H.G. Infra Engineering Limited

Q4 & FY 24 Earnings Conference Call Transcript

May 10, 2024

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MODERATOR: **MS. SANA KAPOOR – GO INDIA ADVISORS**

Moderator: Ladies and gentlemen, good day, and welcome to H.G. Infra Engineering Limited Q4 FY '24 Earnings Conference Call hosted by Go India Advisors. As a reminder, all participant lines will be in the listen-only mode, and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star then zero on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Ms. Sana Kapoor from Go India Advisors. Thank you, and over to you, ma'am.

Sana Kapoor: Thank you, Sejal. Good morning, everybody, and welcome to H.G. Infra Engineering Limited Earnings Call to discuss the Q4 and FY 24 results. 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, viewed in conjunction with the risks that the company faces.

May I 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, Sana. So welcome, everyone, to Q4 and FY 24 Earnings Conference Call of H.G. Infra Engineering Limited. The financial results and the investor presentation have been made available on the exchange, and I trust you all had the opportunity to review it. Before I proceed with the presenting of the key financial and operational highlights from the previous financial year, I would like to offer a concise overview of the sector and the opportunities it presents for H.G. Infra.

I am pleased to announce that H.G. has delivered exceptional performance in FY 24 across all fronts. We have achieved substantial progress in diversifying our order book by securing 4 non-road projects in this financial year. Additionally, this year marks a significant milestone as we have reinforced our presence in the highway and road sector with two successful new projects in Q4 FY 24. Now only we have expanded our order book, but we have also taken meaningful steps to our diversification in solar power plant projects.

Now I would like to provide some updates on the infrastructure sector. Talking of roads, India's infrastructure sector is booming fueled by a significant funding boost of INR2.78 lakh crores for FY 24, 25, with this INR1.68 lakh crores year mark for NHAI, the focus is on developing national corridor, building upon this momentum, the Vision 2047 aims to construct 30,000 to 35,000 kilometers of highways and 50,000 kilometers of high-speed corridor by 2047.

This ambitious plan emphasis the government's commitment to fostering extensive connectivity and facilitating economic progress across the country, concurrently presenting abundant opportunities. In recent decades, H.G. Infra fortified its position as a formidable force in the infrastructure sector and has proven its mission over the last many years in the EPC and HAM sector.

As you see the abundant opportunity and is keen to participate in BOT mode with the association of other key players such as highway construction as one, Cube highways. And I have another prominent players like Adani and IRV as EPC player, where we are already being associated with these companies.

Railways and metro, as a part of our long-term strategies of diversifying our order book, we continue to gain considerable ground in the railways and metro segment. The budget has re-embarked INR2.55 lakh crores, focusing on multitracking corridors and station remodeling. A significant portion of this budget is delegated to multitracking 7 high-speed density corridors, facilitating the expansion of rail networks by 10,959 kilometers over the next decade.

Additionally, the Amrit Bharat Station scheme further complements these efforts aiming to remodel 1,309 stations by 2030. Thus, enhancing passenger experience and operational efficiency. The significant momentum observed across various sectors has created ample opportunities.

In alignment with our strategic approach, we have prepared to grab these opportunities with 6 railway projects currently in the order book of five states and is well positioned to capitalize on the government's initiatives and we are all equipped with the required capex, technology and skill human resource for network expansion and efficient development, that is a modernization of existing infrastructure, civil work and dedicated high-speed railway corridors.

Solar and renewable energy being topped on our race, the renewable energy sector is gaining focus with ambitious targets, aiming for 450 gigawatts of installed capacity by 2030, where solar energy constitutes over 60% and then the latest budget INR1,000 crores were allocated for SECI and INR19,500 for a PLI team to enhance solar module manufacturing.

H.G.Infra recognizing this lucrative prospects proactively pursued bids and successfully received solar power projects for development under KUSUM scheme. That is 543 megawatts DC valued at INR1,307 crores, EPC value that is exclusive of GST. The company is also exploring additional opportunities in solar power development, solar projects, including rooftop installations, these projects is a testament to H.G. as a leading EPC company in the infrastructure space.

Important sector, the Jal Shakti Ministry budget has increased to INR98,418 crores for FY '24, '25, up from INR96,549 crores in the previous year, then highlighting ongoing investment in water infra, and in second phase of Namami Gange program, government has approved INR22,500 crores out of INR11,275 crores is allocated for new projects.

H.G. Infra is keen to participate in projects like Namami Gange to clean the backend and rejuvenate the Ganga river, position abetments infrastructure development near the river projects related to water desalination, waste water treatment plants and other water supply projects in rural/urban areas like under JJM schemes. Rainwater harvesting storage under Jal Shakti Abhiyan will be our priority card to contribute with a revenue of around INR50 crores for which we have targeted for this financial year.

Furthermore, we are looking forward for partners with strong background with credentials to cover the technical eligibility for strategic partnerships for breakthrough projects in water sector.

Let me start the journey of this quarter and give you the glimpse of operational highlights first. As I mentioned earlier, our order book has not only grown, but also diversified as of March 31. 2024. It stands at INR12,434 crores that is the EPC contribute 28%, while HAM contribute 40%, railway segment contribute 22% and Solar segment contribute 10%.

Let me now update on the ongoing EPC projects. The Ganga Expressway project has reached a milestone of about approximately 54.3% adhering to the contractual timelines of the contract. Delhi/UER projects stands at around 93.1% completion, and it is anticipated to be completed in this quarter only.

The Neelmangala-Tumkur project could not reach up to our expectation and execution status at around 28% because non-availability of the land for which NHAI is pushing hard and for faster balance and regulation and encroachment free. The progress of various HAM projects is also running as per the planned schedule. The Karnal Ring Road project has achieved 23.9% completion by [inaudible 0:08:12] is progressing well within the established timelines.

Raipur-Visakhapatnam OD5 project has progressed to 65.9% completion, and we look forward to complete this by quarter 3 of this year. Raipur-Visakhapatnam OD-6 project is currently at about 73.7% and the same would be completed by quarter 2. The Raipur-Visakhapatnam AP-01 package has achieved a completion status to 69.5% and the same will be completed by quarter 2.

In the Khammam-Devarapalle project Package 1, where we have achieved 50% completion, while Package 2 is at 53.7%. Both the projects would be completed by quarter 3 and quarter 4, respectively. The Varanasi-Ranchi-Kolkata Package 13 and 10 is currently in the initial stages of land acquisition and are anticipated to pick up momentum in second and third quarter, respectively.

