"H.G. Infra Engineering Limited
Q4 & FY '25 Earnings Conference Call"
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MODERATOR: **MS. SALONI AJMERA – GO INDIA ADVISORS**

Moderator: Ladies and gentlemen, good day and welcome to Q4 and FY '25 Earnings Conference Call of H.G. Infra Engineering Limited, 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.

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 4 and FY '25 operational and financial performance hosted by Go India Advisors. We have on the call Mr. Harendra Singh, Chairman and Managing Director; and Mr. Rajeev Mishra, Chief Financial Officer.

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 risks that the company faces. We now request Mr. Harendra Singh to take us through the company's business outlook and performance, subsequent to which we will open the floor for Q&A. Thank you, and over to you, sir.

Harendra Singh: Thank you, Saloni. Good morning, everyone, and welcome to the H.G. Infra Engineering Earnings call for our quarter 4 and FY '25 results. During this call, we will provide an overview of our financial and operational performance, discuss our strategy, road map and outline our growth ambitions. We will also highlight the key initiatives undertaken during the year and share our vision for sustainable long-term expansion in FY '26 and beyond.

H.G. Infra Engineering Limited with 7+ years of going public has demonstrated in all fronts, maintain speedy revenue and margin streak and with good controls over financials and process, thus well positioned to look beyond the present growth story. H.G. has delivered a good performance across all parameters, reaffirming its position as one of the fastest-growing infrastructure construction companies in the country.

We made meaningful progress in diversifying our order book, securing high potential projects across all sectors in highways and railways, also renewable energy, including solar and BESS. This marks a significant step forward into new verticals, including transmission and distribution, airports and water infrastructure projects. Backed by a visionary leadership team, we aim to generate approximately 40% of our orders from non-road sectors over the next 2-3 years.

This forward-looking strategy not only broadens our growth horizon, but also elevates the HGIEL to the next stage of evolution, creating long-term value for all stakeholders and contributing meaningfully to India's infrastructure transformation. Moving on to some updates on the infrastructure sector. To sustain its high growth trajectory, India continues to prioritize infrastructure development as a national imperative.

The Union Budget '24-'25 reaffirms the government's commitment to positioning infrastructure as a key driver of economic progress. Strategic measures such as enhancing funding, increased private sector participation, a strong focus on sustainability and adherence to stringent safety and quality standards can pave the path for inclusive and resilient vision of Viksit Bharat. Road sector, though it has been a dull awarding in the last 2 years.

However, the government is steadfast and its vision to transform India's road structure, targeting the construction of 10,000 kilometers of national highways in FY'25, '26 to enhance connectivity and reduce logistics cost. Flagship programs like Bharatmala and PM Gati Shakti are propelling this growth with ambitious plan to develop 50,000 kilometers of access control expressway by 2037 under Vision 2047.

Thus we have almost a great confidence during the year. Railways plan to invest approximately INR16.7 trillion by 2031 in freight corridors, high-speed rail network and station modernization. Key initiatives include the redevelopment of 1,324 stations out of 508, which already under construction and expansion of Dedicated Freight Corridors with robust private sector participation.

The National Rail plan outlines the detailed road map for future capacity and investment identifying projects worth around INR15 trillion in HSR currently under discussion. H.G. is now positioned well with good experience in running railway projects and prepared to take more projects in this sector.

The country's renewable energy capacity has witnessed substantial growth, rising from 78 GW in FY 2014–15 to 199 GW in FY 2023–24. Solar energy has been the prime driver contributing nearly 80% of the new capacity additions during this period. To meet the 500-gigawatt renewable energy target by 2030, India has accelerated deployment through initiatives such as PM-KUSUM-C.

Additionally, the government plans to issue 50 gigawatt of renewable energy tenders annually until FY27-28 with 90 gigawatts already under construction and 44 gigawatts in development pipeline. The National Electricity plan prepared by the Central Electricity Authority outline specific energy storage requirements to meet growing demand. As renewable energy penetrates deeper, the role of energy storage becomes critical and ensuring grid stability and enabling round-the-clock clean power.

The battery energy storage system that is BESS are emerging to the two key technologies, the BESS capacity in India is expected to reach 47.23 gigawatt by FY2031-32, supported by a suite of financial incentives, regulatory frameworks such as Energy Storage Obligations (ESO) and dedicated national tenders.

This forward-looking approach reflects the government's commitment to sustainable growth, energy security and a resilient power infrastructure and gives us the opportunity to further extend our diversification into transmission distribution segment as well, thus setting up an overall ecosystem of new energy sector right from generation storage to transmission.

The government has lot of thrust in the interlinking of river and canal sector under which we are expecting next 5 years, good water and irrigation projects like Wainganga-Nalganga river linking projects in Vidarbha, Ken-Betwa link projects in MP and Rajasthan and UP, Eastern

Rajasthan Canal projects in Rajasthan and MP. So these efforts will align the strong prospects of government under the PPP/EPC model, thus giving us an opportunity to participate in these projects.

Urban infrastructure has been a big demand now, and there is immense potential to look forward in river infrastructure where demand has penetrated now into Tier 2 cities as well and has given trust to develop big metros like Delhi Metropolitan, Mumbai Metropolitan as well as Bangalore.

Our journey has been shaped by resilience, flexibility and consistent growth. Today, we are well positioned to tap into new opportunities in renewables, water and power distribution and with strong execution skills, technical know-how and industry experience, we are ready to take on large infrastructure projects that contribute to India's long-term development plan. Let me begin with a glimpse of our operational highlights for the year.

