



VIKRAN ENGINEERING LIMITED

(Formerly Known as VIKRAN ENGINEERING & EXIM PRIVATE LIMITED)

Date: 15th November 2025

To, The Secretary BSE Limited Corporate Relationship Department, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai-400001. (Scrip Code: Equity - 544496)	To, The Secretary National Stock Exchange of India Limited Listing Department, Exchange Plaza, Bandra-Kurla Complex, Bandra (E), Mumbai -400051. (Scrip Symbol: VIKRAN)
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Dear Sir/Madam,

Sub: Transcript of the Q2 FY25-26 Earnings Conference Call

In compliance with Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed herewith transcript of the Q2 FY25-26 Earnings Conference Call held on Tuesday 11th November 2025 at 12.30 P.M.

This is for your information and records.

Thanking You.

Yours faithfully,

FOR VIKRAN ENGINEERING LIMITED

Kajal Rakholiya
Company Secretary and Compliance Officer

Place: Thane

Encl.: as above



“Vikran Engineering Limited Q2 FY-26 Earnings Conference Call”

November 11, 2025

“E&OE - This transcript is edited for factual errors. In case of discrepancy, the audio recordings uploaded on the stock exchange on 11th November 2025 will prevail.”



**MANAGEMENT: MR. RAKESH MARKHEDKAR – PROMOTER, CHAIRMAN
& MANAGING DIRECTOR, VIKRAN ENGINEERING
LIMITED
MR. NAKUL MARKHEDKAR – WHOLE-TIME
DIRECTOR, VIKRAN ENGINEERING LIMITED
MR. ASHISH BAHETY – CHIEF FINANCIAL OFFICER,
VIKRAN ENGINEERING LIMITED
MR. VIPUL MARKHEDKAR– CHIEF BUSINESS OFFICER,
(This designation was erroneously mentioned, please read as
Head-Business Operation) VIKRAN ENGINEERING LIMITED**

Moderator: Ladies and gentlemen, good day and welcome to the Vikran Engineering Limited call, Q2 FY '26 Earnings, hosted by AdFactors PR.

This conference call may contain forward-looking statements about the company, which are based on the beliefs, opinions and expectations of the company as on date of this call. These statements are not guarantees of future performance and involve risk and uncertainties that are difficult to predict.

As a reminder, all participants' lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during this conference call, please signal an operator by pressing '*' then '0' on your touchtone phone.

I now hand the conference over to Mr. Rakesh Markhedkar – Promoter, Chairman and Managing Director from Vikran Engineering.

Thank you and over to you, sir.

Rakesh Markhedkar: Good afternoon, everyone. This is Rakesh Markhedkar, I am Promoter and Chairman and Managing Director of Vikran Engineering Limited.

We are a Thane-based engineering procurement and construction company. I extend a warm welcome to all the participants joining our maiden earnings conference call, post our successful listing. We are deeply grateful for the trust and confidence our investors have placed in us.

Today on this call, we have Mr. Nakul Markhedkar – Whole-Time Director, Mr. Ashish Bahety – our Chief Financial Officer; Mr. Vipul Markhedkar – Chief Business Officer; and AdFactors our Investor Relations Advisors.

I hope you have had a chance to go through the Financial Results; Investor Presentations and the Earning Release uploaded on Stock Exchanges and on the company website. Since this is our first earning call, let me begin with a brief overview of Vikran Engineering Limited.

We are one of the fastest growing India engineering, procurement and construction company in terms of last 2 years revenue growth. Our business model is centered around delivering comprehensive engineering, procurement and construction solution across the key infrastructure sectors such as Power, Water, Solar and Railway. We provide end-to-end services encompassing conceptualization, detailed engineering, procurement, supply, installation, testing and commissioning, all executed on turnkey basis.

Since our family took over this in November 2014. The Markhedkar family acquired ownership, making a new beginning of the business. At the same year, we received the very first extra high-voltage substation order from Madhya Pradesh Transmission Company of INR 157 crores, which led the foundation for our growth in the Power Infrastructure sector.

So, I am very happy to state that right from the beginning for the 9 years, whatever the project we are executing, we are closing the projects as per the schedule. We then, branded as Vikran Engineering, reflecting our growth engineering and project execution capability. Over the following years, we executed several landmark power transmission and distribution projects across India.

By 2019, we had successfully executed one of the major electrification projects, demonstrated our capability to manage large-scale assignments involving extensive network coverage and installation.

The same year, we also secured a significant substation order from the Power Grid Corporation of India Limited, making a key milestone in our journey and reinforcing our position as a trusted partner in the Power Infrastructure space. In the following years, Vikran Engineering Limited steadily expanded its presence across multiple infrastructure verticals.

We executed key Power Transmission substation projects for leading the state's utility, including assignment linked to the Mumbai-Ahmedabad bullet train corridor, while also undertaking large-scale rural electrification and distribution initiatives.

Building on the momentum in 2021, we diversified into the Water Infrastructure segment under The Government's Har Ghar Jal Yojana, and subsequently ventured into railway electrification, further broadening our capability, our partnership with marquee clients such as NTPC reflects the Trust we have earned through consistent project delivery.

