KALPATARU PROJECTS INTERNATIONAL LIMITED

"Kalpataru Projects International Limited Q3 FY '26 Results Earnings Conference Call"

February 05, 2026

MANAGEMENT: **MR. MANISH MOHNOT – MANAGING DIRECTOR AND CHIEF EXECUTIVE OFFICER**

MR. S.K. TRIPATHI – DEPUTY MANAGING DIRECTOR

MR. SANJAY DALMIA – EXECUTIVE DIRECTOR

MR. AMIT UPLENCHWAR – DIRECTOR, GROUP STRATEGY

MR. RAM PATODIA – PRESIDENT, FINANCE AND CHIEF FINANCIAL OFFICER

Moderator: Ladies and gentlemen, good day, and welcome to the Kalpataru Projects International Ltd. Q3 FY '26 Results 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 this 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 Advisors. Thank you, and over to you, sir.

Kishan Mundhra: Hi. Thanks, Alaric. Good morning, everyone, and thanks for joining in. And a warm welcome to the Q3 FY '26 earnings call of Kalpataru Projects International Limited. Today, we have the management, which is represented by Mr. Manish Mohnot, who is the Managing Director and CEO; Mr. S.K. Tripathi, who is Deputy Managing Director; Mr. Sanjay Dalmia, Executive Director; Mr. Amit Uplenchwar, 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. Good morning, everyone. Thank you for joining us today and for your continued interest in Kalpataru Projects International Limited. We trust you have had a chance to review our financial results and the presentation available on the stock exchanges and our website.

To start, this has been an exceptionally strong year operationally, financially and strategically. Before we dive into the specific performance metrics, I would like to provide a broader perspective on our progress achieved in the last 3 quarters. First, our revenue has consistently improved over the last 3 quarters, driven by robust execution and a healthy order backlog. At the consol level, we achieved 27% Y-o-Y growth for 9M FY 26, while stand-alone growth reached 28%. Both at stand-alone and consol level, we are already ahead of our full year guidance of 25% of revenue growth.

Second, we have maintained a steady trend of securing new projects with better margins. The same is reflected from improvement in consol and standalone PBT margin of 110 bps and 80 bps, respectively, for 9M FY26. This performance exceeds our guidance of consol PBT margin improvement of 100 bps and standalone PBT margin increase of 50 bps for FY '26.

Third, our achievement on the net working capital front reflects our relentless focus on timely project delivery and disciplined bidding approach with an aim to improve returns on the invested capital. With net working capital at 79 days at consol level and 97 days at stand-alone level, we are performing significantly better than our year-end target of 100 days.

Fourth, we have significantly elevated our competitive positioning this year by securing several large-scale strategic orders in our T&D and B&F business. With INR19,456 crores in YTD order inflows and an additional INR7,000-plus crores in favorable position, we are well positioned to meet our annual inflow target of INR26,000-plus crores.

Fifth and the most important, our balance sheet is at its strongest point in recent history. We have reported a notable decline in net debt due to improved operational performance. Furthermore, we have completed the divestment of the Vindhyachal Road asset in January 2026, and we are on track to fully monetize the Indore real estate project by March 2026. These steps align with our commitment to redeploy capital into our core EPC businesses to enhance our return ratios.

Let me now get in more details on the financial performance. At consol level, we delivered Q3 FY26 revenue of INR 6,665 crores, a 16% Y-o-Y increase. For 9M FY26, revenue rose 27% Y-o-Y to INR 19,365 crores. Similarly, stand-alone revenue grew by 20% in Q3 '26 and 28% for the 9M period. The growth in revenue is broad-based with most of the business verticals delivering a healthy double-digit growth led by strong execution and healthy order backlog.

Our consol EBITDA rose 23% Y-o-Y for the first 9Mof FY '26. At a stand-alone level, EBITDA grew by 20% Y-o-Y in Q3 and 28% Y-o-Y for 9-month period FY26. For 9M FY '26, our consol and stand-alone EBITDA margins remained healthy at 8.3% and 8.4%, respectively.

We continue to deliver a solid earnings performance characterized by a healthy improvement in PBT margins. Our consol PBT before exceptional items grew by a robust 37% in Q3 and 69% for 9M FY26. Similarly, for the stand-alone business, PBT before exceptional items rose by 44% in Q3 and 52% for the 9M period. For 9M FY26, our consol PBT margins expanded by 110 bps to 4.6%, while the standalone PBT margin increased by 80 bps to 5.3%.

More importantly, we have continued to strengthen our balance sheet through notable improvements in working capital management and leverage. Our net debt at both consol and standalone levels declined significantly, dropping by 29% and 16%, respectively, compared to the previous quarter.

As of 31st December 2025, our consol net debt stands at INR 2,240 crores, while stand-alone net debt is at INR 1,849 crores. The debt numbers would further improve in Q4 given the inflows of Vindhyachal and normally healthy inflows in Q4.

Our net working capital days have shown further improvement in both on a year-on and quarter-on-quarter basis. For the period ending December 2025, NWC days for both consol and standalone basis improved by 15 days.

