



“KEC International Limited
Q1 FY '26 Results Conference Call”

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LIMITED
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Moderator:

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

From the management side, we have with us Mr. Vimal Kejriwal, Managing Director and CEO; and Mr. Rajeev Aggarwal, CFO. With this, I now hand the conference over to Mr. Vimal Kejriwal. Thank you, and over to you, sir.

Vimal Kejriwal:

Thank you, Soumya. Good morning to everyone, and we welcome you to the Q1 earnings call of KEC. Let me begin by sharing an overview of our performance this quarter, followed by our usual business-wise update. We have achieved a strong top line growth with revenues of INR5,023 crores in Q1 FY '26, reflecting an 11% increase Y-o-Y, primarily driven by a robust execution in our T&D business, both in India and international. Aligned with our strategic focus, the T&D segment's contribution to overall revenues increased to 63%, up from 55% in the same quarter last year.

Our EBITDA for the quarter has grown by 19% year-on-year with margins improving by 50 basis points to 7%. During the quarter, we have successfully reduced our interest expenses by 40 basis points as a percentage of revenue, now standing at 3% for the quarter.

We have significantly enhanced our bottom line with PBT and PAT growth of 41% and 42%, respectively. PBT margins have increased by 70 basis points to 3.2% vis-a-vis 2.5% last year. Our PAT stands at INR125 crores. The growth in PBT and PAT continues to outpace EBITDA growth, driven by reductions in interest, depreciation and tax rates.

On the order front, we secured new orders of over INR5,500 crores led by our T&D and Civil businesses. Additionally, we have an L1 position of over INR6,000 crores, predominantly in the T&D business, which are expected -- at least a part of them are expected to be awarded in the next few weeks. We have a well-diversified and strong order book of INR34,409 crores as on date including the L1 position, our order book and L1 stands at over INR40,000 crores.

We continue to maintain a sharp focus on our balance sheet. Our net debt, including acceptances, stand at INR5,348 crores as of 30th June '25, a reduction of INR250 crores vis-a-vis June 30, 2024, despite a revenue growth of over INR2,000 crores. That is 11% in trailing 12 months.

Now talking about the specific businesses. Our T&D business continues to be the key growth driver this quarter, recording revenues of INR3,157 crores, reflecting a stellar growth of 26%. This performance is a testament to our strong execution capabilities across geographies.

The business continues to deliver healthy double-digit EBITDA margins, maintaining its profitability momentum. On the order intake front, the business secured orders of over INR3,200 crores across India, Middle East and the Americas. These include substantial orders in Saudi Arabia. These wins reaffirm the MENA region's strategic importance as a key growth driver for us.

In India, we have secured a repeat order from a private developer. We have also strengthened our presence in the growing HVDC segment by bagging another significant order. Currently, we are executing four projects, including a major HVDC converter station project spread across three locations, along with three HVDC transmission line projects.

Our active participation in this space continues, and we are currently -- or have actually bid for several HVDC opportunities in both domestic and international markets. In SAE, the business achieved revenues of INR359 crores, a growth of 4% year-on-year. This growth probably would have been higher but for the strengthening of the Brazilian reais.

In Brazil, additionally, we are witnessing a significant traction in hardware orders. We have also enhanced our operational capabilities with the installation of new equipment at our Brazil facility, which will boost hardware production capacity and improve efficiency. In Mexico, the business has secured a major tower supply order, reflecting a positive momentum in the North American T&D market.

Overall, the business continues to benefit from a steady profitable order inflow with a robust order book and L1 position of over INR2,300 crores. With a robust order book and a sustained increase in tendering activities in the T&D segment, we embarked on a bottlenecking and capacity expansion initiative for our tower manufacturing plants with minimal investment.

Following the successful capacity enhancements at our plants in Dubai, Jaipur and Jabalpur, we have now commenced execution -- expansion at our Butibori facility in Nagpur. This positions us well to meet the increasing demand for transmission infrastructure in both domestic and the international markets.

The overall tender pipeline in T&D continues to be strong in both domestic and international markets. In India, the investment continues to be directed towards grid modernization, transmission infrastructure for renewable energy zones and inter-regional connectivity, creating a surge in the tendering activity.

We are well aligned with this national agenda and see significant opportunities unfolding in the near to medium term. On the international front, the market outlook remains highly encouraging. We are witnessing sustained momentum in the Middle East with large-scale transmission programs, particularly in Saudi and UAE, are driving demand.

Additionally, we are actively pursuing opportunities across Americas, Africa, CIS and the Far East, all of which are investing in expanding and upgrading their transmission infrastructure to support economic growth and energy access. With a healthy order book and L1 in T&D of INR26,000 crores, we are confident of delivering significant growth in this business.

In Civil, we delivered revenues of INR940 crores for the quarter. While execution has progressed across multiple sites, growth was impacted by two key factors: continued labor shortages and delayed payments in the water segment. Although collections have started to improve in this segment, they remain below expectations, and we are maintaining a calibrated approach to execution in this area considering our exposure. In a proud moment, we successfully handed

over our first airport project in Tuticorin, which was inaugurated by the Honorable Prime Minister just a couple of days back.

The business continues to strengthen its order book with multiple orders of INR2,100 crores in the buildings and factories vertical from reputed clients. In a major strategic milestone, we made our entry into the semiconductor EPC segment, winning a large first-of-its-kind order from a reputed client. We also strengthened our footprint in the metals and mining segment with a repeat order for an upstream project for a steel plant.

Notably, we secured two landmark orders in the buildings and factories vertical. The first is our largest ever order in terms of value, while the second is to build our tallest structure we have undertaken till date. This marks our entry into the premium high-rise residential segment, featuring towers rising up to ground plus 70 stories.

Today, we are executing over 70 high-rise towers for marquee clients across India. Our geographic footprint extends with a strong presence in key real estate hubs such as Mumbai, Pune, Bengaluru, Hyderabad, Kolkata and Gurugram. With a gradual improvement in the labor situation, steady collections from water projects and a robust order book of over INR10,000 crores, we are confident that civil business will see good growth in the coming quarters.

Our transportation business has achieved a revenue of INR471 crores for the quarter. The business continues to focus on execution of new orders and completion of the ongoing projects. The quarter marked several milestones achievements inaugurated by the Honorable Prime Minister with KEC playing a pivotal role in their successful execution. KEC played a key role by deploying advanced signaling and telecom systems for the world's highest Chenab rail bridge in Jammu and Kashmir, part of the Udhampur-Srinagar-Baramulla Rail Link.

