“H.G. Infra Engineering Limited

Q4 FY '26 Earnings Conference Call”

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MANAGEMENT: **MR. HARENDRA SINGH – CHAIRMAN AND MANAGING DIRECTOR–H.G. INFRA ENGINEERING LIMITED**
MR. RAJEEV MISHRA – CHIEF FINANCIAL OFFICER – H.G. INFRA ENGINEERING LIMITED

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

Moderator: Ladies and gentlemen, good day, and welcome to H.G. Infra Engineering Limited Q4 FY '26 Earnings Conference Call hosted by Go India Advisors. As a reminder, all participant lines will be in a 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 touchstone phone. Please note this conference is being recorded.

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

Saloni Ajmera: Good afternoon, everybody, and welcome to H.G. Infra Engineering Limited earnings call to discuss the quarter 4 and FY '26 operational and financial performance hosted by Go India Advisors. We have on the call Mr. Harendra Singh, Chairman and Managing Director; and Mr. Rajeev Mishra, CFO from H.G. Infra Engineering Limited. 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 performance, subsequent to which we will open the floor for Q&A. Thank you, and over to you, sir.

Harendra Singh: At H.G. Infra, we are guided by a purpose, built on trust and driven by a clear vision focused on sustainable and scalable growth for the future. For FY '27, our vision is focused on long-term value creation for our shareholders under the tough condition of this year, considering the macro and micro conditions because of the continued headwinds emanating from the West Asian conflict and with other geopolitical outlook.

As we all know, recent geopolitical turmoil and global economic uncertainties have disrupted supply chains, elevated freight, war risk insurance coverage, prolonged shipping time lines, economic energy crisis and increased volatility in fuel prices as well as forex rates, other commodity markets and same is pushing up and the prices are high and hard for infrastructure, and these challenges have resulted in a higher input cost for all metal, HSD, bitumen, cement, logistics and transportation.

This year looks extremely vulnerable to geopolitical, macroeconomics and policy risk. and demand growth looks tepid due to economic slowdown, losses and margins are likely to take a longer period to recover, resulting in continued volatility in the market due to the deferred and the disillusion story of Indian corporates.

Despite these headwinds, India's economic outlook remains resilient and promising. India is now one of the fastest-growing major economies and with Viksit Bharat 2047 vision will require sustained investment into infrastructure across roads, rails, power, transmission and urban development to support the economic growth, connectivity and urbanization.

At H.G. Infra, we have been contributing to India's infrastructure journey for over 2 decades, and we are also strengthening our presence beyond roads and railways into emerging sectors like solar energy, battery energy storage systems, power transmission and positioning ourselves to support India's next phase of growth and renewable energy transition. Talking regarding the roads, as mentioned above, recent geopolitical tensions have created uncertainty across global markets and impacted the overall infrastructure sector.

Coupled with the muted bidding and the project awarding activity by NHAI inboard during FY '26, the road sector witnessed a relatively subdued order inflow environment and resulting in lower-than-expected order awards across the industry. Despite these near-term challenges, the long-term outlook for the road sector remains positive.

Supported by the government's strong infra push, for FY '26, the government allocated approximately INR2.72 lakh crores to the Ministry of Highways, demonstrating its continued commitment towards highway development and connectivity enhancement across the country. For FY '27, the company expects road sector order inflows of approximately INR7,000 crores to INR8,000 crores against the bid pipeline of current INR72,000 crores and other bids expected in future.

The company is actively pursuing opportunities in HAM and EPC from government and also engage with private sector players for EPC projects, considering the shift in focus by government towards BOT-based project development.

As a result, the company has already secured the Pune-Shirur road project from Welspun worth INR3,940 crores on a BOQ EPC basis. Regarding rails and metros, which continued to witness strong growth driven by government focus on station development, railway electrification, dedicated freight corridors, new railway lines, metro rail expansions, depot and other ROBs construction for overall network modernization.

The government also allocated a record INR2.78 lakh crores towards railways in FY27, reflecting its continued commitment to strengthen rail infrastructure across the country. HGIEL has established a strong presence in the rail and metro segment with 10 ongoing projects in its order book, including 2 recently secured railway projects from Adani Group at Anuppur and Mirzapur thermal plants and another project of Thane Metro in the last quarter.

The company continues to actively pursue opportunities directly from government as well as through leading private sector players, providing a strong platform for future growth into this segment. Renewables and green energy always for India's focus where we are witnessing strong growth supported by the government clean energy targets and energy increasing investment into solar, battery, power transmission sector.

BESS is emerging as a critical enabler of renewable energy integration and with India targeting significant storage capacity additions over the coming years. The company is strengthening its presence in the energy sector. The company has recently backed 2 transmission projects in Uttar Pradesh and Jharkhand with a combined project value of approximately INR1,200 crores and creating a strong platform for future growth in this renewable and energy infra space.

In addition to this core segment, the company is actively evaluating opportunities in tunnels, water infrastructure, building and other specialized EPC sector to drive long-term growth and diversification.

