POWER MECH
Growth Unlimited

CELEBRATING 25 YEARS OF UNLIMITED GROWTH

Date: February 17, 2025

To	To
Listing Department	Dept. of Corp. Services
National Stock Exchange of India Limited	BSE Limited
Exchange Plaza, C-1, Block G,	Phiroze Jeejeebhoy Towers
Bandra Kurla Complex,	Dalal Street
Bandra (E), Mumbai – 400 051	Mumbai- 400001
Symbol/Security ID: POWERMECH	Security Code: 539302

Dear Sir/Madam,

Sub: Transcript of the Conference call with Investors / Analysts pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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With reference to the subject cited above, please find enclosed the transcript of the Conference Call with Investors / Analysts held on February 12, 2025, on the Q3FY25 performance of the Company.

Kindly take the same on record and acknowledge the receipt.

Thanking you.
Yours faithfully,
For Power Mech Projects Limited

MOVVA RAGHAVENDRA PRASAD
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Power Mech Projects Limited Hyderabad

M. Raghavendra Prasad
Company Secretary and Compliance Officer
ICSI M. no. A41798

Encl: as above

"Power Mech Projects Limited
Q3 FY-25 Earnings Conference Call
February 12, 2025"

MANAGEMENT: MR. N. NANI ARAVIND – CHIEF FINANCIAL OFFICER, POWER MECH PROJECTS LIMITED

MR. S.K. RAMAIAH – DIRECTOR (BUSINESS DEVELOPMENT) (NON-BOARD), POWER MECH PROJECTS LIMITED

MODERATOR: MS. TERESA JOHN – NIRMAL BANG INSTITUTIONAL EQUITIES

Moderator: Ladies and gentlemen, good day, and welcome to the Power Mech Projects Limited Q3 FY '25 Earnings Conference Call.

As a reminder, all participants' 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 '*' then '0' on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Ms. Teresa John from Nirmal Bang Institutional Equities. Thank you, and over to you, ma'am.

Teresa John: On behalf of Nirmal Bang Institutional Equities, I would like to welcome you all to the 3Q FY '25 Earnings Call of Power Mech Projects Limited.

The Management today is represented by Mr. N. Nani Aravind, CFO of the Company; and Mr. S.K. Ramaiah, Director of Business Development.

I will now hand over to the Management for their opening remarks, after which we will open up the floor for Q&A. Thank you, and over to you, sir.

N. Arvind: Thank you, Teresa John. Good afternoon, everyone. I am Nani Aravind – CFO of the Company. I have with me Mr. S.K. Ramaiah – Director of Business Development. I welcome you all to Q3 FY '25 earnings call.

The performance for Q3 and 9 months for this financial year continued as per our set targets for the entire year.

The reported total income for Q3 FY '24-'25 is INR 1,347 crores against INR 1,115 crores in Q3 FY '24, an increase of 21% year-on-year. EBITDA is INR 160 crores as against INR 141 crores, a growth of 13% and PAT is INR 87 crores, which has grown 39% compared to INR 62 crores in Q3 FY '24.

EBITDA margin has decreased from 12.66% in Q3 FY '24 to 11.87% in Q3 FY '25, due to increased overhead costs. The PAT margin has gone up from 5.60% to 6.50%, due to lower tax and increase of other income.

The revenue mix for Q3 FY '25 is as follows:

Mechanical business has contributed INR 277 crores against INR 230 crores in Quarter 2 FY '24, showing an increase of 20% year-on-year. Civil business, including Railways and Water Distribution contributed INR 522 crores against INR 596 crores in Q3 FY '24, a decrease of 12%. O&M revenue are INR 481 crores against INR 260 crores in corresponding period last year, registering a growth of 85%. Electrical business, INR 25 crores against INR 21 crores, increase of 19%. Mining business, INR 34 crores against 0 in Q3 FY '24 during last year. Other income is INR 9 crores against INR 7 crores in Q3 FY '24.

During Q3 of FY '25, the distribution between Domestic business and International business is 95% and 5%, respectively. Contribution from the Power sector remained at 65%. Non-Power sector contributed 35%.

