



“KEC International Limited  
Q1 FY'25 Earnings Conference Call”  
July 29, 2024



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**Moderator:**

Ladies and gentlemen, good day, and welcome to the KEC International Limited Q1 FY '25 Earnings Conference Call. We have with us today from the management Mr. Vimal Kejriwal, Managing Director and CEO; and Mr. Rajeev Aggarwal, CFO of KEC International Limited. As a reminder, all the participants' line 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 touch-tone phone.

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

**Vimal Kejriwal:**

Good morning, and thank you, Steve. Good morning, everyone, and welcome to the Q1 Earnings Call of KEC. Let me begin with an update on the overall performance for the quarter, and thereafter, talk about each of the respective businesses and certain key strategic developments.

We commenced the financial year with a robust order intake of over INR7,600 crores, a staggering growth of 70% vis-a-vis last year, despite the challenges posed by elections. Our YTD order inflows have been driven primarily by T&D, followed by civil and renewables. Additionally, we have a substantial L1 position of over INR9,500 crores, predominantly in the T&D business, which are expected to be awarded in the near future.

Both our order intake and L1 positions in T&D have a balanced mix between India and International. We have a well-diversified and strong order book of INR32,715 crores as on date. With this, our order book plus L1 position stands at a record level of over INR42,000 crores.

In terms of revenue, we have achieved revenues of INR4,512 crores for the quarter, a growth of 6% vis-a-vis Q1 last year. The growth could have been higher, but for the acute shortage of manpower across the businesses, owing to the elections in India, and the continued pressure on the supply chain in some products. Our margins continue to demonstrate an upward trajectory, with an improvement quarter-on-quarter over the last seven quarters. We have achieved a strong growth of 20% year-on-year on EBITDA, with EBITDA margins for the quarter improving by 70 basis points vis-a-vis Q1 FY '24 to 6.5%.

During the quarter, we have successfully reduced our interest expenses by 30 basis points as a percentage of revenue, now standing at 3.4% for Q1 FY '25. We have significantly enhanced our bottom-line, with PBT and PAT growth of more than two times. PBT margins have increased by 140 basis points to 2.5% vis-a-vis 1.1% last year. Our PAT stands at INR88 crores.

We continue to focus on our debt levels and balance sheet. Our net debt, including acceptances, stand at INR5,596 crores, a reduction of more than INR100 crores vis-a-vis last June, despite a revenue growth of INR2,000 crores that is 11% in trailing 12 months. During the quarter, we have realized further collections of over INR160 crores in Afghanistan. We have successfully repaid INR100 crores of high cost debt in SAE to further reduce our debt levels. Over the past year, we have brought down the SAE debt by more than 40%, bringing the total outstanding debt down to INR300 crores.

Now, coming to the specific businesses. Our T&D business has achieved revenues of INR2,499 crores with a stellar growth of 17% vis-a-vis Q1 last year. In a significant achievement, KEC received an award for executing the maximum circuit kilometer addition transmission line in India for FY '24 from PGCIL. This esteemed award recognizes our leadership in the India T&D industry.

In terms of order intake, the business continues to witness significant traction with a staggering growth of more than two times and new orders of ~INR5,000 crores across India, Middle East, Africa, Americas, EAP and Australia. We are pleased to share that the business has secured prestigious orders from PGCIL and both existing and new private developers in India, thereby, diversifying our client base in the private developer segment. On the International front, the business has secured significant orders, especially in UAE and Africa.

We continue to widen our presence in the tower supply business. During the quarter, we have secured a large tower supply order from Australia, which reflects our dedicated efforts to expand and diversify the tower sales business globally.

In SAE, the business achieved revenues of INR346 crores, a strong growth of 12% and a positive PBT. The business continues to secure a steady inflow of orders and has a robust order book plus L1 position of over INR2,500 crores. The business is well-positioned for securing orders for supply of towers and hardware from the developers who have won projects in the -- in Brazil's largest auction held by ANEEL last quarter. The overall tender pipeline in T&D continues to be strong in both domestic and international markets.

In India, the power T&D sector is going through a very exciting time, with substantial investments being planned to enable the green energy transition agenda. In international, we continue to witness opportunities across Middle East, SAARC, Africa, CIS and the Far East, with a record order book and L1 in T&D of over INR 26,500 crores and an increase in tendering activities across regions. The business is expected to gain further momentum and contribute significantly to the Company's revenues and margins going forward.

Our civil business has delivered revenues of INR1,059 crores, a growth of 11% vis-a-vis Q1 last year. As conveyed above, the growth has been impacted by the severe labor shortage during the quarter due to elections. The business has strengthened its order book with multiple orders of INR1,000 crores in the residential building and different segments from the recruited clients.

In a significant achievement, the business has secured its largest order in the residential building segment, marking its entry in Northern India. With this, KEC is now executing over 70 high-rise towers for marquee clients and India. It has strengthened its presence in key real estate hubs like Mumbai, Pune and Bangalore, diversifying and expanding its building portfolio, while exploring new geographical territories.

We have strategically pivoted towards the adoption of new age technologies and embraced agile working methods, leading to execution excellence and enhanced client satisfaction levels. By integrating advanced digital tools, such as Building Information Modelling, BIM, document management systems, AI driven business development, asset tracking and management systems,

concrete management systems and fuel monitoring system for mobile assets, we are at the forefront of technological advancements in the construction industry. The business outlook remains healthy across segments. With a robust and diversified order book of over INR10,000 crores, we are confident that civil will continue to be a major growth driver for us.

Our railway business has achieved a revenue of INR471 crores for the quarter, degrowing by 38%. The business is progressing well on the completion of existing projects. During the quarter, the business commissioned the Automatic Block Signaling (ABS) system for a project in Andhra Pradesh. ABS enhances railway safety, increases line capacity and improves operational efficiency. Additionally, the business is also progressing well on the implementation of Kavach system on over 750 kilometers of the railway line for North Central Railway, which will further enhance safety and speed.

The business has secured new orders of INR500 crores in the conventional and emerging areas of metros. These include maiden orders for composite gauge conversion works and power supply systems for Bangalore Metro. With an order book of over INR3,000 crores from clients across central public sector undertaking zonal railways, metro projects, private enterprises and international government establishments, our focus remains on fast tracking the completion of existing projects, optimizing working capital and selectively bidding for opportunities in India as well as in the international market.

In oil and gas pipeline, the business has delivered revenues of INR126 crores, a growth of 21% vis-a-vis last year. The business has commenced execution of its first international project in Africa. It has also received approval from Saudi Aramco for bidding for onshore oil and gas pipeline projects. The business continues to focus on building required pre-qualifications to expand the size of the addressable market.

In the renewables business, we are pleased to share that the business has secured its largest order for a 625 MWp solar PV project in Rajasthan. This has enhanced the order book of this business to over INR1,300 crores. Apart from this, the business is also executing a 600 MWp solar project in Karnataka and setting up solar projects for a leading auto auxiliary company in India.

Strategically, our focus is on building future growth engines in other areas of energy transition, such as wind and green hydrogen. We aim to capitalize on the global shift towards green energy and transportation, supported by government's sustained commitment to promoting renewable energy. Our progress on these initiatives reaffirms our confidence that the renewable EPC business will play a significant role in our future growth.

Our cables business has achieved revenues of INR363 crores. The business continues to maintain a sustained order book momentum across diverse segments, including T&D, railways, metro, solar and metals. We are progressing well on setting up the fully integrated manufacturing line for aluminum conductors. During the quarter, the business has secured orders for supply of power transmission conductors from government utilities and private TBCB developers. Additionally, in line with our focus on increasing exports, the business has obtained UL approvals. For cable exports to the U.S., it is expected to drive growth in the future.