Let me begin with a glimpse of our operational highlights. As of Q4 FY26, the company's order book stood at INR10,147 crores, comprising INR5,392 crores from roads and highways, INR2,825 crores from railways and metros, INR1,527 crores from BESS, INR86 crores from solar projects and INR318 crores from transmission and distribution.

Segment-wise roads, highways contribute 53% railways 27% and remaining 19% is from renewables. The update on the ongoing EPC projects Ganga Expressway has already been handed over to the client after reaching 100% completion in this quarter. The UER project has been completed and was opened to traffic in August '25.

The completion certificate is anticipated to be received shortly. The Jamshedpur elevated project is running smoothly with the current progress of 52.36%. The Nelamangala-Tumkur project is at 62% completion and progressing towards timely completion now. The DLF project is at an initial stage with completion of just 1%.

Further to which we have removed the MSRDC projects of Nagpur-Chandrapur Package 4 and 5 from our order book following the receipt of respective bid securities without any formal communication from the authority in this regard.

Regarding the HAM projects, the Karnal Ring Road project has reached 97% completion, where we have applied for PCC, which we are expected to get in this quarter only, Q1 FY27. As shared in the previous quarter, provisional completion certificates for the project of Raipur-Visakhapatnam corridor, OD5, OD6 and AP1 already received and all projects remain close to completion.

The Khammam-Devarapalle project, KD1 and 2, PCC already received, which are at 99.3% and 98.5% completion, respectively, and the COD is expected in Q2 FY27 and Q1 FY27 for these 2 projects.

The Chennai-Tirupati HAM project reached at 54% completion. Varanasi-Kolkata Package 13 has achieved 29.7% progress upon receipt of provision appointed date and the appointed date for Package 10 in Varanasi-Kolkata-Jharkhand is expected in Q1 FY27.

Kosi Parikrama Package 7 of Ayodhya appointed date for the project being declared on 16th of January '26 and the project execution stands at 22.1%. The Narol Sarkhej project has achieved 42.4% progress and remains on track for timely completion. In HAM projects only, the company received the LOA dated February 27, 2026 from NHAI for Capital Ring Road Package 3 project in Odisha under HAM mode. With a project cost of INR1,582 crores, the land acquisition process is in advanced stage and the appointed date is expected in quarter 3 of the year.

Turning to the progress of railway projects. The DMRC Metro project is 99.4% completed and progressing for near just targeting completion in Q1 FY27. The Bilaspur Himachal Pradesh project is 97.3% complete and targeted for completion in Q2 FY27. The Kanpur Railway Station project is 50.94% completed. The Dhule-Nardana project has achieved 42.4% progress and Gaya-Son Nagar project at 40.1% and Karanjaon project at 46.6%, respectively.

The appointed date for the New Delhi Railway Station project was declared on 6th August 2025. And with initial hiccups into land clearance, now the execution is in full swing and the project is complete at 11.55% completion. The appointed date for newly awarded Thane Metro project being declared as January 11, 2026, and the project is in construction phase.

The company has recently secured 2 railway projects from Adani Group. One is in Anuppur, Madhya Pradesh worth INR340 crores and Mirzapur, the other one is Mirzapur, Uttar Pradesh worth INR440 crores. Both the projects are currently under mobilization and both these projects are also in execution phase.

Regarding solar projects, as of 31st March, 2026, overall physical progress reached approximately 96.3% and the progress of these projects got affected and delayed due to prolonged monsoon conditions and the land acquisition challenges for the transmission line and certain local issues, which are being resolved progressively. The company is deploying adequate resources to commission all plants within the revised contract time lines over the coming months.

Notably, the Ministry, MNRE has extended the Kusum schemes A and C commissioning deadlines in Rajasthan to March 31, 2027, because of the local developer challenges. Financially, we have got a sanction of around 85% of the project debt required for these projects. And out of this, approximately 93% of the sanctioned project debt has been disbursed.

The magnum of these plant around INR350 crores is expected to be released post commissioning of the plant in quarter 1 and quarter 2. To bridge the temporary gap, funding gap and to maintain the project momentum, the company secured additional working capital for temporarily increasing overall leverage.

Upon receiving the final solar pending disbursement, existing high debt utilization level will be reduced in Q2 2027. Total equity investment stands at INR851 crores, which includes INR99.27 crores loan repayment required by lenders due to commissioning delays. However, this amount will be re-sanctioned post commissioning, lowering the net capital investment for FY27.

On the operational front, the company has billed INR132 crores to DISCOM from 131 commissioned plants and has realized collection of INR114 crores till date. The BESS projects were in binding agreement with GUVNL and NVVN for 3 battery storage projects with an aggregate capacity of 735 megawatts, translating 1,470 megawatt hour.

The procurement activities for these projects having total capacity of 870 megawatt hour have commenced and orders for critical long lead items such as power transformers, GIS switchgear systems already being placed. The overseas vendor for the DC block containers has been finalized and the company has executed the supply contract, long-term service commissioning and technical agreements with them.