Similarly, the total reported income for 9 months of FY '25 stands at INR 3,409 crores against INR 2,922 crores in 9 months of FY '24, an increase of 17% year-on-year.EBITDA is INR 417 crores against INR 360 crores, a growth of 15%. PAT is INR 218 crores against INR 164 crores in 9 months of FY '24, a growth of 33% year-on-year.

On 9 months to 9-month basis, EBITDA margin has decreased from 12.45% in FY '24 to 12.22% in 9 months of FY '25, due to increase of overhead costs. The PAT margin has gone up from 5.70% to 6.40%, due to lower finance cost, lower tax expenses and the increase of other income.

Revenue mix for 9 months. Mechanical business has contributed INR 608 crores against INR 517 crores in 9 months FY '24, showing an increase of 18% year-on-year growth. Civil business, including Railways and Water Distribution contributed INR 1,459 crores against INR 1,586 crores during last year, a decrease of 8% year-on-year. O&M revenues are INR 1,213 crores against INR 755 crores in the corresponding period last year, registering a growth of 61%. Electrical business, INR 42 crores against INR 47 crores, a decrease of 10% year-on-year. Mining business, INR 60 crores against 0 during last year. Other income, INR 28 crores against INR 17 crores of other income during last financial year.

During 9 months of FY '25, the distribution between Domestic business and International business is 94% and 6% respectively. Contribution from the Power sector remained at 62%. Non-Power sector contributed 38%.

With reference to the other financial parameters are concerned, net current days, excluding cash and cash equivalents, have increased from 147 days in Q2 to 155 days in Q3, due to delays in certification of the water works and delays in realization of receivables, resulted in increase in the current assets of the Company. And on stabilization of MDO business from FY '25 and '26 onwards, we can expect a significant improvement in net working capital days.

The gross debt and net debt remained controlled despite delays in certification of water bills and delays in realization of receivables. As on 31st December 2024, the gross debt is around INR 714 crores and the net debt stands at INR 141 crores. The debt equity ratio as on 31st December stands at 0.39x.

Order book status:

So, far in this financial year, the Company has secured orders worth of INR 4,242 crores till December 2025. The order backlog as on 31st December 2025 is around INR 57,915 crores. If we exclude 2 MDO, the unexecuted order book stands at INR 18,284 crores.

We are actively pursuing upcoming tenders, targeting INR 3,000 crores in new orders by March 2025.Additionally, we have been declared as a L1 bidder for the 49 kilometers Deoghar Bypass Highway Project in Jharkhand, valued around INR 973 crores under HAM, and we are awaiting for the issuance of LOI from NHAI.

So, with reference to MDO business is concerned, we are making significant progress in our 2 MDO projects. At Kotre Basantpur, KBP mining, we have achieved a key milestone with the state forest department's release of 564 hectares of notified forest land in the month of July 2024, following the securing of tree felling permission in October 24. Tree felling beginning December '24, we anticipate OB removal to commence in next month, March '25, with coal supply scheduled to start from April '25.

The other MDO, Kalyaneswari Tasra project is gaining traction. We have completed equipment mobilization for initial mining and received environmental clearance for 3.5 million tons per annum washery on October 17, 2024. OB removal and coal production have been ongoing since January '24 with approximately 5.38 lakh tons of coal excavated and dispatched to SAIL as of January '25. Although SAIL's offtake is currently lower than the planned due to limited washery capacity outside, we are working to address this constraint and scale up production.

Now I request Mr. Ramaiah-garu to update on the development of business side.

S.K. Ramaiah: Yes. Thanks, Aravind, for your update on the overall numbers and other inputs and thank to our Investor Community.

As Aravind has given in his update, as far as the business side is there, the backlog of orders of INR 17,362 crores at the beginning of the year, has gone up to INR 18,284 crores, upside of 5.3%, with overall addition of INR 4,242 crores has added up to the 3 quarters.

And in this case, Mechanical and ETC business has gone up by 7% from INR 6,422 crores to INR 6,857 crores. Civil backlog as from INR 7,814 crores to INR 7,310 crores, a reduction of 6%. O&M, there is a huge increase in order backlog , in terms of order booking. That is a positive indication from backlog of INR 2,197 crores to INR 3,228 crores, about 47% more. Electrical, a modest decrease from INR 930 crores to INR 887 crores, minus 4.6%.

