"H.G. Infra Engineering Limited Q1 FY'23 Earnings Conference Call"

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MANAGEMENT: **MR. HARENDRA SINGH –CHAIRMAN & MANAGING DIRECTOR, H. G. INFRA ENGINEERING LIMITED.**
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MODERATOR: **MR. SMIT SHAH – INVESTOR RELATIONS, PARETO CAPITAL**

Moderator: Good morning, ladies and gentlemen, welcome to the Q1FY23 Post-Earnings Conference Call of H.G. Infra Engineering Limited.

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. Please note that this conference is being recorded.

I now hand the conference over to Mr. Smit Shah. Thank you, and over to you, sir.

Smit Shah: Good morning, everyone. This is Smit Shah from Pareto Capital. We represent Investor Relations for H.G. Infra Engineering Limited.

On behalf of H.G. Infra, I welcome you all to our Q1FY23 Earnings Conference Call. I have with me from the Management, Mr. Harendra Singh - Chairman and Managing Director; Mr. Rajeev Mishra - Chief Financial Officer; Mr. Sanjay Bafna - Group Finance & Accounts Head.

We will have brief opening remarks from the Management followed by a Q&A Session.

Please note that certain statements made during this call may be forward-looking in nature. Such forward-looking statements are subject to certain risks and uncertainties that could cause our actual results or projections to differ materially from those statements. H.G. Infra will not be in any way responsible for any actions taken based on such statements and undertakes no obligation to publicly update these forward-looking statements.

I would now like to hand over the call to Harendraji for his opening remarks. Over to you, Sir.

Harendra Singh: Good morning, everyone. I welcome you all to our 1st Quarter FY'23 Earnings Conference Call.

This year marks our fifth ongoing year of being listed on the Indian stock exchanges and interacting with you all. We believe that we have come a long way in terms of our business performance, and I am proud of my team for this feat. Additionally, I am proud of the credibility and transparency we have established amongst Investors and Analysts. And we look forward to your continued support.

At H.G. our focus has always been on profitable growth, lean balance sheet, strong internal processes, and we will continue to build on this. It gives me pleasure to say that we have touched revenue of Rs. 1,065.7 crore in 1st Quarter of FY'23, which is all time highest number of any quarter till now, with an EBITDA at 15.2% and PAT margin of 9.2%.

During the quarter we received a new EPC order worth Rs. 4,971 crore which is inclusive of GST, from Adani Group to develop a six-lane access-controlled expressway that is called Ganga Expressway in the state of Uttar Pradesh, and work on it has already been begun.

Taking the above order, our total order book stood at Rs. 11,508 crore as on 30th June, 2022. Out of the total order book 54% are EPC contract and 36% are HAM projects. These orders gives us strong visibility of revenues for the next two, three years.

As I can just give an idea of the size of the project, it is important to share with the forum that there has been a paradigm shift in the magnitude of average ticket size of projects under execution in entire order book.

Currently, we are at 20 projects under execution, out of which seven projects has already got PCOD, and only a small portion of work is left out in these projects.

Apart from this there are 13 high value projects, which are in execution with an average size of Rs. 900 crore, which was around Rs. 200 crore few years back. Thus bringing better operational efficiency, cost optimization with better control and governance of these projects, which will eventually result in a better margins in these projects.

Project Updates

During the 1st Quarter of financial year, we have achieved financial closure of our Raipur-Vishakhapatnam OD-6 package, that is on 5th of May and received the appointment day of our Raipur-Vishakhapatnam OD-5 and 6, both the packages on 30th of May and 1st of June, respectively.

EPC Projects

Coming to progress of major EPC project, it gives us the immense pleasure to inform you that we have received completion certificate for Delhi-Vadodara Pkg-4 for on 1st August with the effect of 26th June 2022.

We are pleased to inform that execution has completed in Hapur-Morradabad project of IRB. This project has already received the completion certificate from competent authority. And shortly we would be issued the same.

In Delhi-Vadodara Pkg-8, we have made good progress and have completed around 84%. In Delhi-Vadodara Pkg-9, we have completed around 73%.

In the Mancherial project of Adani, we have completed around 70%.

In the EPC project we have received on 20th of October last year, was at Karala-Kanjhawala, that is the Delhi UER-2. We have completed 14%.

In Neelmangala-Tumkur project post signing of the agreement in May, 2022, we expect appointed date by end of August. So, this is all about the EPC projects.

HAM Projects

Coming to our HAM projects under execution, which are also progressing well as per the scheduled timeline.

In Rewari Bypass HAM project, we have completed around 74%.

In Raipur-Vishakhapatnam that is AP-1, we have completed 10%.

In two of the HAM projects of Raipur-Vishakhapatnam corridor that is Odisha Pkg-4 and 5. We started the work in the current quarter and we completed around 5% and 6%, respectively.

In Khammam-Devarapalle Pkg-1 and 2, we have received the financial closure of KD-2, that is on 20th of July, 2022. And we are going to sign the contract agreement of KD-1, very soon.

We have initiated the work on these packages and the progress will further fast track from the 3rd Quarter onwards.

For the HAM projects, we have a total equity requirement of Rs. 1,137 crores that is projected till FY'25. Of this total amount we have already invested Rs. 529.5 crore as on June '22. And we project to invest Rs. 286 crores in this remaining financial year that is FY'23.

Before I share the outlook and the guidance with you, I would like to hand over the call to our CFO - Rajeev Mishra to touch upon the financial highlights. Over to you, Rajeev.

Rajeev Mishra: Good morning to all of you. Let me highlight on the financial performance for this quarter ended June 2022.

Our endeavors to strengthen our balance sheet continue to remain our focus. For this quarter, standalone revenue stood at Rs. 1,065.70 crores a growth of 16.6% as compared to Rs. 913.6 crore in Q1FY'22.

We reported a growth of 8% in our EBITDA, which stood at Rs. 162.5 CR, compared to Rs. 150.4 crores in corresponding previous quarter.

Profit after tax, for the quarter stood at Rs. 97.60 crores a year-on-year growth of 9.8%. Our consolidated debt stood at Rs. 1,406 crores, which includes project loans of Rs. 959 crores. Cash and bank balance on the consol levels stood at Rs. 15.9 CR.

This is also from my side in brief. I will now request Harendra Sir for the further remarks on the future business guidance, over to you, sir.

Harendra Singh: **Sector Outlook and Opportunities**

So, we are very positive on the sector outlook and the opportunities. Numerous initiatives including National Infrastructure -- Gati Shakti program, as an increase in the budget allocation for infrastructure spending etc. will give a thrust to this sector and ample opportunities to players like us.

