

August 18, 2025

To,

BSE Limited

Phiroze Jeejeebhoy Towers,
Dalal Street,
Mumbai - 400 001

The National Stock Exchange of India Limited

Exchange Plaza,
Bandra - Kurla Complex,
Mumbai - 400 051

SCRIP CODE: 531120

SYMBOL: PATELENG

Dear Sir/Madam,

Subject: Submission of Investor/ Analysts Meet Transcripts

In continuation of the letter dated August 6, 2025 related to the Investor Conference Call to discuss the Financial Results for the quarter ended June 30, 2025 and pursuant to Regulations 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended), please find enclosed the Transcripts of the Company's Investor Call.

The said Transcript is also available on the website of the Company at <https://tinyurl.com/n4vkua63>

It is further confirmed that no unpublished price sensitive information was shared/discussed in the meeting / call.

We request you to take the same on record.

Thanking you,

Yours truly,

For Patel Engineering Ltd.

Shobha Shetty

Company Secretary

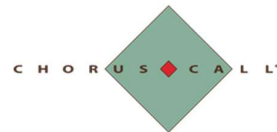
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“Patel Engineering Limited
Q1 FY '26 Earnings Conference Call”
August 11, 2025



MANAGEMENT: **MS. KAVITA SHIRVAIKAR – MANAGING DIRECTOR –
PATEL ENGINEERING LIMITED
MR. RAHUL AGARWAL – CHIEF FINANCIAL OFFICER –
PATEL ENGINEERING LIMITED**

MODERATOR: **MR. HARSH PATEL – SHARE INDIA SECURITIES**

Moderator: Ladies and gentlemen, good day, and welcome to Patel Engineering Limited Q1 FY '26 Earnings Conference Call, hosted by Share India Securities Limited. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star then zero on your touch-tone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Harsh Patel from Share India Securities. Thank you, and over to you, Mr. Patel.

Harsh Patel: Thank you. Good evening, everyone. I would like to congratulate management on a very good set of numbers. On behalf of Share India Securities, I would like to welcome all the participants for Q1 FY '26 earnings conference call of Patel Engineering Limited. We are pleased to have with us the management team represented by Managing Director, Ms. Kavita Shirvaikar; and Chief Financial Officer, Mr. Rahul Agarwal. We will have the opening remarks from the management followed by Q&A session. Thank you, and over to you, ma'am.

Kavita Shirvaikar: Thank you, Harsh. Good evening, everyone. Thank you for joining our Q1 FY '26 earnings call. It's a pleasure to speak with you all here today. We have uploaded the presentation summarizing the company's performance for Q1 FY '26, along with the results on the Stock Exchange. I hope you have had the opportunity to review the same.

Overall, this financial year has commenced on a very good note, and we are happy and proud to present a good set of financials for Q1 FY '26. We have been able to achieve a consolidated revenue of INR1,233 crores, which is growth of around 12% for the quarter as compared to corresponding previous quarter. And our net profit has grown by around 56% from INR48 crores Q1 FY '25 to INR75 crores in Q1 FY '26.

In this quarter, we have received letters of awards for 3 projects. This includes the 240-megawatt HEO hydropower project by NEEPCO, which is located in Arunachal Pradesh and valued at INR711 crores. Next is the Kondhane Dam project by CIDCO, located at Karjat, valued at INR1,319 crores, and Nira Deoghar Right Bank Main Canal irrigation project from Maharashtra Krishna Valley Development Corporation located in Maharashtra and valued at around INR1,000 crores, which is to be executed in JV, and our share is around INR200 crores.

Thus, altogether, orders of around INR2,250 crores have been received in the first quarter. Besides these projects, recently post Q1, we have also received LoA for the Teesta V Hydropower Project from NHPC located in Sikkim, valued at INR240 crores. This quarter, strong revenue are due to our team's commitment and accelerated execution at all project sites, despite impact of early monsoon at some of our sites.

Now, let me take you through some of our operational achievements for the quarter. At Arun III Hydropower Project, which is located in Nepal, we completed the powerhouse unit 1, and also, the project's 155-meter surge shaft having a massive 24-meter diameter. At Kwar Hydropower

Project, located in Jammu and Kashmir, we achieved breakthrough of the main access tunnel at the powerhouse service bay level.

The project also achieved pouring of over 120,000 cubic meters of concrete and casted the under-sluice slab. At PGRW project, which is an underground water tunnel located in Mumbai, we completed 1,972 meters of tunneling using a 2.8 meter diameter TBM and achieved a breakthrough at the Ghatkoper high-level reservoir shaft.

At Subansiri Hydropower Project, which is located in Arunachal Pradesh, we completed all the civil works of the 12.5 kilometer water conductor system. At T-7 tunnel project, which is located in Sikkim, also achieved significant progress, where we completed over 3 kilometers of lining work. This quarter has been steady progress, and we expect to continue the momentum going forward.

