18th February 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

Sub: Transcript of an earnings conference call on results for the quarter/nine months ended December 2021.

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 results for the quarter/nine months ended December 2021 held on Monday, 14th February 2022.

You are requested to take this information on your record.

Thanking you,
Yours sincerely,
For G R Infraprojects Limited

G R Infraprojects Limited

Sudhir Mutha
Company Secretary
ICSI Membership No. ACS18857

Enclosed: As above.

"G R Infraprojects Limited Q3 FY22 Post Results Conference Call"

February 14, 2022

MANAGEMENT:	**MR. AJENDRA KUMAR AGARWAL- MANAGING DIRECTOR, G R INFRAPROJECTS LIMITED** **MR. ANAND RATHI – GROUP CHIEF FINANCIAL OFFICER, G R INFRAPROJECTS LIMITED**
MODERATOR:	**MR. RAHUL MODI - ICICI SECURITIES**

Moderator: Ladies and gentleman, good day and welcome to the Q3 FY22 Post results conference call of G R Infraprojects Limited hosted by ICICI 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 the 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. Rahul Modi. Thank you and over to you, sir.

Rahul Modi: Thank you Seema. Good afternoon, everybody. On behalf of ICICI Securities, we welcome to the Q3 FY22 results conference call of G R Infraprojects Limited. We would like to thank the management for giving ICICI Securities the opportunity to host this call. We have with us, from the management, Mr. Ajendra Kumar Agarwal- Managing Director, Mr. Anand Rathi – Group Chief Financial Officer and the investor relations team of G R Infraprojects Limited. I would like to hand over the call to the management for their remarks, post which we can have a Q&A session, thank you and over to you, Sir.

Ajendra Kumar Agarwal: Thank you Mr. Rahul. Good afternoon and a very warm welcome to you all. I extend a hearty welcome to everyone present on this call to discuss the financial results of the company for the quarter ended 31st December 2021. I have with me Mr. Anand Rathi, our company CFO.

Before discussing the budget presented by the Honorable Finance Minister along with the company's performance for Q3 2022, I would be happy to share few important points with you all. Once again, the government has proposed a Capex oriented budget and, in the budget, Capex has been increased from 16% to approximately 19%. The capital expenditure has been increased by 35.4% to approximately Rs. 7.5 lakh crore as compared to the last year. States have also been allocated Rs. 1 lakh crore by the government for capital investment which shows the government's commitment for the country's infra development. Roads, Railways, ports, Airports, Mass transport, Waterways and Logistic Infrastructure are the extremely important components for the implementation of the PM's Gati Shakti Program. Date has to be exchanged through Unified Logistic Interface Platform between all the mode operators so that efficient movement of goods is assured, the logistic cost is reduced, tedious documentation procedure is stopped and this style of information should be available. In this budget, there is also a provision to spend more to develop the Urban Transport system.

I would like to update you on Union Budget 2022-2023 for the areas of Road, Railways and Metro. If we see in the road sector, PM Gati Shakti Master Plan will be prepared in the next financial year for the expressways. In 2022-2023, there is an aim of increasing approximately 25,000 km for the country's National State's network, in which along with the network, the present road development is also included. According to MORTH, a growth of 68% can be expected in the budget allocation in the next financial year. In the financial year 2022-2023, allocation has been increased from Rs. 1.1 lakh crore to Rs. 2 lakh crore. In the main change made for the Highway Projects, in our main client NHAI's funding pattern has shifted from borrowing by NHAI, to government funding. According to Parvatmala program, in the PPP model, in the financial year 2022-2023 8 roadways projects of 60 km has to be ranked.

Similarly, in the Railways sector and water sectors we can see, along with Finance Minister, Nirmala Sitharam and based on the Pradhan Mantri Gati Shakti Yojana, In the financial year 2022-2023 based on the PPP model, Indian Railways has announced the development of multi model logistics in four locations and in the next three years 100 cargo terminals' development. Financial year 2022-2023, there is an estimate of the complete capital outlay of Rs. 2.4 lakh crore, an increase of approximately 14% as compared to the last year. As compared to the last year's budget, gross budgetary support has increased by 27.5% to Rs. 1.4 lakh crore. The Centre has allocated Rs. 19130 crore in the year 2022-23 for the varied metro projects in the country.

Coming over to the company updates. The total income for Q3 FY 22 was Rs.853 crore and EBITDA margin was 15.6% and PAT margin was 7%. For the nine-month FY22 the total income was Rs. 5750 crore, compared to FY 2021 in nine months there has been a decline of 22%. Due to this decline the EBITDA and PAT margin was 17% and 8.6% respectively. In this period, we have executed more EPC projects as compared to HAM and thereby you will see a decline in margin. In Q3 2022 we have invested Rs. 25000 crore and bid for 21 projects. In current financial year we have bid for 63 projects till now. In which road sector is 56, metro, railway and high-speed rail amount to 7 projects. The total value is approximately Rs. 66,000 crore and we are awaiting results for 16 projects worth Rs. 16400 crore. We have also ventured into power transmission sector also and have started to bid there as well. In Q3 2022 we bid for two power projects worth Rs. 810 crore and in one project the bill was in L2 in reverse auction and for the other projects reverse auction is still pending. In the coming months we have total projects amounting to Rs. 15000-16000 crore in the pipeline, which are very attractive.

As on 31st December 2021 our orderbook was Rs. 14598.98 crore which constitute to 30 projects in total. Apart from this we have L1 in two projects worth Rs.1185.16 crore for whom LOA is awaited. In our orderbook the mix of HAM and EPC is 67% and 28% respectively. Order book approximately is 88.19 crore from NHAI and our orderbook is distributed across 13 states. At present, we have 27 running projects in our orderbook whose total value is Rs. 11938 crore, in which three projects worth Rs. 2661 crore are not included because their appointed have not been declared yet. And we have full faith that we will be able to complete all these projects in stipulated time.