In ESG, we continue to embed industry-leading practices across our operations in factories and project sites. As part of our strategy to make all our manufacturing plants water positive, we are pleased to announce that our Jabalpur plant recently received a water positive certificate for its efforts in promoting water conservation. With this achievement, three of our manufacturing plants, Butibori, Jabalpur and Vadodara, are now water positive.

Now, let me update you on some of our key strategic developments, which are led by the relentless thrust of the government on infrastructure development and the rising private investments to cater to the growing demand. Considering the evolving scenario, KEC needs to be prepared to seize the unfolding opportunity. Over the last few years, our cable business has achieved a significant uptick in performance, as it clocked its highest ever revenues, profitability and order intake in FY '24.

Besides, we have an incurring capex into the business, which would result in an increase in scale and size of business. Further, the cable industry is set for significant growth projected to grow at a CAGR of 10% plus till FY '28, driven by government infrastructure investments, green energy initiatives and rising demand in real estate and industrial sectors.

To capitalize on the strong performance and the market potential and to bring out sharper focus to our cable business, we intend to transfer the cable business into one or more subsidiaries without any dilution of economic interest of the stakeholders. This will enable optimal capital allocation, enhance stakeholders' value. Additionally, the strong credit profile of the cable business will enable it to secure funding at more favorable terms. We are confident that this realignment of our business will drive continued growth for the business in both revenue and profitability.

Overall, our outlook remains robust across our businesses. The global EPC sector, particularly in India, promises exponential growth opportunities in the infrastructure sector. This has led to infrastructure projects and opportunities being more unique and complex, requiring us to invest in superior capabilities and heavy equipment to bring innovative solutions to play.

This favorable landscape enables us to explore organic and inorganic growth avenues within our current operations and adjacent new verticals. It also requires us to make serious investments in the business. Our strategy focuses on strengthening our position in the infrastructure EPC sector, while concentrating solely on EPC activities and excluding investments in development assets.

In order to capitalize on the opportunities as they arise, considering the market conditions and other pertinent factors, we intend to raise sufficient liquidity through equity. Accordingly, we propose to have enabling resolutions to raise capital as and when need arises at the ensuing AGM. The Board has also approved issuance of non-convertible debenture of INR1,500 crores, which will be used for general business purposes without increasing our overall borrowings.

In conclusion, I would like to convey that with the highest ever order book plus L1 of over INR42,000 crores, combined with a substantial tender pipeline exceeding INR1,50,000 crores, we are well-positioned to deliver sustained growth in the coming quarters.

Thank you. I am now open to take your questions.

**Moderator:** Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Arafat Saiyed from InCred Research. Please go ahead.

**Arafat Saiyed:** Yes. Sir, my first question is of arbitration award of INR24 crores. So, can you further explain on that, on what terms you receive this amount?

**Vimal Kejriwal:** You're talking about the arbitration award. I was not very clear.

**Arafat Saiyed:** Yes. Sir, my first question is on arbitration award of INR24 crores. So, can you further more explain about this award, in what terms you receive these and from where?

**Vimal Kejriwal:** It's a small award which we receive, right, I think from a Delhi Transco. It's an old arbitration which has been going on for, I think, more than a decade. And that award has come in and that's why it has been accounted for this quarter.

**Arafat Saiyed:** Okay. And sir, coming to next question is on, let's say, Kavach. So, can you further more explain about what kind of opportunity you're looking in this space? And where KEC stand in terms of, let's say, KEC will do EPC work largely, right? So, from where we are getting this technology and what's the outlook for KEC in this space?

**Vimal Kejriwal:** So, Kavach has been talked about a lot. Even now, we are still waiting for some tenders to come in. Although, there was some announcement that we'll have some tenders coming in, in the next couple of months. We're just keeping our fingers crossed that those tenders come in.

I think, the basic issue which I'm seeing in this coming out is that the number of players who have the equipment are very few and their capacities are limited, which is why if you look at even the existing orders, the execution has been pretty, I'll say, slow. And even our orders, which have been going on for some time, we have been facing some issues across execution because of small size of all the manufacturers. So, we have a tie-up with one of the three approved vendors and we will continue with them.

**Arafat Saiyed:** Fine, sir. That's it from my side, and I'll come back in the queue.

**Vimal Kejriwal:** Thank you, Arafat. Thank you.

**Moderator:** Thank you. The next question is from the line of Priyankar Biswas from BNP Paribas. Please go ahead.

**Priyankar Biswas:** Yes. Thank you for the opportunity for the question. So, sir, my first question is pertaining to your cable business. So, you are going for creating a separate subsidiary, so to bring more focus. So, just wanted to have a few questions on that. So, what is the growth target for you? What sort of capex should we expect based on that? And since you also highlighted that there may be favorable funding costs, so what can be the delta and what is the typical ROCE of this business?

**Vimal Kejriwal:**

So, Priyankar, the ROCE is actually more than 100%, because it's almost operates on a negative working capital, because we generally sell 30 days, 60 days and all that, and you buy at 180 days, etc. So, typically we have seen that this business per se does not require too much of our capital for my day to day operations, okay?

We have been investing -- I think, in the last two years, we would have probably invested around INR50 crores, INR60 crores or maybe slightly more than that. And the current year, we'll probably be investing another INR100 crores in this business. So, with that investment right now, we expect that in two years -- so last year, we did around INR1,675 crores or so, okay?

This year, we are expecting to grow by another 20%. And going forward, next two or three years, I think we should be growing again by the similar number, 20%, 25%, without any significant investment right now. Once we decide to -- once it is subsidiarized and then it is able to raise its own capital, etc., then we may decide to grow in and invest in a much larger manner.

But today, with the current investment, which we have made in the aluminum conductor, and we are also making investment in some other processes and technologies which will require roughly around, I think, INR80 crores, INR90 crores of other investment during this year, we should be close to reaching a turnover of almost INR2,800 crores, INR2,900 crores within FY '26 or so. I think that's the way the plan is.

**Priyankar Biswas:**

So, sir, like, given the capacity, what you have, let's say after this INR100 crores that we invest in this year. So, what sort of peak revenues can be made? Because since you got the approval to export cables to U.S., so there will be additional opportunities on top of that. So, what can be the peak level based on the capacities you would be putting in?

**Vimal Kejriwal:**

So, Priyankar, based on today's metal prices, we could do around INR3,000 crores or so, okay? If the metal prices go up, you can do better with the Rupee depreciates. Ultimately, it's a function of the raw material cost where it is. However, we still have some LT capacity available with us. So, we'll have to see how it ends up. But I'll say, broadly, around INR3,000 crores would be the capacity in terms of revenue after the current investment.

**Priyankar Biswas:**

So, like, if I remember some time back in the transmission space wise, there are a lot of tenders and orders that is coming through. But you are also highlighting in the past about supply chain constraints, especially transformers and let's say equipment supply disruptions to Middle Eastern projects particularly. So where are we on that currently?

**Vimal Kejriwal:**

So the supply chain issues are still there, but they are not as bad as they were before. It's slightly easing out. Many of the players have started expanding their capacity. So I think from Q3 onwards we do expect that a lot of additional supplies will start coming in. Q2 will still be a little bit of a challenge in terms of supplies, but not as bad as last year was.

