GPT Infraprojects Limited

Regd. Office : GPT Centre, JC-25, Sector-III, Salt Lake, Kolkata – 700 106, India CIN: L20103WB1980PLC032872
Tel: +91-33-4050-7000 Fax: +91-33-4050-7999 Email: info@gptgroup.co.in Visit us: www.gptinfra.in

GPTINFRA/CS/SE/2021-22

August 07, 2021

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 04th August, 2021 – 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 and further to our letter dated 03rd August,2021, please find enclosed herewith transcript of Conference Call held on Wednesday, 04th August, 2021.

Kindly take the aforesaid information on record and oblige.

Thanking you,

Yours faithfully,

For **GPT Infraprojects Limited,**

ANATHA BANDHABA CHAKRABARTTY
Digitally signed by ANATHA BANDHABA CHAKRABARTTY
Date: 2021.08.07 14:49:30 +05'30'

A B Chakrabartty
(Company Secretary)
Membership No.-F-7184

Encl. – a /a.

"GPT Infraprojects Limited
Q1 FY2022 Earnings Conference Call"

August 04, 2021

MANAGEMENT: MR. ATUL TANTIA - EXECUTIVE DIRECTOR & CHIEF FINANCIAL OFFICER - GPT INFRAPROJECTS LIMITED

Moderator: Good day ladies and gentlemen and a warm welcome to the GPT Infraprojects Limited Q1FY22 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 "*" then "0" on your touchtone phone. I am now glad to hand the conference over to Mr. Atul Tantia, Executive Director and CFO of GPT Infraprojects. Thank you and over to you Sir!

Atul Tantia: Thank you. Good morning everyone and a warm welcome to GPT Infraprojects Limited earnings conference call for the first quarter of fiscal year 2022. The presentation for this quarter has been uploaded on the websites of the stock exchanges as well as our website. We hope that you have had a chance to go through the same. Our Investor Relations Advisor, Stellar IR is also available on the call. As we are meeting on this call within a very short duration of a month or almost 45 days from our last call of Q4FY21 results, we will run you through a quick snapshot of the quarter. The second wave of COVID-19 that hit the country in the months of April-21 and May-21 we saw a strong proliferation of cases across the country, while the pace was alarming, thankfully quickly and hopefully the worst is behind us. While the healthcare systems continue to face the brunt of the second wave, the economic activity did not seem to be disrupted as much as it was in the first wave. Operationally for GPT too we continue to work at most of our project sites as well as our manufacturing facilities with little to no disruption. As we have updated you, the Government's focus on capex has led to a significant higher outlay for the sectors that we operate in fiscal 2021. With the second wave, the focus of the Government, ministries was diverted to healthcare and rightfully so. As a result, the ordering activity in the first quarter was muted but we were able to successfully get incremental orders of Rs.159 Crores in Q1FY22. The stellar growth in our order book in the previous fiscal backed by the order intake of almost Rs.930 Crores has helped us whether this small blip in ordering activity in our current order book stands at almost Rs.18.6 billion, which is almost three times FY2021 revenues.

Now, let me take you through the key highlights for the company's operational and financial performance during the quarter gone by. On the execution front most of our infrastructure projects progressed well barring some slowing down of activity as a result of the second wave of COVID-19 in the beginning of the quarter. On the concrete sleeper side too execution of our key order that is the DFCC order in the UP facilities was much higher compared to last year. Our Namibian operations also continued to operate at an all-time high capacity utilization with good cash flow and dividends to their respective shareholders, however, the operations in South Africa are currently witnessing disruptions due to the combination of renewed COVID-19 containment measures as well as recent civil unrest in the country. We are carefully monitoring the situation and hope that this will be resolved soon. Overall, our consolidated revenues for the past quarter, that is Q1FY22 posted a growth of approximately 46% year-on-year with infrastructure segment posting a growth of 63% year-on-year and concrete sleeper segment at 8% year-on-year. In terms of segmental contribution, the proportion of concrete sleeper lowered from 23% in Q1FY21 to 16% in Q1FY22 due to disruptions in South Africa, while deliveries specifically in the DFCC contracts remained high. On our margins and profitability, we continue to focus on strong discipline on cost and our continued focus on strengthening the companies operating leverage has borne fruits and led to increase in the operating profitability. The bidding discipline that we maintain while bidding for new contracts continues to be the primary factor for stability in the EBITDA margins for the company in the range of 13% to 15%. Our consolidated EBITDA for Q1FY22 grew 11% year-on-year, although EBITDA margin fell through from the initially high margin recorded in Q1FY21 when compared sequentially it has increased by almost 400 basis points year-on-year to 16% from our typical range of 13% to 15%. The profit after tax share of associate and minority interest has grown by 170% year-on-year to Rs.4.5 Crores in Q1FY22 versus Rs.1.7 Crores in Q1FY21 largely on the back of improved execution of leverage, lower depreciation and interest costs. The PAT margin has remained largely stable. We are also happy to report that there has been positive developments in the matter relating to the ongoing dispute resolution between our subsidiary and NHAI as we had updated you in the last conference call, the company has opted for the consideration of the dispute through a consideration of committee of independent experts as per part three of the arbitration and consideration amendment act 2015. We are confident of an amicable resolution of this matter in the current fiscal, which could lead to enhanced equity for the company.

