



G R INFRAPROJECTS LIMITED

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

CIN : L45201GJ1995PLC098652 ~~CIN : U45201GJ1995PLC098652~~

2nd June 2022

To

BSE Limited

Phiroze Jeejeebhoy Towers

Dalal Street, Fort

Mumbai – 400001

Scrip Code: 543317

National Stock Exchange of India Limited

Exchange Plaza, Plot No. C-1

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

Mumbai -400051

Symbol: GRINFRA

Sub: Transcript of an earnings conference call on Financials Results for the quarter and year ended March 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 on Financial Results for the quarter and year ended March 2022 held on Monday, 30th May 2022.

You are requested to take this information on your record.

Thanking you,

Yours sincerely,

For G R Infraprojects Limited

Sudhir Mutha

Company Secretary

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“GR Infraprojects Limited Q4 FY22 Earnings Conference Call”

May 30, 2022



MANAGEMENT: **MR. AJENDRA KUMAR AGARWAL**
MANAGING DIRECTOR, G R INFRAPROJECTS LIMITED
MR. ANAND RATHI
CHIEF FINANCIAL OFFICER, G R INFRAPROJECTS LIMITED

MODERATOR: **MR. PARIKSHIT KANDPAL**
HDFC SECURITIES



Moderator: Ladies and gentlemen, good day, and welcome to the GR Infraprojects Limited Q4 FY22 Results Conference Call hosted by HDFC Securities. As a reminder, all participant lines will be in the listen-only mode. There will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing “*” then “0” on your touchtone telephone. Please note that this conference is being recorded. I now hand the conference over to you, Mr. Parikshit Kandpal from HDFC Securities. Thank you and over to you, sir.

Parikshit Kandpal: I would like to thank the Management of GR Infra for giving us this opportunity to host the FY22 Earnings Call. Without further delay, I would like to hand over the floor to Ajendra Agarwal Ji for his opening remarks. Over to you, sir. Thank you.

Ajendra Agarwal: Good afternoon. A warm welcome to all of you. Today, we are present to discuss the financial results of GR Infra for financial year completed on 31st March. To speak on behalf of GR Infra, I have with me Shri Anand Rathi and I am delighted to see all of you with me today. In the previous call, we have talked about this government's infra focus, which is clearly visible in our budget investment. Government's infra focus has become more clear with NIP. To implement government's infra vision, work can be seen being done on all fronts. To monitor infrastructure development, PM GATI Shakti platform is proving to be a very good tool. To promote infra, the share of state is also being increased. For NIP's success, BOT disinvestment earlier period of 2 years has now been reduced to 1 year. The target to award the balance 14,000 km in Bharatmala phase 1 is set within the next 2 years.

In the current financial year 18,000 km road construction has also been targeted, which is per day approximately 50 km. To cater to the future demand of Railways and increase the freight share in Railway, NRP 2030 plan has been rolled out.

In power sector also, making it a part of NMP, the disinvestment period has been reduced from 2 years to 1 year. To make business even more smooth, the precondition of Ministry of Environment have also changed. In infra, to reduce inflation, government has also tweaked duty in commodity import and export, which is very positive.

On international front also, we can see that the environment is very conducive to investment in the country and in the meeting of Quad nations, for the Indo-Pacific region approximately US \$50 billion assistance has been proposed. With this, the future looks good.

Now, coming to the Company's financial updates. In financial year 2022 Q4, the Company has been declared L-1 in 7 projects with an order value of approximately Rs. 7,138 crores. During FY22, the Company made around 19 bids in road, power transmission, and railways with a project value of approximately Rs. 96,000 crores. In financial year 2022, the Company was awarded total 11 projects with a combined order value of Rs. 9,970 crores and in these 11 projects, 8 projects are HAM, 2 metro projects and 1 power transmission. Till 31st March 2022, the Company's unexecuted order value was approximately Rs. 20,211 crores. It includes the Company's L-1 declared projects value also. Within the last 5 years, the Company has made



significant development in manpower, plants, equipment and order book composition. As of today, the Company has 1 BOT operational annuity project and 22 HAM projects and 1 power transmission BOT project. Out of this 22 HAM projects, 7 are operational, 7 are under construction and 8 projects appointed date is awaited. The Company's current focus is on HAM projects competitive bidding along with strengthening its position in EPC projects. During this financial year, the Company has completed 2 HAM projects and 7 EPC projects.

