



**“H.G. Infra Engineering Limited  
Q3 & 9M FY '25 Earnings Conference Call Transcript”  
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**MANAGEMENT: MR. HARENDRA SINGH – CHAIRMAN AND MANAGING  
DIRECTOR – H.G. INFRA ENGINEERING LIMITED  
MR. RAJEEV MISHRA – CHIEF FINANCIAL OFFICER –  
H.G. INFRA ENGINEERING LIMITED**

**MODERATOR: MS. SALONI AJMERA – GO INDIA ADVISORS**

**Moderator:** Ladies and gentlemen, good day, and welcome to the H.G. Infra Engineering Limited Q3 and 9 Months FY '25 Earnings Conference Call, hosted by Go India Advisors. 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 Ms. Saloni Ajmera from Go India Advisors. Thank you, and over to you, ma'am.

**Saloni Ajmera:** Good morning, everybody, and welcome to H.G. Infra Engineering Limited earnings call to discuss the quarter 3 and 9 months of FY '25 operational and financial performance hosted by Go India Advisors. We have on the call Mr. Harendra Singh, Chairman and Managing Director; Mr. Rajeev Mishra, CFO.

We must remind you that the discussion on today's call may include certain forward-looking statements and must be therefore moved in conjunction with the risk that the company faces. We now request Mr. Harendra Singh sir to take us through the company's business outlook and performance, subsequent to which we will open the floor for Q&A. Over to you, sir.

**Harendra Singh:** Thank you, Saloni. Good morning, and welcome to H.G. Infra Engineering earnings call for our quarter 3 and 9 months FY '25 results. As India celebrates 76th Republic Day, the country remains one of the bright spots on the global economy and the nation stands poised to seize immense opportunity. I hope you had the chance to review the investor presentation and financial results, which are now available on the exchange.

The government's continued focus on infrastructure creation will play a pivotal role in making the country the world's third largest economy in the foreseeable future, creating opportunities for millions of people. At H.G. Infra, we believe we have a larger role to play in India's development agenda for now and into the future.

On the strength of the intrinsic potential of our business model, prudent deployment of resources across every facet of our operations, we have been able to deliver exceptional performance in the 9 months FY '25 and believe to do so in the coming years as well. H.G. Infra has fortified its position as a reliable and important player in India's infrastructure and in renewable sector.

With a successful 22 years track record in constructing roads and highways across the country and further, we firmly believe that the execution of solar project will gain momentum for sustainable growth, acting as a significant tailwind for our company in the coming years.

Let me now provide some updates on the infrastructure sector. The Government of India's vision for infrastructure development is deeply rooted into its goal of making India a \$5 trillion economy with a long-term outlook Vision 2047, which aspires to make India a developed nation by its 100th year of independence.

The National Infrastructure Pipeline launched in 2019 is a key initiative of this journey, aligning closely with the Union Budget, which continues to allocate significant resources to infrastructure projects. The NIP began with an investment plan of INR111 lakh crores covering key sectors like roads, railways, renewable energy and water segment.

Sector-wide progress against the NIP and the budget '25-'26 allocations that the center has re-emphasized its strategic focus on Viksit Bharat 2047 and infrastructure development in roads and railways, a key catalyst of this journey. The government has enhanced the budget for roads and highways by 2.4%, paving the way for accelerated infrastructure growth and unlocking new opportunities for our companies like ours to drive innovation and nation building.

As highlighted in the budget, each infrastructure-related ministry is set to develop a comprehensive 3-year project pipeline under the PPP model. This strategic move will help us bolster investors' confidence, attract greater private sector participation and unlock large-scale project opportunities. Additionally, it will establish a robust and continuous pipeline of projects ensuring long-term sustainable growth in the infrastructure sector.

Renewable energy and the transmission sector, where India has set a target to achieve 500 gigawatts of renewable energy capacity by 2030 is reinforcement its commitment to green energy. The government is also focusing on battery energy storage systems that is best to stabilize the grid and improve power reliability.

The Union Budget includes investment in green energy corridors and transmission line expansion to support large-scale solar park and wind power generation. In addition, the MNRE budget of '25-'26 has been allocated INR26,000 crores, marking 53% increase from its previous year, further strengthening India's renewable energy ambitions.

Water and irrigation, program like Jal Jeevan Mission and additionally focused on river linking project wherein that extending the India's water infrastructure will enable us to have good opportunities in water sector as well. We, as a company, see abundant opportunities in all our sectors. We have travelled a long journey of 7 years after listing of the company and today, we can proudly say that we are on the right track and with our traction in renewable energy sector and preparedness to execute big ticket size projects and enter into other segments like transmission and water.

With this positive tone of my statement, let me begin by sharing the journey of this quarter and providing you with a glimpse of our operational highlights. As of 9 months FY '25, the order book stood at INR15,080 crores with roadways and highways stand at INR11,235 crores, railways and metro at INR2,289 crores and solar at INR1,556 crores. Our order book comprises 33% from HAM, 67% from EPC and segment-wise road and highway contribute 75%, railways, 15% and solar, 10%.

Let me now provide an update on our ongoing EPC project. The Ganga Expressway project is at 81.2% completion and progressing as planned. The same is expected to be completed in the next few months. And the Delhi-UER project, which has almost completed, only COD is awaited. The Kalimandir-Jamshedpur project, which is again an EPC project of NHAI is at an

initial stage and currently at 5.4% progress. The progress has a bit delayed because of some changes in the design from the authorities.