In August 2025, Vikran Engineering Limited achieved a major milestone with its successful initial public offering. The issue received an overwhelming response from the investors across all categories, reflecting strong confidence in our business model, execution capability and growth prospects.

Through this listing, we are not only strengthening our capital base, but also marked a new chapter in our journey as a public-listed company. The proceeds from the IPO are being strategically deployed to enhance our working capital, expand operational capability and further strengthening our positioning in the EPC infrastructure space.

I am happy to share that recently we have awarded 2 prestigious turnkey EPC contracts in the Solar segment, a INR 355 crore project from Ellume Energy MH Solar One Private Limited. for a 100 MW solar power project in Maharashtra, and subsequently a very big leap to our growth journey, another big order of INR 1,642 crore single project from Carbonminus Maharashtra One Project Limited.

These landmarks benchmarks our formal entry into the Solar EPC space and align perfectly into our strategy to diversify into renewable energy. Together, these projects significantly enhance our presence in the clean energy ecosystem, and underscore the growth confidence that leading

developers have in Vikran Engineering's technical expertise, execution strength, and proven track record in delivering large-scale infrastructure projects.

Looking ahead, the infrastructure sector outlook remains highly encouraging, supported by the strong structural and policy tailwinds both globally and in India, the global drive to expand electricity access, especially across emerging regions is expected to spur significant investment in transmission distribution networks, creating opportunities for EPC players with strong execution capabilities.

In India, healthy economic growth, policy stability and increased infrastructure spending are set to benefit the Power, Water and Utility sector, continued focus on electrification, renewable energy and urban infrastructure provides a robust multi-year growth runway for companies like Vikran Engineering Limited to operate across these segments.

Meanwhile, the Renewable Energy sector, particularly Solar, is emerging as a major growth catalyst. With India targeting 500 gigawatt of renewable capacity by 2030, Solar EPC, grid integration and transmission infrastructure are seeing strong traction. For Vikran Engineering, the energy transition presents a promising avenue for diversification and value creation, leveraging our expertise in power transmission, power evacuation to continue to India's clean energy ambition.

So, with this capability, we are covering the complete infrastructure network in 22 states with our team size of 850 professionals across the board, and we have a very centralized 170 professionals sitting at Thane office. We have our own design and engineering capability in Civil, Electrical, Mechanical, Instrumentation, Signalling, Telecommunication, which is really giving us a very huge confidence to execute the infrastructure projects in all the 3 verticals like Power including Solar, Water and Railway segments.

So, our in-house capability of design and engineering and execution of the projects is giving us confidence for maintaining our track record of the early completion of the projects, and the way we are getting recognition from our clients like Power Grid Corporation India Limited, NTPC, and for the continuous confidence given by our key customers like Power Grid Corporation Limited, where we have executed the project of the highest system voltage in the country up to the 765 kV. That too we have delivered ahead of the schedule and we got a recognition from all our major customers.

So, coming to our half-yearly performance, the first half of the FY '26 marked steady progress for the company with the healthy year-on-year revenue growth, and a meaningful expansion in EBITDA margin. This performance underscores our discipline, execution, operational efficiency and prudent cost management.

Our order book has been strengthened over the last year providing clear visibility for the upcoming quarters. With execution momentum gaining space and new project wins across key

Infrastructure segments, we are well positioned to deliver a stronger performance in the second half.

As of today, 2025, our total order book is more than INR 4000 crores, providing strong revenue visibility for the coming quarters. The Power Transmission & Distribution segment continues to be our key growth driver, accounting to about 82% of the order book, followed by the Water segment with 17%. The balance is contributed by the Railway Infrastructure. This diversification order mix reflects our execution strength across multiple Infrastructure verticals and positions us well to capitalize our sectoral opportunities.

The second half of the year remains pivotal for EPC execution and we expect this momentum to continue into FY '26 with a strong and diversified order pipeline and the deepening presence across critical Infrastructure segments, we are poised to take on larger, more strategic projects in the coming quarters.

Our wavering focus on execution excellence, quality delivery and operational rigor continue to build customer trust and elevate our performance standard. Reflecting our consistent performance and financial prudence, India Ratings has upgraded our credit rating to A minus stable.

The proceeds from our IPO are being effectively utilized to support working capital needs and the execution of the ongoing as well as newly secured projects, exactly as envisaged at the time of listing.

Looking ahead, we remain confident of sustaining our growth trajectory, backed by a robust order book, a favorable industry outlook and our continuous focus on execution excellence. As a part of our strategy growth roadmap, we aim to expand into infrastructure EPC projects within the private sector, explore opportunities across international markets, particularly in Africa and the Middle East, and strengthen our presence in the Water segment, where we are already pre-qualified and actively bidding for irrigation projects.

We also plan to pursue opportunities in emerging areas such as data centers and smart metering, while continuing to participate in key Government initiatives, including the Revamped Distribution Sector Scheme, i.e., RDSS, the National Solar Mission, the Swachh Bharat Mission, and high-speed rail corridor developments.

