



# G R INFRAPROJECTS LIMITED

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

CIN : L45201GJ1995PLC098652

11<sup>th</sup> November 2024

**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 2024.**

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 2024 held on Friday, 08<sup>th</sup> November 2024.

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.

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“G R InfraProjects Limited  
Q2 & H1 FY’25 Earnings Conference Call”  
November 08, 2024



**MANAGEMENT:** **MR. AJENDRA KUMAR AGARWAL**  
**MANAGING DIRECTOR**  
**G R INFRAPROJECTS LIMITED**  
**MR. ANAND RATHI**  
**GROUP CFO**  
**G R INFRAPROJECTS LIMITED**

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



**Moderator:**

Ladies and gentlemen, good day, and welcome to the GR Infra Projects Limited Q2 and H1 FY '25 Earnings Conference Call hosted by HDFC Securities. We have with us today from the management team Mr. Ajendra Kumar Agarwal, Managing Director, G R Infra Projects Limited; and Mr. Anand Rathi, Group CFO, G R Infra Projects Limited.

This conference call may contain forward-looking statements about the company, which are based on the beliefs, opinions and expectations of the company as on date of this call. These statements are not guarantees of future performance and involve risks 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 star then zero 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, Tanmaya. So we'll begin the call with the opening remarks from the management team and followed by the Q&A. Over to you, Ajendraji, please give your opening remarks. Thank you.

**Ajendra Agarwal:**

Thank you, Parikshitji. Good afternoon, ladies and gentlemen. I welcome you all to the Second Quarter Earnings Call of GR Infra Projects Limited for Financial Year '25. First of all, I would like to wish everyone on the call, a belated happy Diwali. We are accompanied by Mr. Anand Rathi, the CFO of the company.

I would like to start by mentioning that the company has a strong track record of delivering the excellent -- it's a company, which is inspired by its purpose, having consistency in strategy, execution, result, delivery and stability of management.

Having effective and transparent governance, focused on quality of projects which is executing projects in a way that the -- that protect people and environment, and with care for employee safety, health and promote diversity and inclusion. I will now take you through the key highlights of the quarter and recent development in the infrastructure sector, followed by question-and-answer session.

On financial highlights of the company during Q2 FY '25, the company has recorded revenue from operation of INR1,128 crores as against of INR1,574 crores during the same period in the previous financial year. The EBITDA margin for the current quarter stood at 10.39%, as against 12.31% during the quarter ended September 30, 2023.

During the quarter, company has transferred one operational HAM asset to Bharat Highways InvIT at the valuation of approximately INR339 crores. During the quarter, the company has repaid the debt of INR32.17 crores, which has resulted into improved debt equity ratio to 0.10, which is one of the best in the sector.



During the quarter, the company has received PCOD for two HAM projects and final COD for one HAM project, and appointed date for 1 project. The company has signed its third power transmission service agreement during this quarter and has commenced the development activity on the same. As of the date, the company has a good mix of 28 project, which is, 6 are operational, 17 are under construction and 5 projects are awaiting appointed dates.

Moving on the update on order book. As on date, order book stood at INR20,680 crores, out of which INR13,303 crores are under execution and INR4,127 crores are awaiting appointed date. Further, it includes 2 projects having L1 status amounting INR3,250 crores, which includes one EPC road project in the state of Maharashtra worth INR2,349 crores, and a power transmission project of INR900 crores approximately. As on date, the company has submitted 19 Highway and Railway projects amounting to INR13,900 crores, which are expected to be opened soon.

Moving on to sector highlights and infrastructure development of India. This year, awarding activity has been a little muted, however, looking at the central government commitment, which is evident from the budgetary allocation towards infrastructure, we expect decent flow of awarding utilities coming in the next few months of the current financial year. The company is targeting order pipeline of -- of INR150,000 crores in various sectors like highways, road, tunnel, metro, PT&D, railways, ropeways, et cetera.

Given our track record of strike rate, we are confident of winning the new order could take us double-digit growth in financial year '26. We continue to work towards creating a positive impact on the climate changes. We target to be a climate positive business based on scope of 1 plus 2 plus 3 emission according to the greenhouse gas protocol.

Our action to reach our ambitions include, decreasing carbon emission and energy consumption. Recycling and reuse of this waste, reducing fresh water consumption, et cetera. We continue to tap on different opportunities amounting from aggressive infra growth plan of the government.

That's all from my side. Over to you, Anand Ji, for update on financial portion to the company. Thank you.