The Neelmangala-Tumkur project, which is an EPC of NHAI was stalled for the last 6 months, stands at 32.7% because of the land issue. The settlement agreement with NHAI was executed in December '24. NHAI and we will complete the remaining work of Phase 1 by March '26 and Phase 2 by March '27. And as per the settlement agreement, the project cost has now been revised descopeing certain portion of ROVs from INR 844 crores to INR650 crores. LOA from MSRDC, 2 projects of Nagpur-Chandrapur is likely to be received by March '25 with the delay mainly caused on account of land acquisition and some alignment changes.

Let me brief you on the progress of the HAM project. The Karnal Ring Road project has reached 55.1% completion. And meanwhile, the Raipur-Vishakhapatnam project that are OD-5 -6 and AP-1 projects, they are around 85% and 93%. So, we are on track to finish all 3 projects of AP, OD-5 -6 by this financial year-end, having received the PCC as per the settlement agreement.

We had already applied the PCC. The Khammam Devarapalle project, KD-1 and 2, they have made solid progress with around 70% progress each. Both the projects will likely to be completed where the PCC is aligned within this quarter only and the balance of completion by June '25. Discussions on the monetization of these 5 assets, which are nearing completion are set to begin soon and we anticipate that the entire monetization process will be concluded in the upcoming financial year.

Update on the monetization of 4 assets, which earlier we had executed. As informed earlier, we have successfully monetized our 3 projects wherein INR315 crores were received in FY '23-'24 and remaining INR54 crores received in October '24, that is post approval of NHAI related to GST change in law claim. Regarding the fourth HAM project that is Rewari-Bypass, NOC was received from NHAI and the lenders in March '24.

However, because of some delay in the permission regarding ROVs, it has a bit delayed. But now the SPV conditions are compiled and the transaction is likely to be completed in February '25. So there is around INR133 crores expected to be received from Rewari-Bypass proceeds in this quarter where we have invested equity of INR75.7 crores.

Regarding equity requirements on HAM projects. The total equity requirement of 11 HAM projects, excluding Rewari-Bypass stands at INR1,733 crores and as of December '24, INR930 crores already has been infused. Remaining INR123 crores is expected to be infused in 3 months of FY '25 and balance INR300-odd crores to be infused in FY '26 and around INR300 crores in FY '27.

Turning on to the progress of the railway project. The DMRC project, which is around 70.3% completed though a bit delayed because of the land issue which is now progressing as per the scheduled timelines. The Bilaspur-Himachal Pradesh project that is RVNL project is 51.6% complete, traversing bang on target. The Kanpur Railway Station project is around 14.1% complete. So, although initial challenges with land clearance and utility shifting have been

addressed, Kumbh preparations in the state and traffic constraint, railway traffic constraint has slowed down the execution on the full-scale construction.

However, these challenges are expected to be resolved soon, allowing the progress to gain momentum in this quarter and we will be able to complete this particular project well within the timeline only. The Dhule-Nardana project, which is at 5.3%, the Gaya-Son Nagar and Karanja project, that is our Aurangabad project are around 3.3% and 4.8% completion. The slow progress of these 2 projects is primarily due to design and drawing revision and some land issue by the authority. However, we expect the progress to pick up in the coming quarters.

So, update on the solar project in this financial year. We strategically seize significant opportunities within the rapidly expanding solar sector by actively pursuing solar power projects under the government KUSUM-C scheme, which is designed to boost renewable energy development across India.

Through these efforts, the company successfully secured 183 solar power plants, contributing a substantial 700-megawatt DC capacity in total. Of this, H.G. Infra is responsible, and out of this estimated the cost is INR2,243 crores EPC, that is excluding of GST.

The land deal agreement in all these projects is in place and the PPAs have been signed by the DISCOMs. And as of now project progress has achieved around 30.6%, where the installation commissioning is according to the schedule. Debt funding for the solar project is in full swing and approximately 70% of the projects have received the sanction with partial disbursement in place. The remaining sanctions followed by the disbursements are expected to be secured in quarter 4 '25.

Regarding project financing, the total equity required for this solar project is estimated at INR721 crores. As of December '24, approximately INR130 crores has been infused into this project. Another INR220 crores is expected to be contributed during quarter 4 '25 and with the remaining balance planned for FY '26. This well-structured capital infusion plan ensures H.G. Infra has the financial flexibility to meet project milestones were fostering long-term growth in its renewable energy portfolio.

Let me now share other significant updates for quarter 3 and 9 months of FY '25. The appointed date for the Chennai-Tirupati HAM project has been declared on 14<sup>th</sup> December '24. And during the quarter, we also received completion certificate for the Mancherial project. The LOA for 84 Kosi Parikrama Marg near to Ayodhya in Uttar Pradesh was received on 9<sup>th</sup> December '24 and Narol Junction to Sarkhej that is in Gujarat on 9<sup>th</sup> September '24. Additionally, the 2 newly awarded BESS project has been received, NTPC project on 22<sup>nd</sup> November '24 and GUVNL project on 3<sup>rd</sup> January '25.

As previously mentioned, NTPC's BESS project is setting up 185-megawatt, that is 370-megawatt, our plant with tariff of INR2,38,000 per megawatt per month, generating an estimated INR52.83 crores in annual revenue over the course of 12 years tenure. The total projected revenue is approximately INR633.96 crores. The GUVNL's BESS project, which is setting up a 250-megawatt, that 500-megawatt, plant has a tariff of INR2,25,985 per megawatt per month is

also expected to generate INR68 crores in annual revenue. And over its 12-year tenure, the total revenue is projected to be INR814 crores.

