24th May 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 and year ended 31st March 2023.

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 and year ended 31st March 2023 held on Friday, 19th May 2023.

You are requested to take this information on your record.

Thanking you,

Yours sincerely,

For G R Infraprojects Limited

SUDHIR MUTHA

Digitally signed by SUDHIR MUTHA
Date: 2023.05.24 12:26:41 +05'30'

Sudhir Mutha
Company Secretary
ICSI Membership No. ACS18857

Enclosed: As above.

"G R Infraprojects Limited Results Conference Call"

May 19, 2023

MANAGEMENT: **MR. AJENDRA KUMAR AGARWAL – MANAGING DIRECTOR, G R INFRAPROJECTS LIMITED**

MR. ANAND RATHI – GROUP CFO, G R INFRAPROJECTS LIMITED

MODERATORS: **MR. PARIKSHIT KANDPAL – HDFC SECURITIES**

Moderator: Ladies and gentlemen, good morning and welcome to G R Infraprojects Limited Results Conference Call for the Quarter and Financial Year ended March 31st, 2023, hosted by HDFC Securities.

This conference may contain forward-looking statements about the Company which are based on beliefs, opinions and expectations of the Company as on the date of this call. These statements are not the guaranties of future performance and involve risk and uncertainties that are difficult to predict.

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: Thank you Lizann. First of all I would like to thank G R Infraprojects for giving us this opportunity to host this call. Today on this call we have Mr. Ajendra Kumar Agarwal – the Managing Director of G R Infraprojects and Mr. Anand Rathi – the Group CFO.

Without taking further time, I would like to hand over the call to Mr. Ajendra Kumar Agarwal for his opening remarks. Over to you, sir. Thank you.

Ajendra Kumar Agarwal: Thank you Parikshitji. Good morning everyone. I, Ajendra Kumar Agarwal, welcome you all to the Earnings call of Financial Year '23.

Today I have with me the Company's Group CFO – Mr. Anand Rathi. This year our Company has completed its 28 years of establishment. We have kept our tradition which is in road, highway and backward integration and by strengthening them, we added them in our new business in our portfolios like roadway, ropeway, Multi-Modal Logistic Park and tunneling work for railway and hydro projects.

Now I would like to tell you about the key financial highlights:

In the Financial Year '23 on a standalone basis our Company's operational revenue with an increase of about 3% was Rs. 8,147 crores, in previous year which was Rs. 7,919 crores. In Financial Year '23 Company's EBITDA increased approximately by 3% and was Rs. 1,313 crores which was Rs. 1,281 crores in the precious financial year. In the Financial Year '23 the Company's profit after tax increased approximately by 12% was Rs. 851 crores, which was Rs. 760 crores in the previous financial year.

Now I would like to tell you about the new orders:

In the Financial Year '23 Company's focus was towards diversifying its business operations. In Financial Year '23, the Company got 1 Multi-Modal Logistic Park worth Rs. 758 crores, besides this we got 7 road projects, HAM Projects worth Rs. 6,550 crores, got 2 ropeway projects of Rs. 3,613 crores and got 2 tunneling projects of Rs. 4,424 crores which are for hydro and railway. In both of these projects for rope way and tunneling project for hydro, letter of award is yet to be received. After winning these bids the Company has diversified in ropeway, tunnel and Multi-Modal Logistic Park business segment.

In Financial Year '23 the Company submitted a bid of Rs. 106,000 crores in which road projects were approximately of Rs. 92,500 crores, ropeway project of Rs. 2,500 crores and railway, metro and tunneling projects of Rs. 5,500 crores and transmission projects worth Rs. 6,400 crores were there. In these projects approximately Rs. 7,300 crores results were due on 31st March in which one projects bid has been opened this year in which we are L1 and its cost is approximately Rs. 737 crores.

If we talk regarding the Company's order book then on 31st March, the Company's order book value was Rs. 26,780 crores in which letter of award is still to come for Rs. 7,250 crores in which we are L1, besides this letter of award is also pending for one project which was opened this year of worth Rs. 737 crores. If we look at our order book then 35% share is outside roads and 65% is from highway development. Today Company has almost 32 BOT road assets in which 10 are operational and over 13 projects work is being done and is under construction and 9 projects appointed date is pending. Besides these you all know that the Company has started working on InvIT, settled via the Company Bharat Highways InvIT has filed draft offer document with SEBI for its IPO. After approvals from SEBI and NHAI, by this June end we are targeting to launch this, we are planning for it.

