15th November 2023

To

BSE Limited	**National Stock Exchange of India Limited**
Phiroze Jeejeebhoy Towers	Exchange Plaza, Plot No. C-1
Dalal Street, Fort	G Block, Bandra-Kurla Complex, Bandra(E)
Mumbai – 400001	Mumbai -400051
Scrip Code: 543317	**Symbol: GRINFRA**

Subject: Transcript of an earnings conference call for the quarter ended 30th September 2023.

Dear Sir,

In terms of the Regulation 30 of the Securities and Exchange Board of India (Listing Obligations & Disclosure Requirements) Regulations, 2015, we are enclosing herewith the transcript of an earnings conference call for the quarter ended 30th September 2023 held on Friday, 10th November 2023.

You are requested to take this information on your record.

Thanking you,

Yours sincerely,

For G R Infraprojects Limited

Sudhir Mutha

Sudhir Mutha
Company Secretary
ICSI Membership No. ACS18857

Enclosed: As above.

"G R Infraprojects Limited

Q2 FY '24 Results Conference Call"

November 10, 2023

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

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

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

Moderator: Ladies and gentlemen, good day and welcome to the Q2 FY24 Earnings Conference Call of GR Infraprojects Limited, hosted by HDFC Securities. 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 the date of this call. These statements are not the 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 touch-tone phone. Please note that this conference is being recorded.

We have with us today Mr. Ajendra Kumar Agarwal, Managing Director and Mr. Anand Rathi, Group CFO. I would now like to hand the conference over to Mr. Parikshit Kandpal from HDFC Securities for his opening remarks. Over to you, Mr. Kandpal.

Parikshit Kandpal: Thank you, Michelle. Without any further delay, I would like to hand the call to Mr. Ajendra Kumar Aggarwal for his opening remarks and industry overview, followed by a financial presentation by Mr. Anand Rathi. Thank you and over to you, sir.

Ajendra Agarwal: Thank you, Mr. Parikshit. Good afternoon, ladies and gentlemen. I welcome you all to the second Earnings Call of GR Infraprojects Limited for the financial year 2024.

We are accompanied by Mr. Anand Rathi, the CFO of the company. The presentation for today's call has been uploaded on the stock exchange website and on the website of the company at www.grinfra.com. I will now take you through the key highlights of the quarter and the recent developments in the infrastructure sector, followed by a question and answer session.

I will now begin with providing an insight on the significant operational and financial highlights of the company. In financial year 2024, the company has executed seven HAM concession agreements with the National Highway Authority of India, one concession agreement for the multimodal logistic path project with the National Highway Logistics Management Limited, and one EPC agreement with the East Coast Railway, and one EPC agreement with NHBC Limited. Moreover, concession agreements for two road projects are yet to be executed with the National Highway Authority of India.

The two roadway projects for which the company was declared the lowest bidder during financial year 2023 have been subsequently annulled by the authority. However, I want to inform you all that the RITES Limited on behalf of Sri Mata Vaishno Devi Shrine Board, Katra, has declared your company as the lowest bidder for the prestigious Mata Vaishno Devi roadway projects. As on date, the company has a decent mix of 34 BOT projects, of which 10 are operational, 13 are under construction, and 11 projects are awaiting appointed date.

The company's current strategic emphasis revolves around preserving its existing standing while actively participating in competitive bidding for new HAM and EPC projects and also emulate other sectors. As of 30th September, 2023, the company's order book value stood around INR20,000 crores and the company's executable order book stood around INR11,000 crores and appointed date is yet to be declared by the authority in 11 projects amounting to INR9,000 crores. The majority share in the company's order book is attributed to road and highway development projects.

Moving on to the quarterly financial highlights of the company, on a stand-alone basis, during Q2 FY24, the company has recorded revenue from operations of INR1,573 crores as against INR1,777 crores during the same period in the previous financial year. The EBITDA margin stood at 12.31% against 14.63% during Q1 FY30, 2022. Earlier, Lokesh Builder Pvt. Ltd. was designated as the sponsor and project manager of Bharat Highway InvIT.

However, pursuant to certain amendments in the SEBI InvIT Regulations, Lokesh Builder Pvt. Ltd. decided to discontinue performing the role of sponsor and project manager to the InvIT. Aadharshila Infratech Pvt. Ltd., which is a professionally managed infrastructure company and has already been in the infrastructure space for more than 10 years, was reached out to perform the role of the sponsor and project manager of Bharat Highway InvIT, which Aadharshila agreed to.

