



“KEC International Limited
Q4 FY '26 Results Conference Call”

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**MANAGEMENT: MR. VIMAL KEJRIWAL – MANAGING DIRECTOR AND
CHIEF EXECUTIVE OFFICER – KEC INTERNATIONAL
LIMITED
MR. RAJEEV AGARWAL – CHIEF FINANCIAL OFFICER
– KEC INTERNATIONAL LIMITED**



Moderator:

Ladies and gentlemen, good day, and welcome to KEC International Limited's. Q4 FY '26 Results Conference Call. 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. On the call, we have with us today Mr. Vimal Kejriwal, Managing Director and CEO; and Mr. Rajeev Agarwal, CFO.

I now hand the conference over to Mr. Vimal Kejriwal, for his opening remarks. Thank you, and over to you, sir.

Vimal Kejriwal:

Thank you, Michelle. Good morning, everyone, and welcome to KEC Q4 Earnings Call. I will begin with an overview of the operating environment, followed by our annual performance and update on each of our business segments.

We have achieved our highest ever revenues, profitability and order intake during the year, despite a challenging operating environment marked by geopolitical tensions in the Middle East, during Q4, labor shortages and subdued order inflows in India. We successfully executed key strategic initiatives and develop niche capabilities across our businesses, positioning us for sustained growth and value creation.

First, let me provide a brief update on the current situation in the Middle East. The region accounts for approximately 27% of our overall order book and L1 position, almost equally divided between Saudi Arabia and the UAE, and with a small presence in Oman.

As on date, Dubai factory and the physical execution of all our projects in the region continues unhindered. Tendering activity remains strong across the Middle East with new opportunities being announced across UAE, Saudi Arabia, Oman and Kuwait, during and after the recent conflict. We have also been awarded a large order in Saudi Arabia after the conflict started.

Cash flows remain stable and the region continues to be a key growth driver, supported by investments in grid expansion, regional interconnections, rebuilding initiatives, grid resilience and renewable integration. The safety and well-being of our employees remain our highest priority, and we continue to closely monitor developments in the region.

While the project execution on the ground in Middle East continues, the ongoing disruptions have resulted in supply chain and logistic challenges. Shipments from Europe, China and India to GCC countries are witnessing delays, due to port congestion and continued disturbances, while freight costs, including war-related surcharges have increased materially, particularly for ocean transportation.

Lead times have also lengthened, due to reroutings and port congestion, alongside delays in supply of tower, third-party bought-out items. We are in touch with our clients on these issues. The ripple effects are also being felt in India, where labor availability across project sites has been impacted due to fuel-related constraints and elections in certain parts of India.

In addition, certain equipment and steel suppliers are facing operational disruptions and shutdowns arising from LPG shortages. These disruptions impacted operations during Q4 and are expected to continue affecting Q1 and potentially Q2, as normalization of the supply chain and logistics ecosystem is likely to take time.

Now coming to the annual performance. For the year, we achieved a record revenue of INR23,506 crores, reflecting a growth of 8%, driven primarily by the T&D and cables and conductors business. In line with our strategic focus, the T&D segment's contribution to overall revenues increased to 68% compared to 59% last year.

Operating PBT is at INR848 crores, with PBT margins expanding by 40 basis points to 3.6%. Operating PAT margins have also increased by 30 basis points to 2.6%. We have achieved an operating PAT of INR650 crores.

As stated above, while the revenue has grown by 8%, operating PBT has grown by 21% and operating PAT has grown by 18%. PBT and PAT growth continues to outpace the EBITDA and revenue growth. The tax rate for the year, particularly in Q4 was slightly higher due to increased tax costs in some of the international markets.

The operating PBT and PAT numbers are excluding exceptional items of -- there is a provision of INR59 crores made in FY '26 towards the new labor code and an income of INR24 crores from an arbitration award recognized last year in FY '25. In Q4, we delivered revenues of INR6,390 crores with EBITDA margin of 7%, PBT margin of 4% and PAT of INR193 crores.

Our performance would have definitely been better but for the following: geopolitical disruption in the Middle East led to deferment of revenues, while the labor situation had shown signs of improvement earlier, it deteriorated again due to the recent LPG-related issues and elections in certain parts of India.

LPG issues have also impacted supplies in India. We adopted a calibrated approach in executing water projects due to continued delay with payments. Also delay in legal closure of dispute, settlements of claims in our transportation and metro projects.

In terms of order intake, we have achieved an all-time high inflow of INR25,280 crores. Notably, a substantial 70% of this order intake has been secured by our T&D business across India and the international markets.

During the year, we sharpened our focus on enhancing the quality of order inflows by consciously shifting towards fewer but larger EPC orders to strengthen operational control and execution efficiency.

As a result, the average order size increased from INR350 crores last year to over INR500 crores this year, while the overall number of orders reduced by 25%, despite higher order inflows. This strategic shift towards high-quality orders will enable tighter cost control, superior execution and better working capital.



Our closing order book remains robust at INR36,267 crores. We are happy that the order intake trend continues in FY '27 with new orders of over INR1,000 crores announced till date across T&D, transportation, renewables and cables and conductors. In addition, we have an L1 position of over INR3,000 crores.

The T&D business has secured a prestigious HVDC order from a reputed private developer. Our renewable business has expanded its presence in the wind energy segment with a repeat order from an existing customer.

The Transportation business has reinforced its position in the technology-enabled automatic block signaling segment with two recent orders. With this, the current order book plus L1 position stands at over INR40,000 crores, which gives us visibility for the next six to seven quarters.

On the debt front, our net debt, including acceptances is at INR 6,722 crores, marginally lower than December '25. The debt could have been lower, but for the spillover of collections of INR 450 crores from certain large clients to the first week of April '26.

The debt levels could have been reduced further, but for the higher inventory due to delayed dispatches in Dubai amidst Middle East disruptions, strategic inventory buildup in cables, raw material and steel owing to volatile prices.

Due to the collection in the water business and increase in revenue-driven debt, we expect the debt to improve by Q2. While the absolute interest costs have remained flat despite the 8% growth in revenues, interest expenses as a percentage of revenue have reduced by 20 basis points to 2.8%. The Board of Directors have decided to recommend a dividend of up to 275%, that is INR5.50 per equity share on the face value of INR 2 each.

Now coming to our specific businesses. Our T&D business has delivered an outstanding performance, achieving a milestone revenue of INR15,883 crores for the year, a remarkable growth of 24%. The growth has been delivered on the back of a robust execution across both domestic and international markets.

Our order book to revenue ratio is one of the best in the industry. On the order intake front, the T&D business secured significant inflows of around INR17,700 crores across India, Middle East, Americas, Africa and the CIS.

In India, the transmission sector is witnessing a structural shift, with large intrastate projects traditionally executed by state utilities, increasingly moving to the TBCB route. This transition has also resulted in utilities and several new private parties participating in TBCB tenders as developers, resulting in several new players securing TBCB projects during the year.

Consequently, the share of these players has increased significantly to almost 80% compared to 45% last year. In line with this trend, we continue to scale up our presence with private sector clients and have secured orders of INR3,600 crores from private players and SEBs during the year.

Additionally, we are today well placed to secure further orders from private clients. The orders during the year in India include our largest ever domestic T&D integrated order of over INR1,000 crores from a reputed private player for a 765 kV transmission line and a 765/400 kV AIS substation.

We have also strengthened our position in the HVDC segment, securing three orders from Adani and PGCIL. We are currently executing five HVDC projects, having commissioned the first HVDC converter station project built by us in Maharashtra for Adani and Hitachi.

