



“KEC International Limited
Q4 FY '25 Earnings Conference Call”
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Moderator:

Ladies and gentlemen, good day, and welcome to KEC International Limited Q4 and FY '25 Earnings 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.

I now hand the conference over to Mr. Vimal Kejriwal, Managing Director and CEO, KEC International Limited. Thank you, and over to you, sir.

Vimal Kejriwal:

Thanks, Steve. Good morning to all, and welcome to the Q4 earnings call of KEC. Let me begin with an overview of our overall performance and then go into the specifics of each business segment and our key strategic initiatives. FY '25 has been a landmark year for KEC. This year marks a significant milestone as we celebrate eight decades of excellence.

It has also been a defining year with the introduction of our purpose statement, We Transform Lives by Building Sustainable World-Class Infrastructure. This purpose serves as our guiding star shaping our strategy, driving our actions and inspiring our vision for the future. Today, KEC stands proud as a US\$2.6 billion global EPC powerhouse operating across eight diverse SBUs, spanning 110 countries and managing over 275 active projects. The backbone of our success continues to be our people, more than 7,500 KECians from over 40 nationalities.

Coming to our financial performance. We have achieved record-breaking revenues, highest ever profitability, historic order intake and substantial reduction in debt levels. Additionally, we successfully executed various strategic initiatives and developed niche capabilities across our businesses, positioning us for sustained growth and value creation. In Q4, we delivered the highest ever quarterly revenues of INR6,872 crores, a solid growth of 28% sequentially and 11% Y-on-Y.

Our T&D business, both India and international, renewables and cable businesses have delivered commendable performances during the quarter. Our profitability continues to demonstrate healthy momentum with margins steadily improving quarter after quarter. We delivered an exceptional growth of 39% Y-o-Y in EBITDA with EBITDA margins for the quarter improving by 150 basis points vis-a-vis Q4 FY '24 to 7.8%.

The bottom line has also seen remarkable growth with PBT and PAT, both growing by 77%. Our PBT margin witnessed a significant increase of 190 basis points compared to Q4 FY '24, reaching 5%, while the PAT margin expanded by 140 basis points, standing at 3.9%. On the order intake front, we maintained a strong momentum, securing new orders of over INR5,700 crores during Q4, largely anchored by our T&D business.

Through concerted efforts, we have made significant improvements in our debt levels and our balance sheet. Our net debt, including acceptances, has decreased by over INR500 crores to around INR4,558 crores as on 31 March, '25, despite the revenue increase of around INR2,000 crores which is 10% Y-o-Y. If we compare it against the last quarter of December '24, the borrowings have been reduced by INR1,000 crores. The reduction in our debt levels has also resulted in substantial improvement in our leverage ratios.

Net debt-to-EBITDA has come down to 3x and net debt-to-equity has improved to 0.9x from 1.2x last year. We have also made progress on the working capital front. Our net working capital has improved by 12 days, now standing at 122 days as on March 31, 2025, down from the peak level of 134 days in December.

We anticipate this positive trend to continue, driven by higher collections, commercial closure of ongoing projects and a gradual shift in the order book composition, particularly with an increasing share of T&D projects, which inherently have a better working capital profile. This healthy reduction in debt is also translating into lower finance costs. Interest for the quarter has declined to 2.5% of revenue, marking a reduction of 70 basis points compared to Q3 FY '25.

Now coming to the annual performance. We achieved a healthy revenue growth of 10%, delivering the highest ever revenue of INR21,847 crores for the full year. This growth was primarily driven by our T&D businesses, both in India and international as well as strong performance in the renewable and cables businesses. In terms of EBITDA, we have delivered a substantial growth of 26% Y-on-Y. EBITDA margins have expanded by 90 basis points to 7% vis-a-vis 6.1% last year.

PBT has improved by 71%, whereas PBT margins went up by 120 basis points to 3.3% from 2.1%. PAT has increased to INR571 crores against INR347 crores of FY '24, implying a growth of 65%. It is noteworthy that the increase in PBT and PAT is much higher than EBITDA, owing to reduction in both interest and depreciation and a reasonable ETR. While our revenues and profitability could have been higher, they were tempered by a conscious slowdown in the execution of water projects due to delayed client payments as well as persistent labor shortages and some continuing supply chain bottlenecks in the T&D business.

On the order intake front, we bagged a robust order intake of INR24,689 crores, a stellar growth of 36% Y-on-Y. This is largely in line with our guidance for the year. Notably, a substantial quantum of over 70% of this order intake has been secured by our T&D business across India and international markets. We are actively working on various aspects to enhance the quality of our order book.

Given the better margins and healthier cash flows in T&D, we strategically raised hurdle rates and tightened cash flow criteria for some orders in non-T&D businesses, which led to a calibrated order intake in those segments. Additionally, to strengthen operational control, we have deliberately shifted focus towards securing fewer but larger EPC orders, increasing the average order size from INR200 crores last year to INR325 crores this year. This strategic move towards high-quality orders enables sharper focus on cost efficiency and execution excellence.

We closed the year with a well-diversified and strong order book of INR33,398 crores. We are happy that the order intake trend continued in FY '26 with new orders of over INR2,000 crores announced till date across T&D, Civil and Cable businesses. The Civil business has marked its entry into the promising semiconductor segment with a significant order from a new client and further strengthened its order book in the metals and mining segment with a repeat order for an upstream project in a steel plant.

The T&D business continues to strengthen its order book with significant wins, especially in the domestic market. Additionally, we have a large L1 position of over INR4,500 crores, primarily in the T&D business.

With this, the current order book plus L1 position stands at over INR40,000 crores, which gives us visibility for the next 6 to 8 quarters. Considering the substantial improvement in performance, sizable order book and ongoing confidence in strategy, the Board of Directors have decided to recommend a dividend of 275%, that is INR5.50 per equity share on the face value of INR2 each.

Now let me talk about specific businesses. Our T&D business has delivered an outstanding performance, achieving a milestone revenue of INR12,833 crores for the year, a remarkable growth of 23%. The growth has been delivered on the back of robust execution across both domestic and international markets. Our strong execution is evident from our order book to revenue ratio of 1.5x, which is one of the best in the industry.

The business has significantly expanded its order book with significant order inflows of close to INR18,000 crores across India, Middle East, Americas, SAARC, Africa, East Asia Pacific, CIS and Australia. In India T&D, the business witnessed good traction as it secured orders of over INR7,200 crores, a robust growth of more than 20% vis-a-vis last year. We have considerably strengthened our order book with a series of strategic wins, including multiple transmission lines and substation projects from Power Grid Corporation of India and private developers.

During the year, we also achieved two important milestones, securing our first-ever STATCOM order, representing a strategic advancement in the substation value chain and strengthening our position in the HVDC space. Currently, we are executing an HVDC converter station project spread across three locations and 3 HVDC transmission line projects. Additionally, we are bidding for more HVDC projects both in India and the overseas market. In a proud moment, we successfully commissioned two digital substation projects of 765 kV and 400kV/ 220 kV GIS at Navsari, Gujarat, the first of their kind in India and largest in the world.