We continue to believe that the transfer of seven HAM assets to Bharat Highway InvIT, your company will be able to effectively monetize its operational projects and free up the company's capital for reinvestment in other avenues. At the start of the year, we had provided a guidance of order book addition of approximately INR20,000 crores.

The above estimate was arrived at considering that we had won two projects in the month of April and May 2023 and looking at our strike rate of order book addition over the past couple of years. However, this year has been completely dry from bidding perspective and considering this year is an election year and the Model Code of Conduct may kick in by February-March, we went to be conservative and revise our order book guidance in the range of [INR2,000-10,000 crores], considering that the bidding window will most likely be active during December to mid-February only.

We still believe that spending on the infrastructure sector would continue to grow as the government is committed to elevate the country's position in the global economy, which is also witnessed since the government has asked various infrastructure development to identify new projects on PPP i.e. Public-Private Partnerships, models with main focus on urban development, railways and road development.

The Ministry of Road, Transport and Highways is also preparing a roadmap to immediately execute infrastructure projects worth INR3 lakh crores, aiming to meet the government's project award target for this year. As on date, we are having available bidding pipelines of more than INR1 lakh crores and we see good opportunity to add a different chunk to our order book.

That's all from my side today. Over to you Anandji for updates and financial position of the company. Thank you.

Anand Rathi: Thank you sir. I would like to take you all through the highlights of the financial performance of the company for the quarter. Our standalone revenue from the operation decreased by almost

INR200 crores, a decrease of 11.44%, quarter on quarter from INR1,777 crores in the quarter ended September 2022 to INR1,573 crores in the quarter ended September 2023.

Our standalone revenue from operation for the current half year decreased by almost INR528 crores from INR4,252 crores in half year ended September 2022 to INR3,726 crores in half year ended September 2023. This decrease was primarily because of what we believe is that delay in declaration appointed date of the various projects, of course, disruption monsoon occurring during the quarter as well as administrative hurdles faced during the execution in the state of Punjab where we have got two projects under execution.

Our consolidated revenue from operation also decreased by INR250 crores almost from INR2,136 crores in quarter ended September 2022 to INR1,883 crores in quarter ended September 2023.

Our consolidated revenue from operation for the first half year of the current year has decreased by INR467 crores from INR4,828 crores in half year ended September 2022 to INR4,361 crores in the half year ended September 2023. This decrease is also aligned with the decrease in revenue at standalone level. Our standalone EBITDA margin has decreased to 12.31% in the quarter ended September 2023 from 14.63% quarter ended September 2022. This decrease is primarily due to lesser execution witness in the current quarter.

Our standalone EBITDA margin has decreased to 13.64% in half year ended September 2023 from 17.55% in half year ended September 2022. Majorly due to bonus and claims income which was recognized in the previous half year for the last financial year. It was around INR139 crores which got recognized in last financial year, first half of last financial year.

Our EBITDA margin at group level also decreased to 24.81% in the quarter ended September 2023 from 28.15% in the quarter ended September 2022. As a consequence, our PAT margin at standalone level has also decreased to INR123.27 crores in quarter ended September 2023 as compared to INR164 crores in quarter ended September 2022. PAT margin at standalone level decreased to INR331 crores in half year ended September 2023 as compared to INR485 crores in half year ended September 2022.

PAT margin at console level was INR527 crores in the half year ended September 2023 as against INR741 crores in half year ended September 2022. Our standalone net worth now stood at INR5,548 crores which was INR5,215 crores at the end of fiscal year 2023.

Our net worth on console level is around INR6,794 crores which was INR6,265 crores at the end of fiscal year 2023. Our total standalone borrowing outstanding at the end of September 2023 is INR857 crores which includes the short term borrowing of INR42 crores has come down by almost INR219 crores from the level of INR1075 crores outstanding as of March 2023 with debt to equity ratio of around 0.16 times from 0.21 times at the end of March 2023.

Our total consolidated borrowing outstanding at the end of September 2023 is INR6308 crores with debt to equity of around 0.94 times. During the quarter company has made addition to the fixed asset amounting to INR23 crores. Our net block of property, plant and equipments is INR1,412 crores at the end of current quarter. Investment in our subsidiary companies in form of loans as well as equity is INR2,302 crores at the end of September 2023 which was INR1950 crores at the end of fiscal year 2023.

Balance promoter contribution required to be made for our operational under construction HEM projects is INR2,200 approximately of which we are expecting contribution of around INR300 to INR350 crores in the current financial year. Our working capital in days at the end of current quarter has been stable at 92 days. Our trade receivable at the standalone basis is around INR1,528 crores at the end of September 2023 as compared to INR1,514 crores at the end of June 2023.