Coming to our balance sheet, we are pleased to report that our operating and liquidity portion continues to improve. As we had mentioned in our earlier calls, we have been optimizing our working capital in addition to pairing some of our long-term debt. In the quarter gone by, we have seen an improvement in our working capital days and believe that that we are under the cup of a virtuous cycle of lowering working capital days and strong cashflow. We also expect release of some long overdue outstanding from various clients, which was at Rs.49 Crores in March 2019 and reduced to Rs.25 Crores in March 2020 and despite COVID-19, reduced further to Rs.20.8 Crores last year and it was further expected to reduce by Rs.4 Crores to Rs.5 Crores this year. In addition, outstanding tax refunds are also being processed by various departments, which will lead to easing out the cash flows of the company. Overall, we do not foresee any challenges when meeting our debt obligations or liquidity for the business. This has led to improvement in the current ratio from 1.05 in FY20 to 1.2 in FY21 and 1.25 as on June, 2021.

Lastly, let me share with you, the key highlights of some of the key contracts and the execution for the current fiscal. Some of our key projects under the execution include the Ghazipur order worth almost Rs.378 Crores from RVNL, which is running smoothly with a quarterly run rate of almost Rs.30 Crores to Rs.35 Crores and its closure is expected over the next 18 months, in addition the Dholpur contract with RVNL, which saw an incremental order inflow this quarter is also running very smoothly. When both these contracts are completed, this will allow us to bid for single contracts up to Rs.1,000 Crores underscoring our execution capabilities in the infrastructure segment. In the concrete sleeper segment, the GMR order worth almost Rs.250 Crores continues to progress well and cashflows from the same are expected to ease the working capital requirements going further. We have calibrated our operations to ensure that any disruptions are not only temporary but also, we can resume quickly and as a result, we believe we are in a strong position. Given our track record on project execution, capabilities, robust order books, strong cash flows and improving working capital position and most important robust growth prospects, we believe that GPT Infraprojects is entering a virtuous cycle of growth and is well set for the next phase. That is all from my side. I will now request the moderator to open the call for any questions and answers.

Moderator: Thank you very much. Ladies and Gentlemen, we will now begin the question and answer session. The first question is from the line of Viral Shah from Prabhudas Lilladher. Please go ahead.

Viral Shah: Thank you for giving me an opportunity. So, my first question in terms of order book visibility, could you elaborate more on railways, how the order book pipeline stands at and what are the verticals where we are seeing a good traction in terms of the order book that is my first question and the second question is on the labor availability front, what is the labor availability as on date in the month of June-21, what was the execution done in the first quarter, so these are the first few questions to start with Sir?

Atul Tantia: So, in terms of order availability and pipeline, like I said, this quarter we have seen incremental order inflow of almost Rs.159 Crores, so last full year we saw incremental order improvement of almost Rs.930 Crores. Obviously due to the relaxed bidding requirements until December-21, there is a lot of competition and our bidding for contracts wherein we have higher experience, very good competency so that we preserve our hurdle rate of EBITDA of 13% to 14% and we believe that we should be able to bag new orders in this financial year of a similar quantum of what we backed last year, so that would enable us to have a higher order book at the end of the financial year FY22 compared to what we were at the end of financial year FY21. So, FY21, we were at almost Rs.18.3 billion and I think that at the end of FY22, we expect to be almost at Rs.20 billion in terms of closing order book. In terms of labor availability, so labor availability was poor again in April-21 and May-21 but June-21 onwards the availability has improved and since then there have not been too much of disruptions in terms of availability of labor, which is also speaking on our executions, our execution has been stronger compared to what we had done in last year first quarter, so this year first quarter we had a growth of almost 46% compared to last year, so labor availability is not an issue as we speak.

