



# G R INFRAPROJECTS LIMITED

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

CIN : L45201GJ1995PLC098652

16<sup>th</sup> February 2023

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 for the quarter ended 31<sup>st</sup> December 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 for the quarter ended 31<sup>st</sup> December 2022 held on Tuesday, 14<sup>th</sup> February 2023.

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**

Enclosed: As above.

**CORPORATE OFFICE :**

2nd Floor, Novus Tower  
Plot No. 18, Sector-18  
Gurugram, Haryana-122015, India  
Ph.: +91-124-6435000

**HEAD OFFICE :**

GR House, Hiran Magri, Sector-11  
Udaipur, Rajasthan-313002, India  
Ph.: +91-294-2487370, 2483033

**REGISTERED OFFICE :**

Revenue Block No. 223  
Old Survey No. 384/1, 384/2, Paiki  
and 384/3, Khata No. 464, Kochariya  
Ahmedabad, Gujarat-382220, India

**Email : [info@grinfra.com](mailto:info@grinfra.com) | Website : [www.grinfra.com](http://www.grinfra.com)**





**“G R Infraprojects Limited  
Q3 FY23 Earnings Conference Call”**

**February 14, 2023**



**Management:** **Mr. Ajendra Kumar Agarwal**  
**Managing Director, G R Infraprojects Limited**  
**Mr. Anand Rathi**  
**Group Chief Financial Officer,**  
**G R Infraprojects Limited**

**Moderators:** **Mr. Parikshit Kandpal – HDFC Securities**



*G R Infraprojects Limited  
February 14, 2023*

**Moderator:** Ladies and gentlemen, good day and welcome to the G R Infraprojects Limited 3Q FY23 Results Conference Call 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 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. Parikshit Kandpal from HDFC Securities. Thank you and over to you, sir.

**Parikshit Kandpal:** Thanks Tanvi. First of all, I would like to thank the management of G R Infra for giving us this opportunity to host the Third Quarter FY23 Results Call. Today we have Mr. Ajendra Kumar Agarwal Ji, he is the Managing Director of the Company and Mr. Anand Rathi - the Group CFO of the Company, so the format of the call will be and I will hand over the call to Mr. Ajendra Kumar Agarwal for Industry overview followed by the Financial overview by Mr. Anand Rathi, Group CFO. Over to you Ajendrajji.

**Ajendra Kumar Agarwal:** Thank you Parikshit Ji. Good afternoon ladies and gentlemen. I welcome you all on the behalf of G R Infraprojects Limited to the Earnings Call for quarter third financial year 23. Today with me is our Company’s Group CFO Sri Anand Rathi.

Now I want to share with you the key highlights of the third quarter. On a standalone basis, Company’s operational revenue with an increase of almost 7% was Rs. 1,899 crores which in the last quarter was Rs. 1,777 crores. The company’s EBITDA with an increase from 6.5% was Rs. 277 crores which was Rs. 260 crores in the last quarter. The company’s profit after tax increased from 6% and was Rs. 174 crores which was Rs. 164 crores in the last quarter. Our order book value till 31<sup>st</sup> December 22, was almost Rs. 14,000 in which one project worth Rs. 700 crores appointed date has yet to come. In order book mostly 90% shares are of Roads and Highway Development Projects. In the quarter third of FY23, the Company has achieved all the financial closures and till date the Company has 9 operational and 14 under construction projects. In FY23 till now the Company has submitted bid of almost Rs. 51,800 crores in which highway projects are worth of Rs. 42,100 crores, ropeway projects worth of Rs. 2,500 crores, railway and metro projects worth of Rs. 5,000 crores and transmission projects worth Rs. 2,200 crores.

In these bids, results of projects of almost Rs. 14,100 are yet to come. Our current years order intact target is still maintained at Rs. 15,000 crores and we hope that with sufficient projects pipeline we can achieve this. Recently the Company has made strategic partnership with IndiGrid Trust for jointly bidding for almost Rs. 5,000 crores for power transmission projects. I want to tell you that the Company Bharat Highways InvIT has filed an offer document for its IPO with SEBI.

I want to draw your attention towards the recently presented budget by the Indian Government, as you all know that Government has recently announced the budget for 23-24. Like every year this year’s budget is also focused towards infrastructure which will take Indian Government’s



economic development to a new height and to create employment opportunities in the country and shows commitment to improve the quality of life of the citizen of the country. In this budget for development in infrastructure, Government has made provisions for capital expenditure of almost Rs. 1,000,000 crores which in comparison to previous year's budget is more by 33% and is 22% of total budget of 23-24. In this, share of road and railways is almost 50% with Rs. 498,000 crores. For 2023-24 the Government has made provisions for capital expenditure worth Rs. 258,000 crores with an increase of 37% for Ministry of Road, Transportation, and Highways, in last year which was Rs. 187,000 crores. Like this, Government in 2023-24, for Ministry of Railways with 75% increase worth Rs. 240,000 crores has made provisions for CAPEX budget, which in the last year in 2022-23 was Rs. 137,000 crores. The Government is fully committed to expand the railways network so that movement of goods and people across the country can be improved. We are very excited about this budget and we are fully hopeful that in the coming years the Company without compromising its margins much can come back to the growth track from 15% to 20% although, in the sector competition is still an issue.

