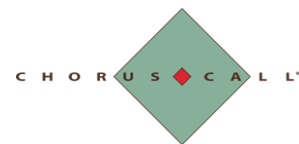




“GPT Infraprojects Limited  
Q1 FY '24 Earnings Conference Call”

August 03, 2023



**MANAGEMENT: MR. ATUL TANTIA – EXECUTIVE DIRECTOR AND CHIEF  
FINANCIAL OFFICER – GPT INFRAPROJECTS LIMITED**

**MODERATOR: MR. VISHAL MEHTA – STELLAR IR ADVISORS**

**Moderator:** Good morning, ladies and gentlemen. Welcome to GPT Infraprojects Limited Q1 FY '24 Earnings Conference Call. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star then zero on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Atul Tantia, Executive Director and CFO. Thank you, and over to you, sir.

**Atul Tantia:** Thank you. Good morning, everyone, and a warm welcome to the GPT Infraprojects Earnings Conference Call for the first quarter ended June 30, 2023. The results presentation, along with our press release has already been uploaded on the company's website and that of the stock exchanges. I hope that you have had a chance to go through the same.

Today, on the call, we also have with us Stellar IR, our Investor Relations advisors.

I'm glad to announce that the Q1 FY '24 has been a remarkable start for the fiscal year 2024, the strongest quarterly performance on all parameters, that is revenue, EBITDA, PAT, and Cash Flow. This achievement is attributable to our strong execution capabilities, steady focus on cash flow and also our commitment to expand to newer geographies with the commissioning of the factory in Ghana.

#### **Now moving ahead to our financial performance for the First Quarter of FY 2024**

Our revenues was INR 234 Crores on a stand-alone basis, which compared to INR 188 Crores last year, representing a growth of approximately 25% Y-o-Y. On a consolidated basis, the revenue stood at INR 236 Crores compared to INR 188 Crores for the last year, representing a growth of 26% Y-o-Y.

In both the stand-alone and consolidated numbers, we have set a target of approximately 20% growth in the current fiscal year. This growth will be majorly driven by the significant execution in the Infrastructure segment, which accounted for 92% of our total revenues for the first quarter.

Our stand-alone EBITDA for the quarter ended 30 June 2023, stood at INR 32.5 Crores compared to INR 23.4 Crores, representing a growth of 39% Y-o-Y with EBITDA margin at 13.9% compared to 12.4% for the same period last year. We are confident of maintaining our long-term EBITDA margin at 12.5% to 13% from the operations, which we have guided historically as our hurdle rate.

With the improvement in revenue, the operational efficiencies have helped us to ensure long-term EBITDA, and we expect the same to maintain going forward.

#### **In terms of our International Operations**

The subsidiary in South Africa has resumed operations and supplies to transfer freight rail have resumed in early June after receipt of an order from them valued at INR 25 Crores. This order is expected to be completed in this financial year, and we expect further incremental orders for the subsidiary in the near term as well.

The factory in Ghana has also been commissioned in the last week of June 2023. As already informed by our press release with the stock exchanges, it has a capacity of 240,000 sleepers per annum, for which we have already signed a contract of INR 123 Crores with the railways in Ghana. With this, GPT has become the largest railway-focused company in Africa based out of India and continues to grow in the continent given the large potential demand in the region. We believe strongly that international operations will complement our domestic businesses with better margin and they are giving good returns to the parent company in terms of dividend, license fees, etc.

#### **In terms of the Balance sheet and the Cash Flow**

The management continues its strong focus on cash flow and receivables while ensuring that the projects achieve the hurdle rate of EBITDA of 12.5% to 13%. This has enabled us to report strong numbers over the last couple of years.

Our cash flow to EBITDA conversion remains north of 100% for this quarter as well, which was 110% for the full year last year. This shows significant reduction in receivables, which has allowed us to reduce our debt by approximately INR 10 Crores during the quarter and thus, providing comfortable liquidity for the operations. The bank limits continue to be utilized to the extent of approximately 82-85%, thus enabling us to continue the operations very smoothly.