KEC executed 102 kilometers of railway doubling works between Vanchi Maniyachchi and Nagercoil in Tamil Nadu, including bridges, electrification, signaling and civil works. The electrified Sabarmati-Botad and Rajkot-Veraval rail section Gujarat were also inaugurated by the PM, both of which were successfully delivered by KEC.

These projects are critical enablers for the rollout of Vande Bharat Express services in this region. We are currently executing orders for deployment of Kavach across 500 track kilometers in partnership with our JV partner. This advanced train protection system will significantly enhance the safety, reliability and speed of railway operations. We expect to secure some additional orders in this segment shortly.

We are actively pursuing international opportunities and have also submitted bids for multiple tenders in the Middle East. With an order book of over INR3,000 crores, our strategic priorities remain clear, fast track completion of existing projects, optimize working capital and selectively bid for high-quality opportunities in both domestic and international markets.

Our cable business has achieved revenues of INR383 crores, growth of 5% year-on-year. Following the commissioning of the aluminum conductor plant at our Vadodara facility, we have now initiated the doubling of this capacity, which will significantly enhance our ability to meet the growing market demand. In parallel, our capital investment for e-beam and elastomeric

cables is progressing as planned, and we expect commercial production to commence by the end of this financial year.

Our renewable business has grown by 87%, achieving revenues of INR136 crores. We are currently executing 2 large solar projects in Karnataka and Rajasthan. The 500-megawatt solar project in Karnataka has been partly commissioned and is scheduled for completion next quarter. Additionally, work is progressing well on the 500-megawatt solar project in Rajasthan, Bhadla with the first phase slated for completion within this quarter.

We continue to bid for select opportunities in solar, wind and the battery energy storage system. The oil and gas pipeline business has secured its second international order for terminal station works in Africa in addition to its ongoing pipeline project in that region. The business is focusing on the international market, considering the low tender pipeline and extremely competitive scenario in India.

On the ESG front, we continue to integrate best-in-class sustainability practices across our factories and project sites. As part of our strategy to make all our manufacturing plants water positive, we are pleased to announce that our Jaipur plant recently received the water positive certificate.

With this achievement, four of our manufacturing plants, Jaipur, Butibori, Jabalpur and Vadodara are now water positive. In conclusion, with a strong focus on execution, a robust and diversified order book and L1 of over INR40,000 crores and a substantial tender pipeline of over INR180,000 crores, particularly in T&D and civil, we are well positioned to deliver sustained profitable growth in the coming quarters.

Thank you very much. We are now open to take questions.

Moderator: The first question comes from the line of Parikshit from HDFC Securities.

Parikshit: Congratulations on a decent quarter. My first question is on stand-alone margins. So after 3 quarters of improvement in EBITDA margins, I mean, 2Q, 3Q and 4Q FY '25, we have again seen a dip in 1Q margin to 4.9%. So any particular reason -- I mean, any one-offs during this quarter in stand-alone? So if you can give some more color on this margin trajectory?

Vimal Kejriwal: So Parikshit, I think the reason for that is very clear. One is our international business, which is housed in UAE and all that is doing very well. Secondly, during the quarter, our civil margins - - you saw a degrowth in the civil revenue. So because of which on the leverage impact, we had a much lower margins in civil.

And I think cable also, because we commissioned the plant and we did not get certain approvals from customers, which are now coming through, we had some stock, et cetera, with us. So there was an increase in the interest cost. And I think that has led to this. But I think we are very clear going forward and the way we have planned our budgeting, etcetera.

We do not see any issue with the stand-alone margins. I think overall, we expect that our stand-alone margins for the year should be at least at 70% to 75% of our overall targeted PBT for the consolidated entity.

Parikshit: But more on a longer term, sir, I mean, as we are talking about consolidated margins improvement. So on a stand-alone basis, how do we see the margins? Any guidance there for FY '26, '27 on trajectory side? Do you think that we will be in a position to achieve high single-digit margins, I mean, starting FY '27 and somewhere close to about 7% to 8% in this year?

Vimal Kejriwal: So for FY '26, we have actually guided at 8% to 8.5% already, okay? So I think I don't see any major issue at least in meeting the lower end of it, but 8% to 8.5% is what something we are very -- we think that is achievable. FY '27, obviously, we should have at least a 50 to 100 basis points improvement in that. So FY '27, we will be probably reaching closer to 10%

Parikshit: So I'm talking about stand-alone margins, sir. Stand-alone margin guidance?

Vimal Kejriwal: I don't think I'll be able to give you a separate number. But as I said, for the year, we are talking about our stand-alone margin to be between 75% to 80% of our consol margins -- overall margins, okay? So I think I don't think the number will be very different. In fact, to me, the stand-alone margin should increase because if you look at the India T&D business, we grew by almost 50% this year.

We have an order book, so that will grow. Civil is growing. So what will also happen is that the ratio between the India and international will also be more skewed towards India, which will help us on the stand-alone margins.

Parikshit: Okay. Got it. My second question is on the pipeline -- bid pipeline, especially on the T&D side, so both on the domestic side and on the international. So what would be the bids you would have submitted but still not opened in India and abroad? And how is the tender pipeline looking on the T&D side, specifically for both domestic and international?

Vimal Kejriwal: I don't have the exact number of what we have submitted, not open, but I think the tenders which are either bid or which we should be bidding, let's say, in the next 1 or 2 months is around INR90,000 crores, okay, INR30,000 crores in India and INR60,000 crores in the international market. Those are the numbers for the bids, which we expect that in the next 2 or 3 months should get bid and decided.

Parikshit: So on the building side, sir, now, I have recently seen one of the Andheri launches, which has been sold out. So I understand KEC is doing that, so -- which is also a very premium project for entire Mumbai. So just wanted to understand on the premiumization side of the building EPC. So how has been the journey over the last few quarters?

And now do you think that you're in a position where you can bid across all, I mean, segments like mid-luxury, luxury, ultra-premium? And do you think that this will trajectory-wise improve your margins double digit in the building segment? And also out of the total civil, how much is the building now?

Vimal Kejriwal:

Yes. So I think the B&F is roughly around INR5,000 crores out of our order book of INR10,000 crores for civil, so roughly 50%, okay? And I think what is happening, Parikshit, is that we are focusing on increasing the ticket size of the orders. So in fact, most of the orders which we have won during the current quarter, most of them are above INR500 crores in terms of size. Clearly, I think premiumization is on the card. We have also reduced the -- I'll say, increased the minimum size of orders, which we are taking in civil.

I think INR300 crores, INR400 crores is what we are not taking below those numbers. So you'll start seeing a lot more larger orders coming out. This will help us in also fast-tracking execution because we'll be working at a lesser number of sites. Today, we have got -- we had 310 projects overall. We are reducing it to 275. We'll probably reduce it to 250 in terms of number of sites at which we are operating. I think that's the way we want to work on it.

