"H.G. Infra Engineering Limited
Q1 FY '26 Earnings Conference Call"
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MODERATOR: **MS. SALONI AJMERA – GO INDIA ADVISORS**

Moderator: Ladies and gentlemen, good day, and welcome to the H.G. Infra Engineering Limited Q1 FY '26 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 than zero on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Saloni from Go India Advisors. Thank you, and over to you.

Saloni Ajmera: Good afternoon, everybody, and welcome to H.G. Infra Engineering Limited earnings call to discuss the first quarter of FY26 operational and financial performance hosted by Go India Advisors. We have on call, Mr. Harendra Singh, Chairman and Managing Director; and Mr. Rajeev Mishra, the 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 risk that the company faces. 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, Saloni. Good evening, everyone, and welcome to the H.G. Infra Engineering Limited earnings call for our Q1 FY26 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 initiative undertaken during the year and share our vision for sustainable long-term expansion in FY26 and beyond.

H.G. Infra Engineering Limited has over 22 years of proven expertise in the construction of roads and highways and has earned a strong reputation for quality and timely execution in road sector. Building on this foundation, we have now diversified into a critical infrastructure domain, such as railways, metro, renewable energy and transmission projects.

We commenced FY26 with a steady momentum, further reinforcing our position as one of the fastest-growing infrastructure company in India. As a part of a strategic approach, our goal is to derive around 30% to 40% of order book from known road sectors over the next two, three years. In line with this, during this quarter, we successfully secured our first transmission project worth approximately INR350 crores in Orissa and received one third of BESS projects from GUVNL for 300 megawatts.

With this addition, cumulative contracted capacity for BESS projects has reached 735 megawatts, that is equivalent to 1,470 megawatt hours, reflecting our commitment to supporting the government's vision for a green and sustainable future while meeting the nation's growing per capita energy demand. These achievements position us for the third largest BESS player in the country.

Moving on to some updates on the infrastructure sector. Talking regarding the road sector, the government has set a construction target of 10,000 kilometers of highways for FY26. NHAI plans to award 124 projects spanning 6,376 kilometers at an estimated cost of INR3.45 lakh crores and HAM remaining dominant through 84 projects covering 4,714 kilometers. And with this outlook, we foresee significant opportunities to secure new projects in the coming months for the year -- of the year.

The company plans to pursue bids worth INR1 lakh crores in HAM and EPC segment, targeting project amount of at least INR6,000 crores in FY26, underscoring its strategic emphasis of winning large-scale high-value contracts in road sector.

Rails and metro with government vision is anchoring a large-scale modernization and capacity expansion. And by 2030, Indian Railways expand to complete 100% of the electrification and broad gauge network, cutting the carbon emissions and improving efficiencies. Thousands of kilometers of new rail lines are being constructed, while track doubling and gauge conversion projects are rapidly enhancing the capacity and connectivity.

Under this nationwide station redevelopment programs, more than 1,200 stations will be transformed with the world-class facilities to improve the passenger experience. With this, this year, the company plans to participate in bids worth approximately INR50,000 crores in this sector. The company is actively pursuing railway and metro opportunities, aiming to secure projects worth approximately INR1,500 crores in the current financial year.

In solar and BESS, the total installed capacity, if you see in the country has reached up to 220 gigawatts as on 31st of March '25. In addition to these installed capacities, India has 169.4 gigawatt of renewable energy projects under implementation. As India leads to the clean energy transition, the battery energy storage system, the market is projected to grow from $7.8 billion in '24 to $32 billion by 2030.

With 66 gigawatts of storage capacity planned by 2032, on the solar front, India has crossed 100 gigawatts of installed capacity with over 30 gigawatts added in '24 alone. So this strong policy-backed tailwinds present massive opportunity for infrastructure player like us to unlock value across both EPC and asset platforms. The company is targeting a 5% share of India's total available battery market. For FY26, the estimated order inflow for BESS is approximately INR2,000 crores, which includes one secured project, which we already has bagged around INR800 crores.

In transmission and distribution, the government envisions a robust modern and green power grid to meet rising energy needs with major investment in high-capacity lines and advanced service station and HVDC system over the next decade. With one nation, one grid, one frequency policy that has unified all regional grids, enabling 1,12,250 megawatts of interregional transfer for stable, reliable, nationwide power, at H.G., we aim to secure transmission and distribution projects worth INR1,000 crores at least for the year and one we have already has bagged is INR350 crores.

Driven by strength, agility and steady growth, we are poised to capture emerging opportunities in renewables, power transmission and road sector as well as metro and urban infra. With proven execution, technical expertise and industry expertise, we are ready to deliver large-scale infrastructure projects that power India's long-term development vision.

Let me begin with a glimpse of our operational highlights. As in quarter 1QFY26, the company's orders stood at INR14,656 crores, comprising INR9,623 crores from roads and highways, INR2,912 crores from railways and metro, INR1,620 crores from BESS, INR500 crores from solar. Within the road sector, 30% of the roads are under the HAM model and 36% are the EPC projects. Railways account for 20% of the total order, while solar and BESS contributes 11% and 3%.