Turning on to the progress on the railway project. DMRC Metro projects has reached completion of about 50%. Bilaspur-Himachal Pradesh railway project has progressed to 10.3% completion. Though initially, it was delayed due to heavy rains because of the backwater of the dam, it is now progressing well. Kanpur Central Railway Station project has recently commenced with the completion status of 4.12%.

Let me now invite Mr. Rajeev Mishra, CFO of the company to give an overview of the financial highlights of this quarter and overall FY '24.

Rajeev Mishra: Thank you, sir. Last year, ICRA has upgraded our ratings from stable to positive for a long-term, short-term success facilities and entity on account of the financial growth and discipline. Our credential performance in the last quarter and the entire year has been satisfactory. At the stand-alone level, the total revenue of FY '24 has reached INR5,122 crores, reflecting an impressive 15.9% year-on-year increase from INR4,419 crores in FY '23.

EBITDA accounted to INR822 crores in the current fiscal year, resulting in an EBITDA margin of 16% compared to INR710 crores and 16.1% margin in the corresponding FY '23. PAT for FY '24 stood at INR546 crores with a profit margin of 10.7% compared to INR421 crores and a margin of 9.5% in FY '23.

In Q4 FY '24, stand-alone revenue reached at INR1,635 crores, representing a significant 11.2% year-on-year growth from INR1,417 crores Q4 FY '23. Stand-alone EBITDA for Q4 FY '24 was INR265 crores reflecting our year-on-year growth of 11.3% PAT and PAT margin for FY -- Q4 FY '24 stood at INR160 crores and 9.8%, respectively, compared to INR148 crores and 10% in the same period of the previous fiscal year.

Regarding the company's debt position on a stand-alone basis, the gross debt amounts to INR451 crores, including working capital debt of INR69 crores, term loans current maturity and the trade limits totaling to INR334 crores and NCD of INR48 crores.

Moving on to the consolidated numbers. For FY '24 revenue reached to INR5,378 crores, growing at 16.4% year-on-year increase from INR4,622 crores in FY '23. EBITDA reached INR1,062 crores with an EBITDA margin of 19.7% compared to INR895 crores and 19.4% margin in FY '23. PAT for FY '24 stood at INR539 crores with a profit margin of 10% compared to INR493 crores and 10.7% margin in FY '23.

In Q4 FY '24, the consol revenue reached to INR1,708 crores, making a significant 11.3% year-on-year increase from INR1,535 crores in FY '23. Consolidated EBITDA for Q4 FY '24 stood at INR333 crores, reflecting a year-on-year growth of 12%. PAT and PAT margin for Q4 FY '24 amounted to INR190 crores and 11.1%, respectively, compared to INR131 crores and 11.1% in the corresponding period of the previous financial year. In the context of the company's debt position at the consol level, the gross debt amounted to INR1,500 crores approximately.

The total equity requirement of 10 HAM projects is about INR1,461 crores out of which we have infused INR694 crores in this financial year and INR545 crores is estimated to be infused in FY '25.

Let me give the glimpse of the status of the monetization of 4 HAM projects. First tranche on the 3 projects which we have sold in the last year, [inaudible 13:09] 3 SPV is Gurgaon Sohna, Rewari Ateli, and Ateli Narnaul. They have been completed on 21st of March -- 21st November 2023, with 100% SPV shares transferred from H.G. Infra to Highway Infrastructure Trust. We have received INR315 crores as of now, and INR60 crores will be released on the receipt of approval from NHAI for GST changed in law claim. It is expected to be received by June 2024.

The second trench, as far as the updates on the monetization of the fourth project, Rewari Bypass part is concerned, we have received NOC from NHAI and lenders for the change in the shareholding in March '24. Compliance on the conditions precedent as per the SPV is in the process and expected to be completed by mid-2024, and the transition is expected to be completed by June 2024. Around INR130 crores is expected to be received from Rewari Bypass SPV.

For other significant updates of FY '24, I would now request MD sir to take over and share the developments with the forum. Thank you, sir.

Harendra Singh: Thank you, Rajeev. Let me now share other significant updates for FY '24. So initially, we have projected to get around INR8,000 crores of new projects during FY '23, '24. However, due to the all-time low awarding by NHAI, we ended this year or addition at INR4,350 crores, that is exclusive of GST.

In Q4 FY '24, the company effectively secured three new orders in the railway sector in EPC mode, that is Dhule to Nardana railway project in the state of Maharashtra that is on Central Railway worth INR716.11 crores. Aurangabad, Karanjgaon railway station project in Maharashtra, that is inclusive of electrification and signaling work from South Central railways valued at INR447.11 crores. Gaya-Son Nagar railway station project that is a DFCC project in the State of Bihar awarded by East Central Railway for construction of double-lane track, including earth work, blanketing and electrification work that is valued of INR709.11 crores. These all projects are inclusive of GST.

The 2 new projects of Highway were awarded. Chennai-Tirupati Package 2 in the state of Andhra Pradesh for construction of exist controlled highway of 4 lane [inaudible 15:27] that is having the EPC value INR760 crores, and the Kalimandir-Dimna Chowk of EPC mode in the State of Jharkhand say near to Jamshedpur that is INR610.11 crores.

Universal solar and renewable energy, we are happy to share forum, the company has entered in the solar segment and have been recently awarded solar power project development work at the KUSUM-C for 543 megawatts DC of INR1,307 crores EPC value, which is excluding of GST.

The company has secured contracts on Jodhpur Vidhyut Vitran Nigam Limited on the KUSUM-C Yojana collaborating with Stockwell Solar Services Private Limited in JV consortium, Together, we will work on the solar power plants together in totaling 538-megawatt DC that is worth INR2,300 crores. The work involves procurement, erection, installation commissioning of the plant over -- within a period of 12 months from the date of BPA and then maintaining them for 25 years.

These projects will be executed through project SPVs. In addition to that, H.G. Infra has also won 2 small solar projects of 12 megawatts worth INR62 crores. The total equity requirement in the solar project is estimated to INR540 crores, out of which we would infuse INR270 crores in FY '24, '25 and balance in '25, '26.

Let me touch base on the future guidance before I conclude this speech. This year is very vital for us in terms of our physical progress in our running projects as we are for heading for the completion of our -- nearing completions for many of our solar projects like UER, Khammam-Devarapalle Package 1 and 2, Raipur-Visakhapatnam Package Odisha 5 and 6 and AP-1 and even Ganga project. With that certainly we will have to add new projects for which we have to work on the order inflow to the tune of INR11,0000 crores -- INR12,000 crores in road, railway, solar and water to sustain and scale our business to create value for the shareholders and ensure healthy order book.