Furthermore, the strong balance sheet and good cash flow have also improved our outlook for the external rating by CRISIL, which is currently at **BBB+ positive outlook which was upgraded from stable outlook for long-term facilities and CRISIL A2 for short-term facilities**. As you are aware, any upgrade in current trading will also lead to reduction in borrowing costs for the company.

#### **Now coming to our Segmental Performance**

As I said earlier, the Infrastructure segment demonstrated a strong execution prowess with a remarkable 27% increase in revenues, reaching INR 219 Crores for the quarter ended

30 June 2023. This segment continues to be the backbone of our business, contributing almost 92% of our total revenues in Q1 FY '24.

In terms of the Sleeper segment, the same generated revenues of approximately INR 17 Crores in Q1 FY '24. This is despite the closure of the contract for DFC, and we anticipate increasing momentum in the Sleeper segment, which is backed by commencement of operations in South Africa and commissioning of the facility in Ghana. We expect that for the full year FY 2024, this segment will contribute almost 12% to 13% of annual revenues.

The key contracts for the Infrastructure segment continued to perform well with contracts like Ghazipur, Mathura-Jhansi, Nimitita, Byculla driving a major part of the revenues.

**Now coming to our order book.**

In Q1 FY '24, we achieved the highest ever order book, which stood at **INR 2,288 Crores with order inflow of INR 248 Crores during the year**, which represents almost **2.83x our FY '23 revenues**, providing strong visibility to the investors. It is worth mentioning that this order book represents one of the highest in the company's history.

To enhance profitability, we have implemented key measures such as optimizing working capital, reducing outstanding with various customers. And this -- we continue to be driven -- be positively driven by this strong outstanding order book, improving financial conditions, including strong cash flows and lower debt position as a result of reduction in receivables.

In our last call, we have already mentioned about the setting up of a factory in Ghana with a total capacity of 240,000 concrete sleepers. In Q1 FY '24, the factory in Ghana has commenced its operation fully, and it has a current outstanding order book of INR 123 Crores.

As a measure to further improve the cash and also reduce debt, the company has applied for the settlement of all pending arbitration disputes under 4 contracts with various customers under the Vivad Se Vishwas Scheme II announced by the honorable Finance Minister in her last union budget speech. The management is confident to settle all the existing arbitration cases with the Central Government and PSUs in this calendar year, and this will entail receipt of approximately INR 60 Crores from these old arbitration cases, 75% of this receipt will be used to reduce debt and balance will be used for long-term working capital.

We are quite thankful to the government for bringing out such a scheme, which will ensure that the old disputes across the industry are settled and provide much-required cash flow to all the contractors.

### **Now moving to the Industry Updates**

Under the Union Budget 2023-24, capital outlay of INR 2.4 lakh Crores has been allocated to the Ministry of Railways, which is the highest-ever capital outlay and about 9x the outlay made in 2014. 100 PM Gati Shakti cargo terminals for multimodal logistics facilities will develop until 2025. With the Eastern and Western Dedicated Freight Corridor expected to be commissioned in this financial year, Indian Railways and the Indian economy will start seeing full benefits of this ambitious project that aims to change the face of trade transportation across the country.

Under the Vision 2024, Indian Railways will have a total of 29,147 kilometers railway infrastructure, out of which 9,910 kilometers track length has been commissioned and total expenditure of INR 2.45 lakh Crores have been incurred till end of FY '23. The construction of the Dedicated Freight Corridor, Eastern and Western corridors is expected to be also completed in this financial year. So far 2,196 kilometers of the -- out of total 2,843 kilometers of DFC has already been completed. Therefore, you will see that the overall outlook for the company and the industry is quite good.

I would like to reiterate that in Q1 FY '24, we secured orders worth INR 248 Crores, including incremental orders from existing contracts. As of Q1 FY '24, our healthy order book amounts to INR 2,288 Crores, approximately 2.83x our FY '23 revenues, providing excellent growth opportunity and visibility for the company. The company has expanded its horizons and is entering newer geographies like Maharashtra. In the City of Mumbai, we have contracts worth almost INR 600 Crores for MRIDCL.

With an order book of 2.83x our FY '23 revenues backed by healthy profit margins and positive and improving financial metrics and reducing debt and reduction in receivables as well, we believe that we are well-positioned to continue this growth trajectory in the coming quarters.