On the international T&D front, we continue to strengthen and diversify our global presence, with order exceeding INR11,300 crores, representing a robust growth of over 35%. A key highlight was the strong revival of order inflows from Africa and CIS, alongside sustained momentum in the Middle East.

Notable wins in the Middle East include our first ever 380 kV GI substation order in Saudi Arabia, as well as our largest composite order in Saudi Arabia comprising transmission lines, substations and EHV cabling. With these orders in L1 positions, our overall substation portfolio has expanded significantly both in India, as well as in the international market, both in GIS and AIS segment.

In SAE Towers, the business achieved profitable revenues of INR1,800 crores for the year, a robust growth of 36% year-on-year. The business continues to witness traction in order inflows, with inflows of approximately INR2,000 crores. These orders for the supply of towers, hardware, monopoles and engineering services span across the U.S., Mexico and Brazil.

During the quarter, the business secured a few large power supply orders in Mexico and U.S., signaling a clear uptick in the North American market. The business now boasts of a healthy order book, and L1 position exceeding INR2,600 crores. We continue to reduce our debt levels in SAE.

Capacity expansion initiatives are progressing well, following successful capacity enhancements at our plants in Dubai, Jaipur and Jabalpur, the expansion of our Butibori facility in Nagpur is expected to be completed within this quarter. We have also expanded our hardware and manufacturing facilities in Brazil. These expansions will further strengthen our ability to cater to rising demand for transmission infrastructure across domestic and international markets.

The outlook for the T&D sector in India remains highly encouraging, supported by a strong and sustained tender pipeline. Peak power demand continues to rise, reaching record highs and expected to grow further, driven by economic expansion, rapid electrification and evolving weather patterns.

Transmission is increasingly emerging as a critical bottleneck and amid rising grid congestion leading to a sharper policy and execution focus on strengthening infrastructure. Reflecting the accelerated pace of energy transition and rising electricity demand, the government has enhanced its non-fossil fuel capacity target from 500 gigawatt by 2030 to 900 gigawatt by 2035.

This will drive significant investments in transmission lines, substations, green energy corridors and interregional connectivity, translating into a robust multiyear opportunity for the T&D sector.

On the International front, the outlook remains strong and well diversified across regions. Despite the ongoing geopolitical tensions in the Middle East, tendering activity continues to remain resilient and robust with substantial opportunities across Saudi Arabia, UAE and Oman. At the same time, we are witnessing a recovery in Africa with increased tendering activity post the COVID slowdown, along with expanding opportunities in the CIS region.

In the SAARC region, improving political stability in Bangladesh and Nepal is expected to support a gradual revival in demand. The Americas also continue to present strong opportunities, particularly in Brazil, Mexico and the U.S., driven by sustained demand for towers, hardware and poles, again, driven especially by the data center and AI boom in the U.S. market. With a strong order book and L1 position in T&D of over INR25,000 crores, we remain confident of delivering sustained and profitable growth in the T&D business.

In Civil, the business has strengthened its order book with multiple orders of over INR5,000 crores, a growth of more than two times over the last year. During the year, the business has secured orders across high-growth segments such as semiconductors, hospitals, thermal power plants, metals and mining, residential and commercial real estates.

Some of the key highlights include:

the entry into the semiconductor EPC is a large first of its kind order from a new client, securing our largest ever commercial real estate order from a global developer, winning an order for our tallest residential structure to date, approximately 80 floors from a reputed real estate player, a luxury villa development project from one of India's largest developers, expanding into the thermal power segments with civil and structural work for 150-megawatt plant from a prominent private sector player, strengthening our presence in the healthcare segment with multi-specialty hospital projects from a renowned healthcare player and securing five orders during the year from reputed metals and mining players.

The Civil business achieved revenues of INR3,823 crores for the year. The revenues could have been higher, but for the labor constraints, delayed release of work front in some projects and slower release of payments in the water projects.

Given the current payment dynamics in water projects, we continue to follow a calibrated and cautious approach to execution. However, with the recent budgetary allocation to the sector, we expect collections to improve going forward.

During the year, the business successfully commissioned the Bheden Water Project in Odisha, supplying clean water to over 58,000 households, one of the largest projects to be commissioned in Odisha. The business also successfully completed three metro projects, two in Delhi and one in Chennai. The Delhi Metro projects were inaugurated by the Prime Minister, Shri Narendra

Modi. With the Tamil Nadu elections now concluded, we expect one of the Chennai Metro projects to be inaugurated shortly.

During the year, we launched a transformational program in partnership with a global consultant, focused on driving execution excellence in our Civil business. This initiative aims to significantly enhance operational productivity and accelerate project execution. The program has been initiated with select pilot projects within the Civil business and scaled up in a phased manner across other projects.

While strengthening its presence in core segments such as building and factories, data centers and public spaces, the business has commenced bidding in new segments of urban infrastructure, including underground metros, stations, tunnels and pump storage projects, opening up a large growth opportunity. In parallel, we have further strengthened organizational capabilities in Civil business through strategic hiring at senior leadership levels.

With a robust order book and L1 position of over INR10,000 crores, improving outlook on collections in the water segment, expansions into the new segments and the ongoing execution excellence program, we are confident that the civil business is well positioned to turn around and deliver healthy growth in the coming quarters.

Our Transportation business achieved a revenue of INR1,555 crores for the year. In line with our strategies, we continue to remain selective and calibrated in this segment. During the year, we secured orders of INR550 crores, including projects in the TCAS under KAVACH in partnership with our JV partner, as well as a railway siding project from a private sector client.

The business has successfully implemented KAVACH across 667 route kilometers and is currently executing deployments across an additional 1,780 route kilometers of the railway network and over 3,000 locos. With the government's continued focus on railway safety, modernization and indigenization, initiatives such as KAVACH are expected to witness wider adoption over the medium-term, and we remain well positioned to secure further orders in this segment.

We continue to bid for opportunities in technologically enabled areas of metros and tunnel ventilation. Our focus remains on fast-tracking project closures, optimizing working capital and selectively pursuing domestic and international opportunities for growth.

Our cables and conductor business has achieved record revenues of INR2,217 crores, a strong growth of 23%. The profitability of this business is also witnessing consistent improvement, driven by better product mix and the cost optimization. Notably, it has also achieved its highest ever profitability during the year.

The business continues to witness steady inflows of orders for supply of cables and conductors. We had commissioned our aluminum conductor plant last March, making an important milestone in strengthening our manufacturing capabilities and expanding our product portfolio.



During the year, the business successfully supplied aluminum conductors, including ACSR and AL-59 conductors to various customers across India. On the new product front, Elastomeric cables are slated to commence production in Q2, followed by the commissioning of the E-Beam plant within the same quarter.

Our Renewables business has achieved revenues of INR516 crores. In a significant development, the business forayed into the wind energy segment with two orders for 100 megawatts from wind projects in Southern India, from a renowned private developer.

We successfully commissioned a record 1,000 megawatts of solar capacity across Rajasthan and Karnataka. These projects are among the largest tracker-based installations in India. We continue to pursue selective opportunities in both solar and wind segments and are well placed to secure additional orders in the near-term.

The oil and gas pipeline business has achieved revenues of INR258 crores for the year. The business secured two orders in Africa and Middle East. Marking a key milestone, the business entered the GCC region with a composite station works project, unlocking a large and attractive growth market. Geopolitical developments in West Asia are expected to accelerate investments in energy security, creating additional opportunities in pipeline infrastructure. The business remains focused on expanding its international footprint.