On the international T&D front, we continue to strengthen and broaden our global presence, recording order wins exceeding INR8,300 crores, which is more than double the intake compared to last year. A major highlight was the string of high-value orders secured in the Middle East across Saudi Arabia, UAE and Oman. During the year, we secured our largest ever international substation order from the UAE, reinforcing our presence in the global substation EPC space.

With the growing emphasis on localization of supplies in the Middle East, our manufacturing facility in Dubai provides a competitive edge by meeting local content requirements and offering procure advantages. The business also bagged a landmark tower supply order from Australia, reflecting our strategic focus on expanding and diversifying our tower sales footprint across global markets beyond Americas and the Middle East.

In SAE Towers, the business achieved profitable revenues of INR1,325 crores for the year, degrowing by 8%, primarily due to the steep depreciation of the Brazilian currency against U.S.

dollar by almost 15% over the last 1 year. The business is witnessing significant traction in order inflows with inflows surpassing INR2,300 crores, an impressive growth of more than 2.5x. These orders for the supply of towers, hardware and poles span across the U.S., Mexico and Brazil.

A noteworthy milestone was the successful supply of hardware products to the U.S. market from our Brazil factory, paving the way for future business expansion in this high potential geography. The business now boasts a healthy order book and L1 position exceeding INR2,300 crores. We have successfully managed to reduce our debt by 25% to INR300 crores from March '24 levels in SAE.

With a robust order book and a sustained increase in tendering activity in the T&D segment, we embarked on a debottlenecking and capacity expansion initiatives for our tower manufacturing plants with minimal investments. We have now completed capacity enhancements at our Dubai, Jaipur and Jabalpur plants in India. With these strategic upgrades, our total tower manufacturing capacity has increased by 46,000 metric tons per annum, rising from 422,000 to 468,000 metric tons. This positions us strongly to cater to the growing demand for transmission infrastructure, both domestically and in the international market.

The outlook for the T&D sector remains highly encouraging, driven by strong tendering activity across domestic and international markets. In India, the push to meet the country's ambitious target of 600 GW of nonfossil fuel capacity by 2032 is driving continuous investments in transmission lines, substations and underground cabling.

On the international front, we continue to see promising opportunities across regions such as Middle East, Africa, CIS and the Americas. The Middle East is witnessing strong traction in the T&D sector as countries like Saudi Arabia, UAE and Oman build regional interconnections and scale up transmission to meet national electrification and renewable energy goals. The record order book and L1 in T&D of over INR24,500 crores, we are confident of delivering significant growth in this business.

Our Civil business has achieved revenues of INR4,483 crores for the year. As mentioned earlier, the growth would have been higher, but for the deliberate moderation in the progress of water projects, primarily due to the delayed client payments and the ongoing labor shortage. Despite these headwinds, the business achieved significant milestones, particularly in the metro segment.

We have successfully handed over the entire viaduct for both our metro projects with Delhi Metro. Similarly in Chennai, the entire viaduct for the Chennai Metro ECV 02 project has been handed over and successful trial runs have commenced. In the last metro project on CMRL ECV 03, construction is progressing well with partial handover expected in the next quarter.

On the order intake front, the Civil business strengthened its portfolio with new orders exceeding INR2,400 crores during the year. These orders span diverse sectors, including industrial, residential buildings and defense. We have also made progress in diversifying our customer base, onboarding several renowned clients in the industrial and residential segments. Aligned with our commitment to future-ready construction and addressing the persistent challenge of

labor shortages, we are actively adopting new age technologies and agile construction methodologies such as the use of cut and bend steel precast elements and composite construction.

Further by integrating advanced digital tools such as building information modeling, BIM, asset tracking and management systems and concrete management systems, we are positioning ourselves at the forefront of technological innovation in the construction industry.

Looking ahead, we are encouraged by a very promising start to the year in our Civil business marked by strategic order wins. Execution momentum is gradually picking up in water projects as the payments are being released in both the states of Odisha and Madhya Pradesh where we are present. We are actively pursuing international opportunities and witnessing a strong pipeline of inquiries, particularly in the buildings and factories segment. with a robust order book and L1 position of over INR10,000 crores. We are confident that the Civil business will continue to be a key growth driver for us going forward.

Our transportation business has achieved a revenue of INR2,112 crores for the year, degrowing by 32%. The business continues to make steady progress in physical completion of projects across segments. A key milestone was the successful physical execution of our first TCAS project under the Kavach system. Over the course of the year, we have enabled Kavach system across 270 route kilometers.

Another major highlight has been the commissioning of trial runs in 3 metro projects from Mumbai Metro, Ahmedabad Metro and Delhi Metro, where we were executing OHE and BLT projects for these metros. We remain cautious in our approach to order intake in this sector, considering the margin profile, the working capital scenario and the execution dynamics of this business.

During the year, the business has secured orders of around INR2,200 crores, including maiden orders in the ropeway sector and gauge conversion segments as well as prestigious orders in the TCAS and tunnel ventilation segments. Most of the orders secured this year do not involve execution of mainline tracks that require blocks from the client, a challenge we are currently facing in the completion of some of our existing projects.

The government's ongoing focus on strengthening the safety infrastructure and technological upgradation is expected to drive momentum in our transportation business going forward. We are actively focusing on international opportunities in the Middle East and Africa.

Our focus continues to be on fast-tracking project closures, optimizing working capital and pursuing select international opportunities for growth. Our cables business has delivered a record performance with the highest ever revenues, order intake and profitability during the year. The business achieved revenues of over INR1,800 crores, a strong growth of 10% with substantial improvement in profitability.

As previously communicated, in line with our vision to unlock value and create a sharper business focus, we successfully transferred the cables business to our wholly owned subsidiary, KEC Asian Cables Limited, effective January 1, 2025. Our commitment to product diversification and capacity expansion remains strong. During the year, we successfully

commissioned an aluminium conductor plant at our Vadodara facility. Building on this momentum, we have now initiated doubling of our conductor manufacturing capacity.

Additionally, the capital investment to produce E-Beam and Elastomeric cables is progressing well, and we expect commercial production to commence in Q4 this year. The business remains actively focused on exports and continues to expand its international footprint by entering new markets.

A notable milestone was the successful dispatch of UL certified products, marking its entry in the U.S. market. We are confident that with this strategic realignment, coupled with our focus on product diversification, will drive significant growth, strengthening both revenue and profitability for the cables business in the years to come.

Our renewable business has delivered an exceptional performance with a stellar growth of 92%, achieving record revenues of INR853 crores. The execution of existing projects is progressing smoothly with several notable milestones accomplished during the year. The 500 MW solar project in Karnataka has been partly commissioned and power generation has commenced. Additionally, work is progressing well on the 500 MW solar project in Rajasthan with the first phase slated for completion within this quarter.

With the government's growing emphasis on hybrid projects that ensure round-the-clock power supply, we have begun bidding for projects in the wind and battery energy storage system base alongside our continued focus on solar. This positions us strongly to participate in the next wave of clean and reliable energy infrastructure. We are confident the renewable EPC business will be a key pillar of our growth.