And Domestic business continues to drive the business substantially, at 98%. And International Operations recently mainly on the O&M and the maintenance jobs we are now trying to catch up. .

Power sector continues to drive the substantial business, because of the huge surge in the opportunities which have been available, both in the Installation business, Civil business, as well as the O&M business. And then Arvind has given update on MDOs about the overall position in terms of the present execution and the actions taken.

Now what we can say is that, as the opportunity side, there is a positive thing in terms of the investments, particularly in the Power sector, which is driving the business. What I can give an update on this is that BHEL has been ordered with substantial orders in both the EPC and the main plant works along with the civil works. That comes to almost 25,000 megawatts in the last 2 years.

In the EPC business, they have taken about INR 81,680 crores and the main plant works in the supply and installation, and then the civil works of INR 55,302 crores. And L&T is also entering now. They have taken further interest in undertaking new coal-based units. They have taken 2 major jobs of 4,000 megawatts, and that is around INR 27,523 crores.

And therefore, in that way, the overall ordering which has been done in the last 2 years is about 28,900 megawatts. In that, the major players are NTPC 11580mw.with 7 projects Adani Group has taken 6 projects, about 10,920 MW, NLC one project of 2400mw, and from Haryana Generation Company Limited 800 megawatts. DVC, INR 1,600 mw. And then recently, the latest news is that DVC have taken a decision on Raghunathpur for the boiler island of the work that has come about INR 6,200 crores.

And then MAHAGENCO, this is also the latest development, Koradi. They have taken forward the additions, they're spending on the Koradi investments of 2 x 660 megawatts, that is 1,320 megawatts, and then they have ordered on BHEL for about INR 8,000 crores in main plant works.

And then NTPC has substantially ordered on BHEL about 11,580 megawatts, totally comes to 28,900 megawatts. In that, the EPC portion, as I explained to you, BHEL EPC portion comes to INR 81,680 crores.

Now balance of plant ordering has to be done in many places. Koradi, they have to order about 1,320 megawatts. Adani, because they are doing the packaging themselves in about 10,920 megawatts, they are doing in-house. Of course, there can be opportunities that can be there in many of the civil works, mechanical works, coal handling, miscellaneous works, etc. And NTPC, the recent bulk tender which has awarded two projects to L&T and one to BHEL in Telangana, that is about 6,400 megawatts. That opportunity can be substantial.

Now, Raghunathpur latest update, about INR 6,200 crores which has been awarded, this is the latest, yesterday's news to BHEL on the boiler island. That means they have split the entire EPC into 2 sub EPCs, 1 is the boiler island, another is the turbine island. And the boiler island, they have taken this job with the earlier TG package awarded to BHEL.

And then the MPGCL and there are new projects which will be expected **for 1320mw, Ukai in Gujarat 800mw and OPGCL Orissa 1320mw.** Therefore, from the combined opportunities in the Power sector, I would like to delve in the first instance, the main business interest for us is the Installation business, Civil and Structural business for the main plant and wherever the balance of plant is there. We have estimated out the total opportunity size about INR 27,250 crores.

New projects which have been allotted about 13,560 megawatt. And then there is a recent development where in KSK Mahanadi, the NCLT project, which had gone for liquidation, has been awarded to JSW. That is, existing 3 units are running 3 x 600, and the 1 more unit, they are going to complete it, that is 600 megawatt. And 2 more units, they are going to change the configuration from 600 megawatt to 660 megawatt.

These are the major development. And the other areas, yes, in the infrastructure side, government continues to be bullish in investments in railways, drinking water schemes, roads and then metro projects, etc . Therefore, what we are focusing is that the experience what we have gained in the drinking water, we want to expand the business, because this drinking water scheme has been extended up to 2028, and the total investment may exceed about from INR 360,000 crores and the budget allocation can go up with more time taking up the completion of balance 20% coverage of JJM mission up to 2028.

And it is expected particularly in the southern states; Karnataka, Andhra Pradesh, Tamil Nadu, Kerala and Maharashtra, a lot of investments are expected. And now with the experience what we have gained in the U.P., where we have done substantial work out of INR 2,723 crores, about 1,969 villages, . That is the focus on that.