Our trade receivable at console level is around INR354 crores at the end of September 2023. Our unbilled revenue at the standalone basis is around INR662 crores at the end of September 2023 as compared to INR736 crores at the end of June 2023. Our unbilled revenue at console level is around INR155 crores at the end of September 2023.

Our inventories are around INR765 crores at the end of September 2023 as compared to INR835 crores at the end of June 2023. Our cash and cash equivalents at the standalone basis is around INR405 crores at the end of September 2023 as compared to INR242 crores at the end of fiscal 2023. Our cash and cash equivalents at console level is around INR876 crores at the end of September 2023 as compared to INR779 crores at the end of fiscal 2023.

Mobilization advance outstanding, mobilization advance from customer, largely from authorities are outstanding at the end of September 2023 is around INR284 crores as compared to INR260 crores at the end of June 2023.

That's all about the financial highlights. I sincerely thank all the stakeholders including employees, business partners, bankers and auditors for their continuous support of the company. Thank you. Thank you very much. Over to you Parikshit.

Moderator: The first question is from the line of Atul Mehra from Motilal Oswal Asset Management Company. Please go ahead.

Atul Mehra: Hi sir, good afternoon and thanks for the opportunity. Sir, if you can kindly update on the InvIT, what is the current status and when are we looking to go ahead with it?

Anand Rathi: So, the limited understanding which we got from the InvIT team is that they are waiting for the approval of SEBI with the, you know, compliance with the current amendments. Right. And maybe in the next 2 to 3 months of time, depending on again, of course, subject to that SEBI's approval and all that, maybe in the next 2 to 3 months, 4 months, that's probably we believe that we will be able to, you know, coming up with this transaction.

Atul Mehra: Right. And I believe in the past there was some NHA approval also which was required. So, that is completed.

Anand Rathi: Yes, Yes. NHA approvals are there in place.

Atul Mehra: Got it. Got it. And so, secondly, in terms of further diversification, can you talk a little bit about what are the other areas that you are looking at, given obviously the base business has seen in terms of weak order inflows in the past. So, can you throw some more light on what is the medium to long term plan and what are the initiatives you all are taking to make sure that your growth in terms of resumes?

Ajendra Agarwal: We are working on business diversification regularly. There is an internal discussion going on and there are many avenues where we can work. And like in power transmission, in Ropeway, we have also done this. But we are working on other EPC business and in the coming time, we will start working on this in a new sector.

Anand Rathi: In fact, there are so many infra sectors, I would say. There are so many sectors in the infra play particularly, where we have been evaluating. And the idea in infra is that if we are entering into this space, I just wanted to have some sort of double confidence in which space we should enter into.

And we are evaluating in that direction only. So, going forward, probably in the next two to three months of time, we will be coming up with a strategy, with a more clear strategy in terms of which sector will be diversifying going forward.

Moderator: The next question is from the line of Mohit Kumar from ICICI Securities. Please go ahead.

Mohit Kumar: Good afternoon, sir. Thanks for the opportunity. My first question is, how do you see the bidding activity, particularly from NHAI? I was under the assumption that the election latest slowdown will not affect the NHAI bidding. Is it right? And the related question is, are you seeing some slowdown in the bidding of the other infra sector segment too?

Ajendra Agarwal: We were also believing that the bidding strategy should not slow down. But in general, if we look at it historically, the bidding is between November and March. And we were assuming that this election area, so it should happen before November. But it could not happen. Because what happens every year in the NHAI pass is that the bidding has to be worked on a lot.

The projects that have to be awarded, the status of land acquisition has to be improved. So in general, in the second half or fourth quarter, the bidding activity is more. But now the challenge is that the fourth quarter will go in the election. So the bidding activity has slowed. And it is having an impact in all sectors. Not just the NHAI, but the bidding activity in every sector has definitely slowed.

Mohit Kumar: So sir, you are expecting that in the second half, there will be no big pick-up. Is it right to say, sir?

Ajendra Agarwal: I think so. The way the position is running now, Now it is just two months.

Anand Rathi: And whatever limited conversations we had with NHAI officials, they are hopeful. But what we believe is that up to January and February, mid of the February, may be. So, for the last three months, we were expecting in October, November, September, October, we were expecting some great bidding and all that. It didn't happen.