**Anand Rathi:**

Yes. Thank you, sir. And let me take all of you through the financial highlights of the company for the quarter. Our stand-alone revenue from operations decreased by almost 400 -- INR446 crores on Y-o-Y basis from INR1,574 crores in Q2 of financial year 2024 to INR1,128 crores in Q2 of the current financial year. This decrease was on account of decrease in execution, primarily caused by heavy rainfall and lesser executable order books.

As a result of this, our consolidated revenue from operations too decreased by INR488 crores on Y-o-Y basis from INR1,883 crores in Q2 of FY '24 to INR1,394 crores in Q2 of the current financial year. Our stand-alone gross margin has improved actually to 26% almost in quarter ended September 2024 from 24.33% in the same quarter last year.

Our stand-alone EBITDA margin is reduced to 10.39% in the quarter ended September 2024 from 12.31% in the same quarter last year. Our EBITDA margin at the group level has increased to 25.32% in quarter ended September '24 from 24.81% in quarter ended September 2023.



Just to highlight on exceptional items for the current quarter. Company has sold 100% stake in wholly owned subsidiary, namely GR Aligarh Kanpur Highway private limited to Bharat Highways InvIT for a total consideration of INR339.6 crores. The resultant gain of INR35.6 crores has been disclosed as an exceptional item.

Our PAT margin at a stand-alone level decreased by 6.86% to INR114.82 crores in quarter ended September 2024 as compared to INR123.27 crores in quarter ended September 2023. Our stand-alone net worth stood at INR7,466.75 crores at the end of September 2024, which was INR7,195.72 crores at the end of fiscal 2024. Our net worth at consolidated level is INR7,956 crores at the end of September 2024, which was INR7,602 crores at the end of fiscal 2024.

Our stand-alone revenue borrowing -- sorry, I beg your pardon -- Our stand-alone borrowing at the end of September '24 is INR689 crores, which includes short-term borrowing of INR75 crores with debt-to-equity of 0.10x. Our consolidated borrowing at the end of September '24 is INR4,301 crores with debt-to-equity of 0.55x.

During the quarter, company has made addition of fixed asset amounting is INR26.79 crores. Net block of property, plant and equipment, which includes CWIP as INR1,826 crores at the end of current quarter. Investment in our subsidiary company in form of loans and equity is INR1,895 crores at the end of September '24. Balance promoter contribution required to be made for our under construction operation HAM projects are approximately INR2,000 crores, of which we are expecting contribution of around INR350 crores to INR400 crores in H2 of financial year 2025.

Our working capital at the end of current quarter has increased by 41 days and it stood at 153 days. This increase primarily on account of increase in SPV debtors. Our trade receivable at the stand-alone basis are INR2,200 crores, including SPV debtor of INR2,000 crores approximately at the end of September 2024. Our Trade receivable at the consolidated level are INR217 crores at the end of September 2024.

Our unbilled revenue at the stand-alone, which is INR527 crores at the end of current quarter. Our unbilled revenue at consolidated level is INR130 crores at the end of September 2024. Our inventories are at INR625 crores at the end of current quarter as compared to INR768 crores at the end of fiscal 2024.

I sincerely thank all our stakeholders, including employees, business partners, vendors, bankers and auditors, who have been supporting the company throughout in its transformation journey. On behalf of G R Infra Projects Limited, I thank everyone for attending this Earnings call. Thank you again.

Over to you Parikshit for Q&A, please. May I request to open the session for the question answer?

**Moderator:**

The first question is from the line of Shравan Shah from Dolat Capital.



**Shravan Shah:** Sir, now just to recheck in terms of the guidance. So obviously, in 1H the revenue is 19-odd percent down for full year, previously, we said that we are looking at minus 5% to plus 5%. So now what's the revised downward guidance and even for FY '26? So what the number one can look at?

**Anand Rathi:** Shravan, for current financial year, what we are expecting that may not be -- we may not be growing, but I believe that we'll be -- because 5% to 10%, the degrowth may be possible for the current financial right. And for '26 financial year, I believe that once we are having various projects in our in our fold, probably we'll be able to achieve on growth track, we'll be again on the growth track, maybe on double digit again. But that depends on how fast and how quick we can get that project and what kind of composition maybe, EPC and BOT, depending on that, probably we'll be able to get on a back on this growth track.

**Shravan Shah:** So sir, just to get the number right. So in terms of the order inflow, so though so how much we have already received? L1 is how much? And now how much total we are looking at further in the second half?