So that is as far as, I think conductors and even transformers others also we are slowly seeing expansion happening. Middle East is an issue where the supplies were from Europe. I think now they are getting it sorted out. So I think from Q3 onwards, we do expect that this situation should start improving significantly.

- Priyankar Biswas:** So Q3 or Q4 maybe more or less a normalcy. Can we expect that?
- Vimal Kejriwal:** Priyankar you need to come back in the queue because there are so many people there.
- Priyankar Biswas:** Sure.
- Moderator:** Thank you. The next question is from the line of Bhoomika Nair from DAM Capital. Please go ahead.
- Bhoomika Nair:** Sir, just continuing on the cables side if you can just elaborate on where our margin profile is now. When you've seen this revenue growth to be fairly robust over the next 2 years, how are you seeing the cable margins actually moving?
- Vimal Kejriwal:** So Bhoomika, one of the reasons why we want to subsidiarize and to bring bigger, greater focus is our cable margins are at least 200 to 300 basis points lower than the market. We do expect that with focus and all that, probably in the next 2 years or so, maybe 3. I don't know how quickly we can, but we would expect it to at least reach 9% or so. Whether the market we are seeing generally is 10% to 11%. I think we have been a little bit underinvested in this business. We have started investing. So I think in 2 years or so we should see at least a 200 to 300 basis increase in the cable margins.
- Bhoomika Nair:** Sure. So the other thing was this quarter the revenue growth has been relatively muted because of the elections and related issues. And 2Q being a very strong monsoon aspect, do you think there is a risk to our annual guidance of a 15% kind of a revenue growth? And if not, I mean -- and you're seeing a very sharp pickup in the second half particularly the fourth quarter. You think given the time line of executions of our order book this should be achievable?
- Vimal Kejriwal:** 100%. I don't think we have any doubt and especially if you look at the order intake which we have had, okay? I don't think we have a choice but to deliver and probably deliver more, but I don't think I want to commit right now. I don't think we are even worried about the 15% growth.
- That's why, in the earlier question, I did answer that supply chain woes are coming down slightly. Our own conductor manufacturing will also start. And I think slowly we are seeing some light at the end of the tunnel in terms of capacity, etc so as far as 15% growth is concerned I don't think we are worried about it, but yes you are absolutely right that H2 will definitely see a pickup.
- The numbers have to go up. We are trying to see if we can give an increase in Q2, but that looks difficult with the way the monsoon is behaving, but overall I don't see any risk.
- Bhoomika Nair:** Okay. Sir just if I may squeeze in one question more, in terms of the debt profile and the working capital which has expanded. How are you seeing that kind of panning out in terms of the working capital given that there may be a pick-up in execution in the second half? Could there be a possible increase in the debt levels which is why we have actually taken the enabling resolution for the QIP?



**Vimal Kejriwal:**

I don't think that is a way to look at it. When you look at the revenue increase we would have love them to be a little bit lower. We had some delays in some receivables and all that and primarily because the government pass an interim budget. They did not approve some items.

And so there was some funding blockages in some of the government projects especially on the water side etc where allocation has now been made and we already started receiving funds. And there are some other payments which now that projects are getting over I think which should come. So I don't think we are too much worried.

The enabling resolution on QIP is a different ball game. I'll come to that. The NCD part was also to that purpose so that we can smoothen out our borrowing, etc. but not to increase borrowing. As far as QIP is concerned, I think we are very clear that there are two purposes for which we would like to do as and when we do it. Right now it's only an enabling resolution. I don't think we have anything on the card immediately today or tomorrow, but we have basically said that we want to strengthen our balance sheet.

There has been lot of discussions going on and saying that with the margins profile which we had in the last couple of quarters -- last couple of years, we have been hoping that the margins will increase further and the balance sheet will get strengthened immediately. If that doesn't happen for some reason then obviously we would like to strengthen our balance sheet.

The second piece, which I talked about, is you are seeing what is happening on the infra side. A huge amount of growth is happening. There are a lot of opportunities which keep on coming up. And today, we don't have the luxury of waiting for 3 months, 4 months, so -- and since we did not ever have a enabling resolution we wanted to have an enabling resolution available with us which can cut short the time of an acquisition by maybe 60 days, 75 days or so.

So that was the whole purpose. Maybe a part of it we may use for debt, but -- debt replacement etc, but I think it's a little bit too early to talk about it. Right now, it's just -- we just wanted to arm ourselves with the resolution. So if there are opportunities we go ahead with it.

**Bhoomika Nair:**

Sure. I'll come back in the queue for more questions. Thank you. All the best.

**Vimal Kejriwal:**

Thanks, Bhoomika. Thank you.

**Moderator:**

Thank you. The next question is from the line of Parikshit Kandpal from HDFC Securities. Please go ahead.

**Parikshit Kandpal:**

Yes. Hi, Vimal, sir. Congratulations on a decent quarter. Sir, my first question is on your stand-alone margin. So, again, straight 10th quarter, wherein we have seen the margins coming off, adjusted for arbitration about 4.5%. So, what is still plaguing this stand-alone financials? I mean, why we are not seeing improvement here? So, which are the segments where you continue to see the pain and when do you think the worst will be behind us?

**Vimal Kejriwal:**

So, Parikshit, I think there is some improvement in the stand-alone vis-a-vis earlier. But to me, I think, probably the last Q2 would be the last quarter that we will see some pain. Because what

has happened is that most of our legacy projects are in the stand-alone, which is why they are getting over now.

And the railway business, we have been having some issues with the margins. So, since railway is in India, in the India book, stand-alone books, that is why we are seeing some more problems going on, but I think worst case to us will be Q2. From Q3 onwards I think you will start seeing stand-alone improving, because then the entire T&D portfolio which you are now seeing, the execution and the supply for the newer projects will start happening.

So, I think we'll probably wait for one more quarter. Q2, it will -- obviously, there may be some improvement, but I don't see a significant improvement in the stand-alone, okay? And as I was talking earlier we have seen a lot of orders coming in from Middle East, a lot of tower supply. So, they are part of our subsidiaries. Then you have SAE which is doing better. That is again -- so that's why you see a large part of the I'll say improvement getting reflected right now in the consolidated. But I think from Q3 onwards the scenario will change where stand-alone will also start contributing.

**Parikshit Kandpal:**

Okay. The second question is on fundraise. So, INR4,500 crores looks to be very big fundraise. So my question is in a way like so we have been guiding about 15% growth. So do you think what this quantum of fundraise can do on growth? And we have largely been doing EPC projects.

Do you think that now there's a scope wherein we can start taking some equity exposure, maybe a financial investor, someone, wherein we need to put in some money, so that can add incrementally to the growth? So, what will this fund do to your growth prospects, we setting it above 15%?

Secondly, on -- I think you touched upon deleveraging. So, partly I understand will go towards the deleveraging, but -- and thirdly, on the equity side. So, if you can give some sense, like whether we only be an EPC company or we start looking at some of these opportunities coming up in the power side, on renewables side, on the equity capex?

**Vimal Kejriwal:**

So, Parikshit, I am very clear on the third question, that we will continue to be an EPC company. We have no intention of becoming a development company because we have got enough opportunities. When the opportunity will close down then we will think what we will do, but as of today, I don't think we even have a risk of it saying that we want to become developer. So, that's clearly ruled out.

Secondly, Parikshit, if you look at our growth, we grew from INR500 crores 20 years back to INR20,000 crores today. And we've not raised capital at all. At some point of time, we felt that maybe there's a need to raise some capital. So, we are still debating it internally with the Board and with everyone else saying that should we raise some capital to strengthen our equity or debt profile, although we are very confident of our margins coming in H2, etc. But we are still debating it.