In the current year we have completed 8 projects till date, in which 6 are EPC projects and 2 are HAM projects. In totality the entire portfolio of HAM comprises of 16 projects of which 7 are currently operational, 6 are under construction and 3 projects are awarded whose appointed date is yet to come. We are bidding to road, railways and metro sector projects continuously but we are not favor of aggressive bidding in this highly competitive market but we have full faith that with the available quality resources we have with us in these auspicious programs undertaken by the government for various infrastructure projects, we will be able to progress the development further. Thank you.

Anand Rathi: Good afternoon. Let me take you all through the financial performance for the nine months ended December '2021. Our standalone revenue from operations increased by Rs. 1035 crore approximately with a growth of around 22% from Rs. 4416 crore in nine months ended

December '2022 to Rs. 5600 crore in nine months ended December 2021. Our consolidated revenue from operation also increased by Rs. 1018 crore, a growth of around 20% year on year from Rs. 5118 crore to Rs. 6126 crore in nine months ended December' 2021. Our standalone EBITDA margin has decreased to 17% nine months ended December' 21from 21% approx. in nine months ended December 2020. This decrease was primarily due to net decrease in the claim and bonus income recognized due to early completion of the projects, amounting to Rs. 170 crore in current period as compared with the previous period. Our EBITDA margin at group level has also decreased to 20.65% in nine months ended December 2021 from Rs. 26.98 crore, approximately 7% in nine months ended December' 20. This decrease was in line with the decrease in margin that is standalone business. Our PAT margin, December level decreased by 7% to Rs. 495.62 core in nine months as compared to Rs. 533 crore in nine months ended December 2020. PAT margin at consolidated level also decreased by 20.77% to Rs. 555 crore as compared to Rs. 701 crore in nine months ended December 2020.

Our standalone net worth has increased and reached the level of Rs. 4098 crore at the end of December' 2021, it was Rs. 3600 crore at the end of fiscal 2021. Our net worth at consolidated is Rs. 4534 crore approximately at the end of December' 21 which was Rs. 3980 crore odd at the end of fiscal 2021. Our total standalone borrowing outstanding at the end of December 2021 is Rs. 1152.51 crore including short-term borrowing of Rs. 55.07 crore with debt-to-equity ratio of 0.28 times. Our total consolidated borrowing outstanding at the end of December 2021 is Rs. 4834.58 crore including short-term borrowing of Rs. 55.07 crore with debt to equity of 1.07 times. Mobilization advance received from the clients outstanding at the end of December' 2021 is around Rs. 124 crore as compared to Rs. 257 crore at the end of fiscal 2021. During the nine months the company has made addition to the fixed asset amounting to Rs. 236 crore approximately. Our net block of property plants and equipment's including CWIP is Rs. 1382.42 at the end of current quarter. Investment in the subsidiary companies in form of loans and equities is Rs. 1303 crore approximately, at the end of December 2021 it was Rs. 1255 crore at the end of fiscal 2021. Balance promoter equity commitment required to be made of our operational HAM projects is around Rs. 1326 crore of which we are expecting contribution of around Rs. 120 crore in Q4 of fiscal 2022 and the next year will be in the range of Rs. 500-550 crore in the financial year 2022-2023. Our working capital days at the end of current quarter is 78 days approximately as compared to 73 days, it is almost at the same level, at the end of fiscal 2021. Our trade receivable at the standalone basis is around Rs. 650 crore at the end of December 2021 as compared to Rs. 897 crore at the end of fiscal 2021. Our trade receivable at the consolidated levels is around Rs. 300 crore, Rs, 301 crore at the end of December 2021 as compared to Rs. 492 crore at the end of fiscal 2021. Our unbilled revenue at the standalone basis is Rs. 856 crore at the end of December' 21 as compared to Rs. 267 crore at the end of fiscal '21. Our unbilled revenue at the consolidated level is Rs. 593 crore at the end of December' 21as compared to Rs. 197 crore at the end of fiscal '21. Inventory levels are at the end of December' 21 is around Rs. 882 crore as compared to Rs. 128 crore at the end of fiscal' 21. Our cash and cash equivalents including as bank balances at the standalone basis is Rs. 422 crore at the end of December '21 as compared to Rs. 542 crore at the end of fiscal' 21. Our cash and cash equivalents at consolidated level is around Rs. 894 crore at the end of Dcember'21 as compared to Rs. 831 crore at the end of fiscal '21. Our orderbook at the end of quarter is around Rs. 14599 crore, in addition we have been declared L1 in two metro projects valuing around Rs. 1185 crore. At the end I sincerely thank all our stakeholders, including employees, business partners, vendors, bankers, auditors who have supported the company in this journey.

On behalf of G R Infraprojects Limited. I thank everybody for attending the earning call. In case of further query please do get in touch with our Investor relation desk. Thank you. May I request the coordinator to please open the platform for Q&A session.

Moderator: Thank you. We will now begin with the question-and-answer session. We have the first question from the line Parikshit Kandpal. Please go ahead.

Parikshit Kandpal: My first question is on, you have said some additional cost has been incurred, so if you can just clarify in this quarter why was there a margin impact and what was the additional cost incurred?

