"H.G. Infra Engineering Limited

Q2 FY27 Earnings Conference Call"

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

Moderator: Ladies and gentlemen, good day and welcome to H.G. Infra Engineering Limited Q2 FY27 Earnings Conference Call hosted by Go India Advisors. As a reminder, all participants' lines will be in listen-only mode, and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during this conference call, please signal an operator by pressing star then zero on your touch-tone phone. Please note that this conference is being recorded. I now hand over the conference to Ms. Saloni from Go India Advisors. Thank you, and over to you, ma'am.

Saloni: Good afternoon, everybody, and welcome to H.G. Infra Engineering Limited earnings call to discuss the quarter two and first half of FY27 operational and financial performance hosted by Go India Advisors. We have on call Mr. Harendra Singh, Chairman and Managing Director, Mr. Vikas Jain, CFO.

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

Harendra Singh: Thank you, Saloni. Good evening to everyone. Let me begin by wishing you and your families a very happy Diwali and a prosperous New Year ahead. May the coming Samvat bring happiness, success, and prosperity to you all. India is progressing towards its vision of becoming a $7 trillion economy by 2030 and $30 trillion economy by 2047, and the infrastructure development will play a very critical role in achieving these ambitious target.

With sustained government focus on increasing investment by both public and private sectors, the country is witnessing significant opportunities across roads, rails, power, and urban infrastructure. At H.G. Infra, we believe infrastructure development is not just about building physical assets. It is about connecting people, enabling businesses, and creating opportunities for economic growth.

With our presence across 14 states and capabilities spanning roads, rails, metro, renewables, and emerging infrastructure segments, we continue to strengthen our position as a diversified infrastructure company. Let me briefly touch upon the key sector developments and opportunities.

The roads and highways remain to be our core business segment, supported by government's sustained focus on highway expansion, improved connectivity, and infrastructure development under National Highway Vision 2047. We expect this segment to continue offering meaningful bidding and order inflow opportunities.

The government continues to work on the rail modernization, capacity expansion, and metro connectivity is creating significant opportunities for us. We are strategically strengthening our presence in this segment through our ongoing rail and metro projects and looking into many opportunities as a pipeline.

Regarding renewables and green energy, with India's green energy transition, this is opening new avenues beyond solar generation, particularly in transmission infrastructure and energy storage. We see significant long-term opportunities in transmission and distribution as well as BESS, which are expected to play an important role in strengthening the country's power infrastructure.

Overall, we remain confident about the long-term infrastructure growth story and the opportunities emerging across our focus segments. Our strategy is to leverage our execution capabilities, diversify our business portfolio, and pursue quality projects while maintaining financial discipline and operational efficiency.

Let me give you the glimpse of our operational highlights. As of September 26, the company's order book stood at INR13,685 crores, comprising INR8,792 crores from roads and highways, INR2,883 crores from rails and metro, INR610 crores from renewable projects, including BESS, and INR1,400 crores from transmission and distribution.

The segment-wise road highway contributes 64%, and railways 21%, remaining 15% is from renewables and transmission projects. The update on the EPC project, as of now, the Ganga Expressway and the UER-II has been completed, and the completion certificate on UER-II, with effect from February 28, 2025, being received on September 23rd, 2026. Very recently, we have received the completion certificate for Ganga Expressway as well.

The Jamshedpur Elevated Road project is progressing well with 70.82% of the progress. The Nelamangala-Tumkur project has achieved 73.64% completion and is progressing towards the timely completion and likely to be finished by March 2027. The DLF project is in an early stage with 6% completion only because the land-related constraints. The progress is expected to improve in the coming months.

The Pune-Shirur projects awarded by Welspun at a cost of INR3,931 crores is currently in a mobilization stage, with work is expected to pick from quarter three 2027 onwards once we are getting the appointed date, which is likely to be there within a month.

Regarding the HAM projects, the Karnal Ringroad project has achieved 99% completion, and the company has already applied the provisional completion certificate, which is expected to be there anytime, and the COD is targeted in Quarter 4 2027.