In January '26, the company through its SPV acquired land for Banaskantha and Dholera projects and the execution is full swing in both the projects. Also the third BESS project, Choraniya, which is at, which is to be completed by June '27 is moving in the right pace. Connectivity approvals for both Banaskantha and Dholera projects have been received and the execution, respectively, connectivity agreement is currently under progress.

Upon commissioning of all these BESS projects, the company expects to generate annual revenues of approximately INR225 crores. Power transmission project, regarding the transmission project, where the first project is going as per the approved project schedule, SPV being incorporated, project design engineering activities have been completed and procurement orders for key long lead items being placed.

The SPV has successfully achieved financial closure and the procurement activities for all major project components are currently in progress. Overall, the project remains on track with planned timelines and milestones. Recently, the company has secured two power transmission projects from RECPDCL in Uttar Pradesh of INR310 crores EPC value and Jharkhand INR910 crores EPC value. The projects are expected to be, to contribute INR160 crores annually to the top line over the next 35 years once commissioned.

Update on monetization of 5 HAM projects. As in March '26, we successfully transferred 100% of shareholding of KD-2 and 49% of KD-1 receiving partial consideration of INR153.71 crores and INR81.69 crores, respectively. The remaining holdback amounts are expected in Q1 and Q2 FY27, following the project's commission operation date to be declared and completion of a few workspace items.

Subsequently, in April '26, we transferred 100% of our shareholding in Raipur Visakhapatnam OD-6 package, receiving a partial consideration of INR203 crores with the remainder due in quarter 1 and quarter 2 final, post final COD. We expect to complete the equity transfer for Project OD-5 and AP-1 project during upcoming quarters. Regarding the Karnal HAM projects, we are in discussion with the prospective investor to finalize the nonbinding offer and said project is likely to be monetized by year-end.

Regarding equity requirements on HAM projects, the total equity requirements for these 11 HAM projects is around INR1,903 crores. As of March '25, INR1,210 crores being infused. Out of remaining amount. Sorry, as of March '26, INR1,210 crores being infused. Of the remaining amount, INR414 crores is estimated for infusion in FY27, followed by INR1,229 crores in FY28 and INR50 crores in FY29. Moving on to the financial highlights of quarter 4 and FY26.

We have started the last year with expected new order inflows of INR10,000 crores, but due to lukewarm bids pipeline, we could secure only new orders of INR1,300 crores during the year. Moreover, substantial delays in appointed date in the running order book has further impacted the revenue and the margins due to the lower-than-expected project awards that has affected the order book and the revenue growth.

And further, due to the geopolitical uncertainties, prolonged monsoon, higher commodity prices during the year, the last quarter exclusively was deeply affected and resulted in project execution, cost escalation and profitability. Regarding the standalone financials, revenue for Q4 FY26 reached INR1,354 crores with an EBITDA of INR127 crores and at a margin of 9.37%.

PAT for the Q4 FY26 stood at INR99 crores with a PAT margin of 7.35% compared to INR212 crores and a margin of 10.76% in Q4 FY25.

Revenue for FY26 reached INR5,667 crores with an EBITDA of INR733 crores and an EBITDA margin of 12.94%. The PAT for FY26 stood at INR389 crores with a PAT margin of 6.87% compared to INR577 crores and a PAT margin of 9.54% in FY25. On a standalone basis, our gross debt stands at INR1,627 crores, which comprises of INR731 crores in working capital, INR400 crores from NCD and INR496 crores from term debt.

Now the consolidated financial revenue for Q4 26 reached INR1,427 crores with an EBITDA of INR237 crores and an EBITDA margin of 16.64%. PAT for the quarter FY26 stood at INR85 crores with a PAT margin of 5.93% compared to INR147 crores at a 10.8% margin in quarter 4 FY25.

Revenue for FY26 reached INR5,235 crores with an EBITDA of INR1,012 crores and an EBITDA margin of 19.33%. PAT for FY26 stood at INR330 crores with a PAT margin of 6.3% compared to INR505 crores and a margin of 10% in FY25. Way forward, as we begin our journey from a single state and now today, execution footprints expand across India with successful project delivery in more than 14 states spanning North to South and West to East.

And over the past 23-plus years, we have earned a reputation of building India's infrastructure with trust, passion and quality, guided by a vision to connect every citizen and community to the nation's progress.

We are confidently targeting INR11,000 crores to INR12,000 crores of order inflow for FY27, driven by a clear data-backed strategy to secure approximately 70% for roads and railways, where our execution capability outpaces competitors and 30% from rapidly expanding verticals. Our historical dominance in roads and highways continued to fuel our core growth.

However, recognizing increased competition and margin compression, we are proactively reshaping our portfolio for long-term value creation. We are aggressively entering high-growth, decent margin sectors, BESS and transmission, leveraging our deep engineering expertise and proven execution record. This goes beyond diversification.

