

GIL/CS/SE/2018-19/4453

June 11th, 2018

To,
The Department of Corporate Services
BSE Limited
Phiroze Jeejeebhoy Towers
Dalal Street
Mumbai - 400 001

To,
National Stock Exchange of India Limited
Exchange Plaza
Plot No. C/1, G Block
Bandra Kurla Complex, Bandra (E)
Mumbai - 400 051

Dear Sirs / Madam,

Sub: Disclosure of information pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Ref.: Scrip Code - 533761; Symbol - GPTINFRA

In compliance with Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we are enclosing herewith copy of Conference Call Transcript held on Wednesday, June 6, 2018 for discussing the financial performance of the Company for the quarter & year ended March 31, 2018.

The aforesaid information is also available on the website of the Company www.gptinfra.in.

Please take the same on record.

Thanking you,

Yours sincerely,

For GPT Infraprojects Limited



A. B. Chakrabartty
Company Secretary
Membership No.: FCS 7184



“GPT Infra Projects Limited Q4 FY’18 Earnings Conference
Call”

June 06, 2018



**MANAGEMENT: MR. ATUL TANTIA- EXECUTIVE DIRECTOR, GPT
INFRAPROJECTS LIMITED
MR. A. K. DOKANIA -- CHIEF FINANCIAL OFFICER,
GPT INFRAPROJECTS LIMITED**

Moderator: Ladies and Gentlemen, Good day and welcome to the GPT Infra Projects Limited Q4 FY18 Earnings Conference Call. As a reminder, all participant lines will be in the listen-only mode. There will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal the operator by pressing “*” then “0” on your touchtone phone. Please note that this conference is being recorded. I would now like to hand the conference over Mr. Atul Tantia Executive Director from GPT Infra Projects Limited. Thank you and over to you sir.

Atul Tantia: Good afternoon everyone and a warm welcome to our Earnings Conference Call for the quarter and year ended March 2018. I have with me A. K. Dokania – our CFO and Gaurang and Pooja from Stellar IR Advisors, our IR firm. I hope you have all received the upgraded investor presentation. We have uploaded the same on our website and also on the stock exchanges - NSE and BSE.

Now let me first begin the call with an update on the financial performance of the company during the quarter and year gone by followed by some key business as well as sectoral update.

As mentioned in the previous call too, GST and IndAS implementation have been major changes in the accounting and financials for the current fiscals.

Due to GST, revenue appears to be lower by 12% to 18% as compared to previous year because for the construction business initially GST was at 18% and was changed in September to 12% by the GST Council. However, due to input tax credit availability there is no major impact on the earning.

With regard to IndAS, our Namibian subsidiary which is a part of the sleeper business and in which we have a minority stake was usually consolidated until the end of FY17. However, FY18 onwards the profit is coming as a profit from the associate company. Also, in this year, on a prudent basis we have also taken an exceptional loss or write-off of almost Rs 3.3 crores on account of pre-operating expenses and assets in our subsidiaries primarily Jogbani Highway Private Limited wherein we have won an arbitration award; however on a prudent basis as advised by the auditors we have taken a write-off of the same. This amount relates to mostly arbitration related expenses, legal fees, arbitration expenses etc.

Now coming to the full year performance:

We have reported consolidated revenues of approximately Rs 537 crores in FY18 compared to Rs 510 crores in FY17. Again 510 crores and 537 crores like I said earlier are not comparable because of the reasons stated above. Of this, infrastructure contributes about 75% and the balance 25% came from the sleeper business. Revenue growth looks optically flat as compared to the previous fiscal due to the GST related adjustment and then adjustment related to Namibia.

We are seeing significant improvement especially in sleeper business both in India and Africa. Our South Africa business has seen a significant uptake in execution as mining operations have picked up in the country which has been reflected in our performance more so for the second half of the year. With improving execution, we expect higher returns on the investment made by us in our South African subsidiary. We expect significant improvement in the performance of infrastructure business this year. The construction works for most of the projects are going on in full force.

