidding for Rs. 12,000 crores water projects in first quarter and Rs. 10,000 crores bids were opened which could be nearly 8 to 10 projects, so is the competition intensity is still very high that we have not won any single project out of these Rs.



10,000 crores worth of bids? Just wanted to understand because we have been hearing about things few months now that competitive intensity is reducing, so just wanted your view on that.

Management: So, in my understanding of the scenario is that competition has not washed out so far, yes but competitor has surely come down so number of competitor has surely come down, but still I think the aggression is there in the market.

Alok Deora: And sir, lot of question you already give a very detailed opening remarks, a lot of questions were answered, just one last question, what is the status on this, you briefly mentioned on the status about this law enforcement issue, could you just elaborate little more on that, any update on that sir, from the last time?

Management: No, so the update is as Chairman sir has also mentioned that we are very much law abiding company right we never support this kind of corrupt practices or all that, yes but that matter is still under investigation of the CBI and we are quite supportive to them, we have been supporting throughout and we are just waiting and we have forwarded our submission our case also that we have not been engage in this kind of and we always believe and it is our philosophy that we generally believe in the work, whatever which we have completed and this particular project itself, that is also that the project was completed in 2018, it was not this project where we received a bonus, appreciation letter from the minister also and so we have forwarded our view, our understanding on the case to CBI and whatever information which is being sort by the CBI we have been cooperating with them but yes still we have been waiting for as of now we just don't have that what is the outcome unless and until CBI is coming with some specific issues. We are very much clueless on this also.

Moderator: Thank you very much. Our next question is from the line of Vibhor Singhal from Phillip Capital. Please go ahead.

Vibhor Singhal: Congrats on very great execution sir. Sir, my question is regarding the HAM projects which you mentioned that NHAI has come with a new idea in which grants is reduced up to 20%, so, sir just wanted to ask you in your opinion, like NHAI brought HAM projects because they don't want to give more in EPC because by doing so governments investment requirement increases. If in HAM projects they donate 20% then as you said there are many companies who cannot bid for HAM projects, so there are few company like us whose balance sheet is very strong and who can do it and HAM projects quantity in NHAI order award pipeline reduces and with that NHAI have to do more EPC because BOT is not in demand, then from it NHAIs capital requirement will increase more.

Management: No it is not like this, every project will not accept this model only few project will accept this model. In NHAI plan all type of projects are there, with 40% grant and 20% grant will also be there, BOT, EPCs also will be there. So, all four type of model they accept.

Vibhor Singhal: So, sir you are saying both HAM projects will co-exist some will come under 20% and some under 40%?



- Management:** So, Government is exploring, this grant is a contribution from NHAI during construction it may be 40%, it may be 20% depending on the market view or markets acceptance. So, it is going on means thinking is still on, what will be its result, probably they would come out with new model altogether HAM will continue with 40% kind of grant. There is not so clarity in that, but yes what they are trying is that the completion is because of that 40% grant, or the construction grant during construction by NHAI, what has happened that there are so many small players which are coming in to picture and you can see for the last one and half years ago work awarded or bided so far most of the projects are stuck, they have not either received the appointed date, they have not received their financial closure and lot of other issues are there. So, the idea is that government is now understanding that project is not executing though they are getting good bid in terms of price they are getting good price but execution is not happening, so they are just exploring.
- Vibhor Singhal:** Industry's feedback is also taken, so basically what is industries feedback coming from it? Is the industry ready for this 20% model or how is the feedback?
- Management:** Industry is mix we say it should come but small contractors say no this should not happen now.
- Management:** Complete data is not there in the industry; point is why government is exploring this option. Government would have felt something so now what kind of data they are exploring? So, industry doesn't matter the feedback unless until the problem or the opportunity which they are seeing into this kind of option.
- Vibhor Singhal:** So, just one last question sir, what is the status of our transmission project? When and how is the execution going on and till how much it has done and what is the run rate that we can expect from this project going forward?
- Management:** No, so that project is for 18 months and execution has already started that is under execution, so there are many approval in it, design approval and some land approvals. So, those are about the transmission, so now it is all in approved stage and almost initial 2 to 3 months is required for the approval, to procure and to have all the approval in place and with that we have to get the design approved for transmission tower and all that. So, that activity is going on and what we believe is that it is satisfactory.
- Vibhor Singhal:** When will all of these approvals can come and from when we will start working in it fully?
- Management:** No, work is going on fully itself. Work is going on in full manner, it goes side by side.
- Vibhor Singhal:** Sir, is there any ballpark number like how much do we plan to make revenue per quarter? Or next quarter how much revenue we are planning to make? Or how much revenue we planning to make this year from this project?
- Management:** This is of 18 months. It started in the month of May end, so it is our first project so we should also not be going aggressive like I say 18 month's work I will do it in 15 months because we



would also be learning from this project. So, what we believe is that we would be progressing as per the original schedule, we will take full 18 months. If would be able to complete let us say in 15 months it would be bonus, I mean if bonus received, company will get the bonus but we are also graduating but yes so far the progress for this project is satisfactory that we can say.