Now I want to talk about the industry:

Modiji's one important agenda of by 2047 to make our nation a developed nation, if we see Infra has a significant contribution in this and we also see complete focus of the government in this. To reduce the logistic cost in this, the government has improved the connectivity, in connectivity improvement you can see that many schemes like Bharatmala, Sagarmala, Parvatmala have been started and besides this to improve power sustainability and to build a sustainable economy creating digital infra, capital expenditure has been done up to Rs. 10 lakh crores. In this we can see that for road and railways approximately Rs. 5 lakh crores is there in which provision is there for capital expenditure of Rs. 2.6 lakh crores for road and Rs. 2.4 lakh crores for railways. The government is working aggressively to make our country a developed nation and due to it, Infra is full of opportunities in the coming future and we are on a path of making our Company a sustainable and responsible organization. We assure you that to bring double digit growth in the Company, we are ready to take any of the suitable opportunity of Infra space. Thank you.

Now I hand it over to Mr. Anand, so that he can update you all regarding the financials.

Anand Rathi: Thank you Ajendra, sir. Good morning everyone. So let me take all of you through the "Financial Highlights" of the Company for the Financial Year Ended 2023.

Our standalone revenue from operation increased by almost Rs. 228 crores from Rs. 7,919 crores to Rs. 8,147 crores for the year ended March 2023. On consolidated basis, our revenue from operation also increased by Rs. 1,023 crores approximately to Rs. 9,481 crores as of March 2023.

Our standalone EBITDA margin has remained flat at almost 16.12% for the year. However, if we include other income of Rs. 181 crores approximately, our standalone EBITDA margin is around 18%. Our EBITDA margin at consol level has increased to 27% in the year ended March 2023 from 20.5% in the year ended March 2022, this increase is largely on account of increase in the finance income because in the current year due to revision in the interest rate or bank rates.

Our PAT margin at standalone level increased by approximately 12% to Rs. 852 crores as compared to Rs. 761 crores for the year ended March 2022. Our PAT margin at consol level has also increased by approximately 75% to the level of Rs. 1,454 crores in the year ended March 2023 as compared to Rs. 832 crores approximately in year ended March 2022. Again this PAT margin increase was because of revision in the interest rate at SPV level that is bank rate.

Our standalone net worth approximately stood at Rs. 5,215 crores approx. at the end of Fiscal 2023 vis-à-vis Rs. 4,364 crores at the end of Fiscal 2022. Our net worth on consol level is around Rs. 6,265 crores at the end of Fiscal 2023 which was Rs. 4,811 crores approximately at the end of Fiscal 2022.

Our total standalone borrowing at the end of March 23 is around Rs. 1,076 crores which include short-term borrowings of around Rs. 188 crores with debt to equity ratio of 0.021 times. Our total consolidated borrowing outstanding at the end of March 2023 is around Rs. 5,679 crores which include short-term borrowing of around Rs. 188 crores with debt to equity ratio of 0.92.

During the year, the Company has made addition to the fixed assets amounting to Rs. 237 crores approximately. Our net block of property, plant and equipment including capital work in progress is around Rs. 1,494 crores at the end of the financial year 2023. Investment in our subsidiary companies in form of loans and equity is around Rs. 1,950 crores at the end of Fiscal 2023, it was Rs. 1,320 crores at the end of Fiscal 2022. Balance promoter contribution which is required to be infused in next **CSL 11.08** period in various BOT asset**.** Our BOT project is around Rs. 2,350 crores. Our working capital in days at the end of the year is round 104 days as compared to 73 days at the end of fiscal year 2022. This increase in working capital is primarily because of increase in the group debtors at SPV level.

Our trade receivables at the standalone basis are around Rs. 1,880 crores at the end of Fiscal 2023 as compared to Rs. 715.54 crores at the end of Fiscal 2022. Our trade receivables at consolidated level are around Rs. 461 crores at the end of Fiscal 2023 as compared to Rs. 555 crores at the end of Fiscal 2022. Our unbilled revenue at the standalone basis is around Rs. 484

crores at the end of Fiscal 2023 as compared to Rs. 581 crores at the end of Fiscal 2022. Our unbilled revenue at consol basis is Rs. 134 crores which has come down from Rs. 391 crores which was the position at the end of Fiscal 2022. Our inventory level also has come down to Rs. 884 crores at the end of Fiscal 2023 as compared to Rs. 1,022 crores at the end of Fiscal 2022.

Our cash balance at standalone basis is around Rs. 242 crores at the end of Fiscal 2023 as compared to Rs. 445 crores at the end of Fiscal 2022. Cash balance at consol level is around Rs. 779 crores at the end of Fiscal 2023 as compared to Rs. 1,095 crores at the end of Fiscal 2022.

Our mobilization advance from the NHAI outstanding at the end of Fiscal 2023 is around Rs. 272 crores as compared to Rs. 70.5 crores at the end of Fiscal 2022.

That is all for the financial highlights and I sincerely thanks all of our stakeholders including employee, business partner, vendors, bankers, and auditors who have supported the Company in this transformation journey.

On the behalf of G R Infraprojects Limited, I thank everybody who so is attending the Earnings call. May I request now to open the floor for question-and-answer session please. Thanks.