Moderator:

The next question comes from the line of Mohit Kumar from ICICI Securities.

Mohit Kumar:

My first question is you alluded to a very strong tender pipeline in domestic T&D., but I think the first half -- Q1 was too slow. How do you see the tender finalization in the rest of the year? And is the INR30,000 crores you spoke about the tender prospects, do you think that number will inch up as we go further in the fiscal?

Vimal Kejriwal:

So Mohit, your question was not very clear to me, but I think what you are looking or asking is that tender or award pipeline was slower in Q1 in India. I think that's a fact, okay? For whatever reason, we did see a slowdown in awards happening. I think a couple of things are happening. One is we are seeing a lot more private sector sort of being more successful in TBCB, okay?

And what we are seeing is that unlike Power Grid, where they are tied up with a particular EPC before the bid, so for them, awarding becomes very easy. For private sector, they start all the processes after winning. So typically, we have seen that a large number of bids, which have been won by the private sector are yet to be awarded. And right now, I think, we are very close in discussion. So you'll probably see a lot more awards happening, whether to us or to anyone else in this quarter on the India T&D sector.

Also, I think, there were a lot of pressure on the transmission grid. And there were some solar plants and other plants which have been delayed. So I think there was probably some rethink happening on which lines to prioritize and which not. So I think that has now got cleared. So we are now seeing a lot of bidding happening at the developer level for the TBCB projects. And I think we will start seeing a lot more awards in this quarter as well as in the next quarter.

Mohit Kumar:

And sir, when you say L1, that excludes TBCB, right? It will include only Power Grid. Am I right in saying that?

Vimal Kejriwal:

So when I say L1, I am L1 with the developer, okay?

Mohit Kumar:

Understood, sir. And sir, how do you think about the Middle East T&D opportunity in FY '26 compared to, let's say, FY '25? And the related question is, how is the competitive intensity in the Middle East in particular?

Vimal Kejriwal:

So the tender pipeline remains where it is. I think we have been talking about INR50,000 crores to INR60,000 crores in every conference call, and I think it has been continuing in that manner despite the awards are happening. So it's a pipeline which keeps on rolling over. You get new tenders coming in.

As far as competitive intensity is concerned, I think we are seeing some increase in the intensity in the UAE side. Saudi side, which is our main market and our L1s today of 6,000 has a large portion of Saudi L1s in that, has not seen any significant -- in fact, I'll say it has seen a reduction in the competitive intensity in the Saudi market.

In fact, recently, where we have in L1 in one of the projects, which is then in 6,000, we just saw 3 or 4 bidders. Earlier, we used to see 7 or 8. So slowly, slowly, because the business has become, I'll say, so large and people are winning and I think they are more satisfied with what they have. The competitive intensity in Saudi, and you're not asking me but also in India, has become significantly less for the large value orders.

Mohit Kumar:

Understood. Sir. My last question, is it possible to share the KEC Asian cables EBITDA and PAT?

Vimal Kejriwal:

I don't think we are giving it in this fashion. But if you need to have more data, why don't you speak to Abhishek and he will give it to you.

Moderator:

The next question comes from the line of Ravi Swaminathan from Avendus Spark.

Ravi Swaminathan:

Congrats on a good set of numbers. Sir, my first question is with respect to the India domestic power T&D market. We are seeing steady growth in PGCIL and even the private players are awarding. What about states, sir? Are we seeing traction increasingly from state side? Can that become a very sizable opportunity going forward?

Vimal Kejriwal:

So Ravi, you are right, we are seeing a lot of traction happening. But I think what has happened, Ravi, is that somewhere, I think a year or 2 back, I don't remember when the Ministry of Power issued a guideline saying that all projects above INR200 crores should be on TBCB even in the states, okay, because of which many of the projects have been sort of stuck because states don't want to let it go and ministries are not approving them, saying you need to go through TBCB.

In fact, if you look at the latest list of TBCB projects, especially in Maharashtra -- I think Maharashtra has accepted that, and we are seeing a large number of projects coming up in Maharashtra on TBCB. There are other states which are slowly falling in line, not yet fully reconciled, which is the reason why we have seen a slowdown in some of the state demands, but it's a matter of time.

Either they come under TBCB or then they convince the Ministry of Power that -- like I just saw recently a big tender from Gujarat, where they were able to convince the government saying that TBCB will delay my project and I need to do it fast track and they went ahead and got an approval.

So I think we will definitely see a lot more state projects coming up because with the way the intra -- interstate grid is expanding, ultimately, the power will have to go flow down further. I don't think we have any doubt about it. It's only because of this confusion between TBCB and non-TBCB that we have seen large projects getting sort of on hold, but that's getting resolved now.

Ravi Swaminathan: Understood. And can they be as large as, say, PGCIL kind of ordering, say, all states combined put together per annum, say, 2, 3 years down the line? Size of the market...

Vimal Kejriwal: So at a point of time when TBCB was not there, Power Grid and state was almost equal. Both of them used to be around INR40,000 crores, INR45,000 crores each, okay? See the issue -- what you have to understand is that what would be the credit worthiness of each of these states. And also since it will be on TBCB, who will win them? Now recently, there was a TBCB award in Maharashtra, but the TBCB is still done by PFC and REC, okay?

So what happens is for us, the credit risk shifts from the state to the private developer. And we are seeing a lot more localized developers coming into state. So I think we'll have to wait and watch how that market evolves, okay? Like Power Grid is also bidding for all of them.

So we'll have to wait and watch how this evolves, which players play in the developer market, whether Power Grid is as aggressive or not. In fact, you'll be surprised in 1 or 2 states TBCB -- when I call it state TBCB, the line is for intrastate, okay? We have seen the state grid participating as a developer. So we'll have to wait and watch how this entire scene evolves, yes.

Ravi Swaminathan: Understood, sir. And my second question is with respect to the Middle East piece. We are seeing very good traction in the power T&D side, but Middle East is also investing into renewables and BESS very significantly. Our revenues from renewables as of now, that is solar, EPC, et cetera, is relatively small, like 4%, 5% of top line. Can this become a very large piece, like, say, significant size equivalent to that of power T&D kind of revenue over a 3, 4-year period?

Vimal Kejriwal: I don't think we are looking at that sort of growth in this business at the moment. I think we've been talking about reaching INR3,000 crores to INR4,000 crores next 2 years, okay? And right now, our focus is more in India because there is so much and more work right now happening in India. I think if I'm not wrong, we have seen -- we are now quoting almost 19 to 20 projects in NTPC right now, which are under -- which have already been bid.