**Anand Rathi:** So far, including L1, we have received INR5,000 crores in the -- I would say, for the current year, which includes the EPC project of Maharashtra as well, right? And our target for the current year was around INR20,000 crores. And the INR15,000 crores yet to be, we are expecting we'll be able to get in the remaining financial year.

**Shravan Shah:** Okay. Okay. And so this INR15,000 crores would be anything in terms of the road, would be how much? And non-road would be how much? Any broad idea?

**Anand Rathi:** See, other than road we are targeting -- well, out of the INR20,000 crores so far, I mean, we have received INR5,000 crores. It is, I would say, -- so far, we have received a power transmission project, right, which are in the range of around INR1,300 crores, INR1,400 crores. But then balance all our road projects, right?

And for balance INR15,000 crores again, what we are expecting is that 60%, maybe INR9,000 crores, INR10,000 crores would be from road and balance INR5000 crores, INR6000 crores power transmission or other railway projects, or tunneling and all that, that would be the case.

**Shravan Shah:** Okay. And then on the margin front, so obviously, this quarter is one of the lowest multi-year lowest margin. So how one can now look at in terms of the margin?

**Anand Rathi:** The margin -- because we are underutilized, we are not able to utilize our capacity for the simple reason that we're not getting the orders, right? So you see that our gross margin has improved, but we are not able to because of the overhead. Once we are having enough order in our fold, we'll be back on that same margin track. Again, 14%, 15%, which we are expecting from the EPC. But yes, it may take time because unless until we start utilizing our whole capacity, right?

So to that extent, probably in current year, our margin guidance would be same, 12% to 13% for the remaining year -- balance of the year, right? But next year, again, we'll be back on this margin ratio of 14% to 15%.



- Shravan Shah:** Okay. Got it. And the remaining 4 HAM appointed date and for the transmission and when we are likely to get this appointed date and what's the value of this, where the appointed date is pending?
- Anand Rathi:** Our appointed date, we are waiting for appointed date for 5 of the projects. Out of that 5, 4 are HAM projects and 1 is basically multimodal logistics park. The recent one, which we got yesterday only where, again, we are having L1 status, so I'm not talking about L1 status, we are talking about the agreement, the projects where we have already entered into the agreement, right?
- So there are 5 projects. Out of that 5 projects, 3 projects, we are expecting in next 1 or 2 months, the appointed date for those 3 projects. And next, and remaining 2 projects, we are expecting that appointed date would be declared by quarter -- last quarter of the current financial year.
- Shravan Shah:** Okay. Okay. Got it. And the equity breakup for FY '26 and '27, You said INR350 crores to INR400 crores in second half?
- Anand Rathi:** Yes. So for next -- I mean after '25, we would be requiring around INR1,600 crores of the equity contribution, right? It would be -- again, it will be increasing next two and a half year, so maybe INR700 crores every year basis.
- Moderator:** The next question is from the line of Alok Deora from Motilal Oswal.
- Alok Deora:** Sir, just again on the execution side. So this quarter has been extremely low and even if we take a 10% decline for the full year, we are still looking at around the 1,900 kind of average execution for the remaining 2 quarters. So based on the order book which we have, and I believe October also has been pretty heavy monsoon month, so are we confident on this number or we could see some kind of the best case scenario where we end the year with around 10% lower execution?
- Anand Rathi:** We'll always predict the best case scenario only, and we'll try to achieve that scenario, right? As of now, we are having decent executable orders, it's more than INR13,000 crores. And we believe or we are confident, I mean -- and then again, it depends on how that all other formalities are being provided to us or all other approvals are being made available to us. But we are confident we'll be able to achieve that kind of number, maybe 10% decline.
- Alok Deora:** And sir, if we get this appointed dates, like in the next 2 months and end of the year, which you just mentioned, so what kind of growth rate you're looking at for FY '26?
- Anand Rathi:** We'll try if we are getting more EPC projects, we certainly will be able to get more than 10% of growth rate for the next financial year, that means FY '26. But we certainly would be on growth track, right.
- Alok Deora:** Got it. And just one last question. The working capital has gone up in the quarter, so how do we see that shaping up ahead?
- Anand Rathi:** The working capital, if you exclude our SPV debtors, then it actually has gone down because we are not having enough deployment means, maybe you'll not be able to deploy whatever. So



the idea is to basically not to grow the debt at SPV level and keep the liquidity at holdco level, right? And hence, we are -- this is how -- I mean, we have planned, basically just to reduce our interest cost at SPV level also, right. And hence, that working capital has down. Otherwise, if you exclude the SPV number, then our working capital has improved significantly.

