

**“Kalpataru Projects International Limited
Q4 FY’26 Earnings Conference Call”
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Moderator: Ladies and gentlemen, good day, and welcome to Kalpataru Projects International Limited Q4 FY '26 Earnings Conference Call hosted by DAM Capital Advisors Limited. As a reminder, all participant lines will be in the listen only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star then zero on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Kishan Mundhra from DAM Capital. Thank you, and over to you, sir.

Kishan Mundhra: Thanks, Iqra. Good morning, everyone, and thanks for joining in early in the day, and a warm welcome to the Q4 FY '26 Earnings Call of Kalpataru Projects International Limited. We have the management, which is represented by Mr. Manish Mohnot, who is the Managing Director and CEO; Mr. S.K. Tripathi, who is the Deputy Managing Director; Mr. Sanjay Dalmia, the Executive Director; Mr. Amit Uplenchwar, who is the Director, Group Strategy; and Mr. Ram Patodia, President, Finance and the CFO.

Now at this point I'll hand over the floor to Mr. Mohnot for his initial remarks, post which we'll open the floor up for question and answer. With that, thank you, and over to you, sir.

Manish Mohnot: Thank you, Kishan, for setting up the call for us. Good morning, everyone, and thank you for joining us today. Let me begin with the performance for fourth quarter and full year FY26 and what it represents for Kalpataru Projects International Limited. We previously established clear targets for FY26, starting with revenue growth of 20% to 25%, improvement in consol PBT margins of 100 basis points, a net working capital cycle under 100 days and order inflows of INR 26,000 crores to INR 28,000 crores. We also committed to finalizing the Vindhyachal transaction and the Indore real estate project. Today, I'm proud to report that we have fully delivered on each of these promises.

In FY26, our consol revenue grew by 22% Y-o-Y to reach INR 27,143 crores, while stand-alone revenue reported a growth of 23% Y-o-Y. I'm particularly encouraged by the high quality of this growth, which was well diversified across our business portfolio in both domestic and international markets. Except for the Water business, all business units reported robust growth driven by strong execution.

From a profitability standpoint, our consol PBT before exceptional items rose sharply by 62% Y-o-Y to INR 1,334 crores for FY '26. Consequently, the consol PBT margin expanded by 120 basis points to 4.9%, exceeding our guidance range of 4.5% to 4.75%. Additionally, our stand-alone PBT margin, excluding exceptional items and a one-off dividend income from VEPL, reached 5.9% in FY26, which is also ahead of our annual guidance of 5.5%. This step-up in PBT margin reflects a strategic business mix, strict operating discipline and accelerating operating leverage as we gain size and scale.

I'm delighted to report that our consol PAT surged 82% Y-o-Y, crossing the INR 1,000 crores threshold to hit INR 1,031 crores. This profitability translated into a 71% jump in consol EPS to INR 61 per share, while stand-alone EPS expanded 24% to INR 49 per share. Our balance sheet

highlights excellent financial health, anchored by a strong cash position, sharp debt reduction and disciplined working capital management. At the consol level, we reduced net debt by over 50% to INR 915 crores, optimized our working capital cycle to 75 days and reduced finance cost to sales by 80 basis points to just 1.8%. Our consol and standalone net debt to equity is at a multiyear historic low of 0.1x.

This operational efficiency fueled a massive 68% jump in operating cash flow, reaching INR 1,535 crores and ROCE improving to exceed 21%. Similarly, we delivered robust performance at the standalone level, where net debt fell by 32% Y-o-Y to INR 749 crores with working capital improving to 90 days and finance cost to sales coming down 40 bps to 1.6%. We managed to achieve this optimal leverage levels and cash position despite collection delays within the Water business.

What makes this balance sheet performance truly remarkable is that we delivered it while continuing to invest nearly INR 900 crores in capex and pursued a strong top line growth of 22% in FY26. This underscores our core commitment to disciplined growth and strict capital management.

Moving on to the ordering momentum. Robust tender activity in the T&D, B&F and Urban Infra verticals drive drove our order wins past the INR 26,000 crores mark in FY26. What stands out is that nearly half of the bookings came from large ticket orders exceeding INR 1,000 crores plus. This clearly highlights our strategic shift towards high-value, large-scale projects in our top-performing business lines. This strong momentum pushed our total order book to an all-time high of INR65,457 crores at the end of FY '26, offering excellent diversity across businesses, clients and markets.

Furthermore, our growth pipeline remains robust across T&D, B&F, Oil & Gas and Urban Infra business. Since the closing of the fiscal year, we picked up new orders worth INR1,833 crores. And additionally, we have placed L1 in project worth INR3,200 crores.

Moving on to business level performance. Our T&D business continues to capitalize on the multi-decade super global capex cycle. Our order inflows reached closer to INR 13,000 crores in FY '26 with India accounting for nearly 35% of inflows and the remaining 65% spanned across Nordics, South America, Africa and the Middle East.

We have successfully wrapped up all ongoing projects in Brazil and took a full provision for our exposure in Brazilian subsidiaries in Q4. We closed this year with a strong T&D order book of INR 28,572 crores. For the full year, the T&D business reported revenue growth of 25% Y-o-Y. We expect the T&D business to remain on robust growth trajectory in FY '27 and beyond, backed by healthy tender pipeline in India, Middle East, South America and Nordics.

Moving on to our Buildings and Factories business. The business delivered a strong 19% top line growth in FY '26. Our order inflows in B&F business surged by roughly 40% to reach INR 11,460 crores, closing the year with an order book of INR 18,295 crores. Our key highlights include major wins in the residential space, particularly through high-value orders across South

and NCR regions. What is highly encouraging is that nearly half of our B&F project portfolio has shifted towards design-build projects.