To monetize operational projects and reinvest and free the Company's capital, the Company is working on setting up an infrastructure investment trust (InvIT). The Company has incorporated GR Highway Investment Manager Pvt. Ltd as InvIT investor manager as per the regulatory structure whereas GR Infra Project Ltd. will work as project manager. For strengthening and maintaining the capability of board, the board has appointed a new independent director, Shri Rajan Malhotra. Shri Malhotra has a long experience of 42 years in engineering and construction. We will maintain our project bidding strategy for ascertaining our progress in order book and we will continue to bid for all projects in road, railways, metro and transmission sector. Thank you. Now, I will hand over to Anand Ji.

Anand Rathi:

Thank you. Good afternoon to all. Myself Anand Rathi. Let me share the financial highlights for the year ending 31st March 2022. Our Company's standalone revenue, revenue from operations increased by Rs. 675 crores with a growth of around 9% from Rs. 7,244 crores in year ended March 2021 to Rs. 7,919 crores in the year March 2022. On consolidated basis, revenue has increased by Rs. 614 crores with a growth of around 8% from Rs. 7,844 crores to Rs. 8,458 crores as of March 2022. Standalone EBITDA margin has also been recorded at Rs. 1,413 crores with a decrease of around Rs. 25 crores from the previous year of Rs. 1,438 crores. Our EBITDA margin at consolidated level also stood at around Rs. 1,802 crores versus Rs. 1,920 crores that was recorded in the previous year that is March 2021.

Profit after tax has also come down to Rs. 760 crores as of March 2022 as compared to Rs. 780 crores, which was recorded in March 2021. PAT at consolidated level also decreased and came down to Rs. 832 crores as compared to Rs. 955 crores in the previous year, March 2021. This decrease primarily due to net decrease in claim and bonus, which was recorded in the current year and again decrease in operation also, operation activity of the Company because of delay in declaration of appointed date.

Our standalone net worth stood at Rs. 4,364 crores at the end of financial year 2022. It was around Rs. 3,600 crores at the end of financial year 2021. Our net worth at consolidated level is around Rs. 4,811 crores at the end of fiscal 2022, which was Rs. 3,981 crores at the end of financial year 2021. Our total standalone borrowing outstanding at the end of March 2022 is around Rs. 1,100 crores, which includes the short-term borrowing of Rs. 55 crores with debt to equity of 0.25x. Our total consolidated borrowing as of March 2022 was Rs. 5,250 crores with debt to equity of 1.09x. During the year, Company has made addition to the fixed asset amounting to Rs. 424 crores, net block of property plant and equipment including CWIP (capital work in progress) is Rs. 1514 crores at the end of March 2022. Investment in our subsidiary companies in the form of loans and equity is around Rs. 1,320 crores at the end of March 2022.



At the end of last previous year, it was at Rs. 1,255 crores, so basis the existing order book, balance promoter contribution to be acquired to be made in next 3 financial years is around Rs. 2,100 crores, what we believe is to be evenly distributed in next 3 years. Our working capital days remain almost the same, which is 72 to 73 days, which was the same as of March 2021 and remains same as March 2022. Our trade receivables at a standalone basis are Rs. 716 crores at the end of fiscal 2022 as compared to Rs. 898 crores at the end of fiscal 2021. On consolidated basis also, our trade receivable stood at Rs. 64 crores as compared to Rs. 492 crores at the end of fiscal 2021. Our inventories are at around Rs. 1,022 crores at the end of fiscal 2022 as compared to Rs. 1,058 crores, which was at the end of fiscal 2021. Our cash and cash equivalent at standalone basis is around Rs. 445 crores at the end of fiscal 2022 as compared to Rs. 542 crores at the end of fiscal 2021.

Cash and cash equivalent at consolidated level is around Rs. 1,095 crores at the end of fiscal 2022 as compared to Rs. 831 crores at the end of fiscal 2021. Our mobilization advance outstanding at the end of fiscal 2022 is around Rs. 70 crores as compared to Rs. 257 crores approximately at the end of fiscal 2021 and order book as mentioned by Ajendra Sir at the end of March 2022 is around Rs. 20,200 crores, which includes the L-1 projects of around Rs. 1,200 crores at the end of March 2022.

This is all about the financial highlights from my side. On behalf of GR Infra, I would like to thank everybody who is attending the call and happy to take any questions on this. Thank you.

Moderator: Thank you. The first question is from the line of Shravan Shah from Dolat Capital. Please go ahead.

Shravan Shah: What's the revenue guidance and EBITDA margin expected in FY23?