We at H.G. are reading ourselves for the next level of growth through various steps. We have continued to build a robust business models having complete integration in operations, along with a large fleet of in-house equipment and a skilled human resource.

We are investing heavily on digital initiatives to make our system more robust.

We are confident in times ahead as guided earlier to achieve Rs. 5,000 crore of revenue while maintaining 15.5% to 16% range of EBITDA margins for the Financial Year FY'23.

As far as order is concerned, a key focus ahead would be to winning selective project that complement our order book and ensure efficiencies. Our goal is to achieve guided number as Rs. 9,000 to Rs. 10,000 crore order inflows in this financial year.

Now I would like the moderator to open the floor for question-and-answer. Thank you.

Moderator: Thank you. Ladies and gentlemen, we will now begin with the question-and-answer session. The first question is from the line of Mohit Kumar from DAM Capital. Please go ahead.

Mohit Kumar: My first question is, do you maintain the guidance of 50 billion of revenue and order inflow of 100 billion for the fiscal year. And does the declining inflation improves your outlook on margin?

Harendra Singh: See, we have already received the order of around just Rs. 4,450 crore from Adani, that is excluding of GST. So, with that we are having almost eight months going ahead, and with NHAI and they are having a strong billing pipeline we expected that another Rs. 5000 odd of order can be added during this next eight months.

Guided as per the revenue, which we already has taken into consideration that most of the orders are under execution in Quarter 2 only we are likely to get two more appointed dates of Ganga Expressways and this Tumkur project, that gives us the visibility and confidence that we will be touching upon around Rs. 5,000 crores of turnover.

As far as the margins are concerned we would be in a same range coming back to our normal range, because the commodity price hit which really has impacted in Quarter 3 and Quarter 4 of last year and now in Quarter 1 as well we experienced the same. But now there has been a significant relief in the steel prices and other commodity prices, which again we can expect in

Quarter 3, Quarter 4 onwards, we would be coming on the track about 15.5%+ like 16% to 15% plus margin.

Mohit Kumar: Secondly, on the monetization of our HAM portfolio, I think roughly around four of our assets are coming to closer to physical completion, is there some update which you can share or some outlook that will able to close the monetization by the end of the fiscal year from a strategic investor?

Harendra Singh: Yes, of course I think discussions are all with the three of the potential funds. And we believe that this discussion is at the very advanced stage. We expect that by the end of this financial year, this entire transaction can happen.

Mohit Kumar: Are you looking for selling this stake or it is more like in a portfolio kind of approach we are going to give the assets and also the future assets?

Harendra Singh: No, as of now we do plan that these are three projects which we already completed. And one is likely to be complicated in this financial year only. So, with that I think there is a pause of about one and a half to two years. So, we are targeting to monetize this project as soon as we get, say right fund and the right price. And we expect that it is quite maturing quite well.

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

Shravan Shah: Just again reiterating for FY'24, we maintain the same guidance of 20% growth that is a Rs. 6,000 crores revenue.

Harendra Singh: Yes.

Shravan Shah: Secondly, in terms of the order inflow you mentioned that Rs. 9,000 crore to Rs. 10,000 crore, Rs. 4,400 crore, Adani Ganga Expressway we received. So, now the remaining that we are targeting Rs. 5,000 crore odd inflow out of that previously we mentioned that around Rs. 3,500 crores can come from the HAM and Rs. 1,000 crore to Rs. 1,500 crore odd from NHAI, EPC and JJM and Railways. So, that guidance remains intact.

Harendra Singh: Yes, of course, I think we have already taken up bids in other sectors like railways, the modeling of say remodeling of the stations. And that again gives us the confidence that apart from the NHAI and EPC we would be able to make out some Rs. 1,000 crore to Rs. 1,500 crores in highway or say water or say railways or these sectors.

Shravan Shah: Secondly, this both Khammam-Devarapalle Pkg-1 and 2, the appointed date will be by this September/ October?

Harendra Singh: See for Khammam-Devarapalle Pkg-2 which we are already done with the financial closure, most likely by end of September or first week of October we will be getting the picking the appointed date. And by the end of November or so, for KD-2 where the completion agreement would be signed very soon, and the significant development has been there as far as land say compensation payments etc. is concerned. So, by November end we expect that all the projects, this is the last project which you will be getting the appointed date.

Shravan Shah: And regarding the equity requirement, you mentioned that Rs. 286 crore to be invested in FY'23. So, for FY'24 and '25?

Harendra Singh: So, it is coming at about Rs. 208 crore to be invested into FY'24, for these HAM projects. And around Rs. 113 crore for balance for this FY'25, looking for the completion of all these HAM project by FY'25. So, Rs. 529 crore already invested.

Shravan Shah: And how much CAPEX we have done and the guidance last time we said Rs. 110 crore to Rs. 120 crore odd for this year?

Harendra Singh: Yes, this quarter, we have done significant CAPEX almost Rs. 45 crore odd is being added in our total gross block. And so almost we expect that Rs. 135 crore odd to be added, but that in turn, that we have already given that last to last call, that we are now in that range where almost seven years plus or five years plus age of equipment, which gives us an internal policy that we would be phasing out and just taking out those equipment and to be sold out, which it is about, targeted about Rs. 40 crore revenue would be coming from selling of these equipments, plant and equipment. So, with that, around Rs. 90 crore odd would say added during this financial year.

Shravan Shah: And now on the debts front, so debt this quarter has increased Rs. 133 crore odd from the last quarter. So, just wanted to understand of what's the reason? So, definitely I will be the next question on the working capital will be asking, but on the debt front, do we see this current Rs. 450 crore odd debt, will it reduce by the end of March?

Harendra Singh: Yes, sure, it is an interim increase in the debt because, see we have already taken the appointed date of the three HAM projects, where if you can see the debtors is gone high in SPVs, and the investment in SPVs as well as our Rs. 175 crore odd invested during the current quarter only. So, with that whatever is there, it is again going to cool down and come back to the range of Rs. 300 crore to Rs. 350 crore, say, within this July only we have received most of the payments from the debtors as from SPV and other. So, it would be coming back to the same trend as we have guided earlier.

Shravan Shah: Now I need the numbers on the retention money, mobilization advance, unbilled revenue, debtor's, inventory and payable as on June.

