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November 19, 2024

To,

BSE Limited
Phiroze Jeejeebhoy Towers,
Dalal Street,
Mumbai - 400 001

SCRIP CODE: 531120

The National Stock Exchange of India Limited
Exchange Plaza,
Bandra - Kurla Complex,
Mumbai - 400 051

SYMBOL: PATELENG

Dear Sir/Madam,

Subject: Submission of Investor/ Analysts Meet Transcripts

In continuation of the letter dated November 7, 2024 related to the Investor Conference Call to discuss the Financial Results for the quarter ended September 30, 2024 and pursuant to Regulations 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended), please find enclosed the Transcripts of the Company's Investor Call.

The said Transcript is also available on the website of the Company at https://tinyurl.com/2s3zs7az

It is further confirmed that no unpublished price sensitive information was shared/discussed in the meeting / call.

We request you to take the same on record.

Thanking you,

Yours truly,

For Patel Engineering Ltd.

Shobha Ranjit Shetty Digitally signed by Shobha Ranjit Shetty Date: 2024.11.19 11:52:06 +05'30'

Shobha Shetty
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"Patel Engineering Limited
Q2 & H1 FY '25 Earnings Conference Call"
November 13, 2024

MANAGEMENT: **MS. KAVITA SHIRVAIKAR – MANAGING DIRECTOR – PATEL ENGINEERING LIMITED**
MR. RAHUL AGARWAL – CHIEF FINANCIAL OFFICER – PATEL ENGINEERING LIMITED

MODERATOR: **MR. DHEERAJ RAM – ASHIKA INSTITUTIONAL EQUITIES**

Moderator: Ladies and gentlemen, good day, and welcome to the Q2 and H1 FY '25 Earnings Conference Call of Patel Engineering Limited hosted by Ashika Institutional Equities. 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 touch-tone phone. Please note that this conference is being recorded.

I now hand the conference over to Dheeraj Ram from Ashika Institutional Equities. Thank you, and over to you, sir.

Dheeraj Ram: Thank you. Good evening, ladies and gentlemen. Ashika Institutional Equities welcomes you all for Q2 & H1 FY '25 Earnings Conference call of Patel Engineering Limited. This is Dheeraj Ram speaking. Today from the management team, we have with us Ms. Kavita Shirvaikar, Managing Director; and Mr. Rahul Agarwal Chief Financial Officer.

Now without any further delay, I hand the call over to Ms. Kavita Shirvaikar, Managing Director, for her opening remarks, post which we'll open the floor for the Q&A session. Thank you, and over to you, ma'am.

Kavita Shirvaikar: Thank you. Thank you, Dheeraj. And good evening, everyone. Welcome to the Q2 FY '25 Earnings Call of Patel Engineering Limited. We have shared a presentation summarizing our performance for Q2 and H1 FY '25, along with the results on the Stock Exchange for your reference.

Let me tell you, this quarter has been challenging for us. We began the period with the unfortunate loss of our late CMD, Mr. Rupen Patel. Despite these challenges and even it is being a monsoon quarter, we have been able to achieve a revenue growth of around 15% in the quarter as compared to last year. Our profit saw an impressive increase of over 150%, rising to INR81 crores, up from INR32 crores in the same period last year.

On the order inflow front, we had informed earlier that due to the election season, we were able to secure an L1 position of INR240 crores from NHPC for Teesta project. Additionally, we have formed strategic alliance with PSUs like RVNL and Ircon, reinforcing our long-standing relationship built over 75 years of operations. This quarter also saw significant progress in our projects.

We commenced the final concreting of the powerhouse of one of the India's largest hydro project, 2,000 megawatt Subansiri hydroelectric project in Arunachal Pradesh. I want to reassure our stakeholders that with a 75-year legacy, we remain committed to sustainable growth. We have a robust, experienced and professional organization dedicated to overcoming challenges and achieving steady long-term success.

Now let me provide a brief outlook on the sector. India has committed INR11.11 lakh crores for infrastructure in this year budget. After being re-elected, the government has started taking various steps to meet their infrastructure goals. Last month, key stakeholders in India's power sector gathered to plan the future of the energy sector where the Union Minister emphasized the importance of renewable energy.