As a recent and significant update, we successfully completed the divestment of a 100% equity stake in the Vindhyachal Road asset in Jan '26. This transaction was based on an enterprise value of approximately INR 799 crores post-closing adjustments and has resulted in net cash inflows exceeding INR 600 crores for KPIL.

Looking ahead, we are on track to complete the full monetization of inventory in our Indore real estate project before the end of March 2026. These strategic divestments will help us to further reduce leverage and strengthen our financial position as we approach the end of the fiscal year.

Turning now to our order book position. Our consol order book remains exceptionally strong, standing at INR 63,287 crores as of 31st December '25. This provides us with significant revenue visibility for the quarters ahead. We have maintained robust business momentum in FY '26, securing INR 19,456 in new orders year-to-date. Furthermore, we have favorably placed additional orders exceeding INR 7,000 crores, predominantly in our T&D business. We continue to gather substantial T&D orders, both domestically and internationally, alongside several significant wins in our B&F business. These orders win further solidify our leadership in the global EPC landscape.

Now coming to the performance of individual businesses. First, starting with T&D business. Business visibility in the T&D business continues to improve and remains strong on the back of global push for renewables and development of grid infrastructure, both domestic and internationally. We have solidified our position as a global leader in the T&D business with key wins in the strategic markets and repeated clients. We have received orders of INR 7,826 crores in the T&D business till date in FY26 and further our L1 or favorable placed in projects over INR 5,800 crores.

Our T&D business order backlog stands at over INR 25,752 crores as on 31st December '25, reflecting a growth of 12% Y-o-Y. T&D revenue saw a strong Y-o-Y growth of 37% for 9M FY26 to reach INR 8,992 crores on the back of improved execution and healthy order backlog in India, Sweden and other international markets.

Talking specifically on the Indian T&D market, we expect the growth momentum to remain strong, led by major impetus on renewable energy integration and rising electricity demand. This is amply supported by PGCIL capex numbers and annual pipeline projection of INR 90,000 crores per annum for the next 4 years.

With a strong order book and robust tender pipeline in the focused markets over the next 3 to 4 years, we remain confident to deliver strong growth in the T&D business going forward.

Our B&F business has reported one of the best performances with order inflow crossing the INR10,000 crores mark in 9 months. We have secured orders worth INR 10,911 crores till date in FY '26 and further have L1 of INR 1,100 crores.

Our B&F order book has grown by 40% Y-o-Y to INR 18,596 crores. During the year, we have added prestigious projects in terms of data center, large-sized residential projects, hospitals and industrial works. Our strong execution capabilities and ability to deliver large-sized projects has helped us to improve our competitive position across marquee developers in India.

Our B&F business maintains its growth momentum, recording revenue growth of 17% Y-o-Y for 9M FY '26. Our Oil and Gas business delivered strong Y-o-Y growth of 58% for 9M FY '26, led by robust execution in Saudi project.

Our water business saw a decline in revenue in Q3 and 9 months FY '26. Collections in the water business have started to improve, especially from UP JJM project starting January 2026. Till date in the current year, we have received collections of over INR 1,250 crores. Of which, in the month of January, we have received collections in the range of INR 250 crores. We remain confident on improving collections from water projections in Q4 itself.

In our railway business, revenue improved by 31% in Q3 and 15% for 9M FY'26. Our order book in the railway business is INR 2,713 crores and further, we are L1 in the metro rail electrification project. The outlook for railways business remains positive with considerable opportunities in areas like high-speed rail, RRTS, safety and signaling works.

Our urban infra business delivered strong performance this quarter with a 79% Y-o-Y growth driven by progress on metro rail projects. We have strengthened our presence in the Metro Rail segment with major order win in the Thane Metro Rail project.

Before I conclude, I would like to reiterate my opening comments that we continue to deliver consistently strong results underpinned by 3 key pillars: First, strong growth in revenue and earnings. Our operational performance has consistently outpaced our guidance, reflecting robust execution across most of the business verticals.

Second, a robust order book with significant new wins mainly in T&D and B&F businesses, we have built a high-quality order backlog that ensures long-term revenue visibility with improved margins going forward.

Third, a strengthened balance sheet. We are successfully reducing debt and maintaining an efficient net working capital, ensuring we remain financially agile without compromising on capex. We have incurred more than INR 500 crores of capex in the first 9 months of the current financial year.

More importantly, we are well positioned to deliver on the strategic priorities and guidance set for FY26. We expect revenue growth for the full year to be approx 25%, accompanied by improvement in earnings of minimum 50 basis points at standalone and 100 basis points in consol.

Furthermore, we remain confident in reaching our target consol EPS exceeding INR 50 per share for the current year. We are well placed to achieve targeted net working capital and order inflows guided for the year.

Lastly, we expect growth momentum to remain buoyant, supported by clear visibility in T&D, B&F and Civil businesses. We're strategically aligned with evolving market needs and occupy a strong position in the global EPC landscape backed by an integrated expertise, robust execution capabilities, global reach and a resilient financial profile. On back of this, we expect growth momentum to continue along with margin improvement in financial year 2027.