Moving on to our order book. As of June 30th, 2025, our order book stands at INR16,285 crores, which excludes the Teesta V Hydropower Project of around INR240 crores, for which LoA was received recently in Q2. Out of this, 61% of the order book comprises hydropower projects, around 20% is irrigation, 7% tunneling and the remaining 12% from urban infra and other segments. Receiving the new orders of around INR2,500 crores so far has set a positive note for the remainder of FY '26.

The Indian infrastructure sector continues to be the key driver for economic growth, although the ordering activity have not gained enough momentum till now as was expected. However, with the suspension of the Indus water treaty, we are now witnessing a significant acceleration and execution and tendering of several long-stalled projects.

After many years, big projects like the Sawalkot Dam are finally back on track, making a fresh start for India's water and power plans. Other hydropower projects like the 240-megawatt Uri, 260-megawatt Dulhasti and 700-megawatt Tato II are also in advanced stage of tendering.

We currently have tenders submitted of around INR11,000 crores, which are yet under evolution and further identified projects of around INR40,000 crores to INR50,000 crores, for which bids are expected to be submitted this year.

Maharashtra state has been taking keen interest in developing PSP projects and have recently signed multiple MoUs in recent months for development of these projects, and have set a long-term target of achieving 1 lakh megawatt PSP capacity for the state.

In June, the Ministry of Road Transports and Highways approved 19 road and tunnel projects for J&K with an investment of around INR10,000 crores. These are strategically important projects, which will help improve logistical support and troops movement.

In conclusion, the focus of the government on hydropower internally aligns perfectly with our core expertise. This opens up a huge pipeline of opportunities for us moving forward, and we are already seeing some major tenders being floated.

We remain committed to focus on execution and maintain steady growth. Thank you. And now I will hand it over to Rahul, our CFO, to take you through the company's financial numbers.

Rahul Agarwal:

Thank you, Kavita. Good evening, everyone. I will now take you through the company's financial performance for the quarter. On a consolidated basis, the revenue for the quarter is INR1,233 crores, which is up by 12% year-on-year, driven by strong project execution. Operating EBITDA for the quarter is INR165 crores, a margin of 13.4%. Profit after tax has increased by around 56% and stands at INR75 crores with a margin of 6.09%.

On a stand-alone basis, the revenue is INR1,224 crores, an increase of 13%. Operating EBITDA is INR159 crores, and EBITDA margin is around 13%. Profit after tax is INR69 crores with a margin of 5.67%. Sector-wise revenue breakup, hydro is 55%, tunneling is 19%, irrigation is also 19% and roads and others are 7%.

Our book-to-bill ratio currently stands at around 3.3, providing strong revenue visibility. Our total debt as on 30th June '25, is INR1,527 crores, out of which working capital debt is INR981 crores and term debt is INR546 crores. The debt as on March was INR1,603 crores, that's implying a reduction of INR76 crores during the quarter. Total debt plus contractee advances as of 30th June is INR2,145 crores as compared to INR2,267 crores as of March, hence a reduction overall of INR122 crores in the quarter.

The finance cost has accordingly reduced from INR84 crores to INR73 crores in this quarter, compared to Q1 last year. Overall debt to equity has improved by -- from 0.42 in March to 0.40 in 30th June. The net working capital days is almost similar at around 168 days. And after adjusting of land, arbitration claims and in cash and bank balances, the net working capital is around 110 days.

We remain positive on the outlook of the sector, the enhanced government spending and their focus on renewable energy, and we expect to continue the momentum going forward and focus on execution across all project sites. That was a brief for Q1. We are now happy to take questions, which you have. Thank you very much.

Moderator:

The first question is from the line of Sucrit D Patil from Eyesight Fintrade Private Limited.

Sucrit Patil:

Good evening to Patel Engineering team, My name is Sucrit Patil. And I have a specific question for Mrs. Shirvaikar. Is ma'am online?

Kavita Shirvaikar:

Yes, sir. Yes, sir. I'm there.

Sucrit Patil:

So my question is as Patel Engineering looks to grow over the next few years, especially with its presence in hydro -- what will be your plan of action about expanding into newer infrastructure segments or areas that could diversify the order book and improve margin visibility?

And a follow-up is that, if in case there are project delays or funding bottlenecks to slow down execution process, what kind of backup or alternative growth plans are you building in to keep the momentum intact and protect the profitability? And just on an ending note, have I mentioned your name correctly? Is it Shirvaikar?

Kavita Shirvaikar:

Yes, it is Shirvaikar. So -- thank you, sir. See, let me start with our current order book. See our current order book is around INR16,500 crores. Out of that 60% is hydro, 20% is irrigation and rest from other sectors. So as you're aware, traditionally, we are focused on hydro civil work and tunneling and irrigation.

So going forward also, looking at the current opportunity available in the sector itself where we have a expertise and government plan going forward, like, as I mentioned in my speech also that due to Indus water treaty, the hydro power and dam and everything is -- government is also completely focusing and long stuck projects also getting clearance faster.

