



INFRA PROJECTS LIMITED

ENGINEERING CONSULTANTS & CONTRACTORS

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19th November, 2025

To,
The Manager,
Listing Compliance Department,
National Stock Exchange of India Ltd,
Exchange Plaza,
Bandra Kurla Complex,
Bandra (East),
Mumbai – 400 051

NSE Symbol: HECPROJECT

Subject: Submission of transcript of earnings conference call held on Monday, November 17, 2025 at 4:00 pm

Dear Sir/Madam,

With reference to the above mentioned subject related to the Earnings conference call and pursuant to Regulation 30 of Listing obligations and Disclosure requirements) Regulations, 2015, the company is hereby submitting the transcript of the Earning conference call held on Monday, November 17, 2025 at 4:00 p.m. discussion on unaudited financial results for the quarter and year ended September 30, 2025 earnings with the investors and analysts is available on the website of the company.

It is further confirmed that no unpublished price sensitive information was shared/discussed in the meeting/call

Thanking you,

Yours faithfully,

For HEC INFRA PROJECTS LIMITED

Khushi
Rajendra Bhatt

Digitally signed by Khushi Rajendra Bhatt
DN: cn=Khushi Rajendra Bhatt, o=HEC INFRA PROJECTS LIMITED, email=khushi@hecproject.com, c=IN
Reason: I am the signatory for the above mentioned subject.

Khushi Bhatt

Company Secretary

M.No.:A51011



“HEC Infra Projects Limited Q2 FY '26 Earnings Conference Call”

November 17, 2025



**MANAGEMENT: MR. RAHUL SHAH – WHOLE-TIME DIRECTOR – HEC
INFRA PROJECTS LIMITED**

**MODERATOR: MR. PARTH ACHARYA – KIRIN ADVISORS PRIVATE
LIMITED**

Moderator: Ladies and gentlemen, good day and welcome to HEC Infra Projects Limited Q2 FY '26 Results Conference Call hosted by Kirin Advisors Private Limited.

As a reminder, all participants 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 this conference call, please signal an operator by pressing '*' then '0' on your touch-tone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Parth Acharya from Kirin Advisors. Thank you, and over to you, sir.

Parth Acharya: Thank you. On behalf of Kirin Advisors, I welcome you all to the conference call of HEC Infra Projects Limited.

From the Management Team, we have Mr. Rahul Shah, Whole-Time Director.

With that, I now hand over the call to Mr. Rahul Shah.

Rahul Shah: Good afternoon, everyone. It is my pleasure to welcome all our shareholders, analysts, and well-wishers to the Q2 FY '26 Earnings Conference Call of HEC Infra Projects Limited. I thank you for joining us today and for your continued trust in our company's journey.

The 2nd Quarter of FY '26 was yet another period of steady growth and strong operational execution for HEC Infra. We are pleased to share that the company has delivered healthy performance across key financial and operational parameters, reflecting the strength of our diversified business model and discipline project management approach.

Our revenue for the quarter stood at INR 40.82 crores, registering a year-on-year growth of 96.84%, supported by improved execution across multiple projects and consistent order inflows. EBITDA came at INR 3.86 crores, translating into a margin of 9.45%, while net profit stood at INR 2.33 crores, which is up by 82.10% year-on-year. These results underline our focus on profitable growth, cost, efficiency, and timely delivery.

During the quarter, we continued to strengthen our order book with five new projects worth INR 62.53 crores reflecting our growth credibility as a trusted EPC partner across infrastructure domains.

Key wins include INR 28.75 crore EPC contract from BGP Infra Private Limited for setting up 66 kV substation and underground cable works at Borosil End, a INR 7.15 crore order from Advait Energy Transitions Limited for the implementation of a battery energy storage system, our first major foray into this emerging segment, and multiple municipal corporation projects from Ahmedabad Municipal Corporation, aggregating to over INR 26 crore rupees, covering water distribution, augmentation, upgradation, and new construction across central, northwest, and south zones of Ahmedabad.