In ESG and sustainability, we continue to make significant strides across the organization. Some of the key initiatives and developments during the year include increased solar footprint across our factories to 39%, up from 32% last year. All five plants in India are water positive with positive water index of 1.48.

Our people-centric agenda focused on fostering happiness aligned with our brand tagline, Hello Happiness, which is a core aspect of RPG Group's philosophy. This year, we saw our "Happiness Quotient" reaching 85%. We have now onboarded an external consultant to advance our Scope 3 Inventorisation and Net Zero Strategy.

Our sustained progress in ESG and sustainability has been well appreciated, which is reflected in the improvement of our ESG Ratings by key agencies, such as MSCI, S&P Global, DJSI and Morningstar Sustainalytics. Additionally, KEC International has been ranked 19th among BW India's most sustainable companies '24-'25.

In conclusion, while the operating environment, supply chain and logistics ecosystem remains uncertain. However, supported by a strong and diversified order book plus L1 of over INR40,000 crores and a robust tender pipeline exceeding INR1,80,000 crores particularly across the T&D and Civil business, we are confident of continuing our growth.

Thank you very much. We are now open for questions.

Moderator:

Thank you very much, sir. Ladies and gentlemen, we will now begin with the question-and-answer session. The first question is from the line of Jainam Jain from DAM Capital. Please go ahead.



Jainam Jain: Thank you for the opportunity. Sir, out of the total order book, how much order book is on a fixed cost basis? And how are we looking the margins to shape going forward in this year or from the escalated commodity value?

Vimal Kejriwal: So if you look at our order book, roughly I'll say 50% or so would be on fixed and the balance would be on variable, okay? But when you look at fixed also, what happens in that is if you look at T&D, 30%, 40% would be on base metals, which typically is also hedged. So what you are exposed to on these orders would be escalation in steel and maybe labor...

Jainam Jain: Okay. So is there any sort of guidance which you would like to give for this year in terms of margins?

Vimal Kejriwal: No, it's too early I think right now. I think we'll wait for the West Asia war to settle. Maybe when we finish Q1 or earlier, whenever we have a better visibility, we will do it. Today, it's a bit difficult to give.

Jainam Jain: Okay. And sir, are we seeing any improvement on the collection from the JJM side?

Rajeev Agarwal: Yes, so last year, we got around INR800 crores. And this year till now we got around INR58 crores or INR60 crores. So this is in line with what we received last year. We have not yet seen any improvement, because if you look at what the cabinet approval talks about is they need some framework to be put in place. They want the JJM Mission 2 to be launched.

So there are a few conditionalities attached before the central government actually starts disbursing its full quota. I understand they have disbursed some amount, but what has exactly happened is still a little bit difficult or not yet understood by our teams. But the expectation is that there will be some improvement because what has also happened, they wanted to do audits, all those audits have been completed, etc. So I think it's a matter of time that the payments start getting released.

Jainam Jain: Okay, sir. And sir, our receivable days are increased from 88 days to 101 days. And like we have recovered INR450 crores as part of spillover. But spillover existing data working capital receivable days still tends to continue at a high level. So is there any stress which you are seeing from any specific customer end or like how it is going on?

Vimal Kejriwal: Jainam, your line is very disturbed. I think on the -- whatever I could understand on the -- you're talking about the receivables, I think major reason was there was a spillover, as I had mentioned earlier, of almost INR450 crores. If you bring that in also, then I think the numbers would be a little bit better.

Also, our Saudi business has got 20% retention, and we have got a lot of large Saudi contracts around two years back, and they are now heading into completion. So I think in the next two quarters, we will receive a lot of release of retentions also. So we expect the receivables to be normalized going forward.



Jainam Jain: Okay, Sir. Sir, my last question is on the HVDC line. So are we expecting projects ordering in this year?

Vimal Kejriwal: So there is a talk of two new lines being ordered this year. I think one is very close to getting ordered in the sense that I think it's very advanced. There could be a second line also coming up. Overall, we are talking about some seven projects to happen -- eight projects, sorry. So overall, I don't know by what time it will happen, but one is in a very advanced stage, Barmer complex.

Jainam Jain: Okay. Thanks for answering my question. Thank you so much.

Vimal Kejriwal: Thank you.

Moderator: Thank you. We'll take the next question from the line of Amit Anwani from PL Capital. Please go ahead.

Amit Anwani: Hi, sir. Thank you for the opportunity.

Vimal Kejriwal: Hi, Amit.

Amit Anwani: Hi, hi. So just wanted to understand what is the guidance now for this year in terms of revenue, EBITDA and also for the order intake?

Vimal Kejriwal: So as far as revenue is concerned, as I said, we have an order book plus L1 of INR40,000 crores. So we have been talking about anywhere between, let's say, 12% to 15%. But I'll say, honestly, Amit, we'll have to wait for some time. But looking at the order book and the way things are happening, I think we should be able to achieve for the year around 12% to 15%.

Now with the problems which we are still having in Q1, Q2, how it will pan out over the first quarter may be a bit difficult, but annually, we do expect that. As far as the order intake is concerned, we did around INR25,000 crores and odd this year. So we expect that we should be touching around INR30,000 crores of order intake for the year.

On the margin guidance, I think right now, it's a little bit too hazy for me to give a guidance maybe in a month or two, once the things clear and once we see the reaction of the clients and what is happening and how the prices stabilize, I think give me a month or two, then we'll come back to you on the margin front.

Amit Anwani: Right. Sir, second, you highlighted because of the elections in four, five days, we had a labor issue plus obviously, a lot of geopolitics which we are seeing. So what is your understanding in terms of pipeline conversion in India?

Are you sensing that there could be delays in pipeline in terms of conversions or the things are taking longer than expected in terms of orders converting? Any sense, since a lot of things have changed in the past three months? And you also highlighted the LPG shortage is also impacting indirectly your business. So just wanted to understand on that front?

Vimal Kejriwal:

So Amit, whatever we could see, I have not seen any major or any significant delays in pipeline conversion, at least in India, definitely, okay? Middle East, while the pipeline is pretty strong, I think conversion has been taking place a little bit slower than what we would have liked it to be, to be very honest.

But there's a strong pipeline, and we have had repeated meetings and we've been called by the clients saying they are going to order and you need to strengthen and we are going to have rehabilitation and redundancy jobs, etc., coming up. So that part has been a little bit slow in terms of conversion, not in terms of pipeline.

India, I think what is happening in the India piece is, one is if you look at the last year, H1, there was a slowdown in T&D at least that has now been made up in H2. And with large HVDC projects, which are spanning over 48 months, etc., people were not that quick in awarding, which has now started happening, okay?

So I'm not seeing anything, honestly, any major change in the pipeline conversion. But what we need to understand is the pipeline, if you look at Civil, residential, we have not seen any slowdown. Right now, we are negotiating pretty large numbers, large number of orders -- tenders we are negotiating.

Where we have seen a comeback has been on the automotive side, okay. We are L1 in a large - - with a large customer, I would like to say, we are discussing other tenders also and metals and mining. And that has been the trend. Metals and mining was for the last one year, we have not seen any other major industry coming up. So with private capex being where it is, impact, I don't think we are seeing much impact on the conversion or the pipeline.

