



# G R INFRAPROJECTS LIMITED

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

CIN : L45201GJ1995PLC098652

14<sup>th</sup> November 2022

To

**BSE Limited**

Phiroze Jeejeebhoy Towers

Dalal Street, Fort

Mumbai – 400001

**Scrip Code: 543317**

**National Stock Exchange of India Limited**

Exchange Plaza, Plot No. C-1

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

Mumbai -400051

**Symbol: GRINFRA**

**Subject: Transcript of an earnings conference call for the quarter ended 30<sup>th</sup> September 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 30<sup>th</sup> September 2022 held on Friday, 11<sup>th</sup> November 2022.

You are requested to take this information on your record.

Thanking you,

Yours sincerely,

**For G R Infraprojects Limited**

**Sudhir Mutha**

**Company Secretary**

**ICSI Membership No. ACS18857**

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 Q2 FY23 Earnings  
Conference Call”**

**November 11, 2022**



**Management:**      **Mr. Ajendra Kumar Agarwal**  
**Managing Director,**  
**G R Infraprojects Limited**

**Mr. Anand Rathi**  
**Group CFO,**  
**G R Infraprojects Limited**

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



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**Moderator:** Ladies and gentlemen, good day and welcome to G R Infraprojects Limited Q2 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. I would like to thank the management of G R Infra for giving us this opportunity to host the call. Today from G R we have **(Inaudible) 1.04** Director of the company and Mr. Anand Rathi ji is a Group CFO, so without taking any further time, I would now like to hand over the floor to the management for the opening remark and update from the quarter. Thank you and over to you, sir.

**Management:** Thank you Parikshit ji. Good after ladies and gentlemen. I welcome you all on the behalf of G R Infraprojects Limited to the Q2 financial year 23 Earnings call and with me is Group CFO Shri Anand ji Rathi and now I would like to talk with you the highlights of second quarter. Due to due to getting appointment date in most of our projects, there is improvement in execution in this quarter as compared to last year's same quarter. If we look at the standalone basis then the company's operational revenue with 5% increase was Rs. 1,777 crores which was Rs. 1,699 crores same Q2 quarter last year. And in this quarter company received an early completion bonus of almost Rs. 6 crores.t

The Company's EBITDA was Rs. 260 crores, so in previous year same quarter it was Rs. 278 crores. On 30<sup>th</sup> September 2022 by including L1 projects our order book value is about Rs. 16,200 in which L1 projects Rs. 592 crores value is also included. On 30<sup>th</sup> September 2022, the company's executable order book is about Rs. 10,100 crores. In order book about 93% share is of road and highway development projects.

In Q2 financial year 23, the company has achieved financial closures for 3 projects and till now company has received appointed dates for 2 projects. Today company has 9 operational and 9 under construction projects and 6 HAM projects worth Rs. 5,500 crores appointed dates are yet to come and the appointed dates of these projects are expected to come in this financial year. In this quarter company has submitted a bid of about Rs. 16,450 crores in which one Rs. 1,000 crores metro project and 15 road projects worth of Rs. 15,000 crores are there and besides this Rs. 450 crores one ropeway project is also included. In industry there is a reduction in competition intensity, which we can see in the recent bidding pattern.

We are very excited with the Government's infra focus there we are fully confident that we will be successful to achieve our target of Rs. 15,000 crores this years. We can complete our target,



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on this basis we are fully hopeful that next year means financial year 24 onwards we can come on our growth track of 15% - 20% yearly. Volatility of inflation and interest rate is still continuing the risk. I want to tell about InvIT, let me tell you about the progress of InvIT that project SPVs technical due diligence is going to come and it will be completed in few weeks and we are expecting that draft total documents will get ready by this calendar year.

I want to tell you about the CBI matter that every employee is released on bail but investigation is still going on. Our company is a law-abiding company and we are fully cooperating with the agency. Recently, we have received a letter of debarment for 1 month, which we are reevaluating.

Now Anandji will tell you about the company's quarterly highlights. Thank you.