Anand Rathi: So, there is additional cost which we have provided for in this quarter or I would say in nine months also, that is related some long dated debt that means debtors which we have provided and some CSR expenses which otherwise we will be providing, as a practice we were providing in the last quarter but just to be fair on quarter on quarter results, so we have provided on quarterly basis, so for last three quarters where we have not provided for CSR expenses based on cost standings you have provided right now upfront in this quarter. So, to that extent around Rs. 30 crore of additional expenses we have provided for in this quarter, so to that extent our margin has gone down.

Parikshit Kandpal: Sir my second question is to Mr. Ajendra you mentioned that allocation for infra has increased to a good extent in the budget this time, I am not able to understand one thing, you did speak about competitive intensity as well that competition is very high in the sector and it is hitting our margins at some places for winning a project, so when do you think the competitive intensity will become lesser and we will be able to bag projects on our margins, can you explain a little about this in detail?

Ajendra Kumar Agarwal: The competitive market currently is poised in such a way that the government has eased out norms due to COVID now, like for bank guarantee, funding, etc. the relief measures that are in effect now, companies whose financial position is not much stable are there in competition now. As soon as these relief measures of COVID are withdrawn, definitely this position will better off. And secondly, in the coming time the complex projects that are there, big sized ones, definitely our opportunity will increase out there. Because certain companies are doing aggressive bidding that is not sustainable, according to us it cannot be done practically, in infra there is lot of competition and there are lot of challenges out there, financials are also there but since the government has given good amount of relief that is why the competition is quite big but in the coming times definitely the situation will be better and we will be able to bag good projects again.

Parikshit Kandpal: Sir one question is for Mr. Anand, since you are planning to do an InvIT so in the overall scheme of things which we can explain how strategically important this InvIT will be and how will you be able to become more competitive here if you can give some more sense on how you can get because if the competitive intensity is very high, so how will this InvIT help you improving your competitiveness in the market and get better orders? If you can give some color on that.

Anand Rathi: So, as part of **(Inaudible) 18.46** because we do not want to hold the asset which we have completed right? The projects which we have completed because that return, I mean there are different kind of investors who can hold those assets for a long term and their expectation to hold on from those completed assets is quite low, compared to return which we are expecting on any kind of cash or equity deployment. So, what we believe that the InvIT has the strategy, we want to launch for the reason that probably as and when we will be building the project, we will be completing the project we will need not to negotiate, not to go to different investors, we will be able to flip it off to other InvIT vehicle and let us say that InvIT is launched and InvIT is getting established probably my cost of capital will be coming down and it will be actually helping us in and it will be actually helping us with becoming more competitive in terms of bidding more HAM projects or PPV projects I would say because my capital cost, if I am getting the capital, If I am able to flip my projects as and when completed without any much negotiation and without any delay, then there is a visibility which we will be having with us that once the project will be completed, it will be transferred, so it is going to help me reducing my capital cost and what I believe is that, that my cycle would be completed because we are EPC player, we would be, off late we have already become the developer, we have completed so many projects now only incomplete part which I believe is only that the investor base, the capital where if I can get sufficient capital to hold those asset and by doing that InvIT and by holding certain stake of that InvIT I will be continuing with O&M activities which is again a bread butter for us and we have got expertise in that O&M piece also. And in O&M piece probably we will be having decent margin as well. So, I think all in all it will be helping us in a great way, it will be going long in terms of reducing cost of capital and then increasing the margin also because the O&M margin will not actually have to part with that O&M margin, which otherwise would be parting we would be selling to those complete projects to other investors.

Parikshit Kandpal: Just last question sir. You mentioned in 4Q you spend about Rs. 120 crore of equity in FY23 Rs. 550, so balance Rs. 650 crore will be in FY 24, the total Rs. 1326 I think is pending to be invested?

Anand Rathi: Yes, so current, in Q4 we are expecting Rs. 130-125 crore kind of equity infusion and balance is to be infused in next two years, for next year we are targeting around Rs. 550 crore, so FY 24 would be around Rs. 650 crore odd.

Parikshit Kandpal: Okay just last thing once you have because of the InvIT we have to have the completed the asset, so you still have two more years to complete these projects and put in the equity, so do you think we will be in a position to launch an InvIT before the projects get completed or is it like you will only transfer those assets which are completed and then maybe keep adding up from there?

Anand Rathi: So, actually it is an ongoing process because I will be adding more HAM projects, no, we will be heading for more HAM, we will be taking more HAM and probably those HAM would be completed after 3 years, so point is that while we will be launching InvIT in next six months or nine months whatever but then as and when whatever project I will bidding, I will be taking on my balance sheet, I will be transferring it to InvIT as and when it will be completed. So, as of now yes as on date we have got 6-7 HAM projects operational, so we are just evaluating what kind of projects or what number of projects we transfer to InvIT to establish, this is under evaluation.

Moderator: Thank you sir. We have the next question from the line of Shravan Shah from Dolat Capital Markets. Please go ahead.

Shravan Shah: Thank you sir. Firstly, on the EBITDA margin you mentioned that debtors, written off and CSR activities done in this quarter is Rs. 30 crore, so what is the breakup, how much was debtors and written off from it sir?

Anand Rathi: Around Rs. 19 crore, Rs. 19 crore is debtors and Rs. 11 crore is disproportionate CSR which we have booked in this quarter. So, total Rs. 30 crore is the total amount.

Shravan Shah: Secondly, sir now you just mentioned that if you could also repeat those numbers in terms of opportunity size, Rs. 63000 crore and Rs. 16400 crore, 16 projects yet to be open, so my question is that if we take into account L1 our inflow will be around Rs. 3600-3700 crore, how much more inflow we are expecting in this next one and a half month and how much of it will be HAM and also at the same time in EPC as you are saying competition is very high, so in EPC are we targeting anything in the next one and a half month?

