08th August 2024

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 June 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 30th June 2024 held on Monday, 05th August 2024.

You are requested to take this information on your record.

Thanking you,

Yours sincerely,

For G R Infraprojects Limited

Sudhir Mutha
Digitally signed by Sudhir Mutha
Date: 2024.08.08 18:45:57 +05'30'

Sudhir Mutha
Company Secretary
ICSI Membership No. ACS18857

Enclosed: As above.

"G R Infraprojects Limited Q1 FY '25 Earnings Conference Call"

August 05, 2024

MANAGEMENT:	**MR. AJENDRA KUMAR AGARWAL** **MANAGING DIRECTOR** **G R INFRAPROJECTS LIMITED**
	MR. ANAND RATHI **GROUP CFO** **G R INFRAPROJECTS LIMITED**
MODERATOR:	**MR. PARIKSHIT P. KANDPAL – HDFC SECURITIES**

Moderator: Ladies and gentlemen, good day, and welcome to the G R Infraprojects Limited Q1 FY '25 Earnings Conference Call, hosted by HDFC Securities.

This Conference Call may contain forward-looking statements about the Company, which are based on the belief, 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 participants in line will be in the listen-only mode. And there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing "*" then "0" on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Parikshit P. Kandpal. Thank you and over to you, sir.

Parikshit Kandpal: Thank you, Deepika. Good afternoon, everyone. Today, we have on this call Mr. Ajendra Kumar Agarwal – the Managing Director of G R Infraprojects. We also have Mr. Anand Rathi, who is the Group CFO of the Company.

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

Ajendra Kumar Agarwal: Thank you, Parikshit ji. Ladies and gentlemen, a very good afternoon. Welcome to conference call to discuss the operational and financial performance of G R Infraprojects Limited for the first quarter of financial year 2025. Joining me is our CFO, Mr. Anand Rathi.

I will now take you through the key highlights of the Quarter and development in the infrastructure sector as part of Union Budget 2024-'25:

Revenue in first quarter of 2025 stood at Rs. 1,897 crores with an EBITDA margin of 13%. The revenue declined by 12% in comparison to corresponding period in the previous financial year, whereas the EBITDA margin reduced by 14.6% to 13%. As on date, the Company has 29 projects on hand, spanning across highways, railways, metro, ropeways, transmissions, tunnels, hydro, and multimodal logistics park. 22 of these projects are ongoing, and we are awaiting appointed dates for the balance seven, which are expected by Q2 and Q3 this year.

In addition, we emerged as the lowest bidder for two EPC road projects in Maharashtra, for which Letter of Award is expected by end of Q2 or early Q3 this year. The overall value of order book as on 30 June stands at Rs. 19,075 crores, which include the two EPC road projects with L1 status in Maharashtra. Almost 200 bids with value of over Rs. 2,60,000 crores are currently in pipeline, of course amounting to Rs. 15,318 crores towards highway, railway, pipeline across the various sector mentioned earlier. The Company has so far submitted 16 bids amounting of Rs. 15,318 crores towards highways, railway, metro, and transmission sector in the current financial year. These bids are expected to be opened soon, and in the meantime, we are working on submitting other bids as and when they are called.

Moving on the sector highlights and infrastructure developments in the year:

The Union Budget presented last month aligns perfectly with our internal capabilities and aspirations. It reflects the government's commitment to infrastructure development and economic growth, reasoning with our strategic direction. The government has allocated over Rs. 11 lakh crores for infrastructure this year. Road transport and highway has been allocated Rs. 2.78 lakh crores, railway has been allocated Rs. 2.65 lakh crores, logistic and supply chain sector has been allocated Rs. 2 lakh crores, metro rail has been allocated Rs. 24,900 crores.

NHAI has also announced a pipeline of 53 projects worth about Rs. 2 lakh crores through the BOT mode in the next three to five years. The revised Model Reconciliation Agreement announced by NHAI provides significant risk mitigation and make it investment-friendly. NHAI has already invited bids for 13 projects under the BOT mode and more bids are expected in this second quarter. This underscores a commitment to rapid growth and present substantial opportunity for the Company. Our expertise in delivering large-scale projects on time positions us to benefit significantly from these developments.

As mentioned earlier, the Company is targeting order pipeline worth Rs. 2,59,000 crores across highway, railway, metro, ropeway, transmission, tunnel, hydro, multimodal logistic park. We aim to add a decent share to our order book in financial year '24-'25 and take the Company back to double-digit growth in financial year '26. At G R Infraprojects Limited, we will continue our strategy of diversifying our portfolio and seize these opportunities, thereby contributing to society and nation building. I am confident in our strategic direction and our ability to succeed in new markets, our strong team and focus on project delivery will continue to drive our success.

Now, I will hand over to Mr. Anand Rathi for an update on our financial position. Thank you.

Anand Rathi: Thank you, sir. Also, let me take all participants of this call to the Financial Highlights of the quarter, for the quarter ending June 30, 2024:

Our standalone revenue from operation decreased by almost Rs. 256 crores from Rs. 2,152 crores to Rs. 1,897 crores in the quarter ended June 2024, compared to the quarter ended June 2023. This decrease is primarily on account of lowering of our order backlog, as well as delay in getting the appointed dates in the new HAM projects. As a consequence, consolidated revenue from operation also decreased by Rs. 448 crores or decrease of almost 18% from Rs. 2,478 crores in quarter ended June '23, to Rs. 2,030 crores in quarter ended June 2024.