So we are geared for the next growth phase of the company, and we believe that we will achieve 15% to 20% growth in the top line in this coming years and maintain steady margin in the range of 15% to 16%. We have all the ingredients to achieve the milestone with all senior leadership in place, skill manpower strategies to move on digital transformation with automation capex, things and team to explore diversity in business.

These strategic moves are poised to contribute significant value to our financial indicators, fostering a seamless and transparent real-time working environment and will truly help us to augmenting our operational efficiency and cost optimization factor will positively impact on our bottom line. We can assure all our internal and external stakeholders that we are committed to solidify our success footprint in the financial year.

With that, I conclude the date of FY '24 and open the floor for questions and answers. Thank you.

Moderator: Thank you very much. We will now begin the question-and-answer session.The first question is from the line of Dipen Shah, who is an Individual Investor.

Dipen Shah: Congratulations to the management on a good set of numbers. Sir, I had a couple of questions on the new area of operations which we are entering. Firstly, on the solar segment, we have got three contracts worth about INR1,300 crores. So just wanted to understand like in terms of our capabilities. Sorry, am I audible?

Harendra Singh: Yes, yes, please continue.

Dipen Shah: Yes. So just wanted to understand in terms of capabilities, how are these projects different as compared to what we have been doing? And how have we built up the capacities for installation of these projects? The second thing is that since this is a private party, but it is under the KUSUM scheme, so how confident or how comfortable are we about the receivables from this project? So, this is first set and I have one other set for the new business, which is Namami Ganges.

Harendra Singh: Your question remains that this is not a private party contract. This is a price discount, which is the discount, they have awarded -- the consortium has received the project, which we have splitted into 2 parts, that they would be doing 35% of the total project value. And balance 65% of INR1,300 crores would be done by HG. So, this is one contingency to it.

The second part is in EPC, the projects do have 85% procurement. That is all related to module and structure and say, electrical works, where the poles and transmission line being laid, so the only 15% of the work which remains civil is the area of bidding level and the even ramping. So this is what we've done during '12, '13 when we searched for line pole earlier, it's not that difficult. It's a very renewable kind of a project. So it's only procurement part. So we do have a

-- already has carved out our initial stage EPC team within the company. So that already is in process and we would be doing within the company itself.

Dipen Shah: Okay. And sir, since about 85% of the project is procurement, would margins be similar to what we have currently in EPC contracts? Or would there be lower than the existing margins, sir?

Harendra Singh: No, no. So we have kept both the provisions. So since the projects are having, say, the tariff which every INR3.27, INR3.27 is the average tariff you'll be getting. So we have maintained the EPC margin guidance at about 15-plus in these as far as EPC cost is concerned as well as equity around 14%, 15%.

Dipen Shah: Okay. Sir, and the project of INR1,300 crores includes the maintenance also. This is only the EPC part?

Harendra Singh: Purely EPC project.

Dipen Shah: Purely EPC. Okay. And sir, on the Namami Ganges front, there have been talks in the market previously about the projects not getting completed on time and there being receivable problems. Any take on there, sir, are things moving out quite a bit now and you do not see...

Harendra Singh: No, no. It's initial discussion, which we are doing with one of the army where they already have involved all the -- they have completed two of the Prugato projects. So we are looking into this sector. There's probably JGM or water sector projects are all there, water desalination plants and water treatment plants. So only a initial points which our business during the speech.

Dipen Shah: Okay. And sir, lastly, just one question. We have given a guidance of about 15% to 20% growth, which should be about around the INR6,000 crores, INR6,500 crores, of which how much visibility have we have in terms of existing projects which are continuing? And how much are we dependent on new projects starting during the year, sir?

Harendra Singh: The dependency on the new project for this current fiscal year that we already have considered INR700 crores to be added for the new -- for the new projects. That is from railways. Otherwise, all the projects which we are already having -- they're all under execution. They will be contributing significantly in this particular number.

Moderator: The next question is from the line of Shravan Shah from Dolat Capital.

Shravan Shah: Yes. And just trying to understand both on order inflow and the revenue part. So when we have a rate INR11,000 crores to INR12,000 crores kind of order inflow versus last and we have said or INR10,000 crores. So first, in terms of the breakup from which shortly particularly HAM,EPC, solar ,water , railway -- how much we are looking at this INR11,000 crores to INR12,000 crores. And also, given the kind of competition will be there, particularly infrastructure was muted. So will it not be coming at a lower margin?

Rajeev Mishra: For the guidance for the coming year, which is around INR11,000 crores, which we believe that because of the last year ordering, which is an all-time low for NHAI because this time, they would be definitely post the elections, they would be awarding there having strong bidding pipeline. So that I believe from HAM opportunity, EPC opportunity in Highway. Even the MSRDC project, which could not be awarded during the last year, they are all having around INR90,000 crores plus of orders, they are going to award -- sorry, INR60,000 crores plus orders. So this is likely one of the opportunity which we will be looking at.

Another -- apart from this, we are already has in the discussion because NHAI is looking at BOT for around INR2 lakh crores of orders to be awarded in BOT front. So in this particular already being contracted by government as we have discussed during my opening remarks that we are only in the close connections with these companies that we would be doing it their EPC part.

And just how -- for Highway opportunity, we are looking around INR8,000-odd crores of orders to be added and around our balance from water where we already have been discussing that we would start looking into this sector as a prominent sector and say, just a small part of the solar as well as definitely INR2,000 crores plus from railways.

Shravan Shah: Okay. So INR2,000 crores is for railway and solar and water would be INR1,000 crores combined put together that we are looking at this year?

Rajeev Mishra: Correct.

Shravan Shah: Okay. And second, in terms of the -- I mean back to on the revenue again. So 50% could INR6,000 crores plus kind of a number for this year. So similar run rate we're looking at for FY '26 also?

Rajeev Mishra: Yes, of course, because the order which is around INR12,500 if we usually are looking at what we did last year around 16% year-on-year. So we again looking at this number. They would have been even better if the appointed date of Jharkhand package 10 and 13 would have been declared. But definitely, it has been delayed because of various reasons. But now we are very clear that we will be touching around, say, around 17% to 18% year-on-year for this year and which will continue for subsequent years as well.