Moderator: Thank you. Ladies and gentlemen, we will now begin with the question and answer session. The first question is from the line of Shravan Shah from Dolat Capital. Please go ahead.

Shravan Shah: Sir before asking any questions it is a humble request if you can upload the presentation at least 3 to 4 hours before the concall, it would be a great help, so it would be more a constructive discussion which can have, so that is a humble request from my side.

Anand Rathi: Sure, sir yesterday it was our board meeting and which was actually running late and which happened late in the evening, so we couldn’t actually unless and until we finalize accounts, so next time we will certainly take care of that request.

Shravan Shah: Sir just before asking you the main operational inflow question that just a data point on the working capital, so HAM debtor is how much, sir?

Anand Rathi: So our SPV debtors, so total debtor at standalone basis is around Rs. 1,880 crores and out of that Rs. 1,880 crores, Rs. 1,443 crores is SPV debtors.

Shravan Shah: So do we expect this debtor to reduce going forward? Because that has increased significantly on standalone in terms of though I understand it ultimately we will receive, but to understand whether this will remain at this levels in terms of going forward in terms of the days at standalone significantly 84 days versus of last year it was 33 days?

Anand Rathi: See last year most of the revenue which we have recorded was from NHAI and most of the projects were kind of EPC project last year which we executed. This time also the projects are

HAM projects, first thing and second thing while this HAM debtors or SPV debtors are elevated reason being that we have not got the disbursement this situation was created intentionally by us because we just wanted to have that arbitration advantage because it would be a kind of arbitration which we are receiving right, arbitrage benefit which we are receiving because if we are getting the disbursement at SPV level that would be higher interest and if we are getting loan disburse at G R level it would be of lower interest, so that is the kind of arbitrage which we are enjoying and hence this position has been maintained like this.

Shravan Shah: Now coming through the main inflow execution, so just wanted further clarity in terms of whatever the orders we have received in terms of the EPC value for this year is how much? Now how are we looking at in terms of the revenue, so guidance on the revenue margin front and the order inflow for this year?

Anand Rathi: Order inflow I think Ajendra sir has already mentioned in his opening remarks. It is around Rs. 6,550 crores for roads and MMLP is ultimately Multi-Modal Logistic Park is a kind of investment which we are supposed to do in next 15 years of time and if we talk about that Rs. 6,550 crores, it is a EPC value it is not BPC it is EPC value which we are talking about Rs. 6,550 crores right and that Rs. 4,224 crores which was of tunnel that is again EPC value only except for ropeways which is Rs. 3,600 crores approximately where we have to you know because so far we haven't received the LOA for ropeways and hence what we are quoting over here is that the bid price and probably will be once we receive the LOA we will be again declaring that EPC value of those ropeways, but otherwise except for ropeway every other value is EPC value only. And in terms of order executions, what we believe is whatever projects so far we have received in current year we will be able to start operation on those projects by the month of next 6 months may be from October and what we are further targeting is more EPC because this time what we have seen is that the competition in EPC is going down, not much players are participating in the EPC project and this is even evident into the tunnel project which we got for railway or as well as hydro. So what we believe is that we will be able to take more EPC project and we will be able to have growth of around double digit kind of growth if we target our EPC projects bidding and all that. And in terms of margins yes, of course, so far we have maintained our margin that if we are doing BOT projects our margin would be in the range of 14, 15% and if we are executing EPC projects it would be in the range of 12 to 13% that kind of guidance or with that kind of philosophy we are bidding. I hope I have answered your question.

Shravan Shah: Sir just to clarify on that, so for this year we are looking at a kind of 10% revenue growth, margin you have already mentioned and in terms of the order inflow, how much we are looking at and we are already saying that more EPC, so broadly how much are you looking at from the HAM, if you can also break it up and whatever more projects in terms of the bid pipeline also if you can help us it will be more useful for us?

Ajendra Kumar Agarwal: In this projects are coming, we will continue our focus on HAM, but this year we are focusing in EPC also. In EPC, big size of projects is coming from government where we think competition will be less, few players will be there, so will focus on it. If EPC projects are adds on then we think that our double digit growth should happen.

Anand Rathi: And if we say in terms of order inflow, so this year we are targeting a kind of north of Rs. 20,000 crores of orders and in that you understand that if we talk about road HAMs then it would be in the range of again Rs. 10,000 crores. Rs. 5,000 crores, Rs. 6,000 crores would be a kind of EPC be it road or tunnel or other civil work and power ropeway projects of Rs. 3,000 crores, Rs. 4,000 crores those projects also we are targeting.

Shravan Shah: And lastly the breakup of the equity Rs. 2,350 crores, so in '24, '25, '26 how much we are adding?

Ajendra Kumar Agarwal: Current year our equity infusion is around Rs. 850 crores to Rs. 900 crores and going forward it would be in the range of Rs. 800 crores.