These additions further enhance our project pipeline, giving us clear visibility for the coming quarters. The diversified spread across extra-high-voltage transmission, power distribution, water infrastructure, and renewable energy continues to strengthen our overall positioning.

Over the years, HEC Infra has built its identity as a reliable end-to-end EPC partner capable of executing complex and large-scale assignments. Our business models covering design, procurement, installation, testing, and commissioning gives us strong control over quality timelines and cost structures.

Looking ahead, our strategy is anchored on three priorities. First is selective project participation, focusing on short to medium tenure projects with healthy margins and faster cash conversion cycles.

Second is expansion into new opportunity areas, particularly battery energy storage systems and solar integrated power infrastructure which align with India's broader renewable energy goals.

The third is strengthening water infrastructure capabilities, basically to capture the increasing demand from municipal and industrial clients under the Jal Jeevan Mission and state-level water projects. We are also actively evaluating potential backward integration opportunities through selective acquisitions in transformers and other electrical component segments, which will enhance our value chain and help improve margins further.

During this quarter, our teams continue to demonstrate strong execution capabilities. All ongoing projects are progressing as per schedule, with strict adherence to quality and safety standards. We are also witnessing increased activity in tenders under RDSS, Green Hydrogen Mission and PM-KUSUM schemes, which are expected to create multi-year opportunities in transmission, distribution and renewable link EPC work. With our proven expertise, financial stability and diversified portfolio, we are well positioned to capture these opportunities and deliver sustainable growth.

Before concluding, I want to take this opportunity to thank the entire HEC Infra team for their relentless efforts and commitment to excellence. I would also like to express my sincere gratitude to our clients, partners, investors, and all stakeholders for their continued trust and support. We believe the coming quarters will bring further momentum backed by a robust order book, efficient execution, and a positive demand outlook across our key business segments. We remain committed to building a stronger, more sustainable HEC Infra focused on growth, reliability, and long-term value creation for all stakeholders.

With that, I would now like to open the floor for questions. Thank you.

Moderator:

Thank you very much. We will now begin the question-and-answer session. The first question comes from the line of Harshal Mehta from Zennivesh. Please go ahead.

- Harshal Mehta:** Sir, first of all, congratulations for great set of numbers, amazing growth. Sir, my question is, on the loans and advances part. That particular section has increased from, I think, INR 7 crores to INR 30 crores. So, just wanted to get a clarity where this has been invested, or where the loans and advances have been given, if possible.
- Rahul Shah:** So, I think we get this question, I think, in every session that we are doing. It is very clear that all the advances are going for manufacturing of all electrical equipment that are being procured for our clients at the end of the day. So, all loans and advances do go towards that. And a small portion, a very small portion is going towards the subcontractors that work for us.
- Harshal Mehta:** So, basically going to the vendors. And the vendors are basically not any kind of related parties from our group entity alone.
- Rahul Shah:** No, I mean we only have one related party transaction which has been openly disclosed. And it is nowhere to the tune of the advances that you have discussed. So, just giving you a small brief. See, as our turnover increases, our loans and advances towards the company or in the operations will also increase. It will increase proportionately, right?
- Harshal Mehta:** Got it, sir. And sir, one last question. So, in last to last con call, or I guess before that, we have added the project that we will be taking forward, going onwards from here. We will be very much cautious before getting the projects about the margins. So, are we still standing right on that?
- Rahul Shah:** Yes, I mean, our profit also this quarter, and I think like we said before, we are basically not booking any and every project. Like we currently had opportunities to book around projects of directly single projects of INR 100-200 crores. But we have chosen not to do that particularly in the previous quarter because we do focus on margin. So, like we said, that profitability is going to be the major driving factor for any project that we do.
- Growth, yes, of course, it is a positive factor which is always considered. But we are not going to bid any project for just growth. I mean, let's say, we are not getting any margin out of the project and let's say we are maybe doubling in capacity. We are not going to do that. We are very clear about that because projects will need to have certain profitability towards them for us to be interested in bidding and for getting them.
- Harshal Mehta:** So, any kind of guidance that, just rough guidance for next, let's say, four to five quarters, that we can maintain this kind of percentage margins, maybe at an EBITDA level, whatever you feel comfortable about?
- Rahul Shah:** See, I think since last one year, since this last March results, we have been very clear about that we will be maintaining the profitability of the company, irrespective of the top line. So, the profitability of the company in terms of percentage shall remain somewhere around here only. It may increase a little. It may decrease a little. By little, I mean like maybe half a percentage