Finally, I will ask Mr. Anand Rathi to update you about the Company's Quarterly Highlights. Thank you.

**Anand Rathi:**

Thank you, sir. Thank you for giving me this opportunity. Let me present you the highlights of the financial performance of the Company for the quarter ended December 2022 in brief.

Our standalone basis revenue from operation for the quarter was approximately Rs. 1,899 crores with an increase of approximately Rs. 80 crores on year-on-year basis and consolidated revenue from operation for the same period also increased by approximately Rs. 237 crores on year-on-year basis to Rs. 2192 crores.

Our standalone EBITDA margin has increased to 14.58% in the quarter ended December 2022 from 14% approx. in quarter ended December 2021. Our EBITDA margin at consol level was around 27% in the quarter ended December 2022, higher from 18.72% recorded in the quarter ended December 2021. It was largely due to increase in the finance income recognized in the current period due to the revision in the bank rates.

Our PAT margin at standalone level increased by 35% approx. to Rs. 174 crores in the quarter ended December 2022 as compared to Rs. 129 crores in quarter ended December 2021 and PAT margin at consolidated level was around Rs. 324 crores in quarter ended December 2022.

Our standalone net worth also crossed the mark of Rs. 5,000 crores. It was around Rs. 5,022 crores at the end of December 2022 and consol net worth was around Rs. 5,875 crores at the end of December 2022.

Our total standalone borrowings outstanding at the end of December 2022 was around Rs. 847 crores with a debt-to-equity of around 0.17 and total consolidated borrowing outstanding at the end of December 2022 is around Rs. 5,276 crores with debt-to-equity level of 0.91.



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During the 9 months, the Company has made addition to the fixed asset amounting Rs. approximately Rs. 212 crores and our net block of property, plant and equipment at the end of December 2022 is Rs. 1,532 crores approx. Investment in our subsidiaries companies in form of both loans and equity was around Rs. 1,805 crores at the end of December 2022. Balance captive contribution which is required to be made for our under-construction HAM/BOT project is Rs. 1,580 crores of which we are expecting contribution of around Rs. 200 crores in the current financial year.

Our working capital in base at the end of December 2022 is around 82 days as compared to 72 days at the end of fiscal 2022. This increase was largely because of an increase in creditors.

Our trade receivables at standalone basis are around Rs. 1,044 crores at the end of December 2022, as compared to Rs. 716 crores at the end of fiscal 2022. Our trade receivables at consol level are around Rs. 414 crores at the end of December 2022, as compared to Rs. 664 crores at the end of fiscal 2022.

Our unbilled revenue at the standalone basis was around Rs. 894 crores at the end of December 2022, as compared to Rs. 581 crores at the end of fiscal 2022. Our unbilled revenue at the consol level is around Rs. 425 crores at the end of December 2022, as compared to Rs. 393 crores at the end of fiscal 2022.

Our inventories were around Rs. 853 crores at the end of December 2022, as compared to Rs. 1,022 crores at the end of March 2022.

Our cash and cash equivalent at the standalone basis was around Rs. 396 crores at the end of December 2022, as compared to Rs. 445 crores at the end of fiscal 2022. Our cash and cash equivalent at the consol level is around Rs. 886 crores at the end of December 2022, as compared to Rs. 1,095 crores at the end of fiscal 2022.

Our mobilization advance which we are having from our client are outstanding at the end of December 2022 was around Rs. 291 crores as compared to Rs. 71 crores approx. at the end of fiscal 2022.

That is all from my side. I sincerely thanks all the stakeholders including employees, business partners and the auditors for their continuous support.

On behalf of G R InfraProjects, I thank everybody who is attending this call. Thank you very much. Parikshit, over to you.

**Moderator:**

Thank you. We will now begin the question-and-answer session. The first question is from the lines Alok Deora of from Motilal Oswal. Please go ahead.

**Alok Deora:**

Good afternoon, sir. Congratulations on a decent pickup in execution. Sir just wanted to understand on the order book side, so we have a kind of not won any projects hence in this year and also one project of metro where you were L1 and one got cancelled. So, while you mentioned



the bid pipeline being very strong, how many orders realistically we are looking to achieve in the fourth quarter now?

**Ajendra Kumar Agarwal:** Generally, if you see historically then the bidding happens in the last quarter only although some biddings on the basis of L1, but in that competition is so much that those who don't have the understanding of HAM projects cycles they can also bid and now there is quite a good opportunity, in HAM you will see more than Rs. 100,000 crores projects are to be done in this last quarter and we have done a good bidding and our expectation is that we can nearly achieve our targets.

**Alok Deora:** So, sir in this fourth quarter how much target are we expecting of inflows?

**Ajendra Kumar Agarwal:** We are maintain our same target of around Rs. 15,000 and like yesterday only we bidded of Rs. 2 which is approximately a project of Rs. 2,000 crores to Rs. 2,500 crores each and we have quite good expectations that we should get the project. And now in ropeway also Government is giving a lot of interest. In the coming times good projects of ropeway will also be done. In transmission also our projects are in good pipelines and are already in highways.