This is an update on the EPC project, while Ganga Expressway which has reached at about 97.4% completion has been on track for completion of 100% by quarter 2QFY26. The Delhi UER project has been completed successfully and handed over to the authorities and is anticipating to receive the completion certificate shortly. The Jamshedpur elevated project is running smoothly with a progress of 15.2%. The Neelmangala-Tumkur project is gaining execution momentum and has reached 42.5% completion.

Regarding the HAM projects, the Karnal Ring Road project has reached 77.1% completion, marking a steady progress and likely to be completed in Q4FY26. As shared in our previous quarter, the provision completion certificates for the projects of Raipur-Visakhapatnam corridor, that is OD-5 and 6 already received, and the both projects remain close to completion now.

The project AP-1 of Raipur-Visakhapatnam project is also progressing towards completion with PCC recommended. And all these three projects continue to be on track for 100% completion, that is COD in Q3FY26. The solid progress continued on Khammam Devarapalle project of KD-1 and 2. The PCC already received, these projects are at 88.4% and 85.5%, respectively, and both the packages are expected to be completed 100% by Q2 and Q3, respectively.

The Chennai-Tirupati HAM project has reached at 21.4%. The appointed date for Varanasi-Ranchi packages, that is Package 10 and 13 of these corridors are expected in Q3FY26, where significant development for forest clearance has been done. For Kosi Parikrama Package 6 Ayodhya, the construction agreement is signed on 21st of March -- June of '25, and execution stands at 2.2% and the appointed date is expected very soon.

In Narol Sarkhej project, the financial closure has been achieved, and the appointed date is expected within the month only. As for the railway projects, the DMRC project is around 82% progressing as per the scheduled time line and within the next three months it is going to be completed 100%. The Bilaspur RVNL project, is 69% complete. Kanpur railway station project is at 26.42% completion, and now the project execution is going on full swing after the initial design and land hiccups.

Dhule-Nardana railway project is 13.1% completed. The Gaya-Son Nagar project, Karanjgaon project, they are at about 12.7% and 9.3% completion, respectively. Appointed date for the New Delhi railway station has been declared as 6th August '25. The execution will start by end of Q2FY26.

On the update on the solar project, which we procured during last financial year, we are now at around 70 plants completed. H.G. Infra, out of 183 plants, cumulatively, this is 700-megawatt

DCS capacity. And among this, the company is directly responsible for 167 plants with an estimated EPC value of INR2,243 crores.

In terms of financial structuring, the debt funding for this project is progressing well with approximately 83% of the required funding already sanctioned till June '25. The remaining approvals and subsequent disbursements are anticipated to be finalized in quarter 2 and quarter 3.

Regarding the equity financing, the total equity investment required for the solar project stands at INR721 crores. As of Jun 30, 2025, the company has infused approximately INR610 crore into these projects, with the remaining balance set to be deployed in FY 2025-26.

As far as BESS project is concerned, as we have shared in the previous quarter, the company executed a binding agreement with GUVNL and NVVN for 435 megawatts, that is 870-megawatt hour of project. The scheduled commissioning that is in November '26 and December '26, respectively.

In May '25, we have secured an additional 300 megawatt, that is 600-megawatt hour of project from GUVNL. And with this, the cumulative contracted capacity stands at 735 megawatts of the 1,470-megawatt hour. Upon completion and commissioning of all these BESS projects, company expects annual revenue of INR225 crores from BESS.

The equity requirement for all these three projects is around INR500 crores, of which around INR1 crore has already been infused and balance INR119 crore is anticipated to be done within this financial year and the BESS in financial year '27 and '28, respectively. Procurement progress for BESS project has been initiated and the key components are in advanced stage of negotiation.

We have shortlisted Tier 1 Chinese supplier after our team visit to China for import BESS system and power conversion systems. And we are likely to finalize the orders for power transmission, switchgear, etcetera, by 30th September '25.

This is a recent update on the monetization of five new HAM asset, that is a Tranche 2 of HAM. Over the past few months, our leadership team engaged in intensive discussion with several prospective investors to monetize our second lot of 5 HAM projects. So those projects are Raipur-Visakhapatnam corridors, OD-5, OD-6, AP-1 and Khammam-Devarapalle Package 1 and 2.

So our goal was to secure a partner who could provide both financial strength and the sector expertise to maximize value of our stakeholders. It is our pleasure to inform you that during this week, we executed a binding offer document with Neo Infra Income Opportunities Fund. Under this agreement, our holdings company, H.G. will sell 100% of its equity stake in the five wholly owned subsidiaries managing this HAM assets.

This milestone marks the culmination of a well-orchestrated negotiation process and demonstrate market confidence in the quality and profitability in these infrastructure projects. The enterprise value of the entire transaction is at INR3,584 crores and the total equity invested in these and the total debt obligation of all five assets are at INR767 crores and INR2,200 crores, respectively.

Soon, we will be initiating the process of fulfilling the compliances of the condition precedent as per the binding offer, which includes client approval, lenders' consent and other representation and warranties. We expect to conclude these formalities and expect to conclude the transaction within this financial year.

This transaction will deliver significant strategic benefits to the group by strengthening the balance sheet and reducing leverage, thereby enhancing our financial flexibility. The realized fund can be re-deployed into our new HAM bids, road expansion or other high-return infrastructure opportunities. We believe this deal achieved a robust valuation, positions the company for accelerated growth and value creation in the upcoming years.