Harendra Singh: So, you are looking at what exactly is the debtor, debtor is around six, because it has significant increase in the debtors as I have given you that, SPV debtors has gone very high, and with the Delhi-Vadodara packages, where we are having three packages. So, this is again where the Rs. 334 is the, if you are talking about the debtors, I will just give you clear data including retention.

Shravan Shah: Last March it was Rs. 695 crore, so against that what's the number as of June?

Harendra Singh: As of June, it has increased to Rs. 685 crore which is a --

Shravan Shah: So, this Rs. 685 crore does not include the retention money.

Harendra Singh: No, Rs. 185 crore is the retention and whatever old amount of retention that is there.

Shravan Shah: So, what's the unbilled revenue number, mobilization number as on June?

Harendra Singh: Unbilled total is almost the same, almost Rs. 314 crore odd. Mob advance is Rs. 286 crore. Inventory has gone high; it is a plus by Rs. 36 crore, now it is Rs. 219 crore.

Shravan Shah: And payable?

Harendra Singh: Payable, again has gone high by almost, it is at about Rs. 435 crore.

Shravan Shah: Rs. 435 crore odd. So, from Rs. 426 crore as on March it has increased to Rs. 435 crore.

Harendra Singh: No, if you are considering retention and hold, there are two kinds of payable right, one is trade payables and which is, we are reporting as a payable, and then the retention and hold again we are categorizing as a debtor plus retention together it is 685 plus 185 for this closing balance.

Shravan Shah: No, that I understood, I am saying as on trade payables, which was Rs. 426 crore as on March, what's the number as on June?

Harendra Singh: Now it has gone high by Rs. 125 crore it is coming at say Rs. 119 crore and Rs. 435 crore together it is coming at Rs. 554 crore.

Shravan Shah: But now, do you see this working capital which has increased, will come back to the normalized level by end of March.

Harendra Singh: As already I had indicated that there was a very short period which we have seen that the debtors has gone very high as far as the payable, again they reached to, and working capital borrowing has increased, our OD limit has been there. But now it has been again got dropdown to the same level and we believe that in September or in the coming by March, we would be in the same range. And the working capital, net on working capital is almost same, there is no change because the payables and receivables both have increased. But we would be coming back to the same normal days as well as absolute numbers.

Moderator: Thank you. The next question is from the line of the Vibhor Singhal from PhillipCapital. Please go ahead.

Vibhor Singhal: Just two questions from my side. So, one is this quarter we have done Rs. 1,000 crores plus of revenue, Q2 will most likely be impacted by monsoon. So, as I said, we are in, so assuming that we are able to do maybe even a similar kind of revenue in Q2 as Q1 that means in the last two quarters, in the second half of the year, we would need to do almost Rs. 3,000 crore of revenue to achieve our guidance. Given that Ganga Expressway project might only start in Q3 onwards only, but do you believe this high asking rate of Q3 and Q4 is achievable? And if yes then which project do you think could contribute more to it? So, specifically, if I were to ask how do you expect Ganga Expressway to contribute in terms of revenue in this year, in your Rs. 5,000 crore guidance?

Harendra Singh: Yes sure you can just see into the breakup of our, the total order balance on the 30th of June, and with that, say the breakup has majorly been categorized into Ganga Expressway, which we believe that we would be able to execute around Rs. 1,000 crores odd in Ganga Expressway project, which gives us the confidence even, because the land availability is all there. We have mobilized very aggressively into that and most of the things are all aligned and I assume by end of September, most of the, which we believe the execution as of now, we already started certain portion of it. So, that gives us visibility that Ganga Expressway will be the major contributor.

Apart from that if you see, the other project like Raipur-Vishakapatnam that is OD-5 and 6 and AP-1, which we already done some 5% to 7% progress in these projects. And some Rs. 1,000 would be added because they are all together Rs. 3,000 crores odd of total project as a EPC value. The Rs. 1,000 would be done during this balance period of the financial year. And the three packages were the appointed date would be received by August end or September and November so these Khammam-Devarapalle Pkg-1, 2 and then Neelmangala-Tumkur package. This Rs. 400 crore to Rs. 500 crore would be executed in these packages, and apart from that contribution from Delhi UER would be Rs. 550 crore, and then balance from Rewari packages that's about Rs. 100 crore.

Package 8 and 9 of Delhi-Vadodara would be all completed which is a balance of about say Rs. 460 crore odd is all there. And Mancherial Repallewada, which is a balance of about Rs. 225 crore, which we all executed during the current year only. So, this gives a total of about Rs. 3,800 crore that is excluding price variation, no NM and no utility.

Vibhor Singhal: So, you believe we can easily achieve Rs. 5,000 crore of guidance given order book and status of the project right now?

Harendra Singh: As you were saying that we are very confident. Yes, we have taken into that how all the projects could be contributing to the total Rs. 5,000 crores.

Vibhor Singhal: My second question is basically on the HAM project and the debt level. So, I think Shravan asked in the last question, the debt has increased by almost Rs. 130 crores in this quarter, but if I look at the cash, which has depleted, our net debt at the standalone level have actually increased by around Rs. 280 crores. So, as you rightly mentioned, that yes, this is basically on the back of the HAM equity that needs to be invested and some payments, which we got in July as well.

Now with the further Rs. 250 crores of equity that needs to be invested in the remaining part of the year and you are also looking at taking on few more HAM projects, how important is it for us to be able to monetize these assets in order to keep our debt levels down to Rs. 350 crores? Because from what we see even if it is….

Harendra Singh: Yes, I got your point, see it is major important is where the all-time high debtor number is there. So, SPVs was at about Rs. 232 crore. So, this is a big number of SPV where the debt, the receivables were all there and which would have been earlier because, there are a few conditions of the bank where say the disbursement conditions were about to be completed. So, we could not receive the mobilization advance to that extent to that magnitude and it is definitely we would be getting in this quarter only we are going to get mobilization advance and SPV total debtors which we have received during the month of July itself. NHAI again at about Rs. 229 crore which is a big number.

So, apart from these two big numbers not very significant change is there. And if you say that when we are going to look at our March number, the total equity requirement, balance equity requirement is Rs. 286 crore, and we are expecting that the total cash accrual would be somewhere in the range of Rs. 585 crore. So, with this you get clear idea that we would be in that sphere or that comfort zone that the debtors cooling down and the mobilization advance coming in, we would be able to do so.

Vibhor Singhal: You know last follow up, we haven't yet received the mobilization advance of Ganga Expressway right?

Harendra Singh: No, not at all, not that the expressway Neelmangala-Tumkur, Khammam-Devarapalle, even this OD-6 Pkg. So, there all these package for which we have not received any mobilization advance till date.