So considering the opportunity available in the sector, we will continue to focus. Our main focus in the similar areas only, like our order book is -- first this year, we have -- you have seen the good momentum. We have INR2,000 crores plus order we have received LoA. Our target is to increase the order book to around -- by INR25,000 crores by this year-end. So we expect another INR 8000 crores to INR10,000 crores addition in the order book.

Now the plan, as you are seeing, like funding of the project and such things, we are -- as you have seen, we are consistently reducing the debt. So our financial position and balance sheet is stronger day by day. Our rating also has improved from BBB minus to A minus -- BBB plus to A minus now. So we are focusing on monetization also.

Current year, our target is to reduce around INR150 crores to INR200 crores debt. Out of that INR75 crores, we have already achieved in the first quarter itself. So going forward, we have enough bank guarantee lines available with us to bid for these kinds of projects.

So we see this is a -- we are fairly confident that considering overall situation, we'll be able to achieve our target. I hope I have answered your question. If anything, else, please you can tell me.

Sucrit Patil:

Yes. So just sum up whatever we have discussed. So hydro project is somewhere where you are very bullish on. I would like to understand just one final thing, is there one area which you are watching execution risk more closely? And what kind of risks are you factoring in those areas?

Kavita Shirvaikar:

So see, let us evaluate hydro, what kind of -- in past, I think you might have seen a lot of projects getting delayed beyond expectation. So now what is the reason? One is the hydro is the environmental risk, and one is approval risk and all such risks. Now even government also taken various steps to improve this. Unless and until land acquisition is done 90% to 100%, they are not issuing the LoA.

So we have overcome this risk. So going forward, we see that there will not be unnecessary delay in execution of the project because government is also proactive resolving all issues -- timely resolving all of our issues. If you see our performance, Subansiri, we have complete -- almost completed the project; Nepal, Arun III, we have almost -- 90% of our work is done. We have completed a tunneling, T-15 tunnel, last year.

Sela Pass tunnel last year we have completed. So you see, now the execution cycle is fast and government -- with the government support, focus, timely decisions, everything, execution is also moving fast. So we don't see any major risk as of now.

Sucrit Patil: **Ok great. Thank you very much for the guidance and** Best of luck for all your future ventures ahead.

Kavita Shirvaikar: Thank you so much.

Moderator: The next question is from the line of Dhananjay Mishra from Sunidhi Securities.

Dhananjay Mishra: Just wanted to check in this quarter, we have grown about 12%, right, so -- and last time we -- for the full year, we have given guidance of 5%. So any change in guidance? And also, this quarter margin has come down, so any one-off in this quarter as well?

Kavita Shirvaikar: See, I'll tell you, this year, our target is to cross the INR5,000 crores plus turnover. that was initially we said. Out of this, first quarter, we have already achieved INR1,240 crores. So we are hopeful and we are confident that we'll be able to meet our target.

Now, coming to the EBITDA margin, in beginning only we said our EBITDA margin will be 13% to 14%, and quarterly, it will vary based on the project execution, which work we do. So that we will continue to -- we are confident that we will be able to maintain that kind of margin.

Dhananjay Mishra: Okay. And with respect to order inflow, we are setting 8,000. So any specific projects we are -- I mean bidding for, which will be inhouse or tendering will happen in the next 2, 3 quarters that you want to mention?

Kavita Shirvaikar: Next 2 to 3 quarters, we are expected to be around INR40,000 crores to INR50,000 crores of work, which mainly -- majorly hydro, civil and tunneling and irrigation only. And considering our success ratio in the past, which is 20% to 25%, so we are fairly estimating that around INR8,000 crores work we should be able to get.

Dhananjay Mishra: Okay. And this quarter, we have also seen working capital has improved slightly. So can we expect this trend to continue in the upcoming quarters?

Kavita Shirvaikar: So as we are achieving the turnover, as I mentioned, that government also has taken various steps to release the payments fast and everything, so yes, yes, we are hopeful that this trend will continue.

Dhananjay Mishra: Ok, Ma'am. Thank you all the best.