As of FY '25, the order book stood at INR15,281 crores with roads and highways spend INR10,392 crores, railways and metro at INR3,097 crores, solar at INR819 crores and BESS INR973 crores. Our order comprises of 36% of HAM projects and 64% of EPC. Segment-wise Road and Highways contributes 68%, Railways 20% and Solar and BESS projects around 12%.

This is an update on the EPC project at Ganga Expressway project, which we have achieved around 90% and continues to progress as planned is expected to be completed in Q2FY25. The Delhi UER project has been completed successfully and handed over to the authorities and it is anticipated to receive its COD shortly.

The Jamshedpur elevated project is running smoothly with the progress of 8.2%. The Nelamangala-Tumkur project is gaining execution momentum after the settlement agreement executed and has reached 34.9% completion. The letter of award for the two MSRDC project is expected in coming quarters. The delay is primarily due to land acquisition with the revised project alignment, which is the prime requirement for issuance of LOA.

In HAM project, the Karnal Ring Road has reached 62.1% completion, marking steady progress and likely to be completed in quarter Q3FY26. Provisional completion certificate for Raipur-Visakhapatnam corridor, Package OD-5 and OD-6 were received in April '25. These projects are nearing completion. Also Raipur-Visakhapatnam project AP-01 is heading for completion. All these three projects are on track for 100% completion by Q2FY26.

In the same fashion, PCC has been recommended for KD 1 and 2 projects and progress in these projects stood at 79.9% and 80.8%, respectively and both projects are expected to be completed by June 2025. For the Chennai-Tirupati HAM project, the appointed date was declared on 14 December '24 and is expected to gain execution momentum in the coming quarters. The current project stood at 8.4%.

The appointed date of Varanasi-Ranchi packages 10 and 13 in Jharkhand are expected in Q2FY 25-26, where significant development on forest clearance has been done. For Kosi Parikrama Marg Package 6 of Ayodhya the agreement is anticipated to be signed very shortly and the appointed date will be followed in quarter 3 or 4 of this year.

For Narol Sarkhej project, financial closure has been achieved and appointed date is expected in Q2.

There is the update on monetization of four HAM projects where we have successfully completed monetization as a first tranche of three SPVs, that is Gurgaon-Sohna, Rewari-Ateli, and Ateli-Narnaul as well as the second tranche involving Rewari bypass was completed on 20th February 2025.

All SPV shares has been transferred to Highway Infrastructure Trust, resulting in the total proceeds of INR503 crores. For the HAM asset monetization, for which we have initiated discussions with prospective investors for monetizing of six additional HAM projects that includes Raipur-Visakhapatnam Corridor Package OD-5, 6 and AP1, Khammam-Devarapalle Package 1 and 2 and the Karnal Ring Road project. We are sure to conclude the entire process and realize the proceeds by the end of this financial year.

Regarding equity requirement on HAM projects, the total equity requirement of 11 HAM project is INR1,657 crores. As of March 2025, INR915 crores being infused. And of the remaining INR359 crores is scheduled in FY '26, followed by INR197 crores in FY '27 and INR186 crores in FY '28.

Now turning to the progress of railway projects. The DMRC is around 72% completed and progressing as per the scheduled timelines. The Bilaspur Himachal Pradesh RVNL project is 59.4% complete. Kanpur Railway Station project is 21.35% complete. The initial issues of land and forest clearance related have been addressed in this particular project and is now in full swing.

Dhule, Nardana railway project is 8.3% completed. The Gaya, Son Nagar and Karanjgaon projects are at 7.5% and 6.4% completion, respectively. The slow progress in these two is primarily due to design and drawing revisions by the authority encountered on the ground of certain variations in COS. However, we expect to progress in the coming quarters as per the stipulated timelines only.

As far the solar project is concerned, H.G. Infra has strategically capitalized on emerging opportunities in India, expanding renewable energy landscape, particularly within the solar sector during this financial year. The company actively pursued solar power projects under the government KUSUM-C scheme, an initiative designed to accelerate the adoption of clean energy solutions across country. As a result of its proactive approach, H.G. Infra successfully secured 183 solar power plants cumulatively contributing an impressive 700-megawatt DC capacity. Among these, the company is directly responsible for 167 plants accounting of 638-megawatt DC. This is witnessed estimated EPC value of INR2,243 crores, excluding GST.

To ensure smooth project execution, H.G. Infra has finalized the land lease agreement for all these developments and PPAs have been successfully signed by DISCOM. Our progress on these -- all projects remain on track with approximately 63.8% completion achieved till 31st March 2025. The installation and commissioning process are proceeding as per the schedule, demonstrating the company's commitment to timely delivery and operational efficiency.

In terms of the financial structuring, debt funding for these solar projects is progressing well with approximately 70% of the required funding being sanctioned, and the remaining approvals and subsequent disbursement are anticipated to be finalized in the first quarter and subsequently second quarter of FY26.

Regarding equity financing, the total equity investment required for the solar project stand at INR721 crores. And as of March 31, 2025, the company has infused approximately INR445 crores into these initiatives with the remaining balance to be set to be deployed in FY2025-26. This well-planned capital infusion strategy ensures H.G. Infra maintains sufficient financial flexibility to meet critical project milestones, reinforcing its long-term commitment to sustainable energy growth and while expanding its footprint in India's renewable energy sector.

As far as BESS project is concerned, the company has executed binding agreement with GUVNL and NVVN for 435 megawatt that is 870-megawatt hour with scheduled commissioning by December 2026. The core project cost for these two projects is around INR970 crores plus GST and with an equity commitment of INR295 crores.