**Anand Rathi:**

Thank you, sir for giving me this opportunity. Good afternoon all. Let me run pass through financial highlights of the company for the quarter ending September 2022. So our standalone revenue from operation is at Rs. 1777 crores in the quarter with an increase of around Rs. 77 crores or Rs. 78 crores compared to the same quarter of the previous year. Similarly, our consolidated revenue from operation also increased by Rs. 254 crores at Rs. 2136 crores with a growth of approx. 13% compared to the same quarter of the previous year.

Our standalone EBITDA margin for the quarter was around 14.63% which is lower and compared to of same quarter of the previous year. Its decrease was mainly on account of the additional provisioning, as well as some CSR expenses, but also the elevated level of inflation is also one of the cause for this decrease. Our EBITDA margin at group level has increased to 28% in quarter ended September 2022, from 21% in the quarter ended September 2021, is largely due to the increase in the financial income recognize the current period due to revision in the interest rate of bank rates.

The standalone PAT margin stood at around Rs. 164 crores in the current quarter, which was Rs. 163 crores in the previous quarters of the last financial year. PAT margin at consolidated level increased by 78% to the tune of Rs. 336 crores in the current quarter as compared to Rs. 189 crores in the same quarter of the previous year.

Our standalone net worth stood at around Rs. 4,848 crores, at the end of the current quarter which was almost Rs.4,364 crores at the end of the last financial year. Our net worth at consol level is around Rs. 5,551 crores at the end of September 2022, which was Rs. 4,812 crores at the end of fiscal 2022.

Our standalone total borrowing outstanding at the end of September 2022, is around Rs. 911 crores which includes short-term borrowing with Rs. 30 crores approx. with debt-to-equity ratio of 0.19, this was Rs. 1,055 crores at the end of June 2022. Our total consolidated borrowing



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outstanding at the end of September 2022, is Rs. 5,269 crores with debt-to-equity ratio of around 0.95 times. During the quarter, the company has made addition to the fixed asset amounting Rs. 50 crores.

Our net block of property, plant and equipment including CWIP is approx. Rs. 1,581 crores at the end of September 2022. Investment in our subsidiaries company in form of loans and equities around Rs. 1,567 crores at the end of September 2022, it was around 13 at Rs. 20 crores at the end of fiscal 2022. Balance contribution required to be made for our HAM projects approximately Rs. 1,800 crores of which we are expecting a contribution of Rs. 450 crores in the current fiscal itself. Our trade receivable at the standalone basis are around Rs. 1,096 crores at the end of September 2022 as compared to Rs. 716 crores at the end of fiscal 2022. Our trade receivable at the consolidated level are around Rs. 534 crores at the end of September 2022, as compared to Rs. 664 crores at the end of fiscal 2022. Increase in trade receivable is mainly on account of debtors from our own SPVs where loan disbursement has been or deferred by us. Our unbilled revenue at the standalone basis around Rs. 727 crores at the end of September 2022, as compared to Rs. 581 crores at the end of fiscal 2022. Our unbilled revenue at the consol level is around Rs. 388 crores at the end of September 2022, as compared to Rs. 393 crores at the end of fiscal 2022.

The inventory level has also gone down, it is around Rs. 923 crores at the end of the September 2022, as compared to Rs. 1,022 crores at the end of fiscal 2022. Our cash and cash equivalent at the standalone basis is around Rs. 290 crores at the end of September 2022, as compared to Rs. 445 crores at the end of fiscal 2022. Cash and cash equivalent at the consol level is around Rs. 900 crores at the end of September 2022, as compared to Rs. 1,095 crores at the end of fiscal 2022. So, our order book at the end of current half year stood at around Rs. 60,220 crores which includes Rs. 592 crores of projects with L1 status.

Our standalone mobilization advance outstanding at the end of September 2022, is around Rs. 259 crores as compared to Rs. 71 crores at the end of fiscal 2022. I sincerely thank all the stakeholder including employees, business partners, vendors, banker auditors who are part of the grow journey of our company.

On behalf of G R Infraprojects Limited, I thank everybody who is attending the Earning Call. May I request the moderator for opening up the floors for question & answer session.