Anand Rathi: See in EPC no doubt the competition is big, the bidders are bidding let us say, they are taking projects at almost discount of 30%-35% from the NHAI price, so if we go by this kind of bidding, probably we do not think we will be having any EPC projects in next two or three months, by March I would say. So, yes I mean EPC projects are there, pipeline is there and as of now we are running short of almost Rs. 8000-10000 crore of orderbook. So, to that extent we will be targeting this number of orderbook, we will try to add by March always subject to this kind of bidding, pipeline as of now which is visible from NHAI website is at around Rs. 47,000 crore of hybrid projects is still to be bid and Rs. 25,000 crore of EPC is to be bid. Yes, we will be targeting Rs. 10,000 crore of the orderbook by the end of March, that would be incoming.

Shravan Shah: Okay so additionally further whatever we have received another we are expecting Rs. 10,000 odd crore, so from that are we eyeing Rs. 5000- 6000 crore of HAM, like you said in EPC there is lot of competition, so our focus will be more on HAM?

Anand Rathi: See, I mean so far, the confidence right now we are having is that we just do not find any difference between HAM and EPC, so once no doubt EPC is more preferred option for us but it is totally game of how competition plays, if let us say we are having high competition EPC probably, not able to be won EPC, we just do not want to lose money by aggravating further, so we are even comfortable taking the HAM of around Rs. 8000-10,000 crore 100% of HAM we are comfortable with it.

Shravan Shah: Okay and sir can you give approximate guidance on the revenue margin, or right now for CSR is there something unexpected that our margins will come back to 16% + or 17%, where are we seeing the margins and the revenue has already clocked 22% in nine months but in this quarter definitely there is decline, so how are we looking at fourth quarter because last time fourth quarter we have done a sizeable number Rs. 2600 odd crore?

Anand Rathi: Yes, so this time we could not execute much of the projects reason being that the appointed date is being declared by NHAI with some delay right, the maximum appointed date that we have got by the month of December or January or February I would say, so hence there is the challenge that wise you could not force much of growth in two to three quarters, which is obviously I mean is a better quarter generally in terms of execution because the effect of rains is little less but it is our bad luck this time that probably appointed date could not be declared and hence you could not compete and now since most of the projects, particularly in HAM, so we have recently got that appointed date, one projects where we have got appointed date in the month of December some project we have got in this January and some projects recently in February, so I do not think in quarter 4 we will be having much of the revenues coming from these projects, so but yes as of now out of total orderbook around Rs. 14600 crore are operational, the projects where we have already received appointed date is around Rs. 12,000 crore odd, so we believe that unless and until we add some EPC projects because HAM projects takes time to get convert onto the ground, so probably the next year also the growth would be there, topline would be in the range of 5%-10%, unless we received the EPC which can be converted in immediately once you issued.

Shravan Shah: Okay so sir 5%- 10% will be growth for FY23 but in this fourth quarter would we see decline or degrowth in the revenue and on margin also I had asked in margins when will be back to normal level of margins 16%+ from the fourth quarter?

Anand Rathi: In fourth quarter, in terms of decline I will have to see, if you are comparing it with last year fourth quarter probably there will be decline, the reason being that project execution appointed dates have come now, around Rs. 6000-7000 crore of project's appointed dates have come now, so that could be the case. As far as margins are concerned, in margin because generally our margins are higher, I told earlier also that my margins are higher in case I am executing more HAM projects if it is EPC, it will be in range of 14% only, so to that extent my margin would be varying, right? So, let us say if we are executing more of HAM projects m margin would be on increasing trend and if I will be executing more EPC, then probably the margin would be the same only 14% - 15% sort of range which we expect.

Shravan Shah: Okay sir lastly, our appointed TAT which are three HAM projects, when are those going to come and when will the appointed date for the two new L1s that we are; Rs. 11,085 crore come in?

Anand Rathi: Out of the three projects, probably one project we expect to receive the appointed date in the month of March itself.

Shravan Shah: And sir which project is that?

Anand Rathi: It will be our Chhattisgarh's project; it is Chhattisgarh's HAM project Raipur – Dhanbad.

Shravan Shah: Right.

Anand Rathi: Bilaspur – Gurgaon and then two HAM projects which we have received now, which was of Punjab, we are expecting its appointed date only in the second half of the next financial year. And the two L1 projects that are running, one is the old project of NCRTC, which we have not declared L1 from a long time, about a year and one is Noida Metro where we have got L1 status recently but may be because of some election going on in that particular State, probably that award is getting delayed, otherwise, we would have you know. So therefore, Noida probably we believe that kind of Rs. 92 crore or Rs. 93 crore kind of net worth projects, we are expecting appointed date to be declared in the month of April or May as and when this election process gets over.

Shravan Shah: Sorry Sir. When are you expecting the appointed date for these two new L1s that are there, sir?

Anand Rathi: Appointed date for one project is Noida Metro, we are expecting in the month of April or May. once that election gets over in the State of UP. The old project of NCRTC, maybe some approval which is pending at their end, so we are not having that, in terms of also by what probably in the month of or first quarter of the next financial year.

Moderator: Thank you sir. We have the next question from the line of Mohit Kumar from DAM Capital. Please go ahead.

Mohit Kumar: Yes, good afternoon, sir. Two questions, your order inflow guidance for FY22 is Rs.10, 000 crore, am I right Sir?

Anand Rathi: Order inflow goes between Rs. 10, 000 crore to, I would say, Rs. 10, 000 crore, Rs. 15, 000 crore kind of inflow, which we were projecting on the year beginning, you know Day 1 on the year. Right now, because Rs. 4000 crore, Rs. 3600 crore something which we already received, so it is between around Rs. 10, 000 crore award we are expecting.