As informed in the previous quarter, the Provisional Completion Certificate for Raipur-Visakhapatnam Corridor OD-5, 6 and AP-1 has been received, and also Khammam Devarapalle packages 1 and 2, already we have received last year. With the COD of this project is expected in Quarter 3 and Quarter 4 of FY 2027.

The Tirupati-Chennai HAM project has achieved 71.8% completion and is progressing well with the target to complete by March 31st, 2027. Varanasi-Kolkata Package 13 has achieved 47% financial progress, and Package 10 has reached 18.6% completion. The Kosi Parikrama Package 6, Ayodhya has achieved 42.4% completion and is progressing as planned.

The Narol-Sarkhej project has achieved 54.8% completion and remains on track for timely completion. For the Gobindpur-Tangi Capital Ringroad projects of Odisha, that is Package 3, the company has signed the contract agreement on April 24, 2026. The land acquisition is at an advanced stage, and the appointed date is expected anytime within a month.

Turning into the progress of railway projects, the DMRC Metro projects has been 100% completed, and just handover process is going on. The Bilaspur, Himachal Pradesh Railway project has achieved 98.3% completion. It is targeted for completion in Quarter 3 FY 2027.

The Kanpur Railway Station project has achieved 58.85% completion, though there has been certain delays because of the blocks not available. The company has applied for extension of time, which has been approved in principle for up to December 2027. The Dhule-Nardana Railway project has achieved 57.6% completion, and the company has applied for the extension of time in this project also, because almost 11 km land is not available as of now.

The Gaya–Son Nagar project and Karanjgaon project have achieved 56.2% and 67.2% completion, and there is non-availability of work fronts also in these projects. The company has requested extension on both these projects. The New Delhi Railway Station project initially faced delay due to land clearances. Now, it has gradually picked up, with completion reaching 18.36%. For Thane Metro project, the appointed date has been declared as January 11, 2026.

However, this project is facing challenges related to land availability and local social issues also, socioeconomic issues. So the authority is working aggressively to resolve these issues. Anuppur and Mirzapur solar projects are currently in the mobilization phase, with 2.43% and 1% completion respectively.

Update on solar project has been as of 30th September, 2026, the company's solar project reached approximately 96% completion, while heavy monsoon, transmission line, land acquisition, local disruption has caused execution delays. But these hurdles are now being actively resolved, and the company is deploying necessary resources to meet revised contractual timelines to be completed in next few months only.

Financially, 89% of the required project debt is sanctioned, and remaining INR215 plus crores of balance is slated for release in Quarter 3 and Quarter 4 FY27, following the plant commissioning. Operationally, the company invoiced DISCOMs around INR80 crores in this financial year from 141 active plants and is targeting INR250 plus crores annual turnover once all the plants are commissioned.

Regarding the BESS project, the company has already executed a binding agreement with GUVNL and NVVN for three BESS projects. This is around 1,470 megawatt hour. Procurement of long lead items in place, including BESS and PCS, with the delivery expected by January 2027.

Civil works at Banaskantha and Dholera are approximately 80% and 60% completed, respectively, with the major material already received. For, Choraniya land-related formalities and design activities are progressing, and an in-principle bank sanction has been received. So these three projects are expected to generate annual revenue of approximately INR225 crores

upon commissioning. So we are expecting that these two projects would be commissioned by March and followed by Choraniya somewhere in June 2027.

Regarding the power transmission projects, the company is advancing its power transmission portfolio across Odisha, Uttar Pradesh, and Jharkhand, where the progress across regulatory approval, engineering procurement, and on-ground execution has started. TSAs has been executed for all three projects at Angul, Odisha. Partial Right of Way (RoW) already has been received, and the foundation work is progressing, and the tower erection is going on very smoothly. At Jamshedpur, Jharkhand, route alignment has been completed, and with the land acquisition underway also in Mirzapur, Uttar Pradesh, land has been identified the lease agreement with the concerned authority is under execution.

The engineering and procurement activities are progressing across all these projects, and for Angul, we have received the financial closure, and for other 2 projects, financial closure is targeted to be achieved in the coming quarter. This is the update regarding 5 new HAM assets, which have been monetized.