**Moderator:**

Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Mohit Kumar from DAM Capital. Please go ahead.



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**Mohit Kumar:** Sir, my first question is how does the bidding pipeline look from NHAH and any color of the order outlook for H2 FY23? And what you observe in the H1, the bidding has been a pretty muted, can you expect this to pick up in H2 substantially to expect to get better than FY22?

**Management:** Sir, this year the projects in the pipeline in NHAH which we are targeting are HAM projects worth of Rs. 55,000 crores and they under in this financial year should be completely bided. In the pipeline tender has been floated few more projects are to come in this of NHAH and in continuation in '23 and '24 the way the Government is announcing that previous year also they have said about crores rupees for HAM projects and for next year '24 also. At present pipelines are very good although the working of Government that for first 3 quarter bidding working doesn't happens much and working for bidding is done in fourth quarter and it is seen continuously in the previous 2, 3 years and our company is able to receive projects award generally in last quarter and currently the pattern which is going on, we see a good opportunity in that in fourth quarter we will get many projects and besides highway company is making continuous bidding in transmission and railway and metros and also receiving good opportunities are coming, means the pipelines of the projects are well maintained.

**Mohit Kumar:** Sir, in the second half or first half in your revenue has been slightly muted, how do you expect the H2, H2 of course is as said that FY24 onwards, we expect 15% to 20% growth will come. Then in H2, do you expect it to be flattish? And also some comment on the EBITDA margins which you expecting in FY23.

**Management:** So, H2 what I would say it would be more kind of flattish reason being that the project were depleting order book I would say because whatever projects right now we are having in our hand and which is executable and will be executing on those projects only and those projects are to be executed in next 2 years of time right. So, given that not much orders we are having within our portfolio for H2, yes of course I mean I don't believe that there would be a growth of 15%, 20% as we have already given the guidance that for the current year our growth would be in terms of if we compare with our previous year, it would be in the range of 5%, 10% only and yes of course in terms of EBITDA margin, that we have already mentioned that our EBITDA margin would be between 15% to 16%, again depending on how inflation pan out basically though we in last quarter we started seeing that impression was coming down, but again from last one week probably we see that the interest is going up. So, that is how I mentioned depending on the function of inflation and all that, but my point is that probably will be having that flattish growth for the current year.

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



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**Shravan Shah:** So, sir just continuing the other question, so in terms of months we have the flattish second half and then the 15%, 20% growth in 24, so that momentum should continue for at least couple of years?

**Management:** Of course, I think that this growth will remain for the coming 3, 4 years because the way focus of Government is towards Infra and type of work pending, in India a lot of work has to be completed in Infra, so for the next 3, 4,5 years this type of growth will be definitely there.

**Shravan Shah:** And sir, we are saying that Rs. 15,000 crores inflow we are targeting, so till now how much we have received?

**Management:** Currently, the bid which we have submitted as I said that is of almost Rs. 16,500 crores. In this quarter we have bided for Rs. 16,000 crores and the tender has to be opened, so from that only we can know. We are expecting that we should get some of these works, we should get 2 to 3 work for which we have submitted the bid, but actually in bidding you will see that in the first 3 quarters not much bidding is done and bidding is done more in last quarter and initially in this competition intensity is much more. We go for secure business, so in the coming time we see more business opportunity in the last quarter.

**Management:** It has always happened this way only.

**Shravan Shah:** So, now going forward You have submitted the bid and targeting further, then there are 2 things one is how is the competition that you feel particularly in HAM and EPC and this Rs. 15,000 crores which you are targeting, so the last time we said Rs. 10,000 crores to Rs. 12,000 crores we need for road, so mostly that would be in the HAM form and broadly want to understand that how would be the competition? If it comes then going further is it sustainable with 15%, 16% margin?

**Vinod Kumar Agarwal:** See it is like that competition has cooled down but has not come to the previous state level not came to the pre-COVID level, but competition has of course cooled down and those who were doing aggressive bidding they have started understanding that such aggressive bidding is not sustainable and I think that 15%, 16% EBITDA margin will be maintained in this industry and this margin is a sustainable margin which is necessary for the industry.