Standalone EBITDA margin has decreased to 13% in the quarter ended June 2024 from 14.62% in quarter ending June 2023. This decrease is primarily on account of decrease in operating revenue as mentioned above. EBITDA margin at group level has also decreased to 18% in quarter ending June 2024 from 24.51% in the quarter ended June 2023.

Our PAT margin at standalone level after excluding net of taxes on exceptional losses decreased by 5.9% to Rs. 196 crores in quarter ended June 2024 as compared to Rs. 208 crores in quarter ending June 2023. Similarly, our PAT margin at consolidated level, after excluding net of taxes on exceptional losses, decreased by 35.5% to Rs. 199.8 crores in quarter ending June 2024 as compared to Rs. 310 crores in quarter ending June 2023.

Our standalone net worth stands at Rs. 7,350 crores at the end of quarter ending June 2024, which was Rs. 7,196 crores at the end of fiscal year March 2024. Net worth at consol level is Rs. 7,760 crores at the end of quarter ending June 2024, which was Rs. 7,602 crores at the end of Fiscal Year March 2024.

Our total standalone borrowing outstanding at the end of quarter ending June '24 is Rs. 840 crores, which includes short-term borrowing of Rs. 200 crores with debt-to-equity ratio of 0.11x. The total consolidated borrowing outstanding at the end of quarter ending June '24 is around Rs. 4,528 crores with debt-to-equity of 0.58x.

During the quarter, Company has made addition to the fixed asset amounted Rs. 22.6 crores. Net block of property, plant and equipment and tangible assets is Rs. 1,328 crores at the end of current quarter.

Investment in our subsidiary Company in form of loans and equities is Rs. 1,835 crores at the end of June 2024. Balance promoter contribution required to be made for our operational HAM projects or under construction HAM projects put together, of which we are expecting contribution of Rs. 600 crores in this year.

Our working capital days at the end of current quarter is 122 days as compared to 112 days at the end of fiscal 2024. This increase is primarily on account of increase in SPV debtors. Trade receivable at the standalone basis are Rs. 2,174 crores, which includes Rs. 1,903 crores from SPV at the end of current quarter. Trade receivables at the consolidated level which is Rs. 285 crores at the end of current quarter. Inventories are at Rs. 697 crores at the end of current quarter as compared to Rs. 768 crores at the year ended March 2024. Our unbilled revenue at the standalone basis is Rs. 651 crores at the end of current quarter, and that unbilled revenue at the consolidated level is around Rs. 94 crores at the end of current quarter.

So, I sincerely thank all our stakeholders, including employees, business partners, vendors, bankers, auditors for their wholehearted support in our corporate revenue. On behalf of G R Infraprojects Limited, I thank everyone for attending this Earnings Call. Thank you very much.

May I request the moderator to open the floor for questions and answers, please? Thank you.

Moderator: Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Shravan Shah from Dolat Capital. Please go ahead.

Shravan Shah: Sir, just a data point. What was the trade receivable you mentioned at standalone, and what were the HAM debtors?

Anand Rathi: Trade receivable at the standalone level is Rs. 2,174 crores, which includes SPV debtors of Rs. 1,903 crores.

Shravan Shah: Rs. 1,903 crores?

Anand Rathi: Yes.

Shravan Shah: And payable was how much, as on June?

Anand Rathi: Payable is around Rs. Rs. 850 crores.

Shravan Shah: And this total equity to be infused now is how much, Rs. 600 crores, you said, to be invested in --

Anand Rathi: In the current year we are expecting Rs. 600 crores. The total equity infusion which is required for the ongoing project is around Rs. 2,000 crores.

Shravan Shah: So, sir, basic, broad, just in terms of the guidance. So, last time you said a flat revenue growth for this year, and for next year, FY '26, 15% to 20%. So, is there any change in that stand?

Anand Rathi: No, I believe so, because we just started with the current year, and we believe that we will be getting more projects. And as more projects have been announced by the government also and now government also coming into power, we believe that we will be getting our expected orders over the next three to six months. And we aim to achieve almost 15% to 20% growth for next fiscal year. And current year, of course, it's flattish, maybe 5% here and there.

Shravan Shah: 5% you are saying it can be a positive?

Anand Rathi: Maybe positive, I mean, so (+/-5%), which is almost quite feasible. Depending on, I mean, because so far we have been declared L1 for the EPC projects not yet started. If we are able to start, maybe we may get 5% kind of growth as well for the current year.

Shravan Shah: So, sir, total order inflow now for full year, how much we are expecting, including this Rs. 4,400 crores-odd that L1 we are?

Ajendra Kumar Agarwal: Our total target is of Rs. 15,000 crores. We are already L1 for around Rs. 4,000 crores. So, approximately Rs. 20,000 crores for the current year we are targeting.

Shravan Shah: Sir, Rs. 20,000 crores total we are targeting for full year, you are saying?

Anand Rathi: Yes.

Shravan Shah: Okay. Out of that non-road would be broadly Rs. 5,000-odd crores, Rs. 6,000 crores?