So I think what is -- the other piece which is there, Ravi, is that in the Middle East market, the project sizes are very large. They also typically include the module supply, which increases the risk on the margin significantly either way.

And we are right now not keen to take any module supply risk because of the volatility. So I think we are happy with what we are doing in India. The growth which will happen in India is apart from solar, we have started quoting for wind also. So you'll start seeing some improvement in that area. And best is something new for us. I think we have quoted 1 or 2 small projects. We are now looking at it.

We'll see. So maybe you'll start seeing a change in the way our renewal numbers appear to you. From next year onwards, we definitely see the numbers going up significantly, but not to the tune that they match T&D today. We are not thinking about that today. Maybe next year, we may change our thought process.

Ravi Swaminathan:

Understood, sir. And my final question is with respect to profitability. Is there -- I mean, given the fact that so much amount of ordering is happening both in India and outside India and many of the -- your peers also would be having their hands full in terms of projects, execution, et cetera. Is there a possibility of profitability of the power T&D business improving further from here? And also on the non-power T&D business, have the profitability of the water and railway business bottomed out? Are you getting any sense on that?

Vimal Kejriwal:

So we already mentioned it at the start of the speech that we have a double-digit margin in the power T&D, okay? Whether it can increase further, I don't know, but too early to comment right now. But yes, the orders -- the competitive intensity has slowed down. So the margins are okay. But I think what has slightly changed in the power T&D is a large number of TBCB bids have been won by private sector so -- which in a way creates a problem because the power -- private sector wants to supply the conductor, they want to do the insulator and all that.

So the volume of business which you generate may go down. And so there may be, I'll say, a slight impact on the increase in the margin, okay? So -- but I think double digit is what we have been looking at. And I think we are happy with that part of it. Coming to non-T&D, we just heard -- I think we will start seeing -- I think we have reached the bottom.

That is the right statement to make. And I think that's why when you look at our margins, we had a 7% margin this quarter, but we are talking about 8% to 8.5% for the year. So clearly, we are seeing an uptick, which will happen in the margins in the coming quarters and will also be driven largely also by the margin changes in civil and cables.

Moderator:

The next question comes from the line of Vaibhav Shah from JM Financial.

Vaibhav Shah:

So firstly, on the water side, what is our outstanding receivables? And have we received any money in first quarter or in Q2 so far?

Vimal Kejriwal:

So Vaibhav, I think you missed my first part. We have received around INR257 crores in the first quarter. We have been receiving money in this quarter also. In fact, yesterday also, we got around INR10 crores, INR12 crores -- so this month, INR50 crores. So we've got around INR50 crores this month also. So the money is flowing. As I said, not flowing in, but trickling in some parts. One state is flowing and other is trickling in. So I think that's the way it is.

Vaibhav Shah:

And outstanding receivables?

Vimal Kejriwal:

I think we have an overall AR of around INR800 crores. Part of it which is billed. Part of it is not yet billed because typically, the way all these departments work is that they will not let you bill till the earlier amounts are paid. So there is some outstanding in terms of billing required to be done. Billed, I don't know, Rajeev.

- Rajeev Agarwal:** Billed is about INR250 crores...
- Vimal Kejriwal:** INR250 crores is the billed amount. Okay?
- Vaibhav Shah:** Okay. Okay. Sir, secondly, if you look at the non-T&D part in terms of revenue, so over the last 4, 5 quarters, we have seen some amount of decline. The pace of decline has increased over the last 2, 3 quarters. So when do we see growth coming back in the non-T&D part?
- Vimal Kejriwal:** I think our expectation is that from the current quarter, Q2, we should start seeing a change in the trend, okay? Whether it will be very visible this quarter, I'm not sure, but it will start changing. But from Q3, Q4 onwards, you will definitely see a significant uptick happening in the non-T&D, whether it is civil, whether it is cables, clearly. One of the reasons for the growth being flat also is that we have actually slowed down our railway business.
- So railway business, which was INR4,000 crores 3 years back, has come down to INR2,500 crores. So that's one significant reason. Secondly, I think oil and gas has been a bit of a disappointment. We have not seen any tenders also coming in and too much of competitiveness. So whatever growth we are projecting, that has not happened. But otherwise, I think we are pretty confident that from next -- from this quarter onwards -- Q2 onwards, we will start seeing a change in the trajectory of the growth of non-T&D.
- Vaibhav Shah:** Okay. And sir, lastly, when we bid for these projects, so across the verticals, what are typically our margin thresholds, say, in the T&D space and non-T&D space?
- Vimal Kejriwal:** It depends. So to me, it's very difficult to give a simple answer, but typically, 8% to 10% is what we would like to bid for. Cables would be lower at the PBT level because it's a product business. So it's a different thing.
- Plus it also depends upon the competitive intensity of that region or for that particular -- like I'll tell you, in Saudi, the bidding can happen from 8% to 20% or 25%, depending upon the project and all that. So very difficult to give a number, but there is a minimum threshold below which we will not take a project unless it is really very strategic for us.
- Vaibhav Shah:** And sir, one clarification on margin. So you said that around 8% to 8.5% for '26, and you're confident of closer to 8% for sure. And for '27, you mentioned that it will be a 75 to 100 bps improvement?
- Vimal Kejriwal:** That's what we are looking at, yes.
- Moderator:** The next question comes from the line of Amit Anwani from PL Capital.
- Amit Anwani:** My first question is on the pipeline, which you highlighted, INR1,80,000 crores. If you could give us some sense how much is from T&D and civil segment-wise and between international and domestic also? And second thing, I would like to understand how much we are building for -- you have said STATCOM has been -- we got first order and pipeline is robust. Any color on STATCOM, HVDC, non-HVDC, if possible for you?

Vimal Kejriwal: So as far as the pipeline is concerned, I had mentioned that the pipeline is around INR1,80,000 crores, okay, of which around INR90,000 crores and odd is in the T&D sector, of which INR30,000 crores is in India. So balance INR60,000 crores is outside India. Civil is around INR50,000 crores plus, okay? What was the next question?

Amit Anwani: HVDC, non-HVDC, STATCOM, any color on what we are building in?

Vimal Kejriwal: So HVDC also, I did make some statements, saying that we are right now doing 4 projects, one of which is a converter station and balance 3 are lines. We have bid for some, and we are bidding for some more HVDC line. So I think you will definitely see some order wins happening in the HVDC segment, both in the line as well as on the converter station side where we have a limited role, but it could be a large tender.