dip here or there. Or maybe a 0.5% boost depending on how the quarter has gone. But on an overall picture, like I always tell, you should monitor a company on an annual basis. And I think you will see similar or better results than last year. That is what I can tell you.

Harshal Mehta: Thank you so much for all the effort that you are putting for the investors.

Rahul Shah: No, thank you. Thank you for being a part of the group, sir.

Moderator: The next question comes from the line of Pooja Mishra from Prisca Enterprise. Please go ahead.

Pooja Mishra: So, sir, I am actually new to the company, but I was going through your financials and everything. So, the thing is, how did execution efficiency involve between Q1 and Q2? And what operational improvement you did were most visible in the first half of the year?

Rahul Shah: Ma'am, could you repeat the question?

Pooja Mishra: So, I just wanted to understand how did execution efficiency evolved between Q1 and Q2, and what operational improvements were most visible in the first half of the year?

Rahul Shah: Ma'am, see, between Q1 and Q2, I don't think we have done any major improvements in terms of, let's say, structuring or in terms of any other thing. We have just been doing what we were doing since the start, and that is basically bearing fruits to our efforts. So, because, like you said, because you are new to this company, we have been conducting the conferences since this March 2025.

And just to give you a small brief, a lot of improvements have been made over the years. I think on a quarterly basis, we do make small improvements. Let's say, we have upgraded a few steps in our accounting system. We have changed our auditors as well for more transparency with investors.

So, a lot of things do happen on a quarterly basis, but on an overall picture, like we said before, we have been doing what we were doing before. And we always try to basically find gaps in our current process and try to improve it. So, I think that is all that we have been doing.

If the question is being asked in terms of any particular side, let's say in terms of finance or something, I think you will be seeing better things in Q3 as like last time we had suggested that we are in negotiation with the bank for better rates and all of that. So, that is also going to happen very soon. So, I think these are some of the parameters on which we have improved from Q1 and Q2. I hope that answers your question.

Pooja Mishra: Yes. So, should we expect further expenses in EBITDA margin?

Rahul Shah: Ma'am, see, I will not be able to comment directly on that because EBITDA does factor in a lot of factors. But yes, we always try to improve our margins, though I am not that confident that it

can always improve. However, what I can confirm is that it will always be maintained because there are certain profitability margins at which we only bid our projects at. So, you can expect that the same kind of profitability will continue or will improve at the end of the day. We do not see any downfall in that. That is how I can maybe give you an understanding on that particular point.

Pooja Mishra: Good to hear. And how do you plan to ensure that the business remains diversified and not overly dependent on government revenue?

Rahul Shah: See, if you compare our order book from last year and let's say, we compare the order book from this year, we have significantly increased orders from the private side as well compared to the previous years. And like I always say before, we always try to get at a 50-50 balance between the government and the private side. So, that is how we are planning to go forward in the near future.

Pooja Mishra: And what is our bid pipeline right now?

Rahul Shah: Ma'am, bidding pipeline, see, I think we are currently bidding bigger projects as well. So, we are bidding some projects in joint venture. So, it is much bigger than what we had in the previous year. And I think the bid pipeline and our numbers, if you refer our investor presentation, so I think they are similar, after adding the growth factor of this particular quarter.

Pooja Mishra: So, should we expect a FY '26 top line of 160-170?