India currently has 200 gigawatts of renewable energy capacity. The goal is to reach 500 gigawatts by 2030 and over 600 gigawatts by 2032. India has 18 gigawatts of hydroelectric projects under construction. The total hydro capacity is expected to reach 67 gigawatts by 2031 and '32. The government has recently approved INR12,460 crores to develop 31,350 megawatts of hydropower project over the next few years. The focus is on the NorthEast states like Arunachal Pradesh due to its strategic location.

Now coming to PSPs. The government has increased its attention on hydro PSP to support renewable energy and meet peak power demand. Accordingly, 39 hydro PSPs of 47 gigawatts are planned to be ready by 2029, '30. These projects are likely to achieving India's Net-Zero carbon emission target by 2070.

Now coming to the irrigation and water management. The government aims to expand irrigated land and improve water efficiency. Under the Pradhan Mantri Krishi Sinchayee Yojana initiatives like Per Drop More Crop and Har Khet Ko Pani are being implemented. Around INR93,000 crores has been allocated to support around 22 lakh farmers. Over INR70,000 crores has been allocated to the Ministry of Jal Shakti in the 2024-'25 budget. Ongoing river interlinking projects will improve irrigation and reduce droughts across the country.

As regards road, the Ministry of Road Transport and Highways stands to build 74 new tunnels across India, covering 272 kilometres. An estimated of around INR1 lakh crores will be spent on this. With elections and the monsoon season behind us, we anticipate a strong economic recovery and a healthy increase in order inflows in the coming quarters.

See, let's now discuss our current order book position. Our order book as on 30th September is around INR17,260 crores. Out of that 64% is from hydro sector, 21% from irrigation, 10% from tunnelling and remaining 5% from other sectors.

In Q2, we received the letter of award for the Jigaon Water Lifting project valued at INR317.6 crores for which we earlier declared lowest bidder. Our share in this project is around INR111 crores. This project will enhance water resources and benefit communities in Maharashtra.

We have also been declared L1 for the Teesta-V hydropower project in Sikkim with a contract value of around INR240 crores from NHPC Limited. This project supports our strategy to expand in renewable energy. It aligns with our ongoing work in hydropower, including the Teesta-VI project and our experience of completing over 85 dams.

Over and above, we have signed MOUs with two major PSUs, RVNL and Ircon International Limited. These partnerships will strengthen our ability to deliver infrastructure projects both domestically and internationally, improving project execution through shared expertise.

As regards upcoming projects and bidding pipeline, we have a bid for projects worth approximately INR10,000 crores that are currently under evaluation. Additionally, projects worth around INR40,000 crores have been identified and are expected to be available for bidding soon.

Moving on to monetization of non-core assets. This year, we had planned to realize around INR150 crores to INR200 crores per year from monetization of non-core assets.

In Q2, we have sold 5-acre land parcel in Electronic City Bangalore for INR36 crores. We also received INR55 crores from an existing arbitration award. In the previous quarter, we had realized around INR240 crores from arbitration claims. Thus, the total realization from noncore assets in the first half of the year has been around INR330 crores. Additionally, after September quarter, we also realized INR100 crores from the sale of our stake in Welspun Michigan Engineers Private Limited.

So, overall, we remain committed to growing this company steadily in its core business, guided by strong values and commitment to creating value for all stakeholders, including our 4,500 employees. Through effective execution, consistent order inflows and efficient fund management, we aim to build a sustainable future for Patel Engineering Limited.

That was a small brief from my side. I will now invite Rahul to walk you through the financial performance of the company.

Rahul Agarwal: Thank you, Kavita. Good morning, and welcome to all. I will now take you through the company's financial performance for Q2 and H1 FY '25. Revenue on a consolidated basis has gone up by around 14.98% to INR1,174 crores, driven by strong project execution. Operating EBITDA is INR162 crores, which is an increase of 15.8% year-on-year, and it stands at -- EBITDA margin stands at 13.81% compared to 13.71% in Q2 FY '24.