Shravan Shah: Okay. Okay. Great hear then. And then in this, what was INR10,000 crores plus bookings there. So from that, we are looking at the major revenue and only INR700 crores revenue we are in looking at in FY '25?

Rajeev Mishra: Just to clarify, INR700 crores of the new railway projects, that is where the land is available. And INR500 crores we are considered from solar for this year and say, the projects of Jharkhand, [inaudible 0:27:33] and 13 opportunity would be declared in this year only. And again, we are talking of the Jamshedpur and Tirupati project, where it's only a matter of only financial closure in one of the projects because the land is almost 90% less available in both of these projects. So this gives us immense confidence that we would be touching around INR6,000 crores this year.

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

Parikshit Kandpal: Congratulations on a good quarter. So my first question is on the solar EPC. So can you help us understand a little bit more on how the supply chain tied up for this? What are the price escalation clauses are the prices pass through for the modules and you are investing almost INR520 crores. So high equity, so high at 40%. And how do you exit?

Harendra Singh: See, first part is looking into the supply chain issue as we have already -- we have suggested stood that that about 50% of the project EPCs are module, which we already have built to prominent supplier that is around at a rock bottom price, which is around -- but as of now, it has never been around INR13 per megawatt. That is the one move, which we already has taken.

The second part is the other electrical ancillary or transformer, inverters and other things. There are a regular pattern. We do not expect any price escalation because we has taken the provision of price escalation. Just a 3 years trend, 5 years trend, which we have seen, apart from the solar module, these are all the products which are all stable.

So the one part and the second part, which is very important is equity and the monetization. So we are looking into this part where the equity definitely is around INR500-plus crores, which is we can -- we may be able to monetize the project if the equity are this as much, and we already has seen that -- few project has been monetized once they have been completed. But even if you retain the project for another 2, 3 years once we could have a cluster of the portfolio were it would have monetized at the later stage, we will do that.

Parikshit Kandpal: But sir, what is the time line for execution and completion of this project and also out of the INR1,307 crores, what is your share of order book in this the part you will be...

Harendra Singh: No. Our share of order book -- this is 65-35 ratio. 35% stock has been taken out of the total order value. So 1300 is the order which we would be doing in this particular financial year as well as next financial year. This is 18 months contract project the [0:30:35 LOI] which we received in the month of March. So right from 1st May, they have already given the clearance for the land and every other thing. So it has been started 18 months from now it will be a tough year on sometimes December '25 like it they would be completed.

Parikshit Kandpal: Second question is on the railway. So now you've added new orders in the railway segment, when all the – and some of the peers are exiting railways have cut down their exposure given the milestone-based payment issues and working capital issues, rights of way issues. So how do you read this while taking these orders? Do you think these will be profitable and they're not pulled down the overall blended margins for the company?

Harendra Singh: In railway projects earlier, whatever railway projects was being offered, they were very small projects and I think within just last three years the assumption EPC project has been started in the railway projects. Now they are also working on the same model as the NHAI worked almost 15 years back.

So now they are figuring it out very clearly that the decision has to be given and the land if it is available. So there are two major factors. One is the decision and I have seen this is a significant change in that even the schedule of milestone where the payment should be made even it is better than NHAI. And NHAI also looking into say change in their say payment schedule where they already has given last two three years when Atmanirbhar.

Now they are following the same model that cash flow is very important. So it was last many years that definitely the railway struggle was there, but we have seen a significant change and I think for INR2 lakh crores of projects there to be say executed plus and it's not only railway electrification or signaling and transmission. They are all civil and it's a DFCC or even high-density corridor where the construction of wireless plan, there are even each station. They all require this key change, which I believe they already have initiated.

Parikshit Kandpal: But what will be the difference in the net working capital days here versus the road segment. So I think you are at about 30, 31 or 35 days of NWC. Do you think that will see a deterioration in the mix revenues from railways go up?

Harendra Singh: No, I think as we have experience in metro, definitely the working capital cycle has definitely skewed very high, no doubt. But in railway, we have seen like we are working in the railway projects of Bilaspur, we are getting very timely payment. Every month we are getting in Kanpur also, whatever we build, we usually are getting the payment. So not much of our contract asset or unbilled is being created over there. But definitely some portion is there.

But again as we have seen as we have there is not much of the stock is to be built up in these kind of a project where in highway it is very much required, So there are mix of it, but in any case we are getting monthly payment where almost schedule G and schedule H are very exhaustive.

Parikshit Kandpal: Okay. Just the last question on the BOT opportunity. So you will play through subcontracting or you're also directly also bid for some of the BOT toll projects?

Harendra Singh: As of now we are not at all interested in BOT toll. We are already that's like Adani we are working this is the second project we are working with IRB. We have worked on four projects. And this NHAI they have approach us [0:33:46 inaudible]. So we look forward to this opportunity, working as an EPC contract support to these companies.

Moderator: The next question is from the line of Jiten Rushi from Axis Capital.

Jiten Rushi: Congratulations on good set of numbers. Sir, first request is given on the HAM projects breakup between equity and debt and the grant ratio because if it's not a bit...

Harendra Singh: Can you be a bit louder, your voice is not very much, audible.

Jiten Rushi: Yes. Sir, the first request is if you can share the HAM projects breakup, which you usually share in the presentation in terms of equity at grant and which would be really helpful I think this is not part of our presentation this time.

Harendra Singh: You are talking of HAM equity requirement?

Jiten Rushi: Yes. HAM breakup of equity, debt and...

Harendra Singh: There is INR1451 crores which is the total requirement equity requirement 694 already has been infused. So balance equity in broad is INR767 crores, out of which we are assuming that, the year '25 we would be doing that INR505 crores, '26 INR131 crores and followed INR131 crores in '27. So this is for road…

Jiten Rushi: So, you said 504 in '25?

Harendra Singh: '25 is 505.

Jiten Rushi: 505. '26, how much sir?

Harendra Singh: 131 and balance 131 in '27.

Rajeev Mishra: In '24, we will reduce INR694 crores.

Harendra Singh: Till '24, we have already done 694.

Jiten Rushi: 694. But if you can give the breakup in excel because you used to giving presentation. So that is fine.

Harendra Singh: I think it is a long list of around 10 projects. We definitely would be providing that.

Jiten Rushi: And sir, coming back to the question on solar, I'm just harping on it. So if I understand correctly, this is a 65-35 JV. And sir, the project is for 543 megawatts, which is also will be done in 65-35 JV, right, sir?