Vibhor Singhal: And for the next, it would be the regular 10%.

Harendra Singh: Well most to likely it is coming about Rs. 350 crore odd mobilization advance that we get from these projects only. And during the next five months, we would be getting that.

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

Jiten Rushi: My first question was on the revenue, so I was just doing reverse math. So, our order backlog, as on June adjusted for the order backlog as in March which gives us a revenue of around Rs.

871 crore. And while our reported revenue is higher during the quarter, so the gap is around 195 --

Harendra Singh: There is a big impact of price variation, if you see there is about Rs. 70 crore odd in the total revenue which has been recognized, is from price variation. And if you see the projects, the projects rates are worth Rs. 900 crore, so it's altogether coming at about Rs. 1,065 crore with others being contributing to the revenue.

Jiten Rushi: So, basically the increasing order backlog is by Rs. 1,065 crore because of price variation, and we have booked a Rs 70 crore odd revenue of price variation in Q1.

Harendra Singh: Q1, correct.

Jiten Rushi: So, the variation is around 195, so Rs. 70 crore explains, what about the balance is it from the utility shifting?

Harendra Singh: Utility shifting, O&M revenue and certain portion of revenue was there where the aggregate supply was there which is now almost done, because in Hapur-Moradabad we were supposed to supply aggregate even.

Jiten Rushi: Now if you can state, you have given the guidance for the revenue, but your debtors were high like Rs. 232 crores from SPVs and Rs. 229 crores from NHAI so what has been the collection in July. So, what will be the debtors in July, if you can highlight on that?

Harendra Singh: Almost coming down by Rs. 200 crore some, in July end we are having not more than Rs. 450 crores odd.

Jiten Rushi: Of debtors.

Harendra Singh: Yes.

Jiten Rushi: So, this was just basically we were not able to achieve some threshold which resulted in delay in disbursement and hence, we have to fund --

Harendra Singh: So, majorly there were two things, one was the mobilization advance which we were expecting to say be released from the SPVs to HG or rather from NHAI to SPV. This has not happened in that period. And moreover, the entire billing or whatever work that we had executed in these projects, which is in the magnitude of Rs. 200 crore, which could not be in these you know in Raipur-Vishakapatnam, we are talking into those projects only.

Jiten Rushi: So, now the debtors have come down.

Harendra Singh: Now it has been again, we have received the amount from the SPVs, from NHAI in fact, and then to the EPC.

Jiten Rushi: You have said Rs. 350 crore of mobilization advance you will receive in next five months. So, this is including Ganga Expressway or excluding Ganga Expressway?

Harendra Singh: We have just taken into account 5% from Ganga Expressway, not more.

Jiten Rushi: And on the CAPEX as you said, you will be doing Rs. 135 crore gross CAPEX and net CAPEX would be Rs. 90 crores, right.

Harendra Singh: Right.

Jiten Rushi: And about the margin guidance for FY'24, we have maintained the guidance of 16%.

Harendra Singh: Yes, very right, in FY'23 we will be coming back to almost 15.5% to 16%. And that again in '24, we can just look beyond 16%.

Jiten Rushi: And again on the interest cost, which has come down. So, do we expect the run rate to continue or we can see the interest cost going up because there was a temporary increase in the working capital. So, has the debt come down?

Harendra Singh: See it's a matter of only working capital limit being utilized for a certain period or it can be in days, not in months. And for that reason it has gone high, but ultimately, it would be in the same range. And we have seen that it is about 1.35% of the total top-line for this current year, current quarter only.

Jiten Rushi: And last question on the financial closure which you did recently, what was the rate of interest,?

Harendra Singh: That's around 8% to 8.3% on all the HAM projects.

Jiten Rushi: And we have seen increase in the finance, interest cost now because of the interest was going up at the corporate level and as well as in the SPVs, when we go for refinancing.

Harendra Singh: No for refinancing, we have already said that there are six months that is, in the delta which again which we are likely to get from NHAI, which is already inbuilt, that is where 0.3% to 0.4% is already there in all the refinance projects of the three-refinance project.

Jiten Rushi: Outstanding bid pipeline as on date, in terms of roads, waters and railways if you can highlight. And when are tenders is opening?

Harendra Singh: No, they have good number of bids which are not yet --; but the bid pipeline is long, and it's very strong, that we have seen and indicated that 6,000 odd kilometers likely to be awarded during the current year only. So, with that I think lot many projects are there and which in Quarter 2 and/or Quarter 3 and Quarter 4 it would be there. As of now we have bided for almost Rs. 7,000 crores odd where the results are yet to be declared.

Jiten Rushi: With NHAI, right.

Harendra Singh: Yes, these are NHAI and one is in Metro, two are in Railway and one is water.

Jiten Rushi: So, basically one Metro, two Railways, one water and how many NHAI?

Harendra Singh: NHAI, there are three projects.

Jiten Rushi: So, total Rs. 7,000 crores which is the outstanding bid, which will open in like next one month, right.

Harendra Singh: Yes.

Moderator: Thank you. The next question is from the line of Prem Khurana from Anand Rathi. Please go ahead.

Prem Khurana: Most of my questions have already been answered, I think just clarifications mostly. So, when you say, we are looking at around Rs. 5,000 to Rs. 6,000 crore of incremental orders during the year, possible to share I mean, how do you expect this to be kind of split between various segments or let's say EPC, HAM, Irrigation and Water I think you said Rs. 1,000 crore to Rs. 1,500 crore what you are targeting. So, the balance would be almost around RS. 4,000 to Rs. 5,000 crore odd, so how would this, I mean the split between let's say road, EPC and ham?

Harendra Singh: See the major portion which we are expecting are from HAM of NHAI which are around Rs. 3,000 crore to Rs. 3.500 crore. And balance about Rs. 1,500 crore to Rs. 2,000 crore which we are expecting either EPC from NHAI or say other than that, other sectors are all there which we have already started bidding and it is whether railways or any water sectors. So, these are two, three more avenues which we are looking to add this year at least Rs. 1,000 crore to Rs. 1,500 crore odd will be added from this new sectors.

Prem Khurana: And any comments on the competitive intensity in railways and water I mean essentially, if you participate any individual or in open, how did we fair against our competition?

Harendra Singh: No, we have seen that, we stood at about L4 or L5 in two of the railway projects being and the results being declared in last two, three months, but still we are not going very aggressively, we do not expect that without compromising or without just doing most of the things, we want to maintain our EBITDA at the same level. And we would be able to get these numbers which are Rs. 1,000 crores odd from other sectors.