So during Quarter 2, company has successfully transferred 51% of its shareholding in OD-5, receiving partial consideration of INR103 crores. The remaining holdback amounts are expected to be received during Quarter 3 and Quarter 4 of FY27, subject to achievement of respective commercial CODs and completion of certain purchase items.

In Quarter 2 FY27, the company has also received an amount of INR92.3 crores against partial release of holdback in all 4 earlier assets. Cumulatively, the company has received a total amount of INR857.46 crores till September 2026. Out of the total consideration, the balance consideration is expected to be received in Quarter 3 and Quarter 4, subject to final COD and completion of relevant conditions.

With respect to the 5th HAM asset, Raipur-Visakhapatnam AP-1, the company has already received NOC from NHAI and lenders and expects to complete the equity transfer of AP-1 project in Quarter 3 FY27. Regarding equity requirements of all projects, the total equity required for all HAM, transmission, BESS and solar is around INR3,050 crores.

And as of September 2026, INR1,846 crores has been infused in these projects. The remaining equity will be infused in the later half of this year and FY28 and FY27. Moving on to the financial highlights of Quarter 2 and first half of this year. At standalone, revenue has reached INR883 crores with an EBITDA of INR105 crores at an EBITDA margin of 11.9%, with PAT at Quarter 2 at INR32 crores at a margin of 3.6%, compared to INR67 crores at a margin of 5.8% in Quarter 2 FY26.

Revenue for the first half FY27 reached INR1,790 crores with an EBITDA of INR182 crores at a EBITDA margin of 10.2%, and PAT for the first half FY27 stood at INR60 crores with a PAT margin of 3.4%, compared to INR193 crores and a margin of 6.7% in first half FY26. On a standalone basis, our gross debt stands at INR1,595 crores.

This comprises INR714 crores of working capital debt, INR400 crores of NCD, and INR482 crores of term loans and current maturities, along with trade limits and other means of debt. With

an expected collection from receivable monetization proceeds, we are targeting to close our standalone debt at INR900 crores by the end of this year.

Now regarding the consolidated financial revenue of Quarter 2 FY27, which reached INR974 crores with an EBITDA of INR250 crores and EBITDA margin of 25.6%. And PAT for Quarter 2 FY27 stood at INR80 crores with a PAT margin of 8.2%, compared to INR52 crores with a margin of 5.7% in Quarter 2 FY26.

Revenue for first half FY27 reached INR2,074 crores with an EBITDA of INR553 crores at an EBITDA margin of 26.7%. PAT for first half FY27 stood at INR35 crores with a PAT margin of 1.7%, as compared to INR151 crores at a margin of 6.3% in first half FY26. We are targeting an order inflow of INR10,000 crores to INR11,000 crores in FY27, with approximately INR5,500 crores secured up to Quarter 2 FY27.

Our growth prospects remain strong across roads, rails, metros, and power transmission, supported by upcoming infrastructure investment and government initiatives. We will continue to focus on high-quality projects, disciplined bidding, and timely execution while expanding our presence in emerging infrastructure segments. With a diversified project pipeline and prudent financial management, we are well positioned to drive sustainable growth and deliver long-term value to our stakeholders.

I will now hand over our call to our IR advisor and request them to open the floor for the Q&A session. Thank you.

Moderator: Thank you very much. We will now begin the question and answer session. The first question from the line of Vaibhav Shah from JM Financial. Please proceed with your question.

Vaibhav Shah: Yes. On asset monetization, so we have already monetized 100% stake in 4 assets. So initially, we had mentioned that INR1,384 crores is the equity value. So roughly the gain would be something around INR530 crores because the investment is around INR850-odd crores. So what would be the tax impact on it? And when will we receive that amount in the P&L, because we are not seeing any major accruals on the P&L side in standalone accounts till now?

Harendra Singh: Basically, as we have accounted in the last 2 quarters, we have seen that these are the 4 projects which we already have monetized. So there is not a gain into equity because the net worth of all those 4 assets. So at least in OD-5 and OD-6, we have incurred significant loss in that net worth.