**Moderator:** The next question is from the line of Sarvesh Gupta from Maximal Capital.

**Sarvesh Gupta:** Good afternoon, sir. So this quarter, the execution has been very low for us. So I mean I understand rains and all, but any specific reasons because you still had a decent executable order book in the beginning of this quarter. But still, the execution got very delayed. So was it related to any of the particular geographies where we were doing some work?

**Anand Rathi:** No. So yes, one state where Punjab, we have already mentioned in the previous call also, where we are finding the -- industry is finding difficult to get the project on execution mode. That is one aspect. But largely because of we were not having enough executable orders before the start of this quarter, right.

Even at the beginning of this financial year. And I would say, last -- in last 3, 4 months, we have got the appointed date for next 3 or 4 HAM projects. So point is we have got the appointed date, but again in the monsoon months. So then we could not get the progress over those projects.

But it's largely because of -- see, rainfall is one issue because Q2 is always -- always because of high monsoon, that execution is low. But because of -- and this particular year, we are largely running short of our executable orders. That's why we are very much down in terms of our revenue.

**Sarvesh Gupta:** Okay. And on the NHA ordering front, any updates because that also has been very slow till now? So how do you see that shaping up for the sector as well as for you in the remaining part of this financial year?

**Anand Rathi:** We are quite bullish. I mean, what we -- there is a pipeline, though there is a good pipeline maybe of INR131,000 crores, which is again coming from highway sector only. So the pipeline is visible. But so far, for the current financial year, the government has not been -- maybe for different reason, this particular sector might not be having proper focus of the government. And I believe that once the elections are over in Maharashtra and other Jharkhand state, probably that government again would be focusing on highway development and we'll be getting more and more orders for the 10th financial year.

**Sarvesh Gupta:** Okay. And this Maharashtra MSRDC order, what is the update on that? And given that elections are there with a possibility of a regime change, how do you see that? Is it like something like confirmed for us? Or can it go into some sort of a loop?

**Anand Rathi:** This is some -- I may not be able to comment. This is the prerogative of the authority. But yes, out of the 2 projects, we have already signed 1 agreement, right? And 1 is the one where we have been declared L1 so far, we are waiting for LOA or -- and because of that Maharashtra





state is under election, probably we have to wait for -- until that results are out, right? And because of this code of conduct, right now, they will not be issuing, I believe so.

**Sarvesh Gupta:** Understood. And then Bharat InvIT deal, sir, what kind of price to book? Is it closer to 1.1 that we had sold this to?

**Anand Rathi:** Yes. It's, I would say, INR339 crores against we have got -- so our book value was around INR300 crores, including debt, right? And that includes that interest also, which we are accruing on a year-on-year basis, right? So on the date of deal, it was almost 1.1.

**Sarvesh Gupta:** That was the multiple on the invested equity that you got?

**Anand Rathi:** No, no, no. That was not multiple. See, we invested -- my original investment equity would have been like INR250 crores, INR240 crores, I don't remember exactly. But including interest, which we are accruing on the -- loan part, which we have been extending to our SPV, right? So on original equity, I would say it would be more than 1.5.

**Moderator:** The next question is from the line of Vaibhav Shah from JM Financial Limited.

**Vaibhav Shah:** Sir, if we consider a 10% decline for FY '25, so revenue would be around INR7,000 crores. So over this lower base, don't we feel that our 10% growth is very minimal. So we'll go back to only '24 number, at around INR7,800 crores for '26, given the stronger order book we have?

**Anand Rathi:** No, no, no. So growth point is, again, growth would be subject to what kind of order we'll be getting for the current -- I mean, remaining -- during the remaining financial year, right? So that's why I'm saying we may get back on that growth track, maybe of 20% or 15% or even in the range of 10%, depending on the order composition, which we'll be getting over the period of next 6 months.

**Vaibhav Shah:** Okay. Sir, so our total order book as of September should be around INR19,600 crores, right?

**Anand Rathi:** INR19,600 crores plus L1 of power transmission would be more than INR20,000 crores, which we got yesterday.

**Vaibhav Shah:** Okay. So out of this INR19,600 crores, what is the value of order which is already under execution right now? Will it be closer to INR10,000 crores?