**Shravan Shah:** Sir, one last on the data point, sir. So, you said we have to put more equity worth Rs. 18,000 crores in that Rs. 450 crores for this year. So, in 24 and 25 last time you said Rs. 700 crores so that remains the same?

**Vinod Kumar Agarwal:** That remains the same so far.



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**Shravan Shah:** So, 6 of our HAM projects and where appointed dates are pending of Rs. 5,500 crores, so all the appointed date will be in March-February or some appointed date will come in December too?

**Management:** That we can expect gradually I will not say that the whole will come in March may be let us say some will come in December. Now we are expecting that 1, 2 projects within next couple of days I would say couple of weeks in November itself, so but unless and until we receive that letter we can't say something but the point is that all the projects will be having appointed date before March.

**Shravan Shah:** And sir in the first half, we have already done a CAPEX of Rs. 215 crores then for the full year last time you said Rs. 300 crores to Rs. 400 crores, so will it be same?

**Management:** Yes, the CAPEX target are almost the same this year 300-350 is our target guidance and that would be the same range.

**Shravan Shah:** And HAM debtor, sir how much will be done as on September?

**Management:** HAM debtor would be I think nearly Rs. 600 crores.

**Moderator:** Thank you. The next question is from the line of Ashish Shah from Centrum Broking. Please go ahead.

**Ashish Shah:** Sir, this debarment notice which you put now in exchange, can you just elaborate a little bit what is any reason that they have mentioned? NHAI has mentioned in the letter?

**Management:** We are evaluating this, by the way they have not given any reason and recently we have received it today itself and now we are evaluating on this that what and how should we take action and what should be done with this?

**Ashish Shah:** Sir, just now we told that we have bided for 10 HAM projects, so will this debarment affect the outcome from the bidding or you think that the bidding deadline is beyond this one-month period?

**Management:** Sir, we have received this letter recently and we are evaluating it. We don't know that how NHAI will act on this, this is being evaluated and we will take action on this however it is possible and we can tell that in the coming time.

**Management:** Means as of now, as you see we are aware of this fact that one month debarment is there and for that we have to see that what are all the implications right, so that will take some time. We need to evaluate those all things.





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**Ashish Shah:** Sir, on InvIT if you can update I mean you did mention in the opening remarks but in terms of time lines are we looking to go live by the before the end of this financial year? And any amount that we have formed up or how much we are raising?

**Management:** That amount as of unless until I will be interacting with the investors also and then basis will be firming our decision in terms of what amount will be raising at InvIT level. It is there that whatever amount that would be raised that could be utilized for repayment of debt at SPV. In G R as of now we are not raising any case because of that InvIT. The InvIT target was that it will be targeting that InvIT launch before this financial year end, that target is continuing and the process is on.

**Moderator:** Thank you. The next question is from the lines of Praful Kumar from Dymon Asia. Please go ahead.

**Praful Kumar:** Sir, just only 2 questions first is exactly of InvIT, that what is the amount which you are seeing and from this what will be the difference in the balance sheet in our operations. How does it help the company in terms of next level of growth? And secondly in the middle you started the transmission business what is the update on that like team buildings? Third final question if I see historically our company in every lean period of the last 1 years, 1.5 years works very much on capacity building and in the next 5 years ladder up in terms of revenue and EBITDA absolute numbers they were both meaningfully that is the pattern that I have seen last 10, 15 years in your company, so what preparation you have done in last 2 years in terms of capacity building and in the next 3 to 5 years from which ordering should begin from here now, competition has reduced, so things are in your favor right now, industry has tagged up nicely and we are going to next year then where I mean over a medium term what is the capacity building, where do you look capacity building in the company?

**Management:** So, firstly I will come on InvIT, so in InvIT the big change from the company level will be that only debt will be reduced, in company's balance sheet debt will be removed and will be placed in InvIT and what we are taking from the market debt will be reduced from that. So, from company level as such the balance sheet will get lighter and more vision will come to the company that the coming HAM projects, we complete it and transfer it to InvIT. And as an investor come and we can increase our execution efficiency. And progress of InvIT which I told that with SEBI its DOD.