Regarding the equity requirement on the HAM projects -- on the balance of the HAM projects, the total liquidity requirement for 11 HAM projects, those are balance, is INR1,664 crores, and as of June25, INR997 crores has been infused. Out of the remaining, INR298 crores is scheduled to be done in 9 months of FY26, followed by INR183 crores in FY27 and INR186 crores in FY28.

Let me now give an overview of the other significant updates of Q1FY26. The company has secured its first transmission project from PFC Consulting Limited in Boot model with a project cost of approximately INR350 crores for establishing the interstate transmission system in the Eastern Region Generation Scheme-1 in Odisha. The project duration is 35 years from the date of commissioning.

Additionally, the company has received a project from military engineering services valued at INR117.8 crores for creation of integrated material handling facilities at Naval dockyard in Mumbai. Moving on to the financial highlights of Q1FY26. The revenue for Q1FY26 reached INR1,709 crores with an EBITDA of INR236 crores and an EBITDA margin -- at an EBITDA margin of 13.79%.

PAT for Q1FY26 stood at INR125 crores with a PAT margin of 7.34% compared to INR140 crores and a margin of -- at a margin 9.27% in Q1FY25. On a standalone basis, our gross debt stands at INR1,049 crores. This comprises of INR664 crores working capital debt and other term loans and maturities.

Now the consolidated financials are revenue of Q1FY26 reached INR1,482 crores with an EBITDA of INR258 crores and an EBITDA margin of 17.52%. PAT for the Q1FY26 stood at INR99 crores with a PAT margin of 6.7% as compared to INR163 crores at a margin of 10.64% in Q1FY25.

As informed in the last two quarters as well, the dip in consolidated revenue and PAT is due to elimination of intergroup transaction with solar SPVs for solar projects, which are recorded as capital working progress in consolidated accounts. While the standalone results reflect EPC revenue and taxation -- taxes, the tax cost remains in consolidation results until the SPVs start generating operational revenue, after which the margins will improve.

Let's scroll what's next, turning into our future strategy plans. We are confident aiming for order inflow of around INR11,000 crores in FY26 with clear data-backed strategy to secure 75% from roads and railways where our execution capacity outpaces competitors and 25% for rapidly expansion -- expanding verticals.

Our historical dominance in roads and highways continues to drive core growth, but we are not resting on our laurels. Recognizing increased competition and margin compression, we are taking proactive steps to reshape our portfolio for a long-term value creation. We are aggressively entering into high-growth decent margin sector like BESS and transmission and distribution, capitalizing on our deep engineering roots and a proven execution track record.

This is not just diversification and it's a targeted expansion into future profit pools. Our relentless focus on strategic bidding, cost control and technology-driven project management is designed to project -- to protect and expand margins, minimize the debt, maximize shareholders return.

In essence, we are positioned for accelerated growth and superior returns. And our diversified pipeline, financial discipline and the bold sector bets are key levers as we redefine ourselves as the future-ready, multi-sector infrastructure leaders, delivering outside value to our investors year-after-year.

I would now like to hand over the call to the Go India team for further deliberation and future -- for the further question and answers.

Moderator: Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Shravan from Dolat Capital. Please go ahead.

Shravan: Sir, first on this latest five HAM deal. So sir, if I work out INR3,584 crores is the EV and versus the equity and debt amount what you mentioned, INR767 crores and INR2,200 crores, the total is INR2,967 crores. That means the equity value that we are getting is INR617 crores versus INR767 crores invested. That means a 0.8x price to book. Correct me if I'm wrong?

Harendra Singh: Yes, almost we are at current stage, INR3,584 crores and the debt is INR2,200 crores into this -- the total INR767 crores of equity is invested.

Shravan: But sir, then -- not able to understand why we are selling at 0.8x price to book?

Harendra Singh: It's not -- I think 1.8x, not 0.8x. You see the number, it's INR3,584 crores of enterprise value, out of which INR2,200 crores is the debt. So the net amount which we will be getting is INR1,384 crores against the equity investment of INR767 crores.

Shravan: Okay. My mistake. Got it. Second and then this cash, we will be getting by?

Harendra Singh: Sorry?

Shravan: This cash amount -- when we will be receiving this cash?

Harendra Singh: So we are expecting that two of the projects where the COD and finally NOC from lenders and clients could be managed within the next three months by December and for the next three probably by March.

Shravan: So if you can break in terms of the value, how much we will be receiving in FY26

Harendra Singh: No. Everything total amount we are expecting we would be getting within FY26 only. So by December25 of, say -- let's say, for this particular 3QFY26, tentatively two of the projects could be done as a transfer and the rest two, three will be done by March '26. So everything would be done within the year only.

Shravan: Okay. And then whatever the gap would be, that we will be reporting as an exceptional gain in the standalone books on the equity transfer?

Harendra Singh: Yes.

Shravan: Yes. So now on the operational front, sir, so this...

Moderator: I am sorry to interrupt you, Mr. Shravan, I will request you to get back to the queue for follow-up questions, please.

Shravan: Okay.

Moderator: Thank you. The next question is from the line of Vaibhav Shah from JM Financial. Please go ahead.

Vaibhav Shah: Sir, when do we expect to receive the appointed date for the HAM projects, especially the VRK ones?