**Anand Rathi:** INR13,000 crores.

**Vaibhav Shah:** INR13,000 crores. Okay. And sir, secondly, we saw a higher other income in the first half. So what is our expected distribution -- total distribution from InvIT for the entire year?

**Anand Rathi:** What I believe is that we'll be getting in the range of 11%, 11.5% of the distribution from the InvIT, right? And my total investment is in the range of INR2,000 crores. So our total income from InvIT would be in the range of INR200 crores to INR225 crores.

**Vaibhav Shah:** This includes only dividend, right? Interest income is over and above.



- Anand Rathi:** Dividend plus interest.
- Vaibhav Shah:** Okay. So what was the amount in first half, dividend plus interest total?
- Anand Rathi:** First half was around INR134 crores, INR135 crores, something like this.
- Vaibhav Shah:** So in second half, we expect somewhere around INR90 crores to INR100-odd crores.
- Anand Rathi:** Yes.
- Moderator:** The next question is from the line of Dhiraj Kriplani from Avendus Spark.
- Dhiraj Kriplani:** I just have one question that what amount of capex we can expect in the coming quarters or the coming years?
- Anand Rathi:** Capex, we don't see a big amount. Maybe -- I mean, for the year, we are targeting not more than -- so far, we have done capex of around INR50 crores in H1 we have done. And in H2 also, we don't expect that more than INR50 crores of capex we'll be doing. And which includes actually that office building, which we are constructing in the Gurugram, right?
- Moderator:** The next question is from the line of Parvez Qazi from Nuvama Group.
- Parvez Qazi:** Sir, what would be the EPC value of the orders for the 2 power transmission projects that we have won this year?
- Anand Rathi:** That would be in the range of put together -- both projects put together would be in the range of INR1,100 crores to INR1,200 crores.
- Moderator:** The next question is from the line of Veenit Pasad from Investec.
- Veenit Pasad:** What is the risk to our Maharashtra government orders, if there is a change in government? Is there a case that the orders which have been placed and L1 orders, those can be cancelled or there will be change of work or could go for rebidding, et cetera?
- Ajendra Agarwal:** If we see it traditionally, in India these kind of instances don't occur. Government change, but these government projects continue. We are positive the project will go on. The government work as per process, its not agenda of particular person or agenda to close these things. These are projects with the government change, there are some minor things.
- Veenit Pasad:** Understood. And the second question is now NHAI ordering has remained muted for almost 1.5, 2 years now. What it is -- why is it taking so long for NHAI ordering to come back, particularly given ordering pipeline, at least for NHAI has always remained strong over the last 1.5, 2 years?
- Ajendra Agarwal:** If we look at it, the government has come into election mode. Then the Bharat Mala scheme was changed. Now, there is a lot of change as well. I mean, there is a change in the policy implementation of the government at the ground level. There is a change in the issues of land availability of the government. There is a change in that as well. The government is working on it. And then the biggest change is the transfer of the government's scheme from HEM to BOT.

Now, there is not much force on HEM and BOT is not ready. The discussion with the lenders and bankers of BOT is finally happening because of that, there is a delay. But there is pressure on the government. In the second half, we expect that the order outflow should increase.

**Veenit Pasad:** Understood. And is there any case of shifting focus for central government or NHAI away from road and focusing more on sectors like renewables or railway, etcetera?

**Ajendra Agarwal:** This comes under the budget. I can't explain what is going on in their minds. But looking at the allocation of the budget, we can understand how the government is thought-processing. So, it is not that the government is deprioritizing the highway and focusing on solar or something else. Everyone has their own priorities and focus.

**Veenit Pasad:** Understood. And sir, the last question is on Building segment. We had alluded to looking at building and factories as a segment and trying to build up team around it. Can you just highlight what's the progress on that side? Have we started bidding for it? Or is it still under building phase?

**Anand Rathi:** So this is -- Veenit Ji, this is still under evaluation. I mean, because we have diversified into -- in last, I would say, 1 year or maybe in 2 years, we have diversified into different, different sectors. So we are taking time actually because we have built a team in tunneling sector. We have built team in ropeway, power transmission, right. So it is taking time. But yes, we are working on it.

**Moderator:** The next question is from the line of from of Veenit Pasad from Investec.

**Veenit Pasad:** Sir, just one clarification. You just mentioned that we have also built a team for tunneling. So will that -- will we be only looking at road tunneling-related projects or we are also qualified to take up underground metro sort of projects or we can have some JV out there and bid for underground metro projects as well?