Viral Shah: Fair enough Sir. In terms of guidance, can you give some guidance in terms of revenue as well as your EBITDA for FY22 and if you take us three to five years view where do we see the company in terms of growth going forward?

Atul Tantia: So, this year people are expecting another third wave to come so it is very difficult to give a guidance for the full year because I think that we will only able to give that in the second quarter when we do a half year earnings call. I would not want to give a guidance unless there is somewhat visibility whether the third wave will come or not.

Viral Shah: Okay fair enough Sir that is fine. Also, from a visibility point of view since you are bagging good amount of order, last year was a good order inflow, this year also will be good order inflow and I believe that as you briefed further order will be 2.5 to 3 years, so do not you feel that some are three years, order and from a five-year perspective, the growth visibility, the CAGR run rate in terms of revenue on PAT can be stronger?

Atul Tantia: CAGR I think we should hit high teams to close to 20% in terms of revenue growth and obviously PAT will be disproportionate because of operational efficiencies and lower interest as well as depreciation, so in terms of revenue I think we will be at almost in higher teams close to 20% CAGR growth.

Viral Shah: Fair enough Sir. Thank you so much and all the best.

Moderator: Thank you. The next question is from the line of Rikesh Parekh from Barclays. Please go ahead.

Rikesh Parekh: Thanks for the opportunity and congratulations on good set of number. I would like to have some light on how the ordering tendering that we are seeing is and the competition intensity in the current quarter?

Atul Tantia: So, like I said in my reply to the previous question as well, due to the relaxed requirement in terms of the bidding criteria and the earnest money for the bids or reactivity is in terms of competition is quite high, so there are a number of bidders who are participating in each bid which is quite high and that relaxation is there till December of this year, suppose that all the relaxation is withdrawn, the competition should come down, however, we are mindful of our hurdle rate and we are bidding for contracts which meet our core competencies and wherein we can achieve our hurdle rate of EBITDA so that we do not compromise on the margins.

Rikesh Parekh: Okay that is helpful. Second is, in the opening remarks, you talked about the arbitration with NHAI, you have gone to appeal committee, so can you throw some more light on it or how is the process and how much time does it typically take for the reconciliation process as such?

Atul Tantia: So, we have one consideration committee hearing has already happened. Second one is scheduled this week, so as per the standard operating procedure of NHAI, this typically takes six months.

Rikesh Parekh: Okay thanks that is it from my side.

Moderator: Thank you. The next question is from the line of Aarif Hussain from Profitmart Securities. Please go ahead.

Aarif Hussain: Thank you for taking my question, can you please throw some light on working capital days in Q1FY22, can you please give the exact number of working capital days?

Atul Tantia: On working capital days we can get back to you, we cannot give a number of hand because we do get that in our presentation on a half yearly and an annual basis, so Q1FY22 we do not give that number out and also in Q3FY22 also we do not share, however, if you can send an email offline to Stellar IR or Ms. Pooja Agarwal, either of them will reply to you on one-to-one basis.

Aarif Hussain: Okay Sir. Thank you that is from my side.

Moderator: Thank you. The next question is from the line of Mihir Desai from Desai Investments. Please go ahead.

Mihir Desai: Thank you for the opportunity, so my first question would be on the macro front I just wanted to understand railway sector is seeing a lot of demand and so what is the order you see coming in from this sector and things developing on ground levels, if you could throw some color on this?

Atul Tantia: Like I said railway has always been building new infrastructure because they want to improve the speed on the railway track, they want to improve the freight traffic and also they want to do high speed corridors, and India railways also envisaging three freight corridors post the completion of these two corridors of the western and the eastern corridors, which are on the verge of completion in the next one or two years and with the new Railway Minister in place, obviously there is a larger focus on new contracts that will come out. We are one of the few companies who have done mega bridges for railways, so we have done a double decker bridge over Ganga and Patna, done a bridge over Kosi, North Bihar, we have also done bridges over Bhagirathi, Ganga and Chambal, various bridges in the country, so we expect that ordering activity should be quite healthy in this current fiscal as well and this year we should either meet or kind of exceed the last year's order inflow of Rs.930 Crores. Did I answer your question or something else?

Mihir Desai: Yes answered.