In oil and gas pipeline, the business has reported revenues of INR363 crores. Growth has been subdued primarily to a slowdown in tendering activities. However, the business has widened its footprint by securing its first order in the composite space, including design, sales, supply and build. The business is progressing well on the execution of its first international project in Africa. Looking ahead, the business is pursuing promising projects in the international markets.

We remain committed to enhancing execution excellence across all our businesses by embracing automation, mechanization and digitalization across our project life cycle. These initiatives enable us to accelerate time lines, drive efficiencies and deliver projects ahead of schedule. At the same time, we are building a world-class engineering organization with a sharp focus on strengthening our design capabilities to ensure first-time right solutions.

We're actively institutionalizing design-to-value frameworks to optimize project costs and reduce design cycle time by harnessing robotic process automation, artificial intelligence and advanced analytics. In ESG and sustainability, we continue to make significant strides across the organization. Some of our key initiatives and developments during the year include installation of solar rooftops on our Vadodara plant, complementing existing installation at Nagpur, Jaipur, Dubai and Brazil plants.

Additionally, we have long-term agreements with external service providers to procure energy from renewable sources at our Vadodara and Mysore cables manufacturing plant. With this, 34%

of our total power requirements across plants will now be met through solar energy as compared to 25% last year.

Our people-centric agenda focuses on fostering happiness aligned with our group tagline -- hello happiness, which is a core aspect of RPG Group's philosophy. This year, we saw a measurable rise in employee satisfaction with happiness portion reaching 84%, up 1 percentage point from the previous year and 3 points over the last 2 years.

Our progress in ESG and sustainability has been well appreciated, which is reflected in the improvement of our ESG ratings by MSCI, CRISIL and SES. In conclusion, I would like to emphasize that the outlook remains healthy across most of our businesses with a formidable and diversified order book plus L1 of over INR40,000 crores, combined with a substantial tender pipeline exceeding INR1,80,000 crores, we are well positioned to deliver sustained growth.

Thank you so much. Open to take your questions now.

Moderator: The first question is from the line of Renu Baid from IIFL Capital Services.

Renu Baid: Congratulations for the strong performance. Sir, I have a few questions. My first is, clearly, our T&D business seems to be back with the bang. So how do we read through the implication of this, both in terms of improvement in margins and further deleveraging of our balance sheet. If you can throw some insight in terms of profitability for fiscal '25? And how do we see the overall business moving in '26-'27? That's the first question.

Vimal Kejriwal: Renu, good to see you here. I think as far as T&D is concerned, you heard the numbers, we got INR18,000 crores of order intake, etcetera. And we just crossed double-digit margin for the year on T&D. Obviously, we expect to do better in terms in FY '26. On the outlook, if you would have seen the Power Grid presentation also where they talked about increasing their capex significantly.

Even this year, I think our Power Grid revenue was more than INR4,000 crores. That's almost close to 20% of their entire capex. So I think we are very, very confident that the growth will happen. There's a very strong tender pipeline. We already have a large order book with us, forget the L1s, etcetera, both in India as well as in Middle East.

So I think very clearly, it will help us in significantly improving all the ratios. In fact, our India T&D working capital is virtually close to 0, below 10 days. So whatever increase we have in the India T&D business will help us in clearly deleveraging our balance sheet.

Renu Baid: And can we expect now this business to move towards the 11%, 12% operating margins the way it used to be earlier?

Vimal Kejriwal: I think it should. We are already -- this year, FY '25, we were at 10%. So clearly, with the legacy projects out of the way and stability in all the, I'll say, the cost items, whether it is cement, whether it is steel, whether it is aluminium, etcetera, we do expect that the margins should go up. Now whether it will be 11% or 12%, difficult to say, but it will definitely be better than what we have delivered this year.

Renu Baid:

Got it. Second question, you did mention about as in cables, it's clearly earmarked for value unlocking and a separate team and focus has been aligned there, and we are aggressively expanding portfolio in markets. So what is the road map? If you look -- take a 2- to 3-year view, how are you looking at the both metrics in this business? And when you say value unlocking, can we expect the business to go through a vertical demerger or a separate listing kind of a phenomena to create value or it would continue to be housed under KEC for a longer period of time?

Vimal Kejriwal:

So Renu, as of now, it is a 100% subsidiary of KEC. And with the capex plans, which we are doing, I think we are spending almost INR150 crores in the current financial year. We spent close to INR80 crores, INR90 crores in FY '25 also. What we expect is that by FY '27, we should be, I don't know, maybe around INR3,500 crores or sort of revenue with the capex which we are doing. And at that point of time, I think we will decide how to take this forward.

I think it's a little bit premature today to say what we will be able to do. I don't think we have any plans of taking it out of KEC even in the long term. But I think we will take a call maybe a year, 1.5 years later on whether we want -- I think we are clear that we want to do some dilution to raise capital, whether the capital would be raised in the cables business or whether it would be raised by divesting of some part of our KEC stake and all.

I think it's a little bit -- probably maybe next year, we talk about it, we may have a better idea depending upon how the balance sheet of both these businesses, whether it's the KEC balance sheet on its own or the cables balance sheet. Let's say tomorrow, we think that the cables business has a much larger potential and we need more capital there, then you can always do additional capital raise. If you think that KEC needs that capital better, then we may probably do a little bit of reduction. So I think we'll decide about it maybe a year or maybe 6 quarters down the line.

Renu Baid:

Sure. As the business matures, we can look at it separately. And lastly, on the rail and the water part of the Civil business that we have. So water, what is the pending backlog that we have in our books, which still faces these payment issues and delay in execution? And on the rail part of the business, given that business has now been shrinking for the last 2 to 3 years, where do we see the business bottoming out in terms of size?

And what are we doing to realign the resources or the cost structures which were in place to drive growth in this business. So what are we doing for those people and teams and how are we reallocating to our other business divisions so that overall profitability can be improved? That's my last question.

Vimal Kejriwal:

So Renu, let me talk about railways first. So clearly, I think it has bottomed out. We did a turnover of around INR2,100 crores. I don't think we want to do below that. If we are going below that, then we may as well shut down the business, okay? So I don't think we are now looking at going below these numbers. I don't have the exact number, but I think around 30%, 40% of the employees have either moved out or have been redeployed in especially on the T&D side because a lot of the capabilities are like electrification is virtually similar to laying a transmission line.

So a lot of redeployment has happened. Also, if you heard my speech, what we have done is that on the order intake, although we still had INR2,200 crores of order intake, but the order intake was clearly different from what we were doing earlier. We have not taken any order on electrification or speed upgradation, which whatever required us to work on live tracks for a longer time. All that has gone out.

So if you look at the order intake, it has been on the BLT side, on the metro side, it has been on tunnel ventilation, where there's no trains running right now or on the Kavach system. So I think we have been very particular on what orders we take. Obviously, the current order book is -- the current orders are profitable.