So the collection is -- almost INR550 crores of collection is yet to happen out of the 4 projects and 1 project which is yet to be monetized, like AP-1. So INR550 crores of collection is yet to be there, which we are expecting in Quarter 3 and Quarter 4.

Vaibhav Shah: And once that collection happens, then what would be the gain which we will be booking in the standalone accounts?

Harendra Singh: The stand would be around INR70-odd crores, which is likely to be there in Quarter 3 or rather in Quarter 4.

Vaibhav Shah: Only INR70 crores of gain?

Harendra Singh: Correct. So because the consolidation -- the gain in consolidation, which as per the net worth number. So if you see the net worth is actually was having that different number and the collection or the amount of consideration, so I can refer you to in detail with our finance team, so they will tell you the entire details.

Vaibhav Shah: Okay. Secondly, in terms of the revenue guidance, what would be the revenue guidance and margin guidance for FY27? And can you throw some light on how the execution is going on in Pune-Shirur and what are our revenue targets for the same in this and next year?

Harendra Singh: So as of now, as of here, these are the two big sized projects, one is Pune-Shirur and Odisha, the CRR project, and say, one of the transmission as well as this Mirzapur projects. So these are all INR6,000 crores of projects where the appointed date is likely to be there within the month max by mid of December. So we are expecting in Quarter 4, all the projects would be there with that revenue and the mobilization already has been done in all these projects.

So we are expecting to be roughly around INR6,000-odd crores by end of this year, if you see. And as well as the margin front, there is a significant -- now there is a considerable significance where we are around 11% because of the few projects incurred huge losses.And now we would be in the range of 13% to 14% of EBITDA for Quarter 3 and Quarter 4 and subsequent to this.

Vaibhav Shah: Because first half has been only INR1,800 crores of revenue. So in second half, we require INR4,200 crores, which is 50% higher than the last year second half. So we are very confident on that front.

Harendra Singh: So basically, all these projects where the appointed date immediately being expected. So we -- in any of the scenario would be doing some INR3,000 or INR4,500 crores to INR 3,000 crores in Quarter 4. So this is giving that -- there is immense -- we are confidently enough that we would be able to do that part because the mobilization has been done in all such projects.

Vaibhav Shah: Okay. Thank you sir. Those were my questions.

Moderator: Thank you. The next question is from the line of Shravan Shah from Dolat Capital. Please proceed with your question.

Shravan Shah: Hi, sir. Thank you. A couple of questions. Before that I just have one clarification. This order book of INR13,700-odd crores, INR685-odd crores. So does the unbilled revenue have we removed from this? So I just wanted to say when this will be executed, we will be booking this entire as a revenue or this minus unbilled revenue?

Harendra Singh: No, no, I think the contract asset was a part of execution. The contract asset or unbilled revenue is already being executed, so as far as physical progress is concerned. The financial is okay, there is only collection which is going to be there. So it would be again, once you bill them, once we invoice them, then the collection would be there.

So it is already been executed. So this is a net of INR13,800-odd crores, net of total projects which are yet to be executed as a balance part.

Shravan Shah: Okay. So this does not include the unbilled revenue. So to put it in a simple word, whenever we will be executing, let us assume we will be executing this entirely next 2 years, so this number will translate into the revenue, the exact number.

Harendra Singh: Correct.

Shravan Shah: Okay. Got it. Sir, now coming back to what Vaibhav has asked, so further to dwell down on that. So if you can specify the segment-wise, because the number that we are looking at, INR4,200 crores kind of a revenue, and correct me if I heard wrong, we are looking at INR3,000 crores to INR3,500 crores revenue in the fourth quarter. And if that is the case, then in the third quarter, we are looking at kind of a similar INR800 crores, INR900 crores kind of a revenue.

So just to dwell further, how each segment-wise, if you can specify in the second half, how much revenue we are looking at in the HAM, road EPC, and there obviously the Pune-Shirur is the major one. Then railway, solar, BESS, transmission, each segment-wise, if you can specify, would give a much more confidence that we can achieve this kind of revenue.