Now, I will provide an overview of the financial highlights of quarter 3- and 9-months FY '25. As stand-alone financials in quarter 3 FY '25, our revenue from operations grew by 12%, reaching INR1,509 crores, up from INR1,346 crores in quarter 3 FY '24. EBITDA for the quarter stood at INR250 crores with a margin of 16.6% compared to INR214 crores at a margin of 15.9% in the same period last year.

PAT for the quarter stands at INR137 crores at the PAT margin of 9.1%. Revenue for 9 months FY '25 reached INR4,079 crores with an EBITDA of INR668 crores with EBITDA margin of 16.4%, reflecting a 19.8% increase compared to 9 months FY '24. PAT for 9 months FY '25 stood at INR365 crores with a PAT margin of 8.9%.

On a stand-alone basis, our gross debt stands at INR1,329 crores. This comprises of INR566 crores in working capital and other INR763 crores of term loan and maturities. The increase in the total debt to INR566 crores is attributed to the significant delay in the sanction of SPV's approval of all solar plants from DISCOMs and there upon the sanctions and disbursement, which got delayed, which has now been resolved and on track, thus leading the time gap arrangement of debt, which is just one of the instances. However, the same will cool down and debt will be normalized this quarter.

Moving on to the consolidated financials. Revenue of quarter 3 FY '25 reached INR1,265 crores with EBITDA of INR287 crores and EBITDA margin of 22.7%, reflecting a 25.7% increase to quarter 3 of FY '24. PAT for the quarter 3 FY '25 stood at INR115 crores with a PAT margin of 9.1% compared to INR102 crores and the PAT margin of 7.5% in Q3 FY '24. And the revenue of 9 months FY '25 reached INR3,695 crores, 0.7% up slightly from INR3,670 crores in 9 months FY '24.

EBITDA stood at INR819 crores and with a margin of 22.2%, marking a 12.3% year-on-year increase, so INR729 crores and with 19.9% margin in the same period last year. PAT for 9 months FY '25 was INR358 crores with a profit margin of 9.7% compared to INR349 crores and a margin of 9.5% in 9 months FY '24. On a consolidated basis, debt is INR3,233 crores.

Let us provide the outlook for the future. We have targeted an order inflow of INR11,000 crores to INR12,000 crores of FY '25. And till date, we have successfully secured new order of approximately INR8,200 crores in projects from infrastructure and renewables, which includes the new project we have won yesterday only for the Redevelopment of New Delhi Railway Station on EPC model, where we are 49% partner in the construction

We are confident to maintain an EBITDA margin of 15% to 16% and achieve revenue growth of 17% to 18% in the upcoming quarters. Furthermore, we are actively pursuing opportunities in new segments while concentrating on operational efficiencies, prudent capital allocation and strategic project selection to sustain margins and enhance shareholder value.

That concludes my remark. We can now open the floor for the question-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 Shravan Shah from Dolat Capital. Please go ahead.
- Shravan Shah:** So, before asking any questions, just needed all the balance sheet data points. So first, inventory, trade receivable, trade payable.
- Harendra Singh:** Yes. Inventory is INR405 crores, and the debtor, that is trade receivables is INR1,545 crores.
- Shravan Shah:** Sir, debtor, you said INR1,400 crores...
- Harendra Singh:** INR1,545 crores.
- Shravan Shah:** Okay.
- Harendra Singh:** And trade payables is INR1,075 crores.
- Shravan Shah:** Unbilled revenue, mobilization advance and retention money?
- Harendra Singh:** So, the retention money, this is included in debtor, retention money is around INR122 crores and this is contract asset which is unbilled revenue, is INR1,297 crores.
- Shravan Shah:** And mobilization advance?
- Harendra Singh:** This is INR305 crores.
- Shravan Shah:** INR305 crores. And sir, you mentioned the gross debt at stand-alone level is INR1,319 crores?
- Harendra Singh:** Yes, INR1,329 crores.
- Shravan Shah:** INR1,329 crores. And cash is on a stand-alone basis is.
- Harendra Singh:** This is around INR200 crores.
- Shravan Shah:** INR200 crores and consol, sorry...
- Harendra Singh:** This is INR160 crores, not INR200 crores.
- Shravan Shah:** INR160 crores?
- Harendra Singh:** Yes.
- Shravan Shah:** And consol cash is...
- Harendra Singh:** Consol is INR180 crores.
- Shravan Shah:** INR180 crores. Okay. Got it. So now, sir, a couple of things in terms of the fourth quarter, now we are seeing a 17% to 18% kind of revenue growth. And for FY '26, last time we said more than 15%. So that remains the same?
- Harendra Singh:** Yes, that remains the same.