The third piece, which you asked is on the growth profile. So, clearly, right now, we are on a trajectory of 15% or so. Because you are right that the amount is large. If you have to put that

money, obviously, the acquisitions and all will have to be large. So, that to me could take your growth profile to maybe 25%, 30% from the 15% immediately.

**Parikshit Kandpal:**

Okay. And just the last questions around the two businesses cable and the conductor. So, just wanted to understand, you highlighted clearly on cables' growth path, but on conductor the capex which you are incurring, what kind of top-line it can give in say two years, three years time? And between the two businesses what will be the captive consumption and what will be the third-party kind of sales?

**Vimal Kejriwal:**

So, the number, Parikshit, is that around INR600 crores should be the turnover at full capacity. And that should come in next year. So, we expect to commission it in Q3. So, Q3 and Q4 will probably get INR100 crores, INR200 crores of revenue out of this business. But next year, FY '26, we'll have a full INR600 crores of revenue coming in.

Obviously, our choice, our first preference would be to supply to our own projects. But we don't want to be fully captive. So, at least a part of it will definitely go to third-party. We already taken couple of orders, both from utilities directly and from developers to supply, because we want to keep the product in the market also.

But I don't have a number, but probably 60%, 70% would come to our own projects right now, okay? Going forward, we'll see. And if this works out well, expansion of this capacity is not a very difficult thing. Six months, eight months, nine months, you can always add more capacity, if it is required.

**Parikshit Kandpal:**

Okay. And on the cables business what will be the captive and out of the INR2,000 crores which you are targeting this year how much is captive, how much will be third-party?

**Vimal Kejriwal:**

So, I don't know out of INR3,000 crores what will happen. But typically, we have been having around a 20% captive. So, out of this INR1,600 crores roughly around INR300 crores, INR350 crores would have been captive. And the balance captive would depend upon how much of this conductor is sold outside and all that. So, to me, I don't think captive will go beyond 25%, maybe 30% at the most.

**Parikshit Kandpal:**

Sir, in future will you have a list that's coming because now you're putting it out in a subsidiary and with improvement has been targeted improvement in margins to 9% and this business may get better valuation. So, do you think that at some point in time, you would think of separately listing it out?

**Vimal Kejriwal:**

Difficult to say today. We'll have to see how the business pans out in a few years. I would not like to say yes or no, but I think we'll have to see how it shapes up and then depending upon the numbers that it generates and the interest that it may have, I will not either rule it or say yes or no to it, but it's something which can always be looked at after maybe two years or so. Once you reach a INR3,000 crores revenue and it's the sizeable revenue then we will take our call as to what is to be done.

**Parikshit Kandpal:**

Sure, sir. Thank you for the answers.

- Vimal Kejriwal:** Thank you.
- Moderator:** Thank you. The next question is from the line of Shrinidhi Karlekar from HSBC. Please go ahead.
- Shrinidhi Karlekar:** Yes hi. Thank you for the opportunity. So, very strong order prospects pipeline that you have with INR1,50,000 crores. It's a jump from INR1,30,000 crores you have had a quarter back. So, would it be possible to share how is it split across domestic and international and within the domestic sir, how is it across the various segments you operate in?
- Vimal Kejriwal:** You needed what? Sorry, I could not hear you clearly.
- Shrinidhi Karlekar:** Sir, the break-up of order prospects pipeline of INR1,50,000 crores?
- Vimal Kejriwal:** I think roughly around 40% or 45% is in transmission, okay? And the balance is spread across civil and renewable and also part of it in railways. But around 40%, 45% is in T&D. And in that, I think roughly half of it is India and half of it is international in the T&D piece.
- Shrinidhi Karlekar:** And the non-T&D will be India, right?
- Vimal Kejriwal:** Non-T&D is I think almost India except yes, I think except a little bit of renewables could be outside, but it's largely India.
- Shrinidhi Karlekar:** Right. And sir second question is in the order book, you have a very strong order book, almost INR40,000 crores plus. So within that how are contractual terms, both in terms of price variation clause as well as payment terms versus the last cycle you have had?
- Vimal Kejriwal:** Difficult to give you a straight answer because we are running 300 projects each of them have got a different list. So, broadly what happens is in civil you will have a pass through on cement and steel. That's the major cost item there. In transmission, it will again depend upon contract to contract. So, some of them have got a pass through, some of them are fixed price. In some of the Middle east countries, it's pass through till they sign the contract. The day you sign the contract, it becomes fixed.
- So, I'll not be able to generalize it. But just to add that wherever we have a fixed price, the day we get a contract, we go ahead and hedge it. So, if you want to -- if I were to make a statement, I think, the metal risk today on our order book is virtually zero as of today, okay? We are more or less hedged fully on our metal exposure, except for steel, obviously, because steel cannot be hedged. But I think steel prices have been generally benevolent, so I am not too much worried about it today.
- As far as the payment terms are concerned, the standard payment terms are always 10%, 80%, 10%; 10% on advance, 80% would be progress, milestone and all that, and 10% would be retention. Most of the clients give you the retention against a bank guarantee, but many don't do it, okay? So, those are the standard payment terms, 10%, 80%, 10%.

- Shrinidhi Karlekar:** Right. Sir, just a similar question. Sir, on the electrical equipment that you need to procure from capital goods companies, where you are hedged in terms of, like, back to back orders you place after you get order?
- Vimal Kejriwal:** Sorry, what is the second part?
- Shrinidhi Karlekar:** The electrical equipment, like transformer and switch gear that you would be procuring, how are you hedge against inflation in that product category?
- Vimal Kejriwal:** So, typically most of them would be on back to back. Typically, most of them would be on back to back. In some places, where they are not in back to back, there with the help of our supply chain and we do provide firming up of the metal, okay? But largely, they would be on back to back, I'll say, largely.
- Shrinidhi Karlekar:** Right, sir. Okay, sir. Thank you for answering my questions and all the very best.
- Vimal Kejriwal:** Thank you.
- Moderator:** The next question is from the line of Riya Mehta from Aequis Investment. Please go ahead.
- Riya Mehta:** Thank you for giving me the opportunity. In terms of cables I wanted to ask that which particular SKU or which particular sector or the end user are we seeing greater demand coming from?
- Vimal Kejriwal:** Solar.
- Riya Mehta:** So, that would be power cables and that would be...
- Vimal Kejriwal:** Yes, it's almost – I would say 100% domestic as far as the solar is concerned yes. And a little bit is also now coming in from T&D also. But it's largely solar driven demand.
- Riya Mehta:** Got it. And in terms of conductors, the -- what would be the captive use? I think for cables you mentioned 25% around, but for conductors how much is the captive?
- Vimal Kejriwal:** Conductors would be probably 60%, 70%, as I said earlier, but that's a choice which we have. We have enough demand to consume 100%, but instead of just making a 100% captive product we would still like to keep it as a market product. So, we already taken a few orders from utilities and other developers. So it will honestly depend upon how much we can get from outside for our own supplies, for our own requirement. I'll say 60%, 70% would be captive in aluminum conductors at least now. We have enough demand for it internally.
- Riya Mehta:** Got it. And in terms of shortage of labor, as you mentioned earlier, so in which category are you seeing it? Are we seeing at the very base level or the engineer level or where are we seeing manpower or lack of supply, are we seeing improved?
- Vimal Kejriwal:** So yes, we are. So, it starts with base. Base is not that bad. It's there, but it's basically people like carpenters, fitters, electricians, masons. So what you can call semi-skilled or skilled. Those are

the people where we are seeing problems in the civil. If you come to T&D, it is people who do election. The election gangs are there. So I think those are the levels.