Our profit after tax has been INR81 crores as compared to INR32 crores in the corresponding quarter previous year. On a stand-alone basis, the revenue is INR1,155 crores, which is an increase of 14.07%. Operating EBITDA is again up by 12% at INR152 crores and EBITDA margins at 13.16%.

Sector-wise revenue breakup, it is hydro is 56%, irrigation, 18%; tunnelling 12%; roads and other sectors, 14%.

On a half yearly basis, our revenue from operations is INR2,276 crores and operating EBITDA is up 6.5% to INR331 crores. EBITDA margins for half year is 14.54% and our profit after tax for the first half year is INR129 crores. On a stand-alone basis, the revenue is INR2,237 crores, operating EBITDA is INR313 crores, EBITDA margin at 14%.

Now coming to debt and working capital numbers. Our gross debt on a consolidated basis as of September is INR1,438 crores as compared to INR1,992 crores in the corresponding period last year. And as of March, it was INR1,885 crores. Hence, in last 1 year, we have reduced the debt by more than INR500 crores. We have client advances of INR745 crores as compared to INR760 crores at the end of FY '24, and we have a cash balance of INR247 crores.

So the debt equity ratio is coming to around 0.39, which is we believe is a healthy debt equity ratio. And breakdown of debt is working capital debt is around INR800 crores and term debt is INR650 crores. In terms of working capital, the net working capital days after adjusting for land arbitration awards and borrowings and cash and bank balances around 112 days.

That concludes the financial overview. We are now happy to take any questions that you have.

Moderator: Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Rajan Jain from NV Capital.

Rajan Jain: So, I had a couple of questions. So you talked about INR25,000 crores of order book by FY '25. So out of this, how much bid already submitted? And when do you see this bid will be finalized?

Kavita Shirvaikar: So, see as I mentioned that around INR10,000 crores bids are under evaluation, which is coming for near -- bidding for a near future. Another INR40,000 crores also we have identified, which will come up for bidding shortly.

Rajan Jain: Okay. And like -- and most of the bids are in domestic market or are this from overseas market also?

Kavita Shirvaikar: No, most of them are from Indian market only, domestic market only.

Rajan Jain: Okay. And like going forward, what will be our strategy in terms of sector and in terms of bidding strategies going forward?

Kavita Shirvaikar: So, our current focus is -- yes, sorry.

Rajan Jain: I mean are we also planning in terms of irrigations, roads and all of that?

Kavita Shirvaikar: Yes, we are planning. See, our major focus will remain hydro, but along with hydro, we'll be focusing on irrigation, water sector, pipeline work and road sector. Other sector also, we are targeting.

Moderator: The next question is from the line of Harsh Patel from Share India.

Harsh Patel: Congratulations for a good set of numbers. Can you throw some light on debt reduction going forward? And in case of Afcons, which are being listed, how competitive we are bidding comparative to Afcons in hydro projects?

Rahul Agarwal: So, see, we have a term debt of around INR650 crores right now. We expect to pay the term debt over the next few years. say, around 3 years -- 3, 4 years from now. So that is our target that we'll pay off the term debt. However, with the increase in new orders, even if we take more working capital debt or client borrowings, the overall borrowing in terms of borrowing plus client advances, we don't expect that to increase.

In terms of bidding with Afcons' IPO and all coming, see, there are enough works for all us to take. So there is no issue. We go selectively anyways for our projects what we want.

Harsh Patel: And can you show on margins in coming quarters, what would be the EBITDA margins we would be expecting?

Rahul Agarwal: See, we anticipate on an average 13%, 14% margin. So that we'll maintain.

Moderator: The next question is from the line of Dheeraj Ram Singh from Ashika Institutional Equities.

Dheeraj Ram Singh: My first question is the recent project that we have secured of almost INR240 crores, which is a hydro project. Could you please throw some light on it, like what is the completion cycle and what is the margin that we can expect and where it is from?