Anand Rathi: Revenue guidance for next financial year what we believe is that most of the projects we have received the appointed date recently in the last quarter itself and even our order book is also replenished in last quarter. So, unless and until we got some other EPC projects going forward then probably my revenue growth would be within the range of again 5% to 10% for the current year and EBITDA margin, in last financial year, our revenue mix was more inclined towards EPC projects, most of the EPC projects we have executed and HAM project mix was lesser, the proportion of HAM was less and going forward, as of now my remaining order book is more of HAM projects and EPC is very small, I would say just reverse, vice-versa. So, assuming that we will be executing more HAM projects going forward in the current year, my margins should generally increase, but again subject to execution, which is affected generally by either inflation or by monsoon or by delay in declaration of appointed dates, but generally it should be on improving side.

Shravan Shah: Any number improving, shall we take it 15% or 16%, what number?

Anand Rathi: It may be in the range of 2% to 3% but because inflation is the major concern right now as we speak, so it again depends on how inflation pans out. So, Government is working on that side.



- Shravan Shah:** So, including bonus claim, everything was 16.1%, so, which number are we referring, even if we assume that there is no bonus claim, so what would be the core conception EBITDA margin on the yearly basis in FY23, will it be 15% or 16% that we are looking at?
- Anand Rathi:** So, far, if we exclude the bonus and claims all that, so my EBITDA margin would be in the range of 15% for the previous financial year. Broadly going forward, as we will be executing more HAM projects, so this EBITDA margin should move up from that 15% to maybe 16% or 17%.
- Shravan Shah:** Some of the clarifications sir. In terms of the order inflow, so this year in FY22, the order book that we are mentioning in the presentation that is Rs. 13,000 crores, which excludes the L-1, 2 metro and 7 HAM. So, in that how much value of order inflow excluding GST we have booked in FY22? So, simply in FY22, what was the value of order inflow excluding GST that we have booked?
- Anand Rathi:** It is around Rs. 9,000 including GST.
- Shravan Shah:** And the value that we are mentioning metro Rs. 1,185 crores and Rs. 5,900 crores for 7 HAM, these are excluding GST EPC value?
- Anand Rathi:** EPC value. It's mentioned in the presentation. At present, we have mentioned it is L-1, but most of the projects, I would say, we have already entered into agreement with the authority and either we have received the LOA. So, except these 2 metro projects valuing around Rs. 1,185 crores. For rest all the projects, either we have entered into agreement or we have received the LOA. So, that is the L-1 status. So, out of Rs. 20,000 crores of order book, it is Rs. 1,185 crores, which is having L-1 status. Otherwise, in all of the projects, we have received the LOA or agreements that has already been signed. This is all excluding GST.
- Shravan Shah:** So, now the simple question is in terms of 2 things. First in terms of the order inflow, so how much now we are targeting to get in FY23? Also, the breakup of equity investment that we are saying that another Rs. 2,001 crores is required, correct me if I'm wrong. How much to be infused in FY23-24, so that would be helpful?
- Anand Rathi:** All HAM projects are to be executed in the next 3 years. So, what I have mentioned in my commentary also that probably the Rs. 2,100 crores what we believe should be distributed evenly in the next 3 years, Rs. 700 crores for current year, Rs. 700 crores for next year and so on. So, that is the idea of equity commitment.
- Shravan Shah:** And in terms of the order inflow for this year, how much we are targeting and how much out of that in the HAM and the EPC?
- Anand Rathi:** Generally, guidance from government side of HAM and EPC is 60% to 70% would be coming under HAM and balance 20% to 30% would be either under EPC or BOT and what we believe is that we should always be following this kind of discipline, we should also be following suite and that's our belief that we will also be having whatever order we will be bidding or whatever

order we will be getting that would be 70% would be under HAM category and the balance would be EPC. BOT we are not that much comfortable and in terms of value, probably our target would be, all in all, maybe in the range of Rs. 15,000 crores for the year and that would be comprising of highway sector, railway, metro as well as transmission. So, about road, maybe in the range of Rs. 10,000 to Rs. 12,000 crores and balance would be coming from other side.

Shravan Shah: And lastly on the CAPEX front, how much are we looking at and in terms of the standalone level debt, which is at Rs. 1,100 odd crores, so excluding the mobilization advance in that part. So, that number, how do we see that number? So, that depends on the working capital days, so are we looking at any change in the working capital days for this year?

Anand Rathi: No, I don't believe there would be any change in working capital, first thing and second standalone price has reduced from previous year, and including mobilization advance. Even if I include my mobilization advance, standalone debt is around Rs. 1,170 crores. So, Rs. 70 crores is the mobilization advance outstanding as of March 2022 and if we talk about CAPEX, probably what we believe is that if we don't see any significant different project we will be getting in going forward, then my CAPEX would be in the range of Rs. 200 to Rs. 300 crores for the current year, that's what we believe.