Harendra Singh: So there are five projects where the appointed date is expected. The one is which we have received very recently is New Delhi railway station that is on 6th of August. Next week, we are going to have the appointed date for Ahmedabad HAM project. And subsequent to that, in September only we would be able to receive the appointed date for both Jharkhand projects, that is 10 and 13 of Varanasi-Kolkata corridor. And the last one, which is Ayodhya and that project, we are expecting that somewhere in November, we would be getting the appointed date.

Vaibhav Shah: Sir, and any -- what are the expectations for LOA on Nagpur-Chandrapur, both the packages?

Harendra Singh: So those projects where the land acquisition is at about, say, 42% as of now. So the minimum requirement is 70% for issuance of LOA. So probably, it will take another three to four months. So by December, we are expecting the LOA could be released.

Vaibhav Shah: Sir, so from these five HAMS, four HAMS, say, it is pending, what kind of revenue are you factoring in and also for the MSRDC project for FY26?

Harendra Singh: So we are not considering anything from MSRDC project because since the LOA would be -- we will be getting -- then the appointed date is likely to be declared. So it is not expecting -- we are not expecting much from those projects. But apart from these -- those projects, there's four

HAMs, which we are targeting about INR1,200 crores of total order execution in these four HAMs within this year.

Vaibhav Shah: Okay. And sir, what is our receivables currently and of that, what is the HAM and solar?

Harendra Singh: So majority portion of receivable is HAM and solar only. So the solar SPVs, the receivable is around INR438 crores and HAM project is INR395 crores.

Vaibhav Shah: In the total number?

Harendra Singh: In the total number is INR1,350 crores.

Vaibhav Shah: So you were expecting the solar receivables to come down sharply. So when do you expect the overall?

Harendra Singh: Something has happened, we have executed around INR300 crores during the month or during the quarter. So out of INR300 crores, we could receive, say, the number which was the same and remained same. So whatever was the closing number for March '25 remains the same. So if the only INR300-odd crores of disbursement could happen within this year.

But now the things are very rapidly -- because 83% of the sanction has been done and we are getting the release of funds from banks through SPV. H.G. Infra is also getting this. So by September and by December, say, things would be 100%, we would be recovering the entire receivables from SPVs to banks.

Vaibhav Shah: Okay. And sir, lastly, I missed the initial part -- initial commentary. What is our guidance on revenue and EBITDA margin for the entire year? And why were the margins impacted in 1Q? So we saw that we have put INR10 crores, INR11 crores of one-offs, which is impairment losses and it was INR5 crores in Q4 as well. So what are these entries?

Harendra Singh: So I think the reason behind for -- 2.5% of the EBITDA correction has been there. So there is one of the items, which we were expecting that change in law in Ganga Expressway, so the change in law of royalty revision is there. So in this project of Adani, we are eligible to get anything variation like change in law and variation is U.S. from the client, whatever is being approved by the client.

So as of the recent trend, we are revealing the fact that they are likely that change in law approval is not likely to be there within this particular year. So it will take -- it is going to take time. So we have corrected our number around INR40 crores. So because of that number, there is a deep correction in the EBITDA margin. Otherwise, in none of the other projects the margin correction has been done.

Vaibhav Shah: Sir, the entire impact has been taken off right now or some correction in Q2, Q3 as well?

Moderator: Sorry to interrupt you, Vaibhav, I will request you to join back the queue.

Harendra Singh: So the entire, say, almost INR43 crores, the INR11 crores is the exceptional item, if you see. So this is there. There is, say, provision has been done and around INR43 crores since -- out of Ganga Expressway that we have corrected in our margin.

Vaibhav Shah: Thank you. I will fall back in the queue.

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

Sarvesh Gupta: Good afternoon, sir and congratulations on the transaction.

Moderator: Mr. Sarvesh, sorry to interrupt you, your voice is very low.

Sarvesh Gupta: Is it better now?

Moderator: Yes, sir. Thank you.

Sarvesh Gupta: Yes. So sir, congratulations on the transaction. So just continuing on the previous question. So earlier, we were consistently being able to deliver around 16% EBITDA margin. I think last quarter, we were in around 15% and now this quarter we have delivered like less than 14%. So you said -- so INR14 crores you are saying is an exceptional item for this quarter?

Harendra Singh: See, I'm correcting it there. See, last year -- last quarter, it was INR5 crores of provision was except for -- has been done by the auditors for the long due receivables. As a whole, it is now INR74 crores of total provision has been done till date against the debtors -- this current asset receivables.

There is one thing which has happened is the other item, which is INR43 crores, this is the change in law item, which we are not expecting to get realized very soon within this year as far as Adani project where it's back-to-back arrangement with UPEIDA. So where we are not looking immediately -- so we have corrected that number, the margin by INR43 crores.

Sarvesh Gupta: Okay. But is that -- have we assessed all the projects?

Harendra Singh: It's the major reason for the shortfall. Otherwise, all other projects are going as per the expected margins.

Sarvesh Gupta: And have we done everything that we were required to do across all projects? Or are there any future provisions also that we need to take from Q2? Should we expect normalized margin of 15%, 16%?