The equity requirement during the current financial year is likely to be INR120 crores, whereas the balance will be incurred in the subsequent financial year. Once all these projects of solar and BESS are completed and commissioned, the annual revenue of INR300 crores from solar and INR225 crores from BESS will be generated from these projects.

Let me now give an overview on the other significant updates for quarter 4 FY '25. In quarter 4 FY '25, the company in joint venture with DEC Infrastructure project, Hyderabad secured a significant rail development project from the Rail Development Authority for the redevelopment of New Delhi railway station. The total project cost stands at INR2,195 crores with the company holding at 49%, amounting INR1,076 crores, that is inclusive of GST.

Additionally, in April '25, the company has awarded a battery energy storage project from Gujarat Urja Vikas Nigam. This is the third project. The project involves setting up of 300 megawatts, that is 600-megawatt hour in the state of Gujarat. The tariff for the project is set at INR2,85,600 per megawatt with a contract duration of 12 years. The core project cost is expected to be around INR670 crores plus GST with an estimated commissioning date of by October 27.

With just the total project cost of BESS project amounts to INR1,700 crores with a total project capacity of 1,470-megawatt hour. Moving on to the financial highlights for Q4 FY '25. As far as standalone financials are concerned, revenue for Q4 FY '25 reached INR1,973 crores with an EBITDA of INR283 crores at an EBITDA margin of 14.3%. PAT for Q4 FY '25 stood at INR212 crores with a PAT margin of 10.8% as compared to INR160 crores and a margin of 9.8% in Q4 FY '25.

Revenue of FY25 stood at INR6,052 crores compared to INR5,122 crores in FY24. EBITDA for the year was INR951 crores with a margin of 15.7% for the year. PAT for FY25 came in at INR577 crores, maintaining a profit margin of 9.5% versus INR545 crores and a margin of 10.7% in FY24.

On a standalone basis, our gross debt stands at INR1,068 crores. This comprises INR404 crores in working capital debt and INR664 crores from term loans and current maturities. The surge in the debt from the last year is due to significant funds deployed for procuring and blocking the solar modules to secure competitive prices and to complete all the projects as per the scheduled timeline.

The debt will mellow down by Q2FY25 and further cool down by the end of this financial year. Now to the consolidated financial, the revenue for Q4 FY25 reached at INR1,361 crores with an EBITDA of INR239 crores at an EBITDA margin of 17.6%. PAT for Q4 FY '25 stood at INR147 crores with a PAT margin of 10.8% as compared to INR190 crores and a margin of 11.1% in Q4 FY '24.

Revenue for FY25 stood at INR5,056 crores compared to INR5,379 crores in FY24 and EBITDA for the year was INR1,058 crores with a margin of 20.9%. PAT for FY25 came in at INR505 crores, maintaining a profit margin of 10% versus INR539 crores for the same -- and the same margin in FY24.

As informed in our quarter 2 earnings call, the dip in the consol revenue and the PAT numbers in consolidated pertains to the intergroup transactions between HG and SPVs related to solar projects, which are eliminated in our consolidated financials. As a result, revenue and expenses from these projects do not appear in the consolidated P&L statement but are recorded in capital work in progress that under fixed assets.

At the standalone level, H.G. Infra recognizes revenue from EPC work and pays tax on this income. However, in the consolidated accounts, both revenue and cost from these intercompany transactions are eliminated, reducing the overall figures and margin compared to the standalone financials.

The tax expenses for these earnings remain impacting consolidated margin negatively until the SPVs generates revenue from unit production. Once revenue starts flowing, this effect will reverse improving consolidated financial performance. On a consolidated basis, the company gross debt stood at INR4,092 crores. This includes INR1,068 crores on a standalone basis and INR2,055 crores as a project debt related to HAM and INR969 crores in solar project debt.

Let's explore what's next turning to be our future strategy and plan. We are targeting an order inflow of INR11,000 crores for FY '26 with approximately 70% coming from roads and railways and 30% from other sectors. We remain confident in sustaining our EBITDA margin of 15% to 16% and achieving revenue growth of 17% to 18% in next year.

Our focus continues to be on operational efficiency, strategic project selection and disciplined capital allocation to preserve margins, minimum debt and enhance shareholder value. While we have deep expertise in roads and highways, rising competition and shrinking margin in the segment underscores the need to diversify.

We are actively exploring high-growth sectors such as airport, ropeways and transmission distribution, leveraging our core strength in execution and engineering. This strategic diversification not only supports long-term growth and margin improvement, but also strengthens our position as a future-ready multi-sector infrastructure leader. So we can now start question and answer.

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

Shravan Shah: Yes. Thank you sir for the opportunity. A couple of questions. Sir, first on the margin front. So though this quarter margin was on the lower side, 14.3% EBITDA margin, but we are saying 15% to 16%. So just to get a confidence that was there any one-off in this quarter, and then now onwards, we would be seeing a 15% to 16% margin?

Harendra Singh: Margin always remain to be in that category only. But because of this some provision and 1 or 2 projects where the change in law, this clarity was not there, so that has been looked into as a dip in the margin. But subsequently, we are looking into raising this claim to the authority and recognizing this margin at a later stage. But however, we are confident enough that we will be -- our margin would be in the range of 15% to 16% in the year as well.

Shravan Shah: Got it. And also on the revenue front, when now as we are saying 17% to 18%, so close to INR7,100 crores kind of revenue that we are looking at versus INR6,000 in FY '25. So just trying to get a further sense on that, that the couple of projects where we are still yet to get appointed date, so roughly around INR7,200 crores is yet to get appointed date and particularly this MSRDC two projects.