Harendra Singh: So of course, I think as far as the battery is concerned, these two projects, they are likely to be commissioned. So with that, we are assuming that INR350 crores of this would be there in second half of this year, INR350 crores. And around INR300 crores of transmission revenue, which is likely to be there. So this is around INR340 plus, INR300 crores of transmission.

And as far as rail metro is concerned, we are expecting that we will be touching roughly around INR1,400-odd crores of top line in this half of this year. That includes New Delhi, RVNL balance portion, which is yet to be billed, as well as Gaya project, Aurangabad, Dhule, Thane Metro, even just started, where small portion has been just picked up.

So these, and even Kanpur railway station. So these are almost INR1,400. So put together, it is around INR2,000 crores. Balance would is going to be from all six HAM. Five HAMs are aggressively, say, pushing. We are at a very advanced stage, like Jharkhand package 10 and 13. Major contribution would be coming from these two projects.

So this would roughly around INR700-odd crores to be executed in these two projects, Jharkhand package 10 and 13. There is a US metro which would be executed in that. And even other projects like Narol and Ayodhya and Tirupati. So these are the three projects of HAM, which again would be contributing around INR600-odd crores in this particular phase of 2 quarters.

Pune, we are expecting to be there around INR600- odd crores , which is likely to be there, which we are going to see that already mobilization being done, utility shifting is at advanced stage. So this project is going to contribute at least INR600 crores for this half of this year. So put together, along with certain projects like Tumkur is there and Jamshedpur there, the EPC projects, and some small portion which is balance of HAM project which are being monetized.

Even in Karnal, small portion is balanced. So there are INR200 crores. So there is likely that we would be around, say, doing around INR4,200 crores of projects likely.

Shravan Shah: Got it. So and then, as you said that in the second half, we will be looking at 13%-14% kind of a margin, and going forward also, 2028, we will be seeing the similar 13%-14% kind of a margin.

Harendra Singh: True.

Shravan Shah: In terms of the order inflow particularly, so how much we have bidded, and there also just wanted a clarity in terms of particularly on the road side, obviously, we would be looking at that. Recently, the UP, many projects got canceled, the tender which were there as part of tenders. So just wanted to understand, how many projects across the different segments that we have bidded, that bid is yet to open, and how much more we are likely to bid? So that we can get an idea that whatever we are looking at INR5,000 crores-INR6,000 crores more inflow in this second half.

Harendra Singh: So there are other projects also. If you are saying that apart from NHAI, HAM, or the EPC projects, there are not many projects. It is around INR7000-odd crores of project which we already have bidded, and the results are yet awaited. Railway around INR5,000 crores of projects. So if we are seeing that how we are confident that we would be at least looking at INR5,000 crores to INR6,000 crores of new orders to be awarded for the 5 months.

So looking into state, like MSRDC has already again invited those projects which were canceled, so the invitation is there, and ITO has already been floated. Again, the state government, Rajasthan government is again, RSRDC is going to bid for their two expressways in the next 4 months, 5 months. NHAI is having this pipeline which is giving us the confidence that even the rail metro, like in metro, we have already bidded two projects, big size, INR1,300 crores in Jaipur Metro and one in Delhi Metro.

Ahmedabad Metro is having few big size projects, like INR7,000 crores of projects, four, five projects are there. This looks a mix of opportunity where we are hopefully, and transmission also, that we are quite hopeful that we would be able to just add this number.

Shravan Shah: Okay, so similar kind of a INR8,000 crores, INR10,000 crores plus kind of an inflow, even let us say if we maybe a one- or two-month delay, if it would be there by March, maybe April, May. Similar broadly inflow in the FY2028 also, one can look at, so that what previously we are looking at in terms of the INR7,000 crores kind of a revenue in FY2028, can be achieved.

Harendra Singh: It is quite possible.

Shravan Shah: Okay. Got it, sir. I will come back into. Thank you and all the best.

Harendra Singh: Thank you.

Moderator: The next question is from the line of Harshal Sharma from AS Advisors. Please proceed with your question.

Harshal Sharma: Hello. Hi, sir. Sir, can you throw some light on what would be the guidance for the fiscal and FY2028?