Harendra Singh: It is likely to be normalized margin only. So we are not -- see, we never have factored such things where the current asset or unbilled revenue is having some contract or different claims. We usually have the certainty of those numbers, then only we'll keep it. Otherwise, what we did the last quarter. So the provision is being done on the basis of their contract -- auditors' obligations.

Sarvesh Gupta: Okay. Okay. And sir, on the road order, so what is the expectation now? Because even in this quarter, last 2, 3 quarters and last 6 quarters, the industry has not received, but we have been hopeful because NHAI had a pipeline. So what is the expectation now? And are there some tangible work that has been done from their side? And in terms of our pipeline, what -- where are we? What is the percentage that we are looking to sort of win in the near future, et cetera, et cetera?

Harendra Singh: In recent past, we have seen a significant improvement as far as sentiment is concerned. So as per the press release, they have already declared the pipeline of the projects which are going to be awarded within this year only. So there is a long pipeline, more than INR5 lakh crores of projects which are there, including BOT, HAM and EPC.

And apart from that, there is the correction in the long-awaited correction in the prequalification criteria has been released, so both in EPC and HAM. So that gives us the relief in the sense that the project pipeline is there, but there are only two riders which are there. One is the quality of the DPR, where the DPR checks being taken some time, so much of time and the land acquisition, which always has been the real critical area, grey area rather, where the progress and any of the claims do occur.

So in that sense, they are just guaranteeing that the 80% of the land as per the contract should be there prior to issuance of LOA. So these are the two factors which are taking a bit of a time. But we are very much hopeful, and I think the ministry is very much optimistic of awarding this -- at least INR3.5 lakh crores of orders within this year only. So we are expecting the traction to be there by November, December onwards, not many projects are likely to be awarded.

Sarvesh Gupta: And what will be our full year revenue guidance for this year, sir?

Harendra Singh: It remains same. It is around INR7,000 crores of -- because we did around 13.5% year-on-year for the quarter 1 and almost will remain in this range only.

Sarvesh Gupta: Okay, sir. Okay. Thank you and all the best.

Moderator: Thank you. The next question is from the line of Veenit from Investec.

Veenit: Hi. Good afternoon, sir. Sir, just wanted to recheck on this revenue growth guidance number. Now given a lot of our projects are currently either in L1 stage, which are Maharashtra orders, three, four HAM projects where we are yet to get appointed dates.

And if you exclude a lot of these projects, our executable order book currently stands at less than INR10,000 crores. Considering this, how confident are you of us achieving INR7,000 crores? And what should actually drive such a strong execution or conversion into revenues?

Harendra Singh: So if you can see here, the projects which we are at very advanced stage of completion like Ganga, like Orissa, all OD-5, 6, AP-1, KD-1, 2 and even Karnal, they are the projects, these whatever is the balance would be completed. So this is the one thing which is and again, the solar and some significant part of that execution is likely to contribute within this year only.

So if you see the other railway projects where the progress was not that good in the initial phase of the project because of the design and the land issues. So now that has picked up. And in quarter 2, 3, 4 of this particular year, we are seeing around INR1,000 crores of execution in railway only.

So in these new projects where the appointed date is going to be they are declared and including the New Delhi railway station, this is around INR1,500 crores of execution is likely to be there in quarter 2, 3 and 4. So this gives -- put together that we would be around INR7,000 crores even if we are not considering anything to be coming from Nagpur-Chandrapur projects.

Veenit: Understood. Understood, sir. And sir, on -- even on the margin guidance, given we have done slightly lower margins this quarter, how confident are you of delivering 15.5%, 16% EBITDA margin for the full year? And I'm just asking because now the ask rate to get there is slightly on the higher side where we'll have to deliver 16%, 16.5% EBITDA margins consistently for the next 3 quarters to be getting anywhere around EBITDA margins, which we did last year.

Harendra Singh: So basically, it's only checking upon the margins if anything is not guaranteeing our -- this thing. So it's a matter of only a time when quarter 4 or quarter 1 of this year, we have seen that the margin dip there. Otherwise, all the projects, we do have a decent margin. And we are doing such projects and with the margins probably in the range of 15% to 16%. We are quite hopeful that by the year-end, we would be maintaining the same state.

Veenit: Okay. So for next three quarters, we should be back to 15%, 16% margin levels?

Harendra Singh: Yes.

Veenit: Okay. Okay. Thank you so much, sir. Thank you.

Moderator: Thank you. The next question is from the line of Vishal from Antique Stock Broking. Please go ahead.

Vishal: Yeah, sir. Thanks. Yeah, sir, thanks for the opportunity. Sir, you mentioned in your initial commentary that 83% of the debt for the solar is sanctioned. So have we taken any disbursement from that side?

Harendra Singh: No, no. See, the sanction to disbursement, there is a gap. We have only taken the disbursement at about 60%, though we have progressed -- at around 58% roughly, though we have progressed around 80% -- 78%. So, there is a deficit. There is a gap of about 30% in what we have progressed to what we have -- the loan has been disbursement -- the loan disbursement has been done. So this is…

Vishal: So yeah, sorry sir. sorry.

Harendra Singh: So the sanction is 83%. The rest 17% of the sanction is still awaited, where the progress is going on. And wherever sanction has been done, it's only partial disbursement or only a few of those plants where the disbursement is not yet done. So in July and August, September and till November, wherever and whenever we are going to complete the entire thing by December. So we are hopeful that every -- so this is a 45% of the balance disbursement would be done, 43%, 44%.