With that, I conclude my opening remarks, and moderator I now open the floor for Q&A. Thank you.

Moderator: Thank you. Our first question comes from the line of Amit Anwani from PL Capital. Please go ahead.

Amit Anwani: Congratulations for a good set of numbers. So first question, sir, on -- there's a kind of decent decline in the consol versus standalone. And you did explain that legacy projects are getting executed in quarter. So just want more explanation what led to kind of 10%, 12% decline on consol? And where are we today with respect to the legacy executions in this year?

Manish Mohnot: No. So Amit, as we have explained in our presentation also on the consol level, at a PBT level, obviously, we have done reasonably well. When you look at the EBITDA level, there were 3 specific areas.

One, water EBITDA is much lower than what it was in the previous year, driven by results driven by reasons. All of us know that. And I'm hoping this will improve in Q4 because in January itself, we have collected INR 220 crores, as I said earlier, and it looks like majority of the states now have the budgets to start paying us. We're keeping fingers crossed.

Second, in the previous year, we had our road assets with us, all the 3 of them, now it's only 2. So there's some decline in consol EBITDA coming from there also in Q3.

And third, we continue to suffer on Brazilian operations as we are just closing some of our old projects, while we have claims and all of that with client, but normally, we don't take that in books till the claims materialize. So I think Brazil has been a dampener in some form. The good part is the Brazil order book is nearly completed the historical order book. We have less than INR 100 crores of orders left to be delivered.

And we are reviewing what we need to do in terms of Brazilian operations going forward. So it was a combination of 3 things at EBITDA level, while EBITDA has grown not exactly in the same from a revenue on a quarterly basis. But if I look at it on a 9-month basis, while our revenue has grown at 27%, EBITDA has also grown by 23% and PBT at 69%.

So this was a few challenges in EBITDA, and I think it's maybe one more quarter or if not, maybe this was the last quarter where because road assets could continue in terms of comparison from previous year. Water should improve in Q4 and Brazil losses should start coming down at least consol level given that we have a lower order book there.

Amit Anwani: Yes. Sir, in terms of pipeline, since I think the budget is also over and so just wanted to understand this year definitely would be strong. With 12 to 15 perspective, what is the pipeline for domestic T&D, international T&D? Any changes you have seen post budget where you feel that the pipeline can improve or can be reasonably okay, especially metro, if you would like to highlight there in terms of pipeline additionally, yes.

Manish Mohnot: No. So post budget, I think on an infrastructure overall, given the kind of thrust by the government and given the thrust of all the PSUs, I think pipeline has only improved significantly. We're still looking at finer details, but whatever numbers have come out, whether it was PGCIL yesterday increasing their capex guidance significantly, whether it was in metro projects where we're seeing a lot of tenders now coming in, whether it is even on B&F where you're seeing industrial projects coming in, whether you're seeing data centers coming in, whether you're seeing airports coming in and residential and commercial continue to come in.

We're also seeing some good traction on the international front on oil and gas. So if you ask me from a pipeline perspective, all businesses, T&D, B&F, Oil and Gas, Urban Infra as well as Sweden, they only look more promising than what it was prior to budget. We are looking at the final details now. And hopefully, in the next few months, we'll get a lot more clarity.

The good part is, today, we have a visibility of orders in excess of 2.5 years. So and even if we grow at a reasonably good number, we have good visibility for the next 2 to 3 years. So with improved pipeline and strong visibility, I think performance should improve only going forward.

Amit Anwani: All right, sir. So fair to assume that even next year, the growth can be 20-plus percent?

Manish Mohnot: I would come back with exact numbers in the April call, but yes, it would be definitely a very good growth with improved margins. This 2 commitment you can take. But exact numbers, give me some more time to come back.

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

Parikshit Kandpal: Congratulations on a great quarter. So my first question, if I see your order growth, so now T&D is about 41% and 29% is B&F. I understand these will have excess of double-digit margins. So if I have to look at profitability from here on in the coming quarters, every quarter from here on, so what are the pain points currently are facing in terms of legacy order book? How do you think the margin trajectory will move quarterly from here on into the next years, whether it will improve on a sustainable basis given 70% of these order backlog is from double-digit plus kind of margins?

Manish Mohnot: So Parikshit, first to answer the pain points. The pain points clearly where we exist today, one still continues to be water where our outstanding is in 4-digit crores, a very high number of crores. While collections have improved, and we're keeping our fingers crossed, that still as of today is a pain point, and we are hoping that, that would improve significantly in February, March.

Second, from a pain point perspective, today, it's just the volatility in whatever is happening in exchange or whatever else, while we're 90% plus hedged, but that's second pain point because on tendering and all our businesses, that continues to be it's calls which needs to be taken. But while we say so, I completely agree with you that at least 3 of our business units, transmission, B&F and oil and gas are at a double-digit EBITDA level. And going forward also, they'll continue at that level.