Rahul Shah: I think, see, commenting on the top line directly would be inappropriate. But what I can say is that, like you are seeing, growth in Q1 and Q2, we will, not probably, we are focusing on the fact that we will be giving similar growth in the coming quarters as well. So yes, an overall growth is to be expected in the company.

Pooja Mishra: So, if we talk like I assume that you will give a good top line in FY '26.

Rahul Shah: Yes, ma'am. Yes, it will be there because it is a part of the growth cycle that we are currently growing on. So, it is not like that you will only be seeing growth in Q1 and Q2. Q3 and Q4 will have growth prospects as well from previous past performances if you compare it with them. So, yes, you will be seeing increase in the top line this year as well.

Pooja Mishra: Good to hear, sir. Good to hear. I look forward to--

Rahul Shah: Yes, ma'am. Thank you for the questions, ma'am.

Moderator: The next question comes from the line of Dhanraj Solani from Kuber Advisor. Please go ahead.

Dhanraj Solani: A couple of questions with me. I will just start with the first one. Sir, just wanted to know on the industry side, so what structure, industry shape, do you see in unfolding in T&D water and renewable sector and also how the company aligning its strategy to benefit from these changes?

Rahul Shah: So, currently, I think everyone is much aware of the number of green projects and the kind of initiatives that the central government is doing and is carrying out on a policy level as well. So, if we discuss on the policy level, firstly, like shortly, so the government is probably planning to introduce BESS, battery energy storage systems, as a compulsion. And it will become a certain percentage of any solar or wind project that any developer puts up.

So, any developer will have to install their battery energy storage solution as well on their sites. And I think it will be coming pretty soon. By this yearend or maybe in the next year, this policy will be out, right? So, with such policies in effect, we see that the business of renewables is constantly booming.

And of course, the Jal Jeevan Mission and a lot of other missions focused on water distribution schemes in rural parts are also growing on a day-to-day basis because there is still a lot of, like we still have not delivered water to each and every household till date. And the requirement of cities and towns and villages are increasing on a daily basis. So, we see that both of these sectors being primary requirements of modern-day lifestyle, like electricity and water, these are surely going to flourish in the coming years.

I always give this comparison whenever this question is asked previously also. I do give the comparison that when we compare per capita electrical consumption, we are at somewhere around one-sixth or one-seventh of the United States. We are one-third of China. And so the consumption of electricity is also lower in our country. Once you start adding more and more amenities and on a daily basis, let's say air conditioning was a luxury at one point. Now it has become a necessity in certain parts of India.

So, looking to such developments happening on a far scale, electricity and water are going to be required more and more on a per capita basis. And what our projects do is basically empower the government or the private client to supply these amenities to the end user. So, I think that growth is going to be significant in these particular sectors, at least for the next coming five years.

Dhanraj Solani: So, exactly what differentiates us in substation EPC work, particularly, let's say, in the range of 66 kV and 220 kV.

Rahul Shah: So, I think those, the kVA ratings that you mentioned are like, technically, you can say that, let's say we are A rated or we are B rated companies. It is something similar to that. So, when we want to do projects of bigger size, we need higher kVA ratings in electrical projects, right? And it works in a similar fashion in the finance field as well.

So, just to give you a summary that we are trying to basically work on higher kVA ratings as well. So, this basically gives us credentials to bid for bigger projects. And of course, bigger projects come with bigger responsibilities. So, these markets, when we want to tap them, we do need credentials at the end of the day. So, the company is focusing currently on increasing their credentials in all sectors, across all sectors.

One thing that you asked is that how do we differentiate ourselves? So, I would say that the only differentiator for our company is that we as EPC contractors are into various verticals. We have competitors in power and distribution sector. We have competitors in the water distribution sectors. But those competitors do not compete like we do in different sectors of theirs. So, the company is focused into three or four sectors and we are trying to add more verticals and grow the company so that the revenue stream is diversified at the end of the day for us. So, I think that is the biggest differentiator.