With this initiative, we are confident of achieving sustained and profitable growth, expanding our geographical footprint, and further consolidating Vikran Engineering Limited's position as a trusted and diversified EPC player in India and beyond.

Now, I request our CFO, Mr. Ashish Bahety, to give the highlights of the financial performance of H1.

Ashish Bahety: Good afternoon, everyone. We hope you got a chance to look at the results. So, as we have discussed, our overall top line revenue was INR 176 crores, which has improved by around 13.6% (This figure was erroneously mentioned, please read as 10.7%) as compared to last year.

And in H1, actually, the overall revenue has increased by 13.6%. EBITDA margin has also improved, though it isn't in line with our overall financials for the whole year, but yes, for the quarter, we have got better results as compared to last H1, as well as the Q2.

In PAT also, you can see there is an improvement as compared to INR 6.3 crore in H1 FY '25, we have improved it to INR 14.8 crore. And overall, as we can see, with the improvement in the credit rating, we can expect further improvement in our interest rate and the finance cost going forward. So, this is what the overall financial performance is, and we are open for the questions.

Moderator: Thank you very much. We will now begin with the question-and-answer session.. The first question is from the line of Mihir from TRUST Mutual Fund. Please go ahead.

Mihir Manohar: Hi, thanks for giving the opportunity. Congratulations on this order win, quite a large order book now.

Rakesh Markhedkar: Thank you very much.

Mihir Manohar: Thank you, sir. Yes. So, basically, this order on the Solar EPC side with the order, generally, there is a thought that Solar EPC has 10%-12% EBITDA margins, and the payment terms are also a little elongated. If you can provide some clarity over here as to how are the margins and payment terms for these 2 large orders, and how are we going to ensure execution, because now INR 2,000 crores large order book, large order win versus historically the order book number was different? So, operationally, how are we going to make sure that these projects get executed over the next 10-12 months, which is what the period is?

Rakesh Markhedkar: Sure. Thank you very much. Very, very nice question that has been asked.

See, let me brief you the strategy of Vikran. Always, whenever we enter for any big project, we prepare it for at minimum for 1 year. For even this particular project also, the Solar, we have formed a very big team, comprising of very stalwart and the senior professionals from the industry, number 1.

And then we are particularly talking on this project for last 4 to 5 months. We have done a complete due diligence, site surveys, and since this is a very lucrative project from Government of Maharashtra, they are providing the land. And this falls under the scheme of Government of Maharashtra, where this LIS scheme, Lift Irrigation Scheme, there they are providing the land, and this is all hurdle-free.

And this is non-DCR, the modules, and the pricing is better, and the margins are much more better from the industry now, today. So, this is what we can see, because we always believe in

bringing the highest margin orders. This is in the history of Vikran Engineering. That is the reason we are, not only we are bringing the high-profit margin orders in our kitty, we are also executing in time to maintain and improve that profitability further.

So, for this project also, whatever the expectations the investors have, we will be able to give a better profitability in this area, and the EBITDA margin is much better than what you are narrating now. And this is the best in the industry, because after a lot of research and hard work, we could be able to get this order.

Mihir Manohar: Okay. So, this is what the unfinished project which was there? Was the project stuck that we are getting now good margins for that project? How to understand that?

Rakesh Markhedkar: See. Please repeat your question.

Mihir Manohar: So, basically, as to what is the reason that we are getting good margins for this project?

Rakesh Markhedkar: Yes, because we have done the costing and because we have discussed with the developer, and then since our payment terms and then our confidence, we are back up with the suppliers and the panel manufacturer tie-ups, that assurances and timely delivery of supply, and our execution capability, and our tying up with the executor, with the subcontractors, we are sure to maintain this margins. And that is well-estimated, well-established margins are there. Only thing we need to execute this in the timeline of given 11 months for which we are known.

So, this is basically the major in the 3 districts of the Jalna, Dharashiv and Solapur, and that land is already available. In fact, our team is already deployed at site. So, even before accepting this order, we did a lot of homework. So, we are confident to maintaining this profitability and timeline of execution.

Mihir Manohar: Sure. Understood. How are the payment terms for this project? Are we going to get any advance?

Ashish Bahety: So, yes, we are expecting some advance as well, but that will depend on what DG we are having availability and based on that we will decide, one. In terms of payment terms, it is again the EPC contract. So, as and when we are executing the project, we are expecting to receive the funds from the client.

Mihir Manohar: Okay, understood. Sure. And just last question. Any broader color given the order book, now? How should we see FY '26, FY '27 in terms of revenue and profitability? Any broad cut numbers around that?

Ashish Bahety: Yes, so as we have discussed, so now whatever fund raise we have done, so the main reason was for this fund raise to get these new orders. You can see that order book has just got doubled. And in similar way, we will also expand our revenues accordingly. And may be, in current financial year, because if it is a half year, we are utilizing this money. And then by next year, the full year, we will be having to utilize this money. So, accordingly, we will increase our revenue targets.