So hopefully, by next year, we expect the railway should turn around. This year, we are still closing all the old projects, the arbitrage, etcetera, going. So we are not sure what would happen to the numbers this year, but we are pretty confident that FY '27 will clearly be positive for the railways.

Coming to water, we have an order book -- a backlog of around almost INR2,000 crores now across 2 states of MP and Odisha. We did receive, I think, a significant amount of money, including INR140 crores in this current quarter. We have started execution against -- again on those projects apart very little was done in Q4 last year, which is why we had this revenue shortfall. Q1, we are going almost, I'll say, full blast because we received a lot of money in the Q4 and Q1.

So hopefully, I think our revenue targets are -- I don't have the exact number, INR1,200 crores to INR1,500 crores of revenue targets for this year from water. And I think we are reasonably confident that we should be able to achieve unless there's a major setback in terms of payments.

Moderator: The next question is from the line of Bhoomika Nair from DAM Capital.

Bhoomika Nair: On the water, just to continue, we are targeting a very strong execution of the current outstanding order book. How is -- you said that you received in 4Q and 1Q some payments. So what would be the total outstanding receivable from only water?

Vimal Kejriwal: I think it's around INR800 crores, if I'm not wrong. Yes, it's INR800 crores roughly.

Bhoomika Nair: And -- so from a receivable and money receipt perspective, you think that this should now is accelerating, so which is where we will likely see an uptick in terms of the execution in FY '26?

Vimal Kejriwal: So I think we are conscious of that. So our execution would depend upon what sort of money we receive. So in a way, let's put it this way, there's a cap on what we will execute. So whatever money I get this month, that's the execution we will do next month. So I don't see the AR coming down because what will happen is that we'll have fresh revenues coming in because ultimately, you have to do the projects.

Also, these are projects which are in a way, nationally critical, we are giving water to the households, etcetera. So there will be continuous pressure on the government, notwithstanding

that we are not paying. So we still would continue. If monies don't come in Q1, we will see a de-acceleration in Q2.

Bhoomika Nair:

Understood. Understood. Fair point. Sir, the other thing is on Civil, if you look at it, extra quarter also, if one looks at it, the order backlog has been fairly stable. So how are you seeing the new orders? You did speak about industrial, residential, etcetera, seeing some improvement. But how are you seeing the trajectory in terms of order inflow per se in this particular segment?

Vimal Kejriwal:

So we are not seeing a very significant change than what we had in Q3. So I see the residential segment still continues to be very, very bullish. We just announced a large order last year at the close of the year. We announced one -- so we are having a lot more orders and inquiries from very reputed. And I think what is also changing, Bhoomika, is orders are becoming larger, okay?

So that's one plus point. Industrial still continues to be more on the metals and mining. We announced one metals and mining order. But the good part was this year, we also got a very large semiconductor complex. The advantage of that is, one is, obviously, it's a very prestigious order and seeing what also is happening in that sector.

Secondly, those are -- that is a very fast track order to be done in 12 months. So it would result in a quick churning of revenue -- the Civil order book versus revenue ratios are not as good as T&D. So what we are also looking at is that when you saw the order intake, we had actually calibrated a lot. We are looking at orders which can be executed quickly, which are cash flow positive. And I think we are pretty happy with what we have done.

Bhoomika Nair:

Sure. Sir, in terms of the working capital, if I look at it, there has been a reduction between the third quarter and the post year-end, which has also resulted in debt reduction as such in the quarter. Now as we go ahead, what is the outlook that we have in terms of the working capital because it still remains elevated versus the last year. So what are our areas of where we're looking at reduction with the execution still picking up?

Vimal Kejriwal:

Bhoomika, I'll let Rajeev answer it. Rajeev, you want to take it?

Rajeev Agarwal

Yes. So Bhoomika, basically, what is happening that still, as Vimal mentioned that there is a large outstanding in the water business. So we expect this to be normalized as we progress during the year. And by the end of the year, probably there will be very little work will be left on the water side, and we hope to realize all this money. Plus, as Vimal mentioned in the opening remarks, the T&D business has been doing well and particularly on the domestic side, where our net working capital in the domestic business has come down significantly.

Virtually, we are operating at very low net working capital. So with these T&D business is doing very well on the working capital front with a very low intensity in terms of the additional working capital requirement and the Civil business improving this year, hopefully, the railway business will also contribute in terms of the additional cash flows in terms of realization of a lot of claims.

So with all this, I expect the working capital intensity will go down further. Somewhere we are quite hopeful that by end of this year, we should be closer to about 100 days of NWC. And that

is where we expect the overall interest cost should be about 2.5% of the total revenue despite a revenue growth of almost 15% this year to take it to INR25,000 crores.

Moderator: The next question is from the line of Samarth Khandelwal: from ICICI Securities.

Samarth Khandelwal: Sir, I wanted to understand how are HVDC T&D orders different from regular T&D orders? And also considering HVDC are longer CKM and of a larger ticket size, why are we still getting HVDC orders in the range of similar as we were getting other T&D orders?

Vimal Kejriwal: So Samarth, HVDC orders on the line side are not very different from the normal AC lines also, okay? It's only, as you rightly said, longer in length and also the values are typically higher and also, they are always considered to be more difficult and more technologically advanced for whatever reason it is, but it is there, okay? So HVDC orders are always considered to be very prestigious in terms of transmission lines. So we're already doing three lines.

We are negotiating a few others and bidding for more. I think what is more critical is on the converter station side, which is a high technology item, both in terms of supplies and also in terms of the entire Civil and erection and all that is a very, very different ball game. In fact, if I am right, I think we are the first EPC contractor to actually do an HVDC construction. Otherwise, it always had been done by the OEMs who supply the HVDC equipment. So I think that's where it is always considered to be prestigious, always also much larger in value.

Moderator: The next question is from the line of Manish Ostwal from Nirmal Bang Securities.

Manish Ostwal: Very good set of numbers for the year. Sir, given the increased geopolitical risk in our business, so how you are managing the risk? Can you talk about some qualitative aspect, whether the risk factors increased, erection rates of project selection has increased. So can you talk about that thing in our business?

Vimal Kejriwal: So Manish, we have a very active risk management committee right up to the Board level, where there's a lot of issues get discussed. We have the former Foreign Secretary on our Board. So a lot of views get expressed on the relative risk and risk profile whenever we talk about international projects, especially new countries, etcetera. We also have a very robust risk metrics, which is to be done for every project whenever we are getting into with a new country and a new client.

Many times, we also insist on that to be done when existing clients where we don't have too much of exposure. So the risk metrics covers a lot of activities, a lot of issues, including political, including the payment risk, including what is the stability, what has been the record, etcetera, etcetera. So we are pretty active on that. Notwithstanding that, you never know what happens.

So you will always run into some risk when you're operating internationally. But I think we are pretty okay when we look at what we have done. We also take insurance covers to -- or reduce the risk to some extent. We are in regular touch with, I'll say, reputed international agencies who advise us on risk, especially when we get into a new country, we consult the Big 4 wherever they are present.