As far as STATCOM is concerned, I think the tenders are slowly coming in. I think this quarter, we will see some more tenders coming out, not sure whether we will get the award this quarter. But I think in Q3, we will definitely see some more awards coming in the STATCOM.

I think with the renewable energy getting pumped in a lot more, the STATCOM is becoming absolutely essential. So I think Q3, Q4 onwards -- Q3 onwards, you will see a lot more orders coming on the STATCOM. A lot of orders being decided and hopefully, we'll get some of them.

Amit Anwani: Sure. Secondly, on civil, you said we faced labor shortage and we saw the revenue decline and also delays in payments. And we are talking about very strong pipeline. So what sort of growth we are building? And second, is this the segment which is impacting working capital? Also we saw working capital was 128 days. So some color on how the civil will pan out with respect to growth? And is it a drag on working capital? What kind of working capital numbers we are working around for the remaining 9 months?

Vimal Kejriwal: So I think there are various questions which you are asking. So one is as far as -- if you look at the payment delays, they have generally happened only in water. And we are not seeing any major payment delays happening otherwise, especially on the residential and the industrial sector where we don't see too much of payment delays, okay?

As far as margins and other working capital drag is concerned, what has happened was that we had 4 large wire duct orders, 2 in Delhi Metro, 2 in Chennai Metro. Out of that 4, 3 have been fully handed over to the client and commissioning is going on.

I think at least in one line, they are waiting for the Prime Minister to come and inaugurate. Others also should happen any point of time. So most of these orders have been significantly back-ended in terms of cash flows. Now that these projects are completed, we will definitely see a positive cash flow happening from these 3 large wire duct orders.

Each of them are I think INR1,000 crores and odd, whatever number -- I think INR3,000 crores. So the working capital, which is currently impacted, yes, partly is also because of civil, partly because of water and partly because of the back ending of the viaducts, which is getting resolved.

Civil -- what I already told you that we got INR250 crores, another INR50 crores this month already so -- which is why we have been very comfortable in saying that the net working capital, which is today 128 days will probably come down to 110 days is what we are still committing. And I think the other reason why there was a slight increase in the working capital is also because of the inventory buildup.

One is, I think, with the benevolent steel prices. We did invest a little bit more on the steel than what we should have in the normal course, if the prices were not as low as they are. And secondly, as I mentioned earlier, there were some delays in getting our aluminum conductor approval from a major customer because of which we had some buildup of finished goods inventory in cables, which is now getting liquidated. So we are very confident that the working capital cycle will improve significantly now onwards.

Amit Anwani:

Sure, sir. Sir, lastly, on the Kavach, you highlighted, we -- I think we are already doing 500 track kilometer order, we got with one of the partners. Just wanted to understand what is the pipeline? Is there any pipeline for this year, if you could quantify for Kavach? That's my last question.

Vimal Kejriwal:

I think, Amit, Kavach is not going at the pace at which we want it to grow or the government wants it to grow. I think the basic reason for that is, I'll say, still a supply chain issue because most of the players who are there in this field -- and I say not the people who are qualified, but the people who are supplying to them, a lot of them are small electronic manufacturing guys.

And so I think we are still seeing a little bit stress on the supply chain part of it. And Kavach, as you know, 70%, 80% or even more is on supplies. So that is the reason why Kavach ordering has been a little bit slow than what it should have been, okay? We do expect that it will start picking up.

There are some tenders, which were -- I think we are L1 or we should be -- some part of it is included in my L1 list. And there are other tenders also which are being quoted. But it's not something which is happening in a -- honestly, in a very, very big way, okay? Till the issue gets resolved on the supply chain side, I think we'll see a steady growth, not a very fast growth.

Moderator:

The next question comes from the line of Subramaniam Yadav from SBI Life Insurance.

Subramaniam Yadav:

Sir, I just wanted some guidance on the debt level for the full year because we have seen this quarter about -- increase of debt about INR800 crores. So how does this debt pan out during the year?

Vimal Kejriwal:

Yes, Rajeev, you want to take this?

Rajeev Agarwal:

Sure. So basically, what we are expecting that this quarter also, you would have seen that we have reduced our debt levels by about INR250 crores Y-o-Y. And we expect some more reduction to happen, especially in H2. So normally H1, your debt level generally goes up compared to the March level.

But overall, for the year as a whole, we have earlier guided for about 110 days of NWC and debt will translate to something around INR4,500 crores of debt level by the year-end despite a 15%

growth on the top line. So we do expect that we will be able to maintain our numbers at about INR4,500 crores debt by the end of the year.

Subramaniam Yadav: And sir, this will happen by reduction of inventory and/or improvement in the receivables. If you can give some color on both of these things, it would be helpful.

Rajeev Agarwal: So there are multiple actually handles which are available. Some bit of a payment is also, let's say, due from Afghanistan. So we expect that payment to get realized in quarter 3. Vimal also mentioned in the earlier question that we are expecting some payment release from 3 metro projects that has been handed over to the client and where the collection was back-ended. So that money will also come.

Plus there are some reduction in the inventory, obviously, will happen, as we have already started getting approval from the customer. So the conductor stocking that we did, so that will also go in quarter 2 and quarter 3. Apart from that, as Vimal also guided that we have done some stocking of steel because of the benevolent steel prices. So hopefully, that will also get consumed in Q2 and Q3. So all of these efforts will actually reduce to the lower debt level and lower NWC level.

Subramaniam Yadav: Okay. And one more question, sir, when we say the non-T&D mix of the revenue would increase going ahead. But when we were looking at this thing, we were expecting the T&D portion mix to increase, hence, our margin would improve. But when the non-T&D mix would increase, then is it a risk to our margin, what we are guiding there?

Vimal Kejriwal: I don't think we mentioned in that format. What we had said that when there was a question on the stand-alone business, et cetera, saying what will happen to the stand-alone revenues and margins, so that's where we had said that the civil and other businesses are -- and cables are essentially more India-centric, and we expect them to increase. So the stand-alone margins will increase.

I don't -- in fact, we mentioned that our T&D revenues have gone up from 55% to 63%. If I made a comment, it's my mistake. I don't think we made a comment that the T&D revenue percentage will go down today because the growth is right now happening on T&D, okay?

Moderator: The next question comes from the line of Uttam Kumar from Axis Securities.

Uttam Kumar: Congratulations on a good set of numbers. Sir, in the presentation, you have mentioned about battery energy storage services. So what kind of opportunities we are seeing in this particular segment? And how we will operate in this particular segment, as EPC contractor or in some other form, if you can throw some light on that?

Vimal Kejriwal: I think we are very clear on one thing, Uttam, is that we'll be only be an EPC contractor, okay? So I think we are not there right now or I don't think in the near future, we want to get into ownership or development or whatever like that. I think we are just stepping into it. Too early to make -- give any numbers or comments and all that.