Our EBITDA for FY18 came in at Rs 85 crores compared to Rs 67 crores in the previous fiscal year, a growth of 27%. The EBITDA margin was at 16.3% in FY18 versus 13.1% in FY17. The consolidated PAT for FY18 stood at Rs 20.4 crores compared to Rs 15.6 crores in the previous fiscal a growth of almost 19%. The net profit margin in full year was almost 3.7% compared to 3.1% in the previous fiscal.

Working capital days have been largely maintained at almost 150 days compared to the highs of ~232 days in March of 2015.

In terms of order intake, we have received total orders worth Rs 608 crore and additionally we are L1 in contracts worth almost Rs 737 crores. Generally, there is a two to three-month lead period in declaration of lowest bid and receipt of order and we expect 737 crores to materialize very shortly. Currently our net order book stands at Rs 2,073 crores excluding L1 orders, which gives us book-to-bill ratio of almost 4 times our FY18 revenues. Of these, EPC order book is almost 81% and the rest is from sleeper manufacturing business.

We have updated you in the last earning call in terms of the arbitration award receipt from the contract with NHAI for the Jogbani highway Limited which was approximately Rs 61 crores. NHAI has still not preferred to challenge the award in higher courts and hence we are in the process of following up with NHAI for release of the entire arbitration amount of Rs 61 crores. We will keep the investors and the public informed of any progress on the same.

In terms of the current year guidance, looking at the execution of various projects we are confident of achieving our revenue target of almost Rs 800 crores in the current fiscal with net earnings being in the range of almost 5%. As regards order intake – we expect close to Rs 1400 crores of new orders to be bagged in this fiscal out of which like I said almost Rs 740 crores is in L1 status. Further, our focus on profitability would continue with EBITDA hurdle rate of almost 14% coupled with better working capital cycle, thereby enhancing the overall profitability.

That is all from my side. I would now request the moderator to open the call for any questions. Thank you.

Moderator:

Ladies and Gentlemen we will now begin with the question and answer session. We will take the first question from the line of Prem Khurana from Anand Rathi. Please go ahead.

Prem Khurana: My question was on L1 position - so at the end of the last quarter we had around Rs. 520 odd crore of projects which were at L1 stage and the number has increased to 740. So assuming I mean a large part of it is from your last quarter, so does it mean I mean given the fact that there has been recent change in railways ministry, is your order taking some time to kind of come to you and when do you see the situation to normalize because Rs 520 odd crores or Rs 740 odd crores in terms of L1 seems to be on a higher side.

Atul Tantia: Out of the Rs 520 crores, we have received one order for almost Rs 127 crores and then there was another L1 of around Rs 360 odd crores so that is why the total is now around Rs 737 crores.

Prem Khurana: Has there been any change in terms of the way they operate; is it taking longer now or is somewhat similar to the number of days that you used to get the orders from because historically we never report a L1 status but now we have started reported this number for last two, three quarters and therefore we do not have any data to analyse whether this cycle has changed or it is still the same or we have seen some improvement there if you could share some thoughts on this?

Atul Tantia: There are one or two contracts in which out of this 737 which are taking really long time because initially there were land issues and now the government has taken decision they will not award the contract unless the land issue is resolved. So that is the change in terms of the thought process I would say. Otherwise in terms of converting from L1 to an award is generally not a very time taking exercise.

Prem Khurana: NHAI money that we are supposed to receive - have we heard anything from NHAI? Any sense by when would you be able to get this money because I think it was supposed to challenge this order or they had time till March to be able to challenge this order and given the fact they have not challenged, we are already in the month of June so which essentially means that the time has already lapsed, so is it fair to assume you can have the entire money or you would be required to furnish bank guarantee to get only 75% money or any communication that would have received from NHAI towards this?

Atul Tantia: NHAI has not responded to any of our letters or I would say that the correspondence that we have given post the receipt of the award. I am sure that they are also in touch with their lawyers as to how to proceed, but we are following up with them so that entire money is released.

Prem Khurana: But then technically speaking they were supposed to get back to you by March but they have not come back to you by March which essentially means that they should ideally give you entirely Rs 60 crore rights is it fair to assume?