Engineers, I don't think we are seeing any issue at all. And even above -- recently we just hired -- we have added 300 fresh engineers, post-graduates and graduates to KEC. So, at that level we are not seeing a problem. The problem is that the semi-skilled and skilled worker level, painters, for example, those people.

- Riya Mehta:** Got it. And the cable facility will come by what time?
- Vimal Kejriwal:** The aluminum conductors should start production in Q3.
- Riya Mehta:** Cables?
- Vimal Kejriwal:** Cables, we're only in aluminum conductors, nothing else in cables we are adding.
- Riya Mehta:** Okay. Got it. Thank you. That's it from my side.
- Vimal Kejriwal:** Thanks.
- Moderator:** Thank you. The next question is from the line of Amit Anwani from PL Capital. Please go ahead.
- Amit Anwani:** Hi, sir. Thanks for taking my question.
- Vimal Kejriwal:** Hi, Amit.
- Amit Anwani:** Hi, sir. So, wanted to understand more on...
- Moderator:** I'm sorry to interrupt, Mt. Amit, your voice is very low. Could you speak a bit louder.
- Amit Anwani:** So, just wanted to understand more on SAE towers. You did highlight it about the repayment, and I think INR300 crores-odd debt still there. So, just wanted to understand what are our -- are we targeting further reduction? What is the interest cost there now? And the order inflows and growth target for this year for SAE towers?
- Vimal Kejriwal:** The interest cost there has come down to around 10.5% now, okay. The debt will keep on reducing once they're -- as soon as they're making money now, they have a profit. So, cash flows and all are reasonably okay. So, most of the debt reductions have happened now has happened from their own cash flows. I don't think we're putting money now for one year or more...
- Rajeev Aggarwal:** Yes one year.
- Vimal Kejriwal:** One year. So, we're not putting any money. So, all that debt reduction which you're seeing is coming from their own cash flows. Business wise, I think, we are pretty okay with them, 10%, 12% growth. They can't grow too much because it's ultimately a manufacturing facility, so unless and until we put in more -- a lot more money and expand the capacities. Right now, we have some capacity available. So, depending upon how the order flow pans out, we will probably do a little bit more. Right now, we're talking about 10% to 12% of growth.

**Amit Anwani:**

Sure. Next, sir, on the -- you did highlighted on the renewable energy business that we are seeing a significant opportunity and we are doing a capability building. So, just wanted to understand if you could highlight which part of the business and capability building is happening? And any pipeline sort of there in mind and -- seeing the competitive environment there, what kind of margins, any more color if you could give on renewable business strategy for us for next one year, two years?

**Vimal Kejriwal:**

Okay. So, Amit, margins typically would be 8% to 10% in this business as of today, okay. Capability build, we are trying to do across all the verticals. So, for us, it is solar, wind, as well as green hydrogen. Solar, we already have, I'll say, decent amount of orders. We have been a little bit cautious in taking orders, but I think we have right now two large orders and we continue to bid for more.

So, maybe we'll pick up one or two more orders during the year. That's the way. And we're trying to build more capability on engineering, trying to see -- we had a solar manufacturing earlier in terms of this model mounting structures and all that. So, we thought we'll add something. But now with transmission being so much, our factories are completely full. So, there's more capability being added on the engineering and execution in solar.

As far as wind is concerned, we did not have any capability. So, we are trying to build capability to design, code and execute. So, if you look at the AC part of it, we can do it very easily. We're still trying to work with some of the OEMs and all that to see what else can be done. I think in a couple of months, our capabilities and all should be in place in wind. Green hydrogen, I think, it's still far away.

We have built some capabilities. We have quoted for some projects. But I think there is too much of competition right now. Everyone wants to show that they've got green hydrogen projects. So, they've been bidding crazy. I think it will take some time. We have hired a couple of people on the integration side, because we want to be an integrator on green hydrogen rather than being a manufacturer somewhere. I think it's some time away, okay. I think that's the way, I'll say, our renewable would be. You will start seeing some ramp up in the renewable revenues in the coming years, yes.

**Amit Anwani:**

Sure. Sir, lastly, on the domestic order intake, does now we are expecting that the Andhra Pradesh, again, the redevelopment works will restart in a big way? Does that add anything or enhance our domestic pipeline for next 12 months, 18 months? Any thoughts you would like to give on the Andhra Pradesh opportunities for us?

**Vimal Kejriwal:**

So, to me, I think it's a good opportunity and we are waiting and watching, okay. I think we will see what actually happens on the ground, honestly. But I think you are right. It's an opportunity. So, I do think that some things out of that will definitely come out in the near future. Amit, I think you'll have to come back.

**Amit Anwani:**

Yes. Thank you, sir.

**Vimal Kejriwal:**

There's a long queue of question queue.

- Amit Anwani:** Yes.
- Vimal Kejriwal:** Thank you.
- Moderator:** Thank you. The next question is from the line of Mahesh Bendre from LIC Mutual Funds. Please go ahead.
- Mahesh Bendre:** Hi, sir. Thank you so much for the opportunity. Sir, you spoke about the transmission opportunity. I mean, we are a premier player in this segment. So, over the next five years to seven years, how big is this opportunity looks like for us in terms of ordering?
- Vimal Kejriwal:** Difficult to answer this, because when you look at the national transmission policy and others, and then when you look at government talking about 500 GW of renewable and also look at the power demand, to me, we have always been talking about INR70,000 crores to INR80,000 crores between the states and central that would be there in any case. It may go up further.
- The way things are happening, and if really government actually spends or pushes for this 500 GW and this energy renewable is not considering even what you require for green hydrogen. What government has been talking about green hydrogen is they want to do more. So, difficult to say, but at least to me 20%, 25% increase year-on-year for the next four years or five years should not be a challenge at all.
- Mahesh Bendre:** Because sir I mean, the government capex is around INR3.5 lakh crores that's what they are talking about by 2030. But going by the generation side, this number looks very low in terms of historically how it has been spent on transmission side and generation side?
- Vimal Kejriwal:** Yes, I understand that. We are keeping our fingers crossed that this number goes up. I said this number is based on what has been happening in the past and also because of the inability of the states to fund. So I think the joker in the pack would be how much does the states spend because today all this is coming on inter-state.
- So, intra-state and all that, we have not seen too much happening. In fact, if you look at our order book our state order book would be probably 10%, 15% of our entire India order book which needs to definitely go up. So, I think, the whole thing will happen on how the states are given money or they raise their own money or how do they do the distribution reforms and start spending money on the intrastate lines.
- Mahesh Bendre:** Right. Sure, sir. Thank you so much, sir.
- Vimal Kejriwal:** Thanks, Mahesh. Thank you.
- Moderator:** Thank you. The next question is from the line of Jayesh Shah from OHM Portfolio Equity Research. Please go ahead.
- Jayesh Shah:** Yes. Mr. Kejriwal I think, you have done a very impressive job on working on the margins and cash flow given the overall constraints of the EPC business. And I think my question is similar to some of the other questions that the other participants had hinted that if you look at the entire



transmission space, the higher margins or value additions are perhaps not in the EPC, but in associated areas whether visa products or whatever components or whatever else you can do and hence we have seen will companies doing so well while KEC has kind of lagged behind in that area.