So assuming that the water business cash flow improves, definitely margins should improve going forward, including in Q4 itself. We would just like to wait for guidance post March once we have this clarity on water. But the current order and on the legacy order, I don't think I have anything left now, maybe on INR 63,000 crores, maybe INR 1,000-odd crores.

Otherwise legacy orders with lower order margins are all gone. Yes. On some of our business segments, like Urban Infra, we have not taken orders at similar double-digit margins because these are businesses we have grown in the last 3 years. But even with that, overall, you'll see margins improving reasonably well going forward.

Parikshit Kandpal: So on these water orders, I mean INR 8,000 crores of backlog, so what kind of margins will be there? I mean is it more of an overhead issue because you are only progressing to the extent you're receiving cash flows? Or is it that these now have much lower margins given that projects have been significantly delayed. So how does one evaluate or look at this profitability in this segment, supposing the payments are coming on time?

Manish Mohnot: So Parikshit, out of the INR 8,000 crores of orders, you'll have to divide this into two parts, around INR 5,500 crores are orders which have to be delivered. And there's around INR 2,500 crores, which is O&M for the next, say, 5, 6, 7 years across various projects. So on the balance, INR 5,500 crores orders to be delivered, if I look at it at a gross margin level, I don't think there's a big dent.

The dent is only coming because of interest cost, interest costs typically with all those delays get hit at a project level. So at a gross margin level, the dent is minimal. If I was at whatever x level, it is maybe 100 basis points dent, not more than that. But the bigger dent comes out of interest cost. So that's where we're waiting and watching. Second, I think it's the speed of execution, right.

Today, we are, while we are delivering on water projects, we're not delivering at the speed ideally, which we would like to, given the constraints on cash flow. The moment cash flows come, you can work on everything. You can increase the speed and deliver this quickly. You can also build a healthy order book also because tenders would also start coming. And you could rationalize these cash flows to do better things on other business units also. So it's a combination of all of this, all dependent on water. But dent in terms of EBITDA could be 100 to 200 basis points, not more than that as far as water business is concerned.

Parikshit Kandpal: On the monetization, you've received, I think, INR 600 crores from VEPL. So now directionally, how one should look at that at? And what are the other low-hanging fruit? I think you have some arbitration in progress and well you have WEPL gone for termination. So over the next 2 to 3 years, how do you think further cash flows can come in? And also from Indore real estate monetization point of view, what is now pending from there?

Manish Mohnot: So on monetization, to first answer your question, whatever cash flow receiving are just going into working capital and debt improvement and some capex. So that's clearly our indication going forward. As far as Indore is concerned, as of 31st December, we had an outstanding of approximately INR 75 crores.

And we believe the entire amount should come in, maybe a few crores here and there should come in before March. We're pretty confident that all collections would be done by March. So we would be done as far as Indore is concerned, and that would also go in debt reduction only.

As far as monetization of the other assets are concerned, I think now we have all transmission assets are monetized. We just have one road asset left. We have Shubham Logistics, which we have declared as noncore, where also we are selling specific warehouses to reduce debt. And you can see that debt reduction coming at a consol level also. So I believe there also debt reduction should happen by selling specific assets at a Shubham level.

Besides this, as we had indicated earlier also that we have appointed bankers to advise us on fundraising at Sweden, which is also progressing well. We do not know which options and what timing it exactly is, but we have appointed bankers to look at exploring fund option raising at Sweden also, which I'm expecting in FY26-27 should give us further cash flows.

Parikshit Kandpal: And from arbitration, where you've gone for termination, so what kind of realization do you think you can get over the next 2 to 3 years?

Manish Mohnot: So Parikshit, it's a very difficult question to answer. I can say that on arbitration, we have a lot of awards and the total amount of those awards might be in 4-digit crores. But whether it would happen, whether we would get that money in year 1, year 2, year 3, difficult to assess that. We have not taken any of these awards in books. So as and when this comes through, we would take that in the quarterly numbers, but difficult to assess from a 3 to 5-year perspective.

Moderator: The next question comes from the line of Ashish Shah from HDFC Mutual Fund.

Ashish Shah: Sir, my question is on the commodity cost inflation. So with aluminum, copper, etc , going high, can you just explain or walk us through how we are protecting ourselves from any potential pressures? And where does the risk, if at all, exist still on this particular issue?

Manish Mohnot: Sure. Ashish, on the commodity front, we have exposure primarily on aluminum, zinc, copper and steel. As of today, as per our risk management policy on aluminum, zinc and copper, we are 80% to 90% hedged, if not 95% plus hedged in some of them. I can confidently tell you that whatever levels we are hedged are lower than our tender cost on 99% of our tenders.

And so to that extent, our profit margins, whatever we have bid at tender level is reasonably protected. At the steel level, we obviously cannot hedge steel because there isn't a market available for that. We're carrying an inventory, which is in excess of 50,000 tons when I look at raw materials, finished goods and WIP. And we have continuously loaded the steel increase expected cost into our tenders.