Anand Rathi: Rs. 5,000 crores to Rs. 7,000 crores.

Shravan Shah: And margin 13%, earlier you were saying that margins are reducing, so can 13% be achievable?

Anand Rathi: 13% or even more than that. Again, if we are back on this track of more than double-digit growth, so then probably we can again come back to 15% kind of margin, 14%-15% because we are not utilizing our capacity to its full extent, we are underutilized, so 12%, 13%, 14%, I mean, that's the case. I mean, in the current quarter we are already down, right? So, if we are back on track, 13% is maintainable.

Shravan Shah: And the value of those pending seven projects is how much, sir?

Anand Rathi: Value is almost Rs. 7,000 crores.

Shravan Shah: So, out of Rs. 19,300 crores, around Rs. 7,000 crores is pending?

Anand Rathi: Rs. 7,000 crores plus Rs. 4,000 crores of L1.

Shravan Shah: Okay. So, overall, we have pending projects of about Rs. 11,300 crores, Rs. 11,400 crores?

Anand Rathi: Around Rs. 8,500 crores is already ongoing.

Shravan Shah: And for these, by Q3 everything will be executable?

Anand Rathi: Yes, in Q3, excluding one or two, we are expecting balance all would be executable. So, maybe you can assume around Rs. 1,500 crores everything what we believe will be under execution.

Shravan Shah: Okay. Sir, lastly, our other income this time was too high, around Rs. 108 crores, so anything specific in that? And will this Rs. 108 crores kind of quarterly other income run rate can continue? Is there any contribution from the InvITs as well in the form of dividend or something else?

Anand Rathi: InvIT dividend we have received almost to the tune of Rs. 60 crores, which we expect we will be continuing for every quarter in this kind of range, right? That should only be the difference. Otherwise, earlier we used to get interest on our investment, but now we will be getting dividend or interest, whatever, which is distributed.

Shravan Shah: Okay, Rs. 60 crores every quarter is kind of a predictable dividend income?

Anand Rathi: Rs. 50 crores to Rs. 60 crores income you can expect..

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

Mohit Kumar: My question is on the tender pipeline for NHAI. Have you seen any accretion in tender pipeline, especially post-election?

Anand Rathi: So, pipeline, I mean, for the last, I would say, eight to nine months the pipeline was visible. But somehow those projects were getting extended, right, because of whatever situation was prevailing in the country, right? Now, the government is back again into action. You might have heard of the news that the cabinet has given the approval for eight, nine projects, almost Rs. 50,000 crores. So, I think NHAI is again back into action. Then minister has also you might have heard him saying that he will be awarding Rs. 3 lakh crores projects in next three to nine months or six to nine months, like this. So, we believe that because the government is already in place and the budget has also been allocated, we believe that NHAI will be coming into action very fast.

Mohit Kumar: But the earlier understanding was that the Cabinet has to approve the enhanced project cost of Bharatmala Pariyojana Yojana. It looks like the government is looking to give the approval project-wise. Is that understanding correct?

Anand Rathi: You can say some sort of correction will be there, it may not be project-wise, may be corridor-wise, like in eight to nine projects. They were specifically given the approval for corridors, right? So, yes, of course. And Bharatmala Pariyojana, probably they may not continue. But yes, what I also understand from various sources is that probably the ministry or the government, government especially, that Cabinet committee would be giving approval to the corridor-wise project or something like this.

Mohit Kumar: Understood. My last question is that you have said that you submitted this for 16 projects amounting to Rs. 50,318 crores. Is it possible to break up this into road and non-road sector?

Anand Rathi: So, road is I think around Rs. 10,000 crores. The balance is basically in power transmission, in railways. And so road is almost Rs. 10,000 crores or so, hold on, I have to basically check those numbers. It's Rs. 10,000 crores. Out of Rs. 15,000 crores, road is almost Rs. 14,000 crores. And the balance is railway, one project of railway. Let me come back, right, on this?

Mohit Kumar: Sure. Sir, my last question, if you will excuse me. So, which are the assets you are looking to transfer to InvIT in the next nine months?

Anand Rathi: This is the project which is already operational for the last one year is Aligarh-Kanpur, right, which we have already got the approval. And we are waiting for NHAI approval. Approval for NHAI is basically in terms of NOC, the change of shareholding and all that, which we have already moved in with NHAI. And in fact, we are having one more project which just got operational current year only in the month of April, or 31 March it was available, that would be in the next project. And yes, I mean, we will be getting three, four more projects, getting COD in the current year. So, may not be in the current year, we will be able to transfer two. But yes, next year we will be able to transfer three or four projects more.

Mohit Kumar: So, two in next year, right, sir?

Anand Rathi: Yes.

Moderator: Thank you very much. The next question is from the line of Anupam Gupta, IIFL Securities. Please go ahead.

Anupam Gupta: Just one question. So, of the existing order book, what quantum is under execution at this point of time? You said seven projects are awaiting AD, but what is the quantum of those projects?

Anand Rathi: See, under execution is almost Rs. 8,500 crores, which is under execution, right? And Rs. 7,000 crores for which appointed AD is awaited and Rs. 4,200 crores odd would be L1 status.