**Anand Rathi:** So, our work is going on DOD and due diligence is on in terms of project SPVs which we have said earlier. Probably we will be competing our due diligence process and will be able to compete that DOD document, draft of document by end of this calendar year and after that our target of launching this InvIT is that before this financial year itself I mean FY223 in that it is difficult to say how much amount we will raise but as of now our plan is to transfer 7 operational HAM



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asset in which we are targeting that we transfer all the target in that before the end of that financial year 2023 and under that InvIT the team has already been setup, independent team has been setup that those process is taking care of by those team and in this InvIT not only that InvIT will be acquiring the asset from GR, they will be targeting even outside asset as well, that is also our target. So, that InvIT would be kind of investment platform what our contribution will be bringing more execution skill on that InvIT while investing skill will be, we have setup a team for it and that is from investment industry itself we have hired the people right. So, we are targeting that if can give good returns to investor also by combining the investment skill along with execution skill that is our target. And in the long run it would be easier for us that to make project and transfer, G R would be kind of acting as an EPC agency only going forward. And this will be again a monetization vehicle also means we are targeting that like that only, so this is all about InvIT.

**Management:**

And in transmission business like how we told previous time we have taken one project and execution of it is under process, have to go in full progress and as per mile stole its progress is going on and we are bidding for the projects in pipeline business of almost Rs. 5,000 crores to Rs. 6,000 crores and for that execution and its operation team are properly placed and working is going on it. So, in coming time the way requirement of power and growth is going to come, we are fully focused in NSG sector and besides power transmission we are seeing other things also like what things, how we can participate in this. And coming to your third question which is on capacity built up, so it is an ongoing process on which we are continuously working on, work is going on many things and it is little bit difficult to give guidance on it like to tell you any particular sector where our decision has been done, it is not like that but we are doing work like our existing strength is may it be financially or may it be engineering or may be it design has worked on it like we have increased our design strength. In financial also we have associated with new people who have become our partner in that our financial strength has also increased and in the coming time we are seeing some sector but at this level it is difficult to say that what new are we doing, I can tell this in the coming quarters only.

**Anand Rathi:**

And at the same time our InvIT launching I mean enter into this InvIT space that is also a kind of capacity building which we are envisaging, reason being that in past also we have sold our projects to the investors so this time we are trying to build up our capacity. We want to I would say we want to encash because when we sold the project in past probably we were not able to encash on our operational excellence we were not doing O&M of the project so I have to lose on that particular front. So, now this is going to give me return in the 10, 15 years I will continue to be O&M or the project manager for those asset while I will not be holding those asset in my balance sheet. So this is also a kind of capacity building which we are doing in our company also.



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**Moderator:** Thank you. The next question is from the line of Teena Virmani from Kotak Securities. Please go ahead.

**Teena Virmani:** My question is related to margins, you mentioned initially that there were certain additional provisioning and some elevated cost in the quarter. Can you please specify what is this provisioning for and if you can quantify the impact or the amount related to the same?

**Management:** So, if we are comparing it with quarter of the last financial year right, so my additional provision is with respect to the debtors, long outstanding debtors I would say and there we have made some policies for which we are providing for if it is on basis that age bucket which we have decided internally and as an when those money is received back or then we will again will be treating as an income so, you will have that in fact in other income you will find this impact also where my other income is quiet high because of some write-back of provision which we have made in past, so is as per policy which we have internally decided that to provide for the debtors which are basis their age limit and in current quarter the amount of provision is around Rs. 12 crores, which was not there in the previous quarter previous years, the last means the last year current quarter, last year this quarter right and Q2 and some CSR provisions also I mean we are started providing for CSR expenses on quarterly basis earlier it was on yearly basis. To that extent around Rs. 4 crores, Rs. 5 crores is on account of CSR expenses, Rs. 12 crores is on account of debtors, so these are the additional provisions.