It is targeted expansion into future profit pools, and we remain strongly focused on digitalization and technology-led project execution, enabling real-time monitoring, improved operational efficiency, enhanced cost control, the better resource utilization. Combined with our disciplined approach to strategic bidding and project management, these initiatives are designed to protect and expand margins, minimize debt and maximize shareholders' returns.

We are positioned for accelerated growth and superior returns. And our diversified pipeline, financial discipline and bold sector bets position us a future-ready multi-sector infrastructure leader. And we committed to deliver outsized value of our investors year after year.

I will now hand over the call to our IR adviser and request them to open the floor for question-and-answer session. Thank you.

Moderator: Thank you sir. We will now begin the question-and-answer session. First question comes from the line of Shravan Shah with Dolat Capital. Please go ahead.

Shravan Shah: Yeah. Thank you sir. Sir, a couple of questions. Obviously, this quarter is the worst quarter on the execution and on the margin front. So first, just wanted to try to understand what went so wrong that in the middle of quarter also, we were confident to kind of achieve a INR2,000 crores revenue, 15% margin and, versus actually, it is kind of a INR646 crores lower revenue and the margin is also way below what we were thinking 9.4%. So just trying to understand, is there any specific project, any one-off, anything what has happened to such a bad performance?

Harendra Singh: Yeah, I appreciate your concern. Regarding the revenue, this is a technical matter into one of the, few of the BESS projects, where this SPV, they are the only eligible entity, which they may get this mover advantage while importing the battery part from China or overseas.

For that reason, this order book, which was into H.G.'s scope has been taken out into SPV. So that has been one of the reasons. Also, a few other reasons because of this appointed date, which we are expecting of Jharkhand 10 and 1 or 2 projects which were impacted.

So this has been the big reason for the revenue as we were expecting around at least flat last year's number. But again, the margin has been because of the few technical checks for few of the projects, which, again, where the operational claims are not yet realized, which were supposed to be there in quarter 4 only. So in quarter 1, one of, 3 of the projects where the settlement agreement being executed and 1 or 2 projects likely within, say, 1 or 2 months. So those are the reasons when they are being corrected into the margins.

Shravan Shah: So sir, now how one can look at the revenue for the entire FY27, FY28 and the margin. And at the same time, also want to understand in terms of the broader, the segment-wise in terms of the HAM, EPC, railway, solar, solar is very, very less now INR86-odd crores, but the BESS and the new transmission. So whatever the new we have got and in the Welspun also the order.

So broadly, if you can spell out how we want to kind of execute in FY27, that would help us. And in terms of the margin, as you are saying that 3 projects, the claim settlement is done and maybe 1 or 2 will be done.

So can the margin again will start coming back to 15% odd from the Q1 itself and for full year, how one can look at the margin also?

Harendra Singh: As far as execution is concerned, whatever correction which was supposed to be there in battery projects, so now with, in the first 2 months, we have secured almost INR5,500 crores of order, so which we believe that they are started, this year would be quite a good year for us as far as execution because almost all the projects which we are now working would be in an active phase, except for the project, which was the appointed date of Pune-Shirur, which is Welspun project expected in October and the project of Odisha Ring Road expected in October.

So with that, we are targeting a good amount of, say, percentage growth into this year. We are looking at about INR6,500 crores plus of turnover for the year. As far as margin is concerned, definitely, there has been big reasons across industry, which also, as I addressed in the opening remarks.

So there has been a few turbulent as the metal prices as the fuel, energy. So these are all logistics. So these are supply chain disruptions, which are causing delay as well as which are causing the margin pressures, the margin are under tremendous pressure. But with this, whatever correction being done in quarter 4, likely the settlement agreement for these all 5 to 7 projects being, likely to be done in the coming quarters only.

So with that, we believe that definitely, whatever positive corrections because of the last spillover would be added into this year number. So roughly, we will be around the range of 14% despite of the fact that the margins are under tremendous pressure for the year at the start for the geopolitical situation.

Shravan Shah: So in Q1 also, can we see the similar 10%, 11%? And then from the 2Q or maybe third quarter onwards, we will?

Harendra Singh: As a broader understanding, we can just see the entire because it's a very, very, say, immediately, we cannot just see the big correction is going to happen in quarter 1.

Shravan Shah: Okay. Got it. And now we said this.

Moderator: I'm sorry to interrupt, Shravan, I request you to please come back in the queue for questions. Thank you. The next question comes from the line of Renuka with First Water Capital. Please go ahead.

Renuka: Yes hello. Am I audible?

Moderator: Yes ma'am please go ahead.

Renuka: Thank you for the opportunity. A couple of queries. When I look at your net debt to equity at a consolidated level from FY25 to FY26, it has increased 1.3 to 1.4. So just wanted to understand what was the reason for the increase? And what are our plans in terms of reduction in our debt level?

Harendra Singh: So as far as consol is concerned, definitely with the monetization proceeds, which were delayed a bit because it was expected in quarter 3 and quarter 4 for all these 5 projects being monetized. So this is the big reason when we are seeing a bit of high number into net debt equity in consol as well as if you talk of standalone also, we are expecting this is to be drastically reduced from this INR1,600 plus crores of debt would be in the range of about INR800 crores to INR1,000 crores of debt in first half of this year.