**Ajendra Agarwal:** We are interested in any type of tunneling business. But we are also interested in the metro tunnels that you are talking about. But we are not interested in the TBM machines.

**Moderator:** The next question is from the line of Parikshit Kandpal from HDFC Securities.

**Parikshit Kandpal:** Sir, you earlier spoke about the ESG and sustainability theme, and we also see that you are bidding for the transmission projects now taking larger projects. So first question was that how much will be the equity contribution beyond the road portfolio, which you need to invest for developing the transmission assets?

And within the entire transmission ecosystem on the renewable side, so how do you see yourself getting aligned more towards battery storage, solar and other themes? So how do you think you can contribute or participate in that growth story?

**Anand Rathi:** Parikshit, we are trying to build our this sector, right? And we started with slow pace, and gradually, we are moving and we are targeting even bigger projects, right? So in current year, we are targeting around INR2,000 crores of the transmission EPC order book. And in



transmission, generally, we have been targeting through BOT, I mean, we have entered through BOT mode. This is -- I mean, BOT mode means where we have to invest our equity as well.

So maybe I would say, for next 2 to 3 years, we'll be targeting around assuming that we'll be putting -- what I would say is around INR8,000 crores to INR10,000 crores of transmission EPC we would like to execute in the next 3 years of time, right? And there, we are expecting to infuse equity in -- to the tune of INR3,000 crores in next 3 years' time.

That is our -- basically what I would say is that the estimate which we are having in our mind, right? And when you talk about other renewable, other power sector, we are working on it. First, we want to establish ourselves into transmission sector, then certainly, we'll be exploring other renewable sectors, other power sectors, right? And we'll be doing much more into power sectors going forward, yes.

**Parikshit Kandpal:** This -- you said, in the roads alone, you have almost INR2,000 crores pending to be invested. So beyond that, you are planning to invest another INR3,000 crores in transmission route assets over the next 3 years. So total outgo in the next 3 years will be about INR5,000 crores on the equity investments?

**Anand Rathi:** Yes, we can assume. So it's not only into road sector, which includes power sector also, right? In transmission, when we are saying, INR2,000 crores is pending for equity infusion in the next 2.5 years, which includes transmission project as well, whatever we -- so far we are having, right, in our order book.

So yes, you can say in the range of INR4,000 crores, INR4,500 crores, which is to be infused in, and when you are saying -- so this includes that the future transmission projects. We'll be getting more, I would say, road projects as well where we have to infuse more equity as well. So overall equity infusion for next years would be more than INR5,000 crores, certainly.

**Parikshit Kandpal:** And when I look at the -- so this is on the transmission side where you seem to be betting big now. And beyond that, you have BOT toll assets. So now what's your view on bidding on the BOT toll, which would be coming up for the second half? So out INR9,000 crores, INR10,000 crores of order inflows you're expecting from roads, how do you think you will visualize HAM coming in and BOT toll coming in? So what's your appetite there?

**Anand Rathi:** What we are expecting for the current financial year is that maybe in the range of INR5,000 crores to INR7,000 crores of BOT we will be having in our order book by the end of this year and balance would be from HAM or other EPC.

**Parikshit Kandpal:** So this will INR5,000 crores to INR7,000 crores at 30% also will mean about INR2,000 crores. That means over the next 3, 4 years, we'll be investing close to about INR7,000 crores in equity?

**Anand Rathi:** See, when we are saying that INR10,000 crores of the power sector, which will be eventually executed in 5 years, right? Next 3 years, would be eventually executed in the next 5 years, right? So we have to take 5 years of horizon, how we'll be planning our equity infusion and all that, right?



And we'll be getting another INR10,000 crores, INR15,000 crores of the BOT projects depending on how -- what kind of competitive intensity over there, right? So yes, I mean, on additional INR10,000 crores to INR15,000 crores equity for the BOT projects, we need another 30% kind of equity infusion for the next 3 to 5 years, right?

So you can say INR5,000 crores additional as a road project, for road project itself, right? So in next -- I would say, for 5 years, we can expect INR10,000 crores of equity investment, for the next 5 years.

**Parikshit Kandpal:**

So how will you fund it? Because I understand that you have a Bharat Highways InvIT where you can monetize and recycle equity and some of your HAMs will move there and you will get unlocking. So what kind of unlocking of equity or recycling of InvIT, while you're investing INR10,000 crores over the next 4, 5 years, how much do you think you will recoup from your recycling of HAM equity?