**Teena Virmani:** So is even if I adjusted with this additional provisioning as well as the CSR provisioning had it not been there margins would have improved to somewhere around 13.8% as compared to 12.8% which is reported in this quarter ex of other income, so traditionally when your margin mix even on the guidance you are saying that it is the range of 15%, 16% and looking at the current set of numbers if it coming out to be lower than 14% so, what it is related to? Or is it going to be a decline going forward.

**Anand Rathi:** Yes. The inflation impact is also there to certain extent, bonus impact is also there. In the last quarter it is around Rs. 12 crores, now this quarter it is Rs. 6 crores, so very much impact is there may be because of some inflation, it is very difficult to evaluate inflation here but what we believe is that some certain margin has gone down I mean margin was impacted because of some inflation also but yes my execution also for current quarter I means I am not able to and one more thing is which is probably is very difficult to evaluate but then my project status means what kind of project status I am in the current quarter what kind of bill I have raised and for what activity? So little bit depends on that also, so we are confident going forward we will be in the range of again 15%, 16%.

**Teena Virmani:** And inflation pressure will be a pass through this impact based on the agreement?



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**Anand Rathi:** Inflation is pass through, provisions are there we say there is a pass through but there is no direct linkage, it is linked to CPI, WPI while certain raw material or certain materials, no it is not having direct linkage with those index and all that and that also comes with some lag so, it is very difficult but yes, that is the one cause, one reason is there.

**Teena Virmani:** So, that will not be impacted in coming quarter because now raw materials price to an extent have already started correcting?

**Management:** See, there may be impact of inflation may around 1% right, so what I am saying that if I am saying then 15%, 16% kind of EBITDA margin were expecting, so like inflation is coming down it is volatility I mean inflation so far is volatile right, sometimes some news come may be because of dollar rising, some may be because of some crude rising all that. So, point is, effectively it will depending on what kind of inflation era will be into, but yes I mean we are confident looking to the current situation we are confident we will be getting that kind of margin going forward.

**Teena Virmani:** And in the remaining H2 also?

**Management:** Yes.

**Teena Virmani:** And my second question is related to your inflow target of Rs. 15,000 crores, so I think you mentioned it to some other participant also that most of it would be coming in by quarter 4, but given the reason notice regarding the debarment of the company for a month, so almost like said to be December could go in that and it will be just quarter 4 where in you would be participating particularly for the NHAI bid. So do you expect the entire shortfall for the year as of now to be covered up in fourth quarter of around Rs. 15,000 crores or may be little lesser than that?

**Management:** If we see that this debarment is only for one month. As such no challenge is there that in the coming time there are not many tender in this month maximum tenders are from between December to March. So, not a big challenge of debarment but today itself we have received this so we are evaluating it that how to respond to it, how we have to deal with NHAI but as such there is no kind blame on us but NHAI has taken this action so we have to see that how we will deal with this and still we are very hopeful that under quarter 4 we achieve our target. We are very excited with the pipeline, Government's pipeline under HAM it is very nice and current situation of the market, type of participants which are there in that our position is very good and we are in very good position to achieve that.

**Teena Virmani:** Sir, lastly on this debarment this is related to the CBI case that happened sometimes back or it is related to any other reasons? I mean normally it also happens because of some mishap on the sites that any problem happened at site because of this NHAI would have debarred you from participating?



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**Management:** Currently, from this letter we are not able to know anything, but feels that it would be related to the CBI inquiry, but till now because it has been received today itself and we are investigating about it that what is happening , how is happening and why has happened.

**Management:** So, it is too early to say what is the reason for this, but then point is what point you are making is it based on any mishappening at site, we are not aware of this fact if anything like this happened then that also would have aware of we would have listed in the exchange itself, so we don't know about this.

**Moderator:** Thank you. The next question is from the lines of Jiten Rushi from Axis Capital. Please go ahead.

**Jiten Rushi:** Sir, just continuig on the debarment, so I am harping on it. So, sir, I just want to understand in this one month we will make the presentation to NHAI what could be the reason and why they have done it, but sir is there any chances of getting this extended? Or is it for one month and done?