But because of the election year, basically, while we are thinking that there will be higher bidding in this particular year, it hasn't happened yet. So it is a very dicey situation. I can't say anything in this.

Mohit Kumar: Understood, sir. My second question is on the revenue guidance. We said that we will grow by 10% this year. Do you think it is difficult now? And the second question is, when do you expect the appointed dates for the 11 projects? Do you expect all the 11 projects to get appointed in the second half? Is that assumption correct?

Anand Rathi: Yes, of course. It seems like that to have that 10% kind of growth on revenue may be difficult for the current year. And for the next year as well because how much work do we get for the next year? But yes, in terms of our revenue growth, what we can expect is that it would be sort of flattish 2% to 5% kind of growth for the current year.

Because this is based on our existing executable orders, order book, right. And in terms of going for the appointed date for the next 11 projects, what we are expecting is that we are expecting around four projects in the month of January itself. And balance most of the projects will be having because maybe six or seven all of them will be having all the appointed dates declared by the month of February and March.

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

Shravan Shah: Thank you, sir. Still, I am coming back to the bidding because that's the key point to understand for us in terms of the growth. So, from INR20,000 crores, now we are saying that we are targeting INR10,000 crores. So, two things. In INR10,000 crores, we are doing HAM, EPC and the other one. What is the probability of INR10,000 crores to be INR5,000 crores?

Anand Rathi: So, basically, we have taken out the probability of INR20,000 crores to be INR10,000 crores. Now, it will be INR5,000 crores for INR10,000 crores or it will be INR15,000 crores for INR10,000 crores or how much will it be? It is very difficult. As of now, what we believe is that this is the situation. Going forward…

Shravan Shah: I said that if there is a pipeline of INR1,00,000 crores and no one has received the order and nobody has got it and everyone wants the order then we need 10% share. If we mentioned INR1,00,000 crores in the opening remarks then we need 10% share. So, that is also a significant share. In that sense, I am asking?

Anand Rathi: No, we have already got work of INR2,000 crores. And the second point was that the position was the same from last year and we got our share. And the pipeline of INR1,00,000 crores which is right now visible means that MORTH is actively working on more-and-more projects, basically, they will be.

So, as of now, that is why we have a conservatively given an estimate in terms of that we will be getting this much of order for the current year. It may be INR10,000 crores, INR12,000 crores or INR8,000 crores. As of now, I can't say how it will be INR5,000 crores. This is an as on date estimate.

Ajendra Agarwal: I think that the situation that NHI and MORTH are actively working on and the way they interact this much share should be there. If we do an average out then this much share and this much projects should come. It will depend on the situation but it seems that this much work should be done.

The authority also doesn't stop working on the projects but historically the first six months to eight months the awarded projects the authority has to do a lot of work on them. If the project is awarded then it is not that after awarding the project all that work is pending on them on which the land acquisition particularly they have to work intensely. It is also in the last months.

Now the challenge is that in the last month, in the month of March, due to the elections the focus of the authority should be less but still the work will be awarded. The target should be achieved.

Shravan Shah: Okay. If we have to take INR8,000 crores more then will it be all HAM or INR2,000 crores, INR3,000 crores EPC and all these are NHAI only or any other sector or MSRDC projects so we are also looking at that?

Ajendra Agarwal: Absolutely. We are completely focused on both HAM and EPC. In EPC the small size projects are less than INR1,000 crores there is a lot of competition but the projects which are more than INR1,000 crores we will be focused on that and MSRDC and the better financially managed state governments we are working regularly with them. Earlier also we worked with UP government but we take state level that they are financially properly managed. And the size should be good. So we will work on that.

Shravan Shah: Okay. And secondly if we are looking at 5% to 10%, 0% to 5% growth so in that also what is the risk? Because in the second half we will have to bring 13.5% growth to achieve 0% growth for this year. So in that also the risk is low? And secondly if we get INR10,000 crores hopefully let's get so this gap will be filled by the next year so how we compensate and the same the revenue growth?

If we see, what is happening till FY '21 everything was good, FY ’22, FY ’23, growth has slowed down haven't we sensed this that we need to diversify into different sectors that it takes time to scale two years, three years so that our growth momentum continues so all things are related so two aspects, one that this revenue 0% or 5% what is the risk, in FY ’25, how to compensate in order inflow?

Ajendra Agarwal: So if you see there were three main reasons. One, it was a prolonged rainy season. Rains were very disturbing this time. In this quarter although, it rains every year but this time it was very disturbing especially in some states. And secondly, there was a lot of disturbance in Punjab.