Harendra Singh: As we were discussing that we are targeting that at least with this last one year and this year, we are not having that much of revenue because of slow awarding, appointed date delay. But quite hopeful that we would be doing around INR7,000 crores in 2028.

Harshal Sharma: Sir, when can we see an uptick in the order inflow?

Harendra Singh: The orders are already there, so only a matter of time which has been there. The land acquisition and the DPR, and these are all at NHAI and ministry level. We are seeing that the traction is there, but we are quite hopeful in this year around 1200- odd km, likely they are just targeting to be awarded.

Another project like MSRDC, UPEIDA, and even in Rajasthan state, these are the state expressways for roads. For rails, I think some big size projects already the tenders are there. These are the INR1,000 crores-INR5,000 crores of projects for trains and new lines like metro also. The pipeline is mix of, in all the, this sector, it's a mixed pipeline, which we are quite hopeful that we would be able to get.

Harshal Sharma: All right, sir. Thank you. That's it from my side.

Moderator: The next question is from the line of Deepak from Svan Investment. Please proceed with your question.

Deepak: Yes. Thank you for the opportunity, sir. I just wanted to take it out on this sharp increase in the commodity prices. If you can throw some light on our energy vertical, one on the BESS, and secondly, a project which you have got from the month of April onwards, especially last day. How should we see the margin profile in the new project?

And in the battery, are this change in these product prices or lithium prices, is this a completely pass-through? Does it have a completely pass-through mechanism, or how should we look into all these assets?

Harendra Singh: As far as highway is concerned, definitely, as we have seen the commodity, but been protected by the real-time price escalation for bitumen and crude POL. For rail projects, there has been a hit, and we have taken that hit is going to be there, which we have seen that not a big number is going to be there because we are not having many rail projects which are having OHE and S&T kind of a change.

Because in civil work, it is not that impacted. Steel and cement and aggregate is not that big impact is there. For bitumen, it is there. For transmission, BESS has been impacted, but then again, we have taken that the earlier margins in BESS was quite high. Now it has been around 12%, which has been now.

Earlier, it was supposed to be 20% plus, because of this dollar and this currency, as well as the battery prices. But that has been covered and taken into consideration as of now. The transmission with aluminum and copper is playing where the commodity prices have gone a bit 30%-40%+ at the number which we have bidded.

But then we have taken into our bid consideration the price escalation which is already being covered in our budget. So we are not likely to be hit severely into these commodity increase.

Deepak: Okay. Thank you and wish you all the best, sir. Wish you happy Diwali.

Harendra Singh: Thank you.

Moderator: The next question is from the line of Rahul Bhutra from Anand Rathi. Please proceed with your question.

Rahul Bhutra: Yes. Hi, sir. I just wanted to understand, I am seeing interest income is coming up on account of contract modification. Can you just give me the color, like what was it about?

Harendra Singh: Interest income is basically there are few projects of Maharashtra where we receive INR18- odd crores, that has been booked into other income.

Rahul Bhutra: Sir, is there any revenue apart from the interest income, which flows into our top line?

Harendra Singh: No, no.

Rahul Bhutra: Due to this contract modification?

Harendra Singh: No, no, not there.

Rahul Bhutra: Okay. Second, sir, I see in this stuff, we have invested around INR350 crores in contract assets. It has been seen over the period of time, our contract asset is bulking up. What is the reason for that, sir?

Is there any slowness in terms of billing of our getting the approval for our billings? Which segment is causing for the contract assets to bulking up?

Harendra Singh: Basically, we have seen that wherever the debtors are there, we have seen a significant reduction. The debtors at March and now number, where the collection is quite now at a significant pace. The contract asset significant amount is being struck in railways because the milestones and the commissioning, because in those particular projects, there are certain conditions that around 10% of the total amount would be only paid once you commission the entire project and hand over those projects.

Now this is a significant amount, is around INR580+ crores into railways. Others do have mix of it, but the HAM project is again having a significant number, where these projects which we already have monetized and Karnal, including Karnal even.

They are the projects where the certain COS variation items and even in Adani project, Ganga Expressways is a variation item, which is around INR180 crores odd from UPEIDA already COS sanction has been there, but there is certain amount of variation which is yet to be approved from Adani. There are mix of these six HAM projects.