Looking ahead to FY '26, we expect this business to deliver continued robust growth as we optimize our portfolio mix. The ordering pipeline remains vibrant, anchored by residential real estate and fortified by emerging opportunities in data centers, airports and industrial plants.

Turning to our Oil & Gas vertical. The business continues to perform exceptionally well, looking in on a phenomenal 55% Y-o-Y revenue growth for FY '26. On the ground, execution across our Saudi projects remained steady and resilient despite ongoing Middle East headwinds. The pipeline looks very promising. We expect tendering activity to accelerate sharply in FY '27, led by large-scale, high-value Oil & Gas infrastructure bids, primarily in the Middle East market. This business is rapidly scaling and is positioned to be a major engine of our growth moving forward.

In our Water business, we achieved a revenue of INR 2,112 crores as we maintained our focus on the execution and completion of Jal Jeevan Mission projects. Our Q4 delivered strong results in terms of collection, and we expect this positive receivables trend to continue going forward. In line with our strategic road map to expand our global footprint, we are favorably placed in our initial foray into the high potential overseas market in the Water business.

Our Urban Infra business recorded revenue growth of 49% Y-o-Y in FY26 led by execution of metro rail projects. During the year, we secured orders worth INR2,000 crores, further improving our presence in elevated and underground metro rail projects. We continue to strengthen our organizational capabilities in line with good visibility infrastructure sectors like elevated and underground metro rail, tunneling works, elevated roads, et cetera.

We maintain a cautious and selective bidding strategy in our Railway business. Our Railway business reported a growth of 9% Y-o-Y. Beyond the numbers, I want to step back and talk briefly about what has structurally changed at KPIL over the past 3 years and how it is strengthening the quality, resilience and sustainability of our business.

First, we have sharpened our competitive position across EPC contracts. Today's market demand partners will deliver speed and cost efficiency without compromising quality. We are rapidly becoming the partner of choice, uniquely capable of executing complex projects at scale. This is driven by a rigorous project management framework that ensures productability and predictability.

The proof is in our order book. A significant share of our recent wins come from repeat business with major customers. Second, strategic capex has become our core execution enabler. We invested nearly INR 3,000 crores over the past 5 years to upgrade our asset base. This infrastructure compresses cycle times, elevates quality and allows us to secure massive multi-geography contracts with high confidence. This capex-led strategy establishes KPIL as a long-term strategic partner and accelerates our upcoming project pipeline.

Third, we are aggressively scaling our internal capabilities. Over the last few years we've expanded our specialized design engineering and project execution teams. This intellectual

capital is a strategic wedge. It creates a distinct competitive advantage, embedding us in high barrier, large-scale projects where few can compete. This capability drives both scale and global expansion. By executing complex multi-geography EPC mandates, we validate our credentials with the world's most demanding customers.

Our recent breakthroughs in international oil & gas, airports, underground metros and utility scale solar, combined with major design B&F wins provide clear evidence of an organization built for the future. Collectively, this strategic enablers enhance our geographic reach and customer diversification, improving revenue visibility and support a more resilient growth trajectory.

To conclude, our constructive demand environment and excellent visibility reinforce our confidence for FY '27. We expect full year order wins to exceed INR30,000 crores in FY '27. Further, we are guiding for around 15% plus top line growth, coupled with robust profitability. This bottom line performance will be driven by a 75 basis point expansion in the consol PBT margins. Above all, our core focus remains unchanged. We will back this growth with unwavering operational rigor and capital discipline.

Our biggest challenges continue to be managing the issues coming from the geopolitical scenarios, ensuring minimal disruption in labor availability and managing cost structure in the current environment.

With that, we can open the call for Q&A. Thank you.

Moderator: Thank you very much. The first question is from the line of Ashish Shah from HDFC Mutual Fund. Please go ahead.

Ashish Shah: Sir, congrats on a wonderful performance. My first question is on how does the bid pipeline look today? You did just say that you're looking at INR30,000 crores of inflow. But if you could just give us more color in terms of what is the bid pipeline, which segments are expected to drive this inflow? And particularly, you mentioned about large prospects in Oil & Gas. A little more color on that will help.

Manish Mohnot: Sure. So Ashish, as I mentioned earlier, we continue to stay bullish on 3 to 4 businesses in the current year. T&D continues to be as healthy as it was in the previous year with more than INR1 lakh crores of bidding happening in the domestic sector in domestic T&D and a similar amount, if not higher, in the international business, although in the next 6 to 9 months.

On the B&F side, we continue to stay bullish on residential and commercial in some geographies, a lot of airport projects coming up, industrial projects where we are now qualified for large-scale projects, as well as data centers. We are currently working on a few of them already.

On the Oil & Gas front, we are seeing a lot of traction coming from Middle East, whether it is Saudi, whether it is Abu Dhabi, whether it is Qatar. Yes, it might take some time for this traction to get converted to bids and to orders. But at least the traction is already visible while we speak. So that's also an area which we believe going into Q3, Q4 could be very, very healthy in terms of order book.

Even on the urban infrastructure side now we are seeing a lot of tenders coming, whether it's for underground metro or elevated metro, both on domestic and international. So on all the 4 businesses, I think we continue to stay positive. Oil & Gas might move at a much faster speed in Q3, Q4, whereas T&D, B&F as well as Urban Infra would start right from now. We will stay cautious on the Water business in the domestic front. But on the international front, that business also shows some good visibility, and we have already placed L1 in a small order while we speak.

As mentioned earlier, on the Railway business, we continue to be very watchful and I'm not very bullish in terms of prospects of growth there. But at least 4 businesses out of 6, we're very, very positive, and that will help us target INR30,000-plus crores of order inflow in the next year -- in the current year.