- Moderator:** The next question is from the line of Chirag Shah from White Pine Investment Management Private Limited.
- Chirag Shah:** So first question is if I go back, our peak order book was around INR20,000 crores, and now, we have seen a gradual decrease, and I understand it is more to do with awarding happening from government side rather than anything from our side. But any thoughts on that, how do you look at this ramp-up of order book? And related is, of this INR40,000 crore, INR50,000 crores that you indicated, so by when do you expect the submission would happen for at least 60%, 70% of the project?
- Kavita Shirvaikar:** By this financial year, we expect to submit this.
- Chirag Shah:** Okay. And any thought process on how to look at order book? And why I'm asking this question is as I see, as an outsider, it appears the focus of government seeing the power -- hydropower as states use to be slightly lower priority as compared to, let's say, a defense, which is a different segment altogether, but from government allocation or Jal Jeevan Mission or solar, which are small ticket items may be retail oriented, but much bigger in outflow that government is looking to spend?
- And given the hydro being a very large ticket size project in general, so anything that you can share, which gives the confidence there will be a pace of change happening from the government?
- Kavita Shirvaikar:** See after the Indus water treaty, government's focus is in large dam and -- clearance of large dam and hydropower projects. Because as you rightly said, there is a -- because of the large ticket size, it takes time for the approval and all the process, but once approved, but they are expediting. And we see now going forward next 2 quarters, lot of projects are coming for the bidding, actually.
- Chirag Shah:** And if you can also indicate if not very large projects, but projects which are in the range of INR2,000 crores to INR5,000 crores projects. So how many of these type of projects are coming up? Because I don't think a much larger size projects government may still take a lot of time. But up to INR2,000 crores or up to INR5,000 crores project can happen at a faster pace.
- So if you can help us understand what size of projects that we are looking to bid, this INR40,000, INR50,000 crore projects that we're looking to bid? Are they -- there are 1 or 2 big ticket size projects or most of them are like INR1,000 or INR2,000 crores type of projects?
- Kavita Shirvaikar:** So most of them are some INR1,000 to INR2,000 crores, INR2,500 crores, INR3,000 crores, in the range of that kind of value and 1 or 2 large projects, I can say that.
- Chirag Shah:** No, but 1 or 2 large products would take away 60% of the budget -- 60% of the INR40,000 crores, INR50,000 crores.
- Kavita Shirvaikar:** 25%, 30%, you can say.

Chirag Shah: Sorry, I missed you. Sorry for that. If you can repeat.

Kavita Shirvaikar: Not 50% to 60%. I say maybe 25% to 30%.

Chirag Shah: Okay. Okay. And anything on pump storage that you would.

Moderator: Chirag sir, sorry to interrupt. There is some background noise coming from your side. Chirag, sir.

Chirag Shah: Yes. So one last question. I'll come back in queue again. On the pump storage side, any -- because that was supposed to be a very big agenda on government side, but again it seems to have gone on some kind of back burner. So any updates you could share on urgency on the government side?

Kavita Shirvaikar: I will tell you pump storage, there are government projects also and there are some of the private players also who have taken on further development. So we are targeting both these projects. And which -- INR40,000 crores, INR50,000 crores, which we said that includes PSP also.

Chirag Shah: Okay. And at least 20% of that would be PSP nature or it will be a lower number?

Rahul Agarwal: We'll have to check, maybe 10%.

Kavita Shirvaikar: Maybe 10%-15%

Chirag Shah: Maybe 10%. No, sir, from a ballpark. All the best.

Moderator: Next question is from the line of Viraj Mahadevia from MoneyGrow.

Viraj Mahadevia: **Hi sir and ma'am for encouraging** results. A couple of quick questions. One is, you paid down debt of about INR80 crores in the quarter. Can we reasonably assume over by FY '27, your term loan will be completely repaid? And were there any one-offs or asset monetizations in the Q1?

Rahul Agarwal: See, Viraj, we are looking at INR150 crores, INR200 crores reduction this year. So term debt -- by next year, obviously, majority of the term debts will go. But then monetization, we are looking to do monetization also this year, some land banks, some money that's expected from claims also.

Viraj Mahadevia: And none of that has happened in Q1, right?

Rahul Agarwal: Q1, no. I mean, we have got some money from the government on claims and all, but not substantial.

Viraj Mahadevia: Understood. Secondly, given the improvement in your ratings, what is your current interest expense as a percentage? And is it likely to go lower?

Rahul Agarwal: See interest expense currently is between 11% and 11.5%, so -- and it may go lower also. Right now, we are looking at talking to all lenders to get the interest rates going down.

- Viraj Mahadevia:** Great. And my last question is given that, you know, -- I'm referring to your deck showing the project completion, do you expect a meaningful uptick in execution and consequently billings in the latter part of this year?
- Rahul Agarwal:** So that is already happening. We have accelerated execution at all project sizes. That is why we could achieve that 12%, 13% growth in revenue this quarter.
- Viraj Mahadevia:** Okay. Great. And lastly, do you intend to do some kind of road shows for investors given the limited institutional investor in your shareholding book and the fact that your company is relatively undervalued to the other infra players.
- Rahul Agarwal:** Yes, we'll be happy to do it.
- Moderator:** The next question is from the line of Rahil from Sapphire Capital.
- Rahil:** Ma'am, just going back to that revenue growth question, I was just not able to understand clearly. So you're saying the momentum is to continue, right, in the coming quarters because execution is looking good, and you have a very healthy order book. Given that you've done a strong double-digit 12% growth in quarter 1, it's fair to assume that this can be the same growth rate for the whole year of FY '26?
- Kavita Shirvaikar:** So FY '26, as I mentioned earlier, our target -- initial target was to achieve INR5,000 crores this year also, revenue. But now since we have accelerated, we said we are confident to achieve the 5% to 10% growth.
- Rahil:** Okay. So why not like more than 10% given that you see the shift in momentum is on the higher side and it's to continue? So are you just being conservative at this moment?
- Kavita Shirvaikar:** So yes, we are -- one is we are conservative. Second, we are saying our current order book is INR16,500 crores, which is 3, 3.5 book-to-bill ratio. And plus, we are expecting some of the new projects during the next 2 to 3 quarters. Our cycle is such once we get the project 6 months' time it takes for mobilization and then it starts giving -- it starts adding to the revenue. So considering overall and on the conservative side, we are saying we are fairly confident, hopeful, we should be able to cross INR5,000 crores this year also. And overall, that 5% to 10% guidance will remain.
- Rahil:** And both revenue and margins, they both depend on the kind of projects you execute, right, like given in terms of value of the order?
- Kavita Shirvaikar:** Right.
- Rahil:** So if you do large order values, then both revenue and margins can go up?
- Kavita Shirvaikar:** Margins, more or less. EBITDA margin, we said it will be around 13%, 13.5%. That we should be able to maintain. And based on the growth of the turnover, and we are fairly hopeful that our net profit margin will increase.