As I mentioned earlier as well, we are now bidding for contracts up to INR 1,000 Crores each in our own name, expanding our potential opportunities for the growing segment of Infrastructure business in India.

We have started the fiscal year 2024 with a strong performance, and we expect to go ahead with the same guidance of approximately 20% growth in the revenues and approximately 40% growth in profit for FY '24.

That's it from my side. Thank you, and I look forward to addressing any questions or concerns that you might have regarding our financial performance and future prospects.

I will request the moderator to kindly open the floor to questions-and-answers. Thank you.

**Moderator:** Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Parth Kotak from Alpha Plus Capital.

**Parth Kotak:** Congratulations for a great set of numbers. Sir, you've mentioned in your comments before that we have a capacity of 240,000 concrete sleepers in Ghana. What would be the revenue potential of this capacity?

**Atul Tantia:** Thank you. The revenue potential, like I said, we have an order of INR 123 Crores in Ghana. And every year -- annually, we can get revenues of almost INR 80 Crores from that facility.

**Parth Kotak:** Okay. Perfect. And I would also assume that since we have not generated any profits in Ghana, our actual operating margins would have further higher potential as we start getting profitable in Ghana, right?

**Atul Tantia:** So if you see our stand-alone numbers are much better than the consolidated numbers. The Ghana operations will come in the consolidated numbers. And obviously, the consolidated numbers will kind of catch up to the stand-alone numbers as the Ghana operations and the South African operations too come online and might be better than then by almost 50 to 100 basis points as well.

**Parth Kotak:** Super. Super. Sir, also, if you could help me with the net debt number as of the end of this quarter and the rate of interest, thereof?

**Atul Tantia:** Net debt is almost INR 202 Crores as of end of the quarter. It's consortium lending. So average interest rate will be almost 10.5%.

**Parth Kotak:** Okay. Perfect. And sir, just lastly, some commentary from your end on the bid pipeline. I know that you have mentioned in your comments that you've started for orders about INR 1,000 Crores. If you could just give us some more flavor into that, that will be really helpful.

**Atul Tantia:** So, we are -- our current order book is almost INR 2,288 Crores, like I said in my opening remarks, and we like to maintain our order book visibility of almost 2.75x to 3x our trailing numbers. So last year, we got almost INR 1,400 Crores of new orders. This year, we expect to get almost close to INR 1,600 Crores to INR 1,700 Crores of new orders. Out of which, we already got close to INR 250 Crores in the first quarter.

**Moderator:** The next question is from the line of Shivam Saxena from ICICI Bank.

**Shivam Saxena:** Congratulations for a good set of results. Just -- I mean, how much is the government order book and how much is from private players?

**Atul Tantia:** 100% is government order book.

- Shivam Saxena:** And do you see any delay in your execution?
- Atul Tantia:** No, no, our execution is quite strong, and we have achieved revenue growth of almost 27%. There's no delay.
- Shivam Saxena:** Okay. And what was this order book last year, if I would say, so? Has it increased -- just wanted to understand whether it is increasing? Last year if we see or any -- how is the trend on the order book?
- Atul Tantia:** 31st March 2022, it was INR 1,684 Crores if you see Slide 8 on our presentation, which was INR 2,276 as on March '23 and is currently INR 2,288 Crores as on June.
- Shivam Saxena:** And exports you said, what is the business on export? I don't understand the exports how you're executing...
- Atul Tantia:** We have 3 manufacturing facilities. And so we don't have any exports per se. We have 3 manufacturing facilities in Africa, 1 in South Africa, 1 in Namibia and now 1 in Ghana. They manufacture and produce for the local markets there, and their subsidiaries which - - in which the parent company obviously has invested and they do give dividend and license fees, etcetera. There's no exports per se.
- Moderator:** The next question is from the line of Kalpesh Parekh from Share India Securities.
- Kalpesh Parekh:** Sir, I have a couple of questions. One, you mentioned that you are probably looking at something like this year our new orders to the extent of INR 1,600 Crores. And out of which, we have received something INR 200 Crores in first quarter. So like -- are we expecting the major part of the orders coming in, in second half or something like that? I mean which state it will be, more on infra side or more on sleeper side?
- Atul Tantia:** So just to correct you, this first quarter, we received almost INR 250 Crores, not INR 200 Crores of new orders. And most of the orders are in the Infrastructure segments. Sleeper business is almost -- in terms of revenues, almost 10% expected to be this year. And in terms of order book, the Sleeper segment is about 12% of the total order book.
- In terms of the areas, it'll be, like I said earlier as well, it's 100% government contracts, primarily focused on railways. Our core competency is in terms of bridges. So we expect the orders to come in from that segment.
- Kalpesh Parekh:** And sir, we have seen margins in this quarter also playing a decent type of improvement we have seen. Is the new orders what you are expecting would also be in similar type of band or it will also help you because our operating leverage situation will be much better, in terms of margin?