- Shravan Shah:** Okay. And in terms of the inflow, already, we have received INR8,200 crores and the remaining INR3,000 crores to INR4,000-odd crores. So, if you can help us how much we have already bid the projects and even the segment-wise? And how much more are we planning to bid by March? So, even if you can also help in terms of the bid pipeline segment-wise?
- Harendra Singh:** We have received around INR8,000-plus crores of project till date around INR17,000 crores of project in which highway is around INR9,000 crores and railway is around INR6,000 crores and not solar to be very specific, it's a battery and solar mix, which is around INR1,100 crores. So, this is what already we have bid.
- And apart from that, we are having a pipeline of highway and railway and not in solar as of now, which we will like to bid and in solar one of the EPC project is there of ONGC that we will be bidding. So, these are altogether around INR72,000 crores of project. In highways, specifically more than INR50,000 crores, railway around INR18,000 crores and solar around INR7,000 crores, solar or batteries is around INR8,000 crores.
- Shravan Shah:** Okay. Got it.
- Moderator:** The next question is from the line of Mohit Kumar from ICICI Securities.
- Mohit Kumar:** My first question is, sir, what do you make out of the government announcement of PPP pipeline for 3 years? Do you think that we can see some progress on this front in the next few months?
- Harendra Singh:** Not in a few months, but we are positioned in that manner because government is seeking the private investment to be there, especially in renewables where the transmission is there. And apart from this in highway also, they have seen that the cost of any project, which not many of the projects are now coming on EPC. So, in that sector also, in water also, there is a high focus like in Eastern Rajasthan Canal project, they invited the bids on HAM model. So, they are all the projects which now government believes that the private investment is likely to be there.
- Mohit Kumar:** Understood, sir. My second question is what is our share? I think you mentioned but I missed out. What is your share in the New Delhi redevelopment, what you say in the JV? And are you still looking to bid more for the railway station redevelopment? And how is the pipeline for that?
- Harendra Singh:** As of now, I think immediately, we are not having any of the Old Delhi railway station likely to be there in future. But in this particular project, where the 49% stake is ours, where around INR800-odd crores of project exclusively is having the road elevated where they have to be built for this access to railway station like in the airport. And apart from this, we will be having some INR300-odd crores of share coming to us as a 49% in other of the MEP works. So, this is all about this New Delhi railway station.
- Mohit Kumar:** And this is included in the INR8,200 crores. Is that right, sir?
- Harendra Singh:** Sorry?
- Mohit Kumar:** Is this part of the order inflow, which announced INR8,200 crores, or this is additional.

**Harendra Singh:** This is part of this inflow, which we are totalling around INR8,200 crores out of the estimated of this INR11,000 crores for the year.

**Moderator:** The next question is from the line of Deepak Purswani from SVAN Investment.

**Deepak Purswani:** Sir, just wanted to check it out on the new projects which we have recently received in the BESS segment. What would be the kind of investment we would be requiring in this? And typically, what are the kind of the cash flow which we mentioned about the revenue from each of the project of INR52 crores to INR58 crores in each of this business. But how should we look into the cash flow point of view in this business?

And what are the typical IRR profile in these kind of projects? And secondly, on the stand-alone debt front, there has been some rise from the last quarter to the extent of INR500 crores. If you can elaborate, I mean, what was the specific reason for that? And what has been the execution on the solar project at the current juncture?

**Harendra Singh:** Okay. So, let us just first to your point of debt, which has been significant increase in quarter 3 and quarter 2 also, it was very high. So, the total solar project in which initial phase of land procurement to other activities where the ordering is to be done for securing the solar modules and other balance of land. So, that has involved a lot of cash where the sanction, which took time because there was some SVP approval which was delayed by 2 to 3 months.

And thereon, last December end only, it started sanction and then the disbursement now it started in the month of January and February rather. So, for that time gap arrangement, it went up to a very high number. But again, it will be coming back to the, again, INR600 crores-INR700 crores, which already bid earlier we were accepted for.

The second part, which you are saying that the receivables also and the contract note also do have some kind of a scale higher because of that reason only in solar because we have executed around INR700 crores plus. And we have ordered for around INR200 crores plus of funds being invested ordered to the solar module line. This is how the big involvement of INR1,000 crores into solar only. As far as the solar project where we have already initially estimated that we will be having roughly around 18% EPC margin and around 14% plus of equity IRR, which we have initially estimated for, that remains the same.

In battery projects, which we are talking about BESS, so these are the projects where we are going to set up the battery energy storage systems, where 65% of the total scope is around battery and the 35% is the balance of plant where the substations and evacuation is to be there. So, this is the entire scope of work. So, we will be involving into doing this 30%-35% and directly SPV will be given the order to the other battery. So ultimately, we have secured this project with a target that we will be having the cash flow in this where around 14%-15% of the equity IRR is maintained. And apart from this, the order which is coming to H.G. will have around 10% to 12%, even more than 12% to 13% of the EPC margins. So, this is how I think the project of BESS do have the similar kind of say, as we are doing in HAM or we are doing in solar.

**Deepak Purswani:** Okay. And sir, in terms of the scope of EPC work in this BESS, what would be the kind of scope of work for this BESS project for us?

**Harendra Singh:** So, as already explained that there's around 65%, which is going out to the supplier which is the bought-out item, which is a battery container and power distribution system, ABS. But the other part is which is civil and the transformer and the substation and the switchyard, which is to be developed. So, this lies with the system, which we are already integrating and doing it for solar projects also.

**Moderator:** The next question is from the line of Yash Dedhia from Maximal Capital.

**Yash Dedhia:** Sir, on the order book, now if I look at your order book, which currently stands at INR15,000 crores, around INR4,000 crores of MSRDC, sir, is not having the right visibility. In fact, some other players are not even counting it as part of their order book. So given this, now you are targeting INR6,000 crores of revenue this year and INR7,000 crores maybe next year. Sir, how viable is that because ex of these MSRDC projects, we are left with very little, sir?

**Harendra Singh:** So, if your specific point is for the year, which we are estimating at about, say, getting INR6,100 crores of around revenue in this year with this quarter is only balance. So that is not considering any MSRDC project.