**Alok Deora:** I just want to ask one more thing, this equity contribution what would be this year, next year? I think this year's you have told that Rs. 200 crores towards the HAM projects, so how much would be for the next year, sir?

**Ajendra Kumar Agarwal:** So, for the next 2 years, our total equity contribution pending as on date is around Rs. 1,580 crores. So, in the next 2 years it would be in the range of Rs. 600, Rs. 700.

**Alok Deora:** Sir last question, on this transmission side do we see any significant opportunity or are we still going selective? How are we doing if you could just highlight that?

**Ajendra Kumar Agarwal:** In transmission good opportunities are coming almost 7 of our projects are in pipeline whose approximate value you can assume is Rs. 10,000 crores and for this we had done partnership with IndiGrid to bid in this for Rs. 5,000 crores.

**Alok Deora:** And would not have bidded much?

**Ajendra Kumar Agarwal:** It is in the pipeline. The bid is to be done in this quarter.

**Moderator:** Thank you. The next question is from the lines of Shravan Shah from Dolat Capital. Please go ahead.

**Shravan Shah:** Sir just continuing the previous question and for the better understanding of everybody, can you repeat the value and number of projects which we have already bidded segment wise and the projects value and the projects where we are planning to bid till March?

**Ajendra Kumar Agarwal:** In this which we have already bidded, in highway we have bidded for 48 projects of almost Rs. 42,000 and like this in railway we have bidded for Rs. 5,000 crores and in ropeway we have bidded for Rs. 2,500 crores.



- Shravan Shah:** And in ropeway first you mentioned that there are 2 projects of Rs. 2,500 crores each or both together Rs. 2,500 crores?
- Ajendra Kumar Agarwal:** No, both together, both together are of Rs. 2,500 crores.
- Shravan Shah:** And how much more are you going to bid, sir?
- Ajendra Kumar Agarwal:** Under HAM if you see in highway then approximately Rs. 110,000 crores projects are there which are in pipeline, in Government whose bid has already come and approximately for tunnels is of Rs. 25,000 crores, for railways it is for Rs. 8,700 crores, transmission is about Rs. 10,000 crores projects are in pipeline.
- Shravan Shah:** And this entire amount what you said HAM Rs. 1.1 lakh crores and the tunnel Rs. 25,000 crores we will be bidding the entire or it depends on the selectively we will be bidding? So, just roughly wanted to understand how much value of projects are we planning to bid? So, ultimately what I want to understand is that how can that Rs. 15,000 crores come according to the success rate? That is what I am trying to understand?
- Ajendra Kumar Agarwal:** It will be selective only, everything cannot be bidded, but we evaluate every projects and after its full evaluation it is finally decided that whether it should be bidded or not. Prices has to be seen, location also has to be seen, decision is taken after analyzing whatever risk factors are there, but we will analyze everything whichever is in our pipeline after analysis final decision will be made.
- Shravan Shah:** And sir the Rs. 15,000 crores which we are saying that we will win, is this Rs. 15,000 is the EPC value or HAM value else our EPC value will become 70%, so just wanted to understand that because for standalone we require EPC order book?
- Ajendra Kumar Agarwal:** Yes, we are talking about EPC.
- Shravan Shah:** Secondly, in terms of the guidance if you can explain again that for the next year because last time we were saying that we are seeing growth of 15%, 20% from next year on the topline front and core EBITDA margin of 15% plus, so for this year how much and for next year how is our margin play?
- Anand Rathi:** See the issue is so far we haven't received any order, so in terms of the next year guideline in terms of topline, I don't think probably we will be able to achieve unless and until whatever projects we are bidding if we can start on an early basis. So, most of the projects are under HAM and EPC we don't think any near-term opportunity where we will be able to win more EPC projects, so I believe that probably for next year to achieve 15% growth in terms of topline would be difficult may be in the range of again 8% to 10% depending on what kind of order we are getting in next 1 or 2 months and when those projects will be started on ground and for margins it is like that because see competition is there, so probably I will be giving more guidance in next whenever I will be having the projects in my fold then only I will be able to give you guidance about what margins I will be getting.