- Mihir Manohar:** Sure. That's it from my side. Thank you very much.
- Moderator:** Thank you. The next question is from the line of Aadarsh from Negen Capital. Please go ahead.
- Aadarsh:** Sir, thank you for giving me the opportunity, and congratulations on the great listing and order book. I just wanted to understand if you could give me a segment wise revenue and margin split for the recent half. And also, I wanted to know if you are expecting an increase in contribution from any particular segment?
- Ashish Bahety:** Overall, these are not segments. These are like 3 verticals we are having. So, in terms of H1, the more thrust was on Power, because as of now, in the Power side, we have more order book. So, if you exclude the Solar part, which is just recently, we have got in the last 1 & 1.5 month. Before that, Solar T&D was almost having about 70%-75% of the total execution and the revenue. And balance, 25% approximate was from Water and Railway Infra.
- And going forward, we can see that yes, Solar will also contribute to the overall top line. And in H2, definitely, the breakup will be more towards Solar and as well as in Power.
- In terms of total order book, as of now, you can say that around 50% of our order book is with Solar, around 32% is Power T&D, and balance 18% is with Water and Railway Infra.
- Aadarsh:** Got it. And what are our margins in these particular verticals? How are our margins looking like?
- Ashish Bahety:** See we don't look at the margins specifically for a segment. We look at project-wise. And we do those projects wherever the margins are good. So, our margins more or less will remain in similar range, though in Railway and Infra, we are getting slightly less margin and that is a small portion of our overall order book.
- But apart from that, you can say that whatever new orders of Solar also we have got, should give us a good ROE. And we expect our overall margins will remain in what we have generated in last 2-3 years, in that range.
- Aadarsh:** Okay. And I just want to understand that you are saying that the contribution from the Solar vertical is going to increase. So, could you give us some guidance for the next 2 years on how are you bidding for the projects or how are the projects being received?
- Rakesh Markhedkar:** Sure. See, as a very internal discipline and strategy of Vikran Engineering, though we are in the 4 segments, but our main focus is on the profitable orders and the orders with the better payment terms and conditions.
- This is, we are very disciplined and that is the reason for the last 3 years our margins are one of the best in the industry. So, we are maintaining, continuing that discipline of getting the profitable order.

In the same connection, in the same way, even the Solar also. So, we are focusing with the good private developers and we are negotiating with the better terms and conditions and profitability, using our strength of execution capability, because the developer also wanted to execute their projects in time and Vikran is known for our execution capability and timely completion of the project.

So, with that confidence and credibility using Vikran's execution and capability, we continue to talk to the private developers. At the same time, we are also quoting with the good Government clients like NTPC and NHPC, and then there is a good project, the bid is in pipeline and we are expecting some more better results in coming months.

Aadarsh: Okay, sir. That is my question. Thank you. And all the very best.

Rakesh Markhedkar: Thank you very much.

Moderator: Thank you. The next question is from the line of Divyansh Thakur from Finterest Capital. Please go ahead.

Divyansh Thakur: Sir, congratulations on a great set of numbers. I wanted to ask that if we see that the margins were 17% in some quarters before, and now it has fallen to 14%. I wanted to ask why have they fallen, and what are the sustainable margins are we looking in the future?

Ashish Bahety: So, the overall margins are actually, you can see that the percentage of turnover generally in H1 because of the Government budgetary will be issued. And the seasonal issues, because of the rainy season, the overall part of turnover will be just one-fourth to one-third of the total turnover of the year. So, that is how generally the bifurcation of H1 and H2 will happen as per our past trend. So, that is where to absorb some of the fixed cost like employee cost, the EBITDA margin looks slightly lower in H1. But once, H2, the overall turnover will go higher. Our EBITDA margin will look better, because of those fixed cost absorption will be better.

Divyansh Thakur: So, what are the sustainable margins for the full year that we are looking at? And can you just explain H1 and H2 in percentage terms? I was not able to hear you properly.

Ashish Bahety: So, generally our H1 is about 25% to 30% of the total turnover of the year, as per the past trend. And the margins, what you are saying for the full year as we discussed, we are expecting it to remain in the similar line as it was in last 3 financial years.

Divyansh Thakur: Okay. Sir, one more question. So, you raised around INR 541 crores for working capital requirements. I wanted to ask, how much business can we expect from this without any additional working capital requirement?

Ashish Bahety: Sorry, how much?

Rakesh Markhedkar: How much business will we acquire?