So to the extent on steel, our total order book is approximately 3 lakh tons as of now. We have a visibility of already 50,000 and some would be on in terms of we would have ordered for Q4 also. So there could be some exposure to steel. But at a tender level, we have adequately provided contingency for that. So my view is even on steel increase from here of INR 5,000 to INR 7,000 further, it shouldn't dent our margins to any extent on a totality basis.

Ashish Shah: Sure. And sir, particularly coming to transmission projects in India from PGCIL, etc. Now are these sort of fixed price EPC contracts for you? Or there is a provision for commodity cost pass-through in some of these projects?

Manish Mohnot: I think majority of our transmission projects are fixed price projects, and we have to load the expected increase in cost at a tender level itself.

Ashish Shah: Right. And then you do go and hedge for the commodity again.

Manish Mohnot: Except steel, as I said, we are 90% to 95% hedged on all our commodities. Including some of our L1 positions, we are hedged, which we are reasonably sure we should be getting them sooner than later.

Ashish Shah: Right. Sir, also the other issue is on the water side, where you did mention that you're expecting things to improve. So this is your expectation primarily from the central budget starting to flow? Or you expect state to really come and chip in more and hence, your cash flow will improve in the water?

Manish Mohnot: So Ashish, it's a combination of both. Before the budget came in, the state level, we had already collected closer to INR 220 crores in the month of January. The budget just came in a few days ago. Even in the budget, I think the allocation to water at INR 67,000 crores is a huge number. And they also indicated that out of the current year, INR 67,000 crores hardly 25%, 30% has been spent. So with that message of saying that they would be spending more at a central level and with states coming in with their own cash flow.

And we're seeing that improvement at the ground also. So except Jharkhand, UP, MP, Orissa, Punjab, we're seeing improvements across. So today, if you ask me, except Jharkhand, everywhere, I'm reasonably sure that Q4, you should see good inflow coming in. But I would still like to keep my fingers crossed because we get this hope several times in the last 6 to 7 quarters. But I'll just keep myself positive right now and hope that it goes the way we have planned.

Ashish Shah: Right. And sir, last one, LMG could be on what sort of a margin range right now?

Manish Mohnot: So LMG, if you look at the margin range is more at a level of 5.5% to 6%, both EBITDA and PBT because their EBITDA is nearly equal to PBT, they hardly have interest cost. I think it was 5.9%, if I'm not mistaken, but more in the 6.9% for 7.8% EBITDA for 9 months and PBT at 6.9%. I expect this should be on an annualized basis more in the range of 6% to 7% only.

Ashish Shah: At the PBT level?

Manish Mohnot: At the PBT level.

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

Vaibhav Shah: Yes. Sir, firstly, what capex are we targeting for the entire year this year and for FY '27?

Manish Mohnot: So for the current year, I think we had already taken approval of capex outflow of closer to INR 700-plus crores. We have already incurred capex outflow of INR 500-plus crores. So if you ask me for the current year, capex outflow should be in the range of INR 700 crores to INR 750 crores in terms of outflow. I believe that we should be in a similar range going forward also because we are seeing good traction across all our businesses.

And given the healthy cash flows, which we have and some more cash flows which have come in January, I think we believe that that's the best place to invest from a long-term perspective. So I think on a cash outlook basis, next year should be also similar numbers. But we'll come back to you in April with exact trend on that or exact numbers, which we are projecting for the next year.

Vaibhav Shah: Okay. Sir, secondly, when you mentioned the revenue growth guidance of 25% for FY26, it is for standalone as well?

Manish Mohnot: Yes. At the standalone level also, we believe that we should be in the range of 25% for the current year.

Vaibhav Shah: Okay. Secondly, what is our plan at Fasttel now going ahead in the next couple of years, given the almost negligible order backlog right now. So are we looking to slow it down or close the business or we will be doing at a nominal level?

Manish Mohnot: So Vaibhav, we are reviewing the business in detail in Q4, including some detailed presentations at the senior-most level and meeting clients and all of that. We clearly are not very optimistic about the business where we stand today. And in the last few years, we've seen several challenges coming on that business. So as far as optimism is concerned, looks slow. As far as way forward, I think we'll have a lot more clarity in the next 2 months. And clearly, the business is on a downturn and not an upturn in any form.

Vaibhav Shah: Sir, so currently, what would be the EBITDA loss right now at the Fasttel level in 9 months?

Manish Mohnot: In the 9 months, I think at a Fasttel level, we have already provided at a consol level a number closer to INR 230-odd crores, INR 238-odd crores. And if you look at it, in the last 2 years, we have provided closer to INR 325 plus crores at a consol level. So at a consol level, we provided for majority of the losses, which is equivalent to the amount we have already invested in Fasttel.

Vaibhav Shah: So EBITDA was negative INR 230 crores in the first 9 months?

Manish Mohnot: Yes, in the current year.

Vaibhav Shah: Okay. And lastly we have received...

Manish Mohnot: So sorry, I just correct myself. At the EBITDA level in Fasttel, it's INR 186 crores. At a PBT level, it's INR 237 crores. I correct myself for 9 months.