- Rahil:** Okay. Net profit will increase. Okay. And any sort of -- as of today, the way you see the current scenario, you're also bidding for large projects, your pipeline is pretty huge as well, so any sort of like general outlook for the next year as well, FY '27, which you've internally like projected for the company?
- Kavita Shirvaikar:** So as we expected INR8,000 crore order book, and at the year-end, we expect around INR20,000 crores to INR25,000 crores order book, considering that from FY '27 onwards, we are hopeful to achieve around 10% to 15% growth going forward.
- Rahil:** And any scope of improvement in the margins there given the new orders?
- Kavita Shirvaikar:** Margin, EBITDA will remain in the similar range, and net profit will go up based on the growth in the revenue.
- Moderator:** The next question is from the line of Prashant Kshirsagar from Unived Corporate Research Private Limited.
- Prashant Kshirsagar:** Yes. In the opening remarks, you mentioned about the civil works of a connecting tunnel being completed for Subansiri Hydroelectric Power, and later on in the questioning -- correct me if I'm wrong with just -- so am I correct on this part because I'm...
- Rahul Agarwal:** No, no, it was a water conductor system.
- Kavita Shirvaikar:** Water conductor system, I said. Subansiri Hydropower Project, we completed all the civil works of the 12.5 kilometer water conductor system.
- Prashant Kshirsagar:** So the conductor was from the dam to the powerhouse or how -- which part it was like...
- Rahul Agarwal:** Yes, it is part of the power house only.
- Prashant Kshirsagar:** Connecting to the dam or to the reservoir?
- Rahul Agarwal:** Yes, yes. It is part of the powerhouse only, so it is all connecting various powerhouses.
- Prashant Kshirsagar:** Okay. And the reason I'm asking you, were you involved with the dam -- civil work of the dam with Subansiri?
- Kavita Shirvaikar:** No, we are not involved civil work of the dam in Subansiri project. We are doing...
- Prashant Kshirsagar:** You are not doing...
- Kavita Shirvaikar:** We are doing underground powerhouse and HRT and other package.
- Prashant Kshirsagar:** Okay. And second question is on the Dibang Hydroelectric Project were you have bidded. So can you share at what stage your bidding is comes to...

Kavita Shirvaikar: Dibang, let me tell you that it is coming up for rebidding, which will be come up in the next 1 or 2 months.

Prashant Kshirsagar: It is coming for rebidding. Okay.

Kavita Shirvaikar: Yes.

Prashant Kshirsagar: And the third question is in this order book, which you said, INR40,000 crores or INR50,000 crores, which you're planning to bid, what part would be the hydroelectric in that?

Rahul Agarwal: Around 60%.

Prashant Kshirsagar: 60% of that. Okay. So that would include the Dibang, which you are bidding actually, so...

Rahul Agarwal: Yes, one will be Dibang.

Kavita Shirvaikar: Yes, that will include Dibang also.

Prashant Kshirsagar: Dibang also. Okay. Okay, ma'am. And last question is regarding your projects in Arunachal, so...

Moderator: The line for the current participant has dropped, so can we move to next question?

Kavita Shirvaikar: Okay.

Moderator: The next question is from the line of Chirag Shah.

Chirag Shah: Yes, just one question. You indicated -- did you mention that you are targeting INR20,000 crores to INR25,000 crores order book by end of the financial year F '26?

Kavita Shirvaikar: Yes, we are targeting. That at least it should be between INR20,000 crores to INR25,000 crores our order book should be.

Chirag Shah: Okay. And this is net of the execution, right, that you will do?

Kavita Shirvaikar: Right.

Chirag Shah: Correct, so -- okay. And of that, we have till now got order of about INR1,200 crores, right?

Rahul Agarwal: INR2,500 crores.

Kavita Shirvaikar: INR2,500 crores.

Chirag Shah: INR2,500 crores, yes. Sorry. INR2,500 crores. So basically, we are targeting an order book -- incremental order book of around INR10,000 crores to INR12,000 crores?

Kavita Shirvaikar: We said right now, it is INR16,000 crores. So incremental is around INR8,000 crores.