**Yash Dedhia:** Sir, I'm talking about FY '26. FY '25 is understood, sir.

**Harendra Singh:** So, in that scenario, which we are expecting around 15% to 17% growth year-on-year for FY '26. So out of this, we only considered only a very small portion of MSRDC, that is roughly around INR250 crores. So, because the land where the realignment is being done and the land acquisition is going at not a very fast pace and the land, LOA, if you see any project of NHAI, wherein the Letter of Acceptance and actual appointed date usually will take around a year or so.

So, in that scenario, we believe that by May, if they secure 70% land and they release the LOA by March or say, and within 2 months of that, the appointed date is there. So, in those projects, they are the big difference between NHAI kind of a project where the land acquisition and appointed date LOA and they have the land acquisition LOA and the appointed date do not have a big say, a time gap.

**Yash Dedhia:** The question was basically from the remaining part of the order book, which is around INR11,000 crores, excluding MSRDC, you are saying from that INR11,000 crores, we can extract INR6,500 crores plus of revenue next year?

**Harendra Singh:** You see there is INR2,300 crores of railway in which this railway station project, if we add this number also, this becomes INR3,300 crores. So, this is INR3,300 crores of railway out of this significant portion is going to be carried out in next year, say, around INR1,500 crores. Solar will all be completed because INR1,500 crores of solar, which balance is there, they will be all completed next year.

If you see the big number coming out of the solar and railway and the HAM project, which we already are having INR5,000 crores balance and even in Ganga project, which is around [INR800 some -- INR85 crores 32:50] balance. So, we see the numbers which we are operating

as of now. So, both altogether, which gives us the comfort that we will be reaching out very comfortably to INR7,000 crores

**Yash Dedhia:** And on the solar project, sir, now you are talking about 14% to 15% equity IRR, and then we are getting some margins from the EPC business also. So including the margins on the EPC business and also including the...

**Harendra Singh:** This return on equity is a separate portion and the EPC margin, which we are doing the EPC of solar, that is a different portion.

**Yash Dedhia:** Yes. So, on EPC, you would require some working capital and then you require capex on which you are earning 14%. But if you include everything, sir, then how much of an equity IRR including EPC, what is the total equity IRR?

**Harendra Singh:** So, equity is, definitely it is 25% of the total project of INR2,300 crores. So, this is INR700 crores. Out of INR700 crores, if you look at the return, which is a year-on-year basis, not upfront. So, this is year-on-year basis. If you look into the EPC, which we are operating of INR2,300 crores, so we are looking at around 18% margin, which are falling in within the time length when we are doing this EPC. You cannot just have totally of both at one instance.

**Yash Dedhia:** Okay. Okay. But sir, cash flow-wise, if you draw it out and extract the IRR, then where are we?

**Harendra Singh:** Given the indication because of the sanctions, which took got delayed, sanction was delayed not because of the bank. Their in-principal sanction was received somewhere in August or September only. But because of the SPV approval, which took almost 3 months -- delayed for 3 months. So that's why this particular cash flow, which now already, say, around INR400 crores of disbursement has been done within February only. So, things are all now track.

**Yash Dedhia:** Okay. Sir, on the roadside, finally, I mean, we've been reading that December onwards, there has been some push from the government side to sort of give more orders because nothing happened till December. So, are you seeing any tangible changes in the ground in terms of ordering, which we can expect because till January also, we haven't heard much and now we are already in mid-February.

So, for this year and coming year, sir, are we seeing any changes on the ground because the spends are really low, even though the capex budget is there, but there's nothing which is coming as the real spend from the government. And then there are concerns that with the Bharatmala project mostly over, there is nothing much that is there in the pipeline from the government side anyways. So how are you looking at it? And what are the signs you are picking from the government -- from the ground, sir?

**Harendra Singh:** Definitely, it has been delayed for a long. I think it's more than 1.5 years where nothing has been picked up as far as awarding is concerned or ordering is concerned. But I believe there are many projects which the government has also got the Cabinet approval where the certain DPR because now the focus is very clear that because of the time delay, there has been some prolongation costs and so they are now focusing more on the first securing the land, having all utilities alignment clear, then they will be looking into awarding and this has been a bit delayed.

And the further the approvals, which earlier was being very 2 years back and now it is taking a bit of a time. But it's not that all projects are dried out and there are not any project to be rolled out. So, there are projects. We have also seen like Hyderabad outer ring road is being announced where the EPC projects already where the bid is likely to be invited. So, it's not that the projects are not there. Definitely, the traction as of now, what we have seen, but I believe not big number is going to be there in quarter 4. But then again, is having the optimistic where the big amount of orders likely coming from in NHAI only.