And the second thing is that we are not dependent on any one particular contract or any one particular client for our top line and bottom line. So, that is, I think, a big major differentiator because we have seen slumps, like we see a slump cycle in certain PSUs in certain private clients as well. But we basically are protected because we have a diversified portfolio.

Dhanraj Solani:

I have more questions. So, I will just again rejoin in the queue.

Moderator:

The next question comes from the line of Nishit Srivastav, who is an individual investor. Please go ahead.

Nishit Srivastav:

First of all, congratulations on a decent set of numbers. And secondly, I want to congratulate you for holding this con call as well, because this is really very good for us investors to be in touch with the management. I really appreciate that. Thank you so much.

Rahul Shah:

No, sir. Thank you so much for joining the con call. Even all inputs from all investors or potential investors are ultimately a guiding factor for us as well because we also get to understand certain transparencies and certain questions that we are maybe not disclosing to the best of our knowledge. So, it is also good practice to have a transparency with the investors. So, thank you for joining the con call.

Nishit Srivastav:

Absolutely. Absolutely, sir. And most of my questions are asked by the previous person, in terms of the numbers and the growth. But still, I have a question on the working capital requirement. If I can use the word, allow me to use that. Is there any working capital distress that you see? Why I am saying this is because the operating cash flow was significantly negative in FY '25 and even in HY this year, I see that the current asset number is high. So, is there anything that you see from that perspective that is a working capital distress in the company?

Rahul Shah:

Sir, I think it is not in the company. See, let me explain you certain things that do contribute to these factors. So, let's say when we report, let's say working days, right? So, in '24 March, I think

we had reported working days of 76 days. And I think this time it has gone up to around 123 days, right?

So, just giving you a brief explanation of how this works out is that we received a lot of payments to the tune of almost INR 17 crores in the first week of April. So, what happens is that this cash flow will be shown on a negative trend or as you have clearly said that, do we have any difficulties? So, there are no difficulties.

It is just that when we close a quarter, there is a hard cut line. We may perform significantly nicer than the previous quarter, which we are on, if you ask my opinion. But if we do not get the payments, let's say, on 31st March or whenever the quarters are closing and if the payment comes in the next quarter, so these payments are being delayed. Yes, that is true.

But we do not have any major debtors since the last three to four years, which is going more than 180 days. Any and every debtor that we have disclosed is from our past projects and they are basically held due to retention amounts and some other prospects. So, we do not have any working capital crunch or any issue with recoveries of our revenue, if that is the question you are asking, sir.

Nishit Srivastav:

Yes. Actually, the nature of business that we are in, I mean, our company is in, I am not looking at quarter-on-quarter from a cash flow perspective. But like on an annual report, when I see receivables as high as INR 32 crores, if I am not wrong, or probably INR 28 crores, if I remember correctly. And then I also understand there is quite a good mix of private and government entities. So, I just wanted to understand that if the receivables from the government entities taking a long time to kind of come into the business, and that probably can be a potential factor.

Rahul Shah:

Yes, sir. What you said is rightfully correct. And I think you have actually said a point that I do if you have attended any of the previous investor calls, I think this topic has come up. And we are very transparent about it that, see, the government started protecting MSMEs after 2018 and it started implementing schemes after 2020 COVID which actually made government payments receivables like very much faster. Any and every project that we have done before that or maybe certain projects till 2022, we are realizing revenues even till date.

And there are certain processes and providences in government departments which do not allow us to have this revenue on an earlier side. It is not due to, let's say, due to poor workmanship or maybe due to any LD clauses or something like that, that the payment is not being realized. It is clearly and clearly due to their own internal processes.

So, particularly, let's say I will give you an example, that we have an unrealized revenue from Gujarat Energy Transmission Company. So, in that case, for my final bill, the department is currently taking almost 1 to 1.5 year for processing of the final 10% of the project. And that revenue is realizable after or how do you term it, the performance period per se, right? So, the

departments take their own time, and that is why we are focusing, the current focus of the company is to target departments where such things are not happening, right?