Mohit Kumar: Overall right?

Anand Rathi: Yes, overall means Rs. 10, 000 crore plus Rs. 3000 crore or something, Rs. 14, 000 crore overall.

Mohit Kumar: Rs. 14, 000 crore overall, understood. Given the order book and given the order inflow expected in the next Q4, what is your revenue guidance for FY22 and FY23?

Anand Rathi: Revenue guidance, I already I think, in the last question also I have given the guidance that probably this year because we have got the appointed date delayed. So otherwise, we could have achieved more growth but this year revenue growth would be in the range of 5% to 10% compared to previous year and for next financial year again this is the same days unless and until we receive some EPC projects which could be you know, executed at the earliest. I would say, if the execution delay is not there or appointed date delay is not there because we believe in EPC, generally the appointed date is declared fast.

Mohit Kumar: Sir this quarter particularly EBITDA margin was quite less, what do you expect in FY23? Will you go back to 16%, at least?

Anand Rathi: Our EBITDA margin with 16% or 18% is also comfortable once if we, I mean generally we are getting higher EBITDA in the HAM projects. If we are executing more HAM projects, we will be getting higher of EBITDA. If we are executing EPC, our EPC margin will be in the range of 14%, 15% only.

Mohit Kumar: Understood sir. Can you please discuss your experience in transmission bids which you have participated? How was the competition over there, is it less than roads or how is it? How do you find it?

Anand Rathi: See in transmission, what has happened in last two, three years not much project is bidded in transmission. So that is why what we believe is that till now, a good level of competition exists in the transmission as well but going forward, means as on date, as we speak, around Rs. 15, 000 crore to Rs. 16, 000 crore of projects which are to be bidded in the pipeline of transmission project is there. So, there we will be going forward that competition will be going down and our experience and so our understanding which we have collected so far in terms of while bidding the two projects. We are getting confidence, so we believe that we will be able to execute or we will be able to enter into this transmission sector successfully.

Moderator: Thank you sir. We have the next question from the line of Ashish Jha from Centrum Broking. Please go ahead.

Ashish Jha: Good afternoon, sir. This InvIT that we are planning, so what is the quantum of equity that we expect that we will be able to monetize from it for us, any calculations or any estimate that we have?

Anand Rathi: The InvIT that we are planning, it is not for the purpose of that, to get the immediate, I mean to release the capital immediately. This is our long-term plan where we feel that once we will see, then my cycle would be completed, as I explained earlier also that while taking more projects on HAM, I will be able to flip it off to that InvIT vehicle and my cycle would be in terms of developing that project and bring up my equity, would be complete, this is what I feel. So, we do not have any such urgency that this much of capital is required within six months or twelve months, we do not have any such challenge. Only thing is that we want to make this InvIT a successful platform where you know, probably we will be adding more InvITs into this platform, I will be able to you know. So, my process would be perpetual. Now it would become perpetual, I will be taking more HAM, we will be giving it off to that vehicle and also in that vehicle, we are also expecting that we would be adding. I mean as we are holding certain stake of that vehicle but yes, we will be adding from outside world also, the asset where we will be having the opportunity to do the O&M activities for those assets. So, the exact thought process is, I mean we are looking some business opportunity on that vehicle rather than having an immediate cashflow from this. And the projects that we have put up, as on date we are investing around Rs. 1300 crore of equity into existing HAM projects. We want to add Rs. 1300 crore of more, we have to monetize all of them know. So how much we will get on it, that depends again on the valuation part which we will be discussing with various bankers and all that but we will monetize all those know.

Ashish Jha: Sure, sir also on the perspective of returns, like if HAM is COD, then we will be also able to refinance it at a much lower cost, versus let's say InvIT if an investor comes in they will at least have a maybe 10%-11% expectation, if it happens around 10%, so in which case we may end up giving more return right to the, if it is 10% or so for the InvIT holder versus if we speak about refinancing then that could be far cheaper? I may be wrong I am just saying if we as a company have evaluated this alternative option.

Anand Rathi: See in refinancing we cannot go long term by way of choosing this kind of option, if we want to go long term then we have to because see if we want to bid more HAM and more HAM then we have to have investors with us who is having patient capital, I mean who can infuse in long term, so then I will be able to be more comfortable leading and taking more projects once if I have this comfort of backing of some investors that they are the investor who would be providing us that low cost capital, I will be taking more and my profit again is in EPC, I want to earn more from EPC rather than, so I am not targeting the return on that investment which I will be putting into that InvIT right, it is not even my objective, we do not think about it also, investment at G R level we do not think we would be by putting that money into that investment activity, we will be able to give more return to the investor, no that we do not believe. We will do EPC and if we do work, we will earn money. So, point is there that if we go by that philosophy then we will need investor, either I will have to sell it or I have to have some support from investors because of that I will be able to take more projects and then only I will be able to earn more.

Ashish Jha: Sure, sir just last question we said that our equity plus loan as of December is Rs. 1303 crore and as of March it was Rs. 1255 crore, so this will be the net increase, right? You might have put it more equity but there will be some loan that you might have got back also, right? Because this number otherwise is quite small, so how much money would have come back to us between April to December?

Anand Rathi: Maybe around I would say Rs. 200 crore approximately.

Ashish Jha: Okay we got back Rs. 200 crore and we have invested something like Rs. 48 crore of thereabouts, so net basis, 250 is what we have actually invested on a gross basis?

Anand Rathi: Exactly. This I am giving you approximate number maybe Rs. 200 crore or more.

Moderator: Thank you. We have the next question from the line of Teena Virmani from Kotak Institutional Equities. Please go ahead.