Amit Anwani:

Right. So finally, on the 27% book exposure to Middle East, you said largely the sites are going. So I just wanted to understand pre-war and now, what is the productivity drop? And what was the revenue loss we had because of this impact in Q4? And also how are we -- since the war is still on, how are we managing our suppliers and the site execution, some sense would help here?

Vimal Kejriwal:

So Amit, we can divide it into various parts. So first of all, site execution has not got impacted, okay? Sites are all ongoing. Once in a while, I think our factory stopped for 1.5 days at the peak -- at the start of the war, but then it has been running.

Same thing has been happening on projects. Off and on, we had some stoppages at the start. Again, last one month, I have not heard of any stoppage or anywhere in any of the pieces. So that's as far as the physical part is concerned.

I think what has got impacted severely had been the supply side of it. So steel was not available, shipments from China. I have a transformer stuck in China for last three -- I think, what, two months already. So those things are even supplies from India were initially very badly affected.

But now what is happening is that the shipping routes are slowly getting stabilized, like we have been able to send quite a lot of steel now from India, and it has reached the plant, whether through

Fujairah or in Saudi, it goes through the Red Sea, and on the Western side. Slowly, slowly, it's stabilizing. The timelines are increasing, the costs are increasing, but some semblance is coming.

As far as the numbers are concerned, difficult to quantify, but I think we lost around I would say, INR380 crores or INR400 crores of revenue in Q4 because of this slowdown. And also we were not able to dispatch a lot of material, which was lying in our Dubai factory, so which led to an increase in our working capital as well as on the borrowing side, which has now – which has – part of it has gone, part of it is now going. So there will be some impact. I don't think it should be as severe as Q4, but there would be some continuing impact definitely in Q1 also.

- Amit Anwani:** Thank you, sir. Thank you so much. And all the best.
- Vimal Kejriwal:** Thanks, Amit.
- Moderator:** Thank you. The next question is from the line of Vaibhav Shah from JM Financial. Please go ahead.
- Vaibhav Shah:** Yes. Sir, on net working capital and debt, how are we targeting for FY '27?
- Moderator:** Sir, excuse me, sir. Mr. Shah, may I request you to kindly use your handset, please?
- Vaibhav Shah:** Am I audible?
- Moderator:** Yes, please.
- Vimal Kejriwal:** Yes. Better, sir.
- Rajeev Agarwal:** Better, Vaibhav.
- Vaibhav Shah:** Yes. Sir, on net working capital and debt, how are we targeting for FY '27?
- Vimal Kejriwal:** So I think the way we have been looking at it, Vaibhav, is that we are targeting an overall reduction of almost INR1,000 crores in the debt. But -- and the way we are looking at INR500 crores should happen by end of Q2 and another INR500 crores by the end of the year. That's the way we are looking at it. Rajeev, any views on that?
- Rajeev Agarwal:** No.
- Vimal Kejriwal:** Yes, I think that's...
- Rajeev Agarwal:** H1 should be around INR6,000 crores...
- Vimal Kejriwal:** So H1 should probably be -- by end of H1 should be around INR6,000 crores is what Rajeev is saying.
- Vaibhav Shah:** By year-end, it should be around INR5,500 crores?
- Vimal Kejriwal:** INR5,500 crores, yes. Yes, absolutely.



- Vaibhav Shah:** Okay. And sir, on working capital days?
- Rajeev Agarwal:** 110 days.
- Vimal Kejriwal:** 110 days.
- Vaibhav Shah:** So you mentioned that there were some collections in the quarter. So if we look at the current scheme of things, sir right now, it should be somewhere around 130-odd days.
- Rajeev Agarwal:** I think roughly around that -- currently, we are at about 135 days Vaibhav, okay. And by H1, I think we should come down to about 120 days or so. And another 10 days, we will reduce in the H2.
- Vaibhav Shah:** Okay. Okay, got it. Sir, secondly, on the Civil side, we know that water execution has been impacted. But apart from water, also we have seen some weaker execution. So what are challenges we are facing? And how do you see the execution improve in FY '27?
- Vimal Kejriwal:** So Vaibhav, two things which I talked about earlier. One is labor availability has been a continuous issue, okay. So labor will continue to be a problem. I think as I said, out of our 30,000, we had 12,000, now they've gone up to 15,000, 16,000 we expect. So that's one challenge.
- Secondly, what we have also seen is that especially on the real estate side, there have been changes in plans and then there were new codes issued in the NCR, which was withdrawn after three months, but that led to suspension of some of the projects commencement, etc.
- And also on the industrial side, we keep on seeing changes happening. So we had at least, I'll say, four or five projects, where there were significant delays in revenue ramp-up. But now those have been closed, so that should start. So I think we will see a significant turnaround happening in the Civil business, I think, hopefully, from Q2 onwards because the labor is now coming back.
- So April, May will be a challenge. But by May end, we expect the labor to be back. And now most of the -- I will say, our projects have started where we are on hold for various reasons, different reasons, but they were on hold.
- Vaibhav Shah:** So we could see a 20% kind of growth in Civil revenue for this year...
- Vimal Kejriwal:** More than that.
- Vimal Kejriwal:** No, definitely. I think we are looking for more than that. We should have at least 30% or maybe more than that growth in the Civil revenues.
- Vaibhav Shah:** And order inflows for Civil?
- Vimal Kejriwal:** Right now, we are looking at around -- if I'm not wrong, around INR8,000 crores or so is the order intake target for Civil, against INR5,000 crores, which we got this year and INR2,500 crores last year.



Vaibhav Shah: Okay. Okay. And sir, lastly, what would be our JIM order backlog right now and outstanding receivables?

Rajeev Agarwal: INR1,400 crores.

Vimal Kejriwal: Receivables are around INR800 crores...

Vaibhav Shah: And the order book...

Vimal Kejriwal: So order book is around INR1,400 crores, receivables around INR800 crores.

Vaibhav Shah: Okay, okay. Thank you, sir. Those are my questions.

Vimal Kejriwal: Thanks, Vaibhav. Thank you so much.

Vaibhav Shah: Yes, thank you.

Moderator: Thank you. We'll take the next question from the line of Parikshit Kandpal from HDFC Securities. Please go ahead.

Parikshit Kandpal: Yes, sir. Am I audible?

Moderator: No, sir. Not clearly.

Vimal Kejriwal: Not very clear, but I can at least hear you. Yes. Go ahead, Parikshit.

Moderator: Yes.

Parikshit Kandpal: Yes. So my question was in this such tough environment, so one is the price increases and one is the execution. So if we execute, we lose on margins, and I think that is also preempting us not to give us any guidance on margin. So how are the clients telling us, I mean, because are they ready, like are the site clearances available?

Do you think that the clients are asking you to stop work or there is indecisiveness from the client side that you should execute? So if you can help us understand on-the-ground, what is exactly happening, which is not giving you confidence to give the margin guidance?

Vimal Kejriwal: So Parikshit, as far as on-the-ground execution is concerned, I don't think we have a single client. I'll repeat a single client who has asked us to either go slow or not execute. That's number one. Number two is on margins. I think the issue is slightly different on margins because as I said, there have been cost increases, etc., and we are talking to various clients.

So unless and until you have a clarity on what will happen with all those, then let's say, a freight has gone up. Now we are very clearly -- we are talking with all our Middle East clients and everyone else saying that this needs to be reimbursed. And in some cases, till we hear that we have not allowed the shipments to take place, which is also a reason why you're seeing a lower this.

But discussions have been going on, as I said, and some contracts, we have clear Force Majeure clauses, which allows us to pass on. So it depends upon the criticality of where we are. If the project needs the supplies to be done without delaying the project, those are being done, and we'll take it up with the client later on.