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

Alok Deora: Sir just couple of questions, so first on the ropeway project, we were L1 in February and till now LOA has not come yet, so what is the typical timeline for these projects?

Anand Rathi: The government is doing this ropeway projects for the first time, generally for highway estimate is set immediately when the projects comes within 10 or 15 days LOA is awarded, but the government is doing ropeway for the first time, working is still going on it, government's analysis is going on and soon we are likely to get the LOA.

Alok Deora: Sir suppose, we are almost 3 months are over and if till June LOA comes then similar like road HAM it will take few months for you for financial closure?

Ajendra Kumar Agarwal: Yes, for that time line is defined like for HAM 5 plus 1 month, 1month for agreement and 5 months for financial closure, this timeline is defined in the same way.

Alok Deora: So in this, sir revenue will not come at least in FY24?

Ajendra Kumar Agarwal: In FY24 some revenue should come.

Anand Rathi: See what happens in this is environmental conditions are more conducive during second half I would say because in this for financial closure may be we may not be taking much of time and in this land acquisition, particularly for the ropeway segment land is again not a big issue, so I think we can start early, I mean even if let us say we get the LOA in the month of June, we can start, we can target our execution to start at let us say by the month of October end, means that is our target that is how we think, because this is the first time, so it is very difficult to say on confirmation basis.

Alok Deora: And also new projects you have been talking about like it is a learning phase especially for this new project, so sir how will be the margin profile? So if you can tell something about it, how would margins look like because currently your margin which is 14%, 14.5% is mostly HAM road project driven, so when all these projects will come in execution then margin how it would shape up?

Anand Rathi: No doubt competition has increased into this particularly the highway industry, earlier we used to have 17, 18% kind of EBITDA margin when we were targeting HAM projects, right now the margin are not that much that is why we are lower down into 14 to 15% kind of EBITDA margin for HAM projects and in EPC 12%, 13% mean again depend on if we are let us say enter into new sector like we are targeting for tunnel, so there the EPC margin would be higher I mean that is how we believe and ultimately margin would be once we execute the project then only whatever number which is formed up in terms of after execution will come but our target is that probably in road sector, we may end up kind of 12, 13% kind of EPC margin and in any other sector we will be targeting more than 13, 14% of, 1 or 2% here and there, but HAM projects we are still targeting 14 to 15% kind of EBITDA margin.

Alok Deora: And what about this ropeway project, sir?

Anand Rathi: In ropeway project, it is the first kind of project we are targeting would be higher, but in this ropeway we have to tie up with foreign partner also and that process is also on, so once we close on that then only we will be able to, but yes, of course, our target is higher than 15%.

Ajendra Kumar Agarwal: When targets go in new projects then targets are higher only, but we do believe that some learning cost will come, so still the margins should be higher than the existing projects.

Alok Deora: Last question, this Rs. 19,500 crores order book which you provided in your presentation, this includes all the projects? Or those L1 are not included?

Anand Rathi: No, L1 is not included, where LOA is pending that is excluded.

Alok Deora: So, those which are L1 are excluded?

Anand Rathi: Yes, which are L1 are excluded, it is almost of Rs. 7,000 crores.

Alok Deora: I think here tunnel project will not be there and 2 ropeway projects will not be there.

Anand Rathi: Right.

Moderator: Thank you very much. The next question is from the line of Bharani Vijay Kumar from Spark Capital. Please go ahead.

Bharani Vijay Kumar: So, my question is on the NHAI industry data, so we don't feel to have the exact data on FY23 projects awarded by NHAI, so any color on the amount of projects awarded say by kilometers in 23? Whether the target was met and what would be FY24's target by NHAI?

Anand Rathi: In FY23 NHAI target was around 6500 kilometer and against that they have awarded almost 6,000 kilometer. It is almost Rs. 1.25 lakh crores I think they have ordered and for the current year also the target for NHAI is in the same range may be they might be doing some extra work to take up whatever last year's target which we could not fulfilled so this year it would be again in the same range of Rs. 1.25 lakh crores to Rs. 1.5 lakh crores for this current year.

Bharani Vijay Kumar: So, it will be flattish? Say from year-on-year basis?

Anand Rathi: Yes, this should be flattish because this time they have to award probably 9 months first 9 because last 3 months would be a kind of code of conduct scheme coming into picture because of election here right, so this time this activity would be done in 9 months instead of 12 months.

Bharani Vijay Kumar: What is the visibility in road projects post FY24, once the Bharatmala phase 1 is over, sir?

Anand Rathi: I think Bharatmala phase 2 is also being declared, so what we believe is that for next 3 to 4 years, I think road would be having same kind of orders awards.

Bharani Vijay Kumar: Around Rs. 1.3 lakhs crores per year?