Renuka: So how much are we looking to monetize in FY27?

Harendra Singh: These are the 5 projects which we are already SPA executed, a few of the transactions already done and a few more transactions where around INR1,000 crores are likely to be received in this quarter 1 and quarter 2 only.

Renuka: Okay. So that is how much that we are expecting by in FY27? It will be reduced? Any other proceeds that we are expecting to get this number further down in FY?

Harendra Singh: Definitely as per the solar project where the debt into SPVs was not, because of INR99 crores also we deposited back to bank because of the time line, which was not extended by MNRE. Now are being extended. So with the re-sanction being done by the bank SBI, now around INR350 crores of the debt would be released to SPV and entire SPV will be paying back to H.G. Infra.

Renuka: Okay. Okay. Got it. And in the recent 2 transmission projects that we had received, can you quantify how much is the EPC value for those projects?

Harendra Singh: It's INR1,220 crores of roughly EPC and these equity requirement would be INR275 crores in both the projects in a span of 3 years.

Renuka: Okay. Got it. I will join back in the queue. Thank you so much.

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

Parth Thakkar: Thank you for the opportunity. Can you give me a total of how much equity requirement for both the HAM and the BESS projects?

Harendra Singh: So overall equity requirement as of now, which is around INR1,200 crores. So out of INR1,200 crores, you see in quarter this FY27, we are estimating around INR760 crores, say INR414 crores in HAM and INR345 crores in BESS and energy and transmission also. In FY28, it would be INR229 crores into HAM and INR132 crores in energy and balance is very small in FY29.

Parth Thakkar: So INR1,200 crores is for both HAM and solar project, right?

Harendra Singh: Yes, yes.

Parth Thakkar: And can you quantify how much amount is pending from the monetization, the total amount?

Harendra Singh: Which we are expecting now?

Parth Thakkar: Yes, in this year?

Harendra Singh: So in this year, INR203 crores already received in April and around INR900 crores plus is likely to be received in first half of the year.

Parth Thakkar: You said INR904 crores, right? Hello?

Harendra Singh: Yes, yes.

Parth Thakkar: INR904 crores spending, right?

Harendra Singh: INR935 crores to be very specific in first half. So INR203 crores already received and balance INR935 crores additional would be there from June, July, August, September.

Parth Thakkar: Okay thank you. Those were my questions.

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

Shravan Shah: Yeah. So sir, on the order inflow front, you said INR11,000 crores to INR12,000 crores. So that will be over and above of INR5,600 crores that we have received?

Harendra Singh: No, no. For the entire year, we are expecting INR11,000 crores to INR12,000 crores, out of which around 50% of the order already received because the order which we were expecting INR3,900 crores, which were last year, now it has been received. So it's for the year only, we are considering for the year.

Shravan Shah: Yes, sir, then this is a decent gap which is there because in FY26 also, we kind of got INR2,500 crores INR3,000 crores delays plus INR4,142 crores MSRDC cancellation. So kind of a INR7,000 crores additional. So this number was previously also, we were looking at the similar number. So this year to fill the gap, we actually need a kind of INR17,000 crores plus kind of order inflow total to fill the gap of FY26 plus MSRDC?

Harendra Singh: In any case, so because of the recent scenario, you cannot guarantee the orders for the year because in the last year also, we were expecting a big order inflow from NHAI only, but nothing has happened, nothing big has happened rather.

So with that, we cannot just guarantee now we are estimating at INR12,000 crores for the year and if we execute around INR6,500 crores, so we would be having around INR16,000-odd crores of order backlog FY27. So as of now, because of this war situation, because of this geopolitical any turmoil, we cannot guarantee anything in India also, we would be able to grab this kind of a number.

We can always see in quarter 1 after quarter 1 and quarter 2, if any positive. The company is again interested into looking into the healthy order positions as well as decent margins so as to sustain and scale both.

Shravan Shah: Okay. Got it. So given that, let's say, by end of FY27, whatever the number we are saying, INR16,000 crores kind of order book is there. So for next year, FY28, how one can look at in terms of the execution. This year, you said INR6,500 crores?

Harendra Singh: Once everything stabilized, definitely, we were aiming to look at whatever is the shortfall for the year, which is last year, we have seen negative growth in revenue as well as margin was input pressure. We will try to recover back to the normalcy and expecting around INR8,000 crores of order execution in '28.

Shravan Shah: Okay. So INR8,000 crores kind of revenue can be doable in FY28. With this, the number, if you get the more inflow, then would be better. But on the margin front, particularly the recent one, whatever we have received, this INR5,600 crores because it has a decent one, INR3,900 crores Welspun order one so just trying to understand relatively, obviously, whatever the commodity inflation is there, that will definitely will have an impact.