Where we have the luxury of holding it till the client gives it, you are holding at some places. But coming back to your basic question, I don't think we have been asked to hold back any execution in any project I'm saying, either in India or international.

Parikshit Kandpal:

So when you analyze your cost to completion I mean, on a quarterly basis or monthly basis, you will be budgeting and seeing it measuring the performance. So if this situation persists at the current level, largely on the steel and on the supply chain issues, so what kind of -- currently, what kind of under absorptions of margins would be happening? Will it be 50 basis points, 100 basis points? So largely if this thing persists, what kind of impact do you think we can have on the margins -- on the order book?

Vimal Kejriwal:

Difficult to quantify. But as I said earlier, see, 50% of the orders are on price variable, where most of the increases will get passed on. Of the balance, some have base metals, some have steel and different items are there. So let's take Civil. Civil, 80% is steel and cement. And that it's a complete pass-through. So it's only the labor and overheads. So it will depend upon what we are able to pass-through, what we are not able to do.

Now, whether the quantum will be 25 basis points or 50 basis points, difficult to quantify, which is why we are holding back. But do you expect it to be beyond 100 basis points? No. But whether it will be 0 or 25, 50 is something which is holding back from giving a number.

Parikshit Kandpal:

Okay. And within the segments, which segments like got impacted because of this, I mean, this will be more prone towards correction in margins if the things persist? So where are we most exposed in terms of the supply chain issues or labor issues...

Vimal Kejriwal:

So labor issues clearly in India, Civil piece, which is more exposed. We have not seen a labor problem in the Middle East, in spite of everything what is there, okay? On margin front, difficult to see where you are more -- I think very -- I think it's almost, I'll say, evenly spread. But basically, if you look at Middle East has got more supplies.

So if the logistic costs or shipment delays and all happen and if the client decides not to compensate, okay, then there could be some impact because typically around 30%, 35% of our revenues would be from supplies, okay? And if the freight cost and logistic cost goes up, see, then there could be some impact on the Middle East margins.

But we have been discussing with most of our -- in fact, all our Middle East clients and there are ways and means which are being discussed as to what can be compensated. Like one client has said, okay, I'll pay you some additional cash straight away. So those things are getting discussed.

Someone has said, okay, diesel price is going up. So most of our clients are government. So any case, the diesel price hike has gone to the government. So how do we put it back to you? So

those discussions are right now going on. How they will finally end up, I honestly do not know, okay? But as I said, impact -- I don't see an impact beyond 100 basis points in any case, whether it would be 0 or 25, I -- honestly, very difficult to guess today.

Parikshit Kandpal: Okay. So broadly, if I compare, though you're not giving any guidance, but last year with 7.1% EBITDA, so max losses that we could be muted or probably it could be somewhere in the range of 7%, on the lower side 6%, 8% on the higher, somewhere in between, we could land up for the year as a whole right now the assessment?

Vimal Kejriwal: Those are your numbers, not mine.

Parikshit Kandpal: Okay, sir.

Moderator: Thank you. We'll take the next question from the line of Ravi Swaminathan from Avendus Spark. Please go ahead.

Ravi Swaminathan: Hi, sir. Thanks for taking my question. If you can give the T&D pipeline commentary for both domestic and international markets that will be great. Every year, you end up giving that?

Vimal Kejriwal: Ravi, I could not understand anything. Can you repeat or something, I think the line is very disturbed.

Ravi Swaminathan: Okay. If you can give the...

Vimal Kejriwal: Yes, now better, much better, yes.

Ravi Swaminathan: Yes, yes. If you can give the T&D pipeline commentary that is there both for international and domestic markets, that will be great. Every year you end up giving it...

Vimal Kejriwal: So the pipeline we have is for the next three months, which will be around INR70,000 crores divided equally between India and international.

Ravi Swaminathan: Okay. And how it would have been compared to last year, sir?

Vimal Kejriwal: It's almost similar in that sense. Overall, for the quarter, it has been similar. Overall, it keeps on moving a little bit like one HVDC project will increase by INR25,000 crores. That's the way it's happening. Saudi has got some large HVDC also if they announce and then the pipeline will move significantly.

Ravi Swaminathan: Got it. And a slightly long-term question on the India power transmission capacity. This is more like a layman kind of understanding that I -- from a point of view that I'm asking this question. FY '26, around 50 gigawatts of solar capacity would have been added and that would have been the highest in the history.

And to achieve a target of around 300 gigawatts by 2030, we need a linear addition of 40 to 45 gigawatts only. So is there a scope for transmission work to increase further over the next two, three years? Where is that calculation, which will show the growth here?

Vimal Kejriwal:

No, you're absolutely right, Ravi, and you're not a layman. So let me just say one thing that there is a huge pressure. And if you look at the numbers, and I think you have a Power Grid conference also after this. So I think that there's a huge pressure on -- first of all, on completing the existing projects.

In fact, one of the reasons which I did not want to say for now that you're provoking me to saying is that a lot of our resources are all diverted towards completing lines to release the grid lock. And because of that, a lot of new lines where I would in the normal course would have started work are actually slight -- I'll say, put on hold because the resources for clearing ROW and other things are limited from our side as well as the client side also.

And it's not limited to Power Grid. It also applies to all the private sector, where we work with virtually every large private sector client in the T&D sector. And this issue of ROW and all continues everywhere. So I think we are clearly seeing that transmission and with our discussions with the authorities is that, with all the flags they have drawn on grid lock, etc.

There may be some advanced construction also starting to happen, where you start building in redundancy, especially in areas of Rajasthan, Gujarat and now towards the south also, Karnataka and all, I think we are doing seven or eight projects in that region now.

So clearly, we are going to see a lot more work happening on T&D and also on the substation side for grid stability and the battery storage also because you are looking at INR1, INR1.50 power price in the day and INR10 touching in the night. So a lot more stabilities will also have to be built in the system.

Ravi Swaminathan:

Got it, sir. Yes, thanks a lot.

Moderator:

Thank you. The next question is from the line of Ashwani Sharma from Emkay Global Financial Services Limited. Please go ahead.

Ashwani Sharma:

Yes, Hi, sir. Good morning and thank you very much for the opportunity. Sir, my first question on the order inflow and pardon me if I missed it. You talked about INR30,000 crores kind of order inflow. Can you split it in terms of segments, sir, T&D, Civil and others?

Vimal Kejriwal:

So what I said Ashwani, was I can't give you exact numbers of what is that. But out of INR30,000 crores, we said roughly around 60% would be T&D, so around INR17,000 crores, INR18,000 crores is what we are targeting in T&D and around INR8,000 crores in Civil. And the rest would be split between our cable business and renewable and railways. That's the way we -- the broad breakup.

Ashwani Sharma:

Okay. Thanks for the clarification. Secondly, sir, again, on the supply chain, especially on the LPG side. So on this side, are we looking at other alternatives, any other options just to continue the operations?

Vimal Kejriwal:

No, no. So first of all, our operations have not been impacted in the sense of our factories, if you're looking at that, because fortunately, we had multi-fuel and other arrangements. So we are

okay in our operations. But what I had said was two different -- two things. One was we are seeing some impact on the vendor side, which I think by now is now getting normalized.

People have made other arrangements because I remember in March, a lot of supplies got deferred because many of our vendor plants were having a problem in terms of hardware, in terms of insulators, which were dependent on LPG. Now people are making alternate arrangements. So it's truly falling in place.