Vishal: Okay. Okay. So if one has to understand what is the total debt that has been -- we have taken for the solar as of now?

Harendra Singh: So it's around INR1,100 crores in the total. I'm not remembering right now, it's INR1,100 crores.

Vishal: Okay. Okay. And this was related to the working capital, like just thought to check. Okay. Second, is, sir, on that battery energy storage, you did mention like INR500 crores is the equity that we'll be again putting. And if one do a financial closure at maybe like 80-20, then the project cost come to almost like INR2,500-odd crores. That is one. And second, I mean, like when we are putting megawatt...

Harendra Singh: No, I will correct it. This cost is not more than -- This project cost is around INR1,800 crores, all 3 BESS projects. This project is around INR1,800 crores plus GST. And the total debt -- the equity which is committed is INR500 crores, which is 25% of the total project cost. And balance is debt. And out of the total debt, once we commission this project, we would be able to get around INR300 crores of grant from government in all these three projects.

Vishal: Okay. So INR1,800 crores plus GST, around INR300 crores grant, that's the total project cost?

Harendra Singh: INR1,800 crores plus GST, minus INR500 crores is equity, declaring INR1,500 crores of debt and less than INR300 crores would be plus INR1,200 crores of debt would remain once the grant is settled.

Vishal: Okay. Got it. Got it. My mistake. INR1,800 crores. Okay. So I think then the project cost...

Moderator: Sorry to interrupt you, Mr. Vishal, I will request you to join back the queue for follow-up questions, please. Thank you. The next question is from the line of Jainam Jain from ICICI Securities. Please go ahead.

Jainam Jain: Thank you for the opportunity. Sir, I wanted a couple of data points for working capital. Sir, can you provide the number for inventory, trade receivable, contract assets, trade payable and contract liabilities?

Harendra Singh: So inventory is about almost the same number. It's INR519 crores, inventory and working capital -- you are asking about debtors. Debtors is around INR1,360 crores. And current asset is INR1,310 crores.

Jainam Jain: INR1,400 crores? Sorry, I didn't get your contract asset number. Okay. So trade payables and contract liabilities...

Harendra Singh: Sorry?

Jainam Jain: Trade payables and contract liabilities.

Harendra Singh: The contract liabilities and trade payables. So trade payables -- just a minute. Trade payables is around INR1,324 crores. And liabilities is around INR1,200 crores something, I think it's INR1,200. But it's around INR1,200 crores.

Jainam Jain: INR1,200 crores, okay.

Harendra Singh: Because the debtors we already have given. Trade payables is, yes, INR1,324 crores, correct.

Jainam Jain: Okay, sir. That answers my question. Thank you so much.

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

Shravan: Hi, sir. Just to complete this thing. So stand-alone cash and bank balance is how much, sir?

Harendra Singh: It's INR162 crores.

Shravan: Sir, INR162 crores? Sir, INR162 crores?

Harendra Singh: Correct, correct.

Shravan: Yes. And retention money is how much, and unbilled revenue is?

Harendra Singh: Given the INR1,310.

Shravan: Okay. INR1,310.

Harendra Singh: And debtor of INR1,350 crores there is a retention and deposit of about INR170 crores.

Shravan: INR170 crores, okay. And mobilization advance is how much, sir?

Harendra Singh: INR382 crores.

Shravan: INR382 crores. Okay. And sir, this INR500 crores BESS equity, you said this INR1 crore, we have invested, another INR119 crores in this year and next year will be the remaining -- the balance entirely in FY27?

Harendra Singh: Because this is not next year, some portion would be done next year, INR187 crores and probably in '28, the balance would be done because first project is going to be done in FY27.

Shravan: Okay. So this year, INR120 crores, next year, INR187 crores and balance will be in FY28?

Harendra Singh: Yes, '28, correct.

Shravan: Correct. Okay. Okay. And sir, if you can repeat the HAM equity to be invested in this year and next year. FY28, I heard the figure, INR187 crores, but balance in '26 and '27 is how much?

Harendra Singh: The projected balance is INR997 crores, which is being -- which has been done. So you see the projection is, for the year, it is INR427 crores.

Shravan: Okay.

Harendra Singh: That is the total number, including -- okay, okay. sorry. So that is the total number including solar and BESS. And if you want to split it out in such a manner, equity which is balance -- for the year, it is -- including BESS, it is INR427 crores. If it is only road, then INR298 crores.

Shravan: INR298 crores is full year of FY26 or balance 9 months?

Harendra Singh: '26, 9 months and then INR183 crores and then INR185 crores.

Shravan: INR183 crores and INR185 crores, okay. So total -- okay. And for transmission, how much is equity needed and for this year and next year, how much we will be investing?

Harendra Singh: This year, INR10 crores. Next year, INR25 crores and further INR52 crores in FY28. So If you see…

Shravan: Okay.

Harendra Singh: The total number for this year, it is INR427 crores, followed by next year, INR438 crores and next to next year, INR388 crores out of the total commitment, balance INR997 crores.

Shravan: Okay. Okay. Got it. Got it. And then, sir, just to...