When we talk about new countries, especially on the payment risk, on the tax issues and etcetera. So I think we are reasonably confident of what we are doing in terms of looking at geopolitical risk at the time of taking a new bid in a new country.

Manish Ostwal:

Yes. The second thing, sir, I was listening to your speech, the initial management commentary. So we all understand that the growth aspect is never be a concern for the company like KEC because of domain expertise but your T&D portfolio where here some of the businesses are not doing well.

So have you thought about shutting down that business, taking some hard decision on those businesses so that focus your core expertise where you can generate the cash flow as well as the high profitability. So can you talk about some strategic landscape on your non-T&D portfolio, which things you want to curtail or which you want to focus more in terms of cash flow generating profitability perspective?

Vimal Kejriwal:

Manish, let me add a few. I think I don't know how long you have been covering this company. So 3 years back, India T&D was making losses, okay? And railways was making profits. So what happens is that the decision of going into 6 or 8 or whatever number we have on SBUs right now, especially 4 large SBUs has been on the account of derisking our portfolio, also trying to avoid the cyclicity in the markets.

Many times when we talk to consultants and advisers and specialists, they always say that this business is countercyclical to that for the other business, etcetera. So that is the way it is. You can't set up and shut down businesses very quickly. You know, for us, civil to reach INR4,400 crores has taken us 7 years. So it's not easy for us to take a call. It's not like a product line that I shut down a product line and start it again next day.

You can't build capability or PQs, etcetera, in a business. But what we have done and if you listen to the speech carefully, we have clearly brought down our order intake in some of the businesses where we think the profitability is not as good. We have clearly -- our T&D order intake was 70% of our orders, okay? So very clearly, we are calibrating what business we want to grow, what business we don't want to grow for the time being, but that doesn't mean that we will shut down the business, okay?

We are very clear. This year, we expect Civil to grow by at least 25%. So it's not a question saying that we will shut down this or we will shut down that. You can't take decisions like that because you never know which business, what will happen. Like if you take water, 1 year back, water was doing very well and government was out of the way funding it.

Suddenly, something changed, they have gone slow. But now again, in this budget, they said that, water should be provided in every home, and they said we will fund you everything. So it depends. So I think we are pretty happy with the way we are managing or calibrating our various businesses.

Moderator:

The next question is from the line of Parikshit Kandpal from HDFC Securities.

- Parikshit Kandpal:** My first question is on the guidance for this year. So sorry if I missed that. What is the revenue growth guidance, order inflow guidance and margin guidance for FY '26?
- Vimal Kejriwal:** So Parikshit, what we have said is that we will grow by 15% on the revenue side. On the margin, we have been talking about 8% to 8.5% from the current 7%. And we have said that order intake should be around INR30,000 crores.
- Parikshit Kandpal:** Okay. So last year, the order inflows was roughly INR10,500 crores from international T&D and INR7,200 crores from domestic. So out of INR30,000 crores, how much you're expecting from the T&D and what kind of growth you're looking from domestic and international?
- Vimal Kejriwal:** So Parikshit, what we've generally been looking is around 70% of the order intake should come from T&D, okay? I don't have the exact breakup, but I think it should be more or less equal depending upon what happens. But INR20,000-odd crores, INR21,000 crores is what we are looking of order growth -- order intake from T&D this year.
- Parikshit Kandpal:** So what is -- out of this...
- Vimal Kejriwal:** Parikshit, you're cracking up completely. I can't -- we can't understand what you're saying. The line is pretty bad.
- Parikshit Kandpal:** Is it better now?
- Vimal Kejriwal:** Slightly better. Yes, go ahead. Let's see.
- Parikshit Kandpal:** I was asking the total INR1.8 trillion of prospect pipeline, how much of that would be the T&D domestic pipeline? And is it growing?
- Vimal Kejriwal:** I don't have the numbers readily, but T&D is roughly 50% of that INR1,80,000 crores, okay? Breakup between international and this, I don't have -- Abhishek, any idea? Between international and India?
- Abhishek Sen:** International is high.
- Vimal Kejriwal:** International is higher. I don't know if we have the exact number, but the international is higher mainly on the back of Saudi.
- Parikshit Kandpal:** Okay. And in domestic T&D, last year, you grew by 20% in order inflows. So do you think this year, what kind of growth you're looking at? Is the pipeline very robust? What are the key HVDC pipeline in FY '26, if you can give some color on them?
- Vimal Kejriwal:** I think we should have a similar growth. Even order book, we are seeing order intake, we are seeing INR25,000 crores to INR30,000 crores, that's 20% growth. So India T&D, again, I think we should have a 20% or so growth. It will all depend upon when the HVDC orders come, what happens and how quickly the renewables are getting built, etcetera. So it will depend. But I think we are pretty confident that we should have a similar level of growth this year also.

- Parikshit Kandpal:** And your estimate of the HVDC pipeline to be awarded this year, sir, which are the projects you think will get awarded and your broad sense on that?
- Vimal Kejriwal:** You're asking about HVDC, right?
- Parikshit Kandpal:** Yes, yes, yes. So which HVDC project do you think awarded this year or still advanced stages of bidding?
- Vimal Kejriwal:** Right now, there are 2 projects which are under consideration. I think one is in the Gujarat, okay, where for some reason, the tendering has been getting postponed a little bit. The tenders are out, but it's not yet quoted. So that will definitely get awarded this year. And we have already seen a couple of tenders coming out of the Leh Ladakh line, okay?
- I don't know whether they will be quoted right now or they will get postponed, but I think two or three tenders on the Himachal Pradesh side or somewhere else, I don't know exactly where, but some tenders have been issued by PGCIL under the RTM route, okay? Whether they will get quoted right now or they will get postponed, but the tenders are out.
- So I think these are the two lines which will happen here. And there are a few very large lines of HVDC, which will be tendered out by in Saudi also. So those are the projects which we are seeing.
- Moderator:** The next question is from the line of Vaibhav Shah from JM Financial.
- Vaibhav Shah:** So on the EBITDA margin, you guided for 8% to 8.5% for FY '26. I think in the previous call, we were confident of 9% margins for FY '26. So what has led to this reduction in terms of the margin guidance?
- Vimal Kejriwal:** I think right now, with what is happening in water and labor, etcetera, shortage, etcetera, we are a bit conservative, okay? I don't know whether we'll be able to achieve 9% or not. But I think maybe after a quarter or so, we'll be able to be more clear about the numbers, okay, which is why I'll say that is why we have toned it down slightly.
- Vaibhav Shah:** But FY '27 should be surely 9% plus?
- Vimal Kejriwal:** I presume so, yes, because we have a large order book, a large order intake also planned, and we are saying a quality of orders are increasing. So next year has to be 9%, yes. No doubt about it.
- Vaibhav Shah:** Okay. Sir, secondly, we saw that working capital has come down significantly in the fourth quarter, but interest cost has been flattish on a Q-o-Q basis. So was the debt reduction happened at the end of the quarter?
- Vimal Kejriwal:** I think what has happened is that the interest cost -- see, first of all, the interest rates have not yet come down. I think we are expecting the rates to come down even both international as well as India. And I think the other piece, what Rajeev is saying is that a large part of the collections, if you look at our reduction of INR1,000 crores in debt from December to March, most of the collection came towards the end of March.