- Shravan Shah:** But the current order book which is of Rs. 14,000 crores there 15% plus we are sure of that we will be able to get?
- Anand Rathi:** Right.
- Shravan Shah:** And rest in HAM also you feel so much competition and that is what we are little bit hesitant to give the guidance we can see a risk that this number can go Rs. 14,000 or can go 13.5% because we can see that little bit of risk?
- Anand Rathi:** See, I would say it is a strategic call which we have to take because let us say we want to restrict our growth, so we will not take our Rs. 15,000 crores, we can finish our work in Rs. 10,000 crores, so it depends if I am not getting the reasonable margins probably we will not go that much aggressive in taking more orders. I have to have some sort of reasonable margin whatever projects I will be aggravating. It is a call depending on the situation whatever situation which is emerging in that we will take this call.
- Shravan Shah:** But broadly below 13.5%-14% we will not go for the project bidding?
- Anand Rathi:** I think 13% is bare very minimum which I should not go below that.
- Shravan Shah:** In terms of the CAPEX you said for 9 months we have done Rs. 216 crores what is left for the fourth quarter and the next year number? And also post this I need a couple of balance sheet data to from you.
- Anand Rathi:** Sure, but then CAPEX so far we have done Rs. 200 something odd crores and in current quarter that is fourth quarter we don't expect CAPEX more than Rs. 20 crores, Rs. 25 crores for the current quarter as well and for next year depending on the project which we will be getting otherwise our CAPEX would be in this range only it would be less than Rs. 200 crores unless and until I am getting good amount of orders.
- Shravan Shah:** And then, sir the balance sheet if you can repeat the standalone debtors and in that how much is the HAM debtors and the consol debtor number?
- Anand Rathi:** Standalone debtors I have bids around Rs. 1,043 crores and in that our HAM debtors would be around Rs. 680 crores, Rs. 680 crores is the HAM debtors. On consol level our debtors is around Rs. 414 crores.
- Shravan Shah:** And consol unbilled revenue, you said Rs. 425 crores?
- Ajendra Kumar Agarwal:** Right.
- Moderator:** Thank you. The next question is from the lines Mohit Kumar of from Dam Capital. Please go ahead.
- Mohit Kumar:** Sir my first question is that you have made an agreement with IndiGrid what is its nature? And will we do all the bidding of all new transmission assets with IndiGrid?



- Anand Rathi:** So, with IndiGrid we have done some sort of partnership where we have identified certain projects where we will be having support both in terms of equity, as well as monitoring, as well as our guidance because IndiGrid is there into this business for last so many years where we will be continue to receive the guidance from or even capital also. So, such thing has been done, but it is not that we will do all the projects with IndiGrid only. We have identified certain projects where we will be bidding jointly.
- Mohit Kumar:** Second question is have we capped it or what I heard that we will bid up to Rs. 5,000 crores through this, rest will be free.
- Anand Rathi:** No, we haven't done cap, the point is what we believe is that as of now whatever opportunity so far we have identified in that we feel that much is there, but that continues. There is no such issue.
- Mohit Kumar:** Second is on the ropeway, how does the ropeway project differs from the normal road project in terms of civil work and how much the equipment? And can we expect similar kind EBITDA margin which you have in the road side?
- Anand Rathi:** See, we usually assume EBITDA margin 15%, but that is yet to be executed, so we will know the outcome when we will do it, but yes in civil side the work is less it is more like a kind of transmission, so tower erection and then much supply is there of O&M part, so equipment is not much required. I don't think much equipment or plant machinery would be required for erection of ropeways, but for margins our expectations are like this, but when it is executed then only we will be able to, generally our expected margin always whatever project we are entering into work is done in the same way, but result will come in that. After execution of 1 or 2 projects then only we will be able to have clarity in terms of what margins we will be getting.
- Mohit Kumar:** So, lastly on the margin side, are you seeing the input inflation pressure reducing, price of cement is going reducing, steel price is reducing, so due to that margins should improve in Q4 and FY24?
- Anand Rathi:** Price is not reducing, it is increasing. Whatever price reduction has to happen has happened, so the prices are bouncing back. So, I don't think that the pressure of inflation will be low going forward. If you see today also CPI number is also increased. In the last 2 quarters actually, we were of opinion that the inflation is little bit cooling down. Now, I would say it is very difficult to take a call in terms of what inflation will be or what kind of inflation scenario will be into there in next 1 year. The Government target is 5%, 5.2% like this, but now it is in steel because I don't think cement prices is lower because their numbers are also not coming correctly. I don't think that there in terms of prices will cool down.
- Moderator:** Thank you. Next question is from the lines of Ashish Shah from Centrum Broking Limited. Please go ahead.
- Ashish Shah:** Sir first question is on the status of the InvIT, elaborate on it a bit like exactly at what stage we are and by when do we expect to launch the InvIT?



- Anand Rathi:** As Ajendra sir told we have already filed the DOD and we received the first set of comments also from SEBI. Recently we have received the first set of comments from SEBI, so very soon we will be starting our marketing and I think March would be so early probably March end or by April end we will be done with this InvIT launch and all that.
- Ashish Shah:** So, secondly, on terms of appointed date, one appointed date is pending for the project in Maharashtra, so by when do we expect that also to come?
- Anand Rathi:** So, in that I think some land issues are going on probably forest issue may be there, so some issues are there at the NHAI end probably next 2 to 3 months I believe will be having that appointed date also.
- Moderator:** Thank you. The next question is from the lines of Jiten Rushi from Axis Capital. Please go ahead.
- Jiten Rushi:** Sir on the bid pipeline which is said that Rs. 42,000 crores on roads, Rs. 5,000 over railways, Rs. 25,000 crores ropeways so when are these bids expected to open, sir?
- Ajendra Kumar Agarwal:** There is a regular process of NHAI which is dependent mostly on number of bidders. Many times, number of bidders is more then they take more time and if number of bidders is less then it gets quickly because after the evaluation for each technical and financially is done then only the bid is opened, but in generally within one month it is done, a few months are extended.
- Jiten Rushi:** Sir almost Rs. 50,000 crores of projects that that the tenders are awaited to open that is what we can conclude?
- Anand Rathi:** No, it is a Rs. 14,000 crores where bids are yet to open....
- Jiten Rushi:** Sir you said that Rs. 42,000 crores, Rs. 5,000, 500 crores in the Q&A where you said the bids this bids you are saying you mean to say you have completed?
- Anand Rathi:** Pipeline. So, what you are saying is, when these bids would be when those projects would be bid it will take another one month of time? It is not necessary that every project is taking one month of time. It opens in 7 days and it may take as more as....
- Jiten Rushi:** Sir on the balance sheet side can you give us details of the retention money and payables, sir?
- Anand Rathi:** Retention money I don't think that retention money is because of most of the projects are under HAM, so there is no retention and because of that and I need to check, I think that Atmanirbhar Bharat there retention is already, so there would be I won't say that there would not be any retention, but yes of course in some railway projects there would be retention money and I will give you separately that answer. I am not having that readily.
- Jiten Rushi:** Outstanding creditors are how much, sir?
- Anand Rathi:** My creditors are around almost Rs. 900 crores.