- Moderator:** The next question is from the line of Vishal Periwal from Antique Stock Broking.
- Vishal Periwal:** Sir, one thing on this battery energy storage. You mentioned 35% is the EPC. So, size-wise, this will be how much in rupees crores?
- Harendra Singh:** Sorry, I couldn't understand your question. Please repeat again.
- Vishal Periwal:** Yes, sorry. So, battery energy storage system, which you mentioned 65% is the bought-out component, 35% is the EPC that we'll be doing. So, in that 35% in rupees crores, this amounts to what number?
- Harendra Singh:** It would be roughly around INR500 crores.
- Vishal Periwal:** That is for the 100%?
- Harendra Singh:** For both the projects.
- Vishal Periwal:** Yes, yes. So, INR500 crores, this includes the battery plus the balance of plant, right, sir?
- Harendra Singh:** Apart from battery, yes.
- Vishal Periwal:** No, sorry, sir, I think I didn't get that. So INR500 crores is the EPC work?
- Harendra Singh:** Yes, EPC work, which will be done. This is INR500 crores for both the projects, which is 35% of both.
- Vishal Periwal:** Okay. Sorry, sorry. I got that. And then second on -- I think you did briefly mention that we are also planning to enter into new verticals. And what I could gather is like recently, we also made one hire, I mean, in the senior management. So, any particular segment that we are planning to enter? Any color that you can provide will be helpful, sir.
- Harendra Singh:** So, look I think in the space which we have recently entered, which is renewable or green and in this particular transmission and say water, these are the businesses which we always look that if the opportunity is now being divided on either an annuity mode or even hybrid annuity. So these are the projects which we believe that we look forward that in any case, for this instance, when the highway projects are not many and the cost competitiveness and the say, aggression has gone very high, where we are not able to have at least the orders as well as margins.

So, in that scenario, we are looking beyond the space for this instance, looking into the future opportunities, which their margins are also good, but the opportunities give both ways, where the equity IRR is fine as well as EPC margins are good.

- Vishal Periwal:** Okay. And then just a clarification that INR500 crores battery energy storage you mentioned, so it is not yet part of our order book. Fair to understand?
- Harendra Singh:** It's not that. No, no.
- Moderator:** The next question is from the line of Vaibhav Shah from JM Financial.
- Vaibhav Shah:** Sir, you mentioned that our total receivables is around INR1,445 crores. Out of that, what would be our HAM receivables? And what would be from solar?
- Harendra Singh:** It is INR1,545 crores, out of which solar constitutes INR535 crores.
- Vaibhav Shah:** And HAM?
- Harendra Singh:** And HAM is INR375 crores.
- Vaibhav Shah:** Sir, we have seen some improved recoveries in Jan so far in month of Q4?
- Harendra Singh:** In solar, it has increased. No doubt it has increased in solar as there was the contract asset also, but now since there are the projects which we are operating, which are nearing completion, like I expressed about Odisha projects where there are contract receivables, which in few variations, which all settlement agreement executed now we are getting the payments within this. Like Rewari also, we had INR100-odd crores of projects, which were all executed but could not be built. Now it has been built. So, we are now seeing in quarter 4, maximum of this debtor receivables and contract assets they are going to be within the range.
- Vaibhav Shah:** But solar going to see an increase in as of March '25 as well?
- Harendra Singh:** Solar is not going to increase because the disbursement is not taking place. This is the disbursement is coming to SPV and SPV is going to pay the EPC liability.
- Vaibhav Shah:** Okay. Sir, secondly, you mentioned that we are looking for a debt of closer to INR600 crores-INR700-odd crores. So that is by March '25? Or is it a longer-term target?
- Harendra Singh:** No, no, no. March '25 only because this I have already has explained about it because of the gap of 6 months where we want to secure the module orders, not to delay the time and the cost. So that was the big reason which we have increased a bit in this duration almost. But then again, it will be coming back to INR600 crores to INR700 crores only.
- Vaibhav Shah:** By March '25?
- Harendra Singh:** Yes.

- Vaibhav Shah:** And lastly, when do we expect to receive the appointed dates for 4 HAM projects, BRK 2 packages and 2 MORTH recently won HAM projects?
- Harendra Singh:** Jharkhand project, they are advancing very well because earlier, I think the forest land was not given the clarity, but now the replacement of the forest land has been given by NHAI. So, in that scenario, by March end or maximum in April, we will be getting the appointed for both the projects. Also in Ahmedabad project, the land is 100% available. So, as per the CA timeline, probably by April or May, we will be starting the project. We already have started the mobilization. And in Ayodhya also by June, we will be taking on the appointed date.
- Vaibhav Shah:** And sir, you mentioned that MSRDC, we will be targeting revenue of INR250-odd crores only for FY '26, right?
- Harendra Singh:** Yes, yes.
- Vaibhav Shah:** For both the packages combined?
- Harendra Singh:** Yes, for both the packages, correct.
- Vaibhav Shah:** And when do we expect to start the project in May, June or after monsoon?
- Harendra Singh:** No, they will be started post this monsoon only. Say by May, we are expecting that by March LOA and then 2 months down the line, entire mobilization and project is being declared. So, we believe that actual execution will be picked up post monsoon only.
- Moderator:** The next question is from the line of Jainam Jain from ICICI Securities.
- Jainam Jain:** Sir, my first question is after solid execution in H1 FY '25 with 20% revenue growth, why have we seen a decrease in the revenue Y-o-Y growth number of 12%? Like is there any slowdown in execution?
- Harendra Singh:** See, there has been some issues with respect to the project Gujarat Karnal and Delhi DMRC and which are all nearby because of graft. So, that is because of those significant delay has happened. Otherwise, if you have seen that the Ganga contributed around INR500 crores, solar INR350 crores. But in these projects, the revenue doesn't trickle a lot.
- As well as in railways, it's a bit slow down at the initial phase because of the design as already in the remarks, I explained all those things. But if there is a gap of around this INR100 crores to INR150 crores, which would have been done even better. But this is a one-off sorted. In quarter 4, we believe that as initially has projected that we will be touching around INR6,000 crores plus crores. So, around INR2,000-plus crores of execution will be done in quarter 4.
- Jainam Jain:** Okay, sir. And initially, we have guided with the order inflow guidance for with INR11,000 crores to INR12,000 crores of orders, and we believe that we are yet to meet the guidance of roughly INR3,000 crores to INR3,500 worth of crores. Are you confident about meeting the guidance number? Like is there any key project that we -- from which we are expecting the numbers to be met?