- Ashish Bahety:** Okay. So, that will again depend on the working capital requirement of the project. However, we are expecting that, previously we were using about INR 300 to INR 400 crores of working capital for the INR 900 crores of business. So, in similar line if we go, probably we can reach up to around INR 2500 crores of turnover approximately without raising any further working capital requirement, and from the current working capital raised through IPO.
- Divyansh Thakur:** Okay, sir. That's all from my side. All the best for future endeavors.
- Ashish Bahety:** All right. Thank you.
- Moderator:** The next question is from the line of Naman Parmar from Niveshaay Investments. Please go ahead.
- Naman Parmar:** Yes. Hello. Hi. Good afternoon. Thank you so much for the opportunity. Firstly, I wanted to understand on the order bid pipeline. So, currently how is your order bid pipeline? Also, if you can give order breakup on the basis of how much kV is from the Power side basically. How much is from 765 kV and so on.
- Rakesh Markhedkar:** Right. So, first of all, thank you very much. And let me give you the brief of our work strategy, what we operate for the order book. First of all, we always maintain a very good balance with the execution, the working capital raise and the order book.
- So, now today since we have raised the working capital and that our execution capability means team is also strengthened to utilize that working capital. And if you see that even as you compare the current position with the last year vis-a-vis, we have just doubled our order book. So, this is the very first indication of our growth rate.
- So, currently we are at INR 4000 plus unexecuted order book in our hand. And apart from this, there is another INR 3000 to INR 4000 crores we have already, the bids are in pipeline. We have already bidden there. And keeping our tech record of maintaining 20% to 22% of our winning ratio. So, we are confident to get some good, very good order. And we will be surpassing the order book targets of our financial year.
- And coming to the very specific, you asked the question, how far with the 765 kV and 400 kV. So, the same line we are bidding with the PowerGrid Corporation and other places, even the private players now. We are getting inquiries from the big private players where they want the evacuation of their mega solar power plants in terms of 765 kV and 400 kV evacuation in the system, comprising of substation and transmission line.
- There all we already quoted and we are in the process of quoting. So, we will be maintaining the same ratio of the order book that approximately that the T&D and Solar put together will be around 80%. And the remaining, that 18% approximately from the other Water Infrastructure and Railway.

So, as we already doubled our order book as compared to the same time for the previous year, we continue to maintain the same things since we have a working capital with us. And now, the good order already, we have bidden good tenders. So, we are very confident to maintaining that whatever the targets we have kept for to generate the revenue as projected.

Naman Parmar: So, out of 32% that you have told for T&D, how much would be for 765 kV, higher kV cost?

Rakesh Markhedkar: Actually, mostly we are quoting for the high voltage now only. So, as I told you, we as a company policy, we really look the particular order profitability, irrespective of what voltage level is there. So, since we already developed our technical credential up to 765 kV, for me the project with 400 kV and better margin is more important than the 765 kV with the thinner margin.

So, what we keep always as a strategy of the company, we always focus on the individual project what we are bidding. The margin is the focus. And the same thing, cash flow is the focus. But we, in the T&D, mostly extra high voltage will be approximately 50%. And the sub-transmission and then 132 kV and the lower voltage will be the approximately 50%.

Naman Parmar: Understood. And this order book is executable in how much time, INR 4000 crore?

Rakesh Markhedkar: So, the current order book what we are having, that has to be executed in 18 months. And whatever the new order comes now in the T&D, that also ranges from 18 to 24 months.

Naman Parmar: Okay, understood.

Rakesh Markhedkar: So, with the current order book, we have a very clear visibility of this financial year's revenue and even for the next financial year revenue.

Naman Parmar: Yes. Understood. Secondly, on the cash flow side, that in the H1 that you have done around INR 166 crore of negative cash flow, right? So, you have been paying trade payables very early. So, what was the reason for that? Can you elaborate? And how well you will be getting to positive cash flow in the coming year?

Ashish Bahety: So, since we have the working capital as of now and it's been a seller's market for some of the equipments, we were able to get a good cash discount. And that's how you can say the creditors have gone slightly lower.

In overall capacity, as we have said that, yes, this working capital deployment will take about around a year to deploy completely. And once that is deployed, probably from FY '28 onwards, you can say that, yes, you will start looking at the positive cash flows from there.

Moderator: Thank you. The next question is from the line of Anuj Jain from Globe Capital. Please go ahead.

- Anuj Jain:** Hi, sir. Good afternoon. Congratulations on the good set of numbers. Just can you give me some color on the trade receivable parts? Because at the end of March, Financial Year 2025, we had INR 634 odd crores of receivables, with a top line of INR 900 odd crores. And currently, we are having receivables of INR 613 odd crores on a top line of half yearly of INR 340 odd crores. Can you just give me some color on such high receivables and what we are doing about that?
- Ashish Bahety:** Yes. So, generally, if you see overall, in terms of these receivables, mainly, it also includes the retention portion. So, whatever work we are doing as an EPC company, some of the money will stay there for the time we complete the project and hand it over. And even sometimes, it's retained till DLP is completed. So, that's where some of the money is there. Apart from that, yes, our receivables are going down. As compared to March, it came down by around INR 20 crores.
- And further, we are expecting this to improve here. However, as we increase our turnover, especially on Q4, again, these numbers will be slightly higher by end of March. And again, it will come down by December. So, that's how generally the trend is in terms of receivables. However, if you see our report or the breakup, there are no receivables which are like pending more than one year except for the retention portion.
- Anuj Jain:** So, what is the retention portion?
- Ashish Bahety:** The receivable health is fine. There is no stuck receivable as such.
- Anuj Jain:** What is the retention portion that you have said?
- Ashish Bahety:** It will be about 10% against each bill.
- Anuj Jain:** 10%? Hello?
- Ashish Bahety:** Yes. Generally, it will be about 10% against each bill.
- Anuj Jain:** So, out of INR 600 crores, I can roughly say INR 60 odd crores is the retention part. So, my receivable book would be INR 550 odd crores.
- Ashish Bahety:** It will not be like that. Out of 10%, it's not a part of debtor. It is part of the total work done for the project. So, let's say, at one point of time, if 90% of the project is completed, so that 90% of the work done, 10% of that will be a part of retention. So, that's how retention is calculated.
- Anuj Jain:** So, currently, these debtors are almost like 8 months cycle. So, what kind of cycle which we are comfortable with going forward?
- Ashish Bahety:** So, see cycle wise, yes, we generally try to see that we are working with most of the Government sector organizations. So, we are generally getting these normal RA bill within 2 to 3 months. However, there are some specific areas where the amount will take slightly more time if it is