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- Jiten Rushi:** And, sir based on the current run rate of execution, so we can safely assume that we can grow at 5%? We can end up growing at 5% this year with a 15% EBITDA margin?
- Anand Rathi:** Yes, it should be anyway between 5% to 10%.
- Jiten Rushi:** Sir any bonus and claims which we expect?
- Anand Rathi:** For the current quarter there is nothing.
- Jiten Rushi:** No, in Q4 and next year anything which is lined up which you expect to receive?
- Anand Rathi:** No, it is always there, will always endeavor to have more and more bonuses, but to anticipate that bonus it can happen. We can expect a bonus, but what can I say Rs. 50 crores, Rs. 100 crores or Rs. 200 crores don't know, our one month's revenue should come in bonus itself.
- Jiten Rushi:** This quarter nothing has come, so I thought that next quarter some over spill over is there or something because last year also we got some something.
- Anand Rathi:** Maybe it is possible in next quarter, but it is very difficult to anticipate it.
- Jiten Rushi:** Sir coming back to the order inflow, I know we are...
- Anand Rathi:** Your retention question now number is with me, it is around Rs. 50 crores. That is including the debtors.
- Jiten Rushi:** So, debtors number which you gave was including retention?
- Anand Rathi:** Right.
- Jiten Rushi:** Sir based on the new projects, new diversification into railways, metros and ropeways, obviously our experience in metros has been nil so far because we were having the order back orders, but we couldn't execute so far whatever reasons, but sir now we have started working on the transmission projects that project EPC work has started, so how been your experience in terms of execution and what has been the margin experienced in these projects, so just to understand may be your looking to bid for Rs. 10,000 crores transmission project, we have to at least win a couple of projects. What would be your experience in that, sir in terms of execution and margins?
- Anand Rathi:** So, it is not that we haven't executed any metro, one metro projects which we are executing as of now also in order book also that is in Bangalore that is under execution and we are bidding it is our continuous endeavor to bid more and more metro also, but so far this transmission is concerned, yes of course so far we haven't experienced that kind of margin which we were getting into road projects, but it was our first project it would be I would say in the range of it is a double digit, but it may not be as high as that I say, it is just a starting double digit you can say it is a 10% or 11% that kind of margin we are expecting. Probably we will be achieving into this transmission, but this was our first transmission project and we are gaining confidence right now and we are making ourselves aware basically whatever nitty-gritties are there into this



transmission project and transmission industry. So, probably going forward we will be able to have more margins and basis of our past experience we will be having more margin into, but yes of course that kind of margin is not there, 15%, 17% margins is difficult.

**Jiten Rushi:** Sir last question on the ropeway projects, so what would be the civil portion and what would be the commodity portion in the ropeway? And one more to add what is your experience in Bangalore metro and what is the margin you are recurring margins in that project?

**Anand Rathi:** So, Bangalore is on very initial phase so far, but we believe that would be able to have that kind of margin in metro as well I mean 15% margin is achievable and ropeway material part is almost 60 to 70% of supply part.

**Moderator:** Thank you. The next question is from the lines of Hiten Boricha from Joindre Capital. Please go ahead.

**Hiten Boricha:** Sir my first question is that the guidance that you have given for the next year in which you have done from 15% to 10%, so just wanted to understand what is the main reason to reduce this growth guidance so low in exhibition phase because as you mentioned in your opening remarks the order book pipeline is very strong, so our guidance which has come down is due to what reasons? Is it less in execution process or is it because of inflation? Exactly what is the reason for that, sir?

**Anand Rathi:** No, execution is streamlined, actually now the new projects which will come in that little time is required to start the project, so due to that it is otherwise the execution is properly streamlined.

**Hiten Boricha:** The time about which you are saying that is the appointment date, sir? Is there delay in appointment dates?

**Anand Rathi:** No, not in appointment date. It is because of that what we were expecting that if we got some work in December, in October also, so in third quarter also if we got work, but so far we haven't any received any order and HAM projects are unlike EPC. EPC projects is like once you receive the order probably next 3 to 4 months we can start work on the ground, but in HAM projects 8 to 10 months are taken to have any activity on the ground. So, if get any project in the month of February or March probably those would be started again in the month of next February and March only so last quarter of the next financial year. So, today the order which I take whatever execution is I am guiding you in terms of topline whatever pending order book is with me, so in that only I can give you guidance as of now I am not having any new orders with me. So, for next year's execution and next year targets in terms of topline are getting reduced.