- Harendra Singh:** With this new railway station order, which is around INR8,200 crores, and this includes MSRDC order also. And if you take that order, then we can't have the number which we expected. But no doubt, it is INR8,200 crores and what the bid which we have already bided, and the results are yet awaited. And the bid is likely to be there in 45 days from now, say, 50 days from now, which we expect that around INR2,000 crores to INR3,000-odd crores of order can be easily added.
- Jainam Jain:** Sir, what is the order inflow and revenue and margin guidance for FY '26?
- Harendra Singh:** For the next year, we are expecting about INR7,000-odd crores of execution and with order inflow of around INR10,000 crores.
- Jainam Jain:** And what about margins?
- Harendra Singh:** Margins will always be around 15% to 16% that range.
- Moderator:** The next question is from the line of Parth Thakkar from JM Financial.
- Parth Thakkar:** Sir, will the interest cost in Q4 will be on similar line with quarter 3 or will it reduce?
- Harendra Singh:** The total INR72-odd crores is the total 9 months it has been there. So, roughly say around INR20 crores, overall, it will be around INR90 crores for the year.
- Parth Thakkar:** INR90 crores for the overall year, right?
- Harendra Singh:** Yes, yes.
- Parth Thakkar:** Okay. Also, sir, how much revenue are we targeting from Neelmangala-Tumkur project for FY '26 and FY '27?
- Harendra Singh:** FY '26, it could be roughly around INR200 crores and FY '27, balance all, everything will be completed.
- Moderator:** The next follow-up question is from the line of Shravan Shah from Dolat Capital.
- Shravan Shah:** Sir, how much capex we have done in 9 months and for fourth quarter, how much planning to do and for next year?
- Harendra Singh:** So we have done around INR92 crores of the capex during the year and just I think a few crores, I think INR5 crores to INR10 crores in the quarter 4. And from the next year, we don't foresee any big number to be there. It just a INR40 crores to INR50 crores would be good for the next year.
- Shravan Shah:** Okay. Okay. Rajeev sir, you mentioned that the working capital you are looking at it to come down and accordingly, the debt level also will fall to INR600 crores, INR700-odd crores. So, in terms of the working capital, particularly because now the solar, you said that the disbursement is happening that will be helping. So, even for next year also, as such, one should not be worrying in terms of the working capital increase in terms of the days?

- Harendra Singh:** So, it's only what we just discussed about it. It's only a time gap, which was because of the SPV approval, which took 3 months, 4 months delayed. So that is where I think the banks were not having any reservation. The in-principal approval was already received some time back. So, it's only that. For next year, we don't foresee anything where the cash crunch of that increase in the working capital debt will be there.
- Shravan Shah:** Okay. And lastly, sir, you also mentioned in your opening remarks that you are looking to monetize further 5-odd projects. So, if you can help us, have we started any kind of a talk with the investors? And broadly, just a sense in terms of the total equity, obviously, how much we have invested in a broader sense, if you can say because the first deal was at a much better valuation price to book, 1.5x odd. So, how one can look at in terms of the valuation there?
- Harendra Singh:** As far as total equity, which we have invested in this would be roughly around INR770 crores. So out of INR770 crores, we are expecting, and the discussion is already we have started with a few of the, say, potential buyers. And I believe that as we are going to get the PCC for all 5 projects within the month of February only as per the settlement agreement, which we have executed because there have been in 3 of the projects, there have been some portion where the PCC-2 is going to be there or COD is going to bid 3 months, 4 months down the line.
- So, by June, we are expecting that all the projects will be tentatively completed. So, within 6 months of timeline, which we are expecting that if the deal can be done at 6 months, we can start taking out the NOC from lenders as well as NHAI. So, this is quite, I think, going well on track only. And then again, the valuation, you never know definite, but we are expecting and there also have founded quite a good valuation for these projects.
- Shravan Shah:** Okay. But in terms of the cash, most likely it would be by end of March '26 or maybe it would be in the 1H of FY '27 that we will be getting the cash or equity back?
- Harendra Singh:** No, no, I don't see much of a challenge if that can be done within this year only because if you see February to February, it's a 1-year duration. PCC to that, again, the deal and then getting the NOC, everything can be done within the year '26.
- Shravan Shah:** Okay. And sir, are we open to bid for BOT toll projects now? Or are we seeing any pipeline or are we liking any project where we would like to bid?
- Harendra Singh:** No, no, not yet. Anything related to BOT toll, which already we have expressed our view that we would be happy working with any of the developers as EPC as earlier we were doing.
- Shravan Shah:** Okay. Okay. And even for next year also, let's say, if the road, let's say, the inflow is not to the extent or let's say, the competition, as you are mentioning, the competition is too high and road. So, to even reach a INR10,000-odd crores. So, if you can help us how much are we looking at from the road and all the water, solar or railway broadly?
- Harendra Singh:** Railway definitely. Railway opportunities are EPC only, and we have looked into this kind of opportunity where the margins around 11%-12%-13% so we believe that will be our priority. But then roads if they are going to shrink their ordering, then we are looking into this water where the HAM opportunities are there, like I have discussed with right now that Eastern

Railway where Eastern Rajasthan Canal project or in river linkages projects in MP, UP where almost Government of India has indicated around 90% of the funding will be given by central government. So, those are the projects on HAM basis. So, we will be looking into such opportunities.