Atul Tantia: In the month of March they have asked for some minor rectification in the order from the arbitration panel which the arbitration panel has done because it was very minor rectification in

terms of some calculation error which the arbitration panel has done and so the time technically is now till 25th of June.

Prem Khurana: Also, if you could comment on working capital cycle seen a jump sequentially as well on YOY basis because of GST and when do you get this number to normalize again I mean to 120 odd days that was there in last year at the end of March 17?

Atul Tantia: In terms of working capital cycle actually there is a big jump in our South Africa business because there was a large debtor outstanding as of 31st of March, but that money came in the 1st week of April that is about Rs 25 odd crores. So that led to a jump of almost 20 odd days but that money has come in the 1st week of April. So as on balance sheet date that money was outstanding from the railways, but it was almost close to 50 million almost Rs 25 - 26 crores.

Moderator: We take the next question from the line of Varun Agrawal from BOI AXA Mutual Fund. Please go ahead.

Varun Agrawal: Sir my question is overall you have given guidance of around Rs 700 crores for this year, so if you can throw some light what are the major projects which will execute during this year?

Atul Tantia: First of all, we have guidance of 800 and not 700 and the list of the major contracts that are under execution is part of the presentation which is for your benefit. I can just name a few there is a contract between Mathura and Jhansi for RVNL which look out to Rs 240 odd crores, then there is a contract for concession of ROB is a process in West Bengal for PWD through MoRTH of Rs 210 crores. Recently we received a construction of bridge over between in West Bengal for Eastern Railway about Rs 129 crores and then we have contract with GMR which is about this year which we expect to do almost Rs 80 - 90 crores of execution from there and our sleeper business in India as well as Africa. We have a couple of contract which are highlighted and obviously there are other contracts also.

Varun Agrawal: Basically, all these projects which you are highlighting, is the execution period around 1 year?

Atul Tantia: Most of our projects are 2 to 2.5 years.

Varun Agrawal: In terms of our Africa business how is that going?

Atul Tantia: The Africa business last year has been exceptionally good like I said in my opening remarks. South Africa we have recorded the highest revenues for that subsidiary last financial year which was almost Rs 70 odd crores in terms of Indian rupees and both South Africa and Namibia together has given a dividend of almost Rs 8 crore to the parent last year, parent has also paid to the shareholders almost Rs. 2/share last year as dividend on the bonus share.

Varun Agrawal: So this year do you expect similar performance to continue?

Atul Tantia: This year we expect slightly better performance in South Africa as well as Namibia.

- Varun Agrawal:** Overall, in terms of the money which we are expected to get into the arbitration, so how are we looking to use it I mean do we look to pay the debt with it or we want to use that money for working capital so what exactly is the plan for that?
- Atul Tantia:** It will be a mix of both. First of all, we do not have any long-term debt that will be paid down. All our debt is short term which is working capital debt. So, a part of debt will be reduced then the working capital will also be reduced for long-term working capital from the arbitration money that will come through.
- Varun Agrawal:** So looking at our overall order books it is over Rs 2,000 crores of order book plus there is some L1 also, so based on that what kind of working capital incrementally we will require assuming this year we have done better in terms of working capital so it is reduced number of days so incrementally how do you see that?
- Atul Tantia:** I think incrementally we should see a working capital of almost 120 odd days which is almost 4 months. So, for the incremental revenue of almost Rs 250 crores I would say that we would require additional working capital of almost Rs 80 crores that has to come from the increase in the debt of almost Jogbani money or from internal accruals also.
- Varun Agrawal:** Lot of that will come from the arbitration.
- Atul Tantia:** Yes Rs 60 crores is supposed to come from the arbitration.
- Varun Agrawal:** So, rest we can do from our internal accruals, so in terms of margins, what kind of margins can we look at I mean?
- Atul Tantia:** Hurdle rate of EBITDA is 14%, at EBITDA level we would get margin of 14%.
- Varun Agrawal:** So basically, current order book is at that level and a few incremental orders also getting at similar level?
- Atul Tantia:** Yes.
- Varun Agrawal:** In terms of competition, how is competition going in terms of existing orders, how it has been, is it increasing overall?
- Atul Tantia:** I think competition is almost the same level as we had discussed in the Third Quarter Results and it would remain the same because there are many of the companies have also got many orders in terms of MoRTH and HAM projects so the road construction companies have too many orders on their plate already.
- Varun Agrawal:** So in terms of current priority of improving the safety do you see the execution cycle overall getting faster with approvals and all that?