So, we work in GETCO currently also. It is not that we are not working in GETCO, but we are working for particularly two or three types of projects only. We have stopped working in the substation business of GETCO because that is becoming more and more challenging day by day to get payments out of the system, especially the last retention amount. So, we have stopped doing that. But we are getting retention on regular basis released from GETCO in our cable distribution and cable link projects. So, that is how we are trying to mitigate exactly the thing that you said, that how we can get these payments faster.

Same thing with HVPNL. So, government business always has this downside of how the processes are going to be handled. And other than that, I don't see any other challenge to particularly the government side of business.

Nishit Srivastav: Thanks for explaining that. And just a follow-up. So, do you have any concentration risk? I mean that any single client or project like contributing more than 25% or similar in order book? Is there any concentration risk?

Rahul Shah: We currently do not have any singular project which contributes more than 20% of the revenue. However, if we go on, let's say, a statewide split or something like that, we do have major revenue coming from Gujarat as on date. Some small portions are being realized from Haryana. And we are actively exploring other states, just to give you a small brief. And I think we have said that in other investor calls as well, that we are positively working towards that.

Nishit Srivastav: And there is one other question I have on the growth. So, in the last two years, if I am not wrong, you have grown, I mean, from a sales perspective, at least 45%-50% year-to-year. So, does the growth continue to be, I mean, that is what you see. I mean, in this fiscal year, you already said there will be closing in probably around 45%-50% on the sales. And then is that something that you see as well going forward also?

Rahul Shah: Sir, see, I will be very honest with you. When you compare our peers in, let's say, power distribution sectors and maybe some peers in the water distribution sectors as well, you will see a growth of maybe 300%, maybe 500% as well. And I am talking about some direct competitors right now.

So, what we are doing is we are moving very cautiously in this particular line of action. We believe that if I am projecting a growth today, it has to be maintainable in the coming future. Not in terms of, let's say, percentage, but if a company is growing, it should keep growing. I mean, we missed the train somewhere in 2018 and 2020, where COVID hit us really bad. So, we did see a couple of bad years.

Nishit Srivastav: And it has to be profitable growth as well.

- Rahul Shah:** Yes, yes, yes. But we basically are very cautious in terms of, let's say, our debts. We are cautious of what projects we are taking. So, we are moving cautiously. That is how I will tell you. And in today's market, this cautiousness, even with this cautiousness, we are growing at 50%. So, I think this can be maintained at least for the next three to four years. Because what we are seeing is that the number of projects are just increasing day by day. I mean, it is not even stagnant. The growth is not stagnant. It is increasing year-on-year.
- Nishit Srivastav:** That is very good to hear. That is very good to hear. The one thing related to this is then I believe that non-fund-based limit is probably related to your growth. So, have you got that increase or how has it shaped up in this quarter or have you working with the banks to increase that limit?
- Rahul Shah:** No, I think it will be done very shortly. It will be done very shortly. We hope to give some good news and I think you will be seeing it in the balance sheet probably the next quarter. So, it will be as soon as that. We were expecting it to happen in the 2nd Quarter, but sadly, it did not happen because our renewal dates and certain parameters on the banks were not there. But I think you will be seeing positive growth in that particular area as well. And we will be becoming more aggressive with the new enhanced limits that we will be having.
- Nishit Srivastav:** Thank you so much for taking my call. In fairness to other callers, I would leave it now. And thank you. And probably I will speak to you again in the next call.
- Rahul Shah:** Thank you for your time, sir.
- Moderator:** The next question comes from the line of Ashay Shinde from Shah Consultancy. Please go ahead.
- Ashay Shinde:** My question is, what opportunities do you see under the Green Hydrogen Mission and how relevant is it to your expertise?
- Rahul Shah:** So, ma'am, we have currently executed just one project in the Green Hydrogen Mission and that directly came from a government PSU. Other than that, we are in venues of exploring new projects. Green Hydrogen Mission will probably be growing much faster after, let's say, a span of five years because currently Hydrogen storage and certain technical challenges of using Hydrogen as a fuel are the constraints.
- But you will be seeing a lot more Green Hydrogen Missions related projects and a lot more participation of the private side into producing green hydrogen, especially energy companies like Torrent or Adani because a lot of green hydrogen can be used to basically enhance the current furnaces and boilers.
- So, currently, there is good growth in Green Hydrogen Mission, but the tenders that we bid were not actually that viable because they went on a very much on a lower scale. So, competition right now is also very fierce at the same time, but then we always sit out in these situations. So, I hope that answers your question.