Anupam Gupta: Right. And the appointed dates awaited, when do you expect the Rs. 7,000 crores, let's say if you look at next two, three quarters, what proportion do you expect to start in the next two, three quarters?

Anand Rathi: So, Rs. 5,000 crores, Rs. 5,500 crores we will be expecting by end of Q3, right? And for next Rs. 1,000 crores to Rs. 2,000 crores will be mostly, I mean, we are of firm opinion we will be getting by Q4.

Anupam Gupta: So, basically then let's say if we take this, then what is the guidance, I do not know whether I missed it, what is the revenue guidance which you are looking at from this year then?

Anand Rathi: So, last quarter also we have given the guidance that we will be getting our revenue flattish for the current year, unless and until we get some more EPC projects which can be started at early date, right? So, then probably we can even have the growth of 5%, otherwise it's more or less flattish.

Anupam Gupta: And whatever you are targeting this year Rs. 2,200 crores ideally should largely contribute ideally next year, right, given the timeline which are already in?

Anand Rathi: EPC, we can probably clock some revenue from those projects, if those projects are EPC. Otherwise, if we have more sort of BOT projects, then certainly we will be getting revenue next year.

Anupam Gupta: And just one last question. So, when you are, let's say, taking these projects in non-road sector which is railways and transportation and all of these segments, will these segments also give you similar 13% margins? So, inherent margin, I am not talking about operating leverage which you get because you grow a double-digit, but inherent bid margins is what, similar to roads or lower than roads?

Anand Rathi: See, we have recently diversified into transmission, right? So, we are making our presence stronger day by day. So, what we believe is, for transmission, we will be having this kind of margin, 12% to 13% or 14% kind of, maybe from next year as and when we are getting more projects. Railway, we are very much comfortable with 13%, 14% kind of EBITDA margin, right? And ropeway, we are also comfortable with 13%, 14% of EBITDA margin. And we are directly into tunneling as well. Again, this operation we started last year only, right? So, over the next two years we will be getting this kind of margin. We have some belief that we will be having this kind of margin in these sectors.

Moderator: Thank you very much. The next question is from the line of Nidhi Shah from ICICI Securities. Please go ahead.

Nidhi Shah: So, firstly, on the other income, I am sorry if I missed it. But what is the reason for the increase of the other income this quarter? As we can see, the previous four quarters have been nearly half of the one that we posted this quarter in the standalone.

Anand Rathi: Yes, so in other income, more than 50% of, I would say, I mean 50%-60% of that component we are getting from InvIT, either dividend distribution or interest distribution, right. So, earlier, we used to get our standard interest post-projects, right, while it was not transferred to InvIT at that point of time. And this time, we are getting some higher interest or dividend, right? So, that's the basic reason. And this particular interest or dividend income, which we believe is up to the next whole year, we will be getting in quarter three.

Nidhi Shah: Okay. So, can we assume, so right now if it's a little over Rs. 100 crores, can we assume Rs. 450 crores to Rs. 500 crores coming from this in the full year?

Anand Rathi: No, I think if we can safely assume that we will be getting Rs. 200 crores or Rs. 225 crores in this particular range, right, from InvIT. And balance maybe Rs. 100 crores, so Rs. 300 crores to Rs. 350 crores would be I think a good range.

Nidhi Shah: Rs. 300 crores to Rs. 350 crores?

Anand Rathi: Right.

Nidhi Shah: So, that's on the other income. The other question that I had is, as you mentioned, I think just the previous question, is that if you have any recent EPC projects that can open soon, then you should see a 5% growth. Do you see anything in your pipeline as of now, something that you are probably targeting? Do you see any probability of that happening anytime soon?

Anand Rathi: That pipeline in getting, I mean, you are talking about pipeline, right?

Nidhi Shah: Yes, especially for the ones that we can probably start this year, those projects.

Anand Rathi: This year, depends. I mean, if we are getting EPC, we will be bidding for EPC, right? We will be bidding for EPC, we will be bidding for HAM, we will be bidding for BOT. So, if we are able to get more EPC, we will start executing those projects in current year itself. That is how, I mean, industry behaves, right? Then probably we can have growth of 5% at least. And if we are getting more projects on BOT HAM mode, then probably this year would be flattish, or plus/minus 5%.

Nidhi Shah: So, in your understanding, are those EPC projects on the horizon right now, is there any project that you would probably name with any rupee amount that are probably, say, something that you would be targeting this year?

Anand Rathi: See, total Rs. 2,60,000 crores pipeline, there is an EPC of around Rs. 80,000 crores, Rs. 85,000 crores of projects which are under EPC mode, right, so we will be targeting those projects as well. But at what time and when that NHAI will be coming with the bids for those EPC and when we will be getting that also, I mean, so right now it is very difficult to say. We will be able to start whatever EPC projects get in the current year, right, which is where we get L1 status or whatever award is given to us.

Nidhi Shah: And my last question actually would be on the BOT project. How are you planning to do the bidding this year? Would you want to do any financial alliances with somebody else or will you be independently bidding for this project?