Teena Virmani: My question is related to the mix of HAM and EPC, like you mentioned that certain projects got delayed and appointed date got delayed but they have mostly come by now, so will the proportion of HAM projects not increase in FY 23 and will it not support margins in FY23?

Anand Rathi: Yes, I mean as on date my outstanding orderbook is having 67% of HAM projects and balance is EPC, so logically because we are generally having more margin into HAM's, so logically it should support that margin also in next financial year.

Teena Virmani: So, now that appointed dates are there, we should not expect any execution related issues in these HAM projects? There will not be any project specific issue as such., right?

Anand Rathi: No.

Teena Virmani: Execution will be normalized after

Anand Rathi: Rs. 12000 crore is the order under execution, out of Rs. 14600 crore total pending orderbook is Rs. 12000 or you can say Rs. 11500 crore, Rs. 12000 crore was end of December so around Rs. 11,000 crore of order is under execution.

Teena Virmani: So, basically in HAM projects also there will not be any issue going forward, so HAM execution will increase, so which should technically or logically should support margins from the current level.

Anand Rathi: Exactly.

Teena Virmani: So, sir in this the Power T&D bids that you are submitting, what margins are you targeting out there?

Anand Rathi: See, those are the EPC kind of things we are targeting, that will be around 13%-14%.

Teena Virmani: So, that maybe margin dilutive if it is at a bigger scale?

Anand Rathi: EPC is I mean we are comfortable with this kind of margin 13%-14%-15%.

Teena Virmani: Okay, so it will be similar to road EPC?

Anand Rathi: Right.

Teena Virmani: Okay, got it sir and in terms of the ordering opportunity next year, how are you seeing the ordering opportunities mainly in the road as well as in the other segments?

Anand Rathi: Yes, so we are targeting transmissions where we are getting comfort over the peers and we are targeting railways, metros and road again, road has a major component.

Teena Virmani: So, in road are you seeing any gains now, from the current levels will it increase, after March in next year in FY23?

Anand Rathi: Road execution you mean to say?

Teena Virmani: No sir order inflow for G R.

Anand Rathi: That will be ongoing, order inflow is going to increase because the competition that we have right now we believe will not continue for next six months, so by that time I do not think that there are so many small companies who have taken 4-5-6 HAMs, I do not think they

Teena Virmani: Will be able to compete.

Anand Rathi: No, I do not comment on that but point is that they would be busy with their own execution, right. They have to do so much of work like they have to do their initial setup and a company with kind of topline Rs. 1000 crore having HAM projects of around Rs. 5000 crore then they have their own set of struggle. So, I do not think that they would be coming more that is my belief, I may be wrong but time will tell but next year probably I believe that the competition will also go down certainly.

Teena Virmani: Okay, so if this year if you are targeting an overall inflow of around Rs. 13, 000 crore including this certain which you are targeting in February and March, next year order inflow can be in a similar range or we can expect 5% to 10% increase from the levels of Rs. 13, 000 crore?

Anand Rathi: No, I mean to say, so next year we can even target Rs. 20, 000 crore . I mean we are comfortable, see we could have achieved, I mean we could also receive this year also bid more than Rs. 15, 000 crore bid orders subject to the margin and the quality of the order, right? As on date, we are comfortable with that Rs. 20, 000 crore order also, that is not a big challenge because we are very well equipped in terms of manpower, machinery and money terms.

Moderator: Thank you. We have the next question from the line of Shravan Shah from Dolat Capital Markets. Please go ahead, sir.

Shravan Shah: Thank you sir. You said we have done the Capex of Rs. 236 crore in nine months, so how much would it be in the fourth quarter, in general, the range would be Rs. 350 crore odd yearly Capex that we would be incurring.

Anand Rathi: Capex depends, if we are getting more orders and if we keep getting new orders, so generally it is **65%** of the order which in fact, we have told in our earlier call also. Till now, it is Rs. 235 crore, new work has not come much so what we believe that it will be within Rs. 300 crore for the current year, that is how we target for the current year. It is okay, means from Rs. 300 crore to Rs. 500 crore depending on what kind of, what number of new orders we will be adding.

Shravan Shah: Okay, second sir your working capital which has increased a little, so will it come back to the normal 70 days, so the core cash conversion days, inventory deter payable 70 days, 72 days will be there by March?

Anand Rathi: My working capital is also showing that increase maybe because of one reason that the Mobilization Advance is getting down, probably in earlier version, this number is including what number, so I have to check that, which have again, I mean so maybe because with every passing quarter my Mobilization Advance which is showing outstanding in my balance sheet. So that might be the reason but otherwise I think, what we believe is that, largely it is in the range of maybe two, three days here and there but we are comfortable and it's not, we do not think there is any big issue in terms of working capital management.

Shravan Shah: Okay and sir just wanted to understand, as you said in the previous reply that in HAM sub-debt of Rs. 200 crore has been repaid, so despite there is a bank loan we can still repay our sub-debt. Like first pay the bank loan then only we can pay our sub-debt.

Anand Rathi: Yes, I missed you in between but what I could understand from this question that what you are asking is, that if we have got our money back, without making payment to the existing, I mean that outstanding bank loan, right?

Shravan Shah: Right. So, I just wanted to understand that are there any restrictions as such know, that first you have to repay the bank loan, then only all our sub-debt ….

Anand Rathi: No. it is not like this. The point is, when we are going for re-financing, then we are going for some top up debt, so this is with the condition only that we have to raise additional debt over there and when additional debt is raised at SUV level, it will be utilized only for the purpose of, or only for the, there is no other way. I mean to utilize that top-up loan, which we will be raising at the time of re-financing but to repay the subordinated loan extended by the promoters.