Shravan Shah: Last on the number on the unbilled revenue and the HAM debtors, if you can help me with that then it would be great?

Anand Rathi: So, unbilled revenue as of March 2022 was in the range of around Rs. 580 crores, which was largely done in the month of March, which is yet to be billed, and that was the unbilled revenue and when we talk about on consolidated because HAM debtors are getting consolidated in my consolidated position.

Shravan Shah: No, on the standalone sir I am asking, out of Rs. 716 crores debtors, how much would be the HAM debtors?

Anand Rathi: It would be around Rs. 200 crores.

Moderator: Thank you. The next question is from the line of Mohit Kumar from Dan Capital. Please go ahead.

Mohit Kumar: First question is in this particular quarter, the EBITDA margin was particularly very high, is there any one-off, is there any clearance which you have booked in the quarter?

Anand Rathi: Yes, there is around Rs. 82 crores, which is kind of one-off which we have received and we have recognized as an income, that is either GST claim or other claims or bonuses.

Mohit Kumar: When do you expect the appointed date for especially the HAM order, which you have won in Q4, can you expect this by Q4 of FY23, there should be in place?



- Anand Rathi:** Yes, what we believe is that whatever HAM projects, which right now we are having in our portfolio, even where appointed date is awaited, what we believe is we will be having that appointed date in place in Q3 of this current financial year.
- Mohit Kumar:** Is it possible to lay out the status of land acquisition?
- Anand Rathi:** Land acquisition remains a challenge. That is our experience so far.
- Mohit Kumar:** Sir, my question was what is the status of land acquisition for all these 5 to 6 projects that we have won in the Q4?
- Anand Rathi:** That number is not ready upfront with me, but what we believe is, basis our evaluation of land acquisition or land status only we are telling you that probably most of the projects will be having the appointed by the end of December 2022.
- Mohit Kumar:** Last sir, where are we in terms of monetization of InvIT, are we looking to do a public or private InvIT and what is the kind of timeline you are looking at right now, should the InvIT placed by the end of FY23?
- Anand Rathi:** Yes, our target is that we should be having InvIT in place by FY23 in the current year itself and the public or private is something the call is to be taken at appropriate time and our investment manager and firm that has already been incorporated. So, that investment manager firm has already been established and we have already applied to and we have even approached to SEBI as well for registration of our trust.
- Moderator:** Thank you. The next question is from the line of Rishikesh Tendulkar with JM Financial. Please go ahead.
- Rishikesh Tendulkar:** My question is already answered in the first one.
- Moderator:** Thank you. The next question is from the line of Alok Deora with Motilal Oswal Financial Services Limited. Please go ahead, sir.
- Alok Deora:** So, sir just wanted to understand, if you could again mention about what is the order inflow we are looking at for this year, so considering that we are already on order book of nearly Rs. 20,000 crore, so what is the view and which sectors majorly roads and which are the sectors we would be targeting for that?
- Anand Rathi:** Sir our main sector as it is, is Highway. The way the government's targets are there, 18,000 km that is pending, in that 75% to 80% will be our Highway sector, whether it will be HAM or an EPC and remaining 15% to 20%, we will target on Railway and Power transmission and others. And we are looking at increasing our percentage in the coming times. And in the coming years, now what is happening is along with the Power transmission, we are also looking at ropeway also, though it will be conducted through NHAI but the technology is connected with Power transmission because the pole designing is the similar work. And similarly in the G R

Infraprojects' focus in the business is anything related to engineering, will be there in it. We are also looking something into Hydro Power, we are also looking for scope over there now according to our capability and strength but our main focus in the coming times will be Highway only.

Alok Deora: Sure sir. So, now how much order inflow are you targeting at, in FY23?

Anand Rathi: Our target is nearly 15,000, in which we are targeting approximately 10,000 to 12,000 from Highway and 3,000 to 5,000 from others, but this mix that is there know, I feel whether it is Highway or any other sector, it will depend on the coming availability, opportunity and our positioning. Now like, we even target our projects from HAM also, but in EPC there are little challenges about the value, that there is lot of competition in projects below Rs. 1000 crore, so we target for Rs. 1000 crore plus and in the remaining sectors like Power or Railway or Metro or in ropeway, we will beat the projects for all value types.

Alok Deora: Sure, and sir this Metro project in which L1 is there, it is L1 from quite some time, so what is the status on that because now like, everything is in the order book but it is like, have not started from quite some time, so what is the status?