Rahul Agarwal: So, it is a small project. It is nearby for our existing project, INR240 crores to be completed in almost 2 years' time. And the margins are similar to what we get in hydro. So we expect on an average same 14%, 15% margins to be maintained.

Kavita Shirvaikar: We have a strategic advantage because it's nearby. We are already executing one project in that area.

Dheeraj Ram Singh: Okay. Got it. So if you can provide the segment-wise EBITDA margin breakup, is it possible?

Rahul Agarwal: See, segment-wise EBITDA, what we see is our average margin is around 14%, where hydro gives us around 100, 200 basis points higher. And the other segments are around 200 basis points lower and hydro being more than 50%, so average comes at 14%.

Dheeraj Ram Singh: Understood. And okay. Got it. So one last question is we have recently formed MOU with Rail Vikas Nigam and Ircon International. So is it to venture into railway infrastructure division? Or what kind of opportunities can we see going forward?

Rahul Agarwal: See, it is mainly to do an alliance or tie-up for large projects. So there are various large projects expected to come up. So we can do strategic alliance and go for bidding together with a Navratna company bidding with us. So the likelihood of getting projects may increase.

Dheeraj Ram Singh: Got it, sir. Any guidance on the closing order book for FY '25?

Rahul Agarwal: Right now, we can only say that from 1 year from now, we are looking at around INR10,000 crores, INR12,000 crores order inflow.

Moderator: The next question is from the line of Prashant from Unived Corporate Research Private Limited.

Prashant: Just a bookkeeping question. What was the arbitration claim amount as of 30th September, total arbitration claim on your side. From your side.

Rahul Agarwal: So, we have arbitration claim and arbitration awards cumulative of around INR3,500 crores, INR3,400 crores.

Prashant: INR3,500 crores as on 30th September.

Rahul Agarwal: September, correct.

Prashant: And on 31st March, how much was the amount?

Rahul Agarwal: So we had almost INR5,000 -- INR4,000 crores, but we got some money and we have done some settlements under Vivad se Vishwas. So right now, it is INR3,400 crores.

Prashant: Okay, INR3,400 crores. And in this quarter, how much arbitration -- I missed the point in the opening remark. How much arbitration money you got from the government?

Rahul Agarwal: INR55 crores we have got from arbitration awards.

Prashant: INR55 crores. Okay. And what do you expect -- how much money you should expect in this fiscal.

Rahul Agarwal: See, this fiscal, we cannot put an exact number. What we are looking at is maybe next 6 months, 1 year, we get around INR100 crores, INR150 crores more.

Prashant: INR100 crores, INR150 crores. Okay. And the second question is on the Subansiri project. You have started the final completion. So what timeline you expect your powerhouse to get over? Hello?

Moderator: Sorry to interrupt you, sir. The management line has been disconnected. Wait for a second. I'll reconnect. ladies and gentlemen, thank you for patiently holding. The management is back on. Sir, please continue.

Prashant: Yes. On the -- in the presentation in one of the slides, you had mentioned that final concreting of powerhouse of Subansiri Hydroelectric project has been commenced. So what timeline you have for completing the powerhouse project in Subansiri?

Kavita Shirvaikar: So, this is Subansiri project, we got LoA in the financial year of 2021. So in 4 years, we completed around INR1,500 crore work. Balance is around INR250 crores, INR300 crores work is pending, which we expect to complete in the next 12 months time.

Prashant: 12 months to complete the powerhouse for Subansiri...

Kavita Shirvaikar: Because it's the last leg of work where more of the finishing work is left because major work is already done. And that finishing work is interdependent on other contractors.

Rahul Agarwal: Yes. Because see, we are doing civil work. There are H&M, E&M contractors who work in parallel. So we have to work with them.

Kavita Shirvaikar: So, it's interfacing and interdependent work.

Prashant: So that's why it will take 12 months, you mean to say?

Kavita Shirvaikar: Yes, maximum 12 months, we are saying.

Prashant: Yes. Okay. But approximate timeline you have, maximum can be 12 months, but say, 6 months or 7 or...

Rahul Agarwal: Yes, between 6 to 12 months.

Prashant: 6 to 12 months. Okay, sir.