Chirag Shah: But there will be some drawdown also, right, of the INR16,000 crores?

Kavita Shirvaikar: Yes. So net increase around INR8,000 crores. Yes.

Chirag Shah: Yes. Yes. So actual additional new order book that you are targeting is actually...

Kavita Shirvaikar: Is around INR10,000 to INR12,000 crores.

Chirag Shah: INR10,000 to INR12,000 crores. And...

Kavita Shirvaikar: Correct.

Chirag Shah: And the followed question is, in the past, has it ever happened that suddenly big orders have come in 1-year itself like INR20,000 crore, INR25,000 crore order addition happens in 1-year? Has it ever happened in the past or government is generally reasonably consistent in ordering in terms of order announcements?

Rahul Agarwal: See past -- so we have not received INR20,000-odd crores 1 year -- in 1-year.

Kavita Shirvaikar: So we saw INR8,000 crores to INR10,000 crores, I think, last to last year, INR8,000 crores -- I think INR8,500 crores we had received in one single year.

Chirag Shah: In one single year. Okay. And Dibang can change it? Whoever wins it, it can change that, that shift(inaudible)?

Kavita Shirvaikar: Correct.

Chirag Shah: And just one thing, do you expect Dibang to happen this year? And I understand it's not in your hand, but do you -- because it's a technical rebidding kind of a thing, do you expect that the government would fasten upon that? Or because it's a big project, they will take your own sweet time?

Kavita Shirvaikar: No, it is already announced for the bidding. So next 2 months, we should -- it should come up for bidding actually.

Moderator: The next question is from the line of Neeraj from KeyCap Research.

Neeraj: Congratulations on a good set of numbers. I want to understand our contingent tax liabilities and our claims. I want to understand that anything you can share, which can help me understand how much of our liabilities might actualize and how much of our claims under arbitration might actualize, and in particular, the tax liabilities, whether we have gotten some favorable orders or some unfavorable initial orders?

Rahul Agarwal: So see, the contingent liabilities are mainly on account of bank guarantees and some taxation liabilities, which are there. So these taxation liabilities are where multiple orders have received

in our favor actually, and it has been challenged by the authorities at higher levels, and that is why it is there forming part of contingent liability.

Neeraj: That's very helpful. And on the contingent claims or arbitral claims side, sir?

Rahul Agarwal: We have arbitral claims and awards of combined around INR3,000 crores, so this is all -- when we get awards, we get with the interest and also, we expect -- even if you consider 50%, 60% of this value coming in, with interest, the number will be much higher.

Neeraj: **Thankyou, that's very helpful. That's all from my side.**

Moderator: The next question is from the line of Amnish from PL Capital.

Amnish: I have a couple of questions. My first question is regarding the PSP where there's a huge opportunity. But what I want to know is that what is the proportion of PSP to our order book and what are our plans to bid for more? And where do you think we really stand in terms of the order book from PSP by the end of the current year?

The second question is regarding the promoter pledge, which remains quite high at 85%. So any time line or any guidance you can give as to how that number will pan out in the coming year or so?

Rahul Agarwal: See, right now, our order book has only 1 project of PSP, which is Kundah Hydroelectric PSP project in Tamil Nadu. There are a lot of PSP projects coming up for bidding. Right now, out of the bidding pipeline of INR40,000 crores, INR50,000 crores, around 10%, 15% is from PSP projects. So we are hopeful that we'll get some projects in there as well. And the next question, sorry, what you had apart from PSP?

Amnish: Regarding promoter pledge.

Rahul Agarwal: The promoter pledge is expected to come down eventually. Right now, our rating is A minus, and numbers are all are good. So now we'll start talking to the lenders to reduce the pledge.

Amnish: Okay. Sir, what it exactly means is that the amount of money which has been taken against those shares, so that is significantly less than the total number of shares when compared.

Rahul Agarwal: Right, right, right.

Amnish: Okay. So by just pure adjustment, how much that 85% number can come down to?

Rahul Agarwal: See we have to talk to the lenders and then can give that number, but we'll start talking to them to reduce. Last year, after our promoter had expired, we had not had such discussions with the lenders as of now. We will have, and then, we can come back on that.

Amnish: Okay. But any targets which the company has to reduce that number over the next 1, 2 years?

Rahul Agarwal: So we want to reduce that significantly down.

Moderator: The next question is from the line of Rohit Deshmukh from Vishwai Enterprises.

Rohit Deshmukh: What is the current share of hydropower projects in our total order book? And how much of it is under active execution right now?

Rahul Agarwal: Around 60% hydro is there of our total order book and all projects are under execution.

Rohit Deshmukh: Yes. Okay. Under which region states contribute the most to the hydro portfolio?

Rahul Agarwal: So it is J&K, Himachal and Northeast.

Rohit Deshmukh: Okay. Is there any losses due to heavy floods or rain?

Rahul Agarwal: See, during the monsoon, rain happens and all. So we are prepared for that.

Rohit Deshmukh: Okay. Any projects over INR500 crores in hydro currently being executed?