I have a simple question, and I think this is a question which you may also have been grappling with that, is there any way that you could transition from just being an EPC company to a product company given that the sector tailwinds are so strong, supply shortages are there, if at all KEC has to make this change the time is now or never. How would you look at it?

Because I know as an answer to a previous question, you have said that you would like to do only EPC. You would not want to be developer. But I would still provoke you to give your thoughts here to all of us to understand better. Because we believe that KEC is capable of doing much more than just EPC?

**Vimal Kejriwal:**

Thanks, Jayesh. So, to me Jayesh we have been -- these ideas keep on coming everywhere and every time we discuss this. So, if you look at our current year's revenue, almost 30% of our revenues should probably come from product sales, okay. Just not to our own projects, but third-party. However, we did feel that, that's not the place where we want to be, and because the reason why we are also moving cable into a subsidiary. Otherwise, the product sales could have probably more.

But what we are doing is, in whatever area we have core, that is our tower manufacturing, which in a way is a product company, product sales. So, there we already expanded our Dubai capacity. We are expanding our Jaipur facility also. Even in, SAE, both Mexico and Brazil, we have added a lot of equipment's. We are expanding our hardware capacity. We are also working on backward integration of our supply chain, where on the angle manufacturing etc., and other pieces. We set up a PVC plant in our cable factory.

I think beyond that, we have no intention right now of moving into products. See, Jayesh, today, you may look at it and say there are shortages, so product is good. Look at two years back, three years back, what was happening. The same conductor guy who today wants a 12 month delivery schedule for me used to sit outside my cabin and say please take the material tomorrow, okay.

So, it's a question of what happens either today, feeling good tomorrow it will happen again. What happen is on products. you would have made your full investment etc. Then, the investment gets stuck. I still remember two years back, my tower factories were running at 50% capacity. So, I think as of now, we do not have an intention, what happens afterwards that nobody knows. But I think we are happy being a contract based company and we prefer to continue to do that.

**Jayesh Shah:**

I see. Okay. Thank you very much.

**Vimal Kejriwal:**

Thanks for your suggestion.

**Jayesh Shah:**

Thank you.

- Moderator:** Thank you. The next question is from the line of Chinmay Kabra from Emkay Global Financial Services. Please go ahead.
- Chinmay Kabra:** Yes. Hi, sir. I just had a question regarding the order inflow guidance. So, since we have already achieved approximately 30% of our initial guidance, is there any update on it going ahead? And if you could also just help us with the if there's any change in other guidance, like revenue or margins?
- Vimal Kejriwal:** So, Chinmay, as of today, we have got more change in our guidance. We still stick with INR25,000 crores of order intake, 15% growth in revenue, and 7.5% for our EBITDA.
- Chinmay Kabra:** All right, sir. Thank you. Other than that, I wanted to know if you could provide a timeline on when is the management may be planning to go ahead with the subsidization of the cable business?
- Vimal Kejriwal:** So, since we have already approved it, we are right now -- the approval came only on Friday. So, now, we're in the process of getting our valuations and other things done, and also legal and other approvals, etc., and looking at what is required, okay. Although, since we are trying to transfer to 100% subsidiary, it should be relatively an easy task. But give a timeframe is a bit difficult, maybe between three months to six months is what we are looking for, Yes.
- Chinmay Kabra:** Yes, sir. Those are my questions. Thank you very much.
- Moderator:** Thank you. The next question is from the line of Deepak Krishnan from Kotak Institutional Equities. Please go ahead.
- Deepak Krishnan:** Hi, sir. Just wanted to sort of check, where are we in terms of -- we had sort of a rating downgrade a couple of months ago from one of the rating agencies.
- Vimal Kejriwal:** Deepak, we can't understand -- I can't understand what you're saying. I think there's a line follow the line.
- Deepak Krishnan:** Yes. I just wanted to understand, so we had sort of a rating downgrade a couple of months ago from one of the rating agencies. So, where are we on that? Like, do we think that something could kind of incrementally change towards a positive in the next couple of months? And that's the capital raise or a potential capital raise have anything to do with our ratings as well?
- Vimal Kejriwal:** So, to me, it's difficult to get a rating upgrade. Typically, I think, they take six months or nine months, maybe one year, before they revisit. Clearly, if you do a capital raise and it's what's strengthening the balance sheet, then obviously, we'll go back and represent to them. And we do hope that, that can happen. That is also somewhere in the back of our mind. But let's see. I don't see the upgrade happening immediately unless we do the QIP very quickly, which is not -- right now, not on the card. Yes, Deepak?
- Moderator:** Hello, Mr. Deepak, does that answer your question?

- Deepak Krishnan:** Yes, sorry, I just got disconnected for a second. Just one follow-up. Just wanted to understand, like, in terms, like, we've reiterated about 7.5% EBITDA margin guidance for this year. Do we kind of see this momentum continuing? And is double-digit guidance in the works for FY '26 in terms of margins? How are we today in terms of thinking of that?
- Vimal Kejriwal:** FY '26, we definitely expect to increase it. So, if you look at our Q1 margins and then if you're talking about 7.5%, so obviously the H2 margins will definitely be better than 7.5%. Otherwise, we'll not reach an average. Whether it will be double-digit or not, very difficult to say right now. But I do expect it will be definitely better than the 7.5% which we have this year. Whether it will be 9%, 8.5%, 10%, a little bit difficult to quantify. But I'm very sure that it will be more than what we are talking about this year.
- Deepak Krishnan:** Sure, sir. Those are my questions and all the best for future.
- Vimal Kejriwal:** Thanks, Deepak. Thank you.
- Moderator:** Thank you. The next question is from the line of Uttam Kumar from Axis Securities Limited. Please go ahead.
- Uttam Kumar:** Yes. Good morning, sir. Thanks for the opportunity. Sir, you mentioned that we have achieved some INR160 crores-odd from Afghanistan. So, what is pending amount currently from Afghanistan?
- Vimal Kejriwal:** Balance amount around INR200 crores, Rajeev?
- Rajeev Aggarwal:** Yes.
- Vimal Kejriwal:** Yes, roughly around INR200 crores or so.
- Uttam Kumar:** INR200 crores. Okay. And sir, you mentioned that this year, you spend some INR100 crores on cable business. So, what would be the capex for this year, FY '25, including this cable one?
- Vimal Kejriwal:** Overall, we are targeting around INR350 crores to INR400 crores.
- Uttam Kumar:** Okay, sir. That's all from my side. Thanks a lot.
- Vimal Kejriwal:** Thanks, Uttam.
- Moderator:** Thank you. The next question is from the line of Vaibhav Shah from JM Financial. Please go ahead.
- Vaibhav Shah:** Yes. Thank you for the opportunity. Sir, for the cables business, so we did a revenue of around INR1,450 crores in FY '24. So, what kind of number you are looking for '25 and '26? As you mentioned that, in '26, we can reach around INR2,800 crores, INR2,900, so what would be the growth in next two years?