Moderator: The next question is from the line of Tej from Niveshaay Investment Advisors.

Tej: Just wanted to get an idea of out of this INR10,000-odd crores of projects which we have bidded, how much are for, let's say, hydro and PSP and how much would be for irrigation?

Rahul Agarwal: So around 55%, 53% is hydro PSP. And irrigation is around 15%, 16%. Rest is tunnelling, roads, other segments.

Tej: Sorry, irrigation you said is 15%, 16%.

Rahul Agarwal: Right.

Tej: Okay. Got it. And sir, what was the value you mentioned at the start about how much money did you receive from the tunnelling business that you sold to Welspun.

Rahul Agarwal: Sorry, come again?

Tej: I mean how much realization did we got from the sale of tunnelling business to Welspun?

Rahul Agarwal: No, no, we didn't sell a tunnelling business. We had a subsidiary where we had 10% stake, Welspun Michigan Engineers. We sold that for INR100 crores.

Tej: Okay. Okay. And how much -- what gigawatts of tenders are we expecting to come out in, let's say, 2, 3 years for both, let's say, hydro and PSP. So I just wanted to get an idea of how much time does projects under S&I takes to reach tendering stage?

Rahul Agarwal: See, it varies from project to project. But what we see is that around 30 gigawatt of projects should come up for bidding in the next 1, 1.5 years.

Tej This is combined hydro and PSP, right?

Rahul Agarwal : Right

Tej: Okay. Okay. And I just wanted to understand why is our working capital so stretched? I mean, if I see your debtor days are about, what, 50, 60 days. And then I think -- I don't know what's -- I mean, a lot of money stuck up in inventory. So if you just give a clarity on why -- I mean, why the working capital for us is so stretched. Is this because of projects getting delayed? Or I mean, I'm just trying to understand why our inventory is always so high and why we are relying on borrowings too much because our payments is not coming on time or is this something like that?

Rahul Agarwal: See, I'll tell you, inventory is a component of two, three things. One is there is a stock of land parcels also, around INR350-odd crores is stock of land. So as I mentioned earlier, so our net working capital days is around 115 days, if I remove the average normal working capital. That excludes some arbitration claims, which are expected. Money is realizable through arbitration claims, which are continuing in inventory, plus there are -- the stock of land is there. So if you exclude that, then my normal working capital is around between 3 to 4 months only, so which is normal.

Now only thing is our nature of business is such that the initial mobilization expenses, what is incurred in the first year, that is realized over the project life cycle of 4, 5 years on a percentage completion basis, that continues in inventory as work in progress. So the overall number looks high, but my overall working capital cycle, if I exclude this arbitration claims is around 115 days.

Tej: Okay. Okay. Got it. And do tenders, I mean, I mean since you said to the previous answer that you have to work in combined with the HEP developers and the electromechanical developers, there is a whole complete package of tender or the tender comes in, let's say, civil part is different and then HE hydromechanical is different.

Rahul Agarwal: Separate. Normally, it is civil. We take the civil part. The HEP and electromechanical work goes to other contractors.

Tej: Okay. Got it. So you basically kind of subcontract them the electromechanical and hydromechanical work?

Rahul Agarwal: No, no. Actually, the client only is now giving it as a separate contract.

Kavita Shirvaikar: It depends. If it is EPC, then we subcontract, or else client give separately to them.

Tej: Got it. And what I observed is, especially in the hydromechanical -- I mean, hydro projects, there's been a delay of about 3 to 4 years and for some projects, it's been like more than 5 years. And so what gives us confidence, let's say, that projects, the tenders which are coming out, the execution -- normal execution will be about, let's say, 4 to 5 years, won't exceed the normal timeline then would be completed on time.

Because there has been always an issue of getting environmental clearance and kind of a bit backlash because of the -- probably because of the delays from the government side. So what gives us confidence that all these issues are resolved and probably now projects on -- which we'll be getting from now on would be probably completed on time?