Moderator: Thank you very much. Our next question is from the line of Jiten Rushi from Axis Capital. Please go ahead.

Jiten Rushi: Congratulations on good set of numbers. Sir, my first question was on the order. Sir, you said Rs. 7,000 crore of order book is from the project which is still pending appointed date. So, these are the 8 projects which I understand which is still having appointment pending. This includes Amritsar, Bathinda, Ludhiana and Rupnagar, but sir you said all this 8 put together would be Rs. 7,000 crores EPC, is my understanding correct sir?

Management: Yes, very much correct.

Jiten Rushi: And when or Amritsar and Ludhiana, when do we expect the AD by September?

Management: Yes, because now monsoon has already started so, we would also not very much interested. So, we will wait for monsoon to end and may be by September end or October mid, generally we will be having that appointed date.

Jiten Rushi: And for the rest we can expect in Q4 rest 6 projects?

Management: I would say, we would be receiving the appointed date gradually, it is not that all the project will be getting appointed date in Q4, may be 2 or 3 projects will be depending on the land acquisition status, otherwise will be having most of the projects appointed in the Q3 only, may be November, December. So, that is how we are targeting.

Jiten Rushi: So, sir, if suppose you get the appointed date as per your planning, so what kind of execution you can see from this Rs. 7000 crores order book in FY23, you can throw some light?

Management: Let's say if I am starting in the month of October, may be 10% then Rs. 700 crores or Rs. 1000 crores kind of and depending on at what time I will be getting that appointed date. In generally, first 6 months might execution would be in the range of 10 to 15%.

Jiten Rushi: Then sir, the risk of the execution, the growth or revenue growth can be a bit at a risk because our executable order backlog is low right now and again as you said that the power project will take some time to kick in, then what kind of revenue you are expecting from the project like for Bilaspur Uрга then your Aligarh-Kanpur project, Dwarka. So, these projects -- the HAM projects of Vadodara, Mumbai, what kind of revenue you can expect from these projects?

Management: Together I have mentioned that is why I have kept my growth for current quarter we have witnessed high growth in terms of execution we have witnessed good execution but that is why



I am saying that depending on, I am not getting too much bullish in terms of my execution for going forward. Certainly, I will try always best to have maximum execution out of those projects. But that is why I am saying that probably for the current year also our growth would be limited to 5 to 10% not more than that.

Jiten Rushi: Sir can you give us break up of few projects in the terms of what is the outstanding order book as on June? Is it possible like Dwarka, Aligarh then Vadodara Mumbai?

Management: Right now I am not having that much detail right now with me so, we can have on those data offline.

Jiten Rushi: Sir, on the bonus front, so this quarter was a very good quarter in terms of bonus, but sir if you see in terms of margin, if you adjust this Rs. 132crores – Rs. 133crores of bonus, the margin still remains under pressure in terms of gross as well as EBITDA. So, is this Rs. 132 crores fully you have to adjust from the EBITDA or there are some cost also involved in it?

Management: It is very difficult to directly as an any cost reason being it is a sentiment because when company receives the bonus there are generally contractor also, who so is working on that particular project may come in to us and asking for some reward of that particular projects. So, it is very difficult but it may be some contractors may be compensated on different projects that is something. It is a collective effort, I cannot say it would be a project basis, but yes it is a sentiment issue and after removing the bonus probably my margin would be under pressure that I believe that would be because of inflation so far which we have witnessed. Inflation was quite high in first quarter which we believe that in third and fourth quarter that would be under control given that government is also putting their full efforts to take down the inflation.

Jiten Rushi: Sir, this question was more from the any legacy so is there are older projects so we can see this 15% like EBITDA margin again in this year because there are only legacy projects which are going on right now. There are no new projects that are getting executed because you are waiting for the appointed date so this margin pressure will continue or you are expecting 16 and 16.5 because I don't know more bonus we can also expect because we have received huge bonus this quarter any more bonus you are expecting or just a prudent practice if you can announce the bonuses on the exchanges so that it is easy for us also to track like your counter parts where we can keep a track on what is the bonus amount bided obviously?

Management: That is we can do but what we believe is that probably to certain percentage if it is more than certain percentage of revenue then probably we are announcing otherwise for us we can always announce as and when we receive the bonus that is not an issue for us.

Jiten Rushi: And sir, any more bonus expected in 9 months?

Management: Whatever project, we are having some projects where we believe that we will be able to complete before time, but our expectation, our thrive would be, it will always be our endeavor to complete the project before time to get more bonus and more rewards and all that.