Harendra Singh: Yes.

Jiten Rushi: And sir, on the tariff, you said 3.72. And sir, what will be the total project cost? I'm not talking about the EPC cost. What would be the total project cost on which you are calculating equity IRR of 14%?

Harendra Singh: It's not 14% equity were the GST has also been considered it's around INR2,300 crores.

Jiten Rushi: Exclude so when you are doing concluding the IRR, you are including the GST, right, sir?

Harendra Singh: Yes, of course.

Jiten Rushi: So this INR2,300 crores is your share or it's a total project?

Harendra Singh: The total project, INR2,340-odd crores, which we have considered...

Jiten Rushi: Sorry sir, can you please repeat, I couldn't get you, sir.

Harendra Singh: Say, if the total project value is INR2,340 crores, they are talking of the total project value. So we put together for us...

Jiten Rushi: Which is including GST?

Harendra Singh: Yes.

Jiten Rushi: So this -- your share will be 65% and you will be investing INR540 crores, including -- you should be including GST, right, sir?

Harendra Singh: Yes.

Jiten Rushi: Okay, and sir what will be the PLF? It is mentioned 19% so you are targeting anything higher or you will be maintaining the same PLF?

Harendra Singh: No, no, PLA is a central assistance...

Jiten Rushi: PLF.

Harendra Singh: It is not PLI. So basically we are getting average around INR27 lakh per megawatt in these projects as assistance. So there is a subsidy being provided to us while we are commissioning these projects, during the commissioning.

Jiten Rushi: This subsidy will come to the parent, sir?

Harendra Singh: Yes of course. As a developer we are doing two arrangements one is the tariff which we will be getting from the discount on a monthly basis and the second is this is the while we are doing this project as being commissioned, we will be getting this particular, it is roughly -- this varies from project to project but is it roughly around INR27 lakh per megawatt.

Moderator: The next question is from the line of Anupam Gupta from IIFL Securities.

Anupam Gupta: Yes. So just continuing on the solar project. So here, you said you have tied up the procurement. But what are the clauses? Is the escalation of whatever happens? Is it to your account? Or are you able to pass it on to the...?

Harendra Singh: No. Not at all. See in these projects the escalation is to our account only. We have already have considered but definitely -- fortunately we are getting this project being estimated from -- whatever estimate which you have done and the procurement prices are much lower. It's all time low.

Anupam Gupta: Okay. Understand. And in terms of -- so you said there is an O&M of 15 years. So once constructed, you will be to maintained that...?

Harendra Singh: 25 years.

Anupam Gupta: Okay. And the overall project life is also 25 years, so the 3.27 per unit, which you said you will get it for 25 years.

Harendra Singh: Correct.

Anupam Gupta: Okay. And the subsidy, sir, which you mentioned INR27 lakh per megawatt, is it coming to the SPV or is it coming to HG Infra during construction?

Harendra Singh: No, it is coming to SPV, but definitely, we have considered certain portion to be passed on to EPC.

Anupam Gupta: Okay. Understand. And the second question is on the margins front. So you have obviously diversified into railways, solar and you're talking about going into water also. So far, the contribution has been very small in terms of revenues. But incrementally, as you go to FY '25, '26, obviously, the share will go up. So what sort of margin trajectory should one expect? Should we go down, let's say, slightly to close at about 15%, 14%? Or you'll be able to maintain these levels?

Harendra Singh: So as of now, which we have seen as far as past experience of the project, which you already have, having the hand and furthermore, we do likely that we, for the year and all, we doesn't see much of a dip from this. Say 15% is the lower side which we have considered.

Anupam Gupta: Okay understand. And you said in terms of monetization, just coming back to solar again just in terms of monetization you plan to monetize this or what is the -- how do you look at it once the project is completed?

Harendra Singh: No. See there are many other projects which they already have been, but because this is solar do not have a long story which we had seen that there are a number of projects available in the market they are being monetized. But definitely, yes, now onwards there are not many parts to these projects being commissioned.

And it's the total interest of the funds where the equity error being maintained and this is a very less O&M cost say just we have seen the INR4 lakh to INR5 lakh per annum per megawatt is the O&M cost. It's not like -- totally not like roads where in roads or are other projects which you have done O&M is a big risk. Here, it's not a risk. So we would be able to do that.

Anupam Gupta: Understand sir. That’s all from my side. Thank you.

Moderator: Thank you. Next question is from the line of Mohit Kumar from ICICI Securities. Please go ahead.

Mohit Kumar: Congratulations on a very good set of numbers. My first question again on this solar sir. In this particular sector we are taking -- we are taking a DISCOM risk. Based on this unrelated sector, are you thinking of scaling this business up or is this is a one-off?

Harendra Singh: Definitely, the entry into this sector is just it's a strategic kind of decision being taken where looking into the HAM, shrinkage of HAM projects in NHAI where the margins are not that big now. And even the NHAI is coming into many projects that are on a BOT mode.

So with that we have taken that and we would be looking into this diversity where it's not only for restricting whether solar power, rooftop solutions, industrial where definitely the margins at both the level EPC as well as equity IRR should be maintained that we already have guided that initially also.

So but looking into the backend into any module manufacturing also cannot be ruled out in that case.

Mohit Kumar: Understood. You're looking at a larger play in the solar. Is that right understanding?

Harendra Singh: Yes.

Mohit Kumar: Understood, sir. My second question is on the pipeline for the NHAI. How confident you are that in this year the NHAI will be [inaudible 42:34] more HAM and more BOT asset. You did mention 2 trillion, INR2 lakh crores, but I think of the pipeline as it stand today is around INR30,000 crores which is still not getting finalized?

Harendra Singh: You are sure that initially I think they are talking for BOT pipeline of around INR2 lakh crores, but initially I believe that they are prepared with only INR50,000-odd crores of project on BOT. But for sure, there are many HAM projects in the bidding pipeline. EPC definitely are not a big number in our project. But as the cabinet approved this Bharatmala which has been now scrapped almost it's a new document which is going to be approved where entire 2047 and 2035 I think there are two milestones which there 20,000-odd kilometers as a Greenfield projects also to be developed.

So I think it's not that they are all dried up, but it may take some more months, few more months this year. But they are -- and we are also very much hopeful that we are awarding around 6,000-odd kilometers during the year and beyond whichever mode.

Mohit Kumar: This includes an HAM and BOT 6,000 kilometers. Is that right?