Kavita Shirvaikar: So I'll tell you a very good question. In earlier, what used to happen, why the project used to get delayed. There were 2 reasons. One is land acquisition. And as you rightly mentioned, second is environment clearance. Now let me tell you, I gave you the example of Subansiri that in 4 years, we completed INR1,500 crores of work and project is almost under completion.

So now going forward, whatever projects are coming, thanks to the government initiatives and various measures taken by the government, whatever projects LoA is getting issued, they are ensuring that 90% land acquisition is completed, environment clearance is in place and the kind of monitoring also from PMO office like large projects, it has been monitored from PMO office directly and like we executing large projects in J&K, so we are witnessing that. So going forward, we see this kind of delay will not happen and projects are execution will be more or less on time. So we are confident about that.

Tej: Okay. Great. Great. And is there something like, for example, I just want to try to understand, is it something like, let's say, you are probably, let's say, 20% of the work is left, but is it something like majority of the revenues are booked when, let's say, 20% of the work is left? I mean, are majority of the revenue booked towards the end of the projects? Or is it equally distributed as and when you complete those projects?

Kavita Shirvaikar: It's based on percentage completion. Whatever work we complete, we book accordingly.

Tej: Okay. Okay. Got it. Got it. No, I was just trying to understand, is majority of the work done in the last few years, let's say the project of 4 years, is majority of the work done in the last 2 years? Or it's probably, I mean, equally distributed. I was just trying to understand that.

Kavita Shirvaikar: No, normally cycle, see how it happens when a hydro project first 6 to 9 months goes for mobilization, revenue starts coming from the second year, third year, third and fourth is the peak year. And the fifth year is again completion work, which is finishing work, which takes a little bit on the downside. So third and fourth year is the peak year normally in 5-year cycles.

Moderator: The next question is from the line of Chirag from White Pine Investment Management Private Limited.

Chirag: Sir, two, three questions, Kavita and Rahul. First, in the presentation, I see your capex as a percentage of operating cash flow used to be upwards of 34%, 35%. And when I look at the numbers also in the past, it was very high, and suddenly, it is only at 4%. So can you explain that why it was higher at 34%, 30% plus for 3, 4 years? And why it is and how to look at going ahead? And what drives this number?

Rahul Agarwal: On an average, every year, it is between INR100 crores to INR150 crores only. This year, because the order inflow is for the first 6 months was low, so the capex has also been low. And going forward, as and when the projects will start coming in, the capex will happen.

Chirag: So why do you need to continue to have this kind of CapEx because -- and I presume you include capital advance in this?

Rahul Agarwal: Yes, yes. CapEx is done mostly through client advances only.

Chirag: Okay. So it is not more about fixed, it's more about advances?

Rahul Agarwal: Correct.

Chirag: No, I'm trying to understand this nature of CapEx because ideally, the CapEx number should be going down, why it should be static at 30%. It becomes a variable cost business, then it's not a CapEx from that perspective, I'm asking.

Rahul Agarwal: No, no. See, for us, CapEx is plant and machinery, what is required for the new projects. So when -- because we run multiple projects, so when as and when new projects come in, there are some equipments which we shift from the existing project, if it is free, and there are some equipment which we have to buy new ones. So on an average, if you see an order inflow of INR5,000 crores per year and if the CapEx INR100 crores, INR150 crores, it's only 2%, 3%.

Kavita Shirvaikar: Yes, actually, it's 5% maximum.

Rahul Agarwal: Maximum 5% of the order inflow. So because you are looking at -- you have to look at from the order inflow side.

Chirag: But if your revenue is not really growing at that pace, then it should not be -- okay, we'll take it offline. So that's one. So you are saying the next year when the order inflow happens, so basically, of the order inflow that you book, 3% should be assumed as this capital in nature?

Rahul Agarwal: Yes, see that is what overall requirement is higher, but then we use certain own equipment, certain equipment or lease. So CapEx requirement will be on that rate.

Chirag: Okay. And second is, any thought process internally on expanding the scope of work like electromechanical thing in the hydro you don't do. Now I know it's small and specialized thing. But similarly, there will be other areas which you were not doing earlier? And any thought process on expanding the scope of work from what you're doing today?

