



# GPT Infraprojects Limited

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GPTINFRA/CS/SE/2023-24

February 02, 2024

**The Department of Corporate Services,**  
BSE Limited,  
Phiroze Jeejeebhoy Towers,  
Dalal Street  
Mumbai - 400001

**National Stock Exchange of India Ltd.,**  
Exchange Plaza,  
Plot no. C/1, G Block,  
Bandra-Kurla Complex, Bandra (E),  
Mumbai - 400 051

Dear Sir / Madam,

**Sub: Update on Conference Call held on January 31, 2024 - Call Transcript**

**Ref.: Scrip Code - 533761; Symbol - GPTINFRA**

In compliance with Regulation 30 read with Part A of Schedule III of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed herewith transcript of Conference Call held on Wednesday, January 31, 2024.

Kindly take the aforesaid information on record and oblige.

Thanking you,

Yours sincerely,

For **GPT Infraprojects Limited,**

**Mohit Arora**  
**Company Secretary**

Encl. - As Above

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“GPT Infraprojects Limited  
Q3 and 9 Months FY24 Conference Call”  
January 31, 2024



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

**Moderator:** Ladies and gentlemen, good morning, and welcome to the GPT Infraprojects Limited Q3 and 9 Months FY24 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 Limited Earnings Conference Call for the Third Quarter and the 9 Months ended December 31, 2023. I hope you all had the opportunity to review our financials and the investor presentations, which is also uploaded on our website and that of the stock exchanges yesterday. Today with me on the call is a representative from Stellar IR, our Investor Relation advisers.

I will briefly cover the key highlights for the quarter, and then we will discuss the questions that you might have. So on the back of a thriving order book and improving cash flow on account of the better executions, we have had a reduced debt positions. And we are well positioned to navigate the dynamic business landscape in the infrastructure industry.

Now let's delve into our financial performance for the third quarter and the 9 Months ended FY 2024. Our stand-alone revenues for Q3 FY24 amounted to Rs 249 Crores, marking a 28% increase year-on-year compared to Rs 195 Crores last year. On a consolidated basis, the revenues were at Rs 254 Crores, reflecting a growth of 26% year-on-year from Rs 202 Crores last year.

For the 9 Months ended December 31, 2023, stand-alone revenues totalled at Rs 713 Crores, representing a significant increase of 33% year-on-year from the Rs 534 Crores last year. Similarly, on a consolidated basis, revenue stood at Rs 729 Crores, a jump of 34% from Rs 544 Crores last year.

In both the segment -- in both the standalone and consolidated numbers, we are on track to achieve our guidance of a growth of 25% in the current financial year. This growth will largely be driven by better execution in the Infrastructure segment, which accounted for close to 90% of our total business.

Our standalone EBITDA for the quarter ended was at Rs 32 Crores compared to Rs 24 Crores last year, representing a growth of 32% year-on-year, and an EBITDA for the 9 Months was at Rs 91 Crores compared to Rs 68 Crores last year, that is a growth of 34%. In terms of our consolidated EBITDA, that came in at Rs 30 Crores for the quarter compared to Rs 23 Crores last year, representing a growth of 31%. And the EBITDA for the 9 Months stood at Rs 92 Crores compared to Rs 66 Crores on a consolidated basis last year, representing a growth of 40%.

So we are quite close to the full year EBITDA for the -- which was achieved last year of Rs 96 Crores. We are confident of maintaining our long-term EBITDA margin of 12% to 13%, which is what we have guided historically, and we have achieved that over the last decade. With the receipt of arbitration awards and also strong cash flow, the company has followed a path of fiscal

prudence by reducing debt, and the interest cost is reduced by 11% for the quarter despite increased working in the business.

With the improvement in revenues, the operational efficiencies that have helped us to ensure long-term EBITDA, and we expect the same to be maintained going forward. We are also on track to reduce our working capital cycle to double digits in the long term, and also achieve long-term ROCE and ROE closer to 20%, positioning ourselves as one of the best performing infrastructure companies in the country. The key factors contributing to this return are cost optimization and lower overhead costs and faster execution of our contracts.