But since we are doing solar and we started bidding for wind and now that there's a hybrid model where every developer wants to have a minimum 5% has to be on the battery storage. So we are

-- I think the -- let me put it that we are just getting into that market. And we just maybe steps, et cetera. There are inquiries and we have quoted for some projects where best is required as part of the renewable projects, solar, etcetera so that's where we are there.

Also, I think there are some smaller inquiries coming in from the Middle East, et cetera, where we are already there from the same client. So we are looking at that. A little bit too early. Do you think we'll get a best order this year? I'm not sure. Maybe, maybe not. But it's something where we are just getting into it.

Uttam Kumar:

Okay. And sir, my next question on labor. So how is the labor issue currently compared to last quarter? It has reduced or it is on the same line, what was in last quarter?

Vimal Kejriwal:

So we had a shortfall of around 30%, 35% till -- I'll say, June. Of that, right now, I think the shortfall has come down to around 10%. So almost 20% of that, we have been able to manage in the civil side. We still see some shortfall on the transmission side on the erection gangs because of the large volume of work which we are seeing and most of the lines are 765 where the towers are very large.

We need much more specialized gangs. So I think that's one area where I think all of us are struggling on the transmission side. But civil, I think -- we are, I think, reasonably, I'll say, comfortable.

Moderator:

The next question comes from the line of Abhijeet Singh from Systematix Group. Please go ahead.

Abhijeet Singh:

Sir, first question is on the non-T&D business. And a number of participants have alluded to some sort of revenue weakness in the last few quarters and -- or, let's say, more than a few quarters, particularly impacted by railways and the water business.

And if we look at the overall business, somewhere non-T&D is kind of shadowing the good performance of the T&D business, right? In an environment where T&D is growing super normally, the entire sector, overall performance is somehow shadowed by the non-T&D.

So what are the key learnings that we have in the last 2 to 3 years that going forward, when we scale up our order inflow and order book for non-T&D in water, real estate and other businesses? So what are the key learnings that we have, which might prevent us -- or will help us essentially in better execution going forward?

Vimal Kejriwal:

Abhijeet, one thing what you need to understand is that we are a diversified company. We have diversified into all -- like I was not there in civil, 6 years back, okay? Just for an example, renewables also. We diversified into all this to sort of de-risk the company. Similarly, we diversified geographically because of that.

Now if you are covering us for a long time, you'll see 3 years back, India T&D actually had a loss. Today, we are talking about more than a double-digit margin. So I think when you are in EPC business, these things will keep on happening, and you'll never be very sure in 2 years, which of your engines will fire and what will happen. I think that's what is happening.

Today, unfortunately, railways for whatever reason, had a problem. So that's why it is there. So I don't think we are looking at it from a very short-term view. We need to diversify our risks and both business line-wise, business segment-wise. That's why in civil, you see 7 or 8 segments. Cables, you see all sorts of products, whether it's LT or HV or EHV or conductor. So that's going to happen. Same thing is happening in geographically.

We have entered into so many new countries where we're not there. So I think you'll have to look at it from an overall angle. And as I mentioned earlier, we are clearly expecting that the non-T&D growth has sort of -- the decline has bottomed out, and we will start seeing an increase in the growth and the margins of the entire non-T&D business.

Abhijeet Singh:

Sure, sir. The second question, sir, would be on the labor issue that we talked about. you said that it was 30% to 35% shortage versus now improved to 10%. So sir, what is the kind of benchmark that we have -- we are saying that now it is only 10% versus earlier? How do we arrive at this number? And can we quantify this labor shortage in terms of our execution pace reduction that is happening because of labor shortage? Can you quantify that?

Vimal Kejriwal:

The quantification on the labor numbers are very clear because you know each project requires how many people at whatever stage they are. So you look at that number, saying this particular project requires 800 people and I've got 700 there. That's why -- because availability of front, this is availability of front, this much work I can do, this many people I require for that work. I don't have that people.

So that's how you quantify, say, okay, I was 30% short and now I'm 10% short and all that, okay? As far as quantification of revenue is concerned, very difficult to say, but I don't think we had anticipated there will be a degrowth in civil, okay? So now the fact that we had a degrowth in civil, one is labor, one is on account of water.

But if you look at the numbers, maybe INR300 crores, maybe INR500 crores, but very difficult. I don't have that number. But since we had a degrowth in civil, I'm just looking at that degrowth and saying, okay, degrow by some 10% or something, INR900 crores. So difficult to say numbers to it, yes.

Moderator:

The next question comes from the line of Prathamesh Rane from Elara Securities.

Prathamesh Rane:

My first question like was on the revenue growth guidance. Are you maintaining that and on the order inflow guidance, which you had given previous quarter?

Vimal Kejriwal:

100%, yes.

Moderator:

The next question comes from the line of Ishan Verma from InCred.

Ishan Verma:

Yes. So I wanted to understand that we are targeting a strong growth in renewable segment, right, but we don't see any order intake in this quarter in that segment. So I just wanted to understand what might be the reasons for that? Like is there -- are the projects return lucrative or not? Or like is the bidding momentum not there?

- Vimal Kejriwal:** No particular reason for that. I think a lot of tenders got bunched up in the last 1 month. I think June and July, we have bid for a large number of tenders. I think most of the -- when you look at the -- and most of the clients are PSU. So I think they all take their own time to start. March, April and all, we have generally seen are slightly low on bidding. Also, we were quite busy with the execution of 2 of our large projects. And interim, we also wanted to build a better team, a bigger team.
- So I think those are the reasons. Otherwise, there's no particular reason why orders have not happened. We are quite happy with the orders which we have and the tender pipeline where we have bid for a large number of tender orders.
- Ishan Verma:** Okay. And secondly, sir, this tower capacity expansion in Butibori, what kind of expansion are we doing? Is it 10,000, 20,000 MTP or...
- Vimal Kejriwal:** I don't have the exact -- but it will be around 10,000. 10,000 to 12,000 tons is what we are looking at expanding Butibori.
- Ishan Verma:** Okay. And sir, can you elaborate something on the execution in the international market, particularly in SAE towers, wherein we see that even last year also from Q2 to Q4, we see a degrowth. So what kind of growth are we expecting in this quarter in the execution front?
- Vimal Kejriwal:** So Ishan, SAE Towers is a product supply business we have. So right now, it's virtually operating at full capacity. So the growth in that business will only happen beyond the inflation and the currency and all that, if we keep on expanding capacity. Right now, with all the uncertainty on tariffs, et cetera, what is happening, we are not expanding the main business, the tower supply.
- I have already mentioned that we expanded our hardware. So whatever growth is coming right now is coming more from the hardware. Also this quarter, the growth was appearing a little bit lower because the local currency strengthened a lot, so which resulted in a lower growth in terms of U.S. dollars and INR.
- Moderator:** The next question comes from the line of Garvit Goyal from Nvest Analytics Advisory, LLP.
- Garvit Goyal:** Congrats for a decent set of numbers. Sir, I have a question on the T&D part only. There are a few problems going on, like tendering delays happening due to transmission connectivity backlog, especially in the state of Rajasthan and Gujarat. And secondly, on this ISTS waiver expiry, awaiting extension. So how do you view this situation going on right now in the industry?
- Vimal Kejriwal:** I think, Garvit, there was some slowdown in the last quarter. And as I mentioned earlier, we have now seen a large number of tenders which are being quoted by the developers. Also, whatever tenders were won by the developers in Q4 last year and Q1 this year, are now under, I'll say, final decision. So you will start seeing some orders coming out in this area. I think in the next 2 or 3 weeks, there will be a large order inflow to the EPC companies.
- I'm not worried about it. I think what you're talking about is ROW issues in the execution of the current projects. I don't think that is impacting the new tenders in this area. What is happening is that there are a lot of people, who are revisiting their solar plants or requirement, etcetera so -