But structurally, one can look at, at least we can have a 13%, 14% kind of a margin on a sustainable or as we keep on having the new orders, new segments, then we ultimately will kind of move to a 11%, 12% kind of a range over 3, 4 years. So that's the broader understanding wanted?

Harendra Singh: So definitely, the margins, which we never want to see that the growth is at a less margin, we would be expecting around 13% to 14% growth year-on-year margins with a growth of about 15% year-on-year.

Shravan Shah: Okay. And a couple of, sir, balance sheet data point, if you can share unbilled revenue, mobilization advance, retention money, HAM debtor, solar debtor and ganga debtors?

Harendra Singh: So, you see the debtor balance is around INR1,560 crores. This INR1,560 crores plus INR190 crores is retention from debtors only old, out of which BESS and transmission do have INR128 crores and Ganga is INR195 crores for Adani and HAM is, HAM SPVs, all 7, 8 and 9 SPVs are there, INR690 crores.

And railway around INR218 crores and balance is SPVs of solar around INR280 crores. And as far as unbilled is concerned, a few of the others also is there, balance is others. And on contract assets, this breakup is around INR1,800 crores that has gone very high because of a few of the projects which we are expecting COD where the operation claims and other final bills were likely to be received, but could not be done.

But then here, the breakup is into solar INR116 crores and railways is INR449 crores and HAM is INR690 crores. SPV, all SPVs and Ganga is INR139 crores. And rest is NHAI and others, INR178 crores and INR215 crores.

Shravan Shah: Okay. So total, sir, put together, you said INR1,766 crores, the unbilled revenue?

Harendra Singh: It's INR1,857 crores to be very specific. BESS in transmission, yes, correct.

Shravan Shah: Sorry, sir, I didn't get that. INR1,856 crores?

Harendra Singh: It's a total of INR1,857 crores, out of which a breakup has been given. So, you can just take the detailed numbers from Rajeev also.

Shravan Shah: Yes, got it. And mobilization advance will be?

Harendra Singh: Mobilization advance is INR327 crores.

Shravan Shah: INR327 crores. And in terms of broader level, the capex for this year and next year, given the new projects are coming?

Harendra Singh: Not much of a capex being done last year also, not big capex, around INR50 crores of capex hardly would be there for the year for the kind of contracts we do have and the few projects which we likely to get.

Shravan Shah: Okay. And date you said by 1H, we should be reducing to INR800 to INR1,000 crores or by INR800 crores to INR1,000 crores?

Harendra Singh: Yes. We are targeting at this, once this transaction of all HAM projects as well as solar debt being recovered through SPV. So, this is a good number. And again, the unbilled contracts, this unbilled contract assets, which are likely to be built very fast now.

Because all the projects are nearing COD and with all settlement agreement and final agreement being signed by the clients. So, we are hoping in quarter 2 and quarter 3, likely around INR500 crores would be received from these contract assets also.

Shravan Shah: So by September, we are looking at this INR1,627 crores debt will come to INR800 crores to INR1,000 crores and further, maybe by March with the solar debt reduction, maybe further, we can expect the further reduction?

Harendra Singh: Correct, right.

Shravan Shah: Okay. And then sir, lastly, this the equity breakup in terms of -- again, if you can specify, particularly the solar one, you said that, that equity requirement, INR731 crores has increased to INR851 crores. Correct me if I'm wrong?

Harendra Singh: So, what has happened, the bank has recalled certain loans because the time line of these solar projects where they were not extended. Now with the extension being done till 31st March '27, so again, this INR9,900 crores is going to be re-sanctioned and could be released. So put together, the total equity requirement in energy, BESS and all would be around INR345 crores.

Shravan Shah: Okay. INR345 crores?

Harendra Singh: For the year.

Shravan Shah: Okay, for the year, no. So currently, in solar, the number is the same, INR731 crores and then the BESS, how much?

Harendra Singh: Equity remains same, whatever additional payment we had given that will be paid back.

Moderator: Thank you, sir. Mr. Shravan, I would request you to please come back in the queue for further questions. The next question comes from the line of Vishal Periwal with PL Capital. Please go ahead.

Vishal Periwal: Yes, sir. Thanks for the opportunity. Just continuing with the previous. So, the transmission BESS and solar projects, we are funding at what debt equity ratio?

Harendra Singh: This is around 30-70. See, this is around 27%, 27% equity and rest 73% debt.

Vishal Periwal: Okay. Even the Mirzapur and the Jharkhand project for financial '27 that we received, it is a similar sort of trajectory?

Harendra Singh: Yes, of course, I think it's having the similar norms.

Vishal Periwal: Okay. No reason I'm asking is because you mentioned we'll be putting INR275 crores equity in these 2 projects. And if we do 70-30 sort of debt-to-equity ratio, then the gross block comes to almost like INR900 crores odd for these 2 projects and the EPC value is almost INR1,200 crores odd, so just?

Harendra Singh: So, this is the EPC value plus some interest during construction, some soft and hard cost. So overall EPC contract is including GST. Probably it is to be looked into because just 2 days back, we have received these projects. The equity requirement is INR275 crores. It could -- it can maybe just INR25 crores this side, that side.