And beyond that, are you -- any thoughts on how you would derisk your -- the portfolio on the transmission side? I mean, are you looking to have some platform or like you have for Bharat Highways? So how are you thinking on those lines so that you get more share of EPC than rather investing too much of equity?

**Anand Rathi:**

See, I mean, that we have proven in past as well while we have created that monetization platform in form of InvIT for road, right. So as of now, we are having enough liquidity in our balance sheet, maybe INR2,000 crores -- more than INR2,000 crores in form of the investment in form of the InvIT units, right?

And then as I told in my opening remarks as well, where my SPV debtors are more than INR2,000 crores, right, which can immediately be realized in cash. And whatever HAM projects we are building, right? And over the period of next 2 years, we'll be building that again can be monetized. So far, we have invested into existing HAM in the range of INR1,800 crores. That can also be realized over the period of next 2 years or next 3 years.

So I would say in next 3 years of time, I'll be having INR6,000 crores of cash available with me right now, right? So I don't think even if, let's say, if we are planning for INR10,000 crores of equity investment in the next 5 years, that would be a challenge for us.

Of course, we'll be -- and we are exploring for transmission as well, the platform where we can create a platform which can actually eventually help us in monetizing the transmission assets so far, which we are building, right? As on date, we are having 4 transmission BOT projects in our fold. Going forward, we are targeting more and more transmission projects. So we are expecting that, and we are confident we'll be able to come out with a monetization platform for transmission asset as well.

**Parikshit Kandpal:**

The 4 transmission assets, what will be the total equity investment? I know you have included it in your INR2,000 crores of outgo. So what will be -- but if I have to just ask on these 4 assets, how much is the total equity outlay?



- Anand Rathi:** So 4 includes the latest one, which we got yesterday where equity investment is around INR200 crores, so far, which is not included into the INR2,000 crores, right? But otherwise, total equity investment, proposed equity investment, total -- I mean, total put together, all 4, is around INR600 crores.
- Parikshit Kandpal:** Out of INR600 crores, what is invested and -- what is already invested now?
- Anand Rathi:** What is already invested? So INR400 crores is what we have already accounted for, right, which is -- actually investment is in the range of INR150 crores, INR160 crores.
- Parikshit Kandpal:** So INR150 crores, so balance about INR450 crores is pending to be invested.
- Anand Rathi:** Yes.
- Moderator:** The next question is from the line of Sarvesh Gupta from Maximal Capital.
- Sarvesh Gupta:** Sir, recently, one of the players got banned by NHAI for almost a year. So how do you see this sort of a development happening in the sector wherein this poses a risk for all the major players, and how do you see this sort of a development affecting us?
- Anand Rathi:** This is unfortunate, I would say. But yes, risk remains. You have to be transparent and while dealing with everybody in the sector, right? So I think it's a case between these 2 parties. I may not be able to comment on this more than this because I'm not a privy of what information or -- I mean, I'm not privy of the information, which probably I should have before commenting on this, right? But this is unfortunate, I would say.
- Sarvesh Gupta:** Okay. But does it increase the opportunities for the -- for players like us because there would be slightly less competition?
- Anand Rathi:** If someone is banned out of 10, if 1 or 2 is banned, let's say, then certainly the opportunity increases for the remaining 7, 8 who are there, right? And that to go without doubt.
- Sarvesh Gupta:** Okay. And sir, I think you have done some MOU with IndiGrid also regarding the transmission assets. So is that the platform that you are alluding to while talking about the downloading of the transmission assets from the company to release the equity?
- Anand Rathi:** Yes. We entered into an MOU with IndiGrid maybe 2 years back, right, when we started our transmission journey, right? But over the period for last -- during last 2 years, what we have realized that probably we'll be able to build -- I mean, we have enough, I would say, asset into our fold, then certainly, we'll be exploring more such kind of opportunities, maybe we'll be entering into JV with some investors or some other sort of monetization platform, which can be -- which would be eventually helping us basically in monetizing those transmission or whatever transmission that we'll be building, right?
- And actually help -- it would certainly be helping us basically in sustaining our transmission business, right, because it requires equity infusion to a large extent. So we are exploring, and we are confident we'll be able to deliver this platform as well.