- Atul Tantia:** The execution cycle is getting much faster and obviously as we are approaching the election year so this year it will be much faster in some sense because they also want to complete most of the projects this year.
- Varun Agrawal:** In terms of overall permissions which we need to obtain for your project and all that, are they coming on time or have you seen some improvements in those?
- Atul Tantia:** There is improvement and we are also seeing the number of approvals come down.
- Moderator:** We take the next question from the line of Mohit Bansal from Ajinkya MPL. Please go ahead.
- Mohit Bansal:** The first question is related to QIP that you announced, what is the plan and how much is the proposed issue?
- Atul Tantia:** We have not announced any QIP we have only taken a shareholder resolution for an approval for a QIP. It is an authorization to the board. We have not finalized anything as of now, so I would not be able to comment on it. Shareholder approval the postal ballot is still due till today or tomorrow. So that has not come through till now for Rs 100 crores.
- Mohit Bansal:** So if we get this NHAI money which is pending, would we still hope for this QIP?
- Atul Tantia:** I cannot comment right now, it is yet not decided.
- Mohit Bansal:** The next question is basically on the cost pass on, so what happens if oil increases or metal increases to the EBITDA margin?
- Atul Tantia:** So all our contracts in India as well as Africa have a price variation formula which governs the contract. For example, of oil it is linked to RBI WPI index for fuel so if that index moves then we get compensated proportionality for the fuel index or in terms of like steel, cement and other labor and everything.
- Mohit Bansal:** So absolutely nothing changes with any incremental change of impact?
- Atul Tantia:** There could be lag or drag in the index. If today the oil prices go up to Rs. 80 and index would automatically not jump in that same proportion. Index might have a lag or a drag, but on an overall basis yes there is no loss or profit per se.
- Moderator:** We take the next question from the line of Varun Agrawal from BOI AXA Mutual Fund. Please go ahead.
- Varun Agrawal:** My question is related to the balance sheet so in consol balance sheet we are reporting current assets other financial assets, which has gone up to around Rs 155 crores from around Rs 207 so if you can give some breakup on that what exactly are these financial assets?

- Atul Tantia:** Under the current assets you are talking about?
- Varun Agrawal:** Under the current assets within the financial asset, current assets is other financial assets on page 13 of your financial results.
- Atul Tantia:** You want to have a consol or standalone.
- Varun Agrawal:** Consol.
- Atul Tantia:** So the other financial assets is Rs 154 crores earlier and now it is Rs 207 crores is that the one you are talking about.
- Varun Agrawal:** Yes.
- Atul Tantia:** So that includes the unbilled revenues as per AS-15 and also includes escalation accruals includes other financial assets that are in the balance sheet.
- Varun Agrawal:** In last year in your notes so probably I will take it off line this question we can discuss more.
- Moderator:** Ladies and Gentlemen that was the last question for today. I would now like to hand the floor over to Mr. Atul Tantia for his closing comments.
- Atul Tantia:** Thank you everyone for being part of the conference call. As you are aware government's increasing focus on railway infrastructure and our preparedness to capture this macro opportunities puts us in an advantage to achieve higher growth for the next few years. While focusing on revenue growth, we will ensure that we improve our profitability margin as well as maintaining discipline in choosing projects and having better working capital management. I again thank you for participating in Q4 FY18 Earnings Call. As I have said earlier we have updated the results presentation on our website and the website of the stock exchanges. In case you have any further queries, you can get in touch with us directly or with IR Advisors. Thank you.
- Moderator:** Thank you very much. Ladies and Gentlemen on behalf of GPT Infra Projects that concludes this conference. Thank you for joining us and you may disconnect your lines now.