As announced earlier, we are pleased to announce that both the arbitration awards that were settled by the company under the 'Vivad se Vishwas Scheme II' of the Government of India, which was announced in the last budget have been settled, and the funds have been received for the same. This is a very positive step for the industry and EPC contractors like us as long pending arbitrations and disputes do not help either party and only leads to higher legal costs.

With this, the company has repaid Rs 35 Crores of debt, and the balance has been used to strengthen the working capital cycle, especially on the back of receipt of large orders in the recent quarters. The company has declared a second interim dividend of Re. 1 per share. The record date for the same has been fixed on 9th February 2024, maintaining our dividend policy of rewarding shareholders. This takes the total dividend payout for this financial year to Rs 2 per share.

Turning to our balance sheet.

Our management continues its strong focus on cash flows and receivables while ensuring that projects have achieved the hurdle rate of EBITDA of 12% to 13%. This focus has led to strong numbers over the last 3 years.

Our cash flow to EBITDA conversion remains one of the highest in the industry, especially this year on account of the receipt of receivables, it will be closer to 125% and thus providing comfortable liquidity for the operations. The bank limits continue to be utilized to the extent of almost 65% to 70%, thus enabling the operations to go on smoothly. And we also expect external rating to move up shortly.

Now coming to our segmental performance. Our Infrastructure segment continues to demonstrate strong execution prowess with a remarkable 10% increase in revenues reaching Rs 232 Crores for the quarter ended 31st December 2023. This segment continues to be the backbone of our business, contributing almost 90% of our total revenues.

The Sleeper segment has generated revenue of Rs 21 Crores for the third quarter, and we are anticipating the increase in momentum in the Sleeper segment. It is backed by commencement of the operation in South Africa as well as expected operations in Ghana as well. We expect this segment to contribute 10% of our revenues for the full year. And the Ghana revenues to kick in from the last -- in March of this year or first quarter next year as well.

The EBIT for both the segments has been strong and in line with our guided EBIT for the full year as well. Infrastructure segment amounted to Rs 25 Crores in terms of EBIT. Sleeper segment amounted to Rs 4 Crores in terms of EBIT.

Key contracts for the Infrastructure segment continue to perform well with contracts like Prayagraj, Ghazipur, Mathura-Jhansi, Nimita, Byculla driving a major part of our revenues. As we move forward, we are confident in our ability to capitalize on the positive momentum generated by these factors. Our focus on maintaining a robust order book, coupled with the continuous efforts to optimize our financial structure. This is a foundation for our growth trajectory.

Now coming to our order book. In Q3 FY24, we have achieved one of the highest order books for us in the last decade, which stands at Rs 2,991 Crores with order inflow of Rs 1,439 Crores during the year, representing almost 3.6x our FY'23 revenues, providing strong visibility to investors. We are glad to announce that in the last quarter, we have secured an order from MORTH for construction of a 4 lane Raniganj Bypass for Rs 267 Crores, which is to be completed over a period of 24 Months.

To enhance profitability, we've implemented key measures such as optimizing working capital and reducing outstanding with various customers. And then by doing cost effective measures to keep overheads in check. We continue to be positive, driven by our strong outstanding order book, improving financial conditions, stronger cash flows and lower debt position as a result of receivables management.

We expect the expenditure of the government on capex to be largely in line with the last year in the interim budget and expect the focus of the government to stay on this sector. This is a decade which belongs to India and especially due to the large addition of very large infrastructure contracts happening in the country, we expect that this sector continues to be a very strong focus for the government.

Our company exclusively operates with the realm of government infrastructure contracts, national infrastructure pipeline with a sanctioned amount of the Rs 102 lakh Crores, a blueprint for transformative development across key sectors such as energy, transportation and urban infrastructure continues to be the backbone of our business. This ambitious program is not just a testament to India's commitment to robust infrastructure, but also a beacon for potential investments and opportunities for businesses like us.