Anand Rathi: See, we can independently bid that project. Generally, the BOT projects which have been so far announced, we can do independently. We can explore other options as well. So, right now I think it's very difficult to comment on this. But yes, we can explore what will be the best suitable mechanism or the framework which will be, I mean, depending on that, basically this delegation we will take our call forward. But yes, we can bid on independent basis as well, so there is no challenge.

Nidhi Shah: So, from my understanding, you will be looking at your bidding strategy project-wise and there is nothing that is fixed as of now, that every project will be done (Multiple Speakers)

Ajendra Kumar Agarwal: Yes, not yet fixed, but that strategy is yet to be formed, right, it's not yet finalized.

Moderator: Thank you. The next question is from the line of Chirag Singhal from First Water Fund. Please go ahead.

Chirag Singhal: Sir, just a couple of questions on the guidance. So, first of all, you mentioned that you are expecting a flattish top line in this year. Would it be also same for the OPM? So, last year I think we did somewhere around 14% on standalone basis, so are you expecting a similar OPM number for this year?

Anand Rathi: Sorry. I did not get your question.

Chirag Singhal: I wanted to check with you on the OPM, operating EBITDA margin, last year you did somewhere around 14%.

Anand Rathi: So, EBITDA margin you are talking about, right?

Chirag Singhal: Yes.

Anand Rathi: Yes. EBITDA margin, see, because if we let's say will be getting 5%, 10% growth, certainly we will be having EBITDA margin more than 14%. Because we are not growing, we are not able to utilize our capacity, so that's the challenge which we are facing here. We are not able to recover our expenses, fixed sort of expenses. Hence, our margin is basically 12.6% or something like that. So, we are expecting that margin would be in the range of 12% to 13%.

Chirag Singhal: And sorry if I missed the order inflow guidance, what is the order inflow target for this year, based on the bidding pipeline?

Anand Rathi: So, this year we are targeting some Rs. 20,000 crores of order book, where we have already been declared L1 for Rs. 4,000 crores odd, right? So, next, I mean, the balance in the current financial year, our balance target is around Rs. 16,000 crores, which we are targeting from road sector, railway, and metros, and then tunneling, right, and optical fiber. So, all these sectors we are targeting, ropeways. As of now, as we already mentioned that almost there are 12 bids already been submitted, right? And amounting to this Rs. 10,000 crores is already in a bid evaluation stage. Out of that, road is almost Rs. 7,500 crores, and railway is around Rs. 1,800 crores, and metro is around Rs. 1,000 crores.

Chirag Singhal: And coming to the next year revenue guidance, so with this order inflow that you are looking at for this year, like what is the revenue guidance for the coming year?

Anand Rathi: Coming year, I mean, we will be having more of 10%. I mean, it would be kind of double-digit.

Chirag Singhal: But earlier I think you were expecting a higher growth number, right, for FY '26?

Anand Rathi: Yes, we are expecting 15% to 20%, but depending on what time of the projects we are getting more EPC and more, I mean, if we are getting more EPC towards the end of the year or if we are getting EPC in the current year, right, depending on what mix of order book we will be getting it and when. Probably we can grow even more than 15%, 15% to 20%. But even if let's say we are able to secure Rs. 20,000 crores, then also we will be getting almost 10% or more than 10%. It's a double-digit growth we will be achieving next year.

Chirag Singhal: But just to understand from a strategic perspective, like if we compare ourselves to other infra companies, all the companies have been reporting high-teens growth, whether it's in the top line or in the bottom line. They have been able to sustain the margins also. Earlier also I think what we mentioned is that we were not able to get orders because they were not at the margins that we were looking at. But the other companies who have secured the orders, they have been able to grow their top line as well as bottom line and able to maintain the margins so far.

So, just to understand as to what else went wrong in the past? And how do you plan to, let's say, streamline things in terms of at least grow at the industry pace? Because in FY '26 also if you are looking at only 10%-odd growth, then there is nothing exciting in terms of growth, right? FY '25, we are almost flat, FY '24 was not so great for us, and FY '26 also we are looking at like 10% odd growth, whereas most of the players are looking at maybe something around 15% to 20% growth, even on a higher base of FY '25. So, I am just trying to understand from you what went wrong from a strategic point of view and how do you plan that this kind of lackluster growth does not repeat going forward, especially when the industry is doing so well?

Anand Rathi: Maybe I am not very confident of who is growing. But what I believe is that, looking at the competition which is present in the current market condition, if we are not able to get this kind of margin probably you could not be going for this growth and not be changing the growth. So, if I am getting only 5%, 7% kind of a bit of margin, certainly I will not grow. Because the risk which we will be carrying while getting projects, that will be much, much higher than what the benefit which will be accruing to us, right? And for that reason, only we have been diversifying, we are trying to get out of and we are trying to test other sectors as well, right? And when we are moving to other sectors, there also we do not want to be very aggressive on day one. We want to test the water first. We want to do one or two projects in that particular sector, then understand the dynamics of that particular sector, so that we have more understanding. And then probably we can be more confident in taking more and more projects. So, that's our strategy, basically that's how we have been working.

Chirag Singhal: Sir, out of the Rs. 20,000 odd crores of order inflow that you are looking at, how much is expected from the road, and how much is expected from non-roads?