Prem Khurana: And for water, we are looking at Madhya Pradesh, Rajasthan or we are open to look at Uttar Pradesh as well because --

Harendra Singh: Yes, UP also because we are now having a good presence in UP and few districts majorly, we will look forward at in UP, MP or Rajasthan for water.

Prem Khurana: And on this OD-6 I mean the FC that we have been able to manage and we have already infused some equity. So, just, I was wondering, I mean when I look at the number of equity that you have infused during the quarter, it's almost around Rs. 120 crore odd, we see that as if we have they have infused almost 50% of the total required amount in a single quarter. So, I think initially banks require only 35% upfront, and then gradually you used to infuse the incremental?

Harendra Singh: They are having different category of equity whether requirement is there. So, if you see Rs. 175 crore being invested in HAM in this quarter.

Prem Khurana: Now banks are require to put in more upfront is that the case? And would the conditions be similar with some of these other OD-5 and the other AP project as well. I mean wherein you will be required kind of infused a larger portion of the equity upfront.

Harendra Singh: No, it's not that, not upfront, it is again the same category like it is ranging from 35% to 50%, upfront, and balance is as a proportion as we are taking the debt from them, so it depends upon that.

Moderator: Thank you. The next question is from the line of the Dipen Shah, an Investor. Please go ahead.

Dipen Shah: I had a question on the margin. Now, the order book for us probably 65% EPC, and 35% HAM. Next year probably the revenue contribution could be in the similar terms. So, given that EPC generally enjoys a lower margin and this is also with Adani. So, it’s in EPC order a large part of it. What factors will kind of help you to maintain a 16% margin in the next year?

Harendra Singh: See the orders which we have taken, like if we are talking about Delhi UER project as well as this Adani project where the major portion of work is to be executed in next one year or so. So, with this EPC, definitely a trend has been there where the lower margins was there, which we or any company are seeing. But in these projects we are having like in Hapur-Moradabad also with IRB, Adani Mancherial we are working. So, usually it has been not bid, the project which has been bidded say rather than it's a clear understanding between what is the total cost that will be given where the price variation or anything being taken operational execution, say aspects being taken into consideration. So, we have taken this project with a very conscious decision that we would be making this margin.

Dipen Shah: Okay, because generally when a project is taken under HAM, you enjoy maybe margins in excess of 16% to 17%. Now, with one of the primary bidders giving you a project, obviously, there will be some impact on the margins, right even if you have taken it on your commercial terms and without bidding. So, just wanted to understand your confidence on the 16% margin next year, when a large proportion of the revenues is going to come from EPC. So, basically, some more light on. Thank you so much.

Harendra Singh: See important is I will just, one more reason is there, so important is that any developer or any of that HAM or BOT player, they are usually giving away the EPC to those players, where they are having the good strength to execute rather than there is a aggressive bidding or aggressive say call being taken by any Company. So, there I think it is a mutual interest in the mutual benefit of both, because they are looking to their developer margins rather than EPC margins.

Moderator: Thank you. The next question that is from the line of Ashish Shah from Centrum Broking. Please go ahead.

Ashish Shah: My first question is on the appointed date for the project. So, far, particularly the Khammem-1 package, the agreement is not yet signed, and we are in the month of August now. So, do you think signing of the agreement, financial disclosure, etc., everything can be done by November or that timeline might slip to let's say beyond December?

Harendra Singh: No, it all would be done by November because of the financial closure; we have already got the sanction from bank and it's a matter of only just a contractual agreement signing to submission of FC, and declaration to FC and then three months are ideally, reasonably good period within that, say most of the things are on track at site.

Ashish Shah: So, you believe the timeline for the financial closure can be crunched in? And because you must have already made the preparation, etc.

Harendra Singh: Correct.

Ashish Shah: Second is on the monetization, I know you did update a bit on that. Now, the question is that, we have seen that there has been a mismatch between the expectations from the Company side, and what the investors are willing to offer. So, where are those negotiations? And where are those numbers today? So, are we getting the kind of numbers that we expect? Or the numbers are still far below our expectation? And because of which the monetization may continue to be delayed?

Harendra Singh: No, it's not that far below. And monetization in any case depends upon our more of the willingness like a desperation. So, we are not desperate enough to, we have already received one of the annuity of one of the project, in this Quarter 2, we will be getting two more annuity. So, we are experiencing good part of O&M, regular maintenance being taken. So, this gives us the confidence to the other investors as well. What exactly is the margin? Where we are going to map it?

Ashish Shah: But just to push a little bit on this, so when we say willingness, what I am just trying to understand is that if it is a little below then what we expect, are we still willing to go ahead and close a transaction in the interest of recovering our investments for future projects?

Harendra Singh: If it is in the range of 10% below our expectations that we can do. We would be able to do, but if it was going say 25% to 50% below our expectations. And our expectations are quite reasonable. It's quite checked and authenticated.

Ashish Shah: On the non-highways bid, we did say we have bid for a few railway projects and looking at water etc. So, now are we approaching the bids in a slightly different manner now, because earlier we have bid for a few projects, but we haven't got a significant amount of traction in the non-highways area. Are we looking at new partners or are we looking at a different approach towards this bids going forward?

Harendra Singh: Say apart from water other than it's a single entity, we are eligible and qualified to bid all railways, be it station or it be railway doubling or new tracks. So, apart from that, and water, we already tied up with JV alliances being done. So, there we have already, strategically doing most of the things. And we believe that not less than Rs. 1,000 crores odd will be added in these two, three areas, which we expect within next eight months so during the year.

Ashish Shah: Just last one, on the Ganga Expressway just a few data points. So, one is that you said you have 5% mobilization advance, would this be interest paid?

Harendra Singh: Yes, interest of course, everywhere it is interest paid in advance.

Ashish Shah: And secondly, in terms of the structure of the contract, there would be prize escalations available, right, if we would have quoted on a star rated basis.

Harendra Singh: Correct.

Ashish Shah: So, there are escalations available for all kinds of commodity increases, based on bidding --

Harendra Singh: Everything is there.

Ashish Shah: And the timelines that we are looking forward is 27 months, but there is some sort of early completion bonus if we achieve it within 24 months.

Harendra Singh: Very right.

Moderator: Thank you. The next question is from the line of Ash Shah from Elara Capital. Please go ahead.

Ash Shah: So, I had just one question. There were news reports that the NHAI is planning to cut the upfront payment from 40% to 20% so is it true? I mean, have you gotten a notification from NHAI for the same?