Shravan Shah: Okay and sir in this transmission, what is the thought process over there for us in the terms of the equity that we can lock in there, margin you already mentioned 135, 14%?

Anand Rathi: See our target initially for transmission is that probably we will be bidding for around Rs. 1000 crore of projects where my equity commitment would be around Rs. 300 crore odd, Rs. 400 crore odd of equity sort of, I mean commitment which we are expecting for the transmission right? And then depends on again which competition and it depends on little bit here and there but that depends on the competition also.

Shravan Shah: Okay, so the two projects that are there, from that one of the project's results are yet to come, in the transmission.

Anand Rathi: No, so we had bid for two projects and in the transmission, there is a process called reverse option, so in one project reverse option has taken place and we were L2 at that particular project.

Shravan Shah: Yes, that I understood, the second one is still left.

Anand Rathi: The second one's is yet to happen.

Shravan Shah: Okay, sir one last thing, I wanted to understand a little for broadly understanding that, can we start giving the list of top ten, fifteen projects in presentation so that people can have a or investor can have a better understanding how each project over last two, three, four quarters, how they are contributing to revenue and which project is actually not moving or moving. So that is a simple, that would be a better to, will help the entire investor community in terms of the forecasting the revenue at project level. So that is a humble request and at the same time in terms of the HAM equity, if you can also give the same in terms of the presentation that these are the sixteen HAM projects and whatever the new would be added, how much equity, as you say that Rs. 200 crore is loan as repaid, so what was the equity invested in these project as on March and now in December so that will be more helpful, that is the only request.

Anand Rathi: Mr. Shravan, your suggestion is well taken. The point is, in terms of, when we say that the number of projects, ongoing projects, generally we are having 15 to 17 or 18 or something kind of, the ongoing projects which are with us. And now with this current period we have completed 8 projects, so one you can understand from that as to which project is moving in what way, in general if you talk about. And if you talk about specific numbers then what happens in that is, there are lot of challenges in that. Challenges in terms of that we have, sometime we got CS orders, sometimes we got claims, sometimes we get, you know different consideration we get out of these orders. So, to reconcile it, your team and my team both will have to invest 2 hours, 4 hours for it or otherwise it will not be by you know, putting just into presentation, probably I will be creating more confusion rather than clarification. So, I feel, if we talk about specific in the numbers, it will be very difficult because we have to apply and everybody else will apply that different level of mind. Also, in understanding and what will they understand with this, that God knows but this is the challenge which we are facing or we have been facing in while reconciling our order book also. We ourselves are not able to understand many a times. So, this is one thing and HAM equity that this number of equity is to be putting into those number of HAMs, I think we can add on that what equity is to be added into which HAM, right? What equity commitment is pending in which HAM, that we can do probably and then there is no doubt about it that the Rs. 1300 crore equity that we are supposed to put in the next two, two and half years, in which HAM what number of equity commitment is there and what is the outstanding amount. That we can put up sir, there is no confusion in that, we can do this.

Shravan Shah: Yes sir, that challenge from our side is that two things; one is sir you also calculate, like how you said that in this quarter there are claims, bonus in this quarter and nine months. So that calculation you are anyways doing on the project level, you are giving the value of the total order book also. In anyway, you would be knowing that what is the change in scope is there in every project, how much is the claim, bonus, all those things you are anyways giving. So, whatever you are saying two, four hours or so, that is up to you but in any way you are calculating and wasting time on that, rather it should be a more system based driven because that should be the case, otherwise would be difficult for you also to and second sir about HAM that you are saying know, if down like comes going forward, so like going forward ……

Moderator: Sorry to interrupt Mr. Shravan Shah, I am sorry to interrupt sir, I would request you to come back in queue as we have other participants waiting sir, thank you. We have the next question from the line of Mr. Alok Ranjan. Please go ahead, sir.

Alok Ranjan: Just two questions from my end. One is that we are seeing change in the cycle coming with inflation inching up and maybe the surplus liquidity that was there in the economy, we will start to see reduction and we may see interest rate rising very soon. So, my question is, how do that impact HAM bidding competitiveness? Do you see competition getting eased in asset portfolio in rising interest rate scenario? And second question sir, I joined late, so I do not know if you have answered it but given the budget which came, especially on the Road side, is your order inflow expectation in FY23 changed after the only modest 2% growth in the Road Capex that was given from the center side? Just these are the two questions from my side.

Anand Rathi: Yes, so first question was about rising interest rate scenario. See the beauty of HAM is that it is insulated from the interest rate, I mean whether interest rate is moving up or going down, HAM remains the same because the revenue which is apprehend to that HAM project is linked to MCRR of five top banks. So, if let us say, lenders are increasing the rate, bankers are increasing the rate, my revenue would be increasing and so would be my cost. So, it would be kind of neutral, I would say. So, it is not dependent on the interest rate movement. So that extent, I believe that there is no change in terms of interest rate.

And your second question was, in terms of my order expectations. Yes, of course, I mean this time we are more bullish, I would say going forward because Road yes, Road it is almost, how say level is maintained for more the budget allocation is almost same but in other sectors it has you know, government plan is clear, government vision is clear that they want to increase the Capex, capital expenditure and it is visible also from the budget announcement where they have. I mean in last year, of total budgeted amount, they have spent around 84% into revenue expenditure and 16% was the Capex. In the current year, they have raised that Capex from 16% to 19% and it is only 81% which is revenue. So yes, as Mr. Ajendra also told in his opening speech that the Parvatmala program is also being launched and multi model logistic park is also being launched by the Railways. So, what we believe that going forward, the infra opportunities, there are high opportunities in terms of Infra and probably would be, you know and we also started diversifying into, we are not relying only on Road sector, so we believe that we will be getting more orders in the coming year.