I would like to reiterate that this quarter has been one of the strongest quarters for us. And with the strong execution on the back of the largest ever order book in the history of our company, we are on track to cross the Rs 1,000 Crores revenues, which we have targeted for this year and maintain the growth momentum going forward as well.

With this, I would now like to address any questions that you might have on 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. The first question is from the line of Bhalchandra Vasant Shinde from Kotak Life. Please go ahead.

**Bhalchandra Shinde:** Am I audible now?

**Moderator:** Yes, sir. Please proceed.

**Bhalchandra Shinde:** Yes. Sorry for that. Congrats for strong set of results. So would like to know about the pipeline prospect-wise how you see over the next 1 to 2 years, the pipeline-wise and order inflow growth trajectory-wise also, how we see that perspective -- like will we be able to maintain the kind of growth which we showed on a YTD in order inflow growth? So that growth is it possible for us to maintain over the next 1 to 2 years?

**Atul Tantia:** Sure. So thank you for the compliment. In terms of the pipeline, we have L1 and almost Rs 400 Crores of new orders. And we expect that to translate into contracts for us in the next -- in this financial year itself.

Like I said earlier, the focus of the government continues to be on this sector. And we like to maintain a book-to-bill of almost 3.2 to 3.5x. So projecting the revenue of Rs 1,000 Crores this year, we expect to close with an order book of almost Rs 3,200 Crores- Rs 3,300 Crores at the end of the financial year. This will give us a visibility of almost the next 2-2.5 Years. And obviously, with the order book next year should also grow in tandem with the projected growth of 20% CAGR over the next 3 years that we have targeted. And we should achieve that number of closing order book next year of almost Rs 4,000 Crores.

**Bhalchandra Shinde:** And even on the NHAI side, as NHAI Chairman suggested that relatively trajectory on the tendering-wise and ordering-wise will improve from June onwards. So in that perspective, can we expect this -- target for this guidance as a relatively conservative because like NHAI ordering was not that great over the last 1 year. So can that add to the trajectory or we are considering a pickup in traction?

**Atul Tantia:** There could be some positive surprise in that trajectory, obviously, which I'm guiding. But at the end of the day, we are quite mindful of our margins and the cash flow. So we do bid for contracts with a strike rate of almost 10% to 12%, but we need to have a -- with a hurdle rate of EBITDA of 12.5%- 13%. Unless we kind of achieve that hurdle rate, we are happy to let go of contracts.

So we don't want to just build up the order book, we also want profitable contracts, which can give the cash flow and return for the shareholders. So at end of the day, it needs to be a balanced and disciplined growth, and we will not compromise on the margins that we want for growth in the order book as well.

**Bhalchandra Shinde:** And we will be able to maintain the cash flow to EBITDA conversion, which we have around 80%, 90%, right, over the next 2-3 years?

**Atul Tantia:** Yes, we should be maintaining that. This year has been an aberration due to the collection of the arbitration receivables. That's why I said that this year would be north of 125%, but that's an aberration due to the receipt of the arbitration receivables of almost Rs 65 Crores this year.

**Bhalchandra Shinde:** Got it. And because of this receivable of arbitration, if you can provide some light on or how the plate scenario will change and rating wise also. And by then one can expect further improvement. And does it add us or give us a cushion to wait for more orders because our sanction limit has improved right because of this receivable.

**Atul Tantia:** So in terms of rating, obviously, the rating agency CRISIL is evaluating the rating, and it will - - obviously, the rating committee will take a call appropriately. But the feedback that we have, that there should be a positive upgrade of the rating, but we have already done the management meeting and taken the necessary documents to placing before the rating committee now there's a call that rating agency will take, we have no say in that.

That would obviously lead to lower interest costs as well as release of some of the pledge of shares that are there from the promoter side in order to provide collateral for the bank limits enjoyed by the company. That -- the rating upgrade really doesn't affect the bidding capacity. That is more a function of how the order pipeline and the revenue that we do book and the credentials that we have in terms of completing contracts. We have enough credentials to now bid for contracts of more than Rs 1,000 Crores in our own name.