- which is where there was some, I think, realignment of future projects, which I think has been completed. That's why a lot more tenders have been released now. So I don't think there's anything to worry about the pipeline in the India T&D market, no.

Moderator: The next question comes from the line of Jainam Jain from ICICI Securities.

Jainam Jain: Sir, my question is on the HVDC orders. So how are we seeing the opportunity for us outside India in HVDC segment? And in which geographies are we seeing these opportunities?

Vimal Kejriwal: HVDC outside India right now is limited to Saudi as of now, okay? There are -- they are already implementing quite a few HVDC orders, including one, which is a very large one, is from Saudi to Egypt with an undersea also part of it. Today, there is a -- I think there are 2 very large HVDC lines, which are under tendering in Saudi.

Apart from that, I don't think I have seen any other HVDC outside of India right now. Anand, anywhere? North America, yes, they're talking, but I think there's -- sorry, I should have corrected. North America, there are some HVDC talks happen. Also, they are now talking about 765 kV in North America also. So -- but there, our job is only supplies.

Moderator: The next question comes from the line of Balasubramanian from Arihant Capital.

Balasubramanian: Sir, my first question regarding renewables revenue grew almost 87%, but this segment is still small around INR136 crores. What is your plan to scale in this segment and given tender competition? That's my first question.

Vimal Kejriwal: Yes, what we mentioned earlier was that we have bid for a large number. We are very positive on this. And I think in the next 2 to 3 years, we are expecting this business to be -- from INR3,000 crores to INR4,000 crores is what we expect it to be.

Balasubramanian: Okay, sir. So in oil and gas, you mentioned there is no tendering activities in India. Is there any focus on international market? Like which are the geographies we are targeting?

Vimal Kejriwal: So we already have 2 orders in Africa. We are targeting Middle East. So it's basically going to be between Africa and Middle East, where we will see. India, the tenders are far very, very little and all very small tenders, INR50 crores, INR70 crores and all that so where the competition is not where we can win so -- which is why we have almost sort of vacated that market of sub INR100 crores. But now we have seen some tenders for the first time, which are above INR100 crores, let's see what happens. But I think our focus is going to be international in oil and gas.

Moderator: The next question comes from the line of Renu Baid from IIFL Capital Services.

Renu Baid: Congratulations for strong numbers. I have only one question, just a follow-up update on -- there was this bribery case with Power Grid officials, which is under inquiry. So are there any updates on the outcome of that inquiry? And internally, as a fallout of that event, what are the kind of risk management or business practices that we have strengthened to avoid similar instances in future?

Vimal Kejriwal: So Renu as of now, there is no particular update on that case. The case is in sub judice. The hearings have not yet started, okay? So as and when it will, I think, progress in its normal course -- I don't know how many years it will take, but that's the way it should take. As far as the company is concerned, we had very clear risk management policy. So we are reemphasizing those policies. Actions are being taken wherever required to be taken.

I think let's understand that this is a one-off small transaction, which has happened. There's some transgression, which has happened in the system, and we are taking care of that transgression to ensure that even at that small level, it doesn't happen again.

Renu Baid: Do you think that it could pose a risk of KEC being barred for a certain period of time with Power Grid projects in India? Or it could just be more of a penal penalty in monetary terms?

Vimal Kejriwal: I honestly have no idea what Power Grid will want to do, what they will not want to do because I think we have to understand that it's something which has happened post completion of projects and all that. So I think let's -- I have no comment to offer right now on what Power Grid will do or will not do.

I think let me put one thing, Renu, is if you look at my order intake and my order book today and also what I mentioned earlier on the TBCB side, where almost, I think right now, 50% or more orders are now going into non-PGCIL, okay?

So even in the unlikely, say, that PGCIL takes something against us or something, I don't think it's going to impact our T&D growth in any manner. We have a large enough order book in India for the -- at least for the next 6 to 8 quarters. Are we worried on the growth? No, we are not worried on the growth. We don't like what has happened. We don't like it, and we are taking whatever is required to be done.

Renu Baid: Right. Sure, because this has been one of the concerning elements across investors. So I thought of just...

Vimal Kejriwal: Yes. I appreciate your question, but I think investors should not be worried about it. We have more than enough order book and order pipelines. And as I said, today, almost 50% of the transmission in TBCB is going to non-Power Grid today, okay? So there are enough and more alternate avenues with us in case something happens. And you would have heard that we have a INR6,000 crores order -- sorry, L1 pipeline today.

And I'll say almost 80% of that is in international T&D market. So I think international T&D market is looking very well. So in the unlikely event that your domestic goes on for something, we always have our diversification part of it in international market. So my only comment would be that we should not worry about it.

Moderator: The next question comes from the line of Manish from Nirmal Bang Securities Private Limited.

Manish: I have only one question. In terms of our working capital days with respect to T&D business and non-T&D business, do you have any broad breakup of net working capital days, which is 128 days currently, both the businesses?

Rajeev Agarwal: So, clearly, the working capital intensity in the T&D business has been coming down over the last couple of years. Currently, that is less than 90 days in T&D business. And non-T&D business is because of the various factors that Vimal also alluded some time back because of the cash flow being back-ended in metro project, water project, some payment delays happening for last few months.