Kavita Shirvaikar: So based on the opportunity available, we may think about it. As of now, we are focusing on our core areas.

Chirag: Because all this also require capability building. We need to be approved to those works, right? Technical qualification...

Kavita Shirvaikar: Parallelly, we are working on the same. So as I said, immediate right now, we are focusing on core sectors. And parallelly, we are working on developing that strength in other areas.

Chirag: Okay. And lastly, I see your credit rating has improved now again further to A minus. So how will it help? And has the benefit already started flowing in this quarter or the lower interest cost benefit will come in the subsequent quarter? So if you can just highlight that, it would be helpful.

Rahul Agarwal: So, we have already highlighted to our lenders. And even though in the recent past, some interest rates were increased to bank rates, but our rates have not gone up. And we expect the rates to start coming down. We are following up with the banks for that.

Chirag: So, is it like from Q4 onwards, we will see the benefit, there will be some time lag, right? Or it could be much faster than that? And how much could be the savings in terms of percentage on assuming other things being constant, earlier it was how much it would be -- it would go down to 150 bps or 100 bps, how much how...

Rahul Agarwal: Between 50 to 100 bps.

Chirag: Between 50 to 100 bps. Okay. And when will be the next review will be -- now this is the...

Rahul Agarwal: So, the next rating review happens normally annually. So it will happen after March results.

Chirag: After March results. Okay.

Moderator: The next question is from the line of Sahil Vora from MS Associates.

Sahil Vora: I just had a couple of questions. Sir, firstly, in terms of other markets, are you seeing a slowdown like an unexpected slowdown or unexpected pickup and speed in any of the international or domestic market?

Rahul Agarwal: See, international, we generally don't bid much. We are only present in Nepal and India. And here, we see a lot of opportunities.

Kavita Shirvaikar: So as expected last year because of election year, there was a slowdown in new orders. But now from Q3 onwards, now we see a lot of projects are coming for bidding, which we have already identified and started working on the same.

Sahil Vora: Okay. Okay. And do you think that there are some key geographies that we would be able to secure orders in the next 1 or 2 years?

Kavita Shirvaikar: So, what we are targeting like hydro, because of strategic location, Arunachal, a lot of hydro projects are coming. Nepal, a lot of hydro projects are coming. So we are focusing J&K, Himachal, Arunachal and Nepal, where we already have a presence as regards hydro. As regards irrigation, which is most of the state work, so we are focusing on Madhya Pradesh and Maharashtra.

Sahil Vora: Got it. Got it. My second question would be on the different segments that we operate in. Is there any segment that we are focusing on heavily or we would like to focus on in terms of what the market is giving us indications in the order?

Kavita Shirvaikar: See, more or less, we want to remain in our core areas. Like PSP also a lot of opportunities are coming up, where a lot of private players are also there. So we will take -- selectively take that kind of projects also. So more or less within our sector, whatever opportunity comes first, we are targeting that.

Moderator: The next follow-up question is from the line of Dheeraj Ram Singh from Ashika Institutional Equities.

Dheeraj Ram Singh: So, my first question is what kind of opportunities that you see under river interlinking, especially for Ken Betwa and two or three more?

Rahul Agarwal: So, we'll be bidding for projects.

Kavita Shirvaikar: Yes. It is on our list actually.

Dheeraj Ram Singh: So has the bids open for this river interlinking project or they are about to?

Kavita Shirvaikar: They are about to. So like some of them already started and some of them is under evaluation and which will come up for bidding in near future.

Dheeraj Ram Singh: Okay. And considering the amount of opportunities in this, so what is the kind of market size that you like to quote in this or what is the kind of opportunity that you quote in this?

Kavita Shirvaikar: So overall, as we mentioned that -- we are targeting in next year around additional work of around INR10,000 crores to INR12,000 crores in next 1 year from now onwards.

Dheeraj Ram Singh: Okay. And any guidance on how much can be from river interlinking in next 2 years or something?

Kavita Shirvaikar: Specifically, we cannot give. Overall...