I'm sure you're aware that we have recently got a Rs 740 Crores contract from NHAI, and we are bidding for a couple of large contracts as well. We hope to secure the same as such. In terms of banking limits, we are also using some of these surety bond limits from insurance companies. We also obviously have headroom in terms of banking limits available as such. So that's not a challenge.

**Moderator:** The next question is from the line of Sudhir Bheda from Bheda Family Office.

**Sudhir Bheda:** Congratulations on very strong execution and healthy order book and a very strong set of numbers, sir. Sir, my question is like this quarter, we saw some dip in the margin. So any specific reason or maybe the kind of operation and then we will continue to have a yearly 12% to 13% margin what you have guided.

**Atul Tantia:** So this quarter also, honestly, EBITDA margin was in terms of standalone was about 12.9%.

**Sudhir Bheda:** 11 point something.

**Atul Tantia:** No, 12.9% in standalone, consolidated was about 12%. Consolidated slightly lower on account of the -- just started the Ghana execution and Ghana overheads, etc. We expect that to, like I said, get on line by end of the March or first quarter next year. So once that happens, the consolidated will actually get in line with a standalone, which is about 13%.

**Sudhir Bheda:** And some other expenses are higher compared to last quarter or maybe last year -- last quarter also. So maybe related to Ghana starting expenses or...

- Atul Tantia:** So you're talking about consolidated or you talking about standalone?
- Sudhir Bheda:** Consolidated.
- Atul Tantia:** So other expenses are also on account of Ghana and also some foreign exchange fluctuation that gets factored in there. We do not have any -- it is nothing extraordinary per se.
- Sudhir Bheda:** Great, sir. And lastly, sir, I just listened to your previous answer. So your trajectory -- growth trajectory would be 20 – 25% for the next couple of years? Is that a visibility you have?
- Atul Tantia:** Yes. For the next 3 to 4 years, we expect that -- to maintain that kind of growth momentum given the strong focus of the government on this sector. Obviously, like the previous gentleman asked, if there is further impetus by the government on the sector, there could be some positive surprise on the number that we have guided. But we need to be disciplined in terms of our margins and cash flows. So while maintaining the discipline in terms of margin and cash flow, if you able to back some larger contracts and more contracts, we'll be more than happy to do it.
- Sudhir Bheda:** Great. And interest outlook, if you can share because that money which has come now will go for debt repayment. So the interest will be quite less than what we are having this year. So can you for the next year, if you then provide interest and debt outlook?
- Atul Tantia:** So like I said in my opening remarks, we have already reduced debt by Rs 35 Crores from the receipt of the arbitration money that we had got from NHAI. We expect interest to be around -- interest cost this year to be around Rs 30 Crores, which was Rs 37 Crores last year on a standalone basis. On a consolidated basis also, it will be along the same lines.
- In terms of FY25, interest cost would be further lower by almost Rs 4 Crores to Rs 5 Crores. So we expect interest on a consolidated basis to be in the range of about Rs 25 Crores to Rs 26 Crores for FY25.
- Sudhir Bheda:** Great. Great
- Atul Tantia:** It was Rs 37 Crores last year. So there will be a saving of almost Rs 12 Crores over 2 years.
- Moderator:** The next question is from the line of Darshil Pandya from Finterest Capital.
- Darshil Pandya:** So can you please give me the debt as on date?
- Atul Tantia:** Debt as on date or as of 31st December?
- Darshil Pandya:** That would help.
- Atul Tantia:** Pardon? Yes, debt as on date or as of 31st December, what are you asking, sorry?
- Darshil Pandya:** Yes, as of 31st December kind of.
- Atul Tantia:** As of 31st December, debt would be close to Rs 230 Crores. Right now, it would be close to Rs 190 Crores.