Vishal Periwal: Okay. So, you mentioned INR375 crores?

Harendra Singh: INR275 crores.

Vishal Periwal: INR275 crores. Okay, fine. Sure, sir. And second, on this revenue growth trajectory for the next year, almost like 14%, 15% sort of growth that we are projecting. Now is this fair to say probably the growth will be evenly across the quarters because for the quarter 1, almost like 2 months have passed. So, can we say that probably 14%, 15% evenly will be there? Or do you think the trajectory will be more of a third or fourth quarter?

Harendra Singh: I think latter half of this year would be quite aggressive because we would be seeing some big ticket size projects contributing a lot. And for first half, no doubt for the last year, what we have achieved would be roughly around that because last year, first half was quite good. Later half was quite dull.

Vishal Periwal: Okay. Got it, sir. And last thing, in terms of margin trajectory, though, I mean, like your commentary did mention that like we are seeing inflationary pressure, overall system is facing that. But in terms of our guidance from 13% that we have clocked in FY26, we are projecting almost like 100% -- 100 basis point increase in '27. So, is this, I mean, like any project mix that is changing in revenue? Or what would drive this the margin increase for us?

Harendra Singh: Just the total projects which we are executing around 70% are from infra, rail and roads majorly. So that bears a decent margin of about 14% to 15%, bearing few -- 1 of the 2 projects. But then again, the other projects which we are operating like battery and transmission and they do have around 10% to 11% projects. So put together around 14% average margins are there in all these projects.

Vishal Periwal: Okay. Sure, sir. I think that's all from my side and I'll come back in the queue.

Harendra Singh: Okay, thank you.

Moderator: The next question comes from the line of Aditya Sahu with HDFC Securities. Please go ahead.

Aditya Sahu: Hi sir. Thanks a lot for the opportunity. I had dropped out in between. I just had a few follow-up questions. On the EBITDA margin guidance, that would be around that 14% to 15%, sir, right, if I'm not wrong?

Harendra Singh: No, no, sir. What we are discussing about because of these disruptions and other issues, you cannot guarantee the margin accurately. But we are expecting around 14% for the entire year is possible. It may be quiet, say, not into that range in quarter 1 and quarter 2. So, after that, the normalcy once it comes in, then it would be again stable.

Aditya Sahu: Right, sir. I think the overall guidance we have about INR11,000 crores to INR12,000 crores. This is including the one that we have already received of INR5,500 crores?

Harendra Singh: This, we are keeping the guidance because in any case, the projects which are there in the pipeline is good, but you cannot guarantee the orders, which were last 1 year, we also have waited for those orders. But again, if we are expecting that INR5,600 crores already done, so we would be definitely having an upper edge to just see this streak continued. And we were expecting INR6,500 crores odd to be added during the balance of the year in 10 months.

Aditya Sahu: Understood, sir. And on the revenue front, because I think last time we had guided some INR7,000 crores odd of revenue. So, is that the similar revenue guidance we have this time?

Harendra Singh: Yes.

Aditya Sahu: Understood, sir. And on the debt balance and the debt equity ratio, just a ballpark number, like what sort of are you expecting, say, by FY27 in terms of your targeted debt equity ratio you plan to maintain over here?

Harendra Singh: That number at standalone and consol level, as we were discussing that we are targeting INR800 crores to INR1,000 crores of debt by year-end at a stand-alone basis and the debt equity ratio for consol would be less than 1.

Aditya Sahu: Okay. Understood, sir. And on the asset monetization, we have, I think I noted it 5 projects we have for FY27, of which we are expecting INR1,000 crores odd to be received by Q2. I hope?

Harendra Singh: Out of the 5 projects, this is the balance, which is around INR1,000 crores in first half of this year. And we are targeting to monetize the 6 projects very soon when we are going to receive the PCC for the entire year, we are looking into the further getting NOC. And by end of this year, we're likely to close this transaction also.

Aditya Sahu: Understood, sir. And on the HAM equity requirement, I think I noted INR1,200 crores is the overall equity requirement that we have, '27. Equity would be INR760 crores, '28 to '29. I hope I have got this one right, sir?

Harendra Singh: Yes, you are right, I think it is the same number.

Aditya Sahu: Perfect. And the balance would be for FY29, that would be in that case?

Harendra Singh: Correct.

Aditya Sahu: Understood. And just one thing, I think last time you had mentioned Nagpur Chandrapur execution was affected. If you could help me on that one?

Harendra Singh: No, no, Nagpur Chandrapur projects, which we have taken off from a balance order book because there is no security regarding the bid security being released by client. So with that, I think the clarity is maybe they are going to be rebidded.

And once they are going to be bided soon, then we can expect further okay, if those are the projects or any of the projects from Maharashtra, we would be likely in race to bid and receive.

Aditya Sahu: Okay. Because I think we were earlier planning the execution to begin by H2 FY27. So I think that is where we stand even today?