- Ashay Shinde:** So, any particular sector maybe top one or top two sectors where you have like a prime importance or the prime focus and maybe you think that the growth will be higher?
- Rahul Shah:** So, power and distribution sector which caters to all these green energy companies is our first, I think, on the priority currently. And it will be followed by the water distribution pumping sector, which is on the second number, currently, in our revenue streams as well. So, I think these two sectors are our top priorities as of now.
- Ashay Shinde:** So, how do you see the water infrastructure vertical scaling and given the government a push under the Jal Jeevan Mission?
- Rahul Shah:** So, ma'am, the government is currently funding a lot of the state bodies, a lot of Taluka levels also, and they are putting up certain projects through the directive center as well. And we are trying to capture certain portions of these projects on a smaller scale. So, I think there will be a good growth in this business as well in the coming 5 to 10 years, at least for the next 5 years for the Jal Jeevan Mission as well.
- Ashay Shinde:** Sir, I see what our revenues dropped significantly, and that is before COVID. So, can you share what went down?
- Rahul Shah:** No, I think there were two factors in play at that point of time. I will be very open with the investors. And that is that we were not structured in the right manner. Our finances were not structured in the right manner. We did not have the right SOPs in place for any and every work that we did. And I think on a company level, we were transparent in terms of reporting the numbers.
- But I think we lacked a lot of vision in terms of execution, which we have been developing since COVID. So, the two years in which our turnovers dropped to INR 40 crores, the company has been focusing on improving and structuring its finances and improving processes through and through, be it execution or be it internal processes. So, we have been improving them on a day-to-day basis for the past two to three years.
- Moderator:** The next question comes from the line of Dhanraj Solani from Kuba Invest Advisors. Please go ahead.
- Dhanraj Solani:** I just wanted to know, like, on connecting to the previous question, so I just wanted to know the mix. How do you balance between the, I would say, short tenure IRR projects, or longer and more complex projects, like, let's say, some projects will be more strategic advantages, but there would be like tenure which may not come under your criteria. So, how do you manage the mix?
- Rahul Shah:** So, currently, we do not have any long-term tenure projects currently. And sadly, the long tenure does not come because of the increased work, but because of delayed deliveries. So, let's say, if you are working for a 400 kV substation or the delivery for the transformer is currently at 3.5 years. So, the project cycle becomes 4 years for execution. And if you want to, let's say, bid for

this project, you need to invest the bank guarantee for the first four years, followed by the performance guarantee, compared to, let's say, if I am working for a 66 kV project, which I am finishing in a span of, let's say, nine months to one year, right?

So, currently, the company is working only up to 220 kV level as there is a higher level of commitment in terms of finances as well required for such long tenure projects. And most of the projects that we have, all of the projects, in fact, that we have are of a maximum of, with a tenure of two years only. So, the least that we have is somewhere around 9 months, right? So, I don't see that to be a current challenge because we are not venturing into bigger size projects right now. But once we do, I think finance is going to be a bigger challenge. And we will not be stepping into that game till we have our finances sorted. I hope that answers your question.

Dhanraj Solani: So, let's say we are scaling. So, what improvements have we made in quality control or the risk management, I would say?