So there has been -- the intensity is higher. And that is actually because of the non-T&D businesses working capital intensity being higher. So the overall NWC days stands at about 120 days.

And clearly, we have various levers which are available on which we are continuously working on. And we expect that this should come down significantly in the coming quarters. And that is the reason we have given the guidance for the interest cost at 2.5%, debt level to come down to about INR4,500 crores despite 15% growth that we have been talking about. So we are quite in control of the situation. So nothing to worry on that account.

Manish: Sure, sir. Understood. And one small clarification, Vimal, you talked about the competitive intensity is stable in large value orders in India. So can you quantify that what is the size of the large value order where the competitive intensity is stable?

Vimal Kejriwal: Typically, it would be around INR500 crores plus.

Moderator: The next question comes from the line of Saket from Kapoor & Company.

Saket: Firstly, when you were mentioning about release of fund, some-odd crores in the water project, are you alluding to the fund related to the Jal Jeevan scheme in particular, wherein there were some issues with many EPC players?

Vimal Kejriwal: Yes, we only do Jal Jeevan as of now. It's all money is in Jal Jeevan only.

Saket: Okay. So for Jal Jeevan, what was our receivable for March? And what is the current outstanding, sir? Any ballpark number?

Vimal Kejriwal: Saket ji there wouldn't have been any major change because what we did is, we did as much work as we got money for. So, I don't have the March figure, but there is a receivable of around INR800 crores. And I think in March, it would have remained the same. It wouldn't have increased. I mean, it would have been around INR25-INR50 crores, but no major changes.

Saket: Okay. So you mentioned about 300 something being released, and that was again receivable -- have been again. That is what you are trying to say.

Vimal Kejriwal: Yes, correct. Because in the end, we have to do the project. So, we reinvest as much money as they give us in the business.

Saket: So there is traction now in the scheme, because other players -- 5 players and all are showing 30% volume this -- year-on-year. So are you looking at the project again, sir? Or is the focus of the government changing?

- Vimal Kejriwal:** Look, I don't know where the 30% came from. Because what is happening today is, earlier, we used to give orders for pipes, but we didn't get the pipes for 6 months. Now, if you give an order, they are giving pipes from the next day. So, if you have 30%, I don't understand. Actually, according to me, it should be less, but it is a good thing, right? I said, it is a good thing if there is growth, but according to me, there is no growth. Because for us, as a buyer...
- Saket:** I'm not talking about 30% degrowth sir, not growth sir...
- Vimal Kejriwal:** Yes, he said degrowth. I heard growth, so I said, what are you saying?
- Saket:** No, no, sir. There is no such thing in Jal Jeevan. Sir, the only point was trying to understand is that whether the budgeted amount of, say, INR68,000 crores, INR69,000 crores, which the government has alluded in the budget, has the disbursement started from there or has it remained in the numbers, sir? That is what my point sir.
- Vimal Kejriwal:** It is very difficult to answer you because the money that is coming, when we are talking in the state government, they say that we are giving. When we are talking in the central government, they say that the state government is giving equally. So, most of the funding is in the middle of the central state government. Now, in the end, we don't know where it is coming from. But both the people say that we are giving. And see, for the first time in the budget, I have heard the name of Jal Jeevan Mission, I have heard his figure.
- And now, I think, this will happen. Because now, what will happen is that the measure that is left with the government, you have made it of power, now you are talking about water, it has become of solar. So it's a matter of time, the funds will start getting released and someone in the government will start focusing in this business.
- Saket:** One more small point, sir, in this scheme, sir, river linking Project, KEC will be able to apply its expertise. When that can come into foray, I think the Ken Betwa Project and all are huge projects going ahead?
- Vimal Kejriwal:** Mr. Saket, this is a debatable question. Our debate goes on. Because what happens is that if you see in River Linking, there are projects of 8-10 years. Okay. In between, there is an issue of environment. Sometimes, there are court cases. So, we will see how to do it. Projects are coming in water a lot. River linking is coming, irrigation is coming. Irrigation canal is coming to be replaced by pipes. Lift irrigation is coming. Pump storage is coming.
- Many things are happening that are related to water. So, we are looking at everything that will look right, especially project-wise. I am not even looking at it segment-wise. In which segment to do it? Individually, which project is there that can be done? So, we will look at that project.
- Saket:** Last -- second question is on the solar EPC, taking into account the bid pipeline and also you, I think so, alluding to INR3,000 crores topline line that we are getting ready to make with solar. So, sir, how big is the total size of the solar EPC? And in solar cables, I think, so some E being the one we are expanding, how much capex are we doing in that and what turnover do we expect from solar cables?.

Vimal Kejriwal:

I think that capex is between INR90-INR100 crores, roughly. And we are already selling 500-600 crores of solar. So, the solar cable is going well. In EPC, I don't know, we are getting a lot of numbers, but the margin is still not very high. So, when the margin improves slowly, we will expand it. Otherwise, you will say that your margin has reduced.

So, that's why we are doing solar with peace. As I said, in 3-4 years, we're talking about INR3,000 crores to INR4,000 crores of business coming out of renewable. And if the margin improves, even today, there is a lot of issue of land availability.

So, the project is being delayed. So, until all those issues are resolved, that the project can be done in 8 months or in 8 months, will the margin improve? So, I think there are many things in it. We are very bullish on it. But we are waiting and watching and seeing how we can take it to 4,000.

Saket:

Sir, I would like to put a question on the railway at the last point. Then I will go to the line. Sir, you said that we are not getting thrust from the railway but we are hearing that for the June quarter, railway has been the biggest spender from the government side. So, the place where they are spending, we are not present there. That's the reason, otherwise, the capex from the railways has gone up year-on-year by 50%. That's what the Business Daily are mentioning.

Vimal Kejriwal:

I don't know where the figure is coming from. But our information is that the major expenditure is going to the rolling stock. Vande Bharat trains, Vande Bharat sleepers, Vande Bharat skidding, your station redevelopment.

So, the major, I would say, passenger amenities and the expenditure on that side that is increasing a lot. Not on the capex side. I mean, capex in the sense that you have to increase the line, you have to do electrification, you have to do signalling, etc. Instead of those things, I think we are spending a lot more right now on amenities, etcetera. So, whenever it comes to our area, we will also work on it.

Moderator:

Ladies and gentlemen, we'll take this as a last question for today. I would now like to hand the conference over to Mr. Vimal Kejriwal for closing comments.

Vimal Kejriwal:

Thank you so much. And I would like to once again thank all of you who are continuing to show interest in KEC. Thank you.

Moderator:

On behalf of KEC International Limited, that concludes this conference. Thank you all for joining us, and you may now disconnect your lines.