Moderator: We will move to the next question from the line of Pradip Chaudhary from Samarthya Capital. Please go ahead.

Pradip Chaudhary: You mentioned about Rs.530 Crores, I missed because there was some disconnection, so what is this Rs.530 Crores in terms of railways?

Atul Tantia: I did not mention Rs.530 Crores, I said Rs.930 Crores was the order inflow last year, I mentioned that to the order inflow we expect this year to be either meeting Rs.930 Crores we did last year or better than that.

Pradip Chaudhary: Okay, could you throw some light on your activities with railways since you have a long relationship with them, are there any other areas that you may be looking at?

Atul Tantia: Like I said in my previous reply as well, for railways we are doing bridges, we are doing supply of concrete sleepers, we are doing track laying works, we are doing metro contracts, so these are typically the areas that we are currently doing, obviously in any infrastructure contract, we have done the work in the past. We have credentials to do similar work, so we will need to build on our strength and bid for contracts wherein we meet the qualification criteria and are able to bag contracts in those segments mostly.

Pradip Chaudhary: And for metro contracts what scope of business you do?

Atul Tantia: Metro, we are doing elevated vaiducts, we are doing station buildings, primarily track laying.

Pradip Chaudhary: Would it be possible to share that out of the railways how much is the metro contract?

Atul Tantia: Of the current order book of 18.6 billion that we have, I would say about 8% would be metro.

Pradip Chaudhary: 8% would be metro and in times to come in the next two to three years, where do you see this figure?

Atul Tantia: I think that a lot of Indian cities are getting metros, so this figure should go to about 15% but again with the caveat that we do bid for contracts but we are very, very mindful of our margins, some of the metro contracts do not meet our hurdle rate so sometimes we do not get them but I think that we are continuously bidding for contracts within our hurdle rate of EBITDA of 13% to 14%, so if we are able to back contracts in that range, we are more than happy.

Pradip Chaudhary: And in metro space, do you have some other scope also that you would be entering into?

Atul Tantia: Like I said track laying, elevated viaducts, station building that is something that we are doing and obviously smaller tunnels we can do, larger tunnels we have take collaborations for joint ventures.

Pradip Chaudhary: Okay and since a lot of railway stations are getting changed, so are you participating in that also?

Atul Tantia: Those are mostly real estate place, those are not fair EPC or core EPC contracts, they are mostly real estate based so you have to build hotels, malls and station redevelopment along those lines, like recently was inaugurated by the honorable Prime Minister in Gujarat.

Pradip Chaudhary: So, you really do not go with the civil part of it or infrastructure part of it?

Atul Tantia: We do civil and infrastructure, but we do not do real estate.

Pradip Chaudhary: Yes, I understand you do not do real estate, but if say some other organization has taken the contract then do you participate to do it?

Atul Tantia: We do not agree to a subcontract for another private company.

Pradip Chaudhary: Okay right. Thank you so much.

Moderator: Thank you. The next question is from the line of Sadanand Shetty from Truequity Advisors. Please go ahead.

Sadanand Shetty: Hi Atul, can you talk about the two contracts that you launched out in high speed JV with GR Infrastructure, is that the competition is intensifying in that space, our general assumption is that you are one of the best in terms of margin and execution, in both you are either L3 or L2, can you talk about it?

Atul Tantia: No I can but at the end of the day how EPC contracts are finalized in India is that it is L1 which gets the contracts and the respective two orders, we were like you said L2 and L3 so you are right that competition is heating up and we are always mindful of our margin of 13% to 15% or 13% to 14% honestly, so we do not like to bid for contracts below that because we always believe that especially in the times right now wherein steel prices are quite high, if you tend to compromise on your margin, you can burn your fingers pretty quickly, so I am sure that the respective companies have got the contract, have done their calculations and justifications and maybe there is something that we have missed out and our team does check if and what we have missed out but apparently we have not so maybe their hurdle rates are lower than us that is all I can say.

Sadanand Shetty: Okay, if you see some of the participants it seems they are new a player, is that true like KEC, SAM?

Atul Tantia: KEC is not a new player, KEC is an old player.

Sadanand Shetty: In bridges?

Atul Tantia: KEC is doing bridges, they have done in last three years, they have done some bridges but at the end of the day, they have got the contracts like you are saying in a joint venture, so I am sure that they have done their calculations, it is a large company so I am sure they have done the calculation.