linked to completion of some activity or if it is the retention portion. So, apart from that, we are getting normal payments regularly.

Anuj Jain: Okay. Okay. And second question is, can you give me some color on our cost of borrowing? Because in the first half, we had incurred INR 33 odd crores of finance cost. And on the borrowing side, we have INR 300 odd crores of short-term borrowing. So, can you give me color on our finance cost? It looks like pretty high. And we are having rating of A minus. So, as per those standards, this looks pretty high.

Ashish Bahety: Yes, that's right. So, A minus we have just received. And the impact of A minus, we will see going forward. As of now, whatever finance cost you are looking at, one is finance cost. Apart from that, whatever non-fund-based limits we are using, especially on the bank guarantees, that is also part of the finance cost. And that is a non-fund-based limit. So, that's where you will not see in the debt, but that cost will also be part of finance cost.

Anuj Jain: So, what is our rate of interest?

Ashish Bahety: Rate of interest, generally from our banking arrangement, we are getting around 10%.

Anuj Jain: 10%. So, we have quite high utilization of those non-fund-based limits, which we are seeing as per this standard.

Ashish Bahety: So, we have to provide BGs against whatever projects we need to take. So, there we need to use those non-fund-based limits.

Anuj Jain: Okay, that's it from my side. Thank you.

Ashish Bahety: Thank you.

Moderator: Thank you. The next question is from the line of Neelam Sharma from Nuvama PCG. Please go ahead.

Nishant Sharma: Yes. First of all, correction, the name is Nishant Sharma from Nuvama PCG. And secondly, sir, many congratulations for very strong set of numbers. Just a couple of questions from my side. One on the retention portion in the receivable. So, what's the retention portion right now which is sitting in the receivable? And within what timeframe we get this money back?

Ashish Bahety: The retention portion approximately, it will be about INR 160 to INR 170 crores of retention money will be there. And the expectation is, see, it will not be related to a particular project. The moment we keep working and completing those projects, we keep getting these retention amount as and when. And as well as, the new retention amount will keep adding into the debtors amount going forward.

The more work we are doing, and if the retention percentage remains the same, you will see that, yes, retention portion keeps increasing. However, as per our track record, since we have completed almost all projects either on time or some of the projects ahead of the schedule, we have never faced any major issue in getting this retention in our 10-year history. And that's why we are confident that we will keep getting this on time.

Nishant Sharma: Right sir, so as soon as we complete the project, we are getting this retention money back or after completion also they keep it for some time?

Ashish Bahety: Yes, so if there is a Default Liability Period, DLP which is generally maybe 6 months to 1 year, so till that time we may have to keep this retention, some of the projects.

Nishant Sharma: Right sir. So, just a request, if it is possible going forward, if you can mention every time that this is the retention money out of the receivable, if you can show that as a separate item, because looking at your historical record completing on time with the quality, this is more like a firm number which is likely to come back, so it can help us understand by reducing that kind of a working capital requirement or something like that. So, just a request, if it is possible to show it as a separate line item, that's one.

The other question would be related to the margin differential in each of the 3 divisions, like as the Solar share may be rising, can we see some correction in the margins going forward or will it be more like similar in going forward as well?

Ashish Bahety: So, in terms of margin, as we have discussed that, whatever project we are undertaking or choosing, we are targeting for better margin projects only, that you can see that as compared to our industry peers in past 3 years, our margins were better and the company strives to do the similar way going forward as well.

In Solar also, yes, I mean you are saying as compared to generally the industry trend is, yes, the margins are lower in Solar. However, we have chosen those projects where we are getting better margin. It may impact very nominal, maybe 1% or 2% here and there, but apart from that, we expect that overall in the portfolio, even the Solar being added, there should not be any major impact in the margin going forward also.

Nishant Sharma: Okay, so if we are focusing more on the profitable margins, then in that sense, our bidding pipeline or the order pipeline would also be little lower and the win ratio may be higher. Is that a fair assumption?

Rakesh Markhedkar: Yes. See, since we are very disciplinary, we are maintaining the project quoting with these margins. So, we very selectively quote, right? And then at the same time, now there is a competition also there, but we select the geography, we select all the projects, keeping the competition in mind, geography in mind, and then we see what would be the competition.