There is around INR700 crores odd which we are likely to be collected in quarter three and quarter four. This contract asset which has now been increased, significantly it has gone high to INR2,100 crores, would be roughly in the range of about say INR1,500 crores or rather INR1,200 crores-INR1,500 crores by March end. INR800 crores odd of collection is likely to happen.

Rahul Bhutra: Okay. Yes, got it. Thanks. That's from my side.

Moderator: The next question is from the line of Shravan Shah from Dolat Capital. Please proceed with your question.

Shravan Shah: Hi, sir. Sir, first a couple of balance sheet data points. This unbilled revenue would be the entire contract asset of INR2,165 crores would be the unbilled revenue as on September?

Harendra Singh: Yes, yes.

Shravan Shah: Okay. Mobilization, retention money and for HAM, solar, Ganga, railway, BESS status if you can specify.

Harendra Singh: The mobilization is around INR515 crores.

Shravan Shah: Retention?

Harendra Singh: Debtors, including retention. INR840 crores is the debtor amount and INR203 crores is retention for all the asset part. Stock is around INR495 crores. I think the advances to supplier has gone very high because we have booked all this material. There is a GST with balance with authority, this is INR288 crores. Cash bank balance is around INR163 crores.

Shravan Shah: Yes.

Harendra Singh: The drawings already we have concerned. The trade payables is significantly dropped from INR1,633 crores, now it is INR1,188 crores.

Shravan Shah: Yes. Sir, what would be the HAM debtor, solar debtor, railway debtor, BESS debtor?

Harendra Singh: Sir, roughly as I explained about the HAM, the contract asset portfolio, now in HAM again, SPV solar is around INR236 crores. Transmission is around INR70 crores, and BESS and transmission. HAM is again, it is a significant INR500 crores around in HAM. Rail is very small portion.

Shravan Shah: Okay.

Harendra Singh: And the certain amount is received from Adani, even INR113 crores.

Shravan Shah: Okay, got it. This quarter, the other income you highlighted that it is for Maharashtra that we have got INR18 crores. From Q3 onwards, the other income will come back to the normal run rate of INR3, INR4 odd crores?

Harendra Singh: No, sir, we are having certain conciliation claims where we likely, we might, we may get these, but not a very significant amount would be there.

Shravan Shah: Okay. In terms of the capex of INR66 crores we have done in 1H, in second half, how much more and for next year, how one can look at the capex?

Harendra Singh: This is the capex, this major capex is all Pune projects where we are doing these launchers and other, not very big into investment into equipment, but these are the shutters of etcetera, which are roughly would be INR50 odd crores, which by the balance part of the year.

Shravan Shah: Next year would be the similar INR100 crores-INR120 crores kind of a CapEx?

Harendra Singh: Yes.

Shravan Shah: Okay. And sir, this Karnal Ring Road also in terms of monetization, this would also will be done by this March, and how much broadly one can look at in terms of the value, the similar kind of a 1.5 times price to book, that way one can look at?

Harendra Singh: No, it's not likely to be by March because once we receive the PCC, then six months the cooling period, and we'll be applying for this monetization permission from NHAI and bank. It's going to be at least 8-10 months from now.

Though we have received the quotation, this offer from two of the investors, but the number likely would be not that big, because of the price indexing. But again, quite that within the two months we are going to close, we would be able to close this.

Shravan Shah: Okay. So deal would be done in next two months, but in terms of the cash receipt, you said it would take 8-10 months to…

Harendra Singh: Probably quarter two, probably quarter two next year.

Shravan Shah: Okay. The five total that we have monetized, so out of INR1,384 crores, we have received, yet to be received is INR550 odd crores that we will be receiving third and fourth quarter, and plus the AP-1, so that amount will also be included in the five…

Harendra Singh: Include AP-1.

Shravan Shah: Including everyone, INR550 crores. Okay, including the AP-1. Okay. Got it. Sir, just about the net debt that from INR1,600- odd crores, we are looking at INR900 crores by this March. So, in terms of the finance cost, so now INR50 crores, INR51 crores this quarter, so how one can look at the finance cost for fourth quarter onwards?