Ashish Shah: Sure, sure. Sir, I know it's a little too early, but if you can just split this INR30,000 crores into what would you look forward to in terms of, let's say, T&D, B&F and Oil & Gas and maybe Urban Infra. Any broad thoughts we have on how this inflow look?

Manish Mohnot: So my own view, and as you rightly said, it's too early, at least 1/3, 1/3 of this would be T&D and B&F, minimum, right. And the balance 1/3 would be taken by projects which comes from either Oil & Gas or Urban Infra or even Water international. But still, at least in the next from a 6-month perspective, it's T&D and B&F, which are going to drive significant growth in order book.

Today, when you look at it, including L1, we have visibility around INR5,000 crores. We declared INR1,800 crores yesterday, plus L1 in around INR3,200 crores. This entire INR5,000 crores is only in T&D and B&F. So the first 6 months, significant inflow coming from T&D and B&F. The last 6 months, you'll see significant inflows coming from Oil & Gas and Urban Infra.

Ashish Shah: Right. Sir second question is on whether there are any margin pressures at this point of time. Obviously there's been a huge surge in the commodity prices. So how does the situation look for us? And what kind of mitigation measures we have, including any pass-throughs, et cetera, in our contracts?

Manish Mohnot: Sure. Ashish, our order book today is 50% fixed and 50% variable. So nearly 50%, it could be 49% or 51%, in that range. From a margin perspective, if you look at specific commodities, on aluminum, zinc, copper, we are 90% plus hedged on our exposures. So we do not see significant impact coming on that, at least on the current order book on at least things like aluminum, zinc and copper.

Steel, we have seen some expansion in prices come through in February, March, but they have again stabilized in April, May. We've not seen much happening in April, May. So to that extent, steel, whatever increase has come in, we have budgeted that. We've also budgeted slightly more coming into Q2 and Q3, and that's already inbuilt when we have given our 75 basis point guidance in margins.

One of our biggest challenges could be the diesel cost for which also we have budgeted a huge amount, a significant amount in our current P&L. But that's something we will wait and watch because that's something which number could be x would be 2x. And we would come back to

the streets, hopefully, Q1, Q2. Would it have a very big dent on the margins? Maybe not because diesel as a percentage of the overall revenue would be minimal, but that's the cost we need to be watching for. But otherwise, on commodities, we are nearly hedged.

Even on forex, we are hedged at more than 80% of our exposure. So even forex, we are at 85% actually of our exposure. So I do not see volatility hitting us in a big way, except maybe diesel and petrol prices and except some supply chain disruptions if they happen in the Middle East area.

Ashish Shah: Sure, sir. Last quick one from me, sir. The T&D business revenue was just about 1% of Y-o-Y. For the year, it was 25%, but for the quarter, it just seems 1%. So what could be the reason for this?

Manish Mohnot: I think the primary reason was the disruptions in March, which happened in Middle East, which picked up again in April in some form. So a lot of material which was ready as we were not able to supply because of the supply chain disruptions and those 15 to 20 days of problems. So primary reason for T&D to be low is driven by two aspects. One, our Fasttel business reduced closer to 0, which was at a reasonable number in previous year Q4. And second, our T&D international in March impact because of the geopolitical scenario.

Ashish Shah: And as we speak, some of the disruption continues, right? That's what you're saying?

Manish Mohnot: As we speak, while work continues at the site on all projects, work has not stopped in majority of our projects, but supply chain disruption still continue.

Moderator: Next question is from the line of Amit Anwani from PL Capital.

Amit Anwani: So first question, as I can see the order inflow guidance which you have given and wanted to understand especially for the T&D and since we are expecting very robust performance. I think the order inflow, which I can see for full year was roughly about INR 13,000 crores and last year, it was about INR 14,400 crores. So definitely there is a decline. And even if I take 45% to 50% of the INR 30,000 crores, INR 31,000 crores which you are expecting, it still will be about INR 14,000 crores. So there is no meaningful growth from the financial years and probably the expectation this quarter. Is that the correct understanding?

And what exactly you are factoring in, in terms of international T&D, domestic T&D, some trends, if you would like to highlight with the current geopolitics because that is still not solved and we are also expecting probably the domestic government finances, they might have to also rethink the budgets across various sectors. So your thoughts on that in terms of pipeline for you and overall scenario?

Manish Mohnot: Sure. So Amit, yes, you're right in terms of absolute inflow. FY25 T&D was higher than FY 26. We were L1 in a couple of large projects which got shifted to FY27 and which you'll see coming in, in the month of April, May itself. Now on a totality basis, do I expect this number to be beyond INR 15,000 crores. In all likelihood, we should be at levels of INR 15,000 crores max as far as T&D order inflow is concerned in the next year.

As I mentioned earlier, Amit, for us, it's more important to work with selective clients, high-margin projects and large-scale projects. It's not only about top line growth because for us, capital allocation, resource allocation and making sure that what we commit to deliver is equally important.

So we believe that even at a growth of INR 15,000 crores, even if we get back in T&D, which is on the upper side, my view could be more in the range of INR 13,000 crores to INR 14,000 crores would be a very good number because we already have order visibility today, which is more than 2.5 years in the T&D business.

So if you look at the business in terms of revenue versus order visibility, we have a 2.5-year order book visibility even today. So we will continue to focus on not as much on volume, but as much on strategic projects, large projects, design-build projects and solar EPC projects where margins could be slightly better than what we are getting across normal projects, and that's our philosophy.

So in terms of market, the market continues to be bullish. In terms of our capacity at the plant, I think we have capacity more than 2 lakh tons at our Raipur and Gandhinagar, 2,40,000 tons. So that's not a challenge. But yes, INR 15,000 crores is a good number because remember, all projects now come with a delivery, which is more 2.5 to 3 years.