Moderator: Sorry to interrupt you, Mr. Shravan…

Shravan: Yes. Yes.

Moderator: I will request you to...

Shravan: Yes. Yes. Yes. I will complete this. I will complete this. Sir, just to clarify on this EBITDA margin provision. So this quarter, you said INR74 crores provision we have done till date. Out of that, how much was it till FY25? And in Q1, how much we have done? And what you are mentioning, INR43 crores is yet to be done or it is part of INR74 crores for Ganga?

Harendra Singh: So the provision of INR74 crores is the total. Only INR5 crores, INR6 crores of provision has been done in this quarter. Earlier provision was INR5 crores. But for this year -- quarter, INR43 crores was not the provision. It is the margin, which we have taken for Ganga Expressway project, because of the one-off items, this is a change in law, which we likely to be expecting. It may take some time.

Shravan: Okay. Okay. Okay. So this will be maybe a part of other expenses or somewhere it will be part of this INR43 crores that we have taken a hit?

Harendra Singh: Basically, it's -- no, no, it's not expenses. Basically, it's the margin dip already has been taken. It's not provision…

Shravan: Okay.

Harendra Singh: Margin dip already has been taken.

Shravan: Okay. Okay. Got it. Got it. Got it.

Harendra Singh: The margin is at very low…

Shravan: Got it. Yes. Thank you, sir.

Moderator: Thank you. The next question is from the line of Mohit from ICICI Securities.

Mohit: Yes. Good afternoon, sir. And thanks for the opportunity. My question on the deal, sir. What will be the tax implications on the realized gains?

Harendra Singh: Sorry?

Mohit: What would be tax implications on the gains which we realized from this deal?

Harendra Singh: Debt reduction would be INR2,200 crores.

Mohit: No, no, no. Sir, I'm trying to figure out tax implication, tax. What will be the tax which we will pay on the realized gains? Yes.

Harendra Singh: We have not worked out yet.

Mohit: Understood. And have you given any ROFR for the pipeline of the asset? And the -- and also, will we be doing the maintenance work post transfer asset to the new owner?

Harendra Singh: No. No. It's outright selling the asset out. That's an outright transaction.

Mohit: Any ROFR for the pipeline of the future asset? No, right?

Harendra Singh: No. I think the future asset, which is likely to be there is Karnal Ring Road, which probably we are looking at further selling it out. So it's nearing completion. So by June or September of next, say, by FY26 and FY27, we are expecting to deal -- close the deal.

Mohit: And sir, are we going to do maintenance work on this asset?

Moderator: Sorry to interrupt you, Mr. Mohit, I will request...

Harendra Singh: No. No. We are not doing any maintenance work in these projects. This is outright selling the project.

Mohit: Understood.

Harendra Singh: And that transaction has to be selling out.

Mohit: Understood. Thank you and all the best sir. Thank you.

Moderator: Thank you. The next question is from the line of Parth from JM Financial. Please go ahead.

Parth: Hi, sir. Thank you for the opportunity. I just wanted to ask if you can quantify your bid design and also if we have put out any bids where results are yet to be announced.

Harendra Singh: Sorry?

Parth: Can you quantify our bid pipeline?

Harendra Singh: Bid pipeline?

Parth: Yes. And also, if we have bid for any projects where results are yet to come out.

Harendra Singh: So it's around -- in all three sectors, we have submitted around INR16,000 crores of projects where the bid results are yet awaited. Apart from this, the pipeline which we are expecting, as we had already had explained about it, because it's a pipeline, huge highway pipeline, but we are expecting that we will be bidding around INR1 lakh crores of highway, around INR50,000 crores of railway and another BESS and solar projects in the upcoming time, which we are expecting that we should get at least INR10,000 crores out of these bid submissions.

Parth: Okay. Sir, can you just quantify the solar bid pipeline once again?

Harendra Singh: The solar bid pipeline is in two. I would say, in a different mode, it is a BESS, as well as solar, because BESS also there around INR20,000 crores of orders, which are yet to be awarded for the year. And transmission also there is tremendous. It is around INR50,000 crores plus of bid pipeline, which is today available.

Parth: Okay. Thank you, sir.

Moderator: Thank you. The next question is from the line of Vishal from Antique Stock Broking. Please go ahead.

Vishal: Yes, sir. Thanks for the follow-up. Sir, on this battery energy storage system, are the equipment awarded?

Harendra Singh: So first round of negotiation has been done. So our team is in China only.

Vishal: Okay.

Harendra Singh: So, very soon they are…

Vishal: Okay.

Harendra Singh: Going to come back and probably with all further negotiation and due diligence, in maximum of a month, we would be able to close it.

Vishal: Okay. Got it. And but sir…

Moderator: Sorry to interrupt you, Mr. Vishal, I will request you to mute yourself whenever the management is speaking because there are…

Vishal: Okay.

Moderator: Background noises…

Vishal: Okay. Fine.

Moderator: Coming from your side.

Vishal: Sorry. Sorry. I'll just ask question. Yes. I will ask question and I will mute. So maybe a follow-up for that. I think if you award a project now, then probably like the costing coming at the range of like maybe INR0.8 crores per megawatt hour. And the project cost that we have mentioned, that comes to almost like 1.2 megawatt per hour, 1.3 megawatt per hour. So I mean, can the project cost actually go down because if you are awarding now and the battery prices have corrected in the last six months, eight months?