Anand Rathi: See, non-roads we are expecting Rs. 5,000 crores to Rs. 7,000 crores, right, that will be from non-road sector, balance will be coming from road sector. But yes, of course, so far we have witnessed that there is a huge competition prevailing in the road sector, and which is not actually leaving a good margin for us. So, we may not be willing to generally compromise on quality and all that. So, I would say it's a Company-to-Company call. I mean, because I am not privy to other companies' data, but yes, that's our situation.

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

Alok Deora: Most of the questions are answered. Just wanted to understand, FY '26, we are giving a target of nearly 10% growth, 10% to 15%?

Ajendra Kumar Agarwal: Yes, I would say the range is broader, 10% to 20%. And depending on at what time we will be getting orders and under what format, right? So, absolutely we can go by 20%.

Alok Deora: Sure. And sir, this MSRDC project's appointed date, is the growth also contingent on the time we receive the appointed date of this? So, when you give 20%, is it assuming that this appointed date comes by end of October or something?

Moderator: Ladies and gentlemen, the line for the management has got disconnected. Thank you for patiently holding. We now have the lines of the management reconnected. Over to you, sir.

Ajendra Kumar Agarwal: I think Alok's question was there --

Moderator: Yes, sir. He is in the question queue. Mr. Deora, can you please repeat your question.

Alok Deora: Sir, I was asking about the MSRDC project. So, when you say 20% growth, it's assuming that this appointed date comes --

Ajendra Kumar Agarwal: Yes. So, we are assuming we will be getting that LOA and appointed date declared latest by Q3, right?

Alok Deora: Okay. So, if there's any delay, then this number could be lower?

Ajendra Kumar Agarwal: Yes. But then again, depending on what other projects which is being in the pipeline we will be targeting, right?

Alok Deora: Right. And sir, I just wanted to understand this. I mean, if you look at YTD, NHAI has not given any quantity of project. I mean, it's only some 50 kilometer to100 kilometer project they have awarded till now, primarily because of election period and stuff. So, how optimistic are you on the NHAI side? Because a lot of players are not having the order book now, they will be targeting the project. So, especially on the EPC side, how confident are you of bagging the projects from NHAI?

Ajendra Kumar Agarwal: EPC, probably, we have to wait a little. Because if there are more projects who are targeting, and so far they have not got any projects in their hand, right, probably there will be more competition on day one. Probably we will be waiting for right time to target EPC. But we will be continuing to be bidding basically for EPC mode as well, right? And what we believe is that more projects they would be awarding under HAM as well as BOT. So, there, we are very much we are very much comfortable and even HAM as well, I mean, we have to basically in wait and watch mode unless until the next. Once it starts flowing into the market, right, then only we will get some eight, 10 bids will be coming up then we will be getting the sense of the market how and where the competition is moving, right? So, and we believe that in BOT projects, there will not be much competition in the BOT. So, yes of course, over the period next three to four months, that all situation will be clear.

Alok Deora: Right. So, sir, the growth on '26 could be more towards the 10%, 15% right? I mean, even if you get HAM projects by say Jan or February, then your projects would not start materially contributing in FY '26, right? The growth, I mean, most likely will be in the lower end of the guided number, right?

Ajendra Kumar Agarwal: See, actually, generally what we believe, this is the pipeline where NHAI, I mean, Rs. 2.60 lakh crores, there are so many projects other than NHAI, I mean, from state, which is coming up, right, for bidding. And depending on, I mean, the comfort which we will be having on the state, we will be participating in those EPC projects as well. So, there also we are hopeful that we will be getting some EPC projects. Like as we got the project for MSRDC, we will be targeting other state as well. And if will be getting that EPC in those states, then only I believe that we will be again back on the growth of 15%-plus kind of percent. And at what time they would be hitting the market? Yes, of course, I mean, that actually would be a deciding factor for me for my next year's growth basically.

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

Jiten Rushi: Sir my first question would be on the BOT project. So, if you bid for the projects independently, so what would be our qualification, pre-qualification in terms of budget size?

Ajendra Kumar Agarwal: I think projects, unless and until there is a specific qualification required from technical side, we will be eligible even for Rs. 6,000 crores, Rs. 7,000 crores of BOT projects. So, that's not a big issue for us.

Jiten Rushi: Basically, you can independently bid two to three projects at a time, probably you can help with that size?

Ajendra Kumar Agarwal: Yes, yes, yes, I mean we can, I mean, see, our target is Rs. 20,000 crores, certainly we will not go beyond that. We will not be having 100% target fulfilled from BOT only, right?

Jiten Rushi: Sir, other income which you said from the InvIT we can expect around Rs. 225 crores this year. But for the next year you are saying Rs. 300 crores to Rs. 350 crores, is my understanding correct?

Ajendra Kumar Agarwal: Next year, it's very difficult to say for me.

Jiten Rushi: So, this Rs. 300 crores, Rs. 350 crores you said for this year or this was for which year?

Ajendra Kumar Agarwal: No. So, including this InvIT dividend, I am telling that other income would be in this range.

Jiten Rushi: For the full year?

Ajendra Kumar Agarwal: Because current quarter it is Rs. 100 crores-plus of other income. And if we are multiplying by 4, then it will be more than Rs. 400 crores, Rs. 450 crores, right? So, what we expect that may not, I mean, what I believe is that we will be consistently getting certain income from InvIT, right? But then other income, other than InvIT dividends, that may vary. I mean, that may be sometimes high, sometimes low. So, overall, other income would be in this kind of range.