And it's not only about getting orders, it's also about delivering that on time with that labor scarcity, which continues to be a big challenge. So you're right. Our order inflow on T&D might not grow at 20%, which is what our business is growing, or at 15%, which is where the business is growing. But profitability improvement and return ratios improvement would be much higher than what we have seen, and that's visible even in the last 2 years.

Amit Anwani:

Right. Some color on the segmental margins, international T&D, domestic T&D and all, how they have done for this financial year? And what are the expectations forward? And also for your PBT improvement, if I got it correct, 70 bps, which we are expecting this year. Is it going to come from the segmental margin improvement or the overall balance sheet structure and the interest savings which might have -- that is driving the PBT. So some color on these 2 aspects.

Manish Mohnot:

Sure. So I do not have exactly segment-wise margins, but I can tell you our T&D and B&F and Oil & Gas, all 3 businesses at EBITDA level are double digit plus. They are at good levels of double digits, 10% to 11% plus. Our Urban Infra, Water and Railways business are at single digit when it comes to EBITDA.

And I think this trend would continue getting into next year also. All 3 businesses, which is T&D, B&F and Oil & Gas will continue to be at double digit. I don't see them coming down as far as EBITDA margins are concerned.

As far as margin enhancement is concerned, I think it's going to be a mix of margins coming from the business segment as well as some balance sheet improvement because, as you rightly said, our debt levels are low. So it's going to be a combination of both. We will not deep dive into exact details of seeing that how much of the 75 basis points would come from where, but

it's going to be a combination of both, driven primarily by improvement in margin on the business units.

Moderator: Next question is from the line of Sumit Kishore from Axis Capital.

Sumit Kishore: My compliments on your strong PBT margin performance and the extremely strong operating cash flow performance. The question is that the capex in the cash flow seems to have gone up meaningfully year-on-year and that is reducing the extent of flow through to the free cash flow. So basically, there is INR 9 billion plus of capex versus INR 6.6 billion last year. So what is this capex going into, why the sharp increase? And what's the outlook for the next year? That's my first question.

Manish Mohnot: Sure. Sumit, last 3 to 4 years, post-COVID at KPIL, we took a call that there is good visibility on growth. And we, as a company, believe that to take care of that growth, we need to put in investments, whether it is on aluminum shuttering, whether it is on equipment at the site, TSEs, cranes, whether it is on plant modernization and whether it's on international front, which includes Saudi and some of the other geographies. We continue to be on track on that, and all of that is coming out of our free cash flows.

Second, what is it going forward. I believe that, again, next year, we might be incurring capex more in the range of INR 800 crores plus. That is what we have budgeted and which is into a right mix of B&F business, T&D as well as international as well as some modernization at the plant. We might be further expanding our plant capacity and for which we'll come back to you by the end of Q2. So we believe that in the current year also we should be doing capex of INR 800-plus crores.

We as an organization are a firm believer that in the EPC business, having your own capex is a big advantage, at least on large-scale projects because these are projects where you start everything at the same time. So for example, one of those large projects which we are doing for a big client in Southern India, 15 towers together, we were able to start across, right. And that's something which we built the ability over the last 2 years. So we will continue to put in capex, at least for the next few years, but all out of our internal cash flows.

We also have some events of free cash flows coming in next year, whether it is through a few more divestments which are left, which might happen either next year or a year after that or whether it is through some strategic investment coming into our Swedish subsidiary in whatever form it comes. So we expect some more cash flows to come out of our noncore businesses also, which will also help us further strengthen the balance sheet in every form.

Sumit Kishore: My second question is you have been talking about that you're reasonably well hedged on the raw material commodity side. The question is that, look, copper prices started rising meaningfully Q3 onwards. The most liquid contract on the LME is maybe the 9-month contract. So will the rollover of these hedges, if the issue on commodity prices continues for 3 quarters, let's say, will that create some pain in terms of the commodity hit on margins?

Manish Mohnot: So, Sumit, just to be very clear, our copper exposure is extremely small. It is so minimal because copper isn't required.

- Sumit Kishore:** Aluminum, Aluminum business
- Manish Mohnot:** So aluminum, Sumit, we have hedge which go up to even 2 years. We have significant hedge, which is 2 years and above. There's enough liquidity for that in the international market. And today, if you ask me, we are hedged on the 90% out of which half of them is hedged for beyond 18 months. So from a 2 to 3 year perspective, you ask me, on aluminum, we are adequately hedged.
- We don't need to even worry on the rollover risk first. Second, even during rollover, if you have hedged it at the right price, it's only about the differential in terms of premium, which is very, very small more often than not. So that's not such a big issue. So would that rollover create impact on margins. My view is closer to zero.
- Sumit Kishore:** So those contracts for 2 years are liquid on the other side, who is taking position, people are willing to pay for.
- Manish Mohnot:** On the international market, yes, they are available.
- Sumit Kishore:** Excellent. Just the last follow-up question. Good to hear the 70 basis point guidance on increase in PBT margin, that's at the consolidated level? Or should we read that at the standalone level?
- Manish Mohnot:** So I think on the consol level, we are targeting improvement of closer to 75 to 100 basis points. On a standalone level, it will be more in the range of 75 basis points. Consol level would be slightly better than 75 basis points.
- Sumit Kishore:** Excellent. And finally, the 40% Q-o-Q increase in the Water segment in terms of revenue growth was good to see. Now what is the situation in terms of the total sort of cash flows money that is sort of still showing up in the working capital as a receivable? And just your brief comments on how the situation on domestic drinking water as a percentage of your order book and growth looks like in FY27?
- Manish Mohnot:** So on the Water business, if you look at the previous year, we collected more than INR1,800 crores, but we invested around INR2,500 crores in that business because we continue to focus on delivery. So even in the previous year we had a negative cash flow of closer to INR 700 crores in that business. In April, we have collected more than INR100 crores. And in May also things look like going fine. And even collections from all states have started, including UP and Jharkhand. Jharkhand has remained slightly slow.
- While we speak today, our total outstanding receivables on that business is closer to INR1,600-odd crores. And we're pretty confident that majority of this should get recovered in the first 2 quarters itself. That's the feeling we're getting from the ground level. We continue to focus on execution of our Water projects, and we believe that majority of our Water projects, except maybe 5 or 6 would all get completed physically in the current year and get into the O&M phase.
- So we continue to be hopeful in getting this money, and we're working hard to make sure this happens. Previous year was much better than the year before that. So if you look at the year before that, our collections was maybe less than INR 500 crores, previous year, INR1,800 crores.