Ajendra Agarwal: It is going on now, Haryana government and Central government approval process is going on. Every quarter the date comes that it will happen now, we are also waiting for it. This Mega Metro project has just started about three months back, this should happen fast but now since this Haryana government, this Gurgaon project that is there, now since so much time has gone by, so in this we cannot comment on whatever assurance the government is giving till it comes but government authority is promising that in this year you will be awarded this project definitely, means by December 2022.

Alok Deora: Okay and sir its costing, etc. might have also changed.

Ajendra Agarwal: See, costing plus, minus do happen, escalation effects will come in it, the escalation that we will get and which we will need, that can be seen only at that time. In these Metro projects what happen is, the initial stage in which our work is going on, the projects that have come, so more than process we are targeting at qualification over here that it is okay, even if the profit margins are little less, then also we will complete these projects and we will focus on enhancing our capability in it.

Alok Deora: Got it, just last question. So, sir now, how is the competition intensity in Road projects now, like we got lot of projects particularly in February, March, so what is the intensity now, if you can give your views per say?

Ajendra Agarwal: The competition was very high last year, one of the reasons for it was that, the leaves that were granted by the government, the government has kept extending that but now the EPC projects that are there, in EPC the competition is quite high and ultimately it reflects on HAM projects also, because it is an extended part of EPC, so that reflection was there also but in coming times,

we look at this as an opportunity because the aggressive way in which the work has been taken by people, there few companies will face challenges in it. Few projects whose financial closure has not yet taken pace, government has started cancelling those and in the coming times, these projects will comeback as opportunities. And as on now when we speak, there is a little competition but in the coming times, I can visualize a good time and financially as you have seen a lot of liquidity was there in the market, its effect was on the Highway also but the way the government is tightening the liquidity position, increasing the interest rates, we feel that we will get a good position in the coming times.

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

Ashish Shah: Thank you for the opportunity. Sir I wanted to know that the InvIT that we are planning, so how many assets will we transfer in the initial round? And how much equity will be monetized from this and go back to G R?

Anand Rathi: So, as of now, as Ajendra sir also mentioned that we have seven HAM projects operational right? And out of seven, one is of the State, that one is State PWD is of government, six are NHAI HAM right? So, our target is to actually flip all the assets, all the operational assets as and then those projects are completed, the target is as such as of now. As the situation evolves, we will have to take the call accordingly, maybe we may, probably we can start with five projects, four projects or even six projects altogether. We are thinking of keeping the State out of the InvIT now because that is a different ballgame altogether, the state issue is altogether a different issue but the plan is this only that as and when whichever project gets completed, we will be setting it to InvIT platform, maybe we can start with six initially also. And our equity of Rs. 1300 crore that has been put up on it, on those six HAM operational projects, will be around Rs. 900 crore, around Rs. 1000 crore. The idea is to create the platform initially, now in InvIT there is a regulation which says that, debt cannot be more than 49% of the EV or 50% of the EV, so in that as on date, debt is more than 50% of the EV. So, going forward, we have to come down and we have to cut in the debt, if we will bring it down then probably whatever equity or whatever amount that would be raised at InvIT level, will be utilized for repayment of debt initially and then eventually we can raise the debt up to 70% once that InvIT is received, the AAA status and one more thing is there; six distribution is completed, so accordingly we can raise the debt and probably that time when we will be raising the debt, that would be utilized for releasing my equity. So, a structure will be formed in it, it is very difficult to say. In today's date, I do not believe initially when we will be shifting to district SAM asset, I will be getting any equity, my equity will move out of the balance sheet but I will not be getting any cash, that is how I think. But going forward it will be a vehicle available with me, as and when it will be completed, we will transfer and raise the equity.

Ashish Shah: Sir, secondly coming to the T&D, so we have taken one project and now in this year what kind of opportunities we have in mind, where we are bidding or anything that you can indicate ?