Jiten Rushi: And sir, this bid pipeline is outstanding right now. You said in the opening, the amount of Rs. 15,318 crores. Can you give a recap in terms of these highway EPC projects or railway metro, if it is available readily?

Ajendra Kumar Agarwal: See, highway EPC is around Rs. 80,000 crores, Rs. 85,000 crores. Highway HAM project is around Rs. 70,000 crores, Rs. 75,000 crores, right?

Jiten Rushi: No, no, sir. I am talking about these 16 bids which you have submitted of Rs. 15,318 crores.

Ajendra Kumar Agarwal: Okay, 16 bid which we have already submitted, right?

Jiten Rushi: Yes.

Ajendra Kumar Agarwal: So, EPC is around Rs. 2,000 crores. HAM is around Rs. 5,500 crores. Railway and metro is totaling around Rs. 2,500 crores.

Jiten Rushi: And anything on T&D side?

Ajendra Kumar Agarwal: T&D, again, there is not much. It's Rs. 400 crores, right? It's already in the pipeline. It's already submitted.

Jiten Rushi: EPC is Rs. 2,000 crores, HAM is Rs. 5,500 crores, railway and metro both put together Rs. 2,500 crores, and Rs. 400 crores is in T&D?

Ajendra Kumar Agarwal: Yes.

Jiten Rushi: And sir, obviously, you were also giving an insight on the Rs. 2.6 trillion pipeline, in which you said almost Rs. 80,000 crores is the EPC part from NHAI, so what would be the other breakup, if it will be possible to share?

Anand Rathi: EPC would be Rs. 80,000 crores, Rs. 85,000 crores. HAM would be Rs. 70,000 crores, Rs. 75,000 crores. Then the project under hydro power, I mean, tunneling under hydro power. Then optical fiber, again, Rs. 40,000 crores, Rs. 35,000 crores optical fiber. We will be having tunneling projects of pipeline around Rs. 24,000 crores, right?

Jiten Rushi: Rs. 20,000?

Anand Rathi: Rs. 20,000, Rs. 21,000 cores. Power transmission, railways around Rs. 11,000 crores. So, it's a mix of, yes, and we will be targeting everything.

Jiten Rushi: Tunnel for hydro power is how much you said, Rs. 30,000 crores?

Anand Rathi: Tunnel and hydro, we generally clubbed it. That would be around Rs. 60,000 crores.

Jiten Rushi: Tunnel hydro and optical fiber tunnel, both put together Rs. 60,000 crores.

Anand Rathi: Optical fiber is different, it's laying of optical fiber cable this time we are targeting, which is again around Rs. 35,000 crores.

Jiten Rushi: I will repeat once for the clarification, Rs. 80,000 crores, Rs. 85,000 crores EPC; Rs. 70,000, HAM; tunnel hydro projects Rs. 60,000 crores; and optical fiber projects Rs. 35,000; power T&D is Rs. 20,000 crores; railways Rs. 11,000 cores; balance others?

Anand Rathi: Yes.

Jiten Rushi: And anything on ropeway, sir?

Anand Rathi: Ropeway, around Rs. 2,500 crores, Rs. 3,000 crores.

Jiten Rushi: And sir, last question from my side, on the MSRDC project, obviously, we have already won, there are more projects which are likely to come. So, do you have any number on which more projects and any other states which you are highlighting what kind of EPC pipeline is there from these states?

Ajendra Kumar Agarwal: See, right now I may not be able to comment upon this because we will be targeting again more projects from MSRDC, then we will be targeting other states as well because in one or two states, we are not comfortable. And then looking towards, I mean, analyzing the finance of that state and the funding pattern of that particular state or the projects, right, this is it, we will be taking call on those states.

Jiten Rushi: Are we targeting Amaravati City project from Andhra Pradesh? Any updates on that, if you are targeting (Multiple Speakers)?

Ajendra Kumar Agarwal: No, not so far.

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

Prem Khurana: So, my first question was with respect to the asset that we intend to transfer, so you have already taken Board approval for Aligarh-Kanpur and the idea is to kind of progressively transfer more. Would you be able to share your thoughts on how would the structure be this time around? I mean, the first asset that we transferred, we took units against the country in relation, right, so out of this for the incremental assets that you transfer, would you be willing to take InvIT units or you could also seek cash payments?

Anand Rathi: It would be 100%. Going forward, it would be only cash transactions.

Prem Khurana: Going forward, cash transactions, sure. Okay. I mean, given the fact that you will get to have cash, I mean, how would the valuation work? I mean, I understand. It would be based on assets.

Anand Rathi: It would be at arm's length only. It's more kind of negotiations, more kind of involvement of third party as well because then, and we tend, us both would be sitting together to evaluate the O&M piece also Over the next 14, 15 years, they have to take proper, I mean, they have to be conscious in terms of taking call on O&M for the next 14, 15 years, right? So, it would be vetted by some third-party consultant, right? So, it would be kind of at arm's length billing.