So how -- if you can help us how much are we looking at revenue from these projects where appointed date is yet to be completed? And also in terms of -- if you can help in terms of the solar, the entire -- mostly the order book, INR800 crores would be completed in this year? And how much are we looking at from railways? So just trying to get a sense that how are we confident that this INR7,100 crores revenue we can get?

Harendra Singh: So definitely, this is a total order which is INR5,000 odd crores in which around INR6,000 plus crores of project are yet to receive the appointed date. But as far as solar is concerned, by quarter 2, they would all be done INR800 crores. So as far as debt is concerned, we are considering not much, but INR350 crores of this year execution as we have committed to complete those projects by December 26. So this is put together around INR 1,200 crores coming from solar and BESS only.

In HAM project, they are project like Khammam–Devarapalle package, KD-1, 2; OD-5, 6; AP-1 and Karnal. They all will be completed and there are around INR800 crores of balance work, which is yet to be done in the year only.

In projects like Chennai-Tirupati, and Jamshedpur, Tumkur, as well as -- these are the projects which are going to yield additional INR1,000-plus crores of revenue for the year. And look at the big number is big number is Ganga Expressway which is definitely is going to be completed is INR700 crores, which is balance, which is to be done within the year only.

So we are confident that around INR1,000 crores of revenue coming from railways and then solar and BESS and the project which we are talking to, we are very fast and near to completion in these projects. And we have the appointed date as recently as being given in Jamshedpur and Tirupati, so they are big chunk of business to be done within the year.

And talking of appointed date, we have the Sarkhej project, we have the financial project done and the land is all available. There is one minor correction in forest clearance which is being done. In quarter 2, it is expected to be there. As well as the Charmin package 10 and 13.

So this is the project where we believe that it has been delayed significantly but with the forest clearance already now nearing closure. So we are expecting by quarter 2, the appointed date would be there.

And as per the season starts in later half of the year, we are confident to have a good number. So irrespective of the fact, Nagpur-Chandrapur project may not yield anything in the year, but we are confident that these are the numbers which gives us more than INR7,000 crores.

Shravan Shah: Great. Great to hear that. And just broadly in terms of for FY '27 also, given the INR11,000 crores kind of inflow that we are looking at this year, if we get it, the similar kind of a 15% plus kind of revenue growth should be there in FY '27 also?

Harendra Singh: Yes. Of course, I think with the orders of Nagpur-Chandrapur converting into the appointed date and the other INR11,000 crores more addition, we are confident enough that INR8,000-plus crores can be done in '27.

Shravan Shah: And on this INR11,000 crore order inflow that particularly we are looking at 70% from road. Sir, for last 2 years, the hope is there, particularly on the NHI front in terms of the order inflow, but actually, it didn't materialize. So are we now seeing a confident -- and also if you can help us in terms of the bid pipeline and how much value of projects that we have already bidded. So just to get a sense that are we confident that the INR11,000 crores, so maybe INR7,000 crores to INR8,000 crores we are looking from road, we will be able to get it.

Harendra Singh: So there is a strong pipeline as far as DPR and projects are concerned, had it 2 lane paved shoulder to 4-lane, where nothing much is to be done only the DPR and the selected to be awarded. With a slight delay is because of the pre-qualification already rolled out in EPC and likewise it is likely to be there in HAM. So there has been some kind of a cooling period last year. But we believe, I think the budget is already in place and there are many projects in the pipeline as far as NHAI ministry is concerned.

Apart from this, we are looking into those projects from state like Maharashtra and UP or so they are also having their expressway pipeline ready. So we are expecting, this is not a very difficult number for the year. And again, keeping this open with Adani, we are going to successfully complete this year. So they are also aggressively looking into a few projects on a BOT. So we are looking into this particular prospect as well as for road EPC is concerned.

Shravan Shah: Okay. Got it. Now just a couple of data points on the balance sheet front, sir. If you can help us with the mobilization advance, unbilled revenue, HAM debtors and solar debtors.

Harendra Singh: So as far as the mobilization advance is concerned, it is at INR410, but it actually is INR190 crores from the client. So there has been, in the debtor part, which is the incremental solar is INR585 crores, which is to be netted off with INR220 crores because some of the SPVs, the advance has been paid and some of the SPVs there is a debtor balance. So typically, it's INR220 crores less than what has been there.

So as far as unbilled is concerned, definitely INR1,300-something crores is almost the same as last quarter. But there is likely to be a significant dip in the realization for the year as all the projects which are nearing completion, which we are hoping last year, all these projects will get convert into the revenue as unbilled and HAM SPV, as well as there's Adani project, which we will be completing.

There is some variation items which are being realized now, as well as the other projects which we are talking where the NHAI, old UER, as well as DB89. So all these put together where the unbilled is significant is likely to be realized within this year in quarter 2, especially starts from quarter 2 to quarter 3 and 4.

Moderator: Shravan sir, I would request you please come back in the queue for further question. The next question is from the line of Gaurav Uttrani from Axis Capital. Please go ahead.

Gaurav Uttrani: Hi. Good morning, sir.

Harendra Singh: Good morning.

Gaurav Uttrani: So thank you for the opportunity. So just wanted to check on margins if we are guiding for or we are targeting a 40% of the contribution to our books in next 2 to 3 years from the non-road highway segment. So how do we look at the margins going forward? Like would it remain in the range of 15%, 16%? Or we can see some dilution because the segments we are catering to, or we are targeting are a bit competitive in nature? And would it sort of dilute our margins going forward?