In Punjab the farmer agitation and new government is not managing the properly because of that our two projects are standstill. The revenue of two projects the gap is because of these two projects. And third, delay in appointed dates of new projects, these are the three major reasons. But in the coming time by getting the appointed date we will achieve this revenue.

Anand Rathi: And the current year, the balance half year’s estimate, when we are giving it is based on the existing executable order book, which we have in today's date. Because the next new project which we are also expecting in the month of January. Even if it is February it does not make much difference. So we feel we will be having this kind of revenue going forward.

Shravan Shah: So for FY '25, if we reduce the order inflow if we reduce the revenue for FY '25 are we able to get a INR30,000 crores order inflow? And the revenue loss can be covered it can go to FY '26, FY '27, to sustain the CAGR, if I have to look at FY '22-'23 and now '24 these three years 5% CAGR is made on revenue is it possible that in FY '25 we can cover the loss?

Ajendra Agarwal: If we say that it will fill up in FY '24-'25, it will not happen. It will happen gradually. And second thing, we are focused on diversification due diligence is going on and we will make our capacity. But when we diversify, it happens gradually. In first year and second year the results will be slow but in the future it will be seen and for this we have to make a base and we are doing it.

Moderator: Thank you sir. We will take the next question from the line of Chirag Singhal from First Water Fund. Please go ahead.

Chirag Singhal: Thank you for the opportunity. Sir, if I look at I got all the points which you mentioned which is the slowdown because of the election year and so far in Q3 you have seen some sort of slowdown in terms of order bidding. But broadly, let's ignore Q3 and let's say, last couple of months. But when I look at the order book to sales for us including the orders for which we are waiting the appointed date, we are sitting on a relatively lower order book to sales of close to 2.3x, 2.4x based on FY '23 revenues.

Now most of the companies, EPC companies have done decent in the last quarter vis a vis a last year, so they have done decent in terms of execution growth, whereas we have reported a decline. And even this lower order book to sales, which is very low when you compare it to your own peers, so are we like getting outbided by our competition when we are placing the orders? Or we are not seeing enough margin lucrative orders? Where was the gap, if we talk about the last few months?

Ajendra Agarwal: The question is about the margins, where the competition is high and because of that. And second with us two projects which were of INR3,600 crores had to be hold due to different reasons. There were some capacity issues and because of that they have taken a rebid.

So this is a big challenge for us in the order book, otherwise the order book is fine. And because of the margin the competition particularly in EPC the project size -- actually what happened in the last year, the project size was less and because of that in that sector the EPC project has a big competition and the share is less than INR1,000 crores.

And now the big projects the big size tickets more than INR1,000 crores, we are focusing on them. And in the coming time, as I said in the call that in the next year the government is increasing the focus and the project size will increase so definitely in the coming time, we will be able to do good work.

Anand Rathi: And just to add the margin is shrinking and that's why we were getting orders in the only second half of the year. And because of that in the last two years, execution is not basically taking up in the first half year. And because of that we are lagging behind in terms of execution.

Chirag Singhal: And you said that zero to 5% revenue growth you are guiding based on the order book we have and what is your guidance on a stand-alone basis? Are we expecting 15% to 16% EBITDA margin for this year?

Anand Rathi: 15% if I say, operation revenue 15% because of the major issue because of project getting delayed in terms of execution and of course we are not having enough orders to execute. It will start from January, so margin I don't think, we should have 15%, 16% but it would be in the range of 13%, 14%.

Chirag Singhal: Okay, and sir what is the size of both the orders in Punjab?

Anand Rathi: Around INR2,000 crores around INR900 crores, INR900 crores.

Chirag Singhal: Total of both the orders?

Anand Rathi: Total, yes, right. Actually what is, we got the appointed in last financial year. Now it was to be picked up and we could not execute as per our plan. So this is also a challenge. And this is also hurting our margins.

Chirag Singhal: And sir, you said it will take two months -three months, so is this for approval or for listing, the timeline of two months- three months?

Ajendra Agarwal: This is for listing. Because approval was already done by SEBI and others but because of certain amendments, which we have already mentioned on the call. We have to comply. So we will comply on that basis, so I think maybe most of the approvals are in place. There I believe, whatever limited understanding which I got while interacting with the InvIT team and all that. So I am saying on that basis maybe by next two months- three months or four months maximum, we will be able to do this.

Chirag Singhal: Understood.

Moderator: We will take the next question from the line of Deepak Krishnan from Kotak Institutional Equities. Please go ahead.