Rahul Agarwal: Yes, yes. We have large projects, Kiru, Kwar, Subansiri, Shongtong all large projects are there.

Moderator: The next question is from the line of Vriddhi Vora from SAS Capital.

Vriddhi Vora: So I have a question. Are there any key projects currently facing execution challenges such as delays or cost escalations?

Rahul Agarwal: So there are no major delays anywhere. And cost escalation whatever is there, it is a pass-through for us in terms of contracts.

Vriddhi Vora: So any mitigation like you have taken regarding that cost escalations?

Rahul Agarwal: No. It is clearly defined numbers in contract. There are formulas basis which the escalation can be passed through for us in-terms of contract.

Vriddhi Vora: So any mitigations you have taken regarding that cost escalation?

Rahul Agarwal: No, it is clearly defined numbers in contract. So, there are formulas basis which the escalations can be passed through.

Vriddhi Vora: Okay. And when evaluating the new bids now we have, how does the company balance the margin optimization against their volume growth? And has there any been a strategic shift in your bidding philosophy recently?

Rahul Agarwal: The strategic shift in the bidding philosophy is like we are doing bids selectively. We are not going in for bidding for all sort of projects. Where we are able to get our reasonable average margins only, then we are able to bid for those projects.

- Vriddhi Vora:** Okay. And how you're balancing the margin optimization against volume growth?
- Rahul Agarwal:** So see, what we are doing is that we are -- since we are into segments like hydro and all where the competition is low, we are able to get margins and able to maintain our margins. Although there is a growth in terms of people and the organization is growing, we are trying to balance it out with taking higher margin projects.
- Vriddhi Vora:** Okay. And any initiatives that you have underway to enhance the execution's efficiency and cost discipline across projects? Or -- and any digital tool or technology platform to strengthen the project oversight and delivery time lines?
- Rahul Agarwal:** See, we have implemented SAP across all projects. We are also using IoT and other available digital platforms to improve the efficiency.
- Vriddhi Vora:** Okay. And further, like can you elaborate on the criteria that guides the decision to outsource versus executing work in-house? Is it driven primarily by cost or capability or strategic alignment? What is the primary purpose?
- Rahul Agarwal:** It depends upon project to project. It could be local area vendors to be working with you in some projects. It could be some strategic partnerships in some other projects. So it depends upon project to project. There is no specific defined there.
- Moderator:** The next question is from the line of Devanshi Shah from SDA Finance.
- Devanshi Shah:** So my first question is considering the recent deceleration in order inflows, how does the management view the trajectory of the infrastructure and construction sector over the medium term, say, the next 2 to 3 years?
- Rahul Agarwal:** We see that the next 2 to 3 years, the order inflow will remain high.
- Devanshi Shah:** Okay. And in the context of evolving geopolitical dynamics, are there any regulatory or policy development, either tailwinds or headwinds that you anticipate could materially, say, affect your order pipeline or margin profile?
- Rahul Agarwal:** See what we are seeing is because of the current scenario, there's an increase in the number of projects coming in, the projects are expected to be expedited.
- Devanshi Shah:** Okay. And with the rollout of the national infrastructure pipeline and other supportive government measures, could you elaborate on how the company is aligning its strategy to leverage these opportunities?
- Rahul Agarwal:** See most of our projects, whatever projects are being undertaken are part of the national infrastructure pipeline and the upcoming projects are also forming part of that. So we are totally aligned with the same.
- Moderator:** The next question is from the line of Priti Agarwal from FK Associates.

- Priti Agarwal:** My first question is, can you provide an update on your current debt position and how you're thinking about deleveraging going forward?
- Rahul Agarwal:** So our current debt is around INR1,530 crores, out of which term debt is around INR550 crores and then the working capital is around INR950 crores. So what we are seeing is the term debt would eventually come down, although we may take some more working capital debts as and when the new projects may come up. So with the increase in order book and revenue, we don't see an increase happening in debt.
- Priti Agarwal:** Okay. And with the Board's recent approval about additional borrowing, how does that align with your broader capital allocation framework?
- Rahul Agarwal:** So whatever we are taking it is for working capital requirements only. So we have -- what we are seeing is this year some debt -- term debt will go down. So even with the additional debt, overall debt may not go up.
- Priti Agarwal:** Okay. And I wanted to know what's the recent trajectory of your EBITDA margins and highlight -- and the highlights of the key operational or strategic levers you're focusing on to enhance profitability in coming quarters?
- Rahul Agarwal:** The EBITDA margins are generally in the range of 13% to 14%. So we are seeing that EBITDA margins will remain around this region. And the net profit because the revenue is going up, the debt has gone down. So the interest costs are coming down. So the net profit is expected to increase.
- Priti Agarwal:** Okay. And previously, there has been a potential cash inflow of around INR200 crores from arbitration awards and land bank monetizations. So given that these haven't reflected in the current quarter, do you expect that going forward?
- Rahul Agarwal:** Yes, we are expected to have around INR150 crores to INR200 crores in this financial year.
- Priti Agarwal:** Okay. And lastly, I would like to know that looking at your current order book mix, particularly the contribution from hydroelectric projects, do you see this composition sustainable, or should we anticipate a shift in product type or sector exposure going forward?
- Rahul Agarwal:** So this -- we would be reasonably -- hydro is more than 50% throughout for us. So that would continue.
- Priti Agarwal:** Thank you so much. That's it from my side.
- Moderator:** The next question is from the line of Nidhi Malhotra, an Individual Investor.
- Nidhi Malhotra:** First of all, congratulations on a good number and a little bit growth after a long time, a year or so. Based on your current order book, we would like to know what will be the quarter-on-quarter growth, both for top and bottom line?