Harendra Singh: Yes. So roughly, it comes to the INR1.5 lakh crores.

Mohit Kumar: Okay. And how do you think about this Maharashtra tender? Do you think this will get finalized in the next couple of months or it will take its own sweet time?

Harendra Singh: No, I think it got delayed because of the election only and now very much clear. That's already [44:07 inaudible] one branch they already have received second branch also that has been received. With that, I think I believe within a month or so, it would be all opened and the opportunity for all it is all available, I think.

Moderator: Thank you. The next question is from the line of Ketan Jain from Avendus Spark. Please go ahead.

Ketan Jain: I have two questions. The first question is on the interest level, sir, what type of -- what interest rate are you seeing at the project level for a HAM project and for a solar project?

Harendra Singh: It's almost similar for solar, HAM or highway HAMs. We are having around 8.6%. This is a recent they we have done. 8.7% which we have recently has concluded [Jharkhand package 10- and 13 45:00].

Ketan Jain: Okay. Sir, my next question is on solar EPC margins. Like what kind of EBITDA margins are you looking at solar EPC because peers like Tata Power and SW report only around 5% to 7% of EBITDA margins?

Harendra Singh: So we have already has there are two things. One is that we have discussed is some financial assistance being passed on per megawatt, that's around 5% to 6%. Loan is around 5% to 6% so if INR4 crores per megawatt is the development cost, EPC cost which we are assuming. So out of that is INR20 lakh is over 5%. That is one part. And about 5%, we are also expecting around 8% to 10% in the execution wherever the supply chain and everything, procurement in the margin which we have seen that this is a decent one which we will be doing that.

Ketan Jain: Okay. And also, are you going to take turnkey like with modules contracts or without modules?

Harendra Singh: These are all with module only. These are the contracts which is to be done as a turnkey basis where entire commissioning is being done and I think we need to sell the power to this call. So this is the ultimate aim for development of these – this is the captive project.

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

Prem Khurana: Thank you for taking my question and congratulations on set of numbers. Sir, my first question was with respect to our intent to get into water segment. I mean I think you spoke about getting into diesel and water treatment as well. So how do we intend to take care of the qualification requirements?

I mean, would you have somewhat similar sort of arrangement that you have for let's say solar wherein you went with a local player or the idea of kind of, let's say, build your own capabilities there which could take you a little time to be able to have everything in place and then...

Harendra Singh: So we are working on both the options. One is I think one small company which have this PQ available where they are doing this business for the last few years. One part which we already are discussion at advanced stage is one. And second is strategic partnership through consortium and to looking into this opportunity because we have seen in last year because the Rajasthan state itself 15,000 crores of water to be awarded say because of the water board of Rajasthan state later on now central elections are there.

So this I believe that in every state JJM plus other opportunities even they have opportunity the water desalination plant, water treatment plant, sewage water treatment plant. Water is a big sector is going to be a big sector in coming years.

Prem Khurana: And then the solar, so if -- and on the pace of it looks at it, I mean, the return profile is somewhat inferior to hybrids because when I look at what you paid for INR2,300crores, we are supposed to infuse almost INR540-odd crores which is 20% sort of number? And then when compare it with the hybrids generally you tend to invest 15% of total project bid cost? And the margins are somewhat similar when you're saying 15%, 16% what you'd be able to have even in terms of project equity IRR again, it's somewhat similar.

So here the equity requirement appears to be on a higher side. So does it mean on an overall basis, is it somewhat inferior or you believe good numbers?

Harendra Singh: What is the total model about this is the entire portfolio of let's say 528 megawatts. In that equity commitment which is per se what we have discussed with our consortium partner, that we are entering into this where the PQ and everything is available with them that the entire equity is being done where the return on equity is around 15% is the rest assured as while arriving at the EPC cost.

So this is one part. And EPC of 35% will be done by the partner Stockwell and 65% were H.G. Infra. So this is an association which we definitely will be building our team because they already are into this particular sector. So what is important is that we are looking into not improve equity IRR at say, for 528 megawatts to be developed that is available. And just again our own portion of EPC.

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

Shubham Shelar: Yes. One is in terms of equity investment INR405 crores in FY '25, does this include the solar or it's the only HAM?

Harendra Singh: Yes, INR505 crores is road HAM project.

Shubham Shelar: Okay. So including solar I mean number that you can share?

Harendra Singh: INR75 crores which is expected to be infused during FY '25.

Shubham Shelar: Okay. And a similar number for '26 could be how much, sir?

Harendra Singh: No. '26 is with these projects in hand just INR400 crores is including solar of INR270 crores and INR131 crores on roads.

Shubham Shelar: Okay. And this INR1,300 crores EPC for the solar, does this also include O&M for the 25 years or it's on the EPC?

Harendra Singh: No. So purely EPC cost to be booked within the next 1.5 years. So that's the maximum. And I was talking about O&M cost. These are not a very big cost that SPV they would be doing and SPV going to get the revenue from the power beams -- being sold out discord.

Shubham Shelar: One last question. I think one of the subsidiary for the solar work that we have made, it is named at green hydrogen power. So anything more to be read like a...

Harendra Singh: We are looking into some hybrid because nowadays, going further, it was a wind hybrid as the other hybrid model to be there, where the green hydrogen is also a hybrid model, where if you are producing power from solar in one area and let's say, definitely swapping it out with a hydrogen being produced elsewhere.

Shubham Shelar: Okay. So maybe like going ahead, there could be certain plans, which is parallel to moving...

Harendra Singh: Registered with the government of Rajasthan even. So there is one part of it because you need to get registered.

Shubham Shelar: Okay fine. That's all from my side.

Moderator: Thank you. The next question is from the line of Harsh Mulchandani from KRIIS PMS. Please go ahead.

Harsh Mulchandani: Thank you for the opportunity. Wanted to understand that we've even incorporated a subsidiary for hydrogen. So what exactly in the space of hydrogen we would be looking at? If you could just help us understand?

Harendra Singh: So it's a very initial stage because we need to get ourself registered in this hydrogen space in every state do have their obligation where we need to register ourselves first. So this is one part of getting registered. Post that, there any opportunity likely to come from state or central schemes that we are keeping ourselves open for that.

Harsh Mulchandani: Okay. Got it. And in case of solar, we would -- so after this project, say we have enough competence. So we would be bidding for new projects individually or we would again look for JV mode itself for even future projects?