- Ajendra Agarwal:** There are a lot of opportunities in T&D, in the last few years the market was little down but now as the requirement for power has increased and the change has happened in the generation capacity of power, basically earlier how it was that you had only thermal and hydro and now the government has focused more on renewable energy and power Centre has changed, instead of thermal, solar and hydro are coming into the picture, so there is a large scope for power lines, a lot of new projects are there and we are working on this with full efficiency. Approximately, Rs. 15000 crore pumps have been installed.
- Ashish Shah:** That means you are saying that it has started?
- Ajendra Agarwal:** Absolutely.
- Moderator:** Thank you. Our next question is from the line of Faisal Hawa with HG Hawa and Company. Please go ahead.
- Faisal Hawa:** In the coming years how do you foresee the orders coming in from state governments, will there be any urgency from their end to release the orders? And if you are focusing, then on which states are you focusing? And secondly, the prices of cement and steel which have peaked up, what do you think will be the impact on EBITDA margins in the coming quarter 1?
- Ajendra Agarwal:** See as far as the CAPEX for states is concerned, we focus less on that but ultimately the market share that is there, the contractors and all who work in the states, the comfort that they have but in water if there is some type of opportunity then we will definitely look into it. And as far as cement and steel, on cement the government has done a lot of work to ease the inflation and on cement also the government will take some action or the other because in cement and steel one major issue is of coal, in the coming times if the government takes some action on coal then the government will control on it, this is my understanding.
- Faisal Hawa:** In this what is your opinion, are we going to fetch any orders in this going ahead? Will a new sector open up from NHAI's end?
- Ajendra Agarwal:** What was your question, can you repeat?
- Faisal Hawa:** Green expressways, plus the new expressways that are going to come in them although tendering or ordering has not started but do we feel in that we will bag big orders?
- Ajendra Agarwal:** Like I told you earlier, in highways our main focus area is this only, it will not impact us majorly whether it is green expressway or normal expressway, we work with full energy on all HAM projects and we will bag opportunity for sure on those in the coming times.
- Faisal Hawa:** Sorry I could not ask the question correctly. My question was do you think in this financial year these orders or tendering will happen from their end?
- Ajendra Agarwal:** You are referring to states, right?



Faisal Hawa: In states how it is, like a few states which are financially disciplined like Maharashtra, UP, over there we will focus but in the remainder of the states, we will have to analyze the funding structure and only after that we will focus on them. If the project has been properly funded, financial closure has already happened, only then we will take interest in it, otherwise if it is state funded then we will pay less interest towards it. Was I able to answer to your question correctly?

Faisal Hawa: Yes, that was a satisfactory answer.

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

Teena Virmani: My question is related to T&D Project. The one which you had mentioned wherein it was recently awarded to us, so what will be the scope of work for GR in this, in terms of the subcontracting, would you be doing the sub-contracting for this particular project and what kind of margin buffer, you would have built in this project because when we compare it with the other T&D companies, lot of people are struggling as far as margins are concerned and as far as steel and commodity prices are concerned, so out here how much of margin buffer has the company built in, so that the equation does not get skewed too much towards lower margins? And what are the timelines for this project? So, basically can you give overall details for this project, it will be great sir.

Ajendra Agarwal: See, this project that is there is an open project in our company. And as far as sub-contracting is concerned then it will be at mix level, some portion of it will be subcontracted and some of it will be done in house. We are building our teams for this, lot of teams have already been formed and are working on team strengthening and as far as margins are concerned, then in this project the margins will be a little tight because, the project is also small and the company's first project of its kind, so a portion of this cost goes towards learning cost also, so on those lines the margins will be a little less but we will try and complete it within the 18 months' time period.

Teena Virmani: Okay, so has the work already started on this sir?

Ajendra Agarwal: Yes, we have signed today only, the SPV is made by government in T&D and then hand it over to us and the same was handed to us today.

Teena Virmani: Okay but will the margins be similar to what other T&D companies are making right now or maybe little more than that, have we built in some buffer there for the higher commodity prices because this project was recently awarded and at that point of time commodity prices were already higher, so in accordance to that have we built in buffer or the competition was higher in this particular project?

Ajendra Agarwal: Buffer is there, Madam. But then point is, so while we started bidding into T&D business, we have evaluated what types of margins we can expect going forward, this was the initial project, so we have to build the qualification also, so the margin is not major criteria for winning first



project. Now, what peers and other players are getting margins that is something different because unless and until we enter into the same business, probably we will not be guided by what other players are having that kind of margin in their hands probably while executing those projects because that is even visible into road sector also because in road sector, we were having margins at a different level and now also have it, so unless and until we are exactly executing into those projects and unless and until you are on ground, probably you are not able to and I mean we should not be guided by that margin what other players is getting margin wise, so our strategy is to execute first project and have a feel what kind of margin is available to us, or what kind of margin can be made and going forward then accordingly we will be bidding, if we feel that a reasonable margin is not available there, probably we will come out of that business also.

Teena Virmani: And sir one data point is needed, what will be your mix of revenues in between EPC and HAM for FY22 if you have it available handy?

Ajendra Agarwal: Yes, more than 75% is EPC and 20-25% is HAM.