Current year, we're expecting INR 2,500 crores plus. And I'm reasonably sure we should be able to get that collections.

Moderator: Next question is from the line of Parikshit Kandpal from HDFC Securities.

Parikshit Kandpal: Congratulations on a great quarter. Sir, my first question is, we have done substantial improvement in our balance sheet with both NWC days and net debt coming down significantly. So are these numbers sustainable? And especially on the debt side, when do you expect that you'll be net cash?

Manish Mohnot: So Parikshit, as far as the current debt levels are concerned, based on where we are, clearly they look sustainable. But with that growth plan for the next year and with the capex plan, debt would go up in proportion to the growth plan, excluding that one-off inflows which we might get in the next year also. But for business as usual, I expect that to grow up in relation to the business growth, not significantly higher than that, one.

As far as free cash flows are concerned, at operational level, we are doing very well. Just given that our capex given the kind of opportunities, we are focused on investing in the business, and that's why out of our operational cash flows, a lot of cash flow is going into capex. But while we continue doing that, we are very clear that ROCE from here will continue to go up. So as far as ROCE is concerned, you should see that moving up every year, whatever, 100-plus basis points even in the current year. So ROCE should go up.

Debt would go up in proportion to the growth, not significant, but yes, small amounts. capex will continue to be at INR800-plus crores, as I said earlier. But our net working capital days, we definitely believe that we have reached that level where if we maintain this, it would be very good for the business.

Parikshit Kandpal: Second question is, what are the steps or what are the -- so how are you positioning ourselves to the entire renewables capex, both in domestic and international market? And even on the data center side, so beyond the T&D, so what are you planning to do to capture the bigger opportunity from the ordering side?

Manish Mohnot: So Parikshit, on the renewable side, our focus is a lot more in the international markets, primarily the Middle East markets where there are large solar projects which we are looking at. We are already favorably placed in one large project, which I'm hoping to conclude in May, June itself. On the domestic front, we're not doing anything significant on renewable, and that's not also on our radar as of now. As far as T&D projects are concerned, as I said earlier, we continue to stay bullish with growth from majority of our large clients, both in domestic and international. And that's one of our enablers for improving margins and return ratios going forward.

Parikshit Kandpal: Okay. So what, so this one large project you're saying is it the one which you included in the L1 of INR3,000 crores or it is beyond that?

Manish Mohnot: No, no, it's included in the L1 of INR 3,000 crores. It's included L1.

Parikshit Kandpal: Okay. How big is that, sir?

- Manish Mohnot:** That's closer to INR 2,000-odd crores in the range of INR 2,000 crores.
- Parikshit Kandpal:** And what is the scope of work here?
- Manish Mohnot:** It's a solar project in the international market. I might not be able to share more with you because it's still at the stage where we have not signed the contract. But hopefully, the moment we sign we'll be able to share a lot more.
- Parikshit Kandpal:** Okay. The other question is, I mean, whilst we have done strong work on the balance sheet and NWC, but one thing which keeps somehow stock or maybe the concerns around the pledge. So now the promoters, other entities already listed and the expectation was that over a period of time, the pledge on the KPIL share will come down to 0 because 2 are different entities, these 2 are different entities. So what are the steps? And so how are you thinking what the management and the promoters are thinking that KPIL will at some point of time, become a pledge free?
- Manish Mohnot:** So Parikshit, I'm not sure we have ever said that the intent is to become pledge-free. I've never said that. But we have always said that pledge will continue to come down. That's what is the comfort given by promoters. And we've seen that over the last 6 quarters, every quarter pledge has come down. I think the promoters from whatever discussion I've had with them, continue to be on the track of bringing down pledge. We have never said that it would be zero and I have never heard that from the promoters ever. But you see that traction going down. That's one side.
- Second, I think it's also important to understand that on the pledge, the borrowing is very minimal. If you look at the borrowing on the pledge, it's like 1:4, the value versus or maybe 1/3 less than 1/3 or 25% is what they borrow. So isn't a risk. We will raise, discuss this again with promoters. And our view is that it should only keep on coming down over a period of time. And quarter-on-quarter, there should be healthy movement on that.
- Parikshit Kandpal:** Okay. And just the last question on the domestic T&D side, sir, how are you seeing both from the state side and even on the HVDC pipeline, if you can help us understand the PSU capex likely in this year and what is the HVDC pipeline looking for this year and next year? And any state transmission projects where you see potentially can add to the order inflow for you?
- Manish Mohnot:** So Parikshit, today, our significant focus continues to be more on power grid and a few large private sector clients, and that would continue to be a focus at least for the current year. We do not see a lot of traction coming from state electricity boards as of now, but that could change. Every 3 to 4 years, you see a few years where there's a lot of traction which comes from there. So for the current year, focus primarily continues to be projects coming from power grid and a few private sector players.
- As far as the HVDC traction is concerned, we see a couple of large projects coming out in Q2 itself, maybe later part of Q1 and Q2. And that's something which I'm sure will focus both on transmission and substation side. And let's see who wins and then accordingly we will have an EPC order coming from either private sector or from the PSU side. But our focus continues to be more on PSUs in private and not as much on SEBs in the current year.
- Parikshit Kandpal:** And in terms of project cost, how much -- what will be the size of the HVDCs to HVDC?