Deepak Krishnan: Sir, maybe just wanted to understand on next year guidance, given that our order book will be flat. We get INR10,000 crores and we are executing INR8,000 crores- INR9,000 crores but then the appointment is there for four projects should all sort of come up so shouldn't that said execution for next year.

Anand Rathi: Execution will be flat. The order book we are expecting it to be flattish.

Deepak Krishnan: Okay. And sir maybe just if I look at the projects which require appointment date is it like many of them, we still not yet got financial closures and all of that delayed. So any reason that anything is getting delayed?

Anand Rathi: The delay in appointment date is there any reason, if you look at 80%, there is only one reason, land acquisition.

Deepak Krishnan: Sure, sir. Okay. Thanks for the opportunity.

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

Jiten Joshi: Thank you for taking my question. Sir, my first question is on multi-modal logistic part and the Arunachala TPC project. So how far have we reached in terms of MLP in terms of agreement, what is your status in terms of execution?

Anand Rathi: The appointed date for MLP will be in January and we are discussing and planning and working on the design. What else did you ask, your voice is not clear and is low.

Jiten Joshi: Are you targeting any anchor investor in the MLP project or any anchor customer before the start of the appointed fixation from Jan?

Management: No. We are not in that sense, we are not scouting very hard in terms of getting investor. So we are trying to have that O&M partner, which we are evaluating. We have got some proposal as well, that is under evaluation and then plan for designing phases is on. That appointed date in the month of January because of again because of that MP election, which is going on right now. So that is the status for MLP. I think next question you ask for Arunachal NHPC, right? For NHPC, we have got appointed date.

Execution is already started only thing is that, certain activity was supposed to be done by existing contractor. They have to make available the land to us. We are waiting for that activity to happen and probably next two months, right now we are into mobilization phase. We are mobilizing the machinery over there. Probably by the month of January, we will be full-fledge working over there.

Jiten Joshi: You will get handover in January?

Management: Right.

Jiten Joshi: And sir, outstanding bid pipeline, what is the targeted bid pipeline in terms of value which you will be doing this year. So the pipeline project, which will open in terms of tenders the consol value segment, target pipeline, like?

Management: Pipeline ones are in the range of INR65000 crores and EPC INR45,000 crores, apart from this, power transmission will also be there, it is in the range of around INR4,500 crores, then ropeways around INR3,000 crores, which we are targeting.

Jiten Joshi: Other any bid, which is pending?

Management: Bid ropeway is open and railway also we are targeting. Right now, I am not having which is bidding the project, which are bidded, pending for opening and all that. So I will give you separately.

Jiten Joshi: Punjab project, I think outstanding order of INR1,200 crores because in your presentation, share from Punjab which is order of INR1,200 crores not INR2,000 crores, am I correct?

Management: Punjab project right, project size is around I would say INR1,600 crores- INR1700 crores, some execution is done but it will not be INR1,200 crores.

Jiten Joshi: Because of INR2,000 crores order backlog break-up, Punjab has 6% share, so INR20,000 crores will be INR1200 crores.

Management: Punjab, let me check. I doubt INR1200 crores will not be there. Punjab INR900 crores each was the project size. Punjab is outstanding around INR1,300 crores.

Jiten Joshi: Okay.

Moderator: We will take the next question from the line of Jasmine Kaur from Fortuna Investment Advisors. Please go ahead.

Jasmine Kaur: Good afternoon, sir. Sir, my question is on the InvIT. Actually while you have been explaining a bit on this call itself but can you tell us little bit more specifically in terms of, why it is getting this much delayed because initially we were expecting that by the end of last year mention that the InvIT would come and then it we were expecting again by June and then your annual report also came in your commentary you said, by September.

So the SEBI approval is pending but sir, any more specifics can we have on -- why this is getting more delayed. That is one. And on the InvIT itself sir I also wanted to understand, if the road shows and your discussion with potential investors have they started and if you can also give us a flavour of how those are going, in terms of the investors who would be coming?

Management: Yes. So I will just take this question on InvIT. So what is happening is, look basically the timeline which GR team has been providing over the last two to three quarter's calls, so everything was envisage on the basis of certain regulatory approvals which is required in terms of authority and the regulator.

So authority NHIA basically envisage that, NOCs for change of control shareholding because of this InvIT the shareholding will be transferred from GR to InvIT. So for that NHIA approval was required, which we thought will come say by Feb-March eventually that finally came in the month of September.