Harendra Singh: No doubt, I think the finance cost because of the very surge in this debt. By dropping it to that number in quarter three and quarter four, roughly we are expecting that INR80- odd crores of finance cost would be there, and next year the finance cost likely will be stabilized at INR110-INR120.

Shravan Shah: Okay. Got it, sir. Thank you and all the best.

Harendra Singh: Thank you.

Moderator: The next question is from the line of Rahul from Anand Rathi. Please proceed with your question.

Rahul: Yes. Thanks, sir, for giving opportunity again. So, this contract liability, you know, which we see is increased by INR273 crores. So can we say that this is the mobilization advance that we received for the Pune-Shirur project? Is it the right to understand that?

Harendra Singh: Yes, that is INR170+ crores for Pune-Shirur, one of the project where we have received some amount.

Rahul: Okay, got it. Second, sir, again coming to the contract assets, sir. Can we say this is the peak level and from here on, it will reduce as we execute further projects? Because what we are seeing is, even after getting all the monetization proceeds, maybe even partially, our debt levels are not coming out.

It is getting blocked in the working capital. How should we see? This is like a peak working capital that we are looking at, and now from here on, it should start coming down?

Harendra Singh: The plateau has been reached in last quarter only. Now significant drop is likely to be there, be it, say, if you see the debt part, if you see the contract asset part, where the balance sheet is showing this number, and then the realization by end of this year is going to be significantly reducing the debt.

Because contract asset is likely to be reduced by almost INR700 crores-INR800 crores by year end. Debtor would be in the similar range as we are now, and creditors would be in a similar range as of now.

Rahul: Okay, got it. And sir, just last question on the technical part, sir. I believe we participated in all the packages of the Link Expressway of the UPEIDA, but somehow, technically we got disqualified. What was that reason for the technical disqualification?

Harendra Singh: There were almost five to seven odd contractors who were disqualified on the, I think, for a small technical reason, which probably all missed.

Rahul: Okay, got it. Sir, are there any such technical challenges will be there in this MSRDC projects, or now that they are being floated?

Harendra Singh: MSRDC project which are invited now, we have the same qualification criteria from three years back when we are qualified for that. That is the same criteria. The bid is only RFP, not RFQ.

Rahul: Got it. Yes, that's it from my side.

Moderator: Thank you. The next question is from the line of Vaibhav Shah from JM Financial. Please proceed with your question.

Vaibhav Shah: Sir, when do we expect to receive appointed date for the Capital Region Ring Road Package-III?

Harendra Singh: November end or first week of December. So both for Pune-Shirur and this project.

Vaibhav Shah: Okay. The revenue which we are seeing in Pune-Shirur, it is roughly around INR130 crores in the first half. It is mainly because of utility shifting and initial work?

Harendra Singh: It was utility shifting and certain pre-operative expenses, global expenses which were also there while it is a BOT project basically. We have splitted to enable getting the cash flows and billing. That was a small amount which was also there.

Vaibhav Shah: You are targeting roughly INR700 crores revenue for FY2027 from Pune-Shirur?

Harendra Singh: Quite right.

Vaibhav Shah: Yes. Okay. Thank you.

Harendra Singh: Thank you.

Moderator: The next question is from the line of Arpan Gandhi from AJ Capital. Please proceed with your question.

Arpan Gandhi: Hi, thanks for the opportunity. I wanted to ask when can we see improvement in margins and when can we see the margins level go to around 15% and above like it was in previous fiscals?

Harendra Singh: Probably at the current scenario, it does not look like because of the geopolitical commodity prices as well as the competition all across entire infrastructure. We are not very much confident that the coming one to two years is going to be better.

Arpan Gandhi: Okay. That's it from my side. Thanks.

Moderator: Ladies and gentlemen, that was the last question from the participants. I would now like to hand over the conference to management for their closing comments. Thank you, and over to you, sir.

Harendra Singh: Thank you for joining us today, and we remain confident in our continued success and are here to address any further questions. Please feel free to reach to us and our IR Advisor. Thank you.

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