Anand Rathi: Right and in fact what has happened the government is also supporting the state government, so now various state government has come up with their own state highway development program and all that and probably not only from NHAI side, see what has happened in last 3, 4 years is that not all the states were participating in kind of road development program and now more state would be coming in to participate in the road development program and where government has even specifically allocated kind of budget of approximately Rs. 1.3 lakh crores as an incentives to state governments for their infra-development programs.

Bharani Vijay Kumar: My final question is on the competition in NHAI projects award, so what do you think this NHAI is going to do or is going to address the competition from small and medium size players who started participating in the bids post relaxation of this bidding eligibility norms because that would help in the competitions coming down, markets probably they are coming back to earlier levels?

Ajendra Kumar Agarwal: Agenda of government is that competition should increase, but after COVID they have given some relaxation but due to the performance government has to again tight this parameters. Currently they have started the rating provisions for HAM projects, but this is the starting slowly the nonperformer contractors government is taking action on them and some actions have been taken against them and I think that the government will see that how to set apart these nonperformer and with that the industry will improve a bit. And additionally in BOT project I don't think that kind of competition is sustainable where you and concessioner also has to bring in equity also, so if somebody is bidding into HAM projects they have to contribute almost 15 to 16% kind of the project value in form of equity while the margins would be in the range of 10%, 12%, 13%, 14% whatever, so it is very difficult to grow on that particular model and that competition is not sustainable at least. So probably in my view may be 6 months down the line or 1 year down the line that Company will certainly go away.

Bharani Vijay Kumar: The NHAI was planning to reduce their equity commitment from 40% to lower number, so where is that initiative, sir? Is it going to happen or is it shelved?

Anand Rathi: Last year NHAI was quite active on this particular front, but I don't think that activity is still going on may be at some point of time if NHAI realize that the competition is going and non-serious players are coming in and that project progress which is even visible also, but once they probably acknowledge that fact then only they will be started I think so, I mean so far I don't think that file is in movement.

Moderator: Thank you very much. The next question is from the line of Parvez Qazi from Nuvama Group. Please go ahead.

Parvez Qazi: Sir my first question is on the CAPEX front, what is the kind of CAPEX that we expect in FY24?

Anand Rathi: The CAPEX would be in the same range kind of Rs. 200 crores to Rs. 300 crores kind of we are targeting depending on the number of projects. If let us say we are getting more EPC then certainly it would be near to Rs. 300 crores, but if we are getting more HAM that again it would be kind of replacement value I mean depreciation probably which we anchoring on yearly basis. It is a kind of just of replacement of existing assets.

Parvez Qazi: Second question is in continuation that the previous participant, in FY23, we saw that while the number of bidder did come down for road projects, but the competition was kind of pretty high and we saw a decline in the value of HAM projects awarded also, so what do we feel in FY24? Will we see more HAM projects getting awarded this year? Just wanted to get your view on that?

Anand Rathi: Yes, this year being the election here probably the government would be what we believe is that kind of ramping up their awarding activity in first 9 months and going by the direction of that allocation of the budget for the highway program. What we believe is that more awarding would be that is the guidance given by the government and I think that there will be more traction in terms of road award and all that for the current year.

Moderator: Thank you. The next question is from the line of Jiten Rushi from AXIS Capital. Please go ahead.

Jiten Rushi: Congratulations on a good set of numbers. My first question is on your JV with IndiGrid, you said that you will be identifying few projects and you will be bidding in JV, so how is the JV shaping up, any update on that, sir?

Anand Rathi: So that JV is live and we are working on those projects I would say whatever projects being identified by JV and we are participating in the transmission project. JV on an annual basis.

Jiten Rushi: In JV, IndiGrid will also participate in the form of equity or it will be initial project on your side and then will be giving the asset to IndiGrid?

Anand Rathi: Both kind kind of models are there where IndiGrid is also equally interested, they would be putting their own equity also during the construction and where we believe that we would be able to execute those projects efficiently and probably then we can put in our equity and then it can be ultimately get transferred to IndiGrid, so both kind of models are there.

Jiten Rushi: So, any outstanding bids in the JV right now which is yet to open?

Anand Rathi: No, not yet.

Jiten Rushi: Sir already outstanding bid pipeline though in this opening remarks that out of 7300 crore one project has opened, so what would be the existing NHAI bid pipeline and small bid pipeline, which is outstanding not what you have bided, but in general what is the bid pipeline from both the authorities? And anything on the railways or upcoming with pipeline which is a highlight which you were targeting, so to understand what is the pipeline and how we are targeting and we also given the breakup of the inflows which you are targeting of Rs. 20,000 crores? Just to understand the dynamics because we have short like 9 months terms of project award this year probably 9 to 10 months?