Harendra Singh: No, see for the projects which already has been awarded, there nothing can be changed, but say in the forthcoming any bid if this is a model being discussed and say it may take time and whenever the new model is going to come in, it's always a combination, permutation, they all usually changes, statistics.

Moderator: Thank you. The next question is from the line of Harshit Gadekar from GEPL. Please go ahead.

Harshit Gadekar: So, I was just comparing the H.G. Infra with one of the South India based listed player which is again close to in terms of our revenue PAT and order book. So, I found that we have very less say percentage of fixed assets as a percentage of balance sheet size, and higher subcontracting expense as a percentage of revenue. But that's quite fair, because we are operating in all directions of India.

So, right now, this Ganga Expressway project is now going to contribute around 40% of your order book. And so you just mentioned that you are going quite aggressive on mobilizing the equipment. So, how we are planning for these projects? Are we going to focus more on the subcontracting for this or we are going to do it from our own?

Harendra Singh: Every year project complexity required the mixed nature of execution strategy. So, it doesn't have the same similar kind of strategy which we are doing for Orissa projects or say Andhra or Delhi projects. So, this is how we have already identified that the portion which as a material part or subcon part, it is about 28% to 29% which is not only subcontracting, it is a basically mix of certain items, where certain miscellaneous items of toll management system, automatic traffic management system, then building works, rest area, etc., which usually being subcontracted or offloaded to our vendors. So, it's a mix. And so almost would be in the same range, similar range which we are already doing in past.

Harshit Gadekar: And second one is regarding the margin portion of the Ganga Expressway project as it is EPC projects. So, this project falls under our standardized IRR criteria?

Harendra Singh: Yes, of course.

Harshit Gadekar: And any color on the, our ongoing bid pipeline?

Harendra Singh: Yes, quite strong as we have seen that as lot many bids are now being coming and reflected in the month of August or September, they are almost 25 odd projects of NHAI which earlier were at a very slow pace. The things are now gradually it has been improved.

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

Alok Deora: Just couple of questions. First question was just a follow up from the earlier question that about the NHAI, reducing their contribution to 20%. So, have you heard anything on that, because there was a big article on that, and because that could mean higher equity by the contractor. So, how are we looking at that if you could just elaborate a little more on that part?

Harendra Singh: See earlier or the last year, I think almost eight to nine months back this networth criteria of restricting the concessional with the networth criteria was all discussed. But it's yet to be concluded or being formulated in the concession agreement. So, again, this is a concept being discussed that since we are getting good response from all the concessional, all the companies, construction companies. So, with that, they have taken into that consideration, okay, if it can be reduced down to 20% from 40%. But I don't believe that it is going to be very soon, yes, definitely, if it is like that, we don't see that if in case any company is having the equity restriction or the ability to infuse the capital and equity. So, I think it would be, they will be lowering down the total appetite as an appetite total, if they are looking at what Rs. 4,000 crores, they would be lowering by say almost Rs. 1,000 crore to Rs. 1,500 crores.

Alok Deora: So, that would also mean some reduced competition, right?

Harendra Singh: Of course, I can, there are two sense to that, one is there is every company individual, they would be looking into their appetite number one; and definitely with that I think you can discount those numbers of players.

Alok Deora: And also just wanted to understand like, since we already had a good start to the year with the large order. So, any sense on the order inflow, you mentioned about 10,000 but could we exceed that because we will be executing also around as per the target around Rs. 4,000 crore in the remaining part of the year. So, by the end of the year, we will be having order book close to say Rs. 11,000 crores to Rs. 12,000 crores. And then it would be around two times the FY'23 revenues. So, just any sense whether we could outdo the order inflows in this year considering the pipeline is so strong?

Harendra Singh: See with this Adani project being added this year, and with R. 9,000 crore to Rs. 10,000 is our total inflow guidance for the entire year, we expect that whatever, say consolidation or stabilization on the aggression that may take place during the course of 8 to 10 months. So, with that, I think it is a better opportunity to be taken rather than going very aggressively just to build up order book at the end of this financial year.

Alok Deora: So, you would expect some aggression also coming --?

Harendra Singh: Yes, it will be cooling down in any case, it would be coming down.

Moderator: Thank you. The next question is from the line of Parikshit Kandpal from HDFC Securities. Please go ahead.

Parikshit Kandpal: My first question is about order book. So, by this year end, we will be somewhere around Rs. 13,000 crore of order book of which we are able to get Rs. 10,000 crores this year. So, we have been averaging at about Rs. 6,000 crores to Rs. 7,000 crores for last two, three years. So, with the increase in order book how we is the fund and non-fund-based limit ramping up. If you can just touch upon that is my first question.

Harendra Singh: See, we are already having some Rs. 1,500 crores odd of limit and today utilization is about Rs. 1,100 crores it can be a non-fund and fund based, both together. So, with that Rs. 500 crore odd of limits are available, not yet to utilized, majorly it is a non-fund based, okay. And our assessment is already in place and about Rs. 500 crores odd of addition limit would be there, maximum by Q2 end or by Q3 max. So, I think there is, I don't see much of a challenge getting this limits, and I am just too happy to share as we have already got the upgradation in the rating that with that I think the banks and we are having a different attitude to just look forward for a big exposure.

Parikshit Kandpal: Second question is on the debt level, as that decision ramps up, we will require both investment on CAPEX and equity besides investment in working capital. So, do you think that we should be in the range of like Rs. 315 crore or Rs. 320 crores of debt by FY23 end?

Harendra Singh: See Parikshit the major important aspect is that where we are getting timely payment from SPV. So, whatever has been there, which we have seen that's 40% to 50% execution was in our control means, we are getting within 30 days, and that is the first part. Number two, if we are getting a particular payment from NHAI that is the second part that of course that has helped us, with the working capital or any of the special requirements has not gone very high.

Earlier, yes, we have also seen one and a half year plus with IRB and with the Rajasthan project, which we experienced earlier. Now, the things are that we have already completed those projects and we are getting regular payment from Adani. So, the range of working capital which is of 151 to 152 days as of now, would be reasonably at about a say 40 to 45 days not more.

Parikshit Kandpal: Where do you see our debt levels by the year end --?

Harendra Singh: It's more or less, we are expecting about Rs. 350 odd crore. Mobilization advance in any case, we are having this facility that all the projects do have 10% of the mobilization advance. And with this all entire project getting this appointed date, and say we would be in a range of to get say Rs. 500 odd crores of total mobilization advance, Rs. 350 in any case and Rs. 150 in older projects.