So you will start seeing the reduction happening in Q1 rather than Q4, which from the numbers, it looks that should have happened in Q4. But since most of the collection was skewed towards the last week of March, the impact of that will happen now.

Vaibhav Shah: Okay. Okay. And sir, in terms of segmental margins, so what would have been the losses in the railways business for FY '25? And secondly, on the SAE side, what is the outstanding debt and the interest cost?

Vimal Kejriwal: No, I don't think we give out those numbers on segmental, if you want some more details, maybe in touch with Abhishek to get some more data on that, okay?

Vaibhav Shah: Okay. And on SAE for debt and interest cost, the interest rate?

Vimal Kejriwal: SAE debt has come down to INR300 crores from INR400 crores roughly. Interest cost, Rajeev?

Rajeev Agarwal: It would be about 10%.

Vimal Kejriwal: Average would be around 10-11%.

Moderator: The next question is from the line of Gaurav Uttrani from Axis Capital.

Gaurav Uttrani: Congratulations on a good set of results. Sir, just wanted to check on margin, like we are targeting 8% to 8.5% in FY '26, and we aspire to reach double digit over the next 1 or 2 years. So how would be the contribution from the non-T&D segment? Are we seeing orders which we are taking currently are on a higher margin side? And what would be the broad range, if you can highlight like in the non-T&D segment?

Vimal Kejriwal: So Gaurav, we just now said maybe next year it should be 9% and all. I didn't say right now, 10%, maybe it was earlier we were talking about it. We have toned it down slightly. I think what is going to happen, Gaurav, is that our railway numbers, as I said, has bottomed out. So we should start seeing better numbers out from railways. And Civil also, what is happening is that we -- as I said, we finished 3 of our 4 metro projects. Fourth one should be getting over now.

So a large part of capital was locked in there. So the cost of capital will start coming down. The numbers will start improving. Plus, as we said that we have increased the size of our order intake more specifically in Civil and at, I'll say, reasonably better profitability. So we expect that Civil should go back to maybe at least 7% to 8% margin in the coming years. And T&D, obviously, with 65%, 70% ratios coming in from T&D, which is more than double digit -- which is around double digit, sorry, we should be able to go to a higher margin in the coming years.

Gaurav Uttrani: Okay, sir. Sir, similarly, on the T&D, you mentioned that we are getting strong order on the international and domestic side. So could you just highlight like what would be the margin differential between international and domestic orders what we take?

Vimal Kejriwal: Difficult to say that. We have been -- I think the margin depends upon individual orders. So I've always been saying that if you go to a country like Saudi, we have orders at 8%, if your orders at 20% also. So depending upon each order, what is the competitive intensity, what is your advantage you have and all that.

But typically, I don't think it makes too much of difference to us whether -- if everything else is similar, the margins will be similar on an order, whether it is India or whether it is international. Earlier, international orders had a better capital cost because the loans used to be cheaper. However, of late, we are finding the difference would be probably less than 100 basis points. So I think we are -- I'll say, virtually immune to whether it is international or India when we decide the margin.

Gaurav Uttrani: Okay, sir. Sir, secondly, on the...

Vimal Kejriwal: I think, Gaurav, you have to come back in the queue. There are too many people waiting.

Gaurav Uttrani: Okay.

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

Amit Anwani: Congratulations for a good set of numbers. My first question is you have been highlighting about the labor shortage from past few quarters. And we have been growing almost we are targeting 15% growth and even the order intake growth is going to be significant. So I wanted to understand, are we expecting because of the shortage, is the labor cost going up? And how are we dealing with the labor cost shortage since we are still growing at 15% plus for maybe next couple of years here?

Vimal Kejriwal: So Amit, labor cost is definitely going to go up. It is going up and the new cost is always factored in the tenders which we are quoting. There will be some marginal impact on the earlier orders, okay? But I don't think it's going to significantly impact our margins. There has been some impact. That's why you can see that we are reducing our margin level slightly.

What is happening is that the shortage is spread across various businesses in different manners and geographies. Like internationally, we don't have too much of shortage anywhere. So I think our international orders have been going on, execution has been going on well. India, where there is more Civil specific where you need more, let's say, fitters and carpenters and all that, that's the problem or electricians is where you have been having more issues.

So I think we have been taking various steps. I don't think there is a point where we can discuss all the steps. But I think what we are trying to do is see how do we improve mechanization and automation, etcetera, so that we can reduce the demand for -- or need for labor. So as I mentioned, let's say, you take cut and bend steel.

So that -- if you buy cut and bend steel, it reduces the need for fitters. Same thing you are using automatic plastering machines for plastering. So it reduces the need for masons. I think a lot of steps are being taken. In India, we are doing crane erection in T&D, tower erection by cranes, which was never done in India before.

So that reduces the need for erection gang. I think that's the way you will have to address the labor shortage. Also, a lot of work is happening with government, with Power Grid, etcetera, on how do we skill labor and how do we get more people. I think that's another piece on which a lot of work is happening.

The other -- I think the last piece is how do you work with large subcontractors who have got larger pool of labor. And I think that's where I think some success is happening. So I think I'm not sure that the labor shortage will go away, but we do feel that it will not increase. It may come down a little bit. That's what we have penciled in our numbers.

Amit Anwani:

Sure, sir. Lastly, on the cables and conductors capex, which you talked about INR90 crores and INR150 crores we are targeting this year. Just wanted to understand what is our capacity with respect to tonnage and you talked about doubling of it. And second, I wanted to understand what part would be in-house and external customer and also, you talked about Elastomeric and E-Beam, which I assume is margin accretive. What kind of contribution we are looking from that by in next 2 years when we are done with the capacity expansion?

Vimal Kejriwal:

So Amit, today, our cable margins are around, I think, 5.7% or 5.8% for the year. So we are clearly looking at it going to 8% in 2 years. I think that's the way we are looking at it. I don't have the physical quantity numbers, etcetera, but I think the way we are looking at it is that both these new lines should add at least INR500 crores each.

So roughly around INR1,000 crores should go up by the new additions, which we will do and another INR500 crores will go up in the line, which we already commissioned. So hopefully, next year, we should be around INR2,300 crores, INR2,400 crores of revenue in FY '26 and maybe another INR1,000 crores or so if we don't do any other capex. So around INR3,400 crores, INR3,500 crores should be the Cables' revenue in FY '27.

And I think you asked a question on margins, which is why we are clear that the E-Beam and all that will definitely help. Even aluminium conductor has a slightly better margin and better working capital, which is why we are hopeful that we will be reaching 8% in 2 years' time.

Moderator:

The next question is from the line of Amit Mahawar from UBS.

Amit Mahawar:

Congratulations on concluding fiscal '25 with a strong impact on balance sheet. It's pretty feasible. Sir, I just have one question. KEC has never raised significant capital. In fact, I don't remember in the last 2 decades. And please correct me if I'm wrong, in the call, you mentioned you will be looking at raising some money.