- Rahul Agarwal:** See, as we -- as Kavita had explained earlier in the questions, that this year, our target is again to cross INR5,000 crores in revenue. Quarter-on-quarter, it is very difficult to explain depending upon because various factors like monsoon and all, which is going on. So we can't comment on quarter-on-quarter numbers. But overall full year, we should be able to cross more than INR5,000 crores. In terms of net profit, we see an increase happening because of reduction in interest costs.
- Nidhi Malhotra:** Okay. So we take it as a positive as we go forward from here, right?
- Rahul Agarwal:** That's correct. That's correct.
- Moderator:** The next question is from the line of Janish Shah an Individual Investor.
- Janish Shah:** I think a couple of things you mentioned about or gave a detail about your amount which has got right now under arbitration, which is somewhere around INR3,000 crores, and -- I mean, it's a significant amount, which is getting locked and because of which also the capital you can say allocation in the company has been really been disturbed because of which the returns -- I mean, in spite of you being in like a healthy business, the return on equity generation has been very, very muted.
- Just wanted to understand your take on this entire INR3,000 crores. I mean you mentioned that, I mean, there could be a 50% to 60% recovery. So are we going to see the balance -- I mean saying, first of all, like how long this sale is going to continue for you to recover this amount? And second is, in case like when it's been a long year since these claims have been there, when do you think is an appropriate time where you need to clean up your balance sheet and so correct the capital picture for you to move on with this legacy in that? That is one.
- And second is, again, on the competition, you mentioned there is a very less competition right now in the business, and you still believe the margins will continue to be in the 13%, 14% range. I agree that there is a healthy pipeline of orders which are building up. I mean, the potential opportunities are large. But there could be a limited competition or limited players to grab it. In such environment, how does your ability to get -- extract a better margin out of this is there. If you can just give some understanding with this.
- And thirdly, the third question is, given the kind of an opportunity, what kind of an internal target company has set for itself for achieving maybe a revenue growth or I'm saying the revenue profits and maybe the return ratios, which probably internally you might be talking about or evaluating. That will be helpful if you can throw some of the light on these 3 questions.
- Rahul Agarwal:** So I'll start first with the claims. So there are INR3,000 crores of arbitration claims and other claims awards and all. So what I was saying is that expected is 50%, 60% for the claims plus interest, so that overall number is pretty high. And we expect to recover these over the next 5 to 7 years because slowly, slowly it will start coming in every year because it goes through various stages of courts and everything.

In terms of margins and all, so as you rightly said, we have less margin in Hydro segment. Other segments are still have competition, but hydro has more margins and less competition. So we see that, that will continue. There are many less players in hydro, 4 or 5 only maximum. And there are a number of projects coming in.

So each person would get their own share of projects. So we don't see a challenge there. And overall strategy will remain this only that we continue more in hydro, more than 50%, we continue in hydro. And other segments, we got tunneling, irrigation that will continue as well.

Janish Shah: So you don't see the margin trajectory improving more closer to like the 70%, 80% range -- complex -- these are complex projects?

Rahul Agarwal: No, no, see, practically, what will happen is when we grow the employee base, the admin cost, everything grows. So considering all we see that the margins will be maintained.

Janish Shah: Okay. And maybe if you can throw some light on your targets, internal targets set for this company for next 3 to 4 years?

Rahul Agarwal: Yes, internal target is like next 4, 5 years, we want to double from here.

Janish Shah: Okay. Double the revenue size?

Rahul Agarwal: Yes, yes.

Janish Shah: And profitability and ratio wise on a capital efficiency wise, where you see the company heading for achieving (inaudible)?

Rahul Agarwal: See, what we are seeing is that there is no increase happening in terms of the new claims' addition and all. Whatever claims are there these are of the past because of the new focus of the government and various steps taken by the government. There are various things which are all being settled during the course of the execution only. So new claim build-up is not happening. So eventually, all these claims will keep coming down. And as a percentage, the ROE and all will keep improving.

Janish Shah: Okay. Understood.

Moderator: As there are no further questions from the participants, I now hand the conference over to management for closing comments.

Rahul Agarwal: Thank you all for joining this call. Any further questions, you can write directly to us.

Kavita Shirvaikar: Thank you.

Moderator: Thank you. On behalf of Share India Securities, that concludes this conference call. Thank you for joining us. And you may now disconnect your lines.