Harendra Singh: As we are expecting that definitely the execution due within the next 2-3 years can come to 60% from roads and other than roads, railway, it can be solar or BESS or even transmission or water. So looking into this sector where the margin in historical past has not been revealed so good, but we are expecting that as we are doing in a few of the railway projects, the margins are equally good at about 12%, 13%. At the EBITDA level, it is around 14%, 15% rather. So in solar, we did well, and the margins are really good.

So looking at these opportunity, again, averaging out with the HAM projects likely in railway, roads, which are to be -- we are expecting where the competition, which has been so intense last few years is going to be cooled down. So with that, we are expecting 15-plus margin to 16, that is quite manageable.

Gaurav Uttrani: Okay, sir. Got it. And sir, apart on this, the recent notification which came out from the NHAI about land clearance on what they've been highlighting that land clearance should be done before tendering or putting on that. So how do we think like in terms of inflows going forward or, say, for a coming year also, that would it be easier for us to get more of such orders from the NHAI?

And how do we see the tender pipeline also for the coming year and next 2 years in that terms? If you can just highlight on a macro level?

Harendra Singh: So definitely, this is a good move as such for concessioners and NHIA is concerned because the land should be in place while first to even start tendering and awarding an appointed date. So -- but now as the time is being -- say significant time is being taken in those things, for that 25,000-odd kilometers, which as their PCUs are qualifying for 4-lanes where the land is all available.

So they are targeting to see those projects where the DPR is at an advanced stage can be awarded for the year. And subsequently, as to green project, this green expressways or other projects where the land is likely to be as they are looking within there is a significant -- this has been done. So with that advancement, we are expecting those projects as well, which were available in the bidding pipeline last and last year also likely to be awarded this year.

Gaurav Uttrani: Okay, sir. And sir, lastly, on the working capital, we have seen that in FY '25, there is an increase in working capital. And what sort of working capital do we target for the coming years? If you can just highlight the reason for FY '25 also and the coming years, what we are targeting?

Harendra Singh: So there has been 2 reasons as far as working capital is concerned. We have gone to for the say, short-term loans, as far as to see the mobilization advance because the mobilization advance is actual is INR190 crores, and we have taken this call to take it from banks. So there's a very short mobilization advance -- in lieu of mobilization advance, there is FTL. So we are being recovered as we are progressing into execution of all these projects.

So one thing; also, there's a mean term in that particular because of the solar locking the prices of the module as well as inventory, which has now gone very high, around INR550 crores because of the solar inventory only.

So this is going to be consumed within the year. So ultimately, from the -- as we are completing this EPC, we are getting payments from tentative INR2,000 crores-plus crores from banks only through SPV. So this is going to be mellowed down by quarter 2, as well as by year-end, it will come down to a very reasonable number.

Gaurav Uttrani: Got it, sir. Just last question, I missed...

Moderator: Sorry to interrupt. Mr. Gaurav I would request you to please come back. The next question is from the line of Vaibhav Shah from JM Financial. Please go ahead.

Vaibhav Shah: Yes, thanks for the opportunity. Sir, I missed on the appointed date part. So for -- you mentioned that for Nagpur-Chandrapur, both the packages, we are not expecting any revenue. So earlier, you were targeting roughly INR250 crores in FY26. So they are not targeting anything for this?

Harendra Singh: Since as of now, the land acquisition, where the realignment is being done because of some coal blocks encountered in that alignment, old alignment. So they are not getting the NOC from the coal -- Western Coal Field. So that is the reason behind they are changing some alignment. So this is taking some time.

So as soon as they are acquiring 70% of the land, they will be issuing the LOA tentatively by this quarter 2 end, the LOA. And we are not expecting, anything is not being done because of the appointed date. So that's why we have taken out that particular project where the contribution may come or may not.

Vaibhav Shah: Sir, secondly, on Varanasi, you mentioned that it should be in Q2 the appointed date. So execution can be around 30-odd percent for the year?

Harendra Singh: Yes, definitely because with the mobilization already done, we have tracked big amount of aggregate and everything has been done. So we are very suitably poised as soon as this appointed date by this quarter 2 in August and September, we are expecting. Because the forest clearance is now at a very advanced stage of about 70% to 80% land here.

So with that, we are expecting that all execution will be where the mobilization done, as well as the project which we are completing very nearby. Therefore, will be done taken up, and we are expecting more than INR700 crores of revenue coming up from this project only.

Vaibhav Shah: And sir, for Bahuvan, what will be the appoint date target?

Harendra Singh: Which one?

Vaibhav Shah: Bahuvan, the UP Marg.

Harendra Singh: UP Marg, likely by year-end because very recently, within 2-3 days, we are going to sign the concession agreement. So 5 months from now, we can expect by this October, November where the financial closure and other things are done. So in quarter 4, we can expect the appointed date.

Vaibhav Shah: Okay. And sir, secondly, in terms of overall opportunity, so in terms of highways, are we looking for bidding for BOT projects in FY26?

Harendra Singh: No, BOT, we are not interested as of now.

Vaibhav Shah: Okay. And sir, lastly, we had mentioned that there is some INR5 crore impairment in the quarter. What was it pertaining to?

Harendra Singh: Provision.

Vaibhav Shah: Yes, INR5 crore impairment we have done regarding to other assets and you mentioned in the notes to account. So what is this regarding to?

Harendra Singh: I think I'm not getting your question.