So can you just elaborate more because the way you've judiciously grown T&D, Civil, Transportation, Cable, Renewal businesses, you've been very, very particular about working capital management. So what is the reason? And next 4, 5 years, where are we scaling up to? And what kind of cash cycle and cash flows are you looking at?

Vimal Kejriwal:

Thanks, Amit. I think somehow there's some miscommunication maybe on my part. I didn't say that we are looking for raising capital. There was a question saying, what is your future for the cable industry, cables? Would you want to dilute? Would you want to do something on cables and all that? So at that point of time, I said that it's premature. After 2 years, we will decide what we want to do with cables.

Maybe we'll not do anything. Maybe we may decide that we need more capital in cables or may decide that we may need more capital. It was a relative question whether you need more money

or better returns will come from cables or KEC. And we said that at that point of time, if we want to, let's say, dilute our stake-holding in cables, we can either do it by an offer for sale from KEC or we can raise additional capital depending upon where the need for capital would be more, okay? I don't think I said that I want to raise capital in KEC. But I don't think we have any need, as you rightly said, about raising capital. No.

Amit Mahawar:

Makes sense. That's one thing. And second and last question is, sir, maybe 2029-'30, what is the business construct and mix that you foresee? And you've been managing the mix very well. Your transportation business is more than INR2,000 crores in top line now. Renewal business is moving towards INR1,000 crores. So 2030, what is the business mix? That's it, sir.

Vimal Kejriwal:

So at a point of time, we had said that we'll bring T&D down to 40% at a point of time, okay? But the way things are happening, I think it's a very dynamic world. Today, we are very happy for T&D to go to 70% or 75% with what -- so I think it will be a bit too early. We have got -- today, we have got T&D. We have got renewables, which is a dark horse in the whole system, okay?

And today, there are hardly any EPCs in -- except one large EPC in the entire renewables. You never know what will happen on the renewable part. Civil, again, we are not in heavy civil. We may decide to get into heavy civil because that's why the whole country is moving on large construction, etcetera.

So I think it's difficult today to talk about where we will be in '29. If you ask me in '27, I think we are very clear that T&D would not be less than 60% for us and at least 30% would be divided between Civil and railways, depending upon which one does better, that one would be more. And cables, I just gave you the numbers. So I think 10% should be around cables. I think that's where we are sort of looking at it.

Renewables can be INR3,000 crores -- can be INR4,000 crores, can be INR5,000 crores. I don't know. Today, it's a bit of a gray area, but I think we are very confident. So I think which horse will run better or what will happen for '29 would be -- we'll wait and watch, okay? But we have built the capability. So whichever one looks better, we can always drive that one better.

Moderator:

The next question is from the line of Uttam Kumar from Axis Securities.

Uttam Kumar:

Congratulations on a very good set of numbers. Sir, my question pertains to oil and gas pipeline business. If you see, this business has degrown by over more than 40% in this particular year. So any particular reason for that? And how do you see this business panning out in the next 2 years?

Vimal Kejriwal:

So I think at the moment, our outlook for India oil and gas has been pretty muted, okay? And the reason why the revenue grew down is, okay, when we acquired this business, there was a very clear talk that the contracts will get converted into EPC, there would be supply of pipes, everything is part of it.

Unfortunately, that has not happened, and we are seeing that the order size -- the tender sizes are all below some INR100 crores and all that, where obviously, we cannot be competitive with our

large size and the way we operate our businesses. So right now, I don't think we are seeing too much of a positive growth coming out of oil and gas in India. However, as I said, we already are executing one order in Africa. We have started bidding for orders in the Middle East.

So I think the growth of that business will definitely come only from the international orders unless the oil PSUs in India and the gas companies change their model and start giving out much larger orders as they are giving out in refineries and other things. So we have been talking to them. But as of now, that is not visible, okay? So I think the growth -- entire growth will come from -- in the international market.

Uttam Kumar:

Okay. And sir, what would be our capex guidance for FY '26 and '27?

Vimal Kejriwal:

Capex I think I don't have -- I think we're talking about INR400 crores plus for FY '26, okay? FY '27 will be slightly early, but I think it would be in the same range because what has happened is that we have been investing in Civil significantly year-on-year. So that investment is now reaching sort of a peak unless we decide to, let's say, go into underground metros and all that where we go to buy TBMs, etcetera. But right now, I think you can take INR400 crores for this year and maybe a similar amount for next year.

Moderator:

The next question is from the line of Ishan Verma from InCred Capital.

Ishan Verma:

I just want to know what is our current capacities for T&D post Jabalpur expansion? And what is the kind of utilization factor we're looking at as in FY '26, we are expecting to grow 20% of our order book. So what kind of utilization factors are we seeing?

Vimal Kejriwal:

So if you're talking about the tower capacity, we are around 462,000 metric tons today, okay? And the factories, except for, I think Mexico is slightly underutilized, but it's also 70%, 80%, I think. So that's where we don't have capacities available right now. They are all fully utilized.

Ishan Verma:

So we potentially would be looking to expand our capacities?

Vimal Kejriwal:

So we will look at what is to be done. I don't think we have any immediate plans for expanding further. One or two factories, we have some spare capacity debottlenecking and etcetera. So we may go up by another 10,000, 20,000 tons, but that's still under discussion. We don't have any active plan right now to expand.

See, Ishan, you have to understand that we have a tower supply business also, which sort of acts as a balancing figure or something, depending upon if I have more EPC orders, I can always reduce my tower supplies intake or orders, okay? So we use that as a balancing factor. If I get more EPC orders, I will obviously cut down on my tower supply orders. That's the way we normally operate, okay?

Ishan Verma:

Okay. What is the percentage of order book, fixed price order book versus the rest?

Vimal Kejriwal:

Sorry, I didn't get the question.

Ishan Verma:

Fixed...

Vimal Kejriwal: Fixed versus variable, I think -- okay, fixed versus variable would be roughly 50%, okay? Most of our Civil orders would be on a variable pricing. Most of our transmission orders are on fixed price because of TBCB, most of the orders go in -- there are some orders which are on variable also.

But typically, Civil would be more on variable than T&D. But what you have to also understand is that in T&D, etcetera, we normally do the hedging immediately as soon as we get orders, okay? So exposure is very minimal, except to steel, which is not directly hedgeable. So steel is something which we stay open. But rest of them, we are generally fully hedged.

Ishan Verma: Okay. And lastly, sir, if you can talk about some orders we are getting in the newer technology segment wherein in T&D, we have received the order on STATCOM. And in Civil segment, we received an order on semiconductor plant. So what kind of additional capabilities do we need? And like how are these orders different from the current orders?

Vimal Kejriwal: So let me put it this way. In Civil, the capability is not very different, but you need to do a very large project in 10 months, 11 months. So you will need to use all that you know about execution excellence to ensure that you are able to build a plant in the required time. It would also have a clean room, etcetera, which is a very different technology, which is dust proof and whatever.