**Atul Tantia:** If you see our historical commentary or our historical financial statements as well, we've always said that we have a hurdle rate of EBITDA of 12.5%, 13%. We don't bid for contracts below that. And our EBITDA margins have always been there or north of there as well. So any new orders would come in at that margin. And we expect to maintain the EBITDA margin at that level as well.

**Kalpesh Parekh:** Okay. And lastly, on the export side, how do you expect the situation to improve? Are you expecting any major improvement from the other geographies as such like African subcontinent?

**Atul Tantia:** So first of all, it's not export, it's international business. We don't export from India to Africa. Traditionally, that is what is export.

In terms of the African business, the Ghana facility has started -- has been commissioned in the last week of June. The South African facility was -- has resumed operations in June, and we've got orders of INR 25 Crores from there. So, we expect that this financial year, we should get -- the Sleeper segment, which is primarily in -- with 1 factory in India and 3 factories in Africa, would generate almost INR 125 Crores of revenue.

**Moderator:** The next question is from the line of Rahil Shah from Crown Capital.

**Rahil Shah:** With respect to your comment about entering new geographies like Maharashtra. So I just missed the part. Can you just please elaborate what's the reason for entering that place?

**Atul Tantia:** So we had, we have got 3 contracts in Mumbai City from MRIDCL, which is Maharashtra Rail Infrastructure Development Corporation Limited. One is a cable-stayed bridge over Byculla railway station, another is a bridge over Ghatkopar railway station there, and another is a connection of the Ghatkopar bridge to the Eastern Expressway. Three Contracts total to about INR 600 Crores. And the execution for them is also going on smoothly.

**Rahil Shah:** So, what is like the time line of this contract, by when do you expect to finish?

**Atul Tantia:** We expect to finish in FY '25.

**Rahil Shah:** FY '25. Okay. Okay. And this outlook is given 20% growth margins in the band of 12%, 13% and 40% growth in profits. Is it like overall at a consolidated level, right?

**Atul Tantia:** Correct.

**Moderator:** The next question is from the line of Parth Kotak from Alpha Plus Capital.



**Parth Kotak:** Just require one clarification. You mentioned our total debt is at INR 202 Crores, and our interest cost is 10.5%. So, should we assume that total interest expense should be for the year around INR 22 Crores?

**Atul Tantia:** No, because finance cost includes bank guarantee commission; processing fees; interest on mobilization, advance and others. Last year, the finance cost was INR 36 Crores. We expect it to be below INR 30 Crores this year.

**Moderator:** The next question is from the line Vignesh Iyer from Sequent Investments.

**Vignesh Iyer:** So basically, I'm new to this company. So just to get an understanding on your international business. If you could just brief us about -- just to get an understanding of your South African business and Ghana business. And individually, usually, what is the EBITDA margins this concrete sleeper business gets you and the nature of contracts and the time line for execution if you could?

**Atul Tantia:** So we have three factories in Africa, 1 in South Africa, which is there since 2008, '09. Another in Namibia, which is a neighboring country for South Africa, which is there since 2011. And the third one we recently commissioned in Ghana. The factories in South Africa and Namibia and Ghana -- or the factory in South Africa and Ghana is housing a subsidiary locally there and the factory in Namibia is an associate because it's a PPP model with the government of Namibia.

In terms of the revenue potential for each of the factories last year, means the revenue potential for South Africa at peak revenue have done about close to INR 80 Crores in terms of revenue for South Africa. This year, we expect revenue from South Africa to be close to INR 30-odd Crores.