**Management:** See, how will NHAI take action in future or what will take we cannot make any brief on this, I am not able to tell you. I am not able to understand why this one month also? Why it happened where we don't have any kind of blame on us. Till now there is no charge sheet of any kind upon the company, no kind of blame but now NHAI has taken the action and on that we are evaluating and will take proper action on it, will talk to NHAI. So, now what can be done and what cannot be done we cannot.

**Anand Rathi:** But generally, Jiten in this what I would probably presume is that probably NHAI may give the debarment notice for 3 months and then probably by basis of representation that can be come down to one month or 15 days. It does not happens like NHAI will be doing one month debarment then it will be extending means there is no point like that I mean I don't think this is in respect of this I don't believe so.

**Jiten Rushi:** So, hopefully this should be I said most of the tenders are lined up in December so we should be able to bid. So, sir in this case if we did the submission of tender in December then obviously we can submit it, that is not a problem, but it is just for one month

**Anand Rathi:** I mean to believe so we will be targeting even for the November month tenders will also be targeting. It is not like this that we will not be bidding, but then we have to evaluate that content and we have to go through the contents and even it would be the implication of this debarment. See we will try all our level best to have some clarification to have that I mean what would be the all implication that we will be having, it is for one month. Now, we have to go through some **(Inaudible) 40:45** NHAI, SOP and more circular I don't know and all that has to be seen.



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- Jiten Rushi:** I got it hope this should not have any issue on this the bidding process. Sir, if I have missed out sir, can you tell me the retention money outstanding and unbilled revenues standalone as on September?
- Anand Rathi:** So, unbilled revenue I told that unbilled revenue was around Rs.727 crores on standalone basis.
- Jiten Rushi:** And retention sir?
- Anand Rathi:** I am not having that number readily with me, hopefully we can hear you offline.
- Jiten Rushi:** And sir, in H1 we have done investments in SPV.
- Anand Rathi:** So, retention again when we are saying retention it is part of debtor only right. It would be part of debtor only.
- Jiten Rushi:** So, there is debtor of around Rs. 1,096 crores is including retention?
- Anand Rathi:** Right.
- Jiten Rushi:** And sir, we each one I believe we have invested almost Rs. 190 crores to Rs. 200 crores in the SPVs right, sir?
- Jiten Rushi:** So, basically the Rs. 450 crores targeted this year, we have already invested almost Rs. 200 crores, so the balance H2 we will be investing around Rs. 250 crores?
- Anand Rathi:** Right. So our guidance was Rs. 700 for every financial year, so as of now we are going as per plan.
- Jiten Rushi:** So, sir just want to clarify that you said that Rs. 450 crores will be for H2 investment?
- Anand Rathi:** Yes, for H2. So, for whole year it would be in the range of Rs. 600 crores and Rs. 700 crores right.
- Jiten Rushi:** Sir, again coming back on the order in flow. So, we have given a guidance of Rs. 15,000 crores so, sir we maintain that almost Rs. 12,000 to Rs. 13,000 will be from the roads and balance 10% to 15% will continue from other segment right, sir? Like power T&D **and** railway something like that?
- Anand Rathi:** Yes, definitely this ratio should be there.



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**Jiten Rushi:** But sir, this power T&D in future we will also flip the asset, we don't intend to hold the asset right in the power T&D segment?

**Anand Rathi:** Yes.

**Jiten Rushi:** And sir, again on the margin so going forward for the guidance on the core margin will remain at like 15 because obviously that the core margin are still at a lower level compared to be in obviously gross margin because of these bonus and other component, but the core margin still remains below 15%, so we continue to guide as the core margin 15% and while including bonus we continued to guide 15%. Is my understanding correct?

**Anand Rathi:** See, generally we are targeting that bonus would be over and above 15%, so that is how we target.

**Jiten Rushi:** So, basically 15% we can assume core margins safely and 1% to 2% additional for the bonus component?

**Anand Rathi:** Right.

**Jiten Rushi:** And sir, just on the debt, as you said like we have differed the debt put on SPV level obviously because of the lower execution order back log but if projects reaches the milestone so, next quarters onwards we can expect this to normalize or any debtors to come down right, sir?