Rahul Shah: So, improvements in what particular sectors are you asking or in general in overall in the company over the years are you asking?

Dhanraj Solani: How are we ensuring the quality control and risk management?

Rahul Shah: So, see, when we used to work previously, we used to have a project manager dedicated to three or four projects. And we had a side team in place and quality teams in place. But still we found that there were certain delays which were happening from our end even with increased staff.

So, what we have done is that we have taken the quality control in hands of the HO, basically. We have centralized it. So, a lot of things are being centralized which were not centralized before. And this does actually enable us to give improved quality of work and products that we give to our clients.

So, I think we do have clear-cut quality plans and safety protocols in place to ensure that work is being done without any human dangers to our staff or to the staff that is working over there. And on top of that, to ensure quality, we do have clear-cut quality plans and guidelines which, like, if you just go by the book, I think you will be delivering good quality work. I think that is about it. That is how we are tackling it.

Dhanraj Solani: Do we have, I mean, plans, I would say, internal capability, I would say, to improve our competitiveness, specifically, digitally, smart-based projects, or deployment?

Rahul Shah: Sir, see, I think the only way to increase our efforts in those particular directions is, one way is to basically increase manpower, and have good manpower with you. So, that is something that we are currently doing on a daily basis is how you can put it out. If we have good workers in our control, then our margins also significantly improve. Our competitiveness also improves in all these sectors.

So, having the right people is, I think, the major challenge for any EPC company, including us today. And it is not just at the engineering level, it is at the execution level as well. And it includes workmen, supervisors, laborers, anything you say that any type of person that does give input in the company, we need more of them and we need good people. So, I think that is the major challenge and we are working on it.

Dhanraj Solani: Also, I want to know, what is the current credit line for the bank? What is the average interest rate of debt?

Rahul Shah: Sorry, interest rate, did you ask?

Dhanraj Solani: Average interest rate of debt.

Rahul Shah: Sir, sorry, are you asking about our finances or in terms of the profitability? Debt financing, okay. So, basically, I think we are at 9.1%. And with the new rating, we are negotiating with the bank and we are hoping it comes down to somewhere around 8.5% or maybe lower. That is what the target is as of now. And I think, like I said before, we are already in talks with the bank and we hope to give all the investors good news by this next quarter.

Dhanraj Solani: How much of the percentage is coming from a repeat client? Like the revenue part?

Rahul Shah: Sir, we usually, on the private side, we do not have a lot of repeat clients because you can understand that industries, there are very few industries which are growing on, let's say, if they have put up a plant today, they will put up a plant in six months or a year. So, industries do grow at that scale, but we do not have any such repeat customers in that particular case.

But we do have retainerships. So, whenever the industrialist does put up a plant again, we do get the first inquiry and we hopefully do get these works as well for their new plants. So, in terms of that, we do have repeat customers, but they are not on that frequency where you can call them repeat clients. I hope that answers the question.

Dhanraj Solani: Can we say we are specifically targeting higher IRR projects? Can you say that?

Rahul Shah: Sir, sorry, I could not get that.

Dhanraj Solani: I am saying, can we say, are we targeting high IRR projects?

Rahul Shah: Sir, see, we always try to target high IRR projects, but there are certain standards beyond which nobody takes these projects at, because of the competition in each and every sector. It is not like we have a product which is being sold exclusively, but there are certain percentage below which we do not bid projects at. And there are certain percentage above which if we bid the project for, then we won't get them.

So, we always do look for higher IRR projects and that is why we are currently working in power transmission and distribution particularly and have left some other verticals for good from our old portfolio, right.

Moderator: Thank you. As there are no further questions from the participants, I now hand the conference over to Mr. Parth Acharya for closing comments.

Parth Acharya: Thank you, everyone, for joining the conference call of HEC Infra Projects Limited. If you have any further queries, you can write to us at research@kirinadvisors.com Once again, thank you, everyone, for joining the conference.

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