Harendra Singh: That was the initial indication because the land is the acquisition and everything is going at a very advanced stage, but we are not expecting this to, as a bid security being refund. So, it clearly indicates that it is going to be rebid.

Aditya Sahu: Understood. Thank you so much. No more questions. Thank you.

Moderator: Thank you. Ladies and gentlemen, if you wish to ask a question, you may press star and one. The next question comes from the line of Parth Thakkar with JM Financial. Please go ahead

Parth Thakkar: Thank you for the opportunity again. Sir, what would be our current bid pipeline? And have we bid for any projects where the results are yet to come out?

Harendra Singh: Yes, there are around INR25,000 odd crores of projects already we have bided mostly are from roads, a few from rail and 1 or 2 from transmission and BESS as well. And further, this pipeline, which already is there is around INR70,000 crores plus in roads and around INR30,00 railways, which are visible, which we would be likely to bid in the near future.

Parth Thakkar: Sorry, sir, you said INR70,000 crores for?

Harendra Singh: This is the road pipeline, which we are going to bid in the near future. INR30,000 crores of order already we had bided majorly into road, majorly from roads and rail.

Parth Thakkar: Okay. And in your initial remarks, you said that we expect around INR225 crores BESS revenue. Is that right?

Harendra Singh: So this revenue from BESS or transmission and solar, like solar, we already clocked INR130 crores last year. So, this is a revenue which will be coming in SPV as EBITDA. And these are all projects, which INR225 crores in BESS and transmission and solar. This is around INR500 crores to INR550 crores of total top line yearly that we will be getting once commissioned.

Parth Thakkar: Okay, thank you sir.

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

Shravan Shah: I think, sir, just a clarification. I think in the previous answer to the HDFC guy, you said that for FY27, the revenue guidance is INR7,000 crores, but actually, initially, you said INR6,500 crores odd. So just to clarify?

Harendra Singh: Shravan, I think it's roughly, we are targeting at INR6,500 crores plus number. But definitely, as we are having a strong number now with balance of about INR15,500 crores, and we expect that it would be roughly half of the order would be executed because the magnum of the projects, which are likely to be finished within this year.

That gives us the surety. Again, the pond ash is one item where the supply is mandated to SPVs in Jharkhand projects, which were not earlier having in their order. So likely that INR 500 crores to INR600 crores of order would be done in pond ash transportation also. So, this is how we are looking at about INR7,000 crores.

Shravan Shah: Okay. And any rough idea once we get this Welspun appointed date by October, out of this INR3,900 crores, how one can look at this year and the next year in terms of the revenue?

Harendra Singh: We are roughly, we would be doing around INR750 crores in Welspun order because in initial 2 months also, these 4 months also, there's INR115 crores of utility shifting to be done, some preconstruction phases where they are going to pay us.

So, these are not only after the appointed date, the full, that appointed date after the appointed date, the full execution would be done, but the first, say, a few months, we are doing that execution, which is really required and that is going to add into revenue.

Shravan Shah: Okay. So roughly for the full year, maybe INR900 crores kind of a revenue is doable in FY27?

Harendra Singh: Yes.

Shravan Shah: So next year, then it would be close to INR1,800 crores plus kind of a number should be there?

Harendra Singh: Not exactly INR1,800 crores, but definitely, it would be not less than INR1,600 crores to complete the project in this 36 month, and we are targeting that because it is having the bonus clause fully completed in 36 months, INR50 crores and it being done in INR33 crores, INR75 crores.

Shravan Shah: Okay. And the new one, this Odisha HAM, so there, do we see any kind of an issue in terms of the land or anything?

Harendra Singh: No. The projects which are now being awarded by NHAI, they do have a very good, good feature as far as appointed date would be aligned with the contract agreement concession agreement. So, within 6 months, once the LOA or concession agreement signed, we are expecting that all projects do have this beauty of land acquisition, controlled land acquisition.

Shravan Shah: Okay. And sir, broader level, how one can look at the -- your own estimates from NHAI side, let's say, for this year, how much kilometer or value and that also, they are also saying that the BOT would be the preferred more for them now. So that is also the case?

Harendra Singh: So, they were not expecting that, let's say, quite of interest has not been showed by many of the players in BOT segment. So, with that, we are expecting that no doubt HAM more preferred, but BOT last is EPC.

Shravan Shah: But roughly, how much kilometer do we think 3,000 kilometer odd or?

Harendra Singh: Exactly, I'm not having a very exact number.

Shravan Shah: Okay. But if they go for, let's say, BOT tool, but we will not go for it. We will prefer to kind of a subcontract the way we are?

Harendra Singh: As of now we have not tried.

Shravan Shah: Okay. Got it.

Moderator: Thank you. Ladies and gentlemen, that was the last question for today. I now hand the conference over to the management for closing comments.

Harendra Singh: So, thank you for joining us today. We remain confident in our continued success and are here to address any further questions. Please feel free to reach out to us or our IR advisers, Go India Advisors. Thank you.

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