So, keeping all these things, but our win ratio is consistently, we are maintaining it around 20% to 22%. So, we bid very carefully, like for example, some good project is there.

Now, we try to do something other than conventional way, like this is the example of recent 2 projects what we got in the Solar. In the Solar, there are n number of companies that are bidding, but we have targeted only a few projects that we worked very hard, then we convinced them, we have shown a lot of interest, our execution capability, and far better margin project we got.

This is one of the strategies. Similarly, for the Government also, whether it is the Northeast, whether it is Jammu and Kashmir, and whether it is Industrial Corridor Project, which we already bidded. So, these projects, we do hard work, we do detailed engineering, we do detailed survey, and with the less competition, we have quoted some good project margins. And we going very perfectly with our strategy. Though we are spending much time and energy and money during the bidding, but we are sure we bring the good margin projects with us.

Moderator: Thank you. The next question is from the line of Shrey Gandhi from CR Kothari and Sons. Please go ahead.

Shrey Gandhi: Thank you for the opportunity. Yes, I was just asking that how many sites have we got in this recent order of Solar EPC?

Rakesh Markhedkar: Yes, yes. Actually, these are 3 districts of Maharashtra, Jalna, Dharashiv, and Solapur. So, the number of sites are more, but the positive thing is here land is Government-provided, and now this has already acquired the land.

And these are small project sites, say somewhere 5 megawatt, 10 megawatt, somewhere the biggest is 91 megawatt in one place. So, the idea is here you deploy multiple of teams independently. They can work, they can finish the job in time, and they can move to the new project sites.

So, that the waiting and see the hurdles and all this ROW, these kind of problems are not there in these projects. So, this is what is the beauty of this kind of project. So, that is the reason that we are confident to execute this within the given time limit of 11 months.

Shrey Gandhi: So, how do we plan to execute the order?

Rakesh Markhedkar: We have a big team for execution. So, you know in our company itself we have 850 professionals on our role. Apart from this, we have site supervisors, engineers, deputy managers, managers, material control managers, and the supply chain professionals.

They deployed at site, and since the surveys and all is already done, and even before accepting the order we have done a lot of preparatory work. So, it is now we already deployed some of the teams, and this is on every week basis we will be continuing pushing some more execution teams

at site. So, the strategy here is deploy around 35 to 40 project teams at site at a time to give it a better progress.

- Shrey Gandhi:** Okay. Got it. And the revenue will be recognized per site when we complete it or it will be?
- Rakesh Markhedkar:** This is what they say in the milestone-based project. Once you supply the material, once you do some erection work, civil work, that framework, the structure work, every moment there are the payment terms. So, this is linked with the site progress.
- Shrey Gandhi:** Okay. And my next question is like how much unbilled revenue do we have in H1, which is not yet received, but the execution has been completed.
- Ashish Bahety:** So, this contract assets and contract revenue system we have, so based on some of the projects, if the billing is less than the overall work done or the cost incurred, that will have, you will find it in current assets. The total would be about INR 400 crores approximately. And there are some projects in which the billing is going ahead as compared to the cost incurred, you will find in the contract liabilities as well. Some of the amount from INR 25-INR50 crores will be there as well.
- Shrey Gandhi:** Okay, got it. And just to get any ballpark number which you are thinking of, in revenue terms for this year or maybe next year, you will be executing for solar?
- Ashish Bahety:** With the overall working capital of about, the investment of around INR 400 odd crores, we could reach to INR 900 crores turnover. So, with this additional working capital, probably for half year, we can grow from here for 7 months, and next year definitely we can reach to the overall target where the working capital is invested and probably will be INR 2000 crore plus.
- Shrey Gandhi:** Okay, got it. Thank you so much for answering, and all the best for your growth.
- Ashish Bahety:** Thank you.
- Moderator:** Thank you. I request each participant to ask one question. The next question is from the line of Pawan Kumar from Shade Capital. Please go ahead.
- Pawan Kumar:** Thank you for the opportunity. First of all, congratulations for a very good set of numbers. And my only question is, are you looking for orders from one government sector? Can you give some colour on your bidding pipeline if you really think so?
- Rakesh Markhedkar:** See, as we mentioned, see now since we got diversification in the sectors, at the same time we have good technical credential, financial credential is there, we have very strong balance sheet and now we qualified mostly at our own. So, now we have a clear visibility for the profitable orders in almost all the sectors, including private we are targeting now. So, we are targeting private customers in the Power and the Solar. At the same time, any industrial development projects are there. Our teams are also working for that same line.

Because whatever the current team we are having, we have already got competence in the Civil, we got competence in the Water, Power and the Industrial project and we are targeting for the project in the same premises like Industrial Corridor Project, which we can utilise our all competence in one place, and that too in a 40- to 50-acre area, Industrial Corridor Development. So, these type of projects also we are targeting.

Pawan Kumar: Okay. And from the current order book, what is the proportion of non-government orders?

Rakesh Markhedkar: So, that is 50-50 approximately.

Pawan Kumar: Okay. Got it. Thank you. These were my questions. Thank you.

Rakesh Markhedkar: Thank you.