Vaibhav Shah: EBITDA is INR 186 crores?

Manish Mohnot: Yes, yes.

Vaibhav Shah: Okay. Okay. And sir, lastly, in terms of the VEPL-- so the money we have received, so we have received INR 600 crores already in the Q4, right?

Manish Mohnot: Yes. We've already -- the money is in the bank.

Vaibhav Shah: Yes. So how you see the...

Manish Mohnot: Plus there's a debt reduction at a consol level because there was around INR 190 crores of debt, which has been taken over by the acquiring entity. So at a consol level, the impact of the cash inflow plus debt is closer to INR800 crores.

Vaibhav Shah: Sir, so how do you see the debt number which we have right now, gross debt of around INR 3,100 crores as of December. So how do you see it moving ahead at around March?

Manish Mohnot: So at a net debt level, I believe March should be lower than December. On account of everything, normally, Q4, your cash inflows are normally very healthy in our business. Also the VEPL and also what is coming from Indore. So at a net debt level, we would be much lower. And also on the net working capital, we would like to be lower than where we are. Difficult to give you exact projections, but I can tell you it will be much lower than Q3, whatever we've reported net debt at Q3, it will be much lower than that, both at stand-alone and consol.

Vaibhav Shah: And our total investment in VEPL would be somewhere around INR 420 odd crores?

Manish Mohnot: Total investments in?

Vaibhav Shah: In VEPL, loans and equity put together?

Manish Mohnot: I think it was around INR 340 odd crores. Sorry, Sorry, my team just said it's around INR 417 crores, you're right.

Vaibhav Shah: Okay. So the gains will be booked in Q4?

Manish Mohnot: Yes, for sure.

Moderator: The next question comes from the line of Sumit Kishore from Axis Capital.

Sumit Kishore: Very strong performance on factors that are within your control. The first question is your working capital days are again well below your guidance. Ex of water, what would be your working capital days at the consolidated level?

Manish Mohnot: Sumit, ex of water, the working capital days could come down by 6 to 7 days at a standalone and consol level. Assuming that the cash inflows were normal, it could be in the range of 6 to 7 days because we have not done so much revenue also for the current year. If it was a normal situation, the numbers could have been and if the revenue would have been on target, numbers could have been lower by 8 to 10 days also. But as of now, 6 to 7 days is what impact us.

Sumit Kishore: Understood. And following up from an earlier question from Ashish, what is the hedging cost that you have incurred for commodity and/or exchange in Q3 FY26 and 9M FY '26 in case you have the number handy?

Manish Mohnot: I do not have the hedging cost number, but I'll be happy to explain you that as far as FX is concerned, we are a net exporter, so there is never an hedging cost. We always get a premium. And as far as commodities are concerned, whatever is the cost, it's loaded at a project level. So at a project level, when we bid, we take the, let's say, the 3-month forward plus assuming that it is required 9 months, we add that forward cost also at a project level itself.

So typically, our forward cost, which is, let's say, a 12-month, 18-month, 24-month forward cost is what is bid at a project and what is charged also at a project level. As I said earlier, today where we stand on 99% of our projects, whatever is hedged at actual cost forward, including the forward premium, it's lower than what we have bid at a project level. It's significantly lower, and that's where you'll see margins improving going forward.

Sumit Kishore: Okay. But this cost of hedging would be sitting as part of your other expenses?

Manish Mohnot: So not necessarily. The cost of hedging is sitting as a part of the project cost. As and when delivery happens, it comes into P&L. It sits in the project cost as a CTC cost, of saying that this is the cost to be incurred going forward. As and when delivery happens, the revenue and cost both comes into P&L, not in other costs, it would come in the direct cost itself.

Sumit Kishore: Right. So it would be as part of the landed raw material cost for you in your RM expenses for your commodity hedging after the whatever?

Manish Mohnot: Perfect, perfect, perfect.

Sumit Kishore: Understood. Yes, that is very clear. And just for bookkeeping, what was your Fasttel EBITDA loss in Q3, if you can tell us, help us adjust numbers better?

Manish Mohnot: In Q3, Fasttel EBITDA loss is around INR 63 crores in Q3 itself. Yes. And total for 9 months around INR 186. This is one area where we believe against whatever we had projected for the year, this is one area where we have not been able to achieve on whatever projections we did. So that's something which is a setback for us. But in totality, at whatever we have guided at a PBT level, we have exceeded our guidance on all accounts.

Sumit Kishore: No. So with the INR 100 odd crores of Fasttel backlog remaining, even if you have to quantify remaining pain, it should be less than INR 100 crores?

Manish Mohnot: Yes, much lesser than that at a consol level.

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

Mohit Kumar: My question is on the T&D opportunity in India, especially, right? I think last quarter was pretty weak, right? Can you just talk about the T&D opportunity pipeline or tender opportunity which you see in there, especially for the next 6 to 12 months?