Harendra Singh: You are probably very much correct. I think there is a bit of a correction, which we have seen in the last six months, eight months only. And what we have estimated at the cost which are going to be there and the discovery which -- of the price which we are now negotiating at. So there is upside chances that we would be having at least 10% upside in the margin front.

Vishal: Okay. That is helpful, sir. Thank you. I will come back in the queue. Thank you.

Moderator: Thank you. The next question is from the line of Madhvendra Kumar, an individual investor. Please go ahead.

Madhvendra Kumar: Sir, I want to understand one thing. How HAM projects work? I mean we have sold these projects. So are these projects completed revenue booked and now we are selling it. So can you please help me understand how it works?

Harendra Singh: I can't understand your...

Madhvendra Kumar: Sir, the project that we are selling, means how these selling -- means are these projects are completed and revenue has been booked and now we are selling to release capital...

Harendra Singh: Almost. These projects are about 85% to 90% completed. So once we have received the provision completion into these projects, we have started -- let's say, started this monetization proceeds. So by the six months -- within the six months, entire completion would be done, and we are completing -- and by the time we complete, we will be getting the NOC, and we are going to sell it.

Madhvendra Kumar: Okay. So they are sold after completing and booking all the revenues? Okay. Sir and…

Harendra Singh: Without that, I think, we cannot sell without the completion. Yes.

Madhvendra Kumar: Okay. Sir, and the next question is, do you think that execution and growth will improve from this quarter onward, ongoing quarters?

Harendra Singh: Execution dip?

Madhvendra Kumar: Sir, in the recent quarter, this Q1, I think, there was a slight miss on execution front. So from Q2, will...

Harendra Singh: No. No. The execution has been quite good as far as almost 13% plus. But it's the only problem -- it's not an execution risk. It's the only margin dip which we have seen because of the EBITDA margin correction of INR40 crores as I have already explained.

Madhvendra Kumar: Sir, our remaining PAT, do you feel…

Moderator: Sorry to interrupt you, Mr. Madhvendra, I will request you to re-join the queue for follow-up questions, please. Thank you. The next question is from the line of Shravan from Dolat Capital. Please go ahead.

Shravan: Hi. Sir, to console date and console cash is how much, sir?

Harendra Singh: I think I am not having ready number of consoles. I will ask my CFO to get back to you.

Shravan: Okay. Okay. Got it. And second, sir, the INR7,100 crores revenue that we are looking at. So I understood whatever the balance, the projects where we have 70% plus kind of completion is that -- is roughly INR1,500 crores, INR50-odd crores, so that we will be completing. We have already mentioned and four HAM projects, INR1,000-odd crores, INR1,700 crores we have done. So close to -- if I sum it up, around INR4,300-odd crores is there.

So just trying to understand the remaining projects where, obviously, Maharashtra one, we are saying we are not factoring any revenue. So then the main revenue likely to become would be of Chennai-Tirupati, which is -- and Kosi Parikrama maybe and maybe Bilaspur and Janakpur railway. So if you can help us -- not Bilaspur -- the remaining railway projects, except the Bilaspur and Janakpur, how much more revenue we can -- are likely to get in the balance?

Harendra Singh: So we are expecting to -- the entire completion would be done in DMRC Metro, and the Bilaspur project would be 100% completed. Kanpur will pack up very fast now onwards because of the initial brownfield -- being a brownfield project. In New Delhi railway station, this will be -- we are expecting around INR200 crores of execution within the year. So it's around INR1,100 crores of railway execution, which we are expecting in nine months. And apart from there is a solar, INR500 crores, which we already -- total will be done and around INR300 crores…

Shravan: Yes.

Harendra Singh: Will be coming from BESS. So this is put together, if you consider the new HAM or four HAM where the appointed date is being declared around INR1,200 crores to INR1,300 crores. So this is coming at about, say, even more than INR5,400 crores, which is probably the number which is coming. This is balance which we done in...

Shravan: Okay. Okay. And then next year, as we previously guided, sir, we will be doing INR8,000 crores plus kind of our revenue in FY27?

Harendra Singh: Yes. That would be around INR8,000 crores, right.

Shravan: Okay. Got it, sir. Thank you. And then, sir, lastly, on the capex front, last time we said nothing much capex in this year.

Harendra Singh: Audio unavailable/not audible

Shravan: Okay. Okay. And even nothing for next year also would be very minimal?

Harendra Singh: So we are having almost very good gross block and we have the projects which we are almost completing. So this entire fleet of our construction equipment is free to be deployed to -- sufficient to about INR8,000, INR9,000 crores of project.

Shravan: Okay. Got it, sir. Thank you. All the best.

Harendra Singh: Thanks.

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

Harendra Singh: So thank you for joining us today. We have a strong year marked by solid financial performance and a growing order book and a committed team. We remain confident of our continued success and here to address for any further queries, please feel free to reach out to our IR advisor, Go India Advisors. Thank you.

Moderator: Thank you. Ladies and gentlemen, on behalf of Go India Advisors and H.G. Infra Engineering Limited, that concludes this conference. Thank you for joining us and you may now disconnect your lines.