Teena Virmani: For the full year?

Ajendra Agarwal: For the full year.

Teena Virmani: And this would be higher on the HAM side during quarter?

Ajendra Agarwal: No, this is in the same range for quarter 4, it is again 75% is EPC and 25% is HAM. Or 73% is EPC.

Teena Virmani: Okay but this will change more in the favor of HAM, now that you already have..

Ajendra Agarwal: My pending orderbook is 77% of 76% is HAM.

Teena Virmani: Right. Got it. That is it from my side. Thank you.

Moderator: Thank you. Our next question is from the line of Jiten Rushi with Axis Capital. Please go ahead.

Jiten Rushi: Sir my first question is on the revenue contribution from the HAM projects, so we have received the appointed date for HAM projects in Q4, so what kind of revenue contribution can you expect on these projects in FY23?

Ajendra Agarwal: See, generally the projects we started in last quarter right and the projects were supposed to be completed in 2.5 years, so on fair basis probably my revenue should be in the range of 40% from those projects in the current year.

Jiten Rushi: And sir on the Aligarh Kanpur project, so this project should get over in FY23, are we targeting the completion in FY23?

Ajendra Agarwal: Yes, very much.



- Jiten Rushi:** And sir if at all we are able to get appointed date for the new HAM projects in queue end of December, what kind of revenue we can expect from these projects, it would be camping FY23 and then obviously in FY24 as I said we can see 45% + execution and probably in FY23 what can be the contribution from these projects?
- Ajendra Agarwal:** Depending on how we are getting the appointed date declared, right? It may be in the range of 10% I would say.
- Jiten Rushi:** And sir when can we start this power transmission project? I am assuming it is a Rs. 400 crore EPC, if the order backlog in the EPC is Rs. 400 crore from this project?
- Ajendra Agarwal:** Yes, it is not Rs. 400 crore, it is around Rs. 350-370 crore, right? That is the EPC value and today only we have signed the agreement with the government. So, it is handed over to us, henceforth it is already, so from today itself it has started.
- Jiten Rushi:** 18 months from today?
- Ajendra Agarwal:** Right.
- Jiten Rushi:** And sir can you give the retention money number for March?
- Ajendra Agarwal:** Retention money number I am not having handy right now.
- Jiten Rushi:** And sir on the metro the Noida project, you said that we can start the work in next couple of months, right sir?
- Ajendra Agarwal:** Yes.
- Jiten Rushi:** And sir just last question from my side on the EBITDA margin front, as you said your ___49:26 EBITDA margin could be in the range of 16-17%, sir you have finished many projects in Q3 and Q4, so any bonus we are expecting from these projects in the coming quarters? Any rough number?
- Ajendra Agarwal:** Number, see there is not, the reason being bonus as and when received is accounted by us, right? And we do not even target, so yes of course that is for sure that we will be receiving the bonus in next 1 or 2 quarters, probably both from EPC and even from HAM but yes as per our deal the number is irrelevant that should not be my target.
- Jiten Rushi:** And sir on the as you said you are diversifying your segments, so we can see some margin dilution from these segments going forward, so are we expected to maintain similar margin for FY24 or we can see a margin dilution to 15% or something like that in FY24, on a blended basis?
- Ajendra Agarwal:** It is very difficult to say about '24, but yes of course as you will be diversifying, our strategy is to start, to have a slow start, so that it should not be that much margin, effect would not be that much in terms of margin. But idea is to complete the project, build the qualification, right? And

what I believe is going forward and in last 1-1.5 years we have seen huge amount of competition which I believe beyond with that going forward in next 1- or 2-years' time and if there is no competition, probably whatever projects or whichever sector we will be diversifying we will not be, I mean we can always assess some kind of margin, so that depends actually, it is very difficult to project the margin for FY24, right now.

Moderator: Thank you. Our next question is from the line of Shravan Shah with Dolat Capital. Please go ahead.

Shravan Shah: Sir just a clarification needed, this Power T&D project of Rs. 370 crore EPC value you said, and you also mentioned that once we get experience then we will see, if we get good margins, so is it fair to assume that till next 18 months we will not bid the power T&D projects?

Ajendra Agarwal: No, it is not like that. Because see as of now whatever teams so far, we have built and whatever activity we have done, we have got good amount of experience, right? What kind of cost? See before bidding into this particular project we were just having the estimate of our cost, that these would be the percent, now what we can see is that those cost numbers are getting crystalize. So, my point is the one thing left is only execution, so that may also affect my margins but then the idea is to that we are getting comfort, as we are progressing in this particular, we are getting comfort, so now probably we would have setup our mind in terms of what kind of margins we should expect from this kind of business and going forward, so we would be continuing our bidding and let us say if we found that there is not that kind of margin what we have probably setup in our mind and we are not getting that kind of margin, probably we will come out of that business, otherwise we will be bidding.