On O&M, what I can say is that we are very bullish on the O&M, because lot of new projects are getting commissioned. In fact, last year, the commissioning was expected about 5400 odd megawatts, and that will go up to 8,000 megawatts in this year. And then if they maintain this pace, because the government's plan is to ramp up the capacity of the power plant installation from the existing 218,000 megawatts to nearly 300,000 megawatts, that means adding up plus 80,000 megawatts.

And lot of ordering is there, and many players are coming with investments. JSW is planning 2 projects, 1 in Orissa, and then another in West Bengal at Salwone already yesterday the news is that they have been awarded. Then JSPL, the sister group is also planning 2 major plants in Orissa and also in Chhattisgarh.

And then there are other players also expected, many utilities are expected to make investments, and many other public sector government undertakings like NLC, RRVUNL, Uttaranchal is also planning 1,320 megawatts. Then Coal India, they are planning investments in Orissa and Rajasthan on a joint venture basis.

Therefore, we are very bullish on the Power sector investment in the next 2 to 3 years. It will throw up two major opportunities – One is the complete installation business along with the Civil works, which will be available, which will be our major thrust . Another is the follow-up O&M jobs, which will come up as part of the new commissioning, which will take place every year about 8,000 megawatts. And that is a substantial business opportunity. We are also working on Balance of Plant packages like Koradi, Singreni etc which can add up to substantial opportunity.

And that we have seen in the major orders we have taken recently in many of the O&M jobs. For example, the major O&M jobs, what we have taken last year is the drinking water about INR 681 crores as part of the commissioning operations, which is going to take place. And then Meenakshi Rehab and O&M jobs INR 685 crores, and then INR 951 crores for Talwandi 3 x 660 megawatts, Thoothukudi INR 392 crores for 2 x 600 megawatt, Singareni 2 x 600 megawatts INR 343 crores. And there was a major job we have taken in Nigeria where we have done the commissioning of the captive power plant, INR 139 crores.

There are other jobs for the JP Group in Bara. Then Udupi Adani jobs we have taken about INR 100 crores and JSPL Angul also we have taken INR 66 crores. In all, this is how it adds up.

Now certain aspects which we have to factor in that. Mainly, the election process has happened continuously state after state. It had some sort of a postponement of the ordering and also a decision to call the tenders.

There is another positive development which company trying to foray into it. That is in trying to see how much we can make use of best of our experience in terms of the complete installation, O&M and then civil, structural and then material handling jobs, and then main plant works, , particularly trying to balance of plant packages, because NTPC has got plans to do the balance of plant packages, and we are working with BHEL.

Then other customers, also Singareni, opportunity is coming up. Koradi, I said about 2 x 660 megawatts, that also is coming up. And then there can be other opportunities. Therefore, balance of opportunities can throw up, more than INR 15,000 crores of opportunities, and that is one of the key focus areas..

And then the other things what we are doing in the international market in the O&M side and maintenance jobs, the focus is more on the domestic market. In the areas of railways particularly metro jobs and railways in reference to the maintenance depots , over INR 10,000 crores of opportunities are there. And we are already working in many such maintenance shops and railway workshops also.

This is what I would like to say. Thank you very much.

Moderator: Sir, shall we begin with the question-and-answer session?

N. Arvind: Yes, ma'am.

Moderator: Sure. We will now begin with the question-and-answer session. Anyone who wishes to ask a question, may press "*" and 1 on their touch-tone telephone. If you wish to remove yourself from the question queue, you may press "*" and 2. Participants are requested to use handsets while asking your question. Ladies and gentlemen, we will wait for a moment, while the question queue assembles. Thank you.

We take the first question from the line of Dhruv Bhatia from AUM Funds. Please go ahead.

Dhruv Bhatia: Thank you for the presentation. My question is, sir, obviously, the opportunity is very, very large what you're pursuing, your order book already reflects that. But in terms of execution, what are the challenges for you to grow much faster than the 20% sales growth that you have done, because you have a massive order book? So, if you can give us some guidance in terms of execution also what we can expect next year, and maybe in FY '27? Just focusing on FY '26 and '27, what is the internal target? What are the differences to grow much faster in terms of people, CAPEX, materials or working capital, if there are any constraints?