Anand Rathi: This time railway also is coming with kind of big EPC projects I would say I mean generally historically railway has been awarding smaller kind of EPC project, but this time what we have been given understanding is that the railway is also coming with a big size, the big size I would say big size is in the range of Rs. 800,000 crores, Rs. 900,000 crores kind of EPC project that probably will be bided out by the railway projects and of course that railway budget has got good increases. It is almost 10% kind of budget allocation that has been increased by Railway Ministry and highway also they have good decent increase, increase of….

Jiten Rushi: Sir that is true, but I am just saying any outstanding current NHAI outstanding bid pipeline and from the MoRTH because we have seen more MoRTH allocation has gone up in the budget significantly we are looking for MoRTH projects we have got one MoRTH project, right?

Anand Rathi: So we are bidding for both MoRTH and NHAI so it is almost outstanding pipeline for NHAI would be nearly Rs. 88,000 crores.

Jiten Rushi: How much will be fore MoRTH?

Anand Rathi: It is MoRTH and NHAI, maximum is being awarded by NHAI only, see in road we don't represent as of what we are getting from MoRTH or what we are getting from NHAI. If it suit and we are bidding for even MoRTH or NHAI it does not make any difference.

Jiten Rushi: Sir just one bookkeeping you said equity requirement is around Rs. 2,350 crores, so what was invested in Q4 and FY23?

Ajendra Kumar Agarwal: So my investment on March 2022 it was around Rs. 1,300 crores now it is Rs. 650 crores, so almost Rs. 500 crores which we invested during the year FY2023.

Jiten Rushi: And, sir on this long gestation or long cycle projects, now you said that based on the current order backlog, so obviously there were 2 projects where LOA is pending, but as you make Rs. 20,000 crores of backlog you are expecting 10% revenue growth this year, so in this Rs. 20,000 crores what could be the contribution from the newer projects which winning in Q4 whether they will be contributing or it will be like in FY25, so can you just highlight that, sir?

Anand Rathi: So what we are targeting is that probably from EPC segment and why we are targeting it is that what we believe is that more states would be participating in the infra development and probably so far we haven't that much active in terms of state infra, but because more projects are being financed they are getting central government aid and where we believe that financing would be sound at state level also and will be able to participate on the EPC because not much BOT projects which we are anticipating from the state, yes, but more EPC project we are anticipating at the state level and we will be participating on those projects that is our target and going by that probably we will be able to execute around Rs. 2,000 crores or Rs. 2,500 crores EPC projects at the current year. That is how our target is.

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

Akash Dhanuka: Congratulations on a good set of numbers. Sir last time when we talked during Q3 conference call then it was related interest income which comes extra in our consolidated level because it comes from NHAI, so you told that it will not come in future, so I just want to understand because in our standalone and consolidated profitability makes a big difference, 70% jump comes. So this time because last time you told that it will not come now, so from this time onwards what should be our PAT margins at consolidated levels?

Ajendra Kumar Agarwal: The interest income which comes at consolidated level which we would have told you earlier also is more because of interest rate movement, let us say if interest rate is moving in upward direction then immediately my income comes, so rather I would say my interest income at consol level what I will be getting from NHAI in today's date because it is bank rate's which says that 9.75%, so whatever amount which I have advanced to NHAI inform of you know, when I am executing BOT project then it is a kind of that 40% NHAI is making upfront payment and 60% is basically getting accumulated at NHAI level, so as I go on executing the project in that I get interest 9.75% from the date of COD, NHAI will start giving me interest on that particular amount. If my project is during construction then I am not getting any interest, it only after that once I received the COD then I get the interest of 9.75%. So as on today's date if I say in operational projects I have with NHAI or other than NHAI is there may it be state HAM then in that my advance is nearly Rs. 6,000 crores where I get interest, now this interest is more or less, if the interest rate is more or less then I have to give the immediate impact on the same financial year in which this movement is happening and going forward, I have to adjust it accordingly like if it is less then I have to suffer a loss and if it is more the I have a profit, but I will get the interest at 9.75% means you can consider that other than operational profit which is at G R level, whatever my operational profit at G R is plus whatever interest I get on that at SPV level and at my SPV level I have to basically pay interest also to the lender, so a little bit complicated situation is created so rather than looking at that consolidated margin because from execution our margins are coming at G R level. What we are getting at consol level additional margin is there, net interest which actually after making payment to the lenders what interest remains over there in SPV that I get over there, this is the picture.

Akash Dhanuka: I understood, sir that is why I wanted to ask over consolidated level because our sales in standalone and consolidated are shown up by 16% incrementally, so when I do margin calculation above 16% then my EPS calculation changes, so I wanted to understand at consolidated levels again and again.