Also in InvIT, what happens InvIT becomes the lender, so you also need change of basically refinancing NOCs also from NHIA, which also took time and it also came somewhere in the September-October because of that what happened, this is a regulatory requirement, so which – what goes envisage at you can go and hit the market with June audited numbers, that became September and now because of the September number, you can do the issue by March.

So everything was basically -- everything had a rub off effect and because of the delays, everything got basically got delayed and basically once one NOC comes in the document with basically some audited numbers then everything got delayed. So it was like sequential activities which was interrelated and because of one activity, everything got delayed.

However, if you see now, basically the September audit has been done. I think the draft offer document is supposed what being expected should be filed within this month itself with September number and what we envisage that because of that, it should happen say by, in the month of January. That is the timeline overall timeline for the InvIT.

And I think one question you were asked on the roadshows. So I think the last time when we were envisaging that, InvIT we should be able to done by September itself, that time we had a detailed tour on the roadshows across the globe including Singapore, Hong Kong and London, of course India was there and we had a decent demand.

But now, since lots of water has flown in between, so we will have to go the market, check the maybe in the investors interest, which again I think we should be start somewhere in say maybe December or Jan.

Jasmine Kaur: Okay. Thank you for that elaborate answer, sir. Another thing, wanted to understand is that, you are a large player and your balance sheet is a very strong balance sheet and after the NBIT comes, there is going to be additional cash flow that on a regular basis that we will see coming in the main company.

Sir, going forward considering the leveraged balance sheet of NHAI and what we are hearing and reading in the newspaper is that, the awards are going to be a little different in terms of more equity contribution by the EPC players going ahead.

Sir, how do you see that opportunity going ahead in the next three years time, where large players -- you should ideally benefit and contribute more in infrastructure building because you have the balance sheet to support large projects, sir. As investors, we are looking up and expecting large players like you to be able to undertake projects and have little bit more equity contribution, where competition would be relatively less. Is this understanding correct, sir, what are your views?

Management: So I think, you yourself asked the question and you yourself gave the answer. So your understanding is quite correct. So look, basically it is a very simple process and I can take a minute to explain to you, what happens is that, basically whenever authority gets a project done, idea is to either monetize it or idea is to just give a HAM, where maybe a concessioner will be paid 40% upfront and 60% over the next 15 years.

Now what is happening is that with the stress balance sheet of NHAI, if you see in the last couple of years maybe last two years, NHAI has not been going in the market and raising the fund on its balance sheet. So what is happening that means that leads to waiting, one is factor which augers well is of course that if you see because of this sell of Fastag, the toll of NHAI has increased, I would say at least 3x-4x

So because of that almost INR40 INR50,000 crores of revenue which NHAI is basically looking in form of toll. So the basically the deficit now that deficit which NHAI has to sort of fill in one is getting taken care by this increase toll second is by this monetization program. So however I can tell you that monetization program whatever say as a sector or maybe as a investor community what was thought, I don't think it is panning out the same way.

However you can see a decent positive development on those sides so of course when authority will keep getting this and all these HAM projects all the EPC projects which is being done that is also add revenue to the authority here. The heart were thought in terms of toll collection. So the balance anyway to take care of the balance authority will have to either basically monetize through InvIT or authority will give all these projects on TOT.

So of course as a developer I can tell you that you can have lots of opportunity to go and take not GIA project maybe other third party projects also putting into the InvIT and of course as a developer whosoever has a decent balance sheet size they can actually can play in this market, because if you see overall the leverage of authority is basically is sort of getting questions.

So authority will have to raise fund at the same time and the developer will have to recycle their capital. So in that case of course there will be lot of perception of course the guy were decent balance sheet they will be benefit. So I think you ask the question and you gave the answer. I just –I could just touch upon your things only if I have given the right answer

Moderator: Thank you. The next question is from the line of Vaibhav Shah from GM Financial Limited. Please go ahead.

Vaibhav Shah: Thank you, sir. So in an opted back law of INR20,000 crores what is the value of NHBC sort of your consider? EPC value.

Management: No, so come again. I didn’t get your question. Come again.

Management: In the existing order book we are talking about INR20,000 crores.

Vaibhav Shah: What is the value of NHBC order we have considered our share?

Management: NHBC order NHBC is INR50,000 crores is 50%.

Vaibhav Shah: So we are considering 50% only as the EPC portion for our share.

Management: Yes.

Vaibhav Shah: So earlier we have indicated that you are thinking of taking a higher portion maybe 70% or 80%.