Parikshit Kandpal: The issue that the big project which is there in the order book it doesn't have, this has only 5% mobilization advance. So, the balance 5% you will have to bring in. So, that will add to your working capital limits.

Harendra Singh: No, see what I am saying is Rs. 350 odd crores are to be added as a mobilization advance in this Quarter 2 and Quarter 3. So, with that we will be in the range of about Rs. 500 crores of total mobilization advance by the end of the year.

Parikshit Kandpal: And what is the mobilization advance right now?

Harendra Singh: It is almost 10% everywhere.

Parikshit Kandpal: No, what is it, as on end of 1st Quarter how is the mobilization advance?

Harendra Singh: Rs. 288 crores as of 1st Quarter, which likely in Quarter 2 whatever we will be executing, the deduction would be in the range of Rs. 80 odd crores, then again, we need to get this Rs. 350 odd crores. So, with that we are going to reach up to Rs. 500.

Parikshit Kandpal: So, you will add around Rs. 200 crores on top of it from the mobilization. And just one more thing on what is the total portfolio pending equity combined for the HAM project requirements?

Harendra Singh: Total is Rs. 1100, I have already given you that. Rs. 1137 is the total requirement, out of this Rs. 529 already done till this Quarter 1. So, we are looking at Rs. 286 but it is a quite aggressively high number which we are expecting 286 likely it would be in some Rs. 210 to 215 crores would be funded and during the year, balance portion of the year. And say in Quarter 2, say FY24 it is coming at Rs. 208.

Parikshit Kandpal: So, my question was now this year, we had a large, single order which has contributed and now the expectation is like every year annually, you will have to book in about Rs. 10,000 crores to Rs. 11,000 crores orders. And next year, if we have, if you are seeing some growth on that number, and if order, of the magnitude of Adani is not there next year so incrementally you have to rely either for more HAM projects, which is typical awarding by NHAI large quantum of it will happen through HAM, so incrementally we would see more investment going into equity. And if we don't have back-to-back monetization platform or some arrangement with the investors, which is, lot of cash flow will go into servicing the equity requirements. So, I think we need to work on monetization of these assets on something --

Harendra Singh: You are very right and we are working on it, we are not that, but as of now, we do believe that as I already just answered a question, what should be the minimum level whatsoever of your we are expectations. The expectations is quite reasonably being worked out. And if that effort is coming at say whatever number it is being discounted by 10% or any offer is coming at 10% less the offer of our expectations which we are taking. So, we are very keen and going with doing those transactions. It's not that we are just holding the asset for a longer period in confidence that our working capital and all we think this would be so aligned. So, we are doing most of the excise on that line only.

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

Jiten Rushi: My question would be on the competitive intensity, assuming, as you said, that competitive intensity easing out. So, we have the high chances of getting the order inflow which we are targeting. Let's say we are in, the next year, is run up to election year we see ordering activities to slow down probably Q2 or Q3 onwards. So, do you see yourself winning more projects this year than your target Rs. 500 to Rs. 600 crores for the balanced period. Or you will also look for similar Rs. 10000 crores project next year. Because usually we have seen that NHAI, awarding from NHAI comes down probably gearing up to the election year. So, competitive intensity can go up this year because of the NHAI target being steep in terms of awarding. So, how do we see ourselves placed in the competitive environment? And do we see we would accumulate more orders this year so that our revenue visibility remains intact for next two to three years or we would be according to our target of Rs. 10,000 crores this year and probably Rs. 10000 to Rs. 11000 crores next year. Can you throw some light on this?

Harendra Singh: See we would be bidding as per our own target where the margin should be in that range that is more important. Say if it is Rs. 5000 that we likely to get say even with this margin, we can get even more than that will give us the confidence that for the coming years it would be, we would be not so aggressively doing so, but again, if you're saying in Quarter 3 to Quarter 4 onwards, look into the election year of 24, we may or any company would be looking so aggressively. I think the aggression which have seen in last one year, that is based on the clear sense that most of the things have already been damaged now that things are going to be repaired not damaged.

Jiten Rushi: You said that there was a price escalation in the order backlog of Rs. 1065 crores, any further price escalation we are expecting in the order backlog?

Harendra Singh: No, we have not taken into consideration the price variation which would likely to get for the further execution. It is a trend of price variation which we are getting is about say 8% to 10% in most of the projects. So, this is where I think the execution at Rs. 1065 in that breakup Rs. 70 crores was the price escalation. So, the order book consumed was not giving that what you are saying and what I am saying.

Jiten Rushi: So, you are saying that Rs. 1065 crores of the execution this quarter had Rs. 70 crores for price escalation?

Harendra Singh: Yes price variation.

Jiten Rushi: But, the order book also went up, there would be some price variation also in the water backlog right?

Harendra Singh: Of course, I do, while we are going to execute quarter-on-quarter basis then the PV will be recognized or taken whenever we have, what exactly is the number which we usually would be getting one certification.

Jiten Rushi: Any price variation number in the order backlog which you have added at the end of June, any number if you can highlight?

Harendra Singh: No, see this cannot be estimated right now.

Jiten Rushi: And on the margin front, so can you throw that, is it safe to assume that in HAM project our EPC margin is 18% while on the NHAI project we are getting 12% to 13% and we subcontracting our margin would be in the range of 15% to 16% can we safely assume that?

Harendra Singh: It is almost a similar trend which we have already experienced earlier, like 18% to 19% HAM project and then 15% odd in EPC which we are usually getting from the private clients and subcontract and then 10% to 12% in this other regular EPC projects of NHAI.

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

Shravan Shah: Just a clarification, the monetization we are looking, for all the four projects we are looking for the monetization?

Harendra Singh: Yes.

Shravan Shah: And one more thing is, let's assume if this gets delayed for whatever reasons. So, from here, how much more HAM projects we can add in terms of the value? Can we add Rs. 5000 to Rs. 6000 crores of HAM projects, even if the monetization does not go ahead?

Harendra Singh: No, usually year on year basis if we can add from Rs. 3000 to Rs. 3400 or Rs. 3500 so that is the range which we can add comfortably even if the monetization is not taking place.

Moderator: Thank you. The next question is from the line of Meet Parekh from Anand Rathi. Please go ahead.

Meet Parekh: I had a question regarding early completion bonus. So, we were supposed to receive an early completion bonus. So, has it come during the quarter or it will come into Q2?

Harendra Singh: No, as soon as we just received the completion certificate in Q2 and Q3, we would be getting it.