The second major issue which we had was all the labor colonies, which anyone has, whether we or anyone else is always dependent on LPG. So there was a major shortages of LPG resulting many workers going back. I think there, obviously, you are now shifting to electrical, people are now shifting to wood and all that. So -- but all arrangements are being made, but obviously, it is not as efficient or as environment friendly, at least for wood and all that. But slowly, slowly, it's slowly falling back.

It's still a bit of a challenge to get this. And also added to that is a little bit of a challenge on transportation and diesel supply. Although in Mumbai and all that, we don't see that happening. But if you go to different areas, you do have seen queues of trucks and all that. So there has been some impact on logistics, which I think hopefully will get settled.

Ashwani Sharma: Okay. And finally, sir, if you can give me a capex number for FY '27?

Vimal Kejriwal: '27, we should be -- I think it will depend upon what is happening, but we had targeted around INR400 crores, okay?

Ashwani Sharma: Okay, all right, INR400 crores.

Vimal Kejriwal: Yes.

Ashwani Sharma: Thank you very, sir.

Vimal Kejriwal: Thanks, Ashwani. Thank you.

Moderator: Thank you. The next question is from the line of Anuj Upadhyay from Investec. Please go ahead.

Anuj Upadhyay: Yes. Hi, sir. Thanks for the opportunity. My first question is basically on the solar EPC plants. So like last year, we did around 1 gigawatt of an EPC. But currently, I don't see any kind of an order coming in from the solar EPC side. So how has been our experience over there? And are we still active. So, secondly on the wind side. So recently we have 1 gig...

Vimal Kejriwal: So Anuj, we are definitely still looking -- looking at orders in the solar. However, what has happened is that if you look at the last six months, with the IPO boom, there were too many solar companies coming into the market, and they had significantly like what had happened on the road sector, etc., significant undercutting of pricing had happened, especially on the government tenders like NTPC and NLC, etc.

So virtually, that market is right now shut for large players. Virtually, I'll say that the large markets because you have seen too many small time EPC players getting into that market. So basically, our market is now focused on the private sector and the two wind projects, which we announced and we are welcoming some more orders.

They are more because on the wind side, if you look at it, there are not too many large EPC companies. So our focus has, in a way, shifted more towards wind. But solar, we have been bidding for and working with some private clients. And I think hopefully, this year, we will have some more projects coming in on the solar side also.

Anuj Upadhyay:

Fair point, sir. And similarly, how have been the experience on the wind? I know it's quite recent that we have won the bid. But overall, if I see the wind market relative to the solar is much smaller. And then in wind, we have two or three notable players who are actively getting -- or are present in the EPC space. So how big this opportunity could be? And what could be the sustainable margin over here?

Vimal Kejriwal:

I think we are clearly seeing a lot more focus on wind, okay? Otherwise, for me to get a major order in wind would have been difficult because we did not have a prior experience. But people are finding that wind, especially when -- if you look at what is happening on the grid lock and the power situation where in the night, we have a shortfall shortage and day we have surplus power, where plants are being back down.

There is a clear view that many people have burned their fingers on solar, where 60 gigawatt of back down, etc., is happening and wind is a more perennial resource. So we are clearly seeing a lot of people now shifting to wind. The other advantage in wind you have is that you don't need to have all your turbines adjacent to each other.

In solar, your entire land block has to be en masse, one together, which is a lot of land acquisition and other issues are happening. Wind in a way, you put one turbine, the next turbine can be half a mile away. So it doesn't increase your cost too much. So solar, you cannot do that. So I'm seeing that execution of wind and all that is relatively easier for the developer also. So I think we are seeing a shift happening more towards wind, especially on the private side.

Anuj Upadhyay:

Got it, sir. The next is on the T&D side. So you do mention that the ROW challenges still persist. While Power Grid in the last meet, they mentioned that the government has -- certain of the state government has approved them to procure land on a market basis versus the circuit rate earlier. So post that change, hasn't there been any kind of an improvement happening related to the ROW issues or the challenge still persists across the state?

Vimal Kejriwal:

I think the challenge still persists. Very clearly it persists. And I think you have to understand a couple of things. So one is, let's say, you do a substation where you acquire the land and you pay the money and it gets closed. In transmission, you are still acquiring the right to use. And that is always relative, saying how much money you want to pay, what is the right to use because the land does not get transferred to the developer.

The land still remains with the farmer. And although, we are talking about market, but that's a moving target. And what they have done is you need to form a committee where there is a village guy and other people and all that. And unless there is the committee may or may not agree to a settlement, then it goes back to the District Commissioner rule and settles, etc.

So it's a long-drawn process and it is helping in resolving at the end of the day, not at the start of the day. So after all the problems you have, you then get it resolved. So is it expediting the process? I am not so sure, honestly.

Anuj Upadhyay: So fair point, sir, And lastly, on water collection, sir. Any states where we are seeing marked improvement happening? What our expectations are on the collection side?

Vimal Kejriwal: So we are in limited number. We are only in two states, Odisha and MP, and we have got reasonable collection from both the states. So I think that way, I would not like to say whether there is a marked improvement or a marked deterioration. What last two years or whatever we have been getting INR50 crores, INR60 crores per month is what we keep on getting, one month from Odisha, one month from MP. So there's no either improvement or deterioration, let me put it this way.

Anuj Upadhyay: Fair point, sir. That's very helpful and thanks for the opportunity.

Vimal Kejriwal: Thanks, Anuj. Thank you.

Moderator: Thank you. The next question is from the line of Sandip Sabharwal from Asksandipsabharwal.com. Please go ahead.

Sandip Sabharwal: Hi, Vimal ji, I hope you are doing well?

Vimal Kejriwal: Sandip, good to see you.

Sandip Sabharwal: So as you know, I've tracked the company for, I think, decades now.

Vimal Kejriwal: I know.

Sandip Sabharwal: Last three years – last three years, we've been seeing a scenario where every year, beginning of the year, like this year, obviously, you're not giving a margin guidance. I know because of uncertainty. We've been looking at margin improvement, some historical projects getting over, deleveraging, etc.

But I think the debt levels have actually trended up and the margins have not improved. So I think beyond this phase where, let's say, this Middle East crisis, when it will end your guess and my guess is as good as anyone else's. But subsequently, in a normalized scenario, like when do we see the things actually moving towards a scenario where you move back to near double-digit margins and you actually have the deleveraging cycle play out?

Vimal Kejriwal: So Sandip, I think it's a valid question. If you look at what is happening, at a point of time, we had thought that T&D business will plateau and which is why we wanted to have a couple of

other legs to stand on. And that's where we have decided to focus on railways and Civil. Now Civil, this is our sixth or seventh year, okay? And now we have reached a reasonable size. I think there was -- there is a steep learning curve.

Also, we decided to grow it organically rather than, let's say, spending INR5,000 crores in inorganic growth. And I think today, we have sort of reached the end of our investment part, where you are investing to get PQs, acquire capability, etc. So if you look at some of our competitors in this industry also, many of them have taken seven, eight years to reach a respectable level in the Civil business, okay?

So I think to me, Civil is now turning around. We are beyond now -- I think we are past the learning curve. Also, what had happened was that we had picked up a few metro projects because that was supposed to be the thing at that point of time on the metro elevated projects.

Fortunately, at least three out of the four are completed and fourth one will get completed now, which will help us in working capital also. To me, I think Civil will now turn around this year onwards. So I think we should be seeing some uptick getting contributed by Civil, but it will also contribute a large number to the revenue, which will help us in managing our leverage.