In Namibia, the revenue doesn't get consolidated, only the profit from the associate does get consolidated. Ghana, like I said earlier, we expect revenue to be close to INR 60-odd Crores, -- INR 50 Crores to INR 60 Crores this year, and that's the revenue potential for Ghana.

The African business for concrete sleeper fetches, at EBITDA level, margin of almost 25%, which is much higher than the Indian sleeper business. And that is why it has been regularly dividend paying and what you call, it also gives the licensees and royalties to the parent as well.

**Vignesh Iyer:** Yes. So just to get some more understanding of what is -- if you say, let's assume you get a contract, what is usually the time line that we look at for executing the same, I mean, in the international business only? And do we get most of these contracts from government only for Ghana and South Africa?

**Atul Tantia:** So we are producing concrete sleepers which are used for railways world over, whether it is in Africa, India, anywhere else in the world. We are also doing in Bangladesh, Sri Lanka and Myanmar for that matter. Railways is primarily owned by the government. You might be having small bits and pieces here and there in India, for example, people having private sidings and -- for the mines and thermal power plants and all that, but that's a very small part of the business. We supply to the government or the state-owned railways is there in Africa as well.

In terms of execution, like I said earlier, the capacity for the South African facility is about 400,000 per year. For the Ghana facility, it's about 240,000 a year. The execution can happen if the contract is available and whatever funds are available. So obviously, we can execute to that level as the contracts are available.

**Vignesh Iyer:** Okay. Sir, if you could help me understand, say, the capacity of South Africa is around 400,000 concrete sleepers, what is the peak revenue we can do in case say we are assuming to utilize it 100%?

**Atul Tantia:** It's never utilized at 100%. So, at 75%, 80%, like I said earlier, we have done of almost INR 80 Crores of revenue in the past pre-COVID.

**Vignesh Iyer:** Right. So overall, as a company, for FY '24, what is the EBITDA margin we are looking at to achieve?

**Atul Tantia:** We expect 20% growth in the revenues for the -- overall for the company and a 40% growth in profit overall for the company. In terms of EBITDA margin, we have a hurdle rate of 13%. We expect to be north of that overall for the company.

**Moderator:** The next question is from the line of Ankita Rao, an individual investor.

**Ankita Rao:** So I have a couple of questions. My first question is that are we planning to change our order book mix going forward? Like we have achieved a 12% order mix from concrete sleeper segment.

**Atul Tantia:** No. We -- so the Infrastructure business continues to be the backbone of our business and has done 85% to 90% of revenues as well as order book, and we expect that mix to be maintained going forward as well.

**Ankita Rao:** Okay. Okay. Also if you could throw some light on the Jogbani arbitration? I'm just wondering are we...

**Atul Tantia:** So, as I said in my opening remarks, we have applied for this *Vivad Se Vishwas Scheme* II which was introduced in the last union budget scheme of the Honorable Finance Minister. In her speech, she had allocated money for this scheme to settle all the existing

arbitration disputes for the central government and central government PSUs. For 4 of 6 disputes, we have applied including Jogbani under the scheme. We already applied, and we expect the money to flow in, in this calendar year. This will entail a receipt of almost INR 60 Crores to INR 62 Crores from the Government and Central Government PSUs. Out of which, 75% will be used to reduce debt and balance will be used for long-term working capital.

**Ankita Rao:** Okay. Sir, that was helpful. And also, one last question, if you could guide on the current order book like what's the extension time period for your Infrastructure segment?

**Atul Tantia:** Sure. So, the current order book is about INR 2,288 Crores, which is expected to be the next 2-odd years. And obviously, new orders will flow in during that time, and we expect to maintain an order book visibility of 2.75 to 3x our trailing 12-month numbers and grow at almost 20% this year and going forward as well.

**Ankita Rao:** 20% this year?

**Atul Tantia:** Correct.

**Moderator:** The next question is from the line of Hiral Nandu from Kalpvruksh Capital.

**Hiral Nandu:** Congratulations for the good set of numbers. While a couple of my questions have already got answered by the previous participant, one or two more questions I would like to understand and clarify. Is there any periodicity in either receiving the orders and even the execution of the orders, maybe because of the rainy season or some other seasonal effect? So just to understand whether our quarters would remain equally on the receptor order or on the execution or it will have some periodicity?