**Moderator:** The next question is from the line of Uttam Kumar from Axis Securities Limited.

**Uttam Kumar:** Sir, in the opening remarks you mentioned about transmission project. So, what kind of transmission projects you are eyeing on? And what kind of order intake you are envisaging in transmission sector?

**Harendra Singh:** So, since we have entered into the solar and renewable and battery, so we have seen the similar, let's say the solar is the power generation and the power generation and the evacuation where the step-up is being done because the substation and switchyard and other balance of all items.

So, in that scenario, we have seen that the transmission business where there are TB/CB kind of business, which again gives a similar of execution where the certain part is EPC, where the foundation work is to be done is civil construction, which is around 30%-35%. And there's a tower fabrication and erection. This is again a very simple kind of a project and the substation. So, this is a similarity.

So, what we are looking into how we are exploring this opportunity that going further, if we may opt for this where both ways the return should be there. One is the equity return and the second is the EPC margin. Not a big margin, which we can consider, but 10% to 12% always will be our focus.

**Uttam Kumar:** Okay. And now, sir, coming to the labour issue. So, most of the infra companies, they were fighting labour issues in last 2 quarters. So, what has been the case with your company or is it something different?

**Harendra Singh:** Delhi projects struggle because of the labour, because of the grafts and then near to Delhi. And because of, say, in Bihar, Jharkhand or Bengal, where the opportunities are opening up. So, not many people are looking at moving out from those states. But that is a crunch, but it's not that significant where we are struggling a lot. It's the only thing which we have seen the election has definitely impacted this Lok Sabha election. That is impacted. But now the things are all normalized. It's not that a big gap is there.

**Moderator:** The next question is from the line of Deepak Purswani from Svan Investments.

**Deepak Purswani:** Just wanted to check on the railway project where we have been declared as L1. Just looking at the RLD estimated project cost appears to be INR1,470 crores, whereas our bid project cost is INR2,195 crores. So if you can give a broader sense in terms of how should we look from the profitability point of view in this project? And what has been the difference between L1 and L2 in this project? And why there is so difference in their estimated project cost and the bid cost?

**Harendra Singh:** If you can just compare the L1 L2 gap is hardly 2.5-3%. So that's not L3 followed by L3 also. So there's not a big gap. Number one is because of this project is a kind of a unique combination

where the highway constitutes the right, not highway, it's a particularly elevated road to be developed. This is around INR800 crores and INR700 crores is just air concourse which is a purely fabricated item majorly where the other part is having the proficiency because they are having near to Hyderabad, this fabrication unit they have set up.

So, this is the 2 big one and the other is the MEP and HVAC. So, the civil part is very less in this project, where the building is already -- the construction has been started. So, in that scenario, the rates which we have calculated do have the margin visibility of about 12%. There is no doubt on that 11% to 12% margins are always there.

**Deepak Purswani:** Okay. Secondly, sir, on the bid, if you can also throw some light on the bid pipeline on the railway as well as you mentioned about the river linking. If you can give some more sense in terms of what are the bid opportunities which are coming up over the next 12 or 18 months? How do you see that segment growing for us over a period of time?

**Harendra Singh:** Over a period of last 2-3 years where the EPC concept was revealed and now the project DPR to land to other things, which are shaping up. So, in that scenario, we have seen that a significant number are visible where it's a new line or it can be existing lines where the doubling or 3 lane or 4 lane has to be done. So, these are the projects which we are aiming at.

No doubt this year, which they are expecting that more than INR70,000 crores of projects are to be awarded. For this year to next year, I believe there's a on railways, which we believe this is a big number. But apart from railway, highways are also giving the sense that few of the states are also giving the indication that there are expressways, or some project will be there.

**Deepak Purswani:** Okay. And if you can also give some sense, sir, on the river linking project which we -- in terms of the bid pipeline or how should we see from the next 12 to 24 months point of view?

**Harendra Singh:** See in that context, one thing is the Eastern Rajasthan. This is the 3 rivers to be linked in which 2 states are benefited, is MP and one is Rajasthan. Rajasthan being the bigger, larger beneficiaries of that and also in Yamuna River is going to -- the feeder is going to be developed. So, there is around, in Delhi, around, say, around INR1,25,000 crores of project, where the central government has given us go ahead for giving the 90% of the funding.

In also in [inaudible 0:58:10] in MP, so these are the projects again for MP state where the state like Jhapi also in UP is going to be benefited. In Vidarbha, there are many more projects which are likely to be there. So, you see this is the opportunity, which earlier 5 years back, it was planned. Now it is shaping up. So, I believe there are opportunities are good. And in any scenario for HAM or EPC, we will be looking at the sector.

**Deepak Purswani:** Okay. And sir, finally, just wanted to check it out on the equity requirement, which would be required for the battery project. Would that be around INR500 crores or INR600 crores over the next 2 years?

**Harendra Singh:** This is around INR450-plus crores in the next 2 years, correct.

**Moderator:** Ladies and gentlemen, due to time constraints, that was the last question. I now hand the conference over to Mr. Harendra Singh for closing comments.

**Harendra Singh:** So, I extend my gratitude to everyone for contributing their expertise and experience to the discussion. We value your presence on today's call and trust that we have addressed all your queries. Should you have any additional questions, please feel free to contact our Investor Relations advisor, Go India Advisors. Thank you, and good day.

**Moderator:** On behalf of Go India Advisors, that concludes this conference. Thank you for joining us, and you may now disconnect your lines.