Ajendra Kumar Agarwal: You are correct, but here the margins at consolidated levels what I am saying is a little bit notional margin, it is not that this margin is realized you understand like this it is because of India's accounting, whatever cash flow which is accruing to me in next 15 years from NHAI what happened now is as the interest rate has increased, so my cash flow also increased for 15 years and immediately by discounting that I book my income as on today's date itself and hence say it my consolidated revenue or consolidated margin increases at once and as the interest rate reduces from today right, if tomorrow it gets reduced then my future cash flow will reduce and accordingly I have to lower my value and my margin will reduce at consol level, so if you want to see at consol level then you just, my interest cost is less than 8% in general and my interest revenue is 9.75%. If you see that 1.5% is my arbitrage which I am getting it at consol level for whatever amount which I have kept invested at consol level, I will get a profit of 1.5% for the rest of my Rs. 4,000 crores which is with NHAI that is my interest income at consol level, you can understand like that.

Moderator: Thank you. The next question is from the line of Prem Khurana from Anand Rathi Shares. Please go ahead.

Prem Khurana: Sir just to understand our ropeway and Multi-Modal Logistic Park for foray better given the fact that these are somewhat new segments for us and we don't have much on terms of experience in these and the idea would be you carrying will be extra because either some of new projects for us also so is it fair to assume any bid for even IRR expectation compared to let us say road, hybrid would be higher with these, would you be able to quantify I mean how much would the difference between like if you go and bid for road, hybrid and what will be the number of would be for let us say ropeway or Multi-Modal Logistic Parks?

Anand Rathi: So if I could understand your question exactly I mean correctly what you are asking is what is the IRR which we are targeting for road sector or ropeway sector or, is that your question is?

Prem Khurana: Yes, and how does it compares to let us say road hybrids because we have been doing roads for some time now so we understand all the risks very well and which is why we are to price it better, but ropeway these would be the first project that we would be able to do and which is where I mean there could be some risk and obviously you would have considered all the risk possible, but obviously, there could still be some risks which are not visible at this point time, so have we built significant question to cover for these unforeseen events?

Anand Rathi: So if we talk about ropeway right, ropeway our execution is a kind of you know we are very well aware of, it is only different terrain we have to and terrain also I will not say that this kind of terrain we have worked extensively so far, but yes, of course, we have got good experience in terms of our past history while working in those kind of terrains and why we have entered into ropeway is of course that we are not able to get good margins because of the competition which exists in roadways, highway sector side and we are just diversifying our portfolio from and we just want to diversify our operation from highway to ropeway probably you know with the target of getting higher IRR or higher margin if you are entering into and of course like Ajendra sir told there may be some unforeseen risk right, but still what we believe is that while we will be having after even if we encounter that kind of unforeseen risk then also ultimately probably we will end up by having more margin compared to road because see road is I believe that because of the competition is very difficult to increase IRR in road sector as of now. Once competition goes away then probably we will be able to increase IRR again and it is not that kind of engineering is required in this kind of competitive environment, so that is why we enter into ropeway and MMLP is again because we have got good sense in terms of geography, it is MP Madhya Pradesh that is in Indore we have targeted our first MMLP and where we have good presence in terms of our operations because most of the projects in last 4, 5 years we have executed in MP and we are very well aware of the statistics of that Indore city or around the city and then we have understood that what MMLP is probably or what kind of activities will be done or what kind of revenue will be getting over the period of next 45 years, that construction is for 45 years and hence we are of firm belief that we will be able to deliver good kind of return even by entering. It is a long gestation again it is a small ticket I would say investment would be in the range of Rs. 800 crores, but yes, of course, that return would be for longer duration for next 45 years and where we believe that we will be getting good return, good IRR while entering in to it and of course geography was quite understood by us because we were there.

Prem Khurana: Sir on just to continue on ropeway part, so, from our channel checks what we gather what we have been made to believe is essentially these kind of projects, the O&M part is slightly tricky to predict because there are multiple mechanical portion are there as well I mean when you operating these projects, so would you conquer with this thought process where in I mean, the initial EPCs you still would be able to kind of project it better, but then O&M quote still be tricky depending on the number of passengers that you carry and if there are any mechanical failures at a later date and how does O&M work in case of ropeway I mean for hybrid now it is fairly clear it is at 0.5% of bid project cost, how does it work for ropeways?

Anand Rathi: There are 2 part, O&M revenue and O&M execution, so O&M revenue in ropeway one part is fixed which will be getting over the period of next 15 years and one part is variable which again depend on the passenger using that ropeway system, if that passenger number goes up will be getting more revenue, so it has got some little bit flavor of kind of toll also and what we believe is that going forward that passenger and the number of users using ropeway would be increasing, so that is one aspect and second aspect you talked about is that O&M execution right, there I think what we have done is that is see this ropeway technology worldwide there are 3 or 4 players who are into this ropeway technologies and so we have to enter into sort of MoU or a back-to-back kind of arrangement with those players who are pioneer into this technology, so we are in touch with 2 or 3 people who are acting in this particular space worldwide and we have got quotation also, we have got kind of estimate. Their estimate for O&M business that we have bided and then technology remains with them of course, yes, as we move on into those ropeways segment probably, the government vision is very much clear Make in India kind of concept probably we will be once that more ropeway would be awarded we will be able to and we will be targeting even kind of manufacturing in India also and that technology part probably, we will be doing I mean I can't say right now. Probably it would be the outcome of the future how Parvatmala programs goes from right now.