Meet Parekh: Can you tell me the amount how much will be?

Harendra Singh: It’s roughly, Rs. 26 crore in both the projects.

Meet Parekh: One more thing for any project where we will be receiving the PCOD or the COD in the next one or two quarters?

Harendra Singh: Yes, of course, I think we are expecting to complete three or four projects, that is one is the Mancherial Adani project and then two Delhi Vadodara 8 and 9, Delhi Vadodara 4 we have already got the completion.

Meet Parekh: So, for the Mancherial, when do we expect it to receive?

Harendra Singh: PCOD in any case, in this quarter only, and for Delhi Vadodara 8 and 9 the entire completion because they are a COD there is no PCOD in Delhi Vadodara packages. It's a completion basically. So, by December, in Quarter 3 or maximum Quarter 4 we would be getting those projects.

Moderator: Thank you. The next question is on the line of Faisal Hawa from HG Hawa & Company. Please go ahead.

Faisal Hawa: Can you just elaborate on some three or four best practices that we have introduced into our road construction, which will enhance our margins? Any kind of changes you have made to the processes, because now we are dealing….

Harendra Singh: Yes, of course apart from automation, digitalization of most of say online tracking to, it can be FDMS, FLMS, where there's some technique being used for diesel dispensing and tracking control of, all GPS tracking of our equipment. So, these are all online tracking of daily DPR so any material reconsiderations any of such kind. So, usually the best of the human resource being deployed at all the areas where the controls can be more effectively been put to place. So, these are all regular practices, which we are doing.

Faisal Hawa: So, any backward integration that we have got into like…

Harendra Singh: No, see we as a part of it we have started that, we have taken a stake in one of the metal beam crash barrier that is where we usually consume every year Rs. 100 to Rs. 150 crores of total requirement. So, looking forward, I think, it's not of, more of the backward integration, it was an operational efficiency, which we can look into the areas where mostly few things they can add –

Faisal Hawa: Maybe it's you have taken stakes in some stone crusher?

Harendra Singh: Stone crusher we usually have already having, say 18 to 20 odd crushers in-house and apart from that, that's a balance of where the procurement or production being done in-house or outsourced.

Faisal Hawa: And I mean why is the NHAI tender pipeline so weak from the last two or three quarters, is there some reason to it or it will get more warm in the coming two quarters.

Harendra Singh: I think it is very good in Quarter 3 and 4 and they almost reached to the total what they have guided and then Quarter 3 and 4 of this year, again, there is some 6000 kilometer to be awarded, most likely they will do so.

Faisal Hawa: So, in value terms, Rupee terms how much would it be?

Harendra Singh: Almost 1.25 lakh crores to 1.5 lakh crores.

Faisal Hawa: In road construction alone. And we should be including HAM as well as EPC?

Harendra Singh: Yes, all.

Faisal Hawa: How much would it be HAM and how much would be EPC --?

Harendra Singh: As a rough side, I think it's 60:40.

Faisal Hawa: So, quite a bit to come?

Harendra Singh: Yes.

Moderator: Thank you. The next question is on the line of Dhruv Bhimrajka from Monarch AIF. Please go ahead.

Dhruv Bhimrajka: I was going through your AGM resolution and one of it says that there is a special resolution in which you proposed keep aside Rs. 50 crores for giving as a loan or guarantee to your subsidiary companies. So, can you explain why this is being moved in the AGM, I mean what is the logic behind this putting up Rs. 50 crores as a collateral or guarantee for those subsidiary companies?

Harendra Singh: So, we have received a collateral security or equitable mortgage for our working capital limits from these promoters group companies. So, it is almost in the range of Rs. 200 odd crores being provided by them. So, one of the business operations requires Rs. 20 crore of lending from the borrower, let's say, to do business like as a resort or what. So, that is where we have proposed that if in case required the collateral security in lieu of that, we are going to give the corporate security.

Dhruv Bhimrajka: Wanted to understand that in this business, so how many hotels do we operate as of now apart from this –

Harendra Singh: This is the first property we are developing, but most likely in November it would be started.

Dhruv Bhimrajka: So, you already have one property and you are developing another property which will start in November, right?

Harendra Singh: Yes.

Dhruv Bhimrajka: And this property is in which areas?

Harendra Singh: It is in Udaipur and I think we can discuss afterwards even.

Moderator: Thank you. The next question is from the line of Vishal Periwal from IDBI Capital. Please go ahead.

Vishal Periwal: One industry specific question, I think you mentioned on the price escalation clause. Now, prices have increased and if you have executed that order, so you can book it in your revenue like Rs. 70 crores which you have mentioned, but then how the order book get a price escalation, because it is not yet executed, because the prices can go down further also?

Harendra Singh: We have not considered any price variation, which is likely to be received once we execute these projects. So, whatever actual we receive, we have only taken that particular into account as a total, what we have executed, but we cannot take anything for granted that this is the likely price variation, which we can take in our order book.

Vishal Periwal: No, but I think just correct me if I am wrong. So, you mentioned Rs. 70 crores we have already booked in the P&L. And then there is a component or probably price escalation, which is there in the order book, which has led to increase in the order book.

Harendra Singh: No, the order book doesn't have any price variation. Yes, the balance order book is only number which is yet to be executed.

Vishal Periwal: But then the Rs. 70 crores that we have booked, that is for the order that we have executed only in this quarter or it includes previous quarter's….

Harendra Singh: In that quarter, whatever we executed, we received the price variation of Rs. 70 crores. So, that is coming as a revenue.

Moderator: Thank you. The next question is from the line of Shikha Doshi from Axis Securities. Please go ahead.

Shikha Doshi: I would like to know what is the working capital days for this quarter? And your guidance for the year for the same?

Harendra Singh: The net working capital days are coming at 33 which is 51 is the debtor days and 52 creditor days, inventory days is about 31.

Shikha Doshi: What is the expectation for the coming quarter or the year?

Harendra Singh: Most likely, we are in a similar trend for last few quarters. And we would be in that trend only.

Moderator: Thank you. Ladies and gentlemen that was the last question. I now have the confidence over the Management for the closing comments.

Harendra Singh: Thank you, everyone, for your participation in our Quarter 1 FY23 Earnings Call. In case of further queries, please feel free to get in touch with us. We look forward to interacting with you next quarter. Thanks.

Moderator: Thank you. Ladies and gentlemen on behalf of HG Infra Engineering Limited that concludes this conference call. We thank you for joining us and you may now disconnect your lines. Thank you.