**Anand Rathi:** See, debtors is probably I would say because see we haven't draw down debt at SPV level and hence our debtors to SPV is inflated, right and why we have not draw down is that because of the liquidity as of now I mean because of the liquid position right now we are passing through within our company so, there is no point in drawing down the debt from SPV level and paying interest while keeping that cash and bank balances at the company level right so, that was the main reason.

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

**Alok Deora:** Sir, just one more question on this recent notification on the debarment. So, any tenders which we would have built if they were to open now or so any thoughts will we go through or it is only for that period where you can't bid?

**Management:** Sir, at present nothing can be said about this because we have received the letter recently. We are assessing it and it is not felt that something like this should be happened that it will affect the previous tenders. It is only for one month.



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**Anand Rathi:** See, this letter if we say, we can say that this debarment is only for one month, so one month started from today or day before whatever, but then point is 6 months before from today what I bided and took the work and started doing it how will it be impacted? I don't think that there would be any impact.

**Alok Deora:** No, sir I was asking that we bided and tender has to be opened and suppose it is to be opened in this month so that was what I was asking?

**Management:** Logically, when I participated, when I bid then I was not debarred, so logically this should not happen but then again my point is that it has to be evaluated. I mean I can't say without going through the documents or what are the processes or what are the practices which generally being adopted by MORTH or NHAI or whatever in this case.

**Alok Deora:** And sir, this L1 in the order book of Rs. 592 crores it is from a long time then why are we not like? Is there any update on it or we are looking to remove this?

**Management:** See, till now 192 is project of metro, much expectations were there. They have said till December mean this time till December we will come to know about them either they will award the project to us or otherwise we will not take it further they wont take it. Till December, we hope that we should get this project.

**Alok Deora:** And just last question, so sir now as we are looking at a massive order inflow effectively from January till March, now we see that other players are also talking about a very strong order inflow during this period. Is there a downside risk that if that much is not coming because competition will be heavy in that period and because lot of these people will be queuing up then any downside risk you see that in flow can be lower than estimated?

**Management:** It is very good and I don't think that means there is space for everyone. This years, the projects of pipeline at present, there is ample space for everyone and the way competition cooled down in HAM on seeing that I don't see its challenge.

**Alok Deora:** Just last question sir actually. So, sir in this power T&D project how much margin we are looking at because if you see some other company they typically are making single-digit margin or between 5% to 10% margins are put in it pure EPC portion of the T&D project, so what is the number we are working with?

**Management:** See, in this line we have entered in power transmission. At now the focus is not in margin, focus is on learning. We are trying to deliver learning of projects in proper time we deliver what are the challenges to understand it properly, at present this is the focus. Margins, because on coming itself if I do margin then I don't have business with me. It will come with understanding.





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- Moderator:** Thank you. Next question is from the line of Navid Virani from Bastion Capital Management. Please go ahead.
- Navid Virani:** Sir, from the last 2 quarters we see that margins from our consolidated levels are coming out to a very strong at all levels. So, sir just wanted to understand that actually I missed the opening remarks I joined slightly late, that here is it because of the kind of bonus we are getting. Because of this some margins are coming means how should we look at consolidated level margins going forward?
- Management:** See, our consolidated margin largely coming because of the interest income which we are getting from NHAI on the operational HAM projects right and interest income in last 6 months you have seen has being rising and in 6 months it is quite high. is almost there. RBI raised by 2% almost. So it is all because of this that our income is rising at SPV level and hence that consolidated margins are rising.
- Navid Virani:** So, that is only because of the rising interest rates and this is we generate going forward as well if interest rate don't change?
- Management:** Right.
- Moderator:** Thank you. As there are no further questions, I would now like to hand the conference over to management for closing comments.
- Management:** Thank you all and I expect that the company with full devotion and with full effort will work I assure you this and expect that all investors and bankers will stand with us and for good future we will all work together. We will participate in the growth story of India. As Modiji has made an agenda of \$5 trillion economy, we will also participate in that. Thank you. Thank you all.
- Parikshit Kandpal:** Thank you Ajendra ji and Anand ji for this opportunity. We can disconnect the call.
- 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.