Manish Mohnot: So Mohit, as I said earlier on the call, we're seeing a lot of tenders coming on T&D. While we -- and we presented that earlier also, as of now, out of our INR 7,000 crores, around INR 5,800 crores we L1 in T&D itself, both domestic and international.

Also, if you look at the guidance of Power Grid in terms of what capex they plan, they've increased their guidance significantly, and it's visible now. So whether it is tenders coming up on HVDC, whether it is in Rajasthan and Gujarat to support renewable, whether it is Southern India, whether it is Northeast or whether it is Jammu Kashmir. So overall, we continue -- we believe that next 2 to 3 years, these opportunities will only increase multifold level, both domestic and international.

And we're well positioned in terms of that because we are among the top 2, 3 globally in all markets, except China in the T&D space. So it always -- it's a good position to be in, and that would be one of our biggest drivers of growth from a 3-year perspective.

Mohit Kumar: And what was the international T&D inflow in the last 9 months compared to FY '25?

Manish Mohnot: So if you look at the T&D international in the last 9 months, we have received orders of around INR 3,600 crores and we are L1 in orders of around INR 4,500 crores. There's some order we declared yesterday. So I believe by the end of the year, TLI should get orders closer to INR 8,000 crores. And this includes -- this excludes the Sweden orders. So if I include Sweden also, TLI should reach a number around IN 9,500 crores to INR 10,000 crores order inflow in the current year.

Mohit Kumar: And how was this number is the base year?

Manish Mohnot: If you look at the previous year, TLI plus Min International, all put together was around INR 5,500 crores, which includes TLI, LMG and Fasttel for 9 months in the previous year.

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

Parikshit Kandpal: So now -- so in this year, how much loss funding you have provided? And from Q4, so how are you looking at the loss funding for the road projects?

Manish Mohnot: I don't think we have provided a significant amount of cash funding to any of the road projects. As far as loss funding is concerned, the first 6 months, we had approximately INR 40-odd crores, but that was more a P&L. I don't think funding, we did significantly. 9 months, if you look at it. We did some INR 40 crores for loan repayment. It was not for loss funding. I think going forward, we just have one asset. So there's no more loss funding required, and that asset is positive in every form, both at a P&L level as well as on a cash flow level. So going forward, I expect 0 loss funding to be done on road assets.

Parikshit Kandpal: Okay. Sir, on the pipeline, so if you can quantify segment-wise total prospects pipeline, both domestic and international. And also wanted your view on the pipeline opportunity after the last big order, I have not seen anything major coming up. So if you can give us some sense in terms of quantifying the pipeline, both international and domestic, segment-wise, that will be helpful.

Manish Mohnot: So as I said earlier, Parikshit, on the oil and gas front, our major focus continues to be on the international market. We had taken a large order at Saudi Aramco last year and we were focused more on execution of that project. I'm happy to say that as of now, we are closer to 50% of the project, what needs to be delivered closer to that where we stand today, and I expect the balance project to be done in the next 15 to 18 months. We are on track as far as execution of Saudi project is concerned.

As far as pipeline is concerned, we're seeing a lot of tenders coming from Saudi, Abu Dhabi as well as Qatar. We are now qualified for maximum projects, and there's no size restrictions. And now that we have already delivered a significant portion of the project, we would continue to bid for a lot of these projects. We ourselves were conscious in bidding in the last 12-odd months because this size was itself very big. And you know our typical approach is being cautious when it comes to taking large-sized projects.

Given that, I don't have the exact quantification, but I know while we speak, we have bid for at least 4 or 5 large projects in Saudi and ADNOC, which in the next 3 to 6 months, we should hear from them. Clearly, as I said earlier, going forward, from a FY26-27 perspective, one of the largest drivers of order book will be oil and gas in the international front.

Parikshit Kandpal: And what about -- if you can quantify domestic and international T&D opportunity in the next 12 months?

Manish Mohnot: So from a bidding -- so if you look at it in the current year, when I look at T&D, out of our INR 26,000 crores expected order book, T&D itself would be around INR 150 odd crores. Going forward, next couple of years, I expect the inflows to increase by at least 15%, 20% on an annualized basis, if not more than that. If I have to give you a number perspective, it could be trillions of dollars differently at different places. But clearly, the focus today for us is India number 1 focus, CIS countries, number 2 focus; Sweden, number 3 focus and neighboring countries.

And LatAm, which is a big area for us, not necessarily Brazil, but LatAm, Chile, Guyana, all of that is our number 4 focus. So and we're seeing opportunities everywhere. I don't have the exact quantification of what kind of orders, but I can say it's trillions of dollars of tenders expected over the next 24 odd months. Clearly, that business growing at 20% to 25% on order book would be a bare minimum for us and with improved margins, which is very, very important for us, Parikshit.

Parikshit Kandpal: And given the robust pipeline and ordering expected, so how are you looking at capex in T&E segment and looking -- I mean, go from tower expansion. So how are you looking at?