- Vimal Kejriwal:** So, this year, we are talking about around 15% to 20% growth for FY '25, okay. And FY '26 would be higher because our entire aluminum conductor manufacturing would be in place. I think on an average, it's around 20% growth is what we should be achieving in cables.
- Vaibhav Shah:** So, '26 revenue, including conductor, should be around INR2,800 crores. So, we should double cable revenue?
- Vimal Kejriwal:** Vaibhav, I think somewhere numbers -- FY '24, we did INR1,675 crores of revenue in cables, okay. So, this year, probably around INR2,000 crores is what we should be looking for and then around maybe a 20% rise year-on-year for the next couple of years.
- Vaibhav Shah:** Okay. Thanks a lot. So, those are my questions.
- Vimal Kejriwal:** Thanks.
- Moderator:** Thank you. The next question is from the line of Priyankar Biswas from BNP Paribas. Please go ahead.
- Priyankar Biswas:** Thank you for the opportunity again. Just one quick question. So, I just wanted your outlook on the Middle East capex, since I think in the oil and gas, you mentioned about Aramco. And if you can also highlight like the Middle East transmission pipeline, let's say, for the next two, three years?
- Vimal Kejriwal:** So, Priyankar, Middle East is doing very well in terms of transmission. It was earlier restricted to Saudi. But now, we are seeing a huge amount of capex coming out of Abu Dhabi also. So, today, these two countries are leading the charge and we are very, very positive on the capex on both these countries. Till last year, our exposure was more concentrated on Saudi and in a way a little bit on Oman. But this year, many of the orders which we've announced have all come from Abu Dhabi, okay, whereas we now have large elements in Saudi also, so which will come in.
- So, it will now balance between the two countries. And we are also seeing a very large pipeline of tenders both in Saudi as well as in Abu Dhabi, okay. So, if you ask me, we are pretty positive. In fact, if you look at international T&D today, the most of the orders are coming in from the Middle East region.
- Priyankar Biswas:** Hey, if you can just elaborate on the Aramco, that's what I had asked. About the oil and gas, you were saying that we got qualified on that.
- Vimal Kejriwal:** So, Aramco, I think, will take time, okay. We are in no major hurry in oil and gas. I think we are happy with what's happening in T&D. So, we have started looking at that. I don't think we have bid as of now. I don't think we have an intention of bidding immediately. But we just took the approval, we'll see how to do.
- Priyankar Biswas:** Okay, sir. That's all for my side. Thank you.

**Moderator:** Thank you. The next question is from the line of Riya Mehta from Aquitas Investment. Please go ahead. Hello Ms. Riya, your line has been unmuted. Please go ahead with your question.

**Riya Mehta:** Thank you for the follow-up opportunity. I was just wanting some further insight on the Kavach policies. And I think the allocation and the budget has also increased. So, if you could just give a macro-outlook on the same.

**Vimal Kejriwal:** See, although, I think it's gone up by INR1,000 crores or something, if I'm not wrong, the issue which I'm seeing is that there is some discussion going on the Level 3, Level 4, which level. I think they're right now on Level 2 of Kavach. So, I think government has been debating that piece. That's my understanding, which is why the orders have not been -- tenders have not been coming.

Also, the capacity has been limited. So, we do expect that in the next couple of months, a few orders will start coming in. But unless and until they approve more vendors and the capacity goes up, looks difficult -- or they sort of change the levels and start allowing international players who have this technology to come in, so little bit difficult. I am not honestly seeing too much of opportunity at the moment, okay. If there is something different happens in couple of months, because as of today, there's no tender out, which means that for next week, even if the tender comes in, but the process is three months, four months, five months for award and all that. So, I'm not seeing any major revenues flowing in from Kavach. Even if it happens, the order intake will happen, okay.

**Riya Mehta:** Got it. And there were articles -- news articles which were saying that the oil and gas orders which were coming in from Saudi last year around has slowed down a bit. And I think even L&T had a similar outlook. What kind of traction are you looking from that geography?

**Vimal Kejriwal:** We are honestly not there in that geography for oil and gas. We have got approvals. We have even looking at more on the water side there rather than the oil and gas. What we understand from whatever we have also read the same thing is that they have put on hold some of the projects which they don't want, although they are continuing to invest a lot. So, it's not that they stopped investing, seem to have become much more selective in their investment.

Similarly, if you come at -- come to Abu Dhabi, we are seeing ADOC going ahead with some significant investments in oil and gas, okay. So, between the two, I think large investments are still happening, but not to the extent which people were talking earlier.

**Riya Mehta:** Okay. Thank you. That's it from my side.

**Vimal Kejriwal:** Thanks, Riya. Thank you.

**Moderator:** Thank you. The next question is from the line of Shrinidhi Karlekar from HSBC. Please go ahead.

**Shrinidhi Karlekar:** Yes, hi. Thank you for the follow-up opportunity. Sir, you alluded to very strong return profile that you have in your cables business and this is despite over 200 basis point to 300 basis point

lower margins versus your peers. So, may I ask you to be elaborate how is your in terms of asset turn profile as well as working capital profile of this business?

**Vimal Kejriwal:** So, clearly, if you're asking about asset turnover, I think if you look at the numbers, which we have been talking about, let's say, aluminum conductor, we are saying we'll invest INR60 crores and we'll get a INR600 crores and all. And similar, new investment which we're talking about INR80 crores, INR90 crores, again, we expect a revenue of INR600 crores or so.

So, typically, when we do an expansion of an existing -- in an existing facility, then around seven times to eight times is -- has been the asset turnover. Obviously, when you set up a new facility, like what we did in Baroda many years back, it was around three times, or three times to four times.

**Shrinidhi Karlekar:** Right. And sir, how is working capital profile, sir?

**Vimal Kejriwal:** Working capital, as of now, is negative in the sense that we are buying on credit and selling a little bit on the lower credit period and all that. So, we're not investing on that.

**Shrinidhi Karlekar:** Okay. So, the acceptances you have on the paid cable side.

**Vimal Kejriwal:** Yes, absolutely. Acceptances and also interest free credit. But it's basically, your creditors are more than your debtors.

**Shrinidhi Karlekar:** Let's say, in that case, sir, how large is the receivables profile in terms of days?

**Rajeev Aggarwal:** For cable business, it is somewhere around 75 days to 80 days.

**Shrinidhi Karlekar:** 75 days to 80 days. Thank you. Yes. Thank you for answering the questions. Thank you.

**Moderator:** Thank you. The next question is from the line of Jay Jain from Buoyant Capital. Please go ahead.

**Jay Jain:** Can you throw some light on the L1 order -- L1 of over INR9,500 crores, which are the major orders here? And can you give a break-up of your transmission -- T&D business and other businesses of this INR9,500 crores?

**Vimal Kejriwal:** So, on the L1, typically we don't give break-up in details but almost 90%, 95% is in T&D, okay. And split between India and international, in fact, international probably in L1 is more than India, okay. Order book & L1 is INR42,000 crores -- what break-up do you want?

**Jay Jain:** Just the split between T&D and geographical. Thank you.

**Vimal Kejriwal:** So, T&D would be roughly 50% of it and the rest would be non-T&D, okay. And geographically, it would be around 74% is domestic, 74%, 75%, 25% is international.

**Jay Jain:** Okay. Thank you. Thank you, sir.

**Moderator:** Thank you. The next question is from the line of Pratik Lambe, an individual investor. Please go ahead.

**Pratik Lambe:**

Yes. Hi, sir. Thank you for taking my question. My question was on international T&D order book currently. I want to understand, sir, how is it that I can look at it going next two years in terms of strategy that KEC would have on building its international T&D business, whether in terms of executing EPC projects or the pure supply orders, and also on the margin and the geographic regions that we would be targeting mainly? Thank you, sir.