Manish Mohnot: So I think, I do not have the exact numbers, but I have seen INR30,000 crores to INR35,000 crores minimum, including the transformers and the reactors, maybe in the range of INR30,000 crores, to INR35,000 crores but I do not have the exact updated numbers. I remember the numbers from a few quarters ago.

Parikshit Kandpal: So each of them will be INR30,000 crores to INR35,000 crores?

Manish Mohnot: No, total HVDC both put together will be in the range of INR30,000 crores, INR35,000 crores.

Moderator: We will take the next question from the line of Vaibhav Shah from JM Financial.

Vaibhav Shah: Sir, earlier we were looking for a growth of close to 20-odd % in terms of revenue for FY27. So this moderation in the number would largely be due to the Middle East challenges we are seeing, especially in the first half of the year?

Manish Mohnot: I think our growth projections are more in the range of 15% for the current year, and we could revisit this number at the end of Q2 because as we stand, Q1, we have disruptions on the global environment. We have disruptions on labor availability, thanks to the elections. So while we stand where we stand Q1, Q2 are going to be difficult quarters, but our guidance is more in the range of 15% and 20% to start with.

And this comes across various businesses. Our B&F business, we expect that to grow at 20% plus. Our T&D business also, we expect that to grow at 20% plus. And our Oil & Gas business also. The businesses which would not grow would continue to be mainly Water and Railways. But clear visibility on our core businesses to be growing at 20% plus while we speak, more at an annualized basis, but not on a quarterly basis because as I said, quarterly, Q1, Q2 could be challenging times for reasons completely beyond our control.

And as I said earlier, our biggest challenges are only this, geopolitical managing labor in this first 3 to 6 months given the geopolitical and supply chain disruptions. Pretty confident we'll be able to manage that on an annualized basis, but Q1, Q2 would be challenging times from a growth perspective, not necessarily from a margin perspective.

Vaibhav Shah: Okay. Sir, secondly, on the Oil & Gas business. So we had submitted a few bids. We have started submitting bids in the Middle East region. So any progress over there?

Manish Mohnot: So yes, we've submitted a few bids in Q4. We continue to submit bids now also. Technically, we have qualified in majority, if not all the businesses. A few price bids have opened where discussions have continued. But are we L1 in any of them, if you are asking me that question, not as of now.

But I would also like to highlight a lot of these clients do not necessarily award project based on L1 basis. So it's more an ability to deliver in a defined time frame and your commitment and your historical performance. So you could be L3 and still win a project. But as of today, is there anything included in L1 in Oil & Gas. The answer is no.

Vaibhav Shah: Okay. And sir, lastly, what would be our water order backlog as of March, the JJM portion?

- Manish Mohnot:** So if you look at our order backlog, it's closer to INR 7,900 crores, out of which around INR 2,100 crores is O&M. So if you remove that, the Water backlog is around INR 5,800 crores, out of which significant portion would be JJM, more than 75% of this would be JJM, which we expect majority of them to get completed in the current year itself, except for a couple of projects of Punjab everything should get completed in the current year itself.
- Vaibhav Shah:** Okay. And you expect that INR 1,600 crores receivables we have right now to be cleared by September?
- Manish Mohnot:** Yes. We continue to stay optimistic on this. So we would like it to be cleared in June itself. But the indication from the ground level, and you've seen this traction in February, March and April also, the indication from the ground level is next 4 to 5 months, entire things should get cleared.
- Moderator:** Next question is from the line of Mohit from ICICI Securities.
- Mohit:** Congratulations on a very good set of numbers. My first question, sir, can you help us with the lower EBITDA at consolidated level versus stand-alone in the quarter? Is it a little bit higher probability?
- Manish Mohnot:** So Mohit, I think the impact as far as quarter is concerned is because of that exceptional loss which we have taken at the Brazilian level, one. Second, you had road assets which were contributing to EBITDA last year, which do not exist now. So it's a combination of both road assets we have divested and surrendered and so we hardly -- we only have one small road asset now BBEPL. And second is the Fasttel losses which have come through in Q4, which we have taken. So it's a combination of both of that which has impacted EBITDA in Q4.
- Mohit:** Can you please quantify the provision number, sir, if possible?
- Manish Mohnot:** So at a Fasttel level, we have done a provision of closer to INR 515 crores on a standalone number. So INR515 crores, our entire investment in any form in Fasttel has been provided for. Today, the investment stands are closer to 0 in our books. And the entire thing has happened in Q4 on a stand-alone level. On a consol level, there's an impact of closer to INR70 crores, which have come in Q4 on account of Fasttel. We have taken already around INR330 crores till Q3. So that's the impact on EBITDA on a stand-alone and consol basis when you look at the Brazil numbers.
- On road assets, I don't have the exact numbers, but clearly, that EBITDA was there. So if you look at the EBITDA from an EBITDA perspective, my team tells me there's impact of closer to INR100 crores at EBITDA level. But I'll have to just reverify the numbers.
- Mohit:** Understood. My second question, Oil & Gas, the pipeline. Are tendering activity in the Middle East getting postponed as you speak? Or are you seeing the dates are being adhered to given the volatility in the region?
- Manish Mohnot:** So Mohit, we have seen discussions have already started. Tender documents have started coming out. Clients have started conversations with us in terms of what is our capacity, how much work

can we take, what is our capability, all of that. Those things have started. We've also seen some tender documents come out. Some had come out in March, which got deferred.