**Hiten Boricha:** Sir then the order which we were expecting in October, December from where we were expecting that will get some work, but it didn't come then this is due to which sector like highway I mean what exactly has happened? Just wanted to understand because I was hearing call of 1 or 2 Company then they also have lower their guidance, so I wanted to understand the industrial picture that why it is happening exactly?



**Ajendra Kumar Agarwal:** Highway sector, majorly we are into highway, so in highway you can see that not much bidding has been done in highway which in the last quarter generally bidding started, bidding picks up in the last quarter, starts from January even from December, but this time has not happened. The reason I don't know which we are not aware of and in today's date pipeline of that order that highway order is more than Rs. 100,000 crores which is already there in the pipeline, so that is target of NHAI and I don't believe that till today that up to 40%, 45% bidding has been done and not more than 50% of that total target so far which have been bid by the NHAI where bid have been called, so still 50% is yet to be done by them in my opinion. So, it has to be done in February, March and not yet done, so yes, that is the reason probably.

**Moderator:** Next question which is from the lines of Parvez Qazi from Nuvama Group. Please go ahead.

**Parvez Qazi:** So, 2 questions from my side, one what is our overall exposure to view the HAM projects till date?

**Ajendra Kumar Agarwal:** Exposure you mean to say?

**Parvez Qazi:** Open equity plus loans and advance altogether what have we included?

**Anand Rathi:** So, Rs. 1,800 crores is the total equity investment so far.

**Parvez Qazi:** So, in Q3 in 9 months have we received any early completion bonus? Or we haven't received?

**Anand Rathi:** No, we haven't received any, I mean 9 months we must have received some which we have already given that number in the previous results, but for the Q3 we haven't received any bonus.

**Moderator:** Thank you. The next question is from the lines of CA Akash Dhanuka, an Individual Investor. Please go ahead.

**CA Akash Dhanuka:** Good afternoon, sir and congratulation on the decent set of numbers. Sir you in the first 9 months have done sales of around Rs. 7,000 crores and you are saying FY24 growth as 8 to 10%, so what will you close for FY23?

**Anand Rathi:** In FY23 we are having our expected growth of in the range of 5% to 10% for FY23.

**CA Akash Dhanuka:** Means upon FY22? Then 5 to 10% is a big margin like our Rs. 7,000 crores has come, our 1-1/5 months has already passed of last quarter, so roughly we would have an idea what exact figures we will close?

**Anand Rathi:** Exact number can be known after getting exact, in this last quarter it is 40%. I would say 40 or 45% of total revenue is generally booked in the last quarter because this last quarter is total unhindered quarter, so it is very difficult to tell in today's date, but that is the range.

**CA Akash Dhanuka:** Will it be better than the third quarter?



- Anand Rathi:** Generally, it is better than the third quarter, sir. The last quarter is always best quarter in the industry.
- CA Akash Dhanuka:** Sir we in the first 9 months our PAT margin not EBITDA, PAT margin is 15% plus, so can we assume the same for FY24?
- Anand Rathi:** You must be talking about the consol?
- CA Akash Dhanuka:** Consolidated yes, sir.
- Anand Rathi:** See in consol what happens is that in the consol some finance income is booked because of change in interest rate, so our consol is, if you look at consol or look individually mean I would advise you to see through individual standalone basis result because the movement in the interest rate because we are getting interest from NHAI on our HAM projects and now interest rate has changed then its impact has come that may not be the case for going forward in the next quarters, so better would be my standalone revenue or standalone PAT would be giving you better representation of what I am doing.
- CA Akash Dhanuka:** So, sir the PAT which is coming in standalone that same we should consider in FY24?
- Anand Rathi:** Of course, we should, that much number should come.
- CA Akash Dhanuka:** Sir if you can make me understand one thing of consolidated that our sale which is increasing in consolidated from standalone roughly Rs. 900,000 crores, but our expenditure is not increasing then that is exactly due to what thing? That actually gets added to the profit.
- Anand Rathi:** Finance income is happening, finance income because change in interest rate. The movement which has happened in the interest rate in the last 1 year, the interest rates are rising. My income guidance from NHAI what I would be getting because whatever my investment is in HAM projects where I will be getting interest from NHAI that is getting increased, so its reflection is this. it will increase over the period.
- Moderator:** The next question is from the lines of Teena Virmani from Kotak Securities. Please go ahead.
- Teena Virmani:** Sir out of this total order book of around Rs. 14,000 crores, I missed on a point of one project where your appointed date is pending, so what is the size of this particular project where appointed date is pending?
- Anand Rathi:** It is around Rs. 700 crores.
- Teena Virmani:** So, then almost Rs. 13,300 crores order book is now ready to be executed?
- Anand Rathi:** Right.
- Teena Virmani:** So, there are no concerns on that in terms of execution?