Management: So basically see that’s particular work would be executed through JV certain work would be done through GR directly. Some of the work would be done by JV. So it's only probably that mode of accounting maybe we will not be able to have directly in our order book but yes in console basis we will be having more share that probably I could say.

Vaibhav Shah: But currently in the backlog it is only INR50,000 crores?

Management: Yes.

Vaibhav Shah: And secondly you are mentioned that 11 projects are awaiting FD about INR9,000 crores. So INR9,000 crores is the EPC value or that is the BPC?

Management: EPC value.

Vaibhav Shah: Okay. Thank you, sir. Those are my questions.

Moderator: Thank you. The next question is from the line of Yash Dantewadia from Dante Equity. Please go ahead

Yash Dantewadia: We have been hearing from larger infra companies about issues with labor availability and wages going up significantly. So I just wanted to touch base upon that and understand how that is panning out for you compared to maybe last year wages revision and laborer availability? And how do you see that whole thing moving forward for the next year or two?

Rajendra Agarwal: This is a normal part of business labor cost is increasing in all sectors not only in infrastructure labor availability and costs are regularly now the mitigation is done by higher mechanization and it keeps on going this is balancing. If we see 10 years back labor component labor cost keeps on increasing and in some escalation there is mitigation and this challenge is in all sectors and in all industries and it is mitigated in the same way how to have higher mechanization.

And availability and facility now see earlier in our cars Mr. Gadkari is doing mandatory in dumpers and trucks. So the cost effect will come. But better facility and better efficiency also increases and it is mitigated in the same way.

Yash Dantewadia: But there is no shortage there is no shortage of laborer. Are you facing a shortage shortage of laborer?

Ajendra Agarwal: It is always there, it depends on us. See in India if there is shortage then there is no labor but in India there is no shortage but there is a timely problem because during harvest there is shortage or during festivals there is shortage or during elections. Because it is mandatory generally labor comes from West Bengal and Odisha so they participate in elections. And then social requirements like marriage there is shortage but we have to manage in a different way.

Yash Dantewadia: My second question is regarding the InvIT again what I understood there is going to be some amount of cash flow every year once the InvIT is done. I just wanted to understand, will we only get units of the InvIT or will there be partial sale resulting in cash inflow, and if inflow is yearly how much is the inflow that we are expecting? Just give me a ballpark number on that?

Management: So I think as of now in the first set of formation transactions where the seven assets are being transferred from GR Infra to Bharat Highways InvIT. All this entire consideration will be paid in form of units. So there is no money which is flowing into GR.

However the next set of assets whatever will be flowing into this InvIT from GR, there will be a cash component which will be paid out from InvIT to GR. So the first seven assets, no cash there will be unit value depending on whatever the final value gets arrived. There will be value which will be as sky in the form of units on the next setup assets which is next financial year onwards.

All the road assets will have a cash component which will be flowing from InvIT to GR. In terms of whatever the cash which is going to come of course, that is a little difficult to comment now because that will be a function of what kind of final yield or IRR gets agreed. And basically, it will be a function of that maybe what exactly will be the number maybe we can just give it to you through a separate mode.

Yash Dantewadia: Fine. I just wanted to understand once we get the units are we going to look to sell a portion of that unit to reduce the console debt?

Management: No. So I think that will not be required because if you see the GR balance sheet company has been maintaining that position that balance sheet is a liquid enough to take care of the proposed equity requirement whatever money has flown right whether in form of OFS happened or IPO happened nothing has flown into the company everything has gone to either selling shareholders or to the promoters.

So I think that position stands as of now there is status quo no change in that. However GR's proportion in InvIT eventually will come down because if you go further InvIT again InvIT keep needing money so InvIT may go again for the fund raise and that time not necessarily GR or the promoters or sponsor group of GR will participate in that. So because of that there will be a natural deletion which will take place

Yash Dantewadia: Thank you for taking my question it was great talking to you have a great day

Moderator: Thank you. Ladies and gentlemen, we will take that as a last question for today. I would now like to invite Mr. Parikshit Kanpal from HDFC Securities for his closing remarks. Over to you Mr. Parikshit Kanpal

Parikshit Kanpal: Thank you Isha. Thank you, GI, Isha, Ajinderji and Bhati sir and wish you all a very happy Diwali any last words if you have sir?

Ajendra Agarwal: Thank you. Thank you to everyone and I expect from all the investors that the confidence that the company has will be the same in future. And I assure that the company will perform in the same way and in new business and new avenues we are doing due diligence. And in the coming time in new business and new avenues we will definitely open new doors. And wish you all a very happy Diwali. Thank you

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