Vaibhav Shah: In the results in Q4, there is an INR5 crore impairment that you have taken.

Harendra Singh: No, it's not. I think you -- there's some misunderstanding. It's not there anything. You can come at a later stage to ask anything which you want.

Management: We'll clarify later. Whatever doubts you have, we'll sort it out separately.

Vaibhav Shah: Okay, okay, sure. Okay. Thank you, sir.

Moderator: The next question is from the line of Jainam Jain from ICICI Securities.

Jainam Jain: Sir, my first question is you had guided for INR11,000 crores to INR12,000 crores worth of projects in FY25, and we have received only INR9,000 crores worth of projects. So can you highlight something on that part?

Harendra Singh: So initial estimation was supposed to be INR10,000 crores, and we added around INR8,500 crores, is it?

Jainam Jain: You had guided for INR11,000 crores to INR12,000 crores.

Harendra Singh: We projected at around INR10,000 crores of order addition initially, and we completed at around, say, INR8,500 crores, that is the whole year. There is a loss of this thing around INR1,500-odd crores because of this highway order, not many of the orders or much of the addition has been done.

Jainam Jain: Okay. And this year, we are targeting INR11,000 crores, right?

Harendra Singh: Right.

Jainam Jain: Yes. And sir, are we seeing any further big opportunities in railway station redevelopment side?

Harendra Singh: We are expecting that we already have taken two projects. One is in Kanpur as while doing those projects, we understood that the initial phase definitely being brownfield, some permissions, some kind of chartered utility shifting took place time to -- but thereupon, it's quite a good -- reasonably good margin. So that's why in New Delhi, we have participated along with the partner. So looking into these opportunities going further, definitely whatever project comes in.

Jainam Jain: Okay. Are there any major projects which we are -- which are yet to get redeveloped major stations? Mumbai is done. New Delhi is done, and lot of major stations are done.

Harendra Singh: Balance and there are many other projects where the small and big, not too big as well, but they are all balanced which are yet to be awarded.

Jainam Jain: Okay, sir. And sir, we are seeing an increase...

Moderator: Sorry to interrupt. Mr. Jainam, sir, I would request you to come back in queue. The next question is from the line of Veenit from Investec.

Veenit: Sir, a couple of questions. One is on the solar side, what kind of margins can be expected in a typical solar EPC job? And what is the value add or what is the right to win for us in this category?

Harendra Singh: So as we have experienced definitely, these are all current projects, but that too, we could manage very effectively with our good strong, say, execution capacity. So looking beyond this, we are looking into solar where round the clock or the solar, BESS, this hybrid as well as solar wind hybrid can be -- we are looking to such opportunities where we are bidding those projects. And looking further with this transmission also, we are looking that way to see any good opportunity coming from transmission and distribution. So making it the whole infrastructure or ecosystem of new energy.

Veenit: Sir, I wanted to understand more on what is the right to win here. What is the execution which we do? What is the proportion of bought out components? How does cost escalation pass-throughs work? Or are these more like a fixed price contract? And in a typical scenario, going forward, other than the solar projects which we are executing, what kind of EPC margins are doable? Is it around 10%, 11% or 12%, 13%? What type of margins can we do here?

Harendra Singh: So what we have understood as far as all battery projects, it's around 12% to 12.5% so that is the EPC level. And the bought items in that also, it is around, say, 65% to 70%, even more in battery. But then again, if you're talking of solar, it's around 70% of the bought-out items and rest is all land and other area, which is civil works.

So keeping a margin of about 12% is the range which we would be looking for future bids. And this is a fixed price contract. There is no price escalation, which is to be paid until there is a change in law parameter which is affecting your project.

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

Uttam Kumar: I missed the number on equity investment in solar as well as battery storage currently. How much we have done and how much we will do in FY26-27?

Harendra Singh: So in FY26, it's around INR750 crores, out of which around INR360 crores to HAM and INR391 crores is the solar and battery. And subsequently in FY27, it is around INR197-odd crores in HAM and INR460 crores in battery because solar will be all done.

Uttam Kumar: Okay. So all in all, in totality how much we will invest in next 2 years in HAM and solar and in battery storage?

Harendra Singh: As of now, project which we have taken is INR1,360 crores yet to be infused.

Uttam Kumar: Okay. And sir, this quarter, our finance cost has increased quite substantially. So can we expect it to normalize going forward?

Harendra Singh: Yes, definitely, as I already expressed where it has gone high and why it is going to narrow down very fast.

Uttam Kumar: Okay. And sir, what would be our capex guidance in FY26 precedent?

Harendra Singh: There is not much of the capex is required because we do have heavy capex ready where these projects which we are talking that we are on 8 projects, mega projects where all completion being done within this year till quarter 2. So any, say, project equivalent to INR6,000 crores to INR8,000 crores where we want to mobilize railway or even highway is adequate capex is available. So hardly, it can be just INR20 crores-INR25 crores for any key critical equipment if required.

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

Deepak: Congratulations for a good set of numbers. Sir, firstly, I wanted to check it out in this year, I mean, in the revenues of INR6,050 crores, what would be the broader breakup in terms of the solar, railway and road project?

Harendra Singh: So in UP, Ganga Expressway was one of the bigger contributors at around INR1,644 crores and HAM INR1,586 crores. Solar did contribute to INR1,430 crores. So these are major ones with railway INR445 crores and other EPC INR965 crores.

Deepak: Okay. And sir, I mean, this year also the investment in the subsidiaries has increased from INR628 crores to INR1,368 crores. I mean, overall investment on the balance sheet side. So this is primarily into the solar project, which we have invested? Or how should we look into it?