Moderator: Thank you. The next question is from the line of Ashish from JM Financials. Please go ahead.

Ashish: Sir first question, what is the EPC value ex of GST of the orders which you have still not taken in the order book? What would be that number?

Anand Rathi: You mean to say L1 status?

Ashish: Yes, your 3 L1 projects, what will be its ex-BPC value?

Anand Rathi: That tunnel project, this Rs. 3,600 crores is including GST then 18% is to be excluded from that and ropeway is excluding GST, but that is BPC so once we receive the LOA then we will work around and probably we will be able to declare the BPC value.

Ashish: But, sir broadly like in HAM it tends to be right 85% or so of the BPC**,** this would be more than that?

Anand Rathi: You can take that kind of number, yes, of course, but so far we have not worked on that.

Ashish: But broadly will be in that range?

Anand Rathi: Yes.

Ashish: Secondly this equity contribution you mentioned that includes the equity requirement for the two ropeway projects?

Anand Rathi: No.

Ashish: So its requirement will be over and above that?

Anand Rathi: Yes, that would be in the range of Rs. 250 crores to Rs. 300 crores kind of. Because see in ropeway it is 40% which we have to mobilize as a concessioner, 60% is often payment by NHAI.

Ashish: And there is 1 project in the order book which is older HAM, which is still waiting appointed date, Bamni to MH Telangana border, so when its appointed date is expected, sir?

Management 55:08: In that some clearance issues were there from forest, now we are on very advanced stage, I think in the next 2, 3 months it should come.

Anand Rathi: By June end we target.

Ashish: But given that monsoon will we take or will it get pushed to September?

Anand Rathi: Depending on site situation, see monsoon will start in April and May and may end up to November.

Ajendra Kumar Agarwal: It is 2 years construction period hence 2 monsoon will come whenever it comes.

Moderator: Thank you. Ladies and gentlemen we will be taking the last question that is from the line of Aditya Bhartia from Investec. Please go ahead.

Aditya Bhartia: Sir the opportunities which you told in railways, in this we will work in the railways of which areas where the project size are getting bigger? And secondly you said that execution of EPC Rs. 2000 crores to Rs. 2500 crores will be done this year, so in that which EPC projects do you think will start execution soon?

Ajendra Kumar Agarwal: If we see in railway, in railways track laying, the way we are working in integrated projects and if any sizeable railway projects comes then there is an opportunity for us. Recently the projects which came from railway, its size was small was less than Rs. 500 crores. It was of Rs. 300

crores, Rs. 400 crores, but if above Rs. 500 crores opportunity comes then we will work on that and in tunneling we will work in such projects.

Anand Rathi: This Rs. 2,000 crores EPC, so basically in this state as well as NHAI is there. NHAIs many EPC project which are into pipeline, we are bidding that and there we believe that competition in the EPC would be coming down. Few EPC projects of Maharashtra are there which is also there in the pipeline.

Management: State government is also coming in very good levels like Maharashtra government has also set up EPC projects of approximately Rs. 50,000 crores and their size is also good. There are very few companies which work on this size project, so we think there will be little competition and we will get an opportunity.

Aditya Bhartia: Sir this Rs. 2000 crores to Rs. 2500 crores which you said is revenue number, order flow?

Anand Rathi: Revenue number, we should take order of Rs. 7,000 crores, Rs. 8,000 crores that is all we are targeting Rs. 5,000 crores to Rs. 7,000 crores.

Aditya Bhartia: Understood and in railways, from which areas orders can be done in which our capability will be there?

Anand Rathi: Area means EPC like we are doing track laying right, tunneling is also done.

Ajendra Kumar Agarwal: Civil work is there, tunneling is there, track laying is there, oversea.

Aditya Bhartia: Will we be targeting electrification as well?

Ajendra Kumar Agarwal: We generally don't participate in projects only for electrification, but integrated projects in which electrification is done, we do that.

Aditya Bhartia: And lastly, sir our engineering team or our execution team or equipment which is with us, how much is that fungible? Like you are going in new areas for that new capabilities would be required, new people will be required or how is it?

Ajendra Kumar Agarwal: Equipment in construction is common, few additional like now when we will do tunnel work there we require some new equipment otherwise it is same and capability is there and whereas area wise is considered few people are there who according to that area are supervisors and drivers, they work in that area only. We see according to that area and when that project is completed then those people go away from there and it goes on.

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

Ajendra Kumar Agarwal: Thank you for showing your trust in the Company's performance and I thank all the shareholders and all the investors. Thank you.

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