Are these tenders due immediately, maybe a few in June, maybe a few after that. But discussions across every geography, whether it is Saudi, whether it is ADNOC, Abu Dhabi, whether it is Kuwait, whether it is Qatar have started. And when I say discussions are serious, interactions on our ability and competency to deliver on large-scale projects and our ability to put in capex. So my own belief is, as I said earlier, Q1, Q2 would be where all the discussions and tendering should happen. And Q3 onwards, we should start seeing some wins coming in.

Mohit: Understood. My last question, sir, on the outlook of domestic T&D. Of course, you spoke about the near-term opportunity. But how do you think about the medium-term outlook for next 2 to 3 years? Do you think that opportunity is picking in the domestic market and our order inflow would be maybe have peaked out?

Manish Mohnot: So Mohit, in terms of opportunity, I think the opportunity continues to look extremely good. Driven by everything, driven by the grid connectivity to solar, driven by the Northeastern expansion, driven by HVDC, driven by thermal coming in for which further requirement of transmission network is required and given by the capex plans of power grid, right? Given with all of that, I think opportunity looks very good.

As I said earlier, for us, the opportunity is driven by making sure we focus on large-scale projects where our competency and our design ability comes in. I think opportunity from a next 2, 3 year perspective looks very, very attractive on this. As I said earlier, overall T&D, we'll be happy to have an orders in the range of INR 14,000 crores to INR15,000 crores. We could even do more than that, including solar orders.

But our focus is more on improving return ratio and not necessarily because we have good visibility on B&F, we have good visibility on Oil & Gas. And at the end of the day, as I said earlier, it's all delivery in 3 years. You need to be cautious on not building an order book which you can't deliver in that time frame.

Moderator: Next question is from the line of Ashwani Sharma from Emkay Global Financial Services Limited.

Ashwani Sharma: Congratulations for a great set of performance. So my first question is on the bookkeeping side. What was the revenue loss because of this war in the Middle East?

Manish Mohnot: So, Ashwani, if you look at the revenue loss, it was divided into 3 aspects, the site construction, the bought out and the tower manufacturing. I think if I include all of them together, it will be more in the range of INR200 crores to INR250 crores because there was more disruptions coming out of supply chain rather than site. And that would be a number more in the range of INR200 crores to INR250 crores.

Ashwani Sharma: Okay. Secondly, sir, since this fund release has started on the JJM side, while you did indicate on the collection side. But then how is the tender pipeline over there? Has the JJM-2 has kind of started seeing -- we started seeing anything on the tender pipeline side?

Manish Mohnot: While we speak, Ashwani, we've seen a few tenders come up in one particular state. But if you ask me, are you seeing a lot of tenders come out as presented by honorable FM in the budget, not yet. We're still waiting for that. But as of now, a few tenders, which clearly we're not focused as of now, but not so much traction seen in the last 2 months as far as JJM tenders are concerned.

Ashwani Sharma: Okay. And my final question is, sir, given the fact that now we are very -- at a very strong footing in terms of now balance sheet and then growth visibility. I wanted to have some sense that over the next 2 to 3 years, what would be our key priorities from here on?

Manish Mohnot: So Ashwani, clearly, if you look at it strategically, where we have positioned ourselves, we are -- our priority is more focused on large-scale complex projects across all business units where we are driven by our design capability. We have now more than 500 people at our design center of excellence across various business units. We have the best tools, which are used for productivity monitoring, planning, all of that. We're investing in automation. We are increasing our capacity at the plant. So our first focus is large-scale projects with clients who we have worked for more than -- in the last few decades.

Today, more than 50% of our order book, if not 60% comes from our top 10 clients. And some of them have been with us for the last 20 years, if not, one of them has been with us for 25 years. So the first priority is large-scale strategic complex projects with minimal competition, which will help us get into higher margin and return ratios.

Our second focus is also making sure that some of our businesses look at the international footprints also. So today, if you look at the international footprint, it's primarily transmission and Oil & Gas. But the other businesses have also done well, built themselves over the last 8 to 10 years. So we would be taking some of our other businesses also on the international footprint.

Our third priority would be, again, reduce some of our other noncore assets, maybe this year, maybe next year, so that at least we are out of majority of our noncore in the next couple of years. And our fourth and the largest, and the biggest priority, if you ask me, is to make sure that we can keep our team intact, right, because that's our biggest challenge today in terms of attrition and all of that. So make sure that we keep this culture of keeping the team together focused on profitable growth, and that's what our senior leadership, we are driving towards.

Ashwani Sharma: Just one more, if I can squeeze in. Sir, in the Middle East, you just alluded to the fact on the labor issues or how are you kind of managing this labor availability, especially in the international geographies given the scenario that we have?

Manish Mohnot: So Ashwani, I think labor issues today are more dominant on the Indian front. What we have seen people leaving March end after Holi and West Bengal elections and continuing till Bakri Eid. It's a large impact coming on the Indian front, not necessarily on the international front. As I said earlier, international sites all continue to work at different speed levels, some at maybe the similar productivity, some at lower productivity. And there isn't such a big challenge on labor at the international front. It's a much larger challenge in April and May on the domestic front than the international front.

Moderator: Next question is from the line of Vaibhav Shah from JM Financial.

Vaibhav Shah: Sir, firstly, on the LMG side, revenue growth was very strong at 64% to INR 3,000-odd crores. So how have we performed at the EBITDA level and PAT level?