Railways was unexpected. We were expecting it to grow significantly, but somewhere down the line, someone took a decision saying that all the railway projects will now be done by the divisional railways, not the PSUs like RVNL or anyone else, okay? And suddenly, the bottom fell out, because now instead of having three clients, we ended up with 18 clients and then making them understand commercial terms, EPC terms became a nightmare.

So virtually that entire -- and also electrification got over, which was also our forte that time -- at that point of time. So that business is getting run down, except for technological part, where we're talking about KAVACH, and Signaling, and also on the tunnel ventilation and some part of metro.

So that, I think, will probably take a year or so further to stabilize and then we will take a call on what we need to do. Although, we are now working on the international market. So coming back to your basic question, I think this year, we'll have to see what happens on the West Asia and other pieces and all that.

Next year onwards, I think we'll clearly see an uptick happening on the margin side. When do we reach double-digit is a million-dollar question. I will probably not be able to answer today, but that's also our ambition and our aspiration that we reach it as fast. Can we do it next year? It looks difficult to me, okay, and Sandip, what also happens is that this business, most of the projects will be at 7, 8, 6, 7 sort of margin, then you end up getting at least 3 or 4 very large projects with large margins.

So it's also a question that if you today get two projects which are difficult, but which are very high margin, you're able to execute. The entire margin levels gets pulled up. So maybe I think we'll have to wait for another year or so before we look at double-digit. So maybe FY '29 or

something or -- very I don't know very difficult to talk about it today. I hope I have been very frank and open with you.

Sandip Sabharwal: Yes, I understand. So I think a lot of things you addressed. So just a point of view from my side, like maybe it's time to just focus on not on growth per se, but on improving the balance sheet first. And then once that gets addressed, then I think the other things fall into place. But obviously, it's your business, you need to decide on how you need to proceed? Thank you.

Vimal Kejriwal: So I think, Sandip, that has been a question which is getting debated everywhere, including in our Board on growth versus margin. It's a very tough decision to take, okay? And earlier, we have been doing that. And I think that's something which we are again -- in fact, we had a Board meeting day before and this discussion also again happened. So we are revisiting this part and saying that, should we look at slowing down the growth and look at more.

But if you look at what I said at the start of the conference, we have changed our order intake, the way we are doing order intake. So like we have stopped taking any order which has got any negative cash flow at all. And I'm saying in the life of the project, okay?

So we have let go -- that's why when you look at my order intake to our execution ratio, it's one of the best in the industry because we are looking at very clearly focused, so I think that thing is happening. So you don't see a major growth happening in the order intake or on the order book, but revenue is growing. I think your point is well taken. We will keep that in mind. It's a point of discussion already with us.

Sandip Sabharwal: Welcome. Thank you.

Vimal Kejriwal: Thanks, Sandip. Thanks a lot.

Moderator: Thank you. The next question is from the line of Arafat Saiyed from Dolat Capital. Please go ahead.

Arafat Saiyed: Hi, sir. Thanks for taking our question. Am I audible?

Vimal Kejriwal: Yes, Arafat. Go ahead.

Moderator: Yes.

Arafat Saiyed: Yes. Every time you supposed to give, let's say, order pipeline across the segment. So is it possible to quantify that?

Vimal Kejriwal: I thought I gave the order intake pipeline. I said INR30,000 crores...

Arafat Saiyed: T&D, earlier you used to give, let's say, around INR1,80,000 across segments. So if you can quantify, let's say, apart from T&D, also on Civil and other infra part.



- Vimal Kejriwal:** So I think I don't have the exact number, but what Abhishek is saying, is almost INR50,000 on the balance INR1,80,000 on Civil side. If I'm not wrong, INR25,000, INR30,000 is on the renewable side.
- Rajeev Agarwal:** And then Railways.
- Vimal Kejriwal:** Railways, it's not -- I don't think we have a large order intake target also. So it's okay.
- Arafat Saiyed:** Okay. And sir, secondly, on net working capital days, I know it has increased to almost 137 days as of now FY '26. And you also said that you're getting -- supposed to get some money from the Saudi for the retention project, which is now completing. So any target in your mind that what would be your net working capital days by end of FY '27?
- Vimal Kejriwal:** I thought we said 110 days.
- Arafat Saiyed:** Okay, okay. And lastly, sir, let's say, how you think -- how you see the Middle East crisis now? I think it will get over in the next quarter or two. So are you seeing, let's say, large tendering pipeline will start again from the H2 onwards? Or it will remain, let's say, muted for some more time? Let's say, how do you see that piece?
- Vimal Kejriwal** So Arafat, it is not muted today. There's a large tender pipeline of almost INR35,000 crores even today on this. And as I said earlier, we expect it to go up, because for most of these people, I'm very clearly seeing that transmission is very essential. What cut down may happen, could be on non-essential part.
- Also oil at INR110 and all that. They're all making a lot of money. Let me put it this way, because the quantity has gone up, but the price has shot up. And also with our discussions, the clients have called us in all the countries, Saudi, UAE, Oman, and they have very categorically told us that the business will go up.
- So please ensure that – you actually beef up your presence. So see, one is rehabilitation, one is redundancy. There will be a lot of rebuild happening, data centers, etc. So I'm very clearly seeing a lot of opportunity. And let's say, extremely today, all the sanctions on Iran are removed, then Iran will become a very large market.
- Arafat Saiyed:** Correct. Thanks. Yes.
- Vimal Kejriwal** Thanks, Arafat. Thank you.
- Moderator:** Thank you. The next question is from the line of Bhavin Modi from Anand Rathi. Please go ahead.
- Bhavin Modi:** Hi, sir. Thanks for giving the opportunity. So my first question is out of the six segments in FY '26, only the two segments showed the growth and the four businesses showed the degrowth. So where can we see growth coming from in FY '27? Can we safely assume from the Civil and the Transportation?

Vimal Kejriwal: So it will not be from Transportation, it will definitely be from Civil. Transportation may grow a little bit, but I think it will not be material. So I don't think we should assume any major growth in that. But Civil, as I said earlier, will definitely grow by 30%, 35%. That's what we are talking. And cables will definitely grow. So cables is INR2,300, it will grow at least 15%, if not more.

Bhavin Modi: And sir, since now the cable has almost touched INR2,000 crores plus, right, plus the growth that has been seen. So are there any chance to look for the strategic investment for value unlocking or something like that? Is there anything on the Anvil?

Vimal Kejriwal: That is definitely on the Anvil, but not in the near-term. What we had said, Bhavin, if you remember when we subsidiarized cables, we had said three years at point of time. So 1st January '25, around maybe '28, '29 is the year when we will look at it. I don't think right now, we don't have any plans, but it will definitely happen over maybe one, 1.5, two years later on.

Bhavin Modi: Got it. And sir, just last question, in the Civil business, there is a labor problem, which is persistent, right? So Q4 is the quarter where there's a heavy execution takes place. But now in FY '27, we will see a huge election coming in the UP. So how have you planned anything in terms of the labor?

Vimal Kejriwal: So I think a lot of things are happening on the labor front, okay? One is how do you keep the labor with you. So the major thing is that how do you give them better facilities, what else should be done? Do you can – can you get permanent labor, build labor colonies. There are a lot of things which are happening on -- plus many of the clients are now willing to pay extra money for retention, etc.