Alok Ranjan: Sir just one follow up. So, my question on the HAM, especially on the rising interest rate was that, whether the competition gets reduced when the interest rate rises, especially when you will be bidding for the HAM though you see lower competition in the rising interest rate scenario in the HAM or it will remain the same irrespective of?

Anand Rathi: Yes, so for disciplined player, that the disciplined player would be able to raise the funding at the lower rate of course, and in case, particularly, specifically liquidity is getting squeezed then good player would be able to get easy money and small player may not be earned or I would not say that small player but the person who will be you know bidding in some certain disciplined manner, they would be getting money probably, within their budget re-cost. It is going to you know plays, for us I think I believe that interest rate is moving and it is going to, it will be acting in my favor.

Moderator: Thank you, sir. We have the next question from the line of Hardick Bora from Union Mutual Funds. Please go ahead, sir.

Hardick Bora: Hi, thank you for the opportunity. Good afternoon, everyone. Sir, I wanted clarification on one thing regarding this InvIT that what is the timeline for this InvIT to start?

Anand Rathi: InvIT's timeline, I mean we have taken the step in this direction. So, it is about launching the InvIT. If we are talking about launching the InvIT, then maybe six to nine months that I believe depending on, that is the feedback so far, we have received from the bankers.

Hardick Bora: So due to InvIT coming in, you said that our capability will improve a lot and we will not have to approach to any other buyer, we will have a ready vehicle, so our win ratio will improve going forward from here, right? Because we will have an advantage which our competitors may not have? So, that is the expectation we should look forward to?

Anand Rathi: Right.

Hardick Bora: Sir my second question on this diversification apart from road and bridges our what is our long-term strategy for next 5-10 years, have we kept any target on the orderbook as to 5% to start with we will start focusing on other segments? Do we have numbers in mind, can you share something on that?

Ajendra Kumar Agarwal: So, see for any engineering company. roads cannot be the only sector to work with because the road construction will not go on till unlimited time and at some place or the other there will be saturation, so we are taking into account other factors also like we started power transmission bidding in this year only, railway is there, high speed rail is there and apart from this whichever engineering sectors are there, we work on them and wherever we see an opportunity on a long term basis, we do not go for short term opportunities, so if the opportunity is long term then definitely G R Infra will be competing in the EPC space.

Moderator: Thank you. We take the next question from the line of Parvez Akhter Qazi from Edelweiss Securities. Please go ahead.

Parvez Akhter Qazi: Just a book keeping question, sir you mentioned that we have about Rs. 1303 crore to HAM assets totally, if you could break it up into investment and loans and advances to subsidiary that will be helpful?

Anand Rathi: Loans and advances is around Rs. 870 crore something and balance is equity. Rs. 872 crore is loans and advances.

Moderator: Thank you. Ladies and gentlemen due to time constraints we take the last question from the line of Tanvi Jain from HEM Securities Limited. Please go ahead.

Tanvi Jain: Sir just wanted to ask a few book keeping questions only, one I was just seeing the cost of raw materials, so it has increased to 69% this quarter whereas it was 63% last year, you said that the main fall in EBITDA margins is on account of CSR as well as the bad debt, so why there is such an increase and I guess this is also contributing to the low EBITDA margins?

Anand Rathi: See, cost of raw material actually, probably it is manufacturing activities we are doing right, it is not related to the project which we have been executing, so cost of material if you say, I exactly do not have a number in front of me but you can see that the cost of raw material is not that much big in terms of, compared to my revenue right.

Tanvi Jain: Sir I am talking about the construction expenses, the construction expenses, cost of material together? So, construction expense as a percentage to revenue has increased steeply, along with cost of material.

Anand Rathi: See cost of material I already told you that it is related to manufacturing and then construction expenses, because my construction revenue has gone down, right? Because the bonus which is the major impact, I told you.

Tanvi Jain: So, sir this bonus income we should see it as a very one-time affair because as and when the project gets completed, then only you can get some early completion of bonus income, so how do we look at into that? So when can we expect.

Anand Rathi: In our earlier call also, we clearly mentioned that bonus is not a recurring income, reason being that in off late now authorities have also recognized this set that the contractors are executing way before the time given to them, so they have also curtailed the time period of the execution, so largely probably three years back, most of the projects were awarded, whatever projects were awarded, it was coming with the 2.5-3 years if construction period, nowadays it is mostly 1.5-2 years construction period, so bonus I do not think is going to come again and again in my balance sheet.

Tanvi Jain: Okay and sir one question, the orderbook right now is standing at Rs. 14598 crore whereas in September' 21 it was at Rs. 15700 crore, sir how much inflow is there in this particular quarter? And if there was not much execution and completion in this quarter then why the orderbook has gone down?

Anand Rathi: No, so Rs. 592 crore is the only

Tanvi Jain: Sir that is the L1 I am talking about the orderbook.

Anand Rathi: Last time it was Rs. 15700 crore now it is Rs. 11000 crore right?

Tanvi Jain: It is Rs. 14600 crore.

Anand Rathi: So, point is you just write a mail to us and probably I will give you the difference, right now I am not having in front of me.

Moderator: Thank you. Ladies and gentlemen that was the last question. I now hand the conference over to the management for closing comments.

Ajendra Kumar Agarwal: A big thanks to all the investors who have put their faith in the company and we hope you will keep faith in us in future and we will ensure we keep this trust with you and keep on working diligently to develop India's infrastructure and achieve new footprints there. Thank you.

Moderator: Thank you very much. Thank you. On behalf of ICICI Securities, that concludes this conference. Thank you for joining us and you may now disconnect your lines.