- Anand Rathi:** Right.
- Teena Virmani:** And on the transmission side you mentioned that there is a pipeline of around Rs. 10,000 crores of projects where you would be bidding and another Rs. 5,000 crores where you would be bidding along with the IndiGrid, so these are including both? You would be bidding or targeting projects worth Rs. 15,000 crores on the transmission side?
- Anand Rathi:** No, total Rs. 10,000 crores.
- Ajendra Kumar Agarwal:** Total Rs. 10,000 crores in this Rs. 5,000 crores is included.
- Teena Virmani:** And bid would be your green energy related projects and what kind of projects will be these for your scope of work?
- Anand Rathi:** This is BOT project TBCB projects, you can call it Green Energy Corridor, but it is transmission project, which is TBCB based, it is a BOT project.
- Teena Virmani:** And you will be doing the EPC part of this?
- Anand Rathi:** Will be putting our equity, will be doing EPC also.
- Teena Virmani:** And the time frame for this targeted opportunity pipeline is how much? This is also till March or this is for next year also? When do you see this materializing this bidding pipeline to finally get awarded to different players?
- Anand Rathi:** You talking about transmission?
- Teena Virmani:** Transmission.
- Anand Rathi:** Transmission is moving at slower pace, so it may go up to June.
- Teena Virmani:** And your work would commence post the financial closure and all affectively it would start getting reflected may be from Q4 FY24 onwards?
- Anand Rathi:** Right.
- Moderator:** Thank you. The next question is from the lines of Vidhya Sanwal from Niveshaay Investment Advisory. Please go ahead.
- Vidhya Sanwal:** Sir I was just saying that subcontracting expense is decreasing since like 3, 4 years, so I wanted to know are you focusing more in-house or what? I am saying consolidation figure?
- Anand Rathi:** That is a case-to-case basis decision and project-to-project. Somewhere we can have more subcontracting and somewhere we can do in-house. So, it is varying.
- Vidhya Sanwal:** Sir I wanted to know what is mining royalty? Are you paying?



- Anand Rathi:** Mining royalty is very depending on which state we are working. Somewhere it is no royalty, somewhere it is huge amount of royalty.
- Ajendra Kumar Agarwal:** It depends on the state and material what material you use. There is different royalty and royalty is different in aggregate. Different royalties in different material and different royalty for different states.
- Moderator:** Thank you. The next question is from the lines of Deepika from Phillip Capital. Please go ahead.
- Deepika:** I wanted to ask about the status of CBI enquiry that was going on?
- Anand Rathi:** So, CBI has filed their report and that matter is with court in Guwahati, so we are pursuing and we have appointed a legal advisor, we are taking the help of legal advisor also and we are representing our case before the court.
- Deepika:** What is the timeline do we expect the outcome to come?
- Anand Rathi:** That depends on the court madam, the court keeps on giving date.
- Anand Rathi:** Courts procedure is a bit long.
- Anand Rathi:** For us to commit any timeline will be.
- Deepika:** Second question is the last one how much equity have we invested in 9 months and in previous 3 quarter?
- Anand Rathi:** Total I think it was Rs. 1,300 something odd crores as of March 2022 and right now it is Rs. 1,800 crores and for last quarter it was around Rs. 225 crores odd we have invested.
- Moderator:** Thank you. The next question is from the lines of Gurvinder Singh from Fortuna Investment Advisors. Please go ahead.
- Gurvinder Singh:** I wanted to understand from you that once the InvIT comes in what would be its impact on the G R Infra balance sheet? Specifically according to you how much equity can be released and how much debt will go in that InvIT? Any guidance on that aspect?
- Anand Rathi:** So, now the projects so far we have identified to switch over to InvIT is are of 7 projects where total debt is around Rs. 3,800 crores as on date, so depending on the timing of the InvIT probably, I believe that to that extend my debt would go outside my G R balance sheet because that again depend on as whenever this InvIT would happened then what our auditors would suggest I don't know, but that is the case, I will give you just the numbers that this is the debt number and regarding your question about the release of equity, there is no cash transaction which as of now we are proposing we are not getting any cash it is a unit which we will be getting at G R because idea was not to monetize immediately, but over the period as we progresses will be able to put more projects into that InvIT and then will be able to monetize because it is a listed InvIT which we are planning and we can monetize after listing we can monetize as and when, the funds are



needed at G R level, so yes, but at this time we are not proposing any kind of cash inflow to G R.

**Moderator:** Thank you. The next question is from the lines of Nikhil Abhyankar from Dam Capital. Please go ahead.

**Nikhil Abhyankar:** Sir just one question rest of the question is answered. There is a bar from bidding for NHAH for one month in November and we did not get any reasons for that in the previous call, so what was the reason and what are the things that we have done, so that it won't happen again?

**Anand Rathi:** I think that was because of that CBI issue, they have issued this kind of debarment orders Suo Moto basis though we have been given this opportunity to represent our case, but they have ignored our case and they have debarred it for one month and to avoid those circumstances going forward we have to be more vigilant, we have to be more alert in terms of what because it was the case paid by CBI that some sort of bribing is happening, so we have to be more vigilant. We have to be more careful going forward.

**Moderator:** Thank you. The next question is from the lines of Navid Virani from Bastion Research. Please go ahead.

**Navid Virani:** Sir I have 2 questions, first wanted some better clarity on how much equity we have invested in HAM projects? How much has to be done? And what is the target if you can give these things, so that it will be really helpful?