- Darshil Pandya:** Right now, it should be Rs 190 Crores. Okay. And sir, one more question that in the earlier calls, the management said that you foresee order inflow of around of Rs 1,600 Crores by year-end. So with the recent order inflow, we are standing at Rs 1,700 Crores. So do you anticipate any new orders in this quarter as well?
- Atul Tantia:** We're not standing Rs 1,700 Crores, we're starting at Rs 1,439 Crores with the new order inflow that we have had. This Rs 1,439 Crores obviously includes a Rs 267 Crores, which is technically in January, but this is part of the Rs 1,439 Crores. So we are starting at Rs 1,439 Crores with a recent order inflow. And we expect some more orders like I said in the L1 and we expect that to also come through in March. The L1 is all close to Rs 400 Crores of orders. We expect that to also transfer into orders for us in March itself.
- Darshil Pandya:** Okay. And as you said, the Ghana opportunity will be contributing around Rs 20 Crores for this fiscal. So on a full year basis, as guided, it should be at Rs 60-65 Crores run rate.
- Atul Tantia:** This fiscal, Ghana operations will not contribute Rs 20 Crores. This fiscal will be slightly lower. The Ghana operations technical testing is underway. This fiscal can be hardly any revenue that is booked. Next fiscal, it will be about Rs 50-odd Crores from Ghana.
- Darshil Pandya:** Okay. So this fiscal year, you're saying that it will be the Rs 20 Crores?
- Atul Tantia:** No, no, this fiscal will be hardly anything from Ghana, I said. It won't be Rs 20 Crores.
- Darshil Pandya:** In your press release, you have just mentioned this, so I just asked for that.
- Atul Tantia:** Yes. But like I said, the technical testing has been slightly delayed in Germany. That is -- we're expecting that to come through by end of February, early March. So this fiscal will be hardly any revenue that is booked because once the manufacturing happens, it takes about 1.5 months to book the revenues and dispatches for the customer.
- Moderator:** The next question is from the line of Khushbu Gandhi from Share India Securities Limited.
- Khushbu Gandhi:** So my question is related to...
- Moderator:** Sorry to interrupt Ms. Gandhi, we're not able to hear you. Your audio is sounding very soft.
- Khushbu Gandhi:** Hello?
- Atul Tantia:** Yes. We can hear you. Go ahead, go ahead.
- Khushbu Gandhi:** So my question is related to concrete sleeper [inaudible 0:23:26] expecting Ghana to recover base in FY25. So are we expecting up-movement in the margins like from 12%, 13% to at least 13.5% because concrete sleepers will be now gaining a higher uptick in the margin?
- Atul Tantia:** So concrete sleepers will be almost 10% to 12% of our revenues. The Ghana obviously will start contributing better. But like I said to the previous gentleman that it is about Rs 50 Crores of revenue even with a higher margin, that did not move the EBITDA by 50 basis points, maybe by 10 to 15 basis points.