Sadanand Shetty: Sure, you talked about station building, is that the new area you are looking at is it what the government is actually opening tenders for station building work is or it is something pure EPC work that you are looking at?

Atul Tantia: Station building I talked about only in terms of metro contracts and there are composite contracts along with the elevated corridors, we are not doing the station buildings which are being given by the Indian railways per se for the redevelopment of the stations?

Sadanand Shetty: Right, you talked about profit going higher than the revenue for that your margin should expand right?

Atul Tantia: Margins will expand, means at EBITDA level it may expand by 50-100 basis points but below EBITDA you also have depreciation and interest, which we should not grow so as a percentage it will come down so that is why PBT and PAT will improve.

Sadanand Shetty: Sure, understood, thank you very much Atul.

Moderator: Thank you. The next question is from the line of Mihir Desai from Desai Investments. Please go ahead.

Mihir Desai: Thanks again for the opportunity. I have a few questions on Africa business, you had mentioned that Africa sleeper business is facing some headwinds, so do you expect this to change anytime soon or we are going to change our strategy in Africa?

Atul Tantia: So, in Africa we have two facilities, one in South Africa, one in Namibia so I will speak first about Namibia because Namibia is operating at an all-time high capacity utilization and in the current quarter, means Q2FY22 we have also received dividend from the associated Namibia and the cash flows and the dividend in Namibia operations are quite healthy and like I said they are operating at an all-time high, so there is no issue in terms of the Namibian operations that is an associate for us, we are 37% shareholder there. In terms of South Africa, some of you might have seen in the news recently in the last one month, there has been some civil unrest in that country partly because of some political unrest, partly because of some lockdowns because of the COVID-19 impact, so the operations in the South African subsidiary have been disrupted since June-21, however, having said that in the last week or so, the things have stabilized there and cooled off and because of the local community confidence building measures, so we expect that in the next 15 to 20 days, the operations will again restart that because there was a lot of labor unrest and all that so again confidence building measures are again being redone so that issue is no longer there, so South Africa we should see resumption in terms of the production and all that in the next 15 to 20 days.

Mihir Desai: Thank you Sir. Sir followup on this if you could share the utilization level of Namibia facility?

Atul Tantia: So, Namibia we have a capacity of almost 2,00,000 sleepers per year, this year we do close to 160-165000 which is almost 80% to 82%.

Mihir Desai: Okay so now a few questions on order book, can you please throw some light or elaborate on the new order of Rs.159 Crores, which we have bagged in Q1FY22?

Atul Tantia: So those orders like I said are incremental orders, so we are doing a contract for RVNL between Mathura and Jhansi, some bridges over Chambal and a couple of other bridges there in the single contract, so in that we have received some incremental orders of almost Rs.150 Crores which are on bridges near Agra so most of the order inflow has been from that contract incremental order influence from that existing contract.

Mihir Desai: Okay and Sir what would be the execution period of these projects?

Atul Tantia: The entire order book is to be executed over the next 2 to 2.5 years.

Mihir Desai: Okay sure, two and two-and-a-half years and lastly on COVID-19, I just wanted to ask definitely it is not in our hand to predict anything regarding the third wave but if the third wave comes like what is our strategy or have, we you know built some war chest, I just wanted to understand from your end?

Atul Tantia: So, A, the company has got a policy and they have already vaccinated all its employees and laborers and I think that gives the employees and the laborers a lot of confidence. B, obviously war chest, as such is not required because obviously work is going on everywhere, now everyone has realized that they need to live with COVID-19 so with all the safety precautions and any advisory from the Government that needs to be followed in terms of local lockdown so if any, there might be some minor disruptions here and there, we do not anticipate any major disruption in the third wave.

Mihir Desai: Okay sure and lastly on the EBITDA margin Sir what would be the sustainable EBITDA margin which we can consider for coming years like FY22 and FY23?

Atul Tantia: 14% is something that is a sustainable margin we think and that historically we are being close to 14% that is something that is sustainable and that is what we strive for.

Mihir Desai: Sure Sir. If I have further questions, I will join the queue.

Moderator: Thank you. The next question is from the line of Shruti Sharma, Individual Investor. Please go ahead.

Shruti Sharma: Thank you for the opportunity Sir, I just have two questions, first if you can share what is the debt position as on June 30, 2021 and what would be the cost of debt for the company?

Atul Tantia: So funded limit is about Rs.220 Crores at an average cost of almost 10%.

Shruti Sharma: What will be the utilization level Sir?