So clearly, one part which is happening is on how to get and retain more labor. The second part is how do you mechanize? Like today, we have started using plastering -- automatic plastering machines. We are now getting robots for brick-laying, etc., okay? Then how do you do painting by way of drones.

So I think the second piece is largely on how do you reduce the need or optimize the mechanization, optimize the amount of labor which you are hiring. The third piece would be on how do you get more or better formwork, which requires lesser labor, etc. And I think a lot of work is happening on that.

And the fourth piece would be on substantial skilling and training. I think we are working with some people. We are working with Power Grid. We are working with a lot of other people on trying to see how do you skill labor and upgrade the require the needs from just being an ordinary labor to a mason or getting into from a normal carpenter into the aluminum formwork, etc.

I think so on four or five different fronts, not only we, the industry and everyone is trying to work and see, how can we retain labor, how can we mechanize more, what else needs to be done. I think it's becoming a burning issue. And if you look at anyone, whether it is L&T or anyone else, everyone is facing this issue and everyone has been trying to tackle it jointly.



Bhavin Modi: Got it. Sir, my question is when we see – we'll see the growth in the Civil, so I assume we have almost factored in in case there's a labor disruption due to UP election. And secondly, sir, how we should look at data center business in the Civil side, both internationally and domestically? So are we seeing a good traction coming in the DC side?

Vimal Kejriwal: I think DC side, we have seen a lot of announcements happening, and that will slowly start getting converted into orders now, okay? Like Andhra Pradesh, there's a large data center announced. Reliance has been talking -- so many people have been talking about it. So I think it's a matter of time that those start getting converted from drawing board into physical orders. People are talking. I think the orders will start coming in.

As far as the question again on AOP and etc., I think I also talked about getting into a little bit of infrastructure, where it's much more mechanized. You want to do an underground, you'll get a TBM and doing, you don't need that many workers and all that. So I think the focus is also shifting on looking at what sort of business you can do with lesser labor.

And third part, which we have not discussed earlier has been that in oil and gas, we already in international market. Civil also, we have been looking at something on international, especially on the water front, etc. So that is also a part -- some part would come in from there, where we don't see a labor challenge.

Bhavin Modi: Got it. Got it. Thanks, sir.

Vimal Kejriwal: Thanks, Bhavin. Thank you.

Moderator: Thank you. The next question is from the line of Saket Kapoor from Kapoor Company. Please go ahead.

Saket Kapoor: Yes. Namaskar, sir.

Vimal Kejriwal: Yes, Namaskar, Saket ji.

Saket Kapoor: Sir, to be very brief, as you spoke about the vagaries of labor and then upskilling from our side. Sir, the implementation of the new Labour Code, how do we see the cost for us for the labor moving up or what should be penciling in terms of the incremental increase just because of that on a quarterly basis? How should that pan out?

Vimal Kejriwal: See, this year we had provided around INR59 crores, which would provide for basically more for the managers than everyone. Okay. And now there is no longer any impact on that. In workers, you're already paying them almost 100% as salary, so we have not seen any significant increase in the labor cost on account of that. The Issue was where your basic salary very less. So whenever the basic salary was related 20% of your CTC.

And now Gratuity Act is saying, maybe 50%. So on those places – so it's more at managerial level, where the salary was structured. For workers, if you look at the factories, 90% is the basic wage. So, I don't see a major impact on the construction side or that side. It will be a little bit,

but it will be absorbed in the contract price. The major impact of this will be your minimum wages, wherever they increase, it has a greater impact.

Saket Kapoor: Okay, sir, because what we have seen is the unrest across many parts of the country, especially with the case at Noida that was just pertaining to this Labour Code issue, I think, so. So, since we are labor intensive, does this create any hindrance or any risk for our margins?

Vimal Kejriwal: Saket ji, my understanding is that it was not from the Labour Code it was basically on overtime payment and all that. See, typically what happens when a worker leaves and comes, he wants to get a 12-hour payment. He doesn't come for 8-hour work. And the 4-hour overtime payment should be double the rate. That is the way it continues.

So I think there the issue was that they were working -- what I read in the newspaper, I don't know if it right or wrong that you are working for 12-hour or 10-hour but you didn't get the money for overtime. That was the discussion. It was nothing to do with Labour Code and all that.

That's my understanding. And it happened in a couple of other places as well. Basically, what happens with workers, they are leaving their homes and coming, they don't work for 8 hours, they have to work for 10-12 hours. And according to that, you give money. That was my understanding of the whole issue. Labour Code was not a -- yes, Saket ji?

Saket Kapoor: Yes, sir. Just to conclude, two points. Firstly on the EHV cable capacity addition, sir. What is the scenario play-out according to the demand supply of EHV cable in the country? And JJM scheme, sir, after March, how are the receivables declining? For April and May, our receivables are down by what amount? If you could give just some color whether it has improved or not?

Vimal Kejriwal: I don't think it has improved, Saket. The JJM continues to be where it is. The same INR50 crores, INR60 crores, INR70 crores that we have, that's how much we get. That's how much we are executing. So when will the receivable improve when the project is about to end or the government pays double the money of what they are paying today?

I don't see that happening in the near future. It's not happening yet. Now that the cabinet has approved it, it will have some effect and when the money comes, that's a different story. The receivables are not increasing. They are not decreasing either. The money is coming, the work is being done.

Moderator: Thank you, sir for answering those questions. We'll take the next question from the line of Mihir Vyas from 9Rays EquiResearch. Please go ahead.

Mihir Vyas: Thank you, sir for the opportunity. I just wanted to ask any update on the Power Grid issue? I mean when can we expect the orders to start flowing in from Power Grid side?

Vimal Kejriwal: So we have a time line, which I think is getting over in August also. So from September onwards or October onwards, it should start getting. Although, we are still representing with them to reduce it. But as of now, I think the earliest we can expect would probably be October or so



because you start bidding in August and you get the orders. So maybe a month or so more after that.

Mihir Vyas: Okay. And any potential order book, which we can expect from their end?

Vimal Kejriwal: Too early to say. At that time, what tenders are open at that point of time and all that will depend upon that.

Mihir Vyas: Okay, sir. And sir, as you said, just steel and labor are the factors which shall affect the margin. Any -- as you have discussed a lot on the labor side, any same color for the steel?

Vimal Kejriwal: So steel definitely has gone up. But I think what has also happened in the last one or two weeks, the steel prices started coming down again INR10,000, INR12,000 was big, INR3,000 is less already. And we are seeing because ultimately, we are all talking about that demand is coming down, projects are not coming. So at the end of the day and once you are approaching near monsoon now, even automatically steel prices come down.

So the same thing will happen. I don't see steel prices being a major spoiler in the market. And also what has happened was that in many of our orders, which we are now executing had been taken at a higher steel price. So what has happened is that, although the steel prices have gone up, we are, in many cases, still within our tender estimates and all that, notwithstanding the increase. But if you earn a little extra, it will go down.

Mihir Vyas: Okay, sir. Thank you, sir. Thank you so much.

Vimal Kejriwal: Thanks, Mihir. Thank you.

Moderator: Thank you. As there are no further questions, I now hand the conference back to Mr. Vimal Kejriwal for closing comments. Thank you, and over to you, sir.

Vimal Kejriwal: Thank you, everyone, for your continued interest in KEC. Thanks. Thanks, Michelle. Thank you.

Moderator: Thank you, sir. Thank you, members of the management. On behalf of KEC International Limited, that concludes this conference. We thank you for joining us, and you may now disconnect your lines. Thank you.