So I think we need to work on that part. That would add clear capability, which can be used for other very smart electronic factories, etcetera, or even for, let's say, a transformer factory or a GIS factory, etcetera. As far as the STATCOM is concerned, that is becoming a necessity virtually now because of the renewable power coming in.

So there is a huge fluctuation in the grid frequency. So now you will require this to come in. This is a high-technology product. So right now, we don't have anything on the product, but we are working with the product manufacturers so that we can jointly work with them like what we do in the TCAS sector in railways. So this will have -- the market for this, I think, around INR2,000 crores per year, if I'm not wrong. So we'll see how much we can get out of it.

Ishan Verma: And the semiconductor plant wise?

Vimal Kejriwal: Sorry, I didn't understand. What you want, semiconductor?

Ishan Verma: Similar outlook on the semiconductor plant orders that we received. So are there any additional capabilities do we need on that?

Vimal Kejriwal: I told you already, that is a fast-track project. So we will have to work on how do we improve our execution capability. Plus it's a different kind of a ball game. So it will definitely up our capabilities.

Moderator: The next question is from the line of Harsh Tewaney from Ashmore Investment Management. Yes, sir, the current participant line has been disconnected. We will move on to the next question. It's from the line of Saket Kapoor from Kapoor & Co.

Saket Kapoor:

Sir, firstly, sir, when you mentioned that EPC in the renewable space is heating up, sir, if you could just elaborate what kind of opportunities, especially for EPC in the renewable space is popping up? And what kind of pie are we buying out of it going ahead and the margin profile also?

Vimal Kejriwal:

So Saket, if you look at the numbers, I think we are around 260 gigawatt of renewable as of now, maybe 10 gigawatts here and there. We are targeting 500 gigawatt by 2030 and 600 by 2032 which effectively means you need to set up at least 50 gigawatt every year. So that's the sort of pie which you can see between wind, solar, hydro and to an extent, nuclear.

I don't think nuclear will come by 2030, but I'm just saying that. So the requirement is very large. And also, what we are seeing is that the number of players which are there because what is happening is that the project sizes are going up, okay?

Today, if you look at what are the tenders which are on offer, 1,200 megawatts, these sort of tenders are coming up for bidding, which requires large EPC players. So clearly, we are seeing that we can have a space in that entire EPC business. Solar, we have 1 or 2 large players, Wind, we do not have too many large players, all the OEMs who have been doing this.

And I think with the growth in the market, it is going beyond their capability also. And they feel that they can make more money probably manufacturing rather than doing EPC. So I think that's where we are looking at this market saying that there is a large opportunity looking at the balance 350 gigawatt of renewable to be built in the next 6, 7 years.

Saket Kapoor:

Sir, what should be the minimum order size then? If you could give some color on what kind of bidding process are minimum the size of tendering that comes up?

Vimal Kejriwal:

Difficult to say that, but minimum, if you take -- I think it will be probably around INR1 crore per megawatt for the piece but we are doing INR1.25 crores per megawatt. So if it's a 500 megawatt, our order book -- order would be around INR600 crores, INR650 crores because we don't do modules. This is minus the modules. Modules will be an equal amount. So that's the way the numbers will add up again.

Saket Kapoor:

And my second question was about the amount being released for the water project. Are they all aligned to this Jal Jeevan scheme only? And is there any constitutional change in terms of the state participation and central withdrawing from the scheme, sir? Any color on this because you categorically mentioned two states of Madhya Pradesh and Odisha where the release of funds have been. So if you could just dwell whether it is the Jal Jeevan and the scheme of things changing with more trust now on the state to spend on the same?

Vimal Kejriwal:

So Saket, we are -- there is no change as far as we know. It depends individually upon each state when they have signed us, what is -- typically, it varies between 40% to 50% is my understanding of the state share. Some states is 40%, some states it's 50%. The rest comes from the central government.

And all our orders are under the Jal Jeevan mission. So we are not aware of any changes which has happened in the constitution part of it. Maybe on the funding, there may have been some

changes between the states and all that, what they want to do. And we are only present in these two states. That's why we talked about these two states only.

Saket Kapoor: Okay. But things have improved. That is what...

Vimal Kejriwal: From the end of Q3, they have improved definitely.

Moderator: The next question is from the line of Harsh Tewaney from Ashmore Investment Management.

Harsh Tewaney: I just had one question regarding the payment status of the Afghanistan dues. How much is still pending? And when do we expect to receive it?

Vimal Kejriwal: So Harsh, we have not received anything this quarter, okay? I think our net receivable is INR250 crores -- it's roughly around INR250 crores of net receivable, okay? A lot of discussions have been going on. I think we are seeing some development happening. I think we are keeping our fingers crossed. A major part is from ADB. I think there all whatever they wanted has been completed. Unfortunately, what happens is ADB has got a lot of projects in Afghanistan.

So they want to take an in-principle stand on all the projects. Unlike World Bank and U.S. state where they had very few projects, so they could take very quick positions and release a lot of money. ADB, because of its wider exposure has been going a bit slow. But I think we are quite hopeful that we should be getting some money, I think, by next quarter, if not a little bit in this quarter also we still have 1 month. We're keeping our fingers crossed.

Harsh Tewaney: All right. So mostly by 2Q of '26 is -- the liability largely cleared.

Vimal Kejriwal: By 2Q, we expect a large amount of this to come in.

Moderator: The next question is from the line of Mehul Mehta from Choice Equity Broking.

Mehul Mehta: Congrats on good set of numbers. My question is in relation to product portfolio of cables. Can you share a breakup of revenue in terms of EHV, HT cables, telecom, railway cables?

Vimal Kejriwal: I don't think I have the exact breakup, but I think EHV, HT would be roughly around INR500 crores. That would be a broad number I have. Maybe if you want more detail, Abhishek can give you. And I think on the railway side, we would be probably around INR150 crores.

Railway has been going down as a business. So we have been trying to see how do we utilize that facility if we are able to find some solution, although with some remodeling, we have started manufacturing LT there. But the entire electrification projects have come down. So I think it was around INR140 crores, INR150 crores of railway revenues.

Mehul Mehta: Okay. And in terms of capex, which you earlier shared about INR150 crores and INR80 crores, INR90 crores. I missed that number. So what you were talking about FY '24 and FY '25 or...

Vimal Kejriwal: FY '25 was around INR80 crores, INR90 crores. I don't have the exact numbers, it will be around INR80 crores, INR90 crores, on the conductor line and some other things which we did on PVC, etcetera. And next year, FY '26, we are talking about INR150 crores, which would be a mix of

a second conductor line and an E-Beam and Elastomeric facility. So FY '26 will be INR150 crores.

Mehul Mehta: Okay. And in terms of revenue guidance, it is about INR3,500 crores by FY '27. Is that correct?

Vimal Kejriwal: Yes. Yes, you're absolutely right.

Moderator: As there are no further questions from the participants, I now hand the conference over to Mr. Vimal Kejriwal: for closing comments.

Vimal Kejriwal: Thank you, Steve, and thank you, everyone, for your continued interest. Thank you so much.

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