Harendra Singh: As we were discussing from last Q2 to now, so this is because the typical nature of the project where the commissioning is a period of 6 months maximum. So within that duration, we need to pump in funds from everywhere wherever possible. So it is because of that reason only.

Deepak: Okay. And sir, finally, I just wanted to check it out in terms of the pipeline opportunity on the solar and water and river linking side, if you can throw some light, how should we look into this opportunity going ahead?

Harendra Singh: The central government is now checking upon the opportunities into river linkages, which is Ken-Betwa as well as the Eastern Rajasthan Canal that is INR80,000-odd crores as well as in Bhadra in Rajasthan and in Vidarbha. So there are many more projects where the central government is interested and they look like they will be approving and going ahead with this opportunity. So, these projects unlike JDM, they are different kind of projects.

Also in water projects in Rajasthan also, we have seen in one of the HAM projects where bids are invited with 10 years of O&M HAM projects. So those are the projects which we look forward where we do have some, say, qualification restrictions, but we are looking at the joint venture partner to look further as well as in solar, we are only looking into those bids where the margins are intact around this one. We don't want to go very aggressive into any solar or transmission.

Moderator: The next question is from the line of Sarvesh Gupta from Maximal Capital.

Sarvesh Gupta Sir, first question is on the order inflows. So I think even in the quarter 3 con-call, are you able to hear me?

Harendra Singh: Yes.

Sarvesh Gupta Yes. Sir, even in the Q3 con call, which was in February, we had guided for INR11,000 crores to INR12,000 crores of order inflow for FY25. So we are short by almost 20%. So now this year, again, we are guiding for INR11,000 crores. So what has changed in the ground, which gives you the confidence that this time we will be able to meet the order inflow guidance?

Harendra Singh: So as in last year also, there has been a major dip in the highway only because there are a few kilometers being awarded at Ministry level or NHAI. So this is now going for the year because as we were discussing about because of the prequalification and certain land DPRs and sanctions were not in place. So this year, definitely, the budget is in place, and we are looking to the same opportunity, same around say INR7,000 crores to INR8,000 crores of projects from highway to contribute into INR11,000 crores.

Sarvesh Gupta And secondly, on the HAM monetization, so the first 4 projects, full money is already accounted for in the fourth quarter result. Is that right?

Harendra Singh: Yes, definitely, it has been done.

Sarvesh Gupta And the 6 additional HAM projects, sir, which are supposed to be monetized, I'm guessing we are having around INR750 crores invested in that. So that money should come back in this year with some accretion.

Harendra Singh: The total equity into these 6 projects is equivalent to INR900 crores plus. And the debt probably is around -- as of now, it is around INR2,100 crores into these 6. So we are looking into this monetization as we are completing PCC of 4 projects already, we have received. So with that, within 6 months, we can do that entire transaction. By the year-end, possibly, we would be looking that this entire money can be taken back.

Sarvesh Gupta And sir, we mentioned that we want to be like a future-ready multi-sector construction company. Now one doubt on that strategy that I have is that if I look at all these multi-sector construction companies which are listed currently, none of them are able to even reach 10% sort of a margin. So what gives us the confidence and we have been a company, sir, where 16% margins were the norm. So if we go down that path, will we be able to protect the kind of margins that we had or we will also slide down to barely double-digit sort of EBITDA margin company?

Harendra Singh: For sure, I think what you are talking, we have seen all maximum companies with multisector. Multisector is not that we -- prime focus would definitely be the highways only. We are seeing that there is a big amount of work which is to be done in the highway. It's not that case, the highway is not done.

So it's the only last 2 years which we have seen because of the last 3, 4 years because of the price -- the cost competition and aggression as well as this slowdown because of this project awarding. But then again, there are strong pipeline in this particular. So roads always will become -- will be our prime product.

Apart from that, yes, definitely, if we are not looking into just railway, just metro as urban infra, we already had done UER Delhi, UER project where the urban is involved. Metro, we have -- Gurgaon Solar, we have done. So there are the viaducts, which we are doing, Jamshedpur, we are doing. This is a 9-kilometer viaduct. So with that, this gives us the opportunity into urban infra also without compromising the margin, we are not confident that 100% it is possible to make 16%. But within the range of 15% to 16% over a period of 2, 3 years, it is quite possible.

Moderator: The next question is from the line of Girija Ray from Yes Securities.

Girija Ray: Just to sense some kind of historical number. I'll not take much time. So just can you help me out with the number that four HAM projects we have monetized. What was the total equity investment we have done for those four HAM projects? And secondly what is the value of the total...

Harendra Singh: Just one by one. I think it was INR373 crores, which we added equity inclusive equity in four HAM, out of which INR503 crores already realized and there's around INR20-odd crores, which is likely to come within this year. Around 1.5x.

Girija Ray: That price to book is 1.5x, right?

Harendra Singh: Correct.

Girija Ray: Yes. And one more question that is Rewari Bypass Package 4. So, I think we have got a good valuation on the project. The price to book value is quite higher as compared to other 3 of our HAM projects. Am I correct?

Harendra Singh: Yes.

Girija Ray: So what makes that valuation a little higher and we got a good valuation in that if we compare...

Harendra Singh: It all depends upon the project complexity. So wherein it is a price indexing being done because of the WPI and CPI index. So it's one thing as well as the cost of O&M, which we value and the other partner value who is taking over the project. So as we are discussing in these 5 projects also, they are the dynamic parameters, which one project can yield very good, even 2x. And one project can only yield 1.1 to 1.2. So averaging, this is the number which we are looking at.