**Atul Tantia:** Sure. So generally, the first half is almost 40% of the full year numbers. Having said that, this year's monsoon slightly delayed, especially -- or barring I would say, North India, monsoon is quite delayed and less in some sense.

The second quarter is obviously affected by monsoon but not that much. So, if you were to average it out, maybe in the second quarter, we would be almost 18% to 20% of the full year revenues compared to 25% if you were to flatline it.

In terms of order availability, obviously, it depends on the government budget and the focus of the ministry, which is there, thankfully, for this government continuously. There's no ups and downs. We are participating in public tenders. So the success ratio depends on the price, and we are quite disciplined in terms of our pricing that we need a hurdle rate of 13% at EBITDA level. If we do get a hurdle rate of 13%, we are happy to get it. If we don't, we're happy to let go of those contracts because we think that there are a lot of

contingencies in this industry, and you need to be very mindful of what margin you're bidding at.

**Moderator:** The next question is from the line of Rishith Shah from Nuvama Wealth.

**Rishith Shah:** So actually, I have 3 related questions and all of them on the infrastructure side of the domestic business. So with the current setup or the facility that you have and the investment that you have done, what kind of lease revenues could we generate? And secondly, considering the growth rate we are envisaging for the future, when would you see the investment -- further investments to be done in the sector -- segment?

**Atul Tantia:** So in terms of the Infrastructure business, we don't have a facility per se. We do set up our facilities in the various locations where we do get the contracts. So the investment that we have done is towards plant machinery, manpower and everything, and obviously, the credentials that we have built over the last so many years in terms of our execution capabilities.

Peak execution is something that is -- there's no number, I think, in this industry that you can give in terms of peak execution per se. It depends on the order book that you can get. And we have been quite disciplined in terms of our order book, and we intend to maintain that discipline as well. We intend to be at a 12.5% to 13% EBITDA level going forward as well and not dip in terms of the hurdle rate because like I said to the previous question as well that in this industry, a lot of contingencies are there and we don't want to be hit by a downturn or a bad year and reduce the returns to the shareholders because we have a good dividend policy as well for the shareholders.

This year, we are targeting a growth of 20%. And this 20% growth is for the next 2 to 3 years. That will be the CAGR growth in terms of revenues. And obviously, profit would grow disproportionately because a lot of the operational efficiencies do kick in and profit this year is expected to grow by 40% and then almost 30% CAGR growth in the profit going forward as well.

**Rishith Shah:** Okay. So that's -- so basically no lead time or no hurdle as of now. So basically, we can take off of the growth that we have set -- established.

**Atul Tantia:** Yes, yes. I think this year, first quarter has been quite good, and we expect this to maintain in the next -- even July has been quite good. So we expect the momentum to maintain as well.

**Moderator:** We'll move on to the next question that is from the line of Dhiraj Sachdev from Roha Asset Managers.

**Dhiraj Sachdev:** Sir, I've been hearing a lot of due diligence on selection of the order based on 13%, 13.5% margin. Is there a criteria for working capital, way of selecting orders as well? Because I've seen in the past being an infra-oriented company, your collections or operating cash flows have been pretty decent in terms of working capital. And is it going to sustain going forward? And what's the normalized working capital?

**Atul Tantia:** Sure. So first of all, I'll just correct you. What I think said -- what's I think I have said if maybe you're mistaken, it's 12.5% to 13%, not 13%, 13.5% in terms of the hurdle rate for the operating margins.

In terms of the working capital, obviously, we would like to get to 150-odd days in terms of working capital, which would be quite a good number. And hopefully, that would also be achieved by the settlement of this arbitration disputes which have been stuck on the balance sheet -- part of which have been stuck on the balance sheet for quite some time. And this Vivad Se Vishwas Scheme II will entail the reduction of the working -- the contract assets as are called on the balance sheet due to the settlement of these disputes.

**Dhiraj Sachdev:** The question was, of course, the emphasis was more on the margins for selection of orders. Is there an emphasis on working capital and cash flows also for selection? Or it's only accrual system of profit growth?