Manish Mohnot: So on the T&D front, typically, the capex is much lower than when I compare at a B&F level, right? So typically, on the B&F front, our capex is more in the range of capex is more in the range of 5% to 6% of our revenue if you need to do the entire capex. On the T&D front, our capex would primarily and which is continuing would come in plant expansion of capacity. Our plant has already reached closer to 275,000, both plants put together in terms of capacity on transmission itself.

Besides, we do staging shuttering, girders, all of that separately and railway projects. So some capex would go on plant expansion. Some capex would go in terms of TSE equipment and cranes and all of that for the transmission side. But it's not going to be as significant as we're looking at B&F side. So if you ask me a number of INR 100 crores to INR 150 crores or max INR150 crores should be enough as far as capex on transmission is concerned for the next year.

Parikshit Kandpal: And what kind of bookings, I mean, is your book capacity of 2.7 lakh tons, is it completely booked? So what kind of like -- just to get under current on the ordering, so the orders which we have currently, so is the capacity fully booked for the year or like how one should look at it?

Manish Mohnot: As we stand today, we are at 90% plus capacity booked for the next year. And if I include the L1 orders, we are nearly fully booked. But the good part is capacity expansion in this business is very -- it's very simple. We have huge galvanizing capacity. So it's only about adding CNC machines, which takes 3-odd months, and you can easily increase your capacity to a higher level. But as of now, it looks like 275,000 to 3 lakh tons should be enough for us from a next 2-year perspective.

Moderator: The next question comes from the line of Sucrit Patil from Eyesight Fintrade.

Sucrit Patil: I have 2 forward-looking questions. As Kalpataru operates across multiple infrastructure segments and geographies, where project selection and execution discipline matter as much as order inflows. From a strategic point of view, what factors now play the biggest role in deciding which projects to aggressively pursue versus where to remain selective, especially as competition and execution risk are involved? That's my first question. I'll ask the second question after.

Manish Mohnot: Sucrit, I think a very valid question. I think we are very clear that we all our 6 businesses are cyclical in nature. And if you look at the last 5, 6 years itself, you saw first 2 years, T&D domestic, there were hardly any orders, the orders in water and railways. Last 2 years, you've seen T&D and TLI and B&F running at a different speed. So starting point is assessment of what the market is and what competitive strength we have and what is the strength in terms of delivery is a starting point.

The second point is which markets to focus. So it's domestic, international, which clients to focus, private, public, out of which, which clients. Third important aspect is availability of labor because there are some projects which are very high -- where labor requirement is very high versus some projects, for example, Urban Infra for the same volume, labor requirement is much lower than B&F.

Then the fourth aspect comes is capex. What are the capex requirements. So it's a mix of 5 or 6 things based on which we decide resource allocation strategy, based on which we decide our bidding strategy, based on which we decide our margin strategy, which we need to bid and based on which we decide what is that our balance sheet can afford.

If you ask me personally, that's been our biggest trend for the last few decades, not even for the last few years. And that's why you see that even with growth, which has happened over the last 10 years of around 15% per annum, our net debt number nearly stays the same, right? Even after we have done capex every year. Last 3 years, we have done capex of closer to INR 2,000 crores.

So it's a mix of 6, 7 factors which go in, and it's a larger team which gets involved. So it's not about 1 person, but it's a team which -- 5, 6 man team, including guidance from the risk management committee and what we need to do. I don't -- it's not an excel spreadsheet based or it's not something which is a yes or no, but a combination of various factors based on which this gets decided.

As far as execution methodology is concerned, which is the point you asked, I think our strategy has been very simple. We first build teams and then we take work. That's been a strategy always.

Whether I look at Urban Infra, whether I look at Saudi Aramco, whether I look at the solar business, which we are looking at the international front, where we already have one large L1, we -- our strategy first is to build a team, a reasonably good team before we bid for an order and then continue building that business. And that's been very effective for us all across.

Sucrit Patil: This is to Mr. Ram. Again, along the similar lines, from a financial point of view, as the order book mix changes across different segments and regions, what internal metrics help you assess whether the execution quality is improving or not, particularly in terms of cash flow, working capital discipline and returns on deployed capital. I just want to understand how you look at this beyond just the reported margin numbers?

Manish Mohnot: Well, I think maybe it might help for you to have a specific discussion on this Ram separately, but Ram is on the call. But I can just say that, as I said earlier, for us, one of the biggest drivers is balance sheet strengthening. And last 5 years, our ROCE has improved by more than 500 basis points through various aspects, improvement of profitability through reduction in noncore investments, all of that.

So at a project level, we have all 3 components, PBT level tenders, ROCE, ROE and capex. When we tender, all of them are available. And if you need to further deep dive, you could meet Ram separately in office. I can ask my office to schedule that meeting with you.

Moderator: Ladies and gentlemen, that was the last question for today. I would now like to hand the conference over to the management for the closing remarks.

Manish Mohnot: Thank you, everyone, for joining us on this call. We expect results to improve going forward. Thank you.

Moderator: Thank you, sir. Ladies and gentlemen, on behalf of DAM Capital Advisors Limited, that concludes this conference call. Thank you for joining us, and you may now disconnect your lines.