- Khushbu Gandhi:** Okay. And sir, any orders which we are looking in concrete sleepers going ahead?
- Atul Tantia:** So we have bid for a couple of contracts in Namibia as well as South Africa and also locally in India as well for the existing factory in Panagarh which we expect to materialize in the next couple of months. In terms of newer opportunities in India, as you are aware, the government is evaluating 3 new freight corridors, which is after the completion of the Eastern and the Western corridors. Once that comes, obviously, we will target to get 1 or 2 factories in that new freight corridor on the tenders when that do happen, but that is some time away.
- Khushbu Gandhi:** Okay. And sir, last question is relating to the infra side. Sir, we are looking that we will be growing at 20 – 25%. Any capex, which will be occurring for the same, for any machineries going forward? What's the capex, which you're looking?
- Atul Tantia:** Capex would be in the range of about Rs 20 –25 Crores. We have done Capex in the 9 months of almost Rs 12 odd Crores. For the full year, the capex target is about Rs 20 Crores to Rs 25 Crores for the new contracts that we are getting. And obviously, some maintenance capex for machines that need to be replaced, etc. So it's not a really high number for the capex.
- Moderator:** The next question is from the line of Prathamesh Diwar from Tiger Assets.
- Prathamesh Diwar:** Congratulations for your great set of numbers. Sorry, sir, if I missed it earlier, can you please give a guidance on the order book for FY25?
- Atul Tantia:** So FY25, we expect the order book to be -- closing order book to be almost Rs 4,000 Crores, close to Rs 4,000 Crores, which is right now Rs 2,991 Crores. We expect FY25 closing order book to be close to Rs 4,000 Crores.
- Prathamesh Diwar:** Got it. And my second question is, will the revenue share of -- revenue mix of concrete sleepers and infrastructure will remain same? Or how is it going to be in coming year?
- Atul Tantia:** No, concrete sleepers will be about 10% to 12% of revenues.
- Prathamesh Diwar:** Okay. And sir, can I know which -- out of both of the segments, which gives us higher margins?
- Atul Tantia:** Both the segments do give us a margin of almost 13% at EBITDA level. Concrete sleepers can give a lower EBIT because of higher depreciation in the African subsidiaries, but at EBITDA level, both give almost the same margin.
- Moderator:** The next question is from the line of Ankur Kumar from Alpha Capital.
- Ankur Kumar:** Congrats for good set of numbers. Sir, in terms of guidance for this year, you're saying 25%, but our 9 months is like 30% plus, 32-33%. So is it like a conservative guidance? Or do we expect some growth reduction in the fourth quarter?
- Atul Tantia:** Obviously, fourth quarter there will be a slight effect of elections, but we are mindful of that as well. We are -- we expect to be in the range of 25% to 30%, maybe 27%, 28% for the full year. But -- so we have done Rs 728 Crores, and we expect to close like I said, 1,000 plus. So we would be in the range of 27%, 28%, close to that.

- Ankur Kumar:** Got it, sir. And sir, on the next year, should we like expect this Rs 1,000 Crores to go to like Rs 1,250 Crores or like what should be growth assumption for the next year?
- Atul Tantia:** So like I said earlier as well, we expect over the next 3 years to have a CAGR growth of 20% in terms of revenue, 20% to 22%, but that is over the next 3 years. So obviously, every year, we should grow in that tandem.
- Ankur Kumar:** Got it, sir. And sir, on the execution side, like Rs 3,000 Crores, what is the time line for this full acquisition of this order book?
- Atul Tantia:** Typically 2.5 – 3 years.
- Moderator:** The next question is from the line of Bhalchandra Vasant Shinde from Kotak Life.
- Bhalchandra Shinde:** Sir, regarding this fourth quarter execution, if we are expecting order inflow of around Rs 400 Crores, then are we expecting model growth for fourth quarter execution because then only we can assume around Rs 3,200 Crores something kind of order.
- Atul Tantia:** No, we are -- Rs 400 Crores is what we are in L1 in. There could be some more which we have submitted technical bids, but we are not L1. There could be some more orders inflow as well. We don't expect any moderate or subdued growth in Q4. Like I said to the previous gentleman as well, we expect the Q4 to be also in line with what we've done earlier. So fourth quarter would also be a jump growth of almost 20%. We are mindful that last year, the fourth quarter was a very good quarter for us. We did Rs 260 Crores of revenues last year, which was a very good quarter for us last year. So obviously, that base effect will be there, but it will not -- it will still be about ~20% in terms of growth for the full year -- for the quarter.
- Moderator:** The next question is from the line of Sanika from Sapphire Capital.
- Sanika:** Congratulations for the set of numbers. I just want -- I just have a follow-up question. You said that in quarter 4, you're going to see a 20% growth. So that is on a quarter-on-quarter basis or is it on year-on-year basis?
- Atul Tantia:** It's on the -- Q4 last year, we did Rs 260 Crores. Q4 this year, we should do about 20% growth like I said, about Rs 310 Crores, Rs 312 Crores.
- 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. I hope we have been able to suitably address all your queries. In case you have any further queries, please do get in touch with Stellar IR or directly with us. Thank you for your continued support and trust in the company's vision and capabilities. We look forward to achieving much higher milestones for the country, and becoming a nation builder, and creating everlasting value. Thank you, and have a good day.
- Moderator:** Thank you, members of management team. 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.