Atul Tantia: Utilization would be about 92% to 93%.

Shruti Sharma: Okay Sir and Sir second question, you mentioned the opening remarks that we are expecting the arbitration award of Rs. 30 Crs from NHAI.

Atul Tantia: I have not given any number on the arbitration award. Sorry.

Shruti Sharma: I just wanted to understand the arbitration benefit will come in this fiscal or I mean maybe in the next fiscal or when do we expect that?

Atul Tantia: So, the arbitration award in our favor is Rs.61 Crores, as I have said in my opening remarks subsidiary has opted for a reconciliation with NHAI, already there has been one meeting of the consideration committee and the second meeting is expected this week. We expect the matter to resolve the next six months and so what amount we will get depends on the negotiations in the constitution committee and if we are able to do an amicable settlement obviously, we will strive for that.

Shruti Sharma: Okay Sir thank you.

Moderator: Thank you. The next question is from the line of Mohit Bansal from Ajinkya MPL. Please go ahead.

Mohit Bansal: Thank you for the opportunity and congratulations on the very good set of numbers, Sir I have been on the call since the beginning and I have been tracking the company, so you are protecting your EBITDA margins and this is a high ROCE company now and the cost of debt is also reducing but what we have been observing is that the numbers are not growing in terms of the topline, so I wanted to know as the management view on how the company can reach from Rs.1,000 Crores kind of execution, I mean what are the targets let us say five year or a ten year target, I know it is the wrong question to ask in a quarterly concall but still we wanted to understand the management view on this?

Atul Tantia: Thanks for the question like I said in one of my previous replies we expect the revenue CAGR to be in a high teams to close to 20% so, for this financial year I would not like to give a guidance because of the COVID-19 issues, however, we think that in the second quarter conference call, we will be able to have some clarity on COVID-19 and give a guidance but in the long-term we expect a CARG growth of the high teams to close to 20%.

Mohit Bansal: So, the question is precisely that Sir you see this company growing to Rs.5000 Crores to Rs.6,000 Crores order book and execution of Rs.2,000 Crores to Rs.3,000 Crores per annum protecting these margins that we have.

Atul Tantia: We are likewise always repeatedly said in previous calls as well, we are very mindful of the hurdle rate of EBITDA. We do not want to compromise on that because in an EPC company we think that is very important, so the growth in the revenue will be at a similar margin level.

Mohit Bansal: Okay and Sir one more question, the South Africa business, is it an important business for us or I mean it is a very small business although it is a high margin business but what is the outlook of the company on that business?

Atul Tantia: For example, in Namibia, the operations we are receiving dividend and royalty of almost, this year we expect almost Rs.5 Crores to Rs.6 Crores of dividend and royalty to come from with Namibian operations, I think that is a good annuity kind of cash flow that the company is receiving from this associated Namibia. In terms of South Africa, barring the disruptions of the last 30 days which is expected to again get streamlined in the next 20 to 25 days, South Africa has also been giving good cash flow and dividend to the company, over the last now more than 12 years so I think that that is a business, which is giving good margins and good returns, it is like you said a high margin business, our topline might be small but margin is quite high.

Mohit Bansal: Okay yes, so, we understand that business is good but in terms of growing that business abroad or maybe divesting that as well any call on that Sir?

Atul Tantia: No, I do not think that divestment is on the horizon for our business. In terms of growing that business abroad, obviously the last 15-20 months because of COVID-19 and travel restrictions there on there has been any movement on that front. Our team is always in talks with various other railways to grow that business. Having said that in Africa unless you are able to travel and meet the persons physically, it is very difficult to do this kind of discussions on a zoom or a concall, so whenever the travel restrictions are eased out, obviously we are reaching out to countries in any African continent so that we are able to get new contracts.

Mohit Bansal: Okay thank you Sir and one last question, on the cost of debt, do you see a possibility of reduction in the cost of debt?

Atul Tantia: So, compared to last year cost update has come down by almost 125 basis points and this year on the overall debt, I think that with the overall finance costs compared to Rs.39 Crores last year we expect Rs.5 Crores to Rs.6 Crores, reduction on the overall finance cost.

Mohit Bansal: How much Sir? What is the expected reduction and the cost of that?

Atul Tantia: Overall finance cost last year was Rs.39 Crores, this year we expect it to reduce by Rs.5 Crores to Rs.6 Crores.

Mohit Bansal: Okay all right Sir. Thanks a lot for answering all the questions. All the best.