Rahul Agarwal: We have a success bid ratio of around 20%. So I mean we'll bid and then let's see what we get.

Kavita Shirvaikar: Yes, correct.

Dheeraj Ram Singh: Okay. Okay. And sir, my next question is what is the percentage of this hydromechanical component in a particular dam. So if a dam is of 100%, then what percentage of cost is hydromechanical components?

Kavita Shirvaikar: So, there is no standard percentage as such. It all depends on the location, design and other parameters of the project actually.

Rahul Agarwal: Generally civil is more than 70%.

Kavita Shirvaikar: Yes, 70% to 80%, you can say.

Dheeraj Ram Singh: Okay. Got it. So is it fair to assume that hydromechanical can be around 10% to 15% then taking out the engineering and design part?

Kavita Shirvaikar: You can say it ranges from 10% to 30%...

Rahul Agarwal: Yes, hydromechanical...electromechanical

Kavita Shirvaikar: Both together

Dheeraj Ram Singh: Okay. Got it. So my last question is, what is the amount of client retention money that we can expect in H2 FY '25? Like say 15% is the client retention money in a particular project. Are we delivering any particular project in H2 so that we can get the client retention money back?

Rahul Agarwal: See, client retention is generally 5%, and we keep on trying to realize money against bank guarantees as and when cash flow is required for the project.

Dheeraj Ram Singh: Okay. So just wanted to know if we are -- if any of our projects which are up for completion in H2?

Rahul Agarwal: So, there are a few projects which are more than 90% complete. So we are targeting for completion of these projects in the next 6 months to 1 year.

Dheeraj Ram Singh: Got it, sir. Got it. And one last question is, last quarter, we had said INR50,000 crores -- around INR50,000 crores is on the bid pipeline. So out of which -- what is the percentage of orders that we have secured.

Kavita Shirvaikar: What are the -- sorry?

Rahul Agarwal: So, INR50,000 crores is the bid pipeline. We've bided around INR10,000, but other INR40,000 more we expect to bid.

Kavita Shirvaikar: In near future.

Dheeraj Ram Singh: Okay. And we -- so if my assumption is fair, we haven't secured many of these orders, due to delay in suppose some activity during tender.

Rahul Agarwal: Sorry, come again. I just -- the voice broke in between actually.

Dheeraj Ram Singh: My question is regarding this out of which you had bid last quarter. So from which have we secured any of those projects?

Rahul Agarwal: See, in the last quarter, we were L1 for one project for INR240 crores.

Dheeraj Ram Singh: Okay. So only INR240 crores is the new project that has been taken during the quarter?

Rahul Agarwal: See, what we are saying is, we got L1 for one project for INR240 crores because the bidding started late after elections. Now till now, we have bid almost INR10,000 crores. So that will -- bid will open up in the next few months. So that will come. And apart from that another INR40,000 crores, INR50,000 crores is expected to bid in the next 1 year. So overall, in the next 1 year, we should get more than INR10,000 crores to INR12,000 crores of work out of this.

Moderator: The next question is from the line of Arnav Sachdev from Thrust Capital Partners. Yes, sir.

Arnav Sachdev: Just had one quick question. So on the building segment, is it all government projects? Or do we also have some private projects?

Rahul Agarwal: We have all government projects.

Arnav Sachdev: And are we looking to acquire -- get some private projects? Or do we prefer only government projects?

Rahul Agarwal: Private projects, pump storage projects, we'll look into for private also.

Moderator: Ladies and gentlemen, we will take that as the last question. I would now like to hand the conference over to Mr. Hitesh Agarwal for closing comments.

Hitesh Agarwal: Thank you for connecting us on the call today. I would also like to thank the management for sparing the time and answering all the questions today. We are Orient Capital Investor Relations Advisor for Patel Engineering Limited. For any queries, please feel free to reach out to us. Thank you, everyone.

Rahul Agarwal: Thank you.

Kavita Shirvaikar: Thank you.

Moderator: Thank you. On behalf of Ashika Institutional Equities, that concludes this conference. Thank you for joining us, and you may now disconnect your lines.