Shravan Shah: See it is like until you do one project for a year of 6 months, you will not know margin, so simple question is in next 6 months are we likely to bid if more projects we take let us say of Rs. 1000-2000 crore and then we come to know that there are no margins in them and then we plan to exit from all of them, so it would be better to do this project for first 6 months or one year, take experience and then bid for the new projects?

Ajendra Agarwal: No, that is also good but it is too late rather I would say because when I have asked for a quotation from the vendor in this particular business, I was not having any order in my hand right, so no vendor was also serious while giving a quotation, now because I have some order in hand, so vendors are also looking at it seriously, in serious manner right? So, they are giving me a real number I would say, so now I can understand what is the cost, right? And so far, what I have gained is that I can estimate rightly on cost, yes of course there maybe variation on account of execution, so my point is that the variance that has to happen that cannot be so big, maybe 1 or 2% here or there, right? Now, I understood, now I should always use whatever I have learned, right, so far in this power sector, now it is going to help me in bidding, it is going to help me make way.

Shravan Shah: And in this sir our how much equity will be deployed in this project?



- Ajendra Agarwal:** Generally, it is 25% equity contribution, that is being asked by, so you can take it as Rs. 100 crore.
- Shravan Shah:** And then base level sir, on standalone it is approximately Rs. 1100 crore, so that will not increase because you said from monetization, we will not get any money from InvIT in terms of cash inflow, at least not for one or two years, it may be in alter period. You said that when we will increase the debt on InvIT and then we will repay our equity. So, on standalone the debt of Rs. 1100 that is there, will those numbers start increasing now?
- Ajendra Agarwal:** I do not think that those numbers will start increasing because, see going forward, generally, it is because of inflation, debt may increase, then we have CIBIL HAM projects are there, we were able to complete HAM projects without taking any additional debt. Now little inflation is there a little impact will come on the margin, to that extent my debt number can vary but we are very much comfortable while exhibiting any HAM, right? So, I do not have challenges for HAM projects, so more on, I would say, now like there is a small project in this, small confusion also come in from T&D sectors, power transmission. So, a little bit comes in it, in EPC it is not required, so CAPEX is not a big plan, so I do not think there would be any major difference in this debt number.
- Moderator:** Thank you. Our next question is from the line of Rita Tahilramani with Invesco Mutual Fund. Please go ahead.
- Rita Tahilramani:** Hello sir, thank you. Just one question, I have a little confusion. Can you please help me with the equity plus loans till now; how much has been invested and how much is pending?
- Ajendra Agarwal:** So, Rs. 1300 crore is invested so far in HAM projects and nearly Rs. 2100 is additional equity commitment from our side on these projects.
- Rita Tahilramani:** And is this including the new HAM projects, sir?
- Ajendra Agarwal:** Including new HAM, including that transmission, power transmission.
- Rita Tahilramani:** Broadly, you said its schedule will be Rs. 700 crore each year.
- Ajendra Agarwal:** Generally, because this will have to get completed in three years, so maybe in any year it will be Rs. 800 crore, in any other year, it may be Rs. 600 crore, so generally that would be the range.
- Moderator:** Thank you. Our next question is from the line of Teena Virmani with Kotak Securities. Please go ahead.
- Teena Virmani:** Si, thank you for the follow up. I might have missed out on this clarification; there is an increase in other current assets, which we have seen not for FY22 as compared to FY21. So, is there any component of unbuild revenues or higher proportion of unbuild revenues or what is it due to?



Ajendra Agarwal: Yes, so there is higher proportion of unbuild revenues, unbuild revenue is probably around, on account of unbuild revenues probably, my unbuild revenues have increased by around same debt, Rs. 320 crore in the current year. And the reason was that in last financial year, we have been given this opportunity by NHAI, that we could raise the bill by 20th or 22nd of March and we could convert our whatever work done for the month of March until 20th or 22nd of March in the debtors, right? So, you will find that last year debtor was high and in fact, we have received the payment also, so we have to raise the bill on 22nd of March, we could encash those debtors before end of March. This year that facility was not available with us and hence the unbuild revenues have increased.

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 Agarwal: Thank you very much everyone for attending this investment call. The company will keep working in the same way with full efforts and I believe that your trust and support will be with the company. Thank you.

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