- Sarvesh Gupta:** And the margins in the transmission EPC business, are they similar or different than the road?
- Anand Rathi:** Transmission, I would say, largely similar, plus/minus, I would say, 1% or 2%, but largely, they are similar.
- Moderator:** The next question is from the line of Vaibhav Shah from JM Financial Limited.
- Vaibhav Shah:** Sir, what was the equity invested in first half?
- Anand Rathi:** It is around INR300 crores.
- Vaibhav Shah:** So last call, you had mentioned that incrementally, we were supposed to put around INR2,100 crores. So how does it tidy up? So INR2,000 crores is till September and INR200 crores will add up for the power T&D project, so incrementally, we have INR2,200 crores, right?
- Anand Rathi:** INR2,200 crores last time we call, we told around INR2,000 crores, right? INR2,100 crores, right?
- Vaibhav Shah:** Yes, yes.
- Anand Rathi:** So we have infused so far INR290-odd crores, I think INR300 crores maybe. So what you are saying is, because we have got one more transmission project where we have to put in INR150 crores of equity, right, in the current financial year, right? And the last one, so far, we have not added. So as of now, we are having INR2,000 crores of the equity contribution, which is pending, right?
- Vaibhav Shah:** Including T&D including yesterday's project, it would be INR2,200 crores, right?
- Anand Rathi:** INR2,200 crores.
- Vaibhav Shah:** Okay. So this year, first half, it's INR300 crores we have invested and second half, we are expecting another INR400 crores. So it would be INR700 crores for FY '25 as well?
- Anand Rathi:** INR700 crores for FY '25, yes.
- Vaibhav Shah:** And should be similar for next 2 years as well?
- Anand Rathi:** Yes, yes, next year too, right.
- Vaibhav Shah:** Okay. And sir, secondly, on the non-highway side, apart from highways and T&D, what kind of margins do we target while bidding for those projects in railway or say, tunneling?
- Anand Rathi:** See, for EPC, if you talk about tunneling or railway, we are expecting same kind of margin in the range of 14%, right, 13%, 14%, 15%, whatever you may say. But then depending on the competitive intensity, right now, we are not getting those projects at these kind of margin, right?
- So what we are trying right now is to basically keep at least, I mean, minimum margin -- threshold margin of 12% and to get -- basically -- and to diversify ourselves into different sector



as well, right? So we'll be able to -- if we'll be having that opportunity to get more projects into tunneling or ropeway or power transmission, probably we'll be able to get back to our track of 14% or 15% kind of efficiency.

**Vaibhav Shah:** Okay. Sir, lastly on working capital side. So it went up to 153-odd days in 2Q. So how do you see it coming down by March '25 or it should remain at similar levels?

**Anand Rathi:** See working capital days, excluding my SPV debtors -- out of 153 days, 113 days is actually contributed by my own SPV debtors. So if we exclude SPV debtors, then it is only 40 days. So I think we are at minimum working capital level. I think we are comfortable in this kind of working capital.

**Vaibhav Shah:** So the 150 days number should remain similar as of in March '25 as well? Including SPV debtors?

**Anand Rathi:** If we require more cash to invest into our equity -- the BOT projects, we'll certainly reduce our SPV debtors, and we'll be putting that money into equity investment, right? And certainly, it will help us basically to reduce my working capital from 153 to 100 or 120 or whatever. So point A, what I'm saying is 153 days includes 113 days of my SPV debtors. It can be excluded. It can be realized in cash immediately on day 1, right? So actual working capital is 40 days.

**Moderator:** The next question is from the line of Parikshit Kandpal from HDFC Securities.

**Parikshit Kandpal:** Just one question. So you spoke about INR10,000 crores of transmission projects you're looking to add in the next 5 years or execute. So are you looking to do any backward integration here since either in tower manufacturing or conductors, anything thoughts on that? Even for bidding for third party also.

**Anand Rathi:** That we can bid for third party, we can do it EPC as only also. But that actually, it is under evaluation, right? If we'll be doing backward integration or not or what kind of backward integration can be done, maybe because tower manufacturing, we are having certain fabrication facilities in Gujarat as well as Rajasthan. So it can be extended for tower manufacturing. That has to be seen. So far, this is under evaluation.

**Parikshit Kandpal:** You're open to bid for like plants like Power Grid or other for the EPC part?

**Anand Rathi:** Yes.

**Parikshit Kandpal:** Thank you. I think there are no further questions. So on behalf of HDFC Securities, I would like to thank you for giving us this opportunity to host the call. If you have any further last comments, please make and then we can close it.

**Ajendra Agarwal:** Thank you to all the investor who have supported the company, I am expecting they are going to support us in the future.

**Anand Rathi:** Thank you, Parikshit.





**Moderator:**

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