Girija Ray: Okay. And sorry to take it further, this will be my last question. So around INR30 crores to INR40 crores of differential amount, I can see if I do a calculation based on 1.55x book -- price to book value -- sorry?

Harendra Singh: This is INR30 crores. This is around INR30 crores, which is balance.

Moderator: The next question is a follow-up question. It's from the line of Jainam Jain from ICICI Securities.

Jainam Jain: Sir, are we L1 in any of the projects which we haven't included in the current order book?

Harendra Singh: Sorry?

Jainam Jain: Are we L1 in any of the projects, which we haven't included in the current order book of INR153 billion?

Harendra Singh: No, no. Only the project which we got in April 25, that is the battery project is not added here. That's around INR700 crores. That is not added here.

Jainam Jain: Okay, sir. And sir, I didn't get the number of order pipeline which we have for FY '26 and the amount of bids we have already submitted for.

Harendra Singh: Around INR16,000-odd crores of bids already done across various sectors, majorly highway and railway. And so we are expecting to be the bids and bid pipeline go down. As far as NHAI concerned, is INR80,000 crores NHAI [inaudible 0:57:03], and other think it's all rolling kind of a thing. We are not having 100% accurate data.

Moderator: The next question is from the line of Tushar from KamayaKya Wealth Management.

Tushar: I just wanted to know like the guidance which you gave start -- like you're targeting INR7,000 crores for FY27, right, if I'm not mistaken, with the margin of 15%, 16%, and we keep that growth momentum going forward. Is my understanding correct despite Chandrapur-Nagpur project not fructifying?

Harendra Singh: Yes, definitely. As we are concrete on the numbers, the figures are quite confident -- we are confident that we will be doing more than INR7,000 crores for the year FY26.

Tushar: Fair enough, sir. And sir, in the transmission and distribution and water management, what sort of margins are you seeing in that? And why it has not contributed to our order book as of now?

Harendra Singh: No, because we have just explained about it because of the solar projects, where the capex being done. So there's an INR1,300 crores plus capex done in these projects where the top line and bottom line being eliminated from the standalone number. So the consol number is giving a different picture, around INR300 crores, INR200 crores odd crores of PAT is negative, if you see that number.

So ultimately, whenever we start producing generation, in this year, we are going to -- we already have started generation has already started. So within that is going to be corrected in the coming quarters with console number will be corrected.

Tushar: Okay, this is a bit different question. Sir, do you see any opportunity in airport or runway EPC going forward?

Harendra Singh: Yes, EPC, definitely there are many airports where the EPC bids are invited like Varanasi, Kota already in the pipeline.

Tushar: Do you see that fructifying in terms of your order book going forward?

Harendra Singh: Sorry?

Tushar: Do you see airport runway EPC in terms of your order book, do you see that addition going forward?

Harendra Singh: We are qualified and we are participating in these bids.

Moderator: The next question is from the line of Ishan Bhatt from Ishan Investments.

Ishan Bhatt: Congratulations on the results. I would like to inquiry about how the company is concentrating on the southern region, particularly the development of Amaravati Capital of Andhra Pradesh.

How closely you are monitoring progress of tendering projects either individually or joint venture?

Harendra Singh: So we have not yet initiated anything in Amravati development as of now because it's not that we are not interested. But definitely, as the time comes, we may look into any bit.

Moderator: The next question is from the line of Madhvendra, an Individual Investor.

Madhvendra: I have a few questions. First is that we had entered the water segment around 1, 2 years ago, but we haven't seen any major order wins or any order wins from this segment. And other thing is one of your competitors stated that road project ordering has slowed down due to -- the government is looking to change the bidding norms due to increased participation from low-cost contractors and it's been concerned because of past issues of execution delays? And the third question is, this intercompany adjustment has been a volatility on the financials. And frankly, it's somehow impacting the sales price. So how do you see this panning out?

Harendra Singh: So your last question can be very well answered. It's only a time gap that definitely the margins which we are reporting at the standalone level, they are the right margins. And any elimination which is being done now intercompany between SPV and EPC is going to be seen being corrected in subsequent years.

So the margins are like definitely would be coming back into consol only. The second thing is the water sector as we have done and we have tried because in the recent past, we have seen in JJM, there has been lot many budget issues, a lot of budget issues, the payment being struck. So we dropped the proposal at that point of time, though very ready with bids. But now this water interlinking, river interlinking projects and we -- what is a water resource department this is not drinking project. So there, we look like it is a big infrastructure capex to be done. So these are the one.

I think the third is what we were looking at the prequalification where the crowded space of roads, they have taken this water project. It's not that the prequalification is very simple that anyone who has done this water sector projects will only be qualified, and the JV is allowed, we are looking to the JV partnership.

Madhvendra: Okay. So means can we see this intercompany adjustment not impacting the financials from this financial year?

Harendra Singh: Definitely not because it's a quarter-on-quarter if you compare any number. This last quarter, the solar contribution was not there. So we have seen a big number impacting Q4 and entire year as well. So this is not going to be there.

Moderator: Ladies and gentlemen, this was the last question for today's conference call. I now hand the conference over to the management for closing comments.

Harendra Singh: Thank you for joining us today. We have a strong year marked by a solid financial performance, a growing order book and a committed team. We remain confident in our continued success and here to address any further questions. Please feel free to reach out to us or our IR Advisor, Go India Advisors. Thank you. Have a good day.

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