- Jiten Rushi:** So, then on the base of your current expectation, what can be the guidance for FY24 in terms of revenue growth for example if you achieve a 5% to 10% growth and you will be seeing peak exhibition of your HAM projects?
- Management:** For 2024 you are asking right?
- Jiten Rushi:** Yes sir.
- Management:** See, for 2024, it actually depends on by the end of December, what kind of projects we have you now won, so this is that only we will be able to give the realistic number of growth.
- Moderator:** Thank you. Our next question is from the line Ashish Shah from Centrum Broking. Please go ahead.
- Ashish Shah:** Namaskar sir. Sir, two questions, first is this new rate of GST, which has being implemented with effect of July. So, what kind of impact it is having in terms of processing of the GST credit etc., and is it leading to any increase in our working capital or outstandings with the government?
- Management:** Ashishji in my opinion again because if there is rate change or GST change, we have to claim in terms of change of law or all that, then working capital will be impacted a bit because there would be more money stuck into this, now rate has increased then it is 18% which is I think it is a handsome amount, I believe that working capital little should be there, let us see how government is taking in terms of reimbursing those extra cost which we are incurring from our GST.
- Ashish Shah:** Fair enough sir, sir, secondly in terms of the transmission projects that we are targeting, so at this point of time, what is the pipeline that is you are looking at, how many projects you plan to bid in the next may be 2, 3 or 4 months, if you can just indicate?
- Management:** Around Rs. 15,000 crores I will say, Rs. 13,000 to Rs. 15,000 crores of projects are in pipeline for Rs. 14,000 crores - Rs. 15,000 crores of pipeline may be in the range of 8 or 10 projects.
- Ashish Shah:** Will it be done during the quarter or it is going to take a long time?
- Management:** See, this government generally it is very difficult to say that how quick the government is? Government announced one project and keep on delaying generally it takes 6 months or 3 months depending on, so for me to comment on this is very difficult but identified pipeline is around Rs. 15,000 crores, it is already declared by the government.
- Moderator:** Thank you. Our next question is from the line of Tina Virmani from Kotak Securities. Please go ahead.
- Tina Virmani:** My question is a follow up question related to margins only which one of the participants had earlier asked. Basically, like you mentioned that when we adjust this early completion bonus,



the margins come somewhere around 14.3% for the quarter, so is that more often indication of higher execution of EPC projects in the quarter than the HAM projects and how much is the impact of the inflation that you had mentioned. So, just wanted to understand what is the aspect in the breakup of revenues for the current quarter, a broader breakup?

Management: So, in broader breakup I will tell you that around 63-64% is EPC balance is HAM and if we compare with the previous quarter, our HAM execution has increased one thing. Second point is that whatever new projects so far we have started, those are in their early stage, so in early stage what I believe is not so much of profit happens. Third one is that what I believe is that in first quarter inflation was the key factor for the first quarter which we believe that as of now as we speak there are quite consistent in terms of getting cool. To that extent, my margin would be under pressure, inflations pressure is there but it is very difficult for us to give the accurately what kind of effect is there in margins but I believe in my opinion it would be in the range of 2 to 3% that I believe, but it is mixed of my status of my project where our execution is going on. Again it is an effect of inflation and slow projects.

Tina Virmani: So, sir if 63, 64% is from EPC then variable pricing clauses are not in place in EPC because HAM, with a still an impact there is still a delayed flow through of inflation but in case of EPC is it not covered under variable pricing clauses?

Management: No, EPC as well as HAM both are covered but it happens with time like, so it is not immediately, that if yesterday inflation happened and today itself I will get it, it is not like that. Time lag is there.

Tina Virmani: So, this can be rectified in coming quarters if prices keep coming down and also lag impact.

Management: Yes, there shall be.

Tina Virmani: My second question is on the inflow target that you have given for the year. Are there any state highway projects also targeted in this guidance which you have given for the inflow for FY23 or it is the NHAI?

Management: No, as the practice we generally not bidding in to state highways, generally unless until we found some good opportunity so, I think we haven't target so far any state highway.

Moderator: Our next question is from the line of Aditya Bhartiya from Investec. Please go ahead.

Aditya Bhartiya: Sir, I want to understand little about diversification from you, which areas we can target? You are doing transmission line, you first tried for High-speed rail, how big opportunity it will be, what will be our capability set there? And besides this the ropeway projects which you talked about, how big is that opportunity, how many orders are targeting to take in that? If you can tell something about this diversification?



Management: See, the ropeway is in the planning of government, they are starting it and one project has been bid. In that bid was not correct so we didn't participate in that but in ropeway there are many projects coming in. slowly as more projects come in area will keep on opening and we are quite serious in ropeway because ropeway is coming through NHAI. Besides ropeway we are concentrating on metro and railway also and with this our High-speed bullet train in that also we are concentrating a lot.