Harendra Singh: Till the time we execute this project, let's say, within the year down the line. We may have the PQ in-house PQ, we do not require such arrangements where the partnership will be done. But by the time, if we require any project where decent margins, everything is available, we will definitely would be doing in partnership.

Harsh Mulchandani: Fair enough. Thank you.

Moderator: Thank you. The next question is from the line of Yash Dedhia from Maximal Capital. Please go ahead.

Yash Dedhia: Thanks for the opportunity and congratulations on a good set of numbers. Sir, I just wanted to know firstly about the solar EPC. So solar EPC, our share is INR1,300 crores?

Harendra Singh: Yes.

Yash Dedhia: And that came from project value of INR23 crores. And what is our share from INR23 crores because 65% is our share, then it would be around INR1,500 crores?

Harendra Singh: That INR2,340 crores inclusive of GST. This INR1,300 crores is 55%, excluding GST.

Yash Dedhia: 55%. Okay. It's not 65%, 55%. That's what I say.

Harendra Singh: It's 65%. 6-5., excluding GST.

Yash Dedhia: Okay. And sir, our margin guidance is 16% for the coming year for this FY '25? This is EBITDA margin guidance?

Harendra Singh: EBITDA, yes, 15% to 16% range.

Yash Dedhia: So our current EBITDA for, say, FY '24 was around 19%.

Harendra Singh: EBITDA remains at 16%, 16.2% for the year. For the consolidated, you are talking about the consol level? We are talking about standalone.

Yash Dedhia: Yes. And the consolidated margin will be around?

Harendra Singh: It's not say -- it's roughly around 2% plus over the margin which we usually make in EPC.

Yash Dedhia: So it would be around 18%?

Harendra Singh: Yes.

Yash Dedhia: Okay. And I just wanted to know about the recent project ends, which we had. So the amount of contract for which we bought -- which we bid for -- and the estimated cost from the authorities were not matching. I mean the estimated cost was higher than our bid costs.

Harendra Singh: They all are inclusive of -- in railway projects, they are inclusive of GST. So we have taken out GST out of that because the order value is coming excluding GST. There is one part where the correction has been done. And the one project of highway is which was on HAM. So this is around 85% or 86%, which is the EPC value to H.G. Infra has been considered while calculating this total order receipt.

Moderator: Thank you. The next question is from the line of Prateek Bhandari from AART Ventures. Please go ahead.

Prateek Bhandari: Hello?

Moderator: Yes sir, you are audible.

Prateek Bhandari: Yes, thanks for the opportunity. I wanted to understand about the order inflow of this particular quarter, that is Q4. What was the quantum of it?

Harendra Singh: So mostly, the orders which we receive is on Q4 only.

Pratik Bhandari: Okay. So what was quantum of it?

Harendra Singh: It's around INR2,240 crores, which we received in Q4 three railway, two highway and solar projects. And just the INR100 crores which we added in Q3, there was NTPC transportation, where we are already engaged in doing some projects of NHAI with the transportation being done by us from NTPC power project.

Pratik Bhandari: And during the year, we received the order inflow amounting to INR4,350 crores, right?

Rajeev Mishra: Yes.

Pratik Bhandari: Okay. And also wanted to get a sense of your capex plans for the coming FY'25?

Rajeev Mishra: That is not a big number. It's around INR100 crores. And we are also looking at sort of phasing out of some of the equipment, around INR25-odd crores would be sold out.

Pratik Bhandari: Okay. And what would be the execution timeline for...

Moderator: Sorry to interrupt you, sir. May I request you to please rejoin the queue for your follow-up question. The next question is from the line of Dhvij Patel from Finterest Capital.

Dhvij Patel: Am I audible?

Moderator: Yes, sir, you are.

Dhvij Patel: Yes. So just wanted to understand, we have a very diversified order book as of now. And so we have completed most of them we are near to completion for some of them as well. I want to understand the process of payment. So at what stage do we see these projects contributing to our top line or bottom and so on.

Harendra Singh: Sorry? I couldn't get your question.

Dhvij Patel: So I wanted to understand the process of payment for these order books as and when these orders are completed, how do we see the money flowing?

Harendra Singh: In all the projects, we are getting monthly payments, which is a milestone achievement.

Dhvij Patel: All right. And another question which I had was, so we've seen some slight drop in EBITDA margins. So should that be a point of concern? Or are we expecting the margins to stabilize from here on?

Harendra Singh: I think there is no dip in the margin as of now. It's almost all 15.7% to 16% range during the last 4 quarters or even more than that.

Moderator: Thank you. The next question is from the line of Kaval from Sumer Wealth. Please go ahead. Mr. Kaval, can you please unmute your line from your end? Due to no response from the current participant, we will move on to the next participant. The next question is from the line of Uttam Kumar Srimal from Axis Securities Limited.

Uttam Kumar Srimal: Yes. Good afternoon, sir. Thanks for the opportunity. I just wanted to know the entire equity requirement for HAM as well as for a solar project. This will be made our internal accrual or what?

Harendra Singh: Sir, entire equity requirement over a period of three years is all manageable for the internal approval. And definitely, just to add to it, around INR200-odd crores, which we will be receiving during the year quarters tentatively is also going to help us infusing the further equity requirement where the monetization also already been concluded.

Uttam Kumar Srimal: Okay. And sir, date table even in the same level or there will be some increase debt during the year to execute these projects and all?

Harendra Singh: Sorry?

Uttam Kumar Srimal: Debt level.

Harendra Singh: No, debt level definitely is a mix of all equity and debt. But the debt level which is now.

Uttam Kumar Srimal: No, I'm asking, sir, the current debt, this will increase further or this will remain at the same level?

Harendra Singh: No, debt at standalone remains almost similar level. It's around INR450 crores. It is not likely to increase much in any case, it would be around INR400 crores, INR500 crores range. But at the SPV level in that as a console is reduced level. Whenever we are doing any projects, we have the captive say, that's been done. So these are the captive projects or assets being built which definitely that would be increased.

Uttam Kumar Srimal: okay that's all from my side and all the best

Moderator: The next question is from the line of Tushar Raghatate from Kamayakya Wealth Management Private Limited. Please go ahead.

Tushar Raghatate: Yes. Good afternoon, sir. Thank you for the opportunity. So happy to see the diversification in the company. Just wanted to understand for the next two to three years, how do you see the order book panning out like for the railway, for the water EPC, how do you see that?