Moderator: Thank you. The next question is on the line of Pranjal Mukhija from GrowthSphere Ventures. Please go ahead.

Pranjal Mukhija: So, thank you for giving me this opportunity and congratulations on a great set of numbers. Sir, since we are trying to explore opportunities on the Solar side, I just had one question related to this.

Sir, I just wanted the Management's comment on this recent announcement that had come out by the Government, whereby it has directed all the renewable energy implementing agencies like SECI, NTPCs, NHPCs and SJVNs of the world to basically close all legacy bids and cancel letter of awards for all renewable energy projects for which power and PPA terms are not feasible.

So, I just wanted to understand, like does this impact us? What kind of implications does this announcement have for the entire sector? And generally, like just your comment on that.

Rakesh Markhedkar: Yes, yes. See, that Government initiative is very clear. They want you to keep in mind. So, whatever the pending pipeline that the project which is not signed with PPA, Government wanted to push them. And then they wanted to understand the genuineness of the project which has not signed PPA yet. So, the idea is to, they should remove the difficulties of the hurdles. Or if it is not able to remove those hurdles, they wanted to clear it by end of November. And they say, if you are not able to resolve it, close it and retender it. Or you signed the PPA as soon as possible.

The main intention of Government here is, don't keep the things which shows in pipeline is not workable. But whatever project we have got, this is nothing to that lot and those projects. So, not that we have bidden the project which is falling under these lots. So, absolutely we are not at all affected with that decision on that program. That is separate initiatives. We have a number of things shown in pipeline. But there is practically no progress.

- Pranjal Mukhija:** But sir, since these 4 agencies, there is an order of agencies in terms of bigger tenders that come out in Solar. I just wanted to understand what kind of an impact will this have on the demand side, especially given like, I think only some 23-gigawatt kind of PPAs have been signed. I think the capacity is some northward of 90 gigawatts.
- Rakesh Markhedkar:** So, the idea was, in some of the cases, there was a very issue of the clearance in clearing the policy matter itself. So, the Government wanted to resolve that on the priority. And that was the whole direction is that, you please concentrate on this, rather than bringing the opening the new slots. That is the whole message is there. And then this is not new. The Government has given indication long back, and the offices are working in the same direction.
- Pranjal Mukhija:** Sir, so this does not affect our future?
- Rakesh Markhedkar:** Not at all. And there is a huge business that is coming now in the private. And now that this is just beginning with the new DCR, the modules, and the Government now could bring the initiatives. And now this green energy momentum has really started in place now. And we have hardly utilized any capacity in India. We are much behind our neighboring country like China. So, this initiative of the green energy has taken a really good momentum.
- And that is the reason we find it is a huge potential for the execution company like us. See we have everything solution available in one basket. Not only the setting up the solar power plant, also we have the solution for the most difficult part of that, that is the power evacuation to the 765 kV and 400 kV substation and transmission line network. The private players, they are looking for a company who can really give that complete end-to-end solution to them. So, we are one of them.
- Pranjal Mukhija:** Right. And sir secondly, I wanted to understand on the ISTS part, do we foresee any challenges there going forward?
- Rakesh Markhedkar:** Please repeat your question.
- Pranjal Mukhija:** Yes. I just wanted to understand like going forward, do we foresee any challenges on the Interstate Transmission part? Because again, I think that is also a huge backlog.
- Rakesh Markhedkar:** No. Now, the Government is very much focusing on the development of the transmission network, sub-transmission network and the revamping of existing network. And Central Government, State Government, nodal agency, they are all putting their efforts. Because there is a huge, more than approximately 300 GW energy now has to be generated through the renewable and for that same thing, evacuation has to be done.
- So, this is the both way on the infrastructure front as well as the generation front, Government is putting their best efforts to bring this through the Government and plus Government-private partnership.

So, the complete machinery of the Government and the private big developers and the business houses, they are all putting their efforts, not only putting their renewable power plant setup, also they are concentrating on complied supply chain of this renewable system, like including manufacturing of the panels, manufacturing of the cells and other essential elements. So, the good momentum is starting. So, there is no challenge practically. This is the need of hour and everybody has to act on this. And we are very positive on this.

Pranjal Mukhija:

So, do we have these connections secured, these ISE connections?

Moderator:

Sorry to interrupt, sir. But due to time constraints, we will take that as our last question for today. I now hand the conference over to Mr. Rakesh for closing comments.

Rakesh Markhedkar:

Yes. So, thank you very much all the investors for trusting us and continuously putting that confidence on us.

And finally, what I just wanted to ensure my investors, see we have just began now.

So, I just wanted to have one small correction to the question was asked what is our private and Government, the order. So, the private now it is coming to approximately 60%, not 50%. The private is 60% and Government is 40%.

So, now I am concluding my comments. So, please, since we have started journey by the last month of H1, so the momentum is started, and we are confident to give the correct number, the way we are maintaining our results so far. We are continuing to maintain that same thing in terms of the top line, bottom line and order booking, in terms of the execution capability. We are all set to deliver the better results in coming quarters.

Thank you very much.

Moderator:

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