**Anand Rathi:** See, total investment of equity commitment from our side is as of December is Rs. 1,580 crores which is to be infused in the next 2, 2.5 years and we had to do a total of Rs. 3,200 crores, so that is the case.

**Navid Virani:** Rest has been done? The difference is done.

**Anand Rathi:** Difference is done.

**Navid Virani:** Sir lastly continuing with what the previous participant asked on the debarment order which you received, so what is the current status? Are we allowed to bid? How was it currently panning out?

**Anand Rathi:** Debarment order, so that period was over in the month of the first week of December.

**Navid Virani:** Yes, sir that was for one month only and after that it was it was....

**Anand Rathi:** Yes, we are bidding on a continuous basis.

**Moderator:** The next question is from the lines of Hiten Boricha from Joindre Capital. Please go ahead.

**Hiten Boricha:** I want a clarification on the margin that next year the guidance which we have given in that margin impact is 15% or there will be some pressure on margin?



- Anand Rathi:** See, in margin depending on the order I will be getting and the margin which I can expect in the new orders, so little changes may happen, but otherwise existing order book I mean I am pretty sure that we will be having that kind of margin 14%, 15%.
- Moderator:** Thank you. The next question is from the lines of CA Akash Dhanuka, an Individual Investor. Please go ahead.
- CA Akash Dhanuka:** I wanted to ask the previous point that in the whole 9 months, there is a difference of Rs. 867 crores between our standalone and consolidated which you were saying is coming due to some financial cost of NHAI and which will not come in the future, so my point was that if there is a 14% difference, so sir will it come or not in future because 14% of FY24 is bit difficult, so needed some clarification.
- Anand Rathi:** So, Mr. Dhanuka the problem is that the impact would be only in case of interest rate movement, currently it is like that in last 9 months you see that there is a huge movement in interest rate which is called as bank rate, repo rate of RBI and this scenario when it comes back again let us say may be after 4 years, 5 years, 10 year down the line I am not aware of, if this movement comes back again then there would be impact otherwise it would be normal. So, the impact which is today is abnormal impact in the current year.
- CA Akash Dhanuka:** Sir what would be the normal impact? How much would be the difference between standalone and consolidated?
- Anand Rathi:** In that I will not say of 14, 15%, but in current year our difference which is coming you assume that I would say 50, 60%.
- CA Akash Dhanuka:** I didn't understand means in 9 months our 14% difference is there?
- Anand Rathi:** We are talking about margin?
- CA Akash Dhanuka:** No, sir the sales figure of standalone and consolidated which is coming through NHAI due to rate difference which you said?
- Anand Rathi:** Then difference will come of 5%, 7%.
- CA Akash Dhanuka:** Then it will become half means that half will be stable?
- Anand Rathi:** Yes half will be stable.
- CA Akash Dhanuka:** That means in FY24 whatever standalone will come its 5 to 7% and basic consolidate **56:42** \_\_\_?
- Anand Rathi:** Right.
- CA Akash Dhanuka:** And, sir it would be nice if you can guide on the PAT margin of consolidated because some difference is coming between consolidated and standalone? You have told about the PAT of



standalone that what is coming currently the same will come in future, but if you can tell the PAT of consolidated also?

**Anand Rathi:** Additionally you will not find much difference in consoles PAT, which is of major standalone PAT if it is 14% then add 1%, 2% in it, that would be the consol PAT.

**CA Akash Dhanuka:** Sir one just last question, thank you for this help, the inflation which you told to one previous caller that prices of steel and cement which is increasing it will remain the same because no signs of coming down then sir don't we have cost plus? Like we don't get affected?

**Anand Rathi:** No, cost plus is there, but we cannot say that it is not diagonally linked. So, the question was that inflation is coming down, but it is not happening that was my answer, but all our projects are cost plus means the escalation is pass through. But it is not diagonally linked to the prices, not linked directly to the commodity prices, it is linked on WPI, CPI. So, in that sometimes it may be like I will be having the benefit and sometimes I incur loss, but over the period of project execution that is getting normalized.

**CA Akash Dhanuka:** Sir this 5 to 10% growth which you said for next year was on for consol or standalone?

**Anand Rathi:** On standalone.

**CA Akash Dhanuka:** Sir one more thing we are earning so much in EPS like last year ours was Rs. 78 before that also was Rs. 78.5, we are not giving any dividend? So, what is our plan for that?

**Anand Rathi:** See, for dividend it is like that first majority of shareholding as on date also is around 80% is with promoters, so not much investment is not require and secondly is the opportunities which we believe is the opportunities in sector in Infra how much Government is spending, so I believe that we will be having more opportunities where we can deploy this fund rather than giving dividend that is the whole case. We are hopeful that we will do more equity investment, will make project, will do development and hence as we are not, of now we have propose dividend anytime soon. Once we feel stable let us say in today's date we are willing that investment should be done more in Infra.

**Moderator:** Thank you. As there are no further questions, I would now like to hand the conference over to the management for closing comments.

**Ajendra Kumar Agarwal:** Thank you to all the investors who have been supporting earlier and expect the same in future also, Company will be getting support like this and we will fully try to complete your expectations. Thank you. Thanks to all.

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