Harendra Singh: See, last two years, we were already discussing about that around 25% of the order book should be beyond roads. And as this year around we are having about mix of solar and railway and road where it's a very low contribution of road as of now, but definitely as move ahead in last two, three years, next two, three years, we expect that we would be in the range of about 60% from roads and 40% from -- other than roads that can be water, it can be railway or even solar.

Tushar Raghatate: Sir, in the water treatment, are you targeting the municipal or the industrial water treatment?

Harendra Singh: It's not an industrial water treatment. It's a very basic water treatment or sewage treatment plant where the government is offering such plants. They are being offered nowadays, there are many state governments, which are now coming with on a HAM mode even with the central government assistance. JJM already the projects which are only EPC mode. It's not on a HAM mode, there the water distribution schemes are being -- there are yet many schemes which are in the state of a Rajasthan, MPL and other states even the micro lift irrigation, not many projects, which likely would be awarded.

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

Shravan Shah: Hi, sir, I need a couple of data points, retention money, unbilled revenue and mobilization advance as of March.

Harendra Singh: So as on March, mobilization advance, which has been decreased by INR74 crores if you compare to the last year number. You can take an absolute number if you want.

Shravan Shah: What's the absolute number all these returns on unbilled mobilization advance?

Harendra Singh: You just noted out the mobilization advance is INR285 crores. The debtor -- total debt, including retention is INR917 crores.[inaudible 62:54]

Shravan Shah: INR917 crores. [inaudible 63:01]So what's the retention money. So it was INR115 crores as on December.

Harendra Singh: That has been -- there has been a significant drop in that particular because we already have submitted the bank guarantee in the -- to early projects wherever the retention has was recovered so that has been released. So retention of not the SD and MD is very low. Earlier it was very high now at INR38 crores out of INR917 crores, INR38 crores is this one.

Shravan Shah: Okay. And unbilled revenue?

Harendra Singh: Sorry.

Shravan Shah: INR38 crores is the retention money and our unbilled revenue is how much?

Harendra Singh: To be very clear, it's not at INR38 crores, it's INR88 crores. Out of INR917 crores, INR88 is retention and the other holds and balance is better resemble.

Shravan Shah: And unbilled revenue, sir?

Harendra Singh: Unbilled is around, say, INR900 crores plus, because in the recent past, unbilled in SPV didn't have a build in these projects So SPV unbilled is about INR300 crores plus [inaudible 64:10] and some variable variation being approved. So this would be, I think, a big decrease in this particular quarter as well as subsequent quarters.

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

Jiten Rushi: Yes, thanks once again for taking my question. Sir, I want to understand when can we get a point and date for packaged 10 and 13? And the Chennai Tirupati and elevated corridors, Kali Mandir sir?

Harendra Singh: The EPC of this Jamshedpur project, which is INR610 crores. tentatively by the end of June, maximum, by end of June, we'll be getting the appointment date. 90% plus land is available there. And this Tirupati again, say more than 90% land is available. But as we would be enjoying taking the benefit of the financial clodder timeline, that we definitely tentatively would be around September and we're likely to take the content for that project.

And by September and lease, we are expecting to package the start package 13 the available land, but as of now is around 62% in package to the last one by November or December, we would be taking to apatite of that package.

Jiten Rushi: So in 13, you're about 62% land. And in 10, how much percent of land is available?

Harendra Singh: It's around 30 something because it's a forest clearances which is yet awaited.

Jiten Rushi: Forest clearance is waiting. Okay. And sir, one more question on the stake sale, so you said that we have received INR360 crores -- INR315 crores and INR60 crores is pending from the NHAI for approval. And sir, there was INR117 crores also, which was an unsecured loan, which we had given to the SPV in the interim for this transaction. We will receive this back also, right, sir INR16.7 crores?

Harendra Singh: Already 3 of the packages. It's all clean wherever secured loan goes meantime being, say, added, but we have revision during the annuity payment in all 3 packages. And I think Rewari Bypass hardly any big amount it's around INR135-odd crores, which would be Rewari Bypass and GST payment also, there are INR50 crores plus INR10 crores, where certain GST percentage certain approval is yet awaited NHAI. So put together it would be under INR200 crores.

Jiten Rushi: So basically, Rewari Bypass was INR140 crores, but it is now INR135 crores, and there is a GST of INR10 crores and NHAI payment of INR60 crores which is pending. So almost like broadly INR200 crores, INR205 crores, just trying to understand.

Harendra Singh: [inaudible 66:50] it remains the same.

Jiten Rushi: Okay. So and that is -- and sir, you also said that in the water segment, we are looking for some acquisitions. So if at all, you go for an acquisition in [route, H.G. Infrahat 67:04] what kind of capital investments that you're targeting in such company?

Harendra Singh: The prequalification is available. If the discussion is on whether it's very premise. We are not looking at the big investment to acquire any company.

Jiten Rushi: Okay. And sir, last question, in solar project, you are investing 35% as equity and 65% is debt, because your share is INR1,500 crores includes GST in terms of the SPV level and you're investing almost INR540 crores. So basically, you're getting this grant, which is supporting your higher equity portion, right sir?

Harendra Singh: Projects do have both the portion. One is a grant which you are getting, which is a significant number of 5% to 6% of the total, say, EPC cost on 4 megawatt, INR4 crores per megawatt. And that is one part of it. And second is the tariffs, which we are getting. The normal trend of tariff is around 2.5 across we have seen in solar. Now have the tariff is about 3.7, average tariff is 3.27.

Jiten Rushi: 3.27. Okay, sir. That's it from my side. Thank you and all the best, sir.

Moderator: Thank you. The next question is from the line of Raj Katir who is an individual investor. Please go ahead.

Raj Katir: Hello, sir**.** In the last five years, we have grown at a phenomenal rate of 35%. So what is the vision for the next five years in terms of revenue, profit and any new line of areas of business that we plan to get into?

Harendra Singh: So what we already has discussed, we are around working in 3 sectors, a road in any case, that would be the prime focus. But going further, we would be maintaining to just sustain and scale upon the platform, which we have created. This is how the company is looking at next five years to grow at around 15-odd percent year-on-year and meeting the margins not believe much very much less, and that is the margin guidance.

Moderator: Ladies and gentlemen, we will take that as the last question. I would now like to hand the conference over to the management for closing comments.

Harendra Singh: So thanks all. We appreciate everyone joining us today on the call and hope that we have addressed all your questions. If you have any further queries, please do not hesitate to reach out to us or our IR advisers Go India Advisors. Thank you, again for your participation. Good day.

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