Manish Mohnot: So as we had guided earlier, given the order book visibility, we said that revenue would do well and they've done well. If you look at it on a FY26 level, at EBITDA level also, they have grown at more than 100%. So on a revenue of INR 3,000-odd crores, the EBITDA was closer to INR 200 crores.

At a PBT level, they were at closer to INR 170 odd crores, which is again a growth of 100% plus. So at EBITDA level, they've been at more at 6.7% to 6.8% and at a PBT level, they're more at 5.6% to 5.7% which is much higher than what they did in the previous year. Previous year, if you look at it, there's an improvement of more than 100 basis points both on EBITDA and PBT as far as LMG is concerned.

Vaibhav Shah: Okay. Sure. Sir, lastly, what is the amount of warranty guarantee sitting on the book as of March?

Manish Mohnot: So Vaibhav, over the previous year, we have provided for an addition of closer to INR 100 crores in warranty guarantee on our balance sheet. And at the end of March, our number should be approximately INR 550-odd crores of warranty guarantee in our books.

Besides warranty guarantee provision of INR100 crores, we have also done an ECL provision of closer to INR100 crores in the previous year. And that number on books should be closer to INR 250-odd crores, if I'm not wrong. At ECL, we are at around INR320 crores. So warranty guarantee and ECL put together is a number closer to INR 870 crores to INR 880 crores.

Vaibhav Shah: And have we received the money on -- entire money from Indore real estate now?

Manish Mohnot: Yes. I think we have already declared that on our -- in our investor presentation. I think we have received nearly the full amount. I think the full amount is what the team tells me, the full amount.

Vaibhav Shah: Okay. And sir, in FY27, any plans on Shree Shubham Logistics to either monetize it or...

Manish Mohnot: So Vaibhav, as far as Shubham Logistics is concerned, our focus is now to reduce debt, and we have reduced that significantly. We believe that our outside debt would be closer to 0 by June. We are selling off some of our assets, some of our warehouses and moving to a rental model. So our first focus is to make external debt closer to 0, which I expect would happen in Q1, Q2 itself. Post that, we will rationalize the business more with rental warehouses and look at maybe strategic opportunities getting into the next year.

Vaibhav Shah: What would be your debt right now, the external debt?

Manish Mohnot: It's closer to INR 60-odd crores as on 31st March. I think this would get closer to zero by June itself.

Vaibhav Shah: Okay. Sir, lastly, on tax rate, what would be the tax rate for FY27 at a stand-alone level?

Manish Mohnot: I think it's difficult to give you an expectation on that. Clearly, our tax rate, if I look at it from a 3-year perspective, has been more in the range of 28% to 30%. And given that international

profitability still will drive a significant number of our profit, I expect it to stay in the range of 28% to 30% only.

Vaibhav Shah: At standalone level, it has been around 26%, 27% for last 3, 4 years, so...

Manish Mohnot: Standalone, 26% to 28%, consol 28% to 30%.

Moderator: Next question is from the line of Ravi Swaminathan from Avendus Spark.

Ravi Swaminathan: Congrats on a good set of numbers. Sir, every quarter -- every call, you give a broad idea in terms of the pipeline of orders which are there in the market, both broadly at the overall level and domestic and international, if you can give that number. And also the power T&D breakup between domestic and international, if you can give it for this year and next year. And you had told that the power T&D, we expect it to grow by 20%. How both the domestic and international segments subsegments are likely to grow?

Manish Mohnot: So Ravi, I know you're asking me exactly what we have planned in the strategy for the current year. Let me give it to you in a short synopsis. I'm just repeating something which I said earlier. T&D, B&F, huge visibility across all clients we work, and that continues to be a big focus in the first 6 months. Building on Oil & Gas in the first 2 quarters, which we expect would give us good wins in Q3, Q4.

Urban Infra, we continue to be selective on projects because it's very capex intensive. Now we already have 6 TBMs which we have invested in the last 2 years. All of them are already occupied while we speak or committed while we speak. So Urban Infra, we continue to be selective and cautious in terms of what we bid, but we will continuously focus on growth there also.

So from an overall perspective, domestic T&D, INR1 lakh crore plus visible pipeline to be focused on. International T&D, the markets which we are looking at itself is a few trillion dollars, which we have to bid for in the next 6 to 9 months. Oil & Gas, from what I hear from these 4 markets, this number could be easily in the range of INR50,000 crores to INR70,000 crores, if not higher than that, which we have to bid for the next 6 months. And Urban Infra, the numbers could be high, but our focus would be on selective bidding, as I've said earlier.

As far as T&D is concerned, if you look at FY25 and FY26, FY25, a significant portion of our T&D order came from TL domestic. More than around INR 7,000 crores is what we got in TL domestic in FY '25, which came down to closer to INR 4,500 crores in '26, but we expect this to again go up significantly in the next year.

When I look at the international markets, there was LMG, Fasttel and TLI all put together, which have been very similar in the last 2 years. In FY '25, they got orders of around INR6,500 crores in FY26, around INR 8,000.

I expect this business to do more than INR8,000 crores, INR8,500 crores in '27 also, including some solar projects which we are bidding for. So focus is a right mix of both domestic and international in the range of INR 8,000 crores to INR 9,000 crores international in the range of

INR 6,000 crores to INR 7,000 crores domestic, and that's what will continue to drive growth going forward.

Moderator: That was the last question for today. I would now like to hand the call back to the management for closing comments.

Manish Mohnot: Thank you very much for attending the call. Hopefully we will continue to deliver as we have done in the past. Thank you.

Moderator: Thank you very much. On behalf of DAM Capital Advisors, that concludes this conference. Thank you all for joining us today, and you may now disconnect your lines.