Prem Khurana: No, arm's length I understand. What I want to understand, let's say there is an asset, I mean hypothetically speaking, and you have two options. One is, I mean, they are willing to give you InvIT units and the second is cash. I mean, theoretically speaking, is it fair to assume that if it is cash, the valuation would be slightly lower than the InvIT units? Because you are getting hard cash now versus money coming to you over a period of time.

Anand Rathi: No, no. So, units, I mean, see, units is already listed, right? It's getting traded on a daily basis. I can sell it off. I mean, because of certain reasons, because it was pre-IPO, so there is a lock-in of one year. Otherwise, I can immediately sell it in the market, right? The reason that we are not requiring any cash on our balance sheet and hence we opted for this route. So, I do not think because of cash or unit, there would be any difference in terms of price.

Prem Khurana: Okay. Then second one on this MSRDC, do you think it's possible to share the status? I mean, since the bids were, I mean, in terms of the bids that were given ahead of the base cost estimate, I mean, there was a perception that there will be some negotiations. So, would you be able to confirm or, I mean, give us some sense of why you are taking --

Anand Rathi: They called for some negotiation. They have taken our comments as well. And that process is going on. So, yes, I mean, we are also not used to that kind of processes, right? Generally, I mean, if we have bidded and we get L1, generally we get the award from NHAI, right? In this particular, MSRDC particularly, they are again coming up for negotiation and all that. So, we have been called. We have offered our comments, right?

Prem Khurana: So, in that sense, just one last on this MSRDC only, I mean, what will be the effective cost for the mobilization advancement, if you decide to seek mobilization? What would be the effective cost?

Anand Rathi: You are talking about interest?

Prem Khurana: Yeah, interest.

Anand Rathi: It has to be MCLR plus something. But I do not remember. MCLR plus maybe 1% or 2%. But generally, we have been not drawing this mobilization advance for last so many years. So, as of now, I am not remembering. I am not having an idea, right?

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

Shravan Shah: Sir, on the CAPEX front, how much we have done in Q1 and for full year, how much we are looking at?

Anand Rathi: So, far we have done Rs. 21 crores something kind of CAPEX for the Q1 and current year, for the whole year, we are not targeting more than Rs. 150 crores.

Shravan Shah: Rs. 150 crores. But the next year once we will be looking at more 10% to 20% kind of revenue growth, then the CAPEX --

Anand Rathi: No, but what can be done from our existing machineries and whatever machineries we are having right now with us which is underpriced as on date, right?

Shravan Shah: But this Rs. 150 crores also have, previously you mentioned, about Rs. 100 crores, Rs. 150 crores was for office building?

Anand Rathi: Right. Depending on how fast we will be building that office, that Rs. 150 crores would be Rs. 200 crores or Rs. 150 crores like this. But yes Rs. 100 crores, Rs. 150 crores would be going towards our office building which may spread over the period of next one to two years.

Shravan Shah: And on this MSRDC just one thing, so let's say I do not know whether you will share in terms of the negotiation what the government is looking at, but is there any kind of a benchmarking let's say if they are asking for let's say 10% or 15% lower then you may also think to cancel the projects?

Anand Rathi: Yes, it has to be calculated all of this.

Shravan Shah: So, right now in terms of the range, in terms of how the government is looking at in terms of, obviously when negotiation is happening obviously they are looking at a lower value, so what kind of a number are in terms of the percentage broader range, what they are looking at? And from your side, let's say, if it is 5% you are comfortable, if it is more than 10% reduction, then will you go for a cancellation; or a 15% reduction then you go for a cancellation?

Anand Rathi: No, so it would be just like that I will be disclosing my price to you, it's very difficult to answer this question.

Shravan Shah: Or let's say other way in terms of the margin, let's say if the margin is lower than 10%, then we will go for a cancellation?

Anand Rathi: Certainly.

Shravan Shah: And sir, lastly, just because the range for the FY '26 in terms of the revenue is obviously much higher, depends on how much value of EPC projects and also the timing of that is also important. So, broadly, whatever the existing order book is there, can you help or break it down in terms of the revenue because that is already there? So, one is where the appointed rate is not available Rs. 7,000 crores which we are looking at by Q3 and Q4 would be there.

So, out of this Rs. 7,000 crores, how much we will be getting the revenue in FY '26? And balance which is already ongoing Rs. 8,500 crores-odd, whatever, so out of that how much are we looking at balance would be available for FY '26 in terms of the revenue. Sir, just trying to understand what extra revenue are we looking at from the new orders. So, that primarily should be from the EPC revenue, because HAM, even if we get, it would be just the last quarter of FY '26 where we will be getting the HAM revenue from the new projects that we are going to win. So, just trying to understand that.

Anand Rathi: So, yes, I mean for Rs. 7,000 crores where appointed we get awaited, right, we can safely expect around 30% to 35% of its order book, its amount converting into revenue for next year.

Shravan Shah: And right now the executable Rs. 8,500 crores, that definitely will be over by FY '26?

Anand Rathi: Yes.

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

Ajendra Kumar Agarwal: Yes, thank you, Deepika. Thank you very much. Thank you. I would like to once again thank you all the investors, participants, whosoever has given their full, unwavering support to us in our corporate journey. And we believe that we will be back again on the same growth path as we did in the past and we will do our best with your support. Thank you very much.

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