**Vimal Kejriwal:**

So, Pratik, if you look at our geographical spread on T&D, and I'll say, broadly if you look at it, one is our, what we call our neighboring countries, which would be Nepal, Bangladesh, Sri Lanka, etc., which is where we had a very strong presence. However, of late, we are seeing the orders coming down slightly, okay. I still remember three years back, my Bangladesh revenue was more than India revenue in T&D. So, that's one reason, where we see a -- I'll see a consistent flow. Maybe for us, a revenue of INR5,000 crores is what we are looking at. Depending upon what happens in Bangladesh, the revenues can go up.

Second is obviously Middle East, which is obviously our largest region. And as I was answering the earlier question, we are seeing a huge potential between both the two large countries of Saudi and Abu Dhabi. So, those would be -- that would be our biggest focus area in terms of T&D. Africa has started picking up now. I think from with what had happened in COVID, where the entire funding had dried up and the funding had been diverted to more humanitarian issues, now we have slowly started seeing projects coming up. Even we had announced a large project some time back and we are still hopeful of getting some more. So, Africa will slowly start coming back, okay, from INR500 crores to maybe INR1,000 crores and all. That's what we want to look at it.

Then the next piece where you are -- is East Asia, which is basically Malaysia, Thailand, Cambodia and all those regions, those have typically been under INR400 crores, INR500 crores for us. And I think that's where we still expect them to stay. We are not seeing a significant bump up happening in that. The place where the increase can probably come in is the former Soviet Union, CIS region, where we are already doing two projects and we have some more tenders which are coming up. And hopefully, if the war subsides and all that, then we will see a lot more growth coming in from the former Soviet Union.

That leaves out Americas, where we don't do EPC, we only do tower supply. And there, we are seeing a large growth happening both in Brazil, Mexico, United States and also countries like Peru, Chile, Colombia, the South America part of it. So, that's an area where we look at very positively and do expect that tower supplies to that region and to Australia, which is the last piece, where we are seeing some very large projects being announced happening. So, I think that, that's the way we are looking at it.

Our international is roughly around INR5,000 crores and odd. So, I don't see it growing by 30%, 40%, but I think it should grow reasonably. That's the expectation we have, because we also need to keep in mind that geopolitical risk, etc. So, we want to keep a balance between international and India.

**Pratik Lambe:**

Yes. So, will the international growth be ahead of the domestic or how do you see that?

**Vimal Kejriwal:** Sorry, what did you say? International growth would be?

**Pratik Lambe:** Will it be ahead or more than the domestic T&D growth?

**Vimal Kejriwal:** So, international is growing, but India is growing much more than that. So, I don't see international growth being ahead of India. Right now, the way India is growing, I clearly think that India will grow more than international. At least in absolute numbers for the next two years, we see India going far ahead of international in terms of absolute numbers. After that, the growth percentage may be similar, I'm not sure, but India would definitely be more than international. I can say that.

**Pratik Lambe:** Okay, sir. Yes. And what will the -- Yes. Thanks, sir. Thanks a lot, sir.

**Vimal Kejriwal:** Thank you.

**Moderator:** Thank you. The next question is from the line of Bhoomika Nair from DAM Capital. Please go ahead.

**Bhoomika Nair:** Yes, sir. Thanks for the follow-up. Sir, just wanted to understand the civil business. For the last couple of quarters, we kind of stagnated in terms of the order intake. So, are we seeing any improvement per se? And what is our outlook in terms of growth out here?

**Vimal Kejriwal:** So, Bhoomika, civil, what is actually happening in civil is that at least as far as we are concerned, we are not seeing too much on private capex side. So, what has happened is that the industrial order flow has come down, I'll say, significantly. The growth is primarily getting driven by residential as well as, to an extent, commercial.

Even on government side, we had not seen a major, what we call, public spaces, like, let's say, hospitals and airports, etc. I think they're all gone slow, either because of elections or whatever. So, I think, now, with the budget behind us, I do expect that this part will start picking up. The residential is looking very, very bullish even now, notwithstanding whatever has happened on capital gains and all that. But the number of inquiries which we have on residential is very high.

Industrial, we have started receiving inquiries. So, I do hope that, that will pick up. The other major areas where we were there was elevated viaducts and water. So, elevated viaducts, I think we are reaching -- slowly reaching a saturation point where we are not seeing too many announcements coming on elevated. But water, I think, we are very, very positive with the current allocation in the budget, etc.

We do see a lot more water projects will come up. There will be -- in my value -- we have three or four types of one is what we have, Jal-Se-Nal-Tak, which is on the rural side. Then they have one which is on Amrit, which is on the city bringing in more water to cities. Third one would be on the lift irrigation, which is there. So, I think three are major type of projects we are talking and we've started seeing projects coming up in all of them. So, I think we will start seeing revenue order book from water.



Growth has been, I'll say, little muted, because we did not get the margins which we are expecting to deliver, which is why we also -- and also moving on, what happens is that with T&D growing so much, we said that we will do more where we are earning more money. So we actually became more conservative in civil, raised our entry barrier and increased the margin levels and cash flows, etc., which had an impact on the order intake. I'll say, more or less a conscious decision then by default.

**Bhoomika Nair:** Right. So this should kind of see a muted growth in the current year unless, say, a water kind of picks up per se?

**Vimal Kejriwal:** On the order intake, you may say muted, but revenue would be pretty decent, because we already have an order book of more than INR10,000 crores. So, there will be a definitely a revenue growth.

**Bhoomika Nair:** Okay. And what kind of a revenue growth we are looking at, sir, for the full year?

**Vimal Kejriwal:** We are looking at around 30% growth in civil.

**Bhoomika Nair:** Okay, Understood. Fair point, sir. Thanks so much.

**Vimal Kejriwal:** Thanks, Bhoomika.

**Bhoomika Nair:** Thank you.

**Moderator:** Thank you. The next question is from the line of Harshal Mehta from Smart Sync Services. Please go ahead.

**Harshal Mehta:** Good morning, sir. Thank you for the opportunity. Sir, so I have one question. Pardon me for my ignorance, but in the last con-call, you have mentioned that in that particular month, you were doing around 100 kilometers of Kavach implementation work. And I guess that would be the month of May, if I'm not wrong. So, I just wanted to know that whether the project that we were already having on the Kavach side, was that executed and was any kind of revenue booked in that particular segment?

**Vimal Kejriwal:** So, I don't have the exact numbers, but we did book revenue. Rajeev, do you have any on Kavach? So, I don't think we have the exact number. Maybe you can speak to Abhishek, but the project is still under execution. If I'm not wrong, 30% 40% or maybe 50% of the project is already executed. So, I think it will be probably a quarter or two by the time the two projects which we have will get over.

**Harshal Mehta:** Okay. And any kind of split -- so, as far as I know that one kilometer of this Kavach implementation work is costing around INR50 lakh to the government. So, any kind of break-up that you might be able to give that what part is of our JV partner and what is the part of our own as in for execution work in percentage or maybe in ratio?

**Vimal Kejriwal:** So, Harshal, I don't have the exact number, but I think broadly equipment would be probably around 70% or so. But I may be honestly wrong, but from my recollection it would be around in



that range and 30% would be on the EPC side. But it's not necessary that all the equivalents come from the JV partner. I'm just giving you the break-up between construction -- or let's say execution versus equipments.

**Harshal Mehta:** Done, sir. Thanks a lot. Thank you for this insights.

**Vimal Kejriwal:** Thank you.

**Moderator:** Thank you. Ladies and gentlemen, that was the last question for today's conference call. I would now like to hand the conference over to Mr. Vimal Kejriwal for the closing comments.

**Vimal Kejriwal:** Thank you very much for your continued interest. Thank you.

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