Management: So, Aditya, no doubt we are exploring new opportunities but we are not so fast, we are trying to understand. In transmission we are continuously bidding in transmission sector also but in that we are not going much aggressive, unless until we will understand little, so we are little slow in new diversification. Let's see the project and explore it, see the sector also bid in it and unless until we have some command, we can't become too aggressive.

Aditya Bhartiya: The bullet train project was a big project, if my understanding is correct we were L2 bidder in that, so in the point of view of capability set do you think that do we have the capability? Do we have the skill set to execute projects of that side?

Management: Capability wise, we think that we are enough capabilities but project is good so margin should also be there, we were L2, it was not a big difference but yes, many a times bad luck happens so, we couldn't get that project but yes, if we are getting project with good a vision margins, I would not say need a very huge margin but the kind of risk which we foresee in that particular project so as margins should also be received. The resources that would be utilized for execution of those so as margins should also be received. I think capability wise it is not a big challenge for us.

Aditya Bhartiya: You planning to target other all areas like water, renewable projects, you evaluate and you feel like, no these are not the areas where you are interested?

Management: No, we will definitely see in water but in renewable we don't see much scope in it because in it component is more, execution is not much in that, but whenever water projects comes we will definitely see in it.

Aditya Bhartiya: And sir, you told regarding InvIT, how it is like initially completed projects you have done in that but later on the projects which keeps on completing how will it work, in which mechanism does it work, all the projects which you complete do they all go in that InvIT or only partially will go or whether negotiation will happen or bidding will happen? How will it all happen?

Management: See, what we will try is that whatever transaction happens, how the first one is happening same as the rest of them will also happens, what we are targeting is that our stake on that InvIT would be less than 50%, that is how we are targeting not immediately but may be in next 6 to 12 months, that is how we are targeting right. The thing which happens that whatever transaction, whatever new projects which would be completed by G R would be transferred to InvIT basis that means investment will be there also and we have started setting up team for this InvIT, what we are planning is that at the end the team would be totally independent of G R Management that is the



total different set of skill that is required for that InvIT. So, our target and our endeavor would be that to have that independent team set up over there in InvIT and to evaluate our asset and not only our asset but probably whatever asset is available in market, those assets would also be evaluated by them and then the team of that InvIT would be having a mandate from the investor of that InvIT to give them highest return, maximize their return and all that, so for that whatever best practices will be happening that will incorporate in whatever transactions which we will be doing or which will be going forward, as of now we are having almost 6 by the time we would be launching InvIT, 1 or 2 more projects of ours will be operational. And in future also whatever projects which will be completed by the company that would be transferred on your basis. In this our G R will be visible but at the same time investor or InvIT will also be like to have best returns. They also be willing to have the return of InvIT would be maximized, so it would be done and for that we have to define some methodology where interest of parties G R as well as investor of InvIT can be taken care of.

Moderator: Thank you very much. Ladies and gentlemen, due to time constrains that was the last question and now I hand the conference over to Mr.Parikshit Kandpal.

Parikshit Kandpal: Rathiji just one question I had on this InvIT, at the date of making this InvIt, so how many assets are initially planned to take and what will be the book value of the equity of these assets which we get transferred and also the last thing, do we have a management team in place now for this InvIT? So, just touch upon these two things?

Management: Yes, so Parikshit, to answer your question on equity as of now we are having almost equity value of those 7 asset, as of now my book value of equity is around Rs. 1,000 crores and the team is also in place, the team is also building up. So, far we have independent and we have taken, in our opinion we have taken a competent staff to manage the show for that InvIT and from the same background, I would say not from the expenses in background from the financial so far we have taken and we have given them independent hand to setup their own team, to evaluate the projects not only for G R, but the projects which would be available in the market in general. So, what we wanted to highlight here is that the InvIT or the team of the InvIT should be completely independent of G R's management that would be taking care of InvIT investors and G. R. would also be the investor of that InvIT. So, that would be the mandate for that team to take care of the interest of the investors. And that we are targeting again I will say between December to January or February, we believe that InvIT would be in place.

Management: Because interest rate is also increasing so we will have some benefits on account of increase in interest rate so the evaluation of the InvIT may also increase.

Management: Yes it is true very true.

Parikshit Kandpal: So, that was my question, thank you sir and thank you Vinodji and Anandji for giving us this opportunity. So, any final words you have some before we close the call.

Management: Parikshitji, thank you, thank you all.



*G R Infraprojects Limited
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Management: And looking for same kind of support from all the investors and whole the community as we were receiving throughout. Thank you very much.

Moderator: Thank you very much members of the management team and Mr. Kandpal. Ladies and gentlemen, on behalf of HDFC Securities that concludes this conference call, thank you for joining us, you may now disconnect your lines.