Moderator: Thank you. The next question is from the line of Ravi Kumar, an Individual Investor. Please go ahead.

Ravi Kumar: I joined lately and my question might have already covered, I just would like to know what the current debt level is and what would be the going forward scenario?

Atul Tantia: So, the current debt level, fund-based limits are almost Rs.220 Crores, we are retaining close to Rs.10 Crores to Rs.15 Crores every year and if the conciliation with NHAI does happen that would again be a significant reduction in the debt and the cost of debt is also come down like I said in my previous reply, so this year we expect the finance cost come down by Rs.5 Crores to Rs.6 Crores.

Ravi Kumar: Would you be able to give the interest rate?

Atul Tantia: Average cost of debt is almost 10%.

Ravi Kumar: Okay thank you.

Moderator: Thank you. The next question is from the line of Pradip Chaudhary from Samarthya Capital. Please go ahead.

Pradip Chaudhary: I would really like to know, rather I am very curious to know what was your expectation from Africa business when you started, what is your situation now and where do you see in the next 5 to 10 years?

Atul Tantia: So when we started South Africa in 2008, at that time we had expected to do about say 1,50,000 sleepers every year which would translate into a revenue of almost Rs.37 Crores to Rs.40 Crores, which we did even last year and our total investment in that business in South Africa currently is about Rs. 8 Crores to Rs. 9 Crores, so against an investment of Rs. 8 Crores to Rs.9 Crores, we were doing a revenue of almost close to Rs.40 Crores at an EBITDA level of 25%, so at an EBITDA of Rs.10 Crores we were doing that kind of business, however, in the last 12 years, we have seen the revenue jump too close to Rs.60 Crores, last year due to COVID-19 obviously the revenue had come down, this year last one month the impact of COVID-19 is again there, we expect that next year hopefully the COVID-19 situation not being there, we should be doing a business of almost Rs.60 Crores in Africa with an EBITDA level of almost 25% in South Africa. In Namibia, our investment level is what close to Rs.2 Crores right now and like I said in my previous reply, we are getting Rs.4 Crores to Rs.5 Crores in terms of dividend and royalty every year, so we are doing 2x of our investment every year and which is much better than what we are expected when we started the business in 2010-2011.

Pradip Chaudhary: What are the growth prospects are because when you enter into a geography like Africa, you certainly have a very long-term view that is why you attempt because they are risky as well as a lot of opportunities are there, so could you throw some light on the next five to ten years how do you look at maybe going into some more countries or even in the existing countries, the relationships you already have so you have other products also to offer them or other activities to offer them, so where do you see yourself in 5 to 10 years?

Atul Tantia: So, in Namibia we are the only concrete super manufacturers and their requirement is also not that high, so we will remain to be the only player in that country. In South Africa, we are one of the three players right now, so we have grown the business from like I said 1,50,000 to almost at a peak of almost 2,70,000 sleepers per annum. The product that we do supply to both these countries the business cannot grow per se individually in those two countries. We are venturing for other neighboring countries in the SADC region as well as in Eastern Africa wherein we are trying for new contracts, especially in the countries that are politically and stable countries, so obviously the business in Africa will grow if you have a long-term view, we started in 2005-2006 in Mozambique, we completed that contract over the next six years there, then we got the contract in South Africa in 2008 and then in Namibia in 2010-2011. We have to have a long-term view on Africa and I think that we do have that and I think that we will be able to better, we are already bettering the return from the investment that we have done in Africa.

Pradip Chaudhary: And still if you could throw some light next five years, how you are really looking at in expanding not in the current geography or country but these 10 to 12 years would have really introduced you to other countries also?

Atul Tantia: So, they have introduced us to other countries like I said we already bid for a couple of new facilities in other countries as well and like I said on my previous reply as well, in Africa unless you can do physical meetings it is very difficult to convert these proposals into contracts and we expect that as and when the COVID-19 restrictions are eased out that is something that our team will be able to go and discuss and close proposals.

Pradip Chaudhary: Right thank you so much.

Moderator: Thank you that was the last question in queue. I now hand the conference over to Mr. Atul Tantia, executive director and CFO for his closing comments.

Atul Tantia: Thank you everyone for your participation in our Q1FY22 earnings conference call, in case of further queries, you may get in touch with our IR team, Stellar Investor Relations or feel free to get in touch with us directly. I wish that all of you take care and stay safe. Thank you, have a good day.

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