**Atul Tantia:** Sure. Sure. So cash flow is very, very important for us. Last year, we have done 110% cash flow to operations -- cash flow from operations to EBITDA. This quarter also, it's almost 100%. We expect to maintain that going forward as well. We are strongly focused on receivables from customers. We do, I would say, 90%, or mostly central government contracts, wherein think there is a definite line of funding. We try to be as far away from the local bodies and the municipalities and otherwise, and very, very selective in terms of state government contracts, state governments which are good allocation for funds or multilateral funded contracts, where only we work. We don't work -- we again try to move away from private contracts as well.

So cash flow is very important, even the working capital. We do have SAP implemented across all our project sites, which allows the management, strong focus on the cash flow and allows it to monitor it as well so that the cash flows are ensured that they are maintained.

**Dhiraj Sachdev:** The net working capital, even at 20% growth level for this year, net working capital, what could that number be?

**Atul Tantia:** So the working capital -- the net working capital in terms of number of days would be approximately 150-odd days like I said.

**Dhiraj Sachdev:** And even at 150 days, you are generating a fairly decent amount of operating cash flow?

- Atul Tantia:** Correct.
- Dhiraj Sachdev:** Okay. So as you scale up the business, at 150 days also, you'll not have too much of working capital debt, which will broaden that internal nature of business, because a lot of infra companies have stress point only on this issue of working capital cycles.
- Atul Tantia:** So, working capital debt right now, like I said, net debt is about INR 202 Crores. We are utilizing almost 85% of our bank limits. And the idea is to bring it down further. So, this working capital limit -- or net debt target is that by the end of the year, we should have a net debt to less than INR 150 Crores.
- Dhiraj Sachdev:** Sir, just trying to understand the math right, if you're growing 20% and on the 20% incremental revenue, you'll have 150 days of extra incremental working capital. And on top of it, you will reduce the debt. How will that happen?
- Atul Tantia:** So, debt reduction will also happen by the settlement of the arbitration disputes like I said, which will entail an inflow of almost INR 60 Crores. And also, the 20% growth will be financed by the 13% operating margin that we do have. So that 13% margin automatically finances the growth. You don't need to add new debt for the growth of the business.
- Dhiraj Sachdev:** So, assume the INR 60 Crores of -- okay, so onetime INR 60 Crores inflow is part of the working capital or part of debt reduction?
- Atul Tantia:** It is part of the debt reduction. Honestly, we don't need working capital debt to finance our operations for the growth per se, for the operations. So rather they are -- even into the first quarter, we have been able to reduce the debt by INR 10 Crores from the existing cash flow. At that time, we did not have any settlement of arbitration disputes or otherwise.
- Moderator:** The next question is from the line of Prathmesh from Tiger Asset.
- Prathmesh:** My question was the revenue growth that you are expecting of 20%. Is it from domestic or from the overall business?
- Atul Tantia:** It's both from domestic as well as the overall. So this year, on a stand-alone basis, which is domestic business, we have grown by 26%. And we expect both domestic as well as the overall business to grow in tandem.
- Prathmesh:** And can you just break it down like how much revenue growth will be there from infra and from concrete?
- Atul Tantia:** So, in terms of the Infrastructure segment, it will contribute almost 87% to 88% of the overall revenue and concrete will contribute almost 12% to 13% of the overall revenue. Infrastructure segment will grow by almost 20% to 23%, and Concrete segment would grow about 15% to 18%.

Obviously, Concrete segment, the denominator has changed because the 2 factories for the Dedicated Freight Corridor have completed the contract, which were there last year. And this year, they're not there.

**Moderator:** As there are no further questions, I now hand the conference over to Mr. Atul Tantia for his closing comments.

**Atul Tantia:** Thank you, everyone, for participating in our Q1 FY '24 Earnings Conference Call for the period ended 30 June 2023. I hope we've been able to address all your queries. In case you have any other queries, please direct the same to us or Stellar IR, our Investor Relations advisers. Thank you again, and have a good day.

**Moderator:** Thank you. Ladies and gentlemen, on behalf of GPT Infraprojects, that concludes this conference call. We thank you for joining us, and you may now disconnect your lines. Thank you.