And linked to that question is what are the margins that we expect with higher and higher scale, where should the margins stabilize both across the non-MDO business and in the MDO business as well? Thank you.

N. Arvind: Yes. So, thank you, sir. With reference to the scale of operation is concerned, last year we have touched almost INR 1,500 crores per quarter execution capacity. With the addition of new O&M orders during the year , we can execute up to INR 1,800 crores to even we can scale up to INR 2,000 crores of revenue. So, the target for '26 and '27 guidance is that earlier we have target of INR 7,500 crores for '26 and for '27 , INR 9,500 crores. It is including the MDO revenues. But there is a delay in terms of starting up the projects in MDO. we expect to reach between INR 7,000 crores to INR 7,500 crores in '26, and maybe around INR 9,000 crores in '27.

So, in terms of the profitability is concerned, the MDO business will give more EBITDA margins once we reach the peak-rated capacity, which we are expecting from FY '28 onwards. During the development phase, we may not expect significant EBITDA increase in the overall margins. In regular business, we are choosy about picking the right orders and high profitable orders and O&M orders also going to increase. So, the EBITDA margin maybe a year-on-year basis may be expected to increase around 0.5% year on year for the next 2 to 3 years, potentially reaching to 1% to 1.5% range, over a period of next 2 to 3 years.

S.K. Ramaiah: Yes. I will add a few things to what Aravind has said. The other thing what we have built upon rightly is on the capacities and the methodologies, what we can do to ramp up the revenue and also the growth. That obviously comes from the capacities organization has built up over the years.

In fact, one of the basic things is that the organization capacity, what we have seen is, which was around 30,000, 32,000, including all the direct and indirect manpower, and also engineers, supervisors and the contracting labor. So, it has gone up to 37,000.

That itself shows that for the O&M in the last 6 months, we have ramped up the organizational strength of both execution, operation maintenance, skilled people, engineers from total figure of 12,000 to 13,000 to 17,500. Therefore, that is because of the large pool of the piece rate workers and the skilled people, we are having in our roles from our piece rate workers, our contractors and other agencies.

Second thing is that the organization has fairly gathered lot of expertise in terms of site execution that we want to convert into high-end value jobs. That is mainly in conversion in the civil works, for example, end-to-end solution, civil, structural, mechanical and then O&M. Therefore, we are perhaps next to L&T or some of the bigger companies, which are not into this type of business. We are perhaps the only player who can provide end-to-end solution in the entire construction as a construction partner upto commissioning and post commissioning long term O&M services .

That capacities we established in terms of physical capacities, mechanical was about 400,000 to 450,000 tons per year, at one time, we have demonstrated. And then in the concreting side, 250,000 to 300,000 m3, that is substantial. And when we have reached that type of capacities, when the new orders are expected, and each plant 2 x 800 megawatts, the 1600-megawatt plant has got a capacity of 150,000, 140,000 tons.

And then doing a couple of jobs parallelly is not a challenge for us, which we have demonstrated earlier. And therefore, not only that, in the infrastructure side also, a lot of expertise has been developed in recent years.

Dhruv Bhatia: Sir, my question on the margins. So, we expect for the next 2 years at least margins to be constant in the 12% range?

S.K. Ramaiah: Sir, we...

N. Arvind: Yes.

S.K. Ramaiah: See, there is 1 basic change which has happened in the market. Why we are a little bit bullish on the market is that the O&M pie of the execution has gone up substantially in terms of the backlog increase by 47%. As we all know, O&M provides better EBITDA margins and all.

Now on the bullish trend in the main power plant ordering, it is now demonstrated that a lot of order flow is there, and then competition is a little bit subdued now, because of the historical reason, and we are well equipped to handle that. And the realization of the average value has gone up by 20% to 30% in the last couple of years, both in the mechanical work and the civil work and the O&M side.

That is the main reason why perhaps Aravind is working on these figures. In the coming years, we should be able to show better margins.

Dhruv Bhatia: So, what would be the margins you think going forward, just as an indication for the core business or the non-MDO business? And then what would be in MDO business over the next few years the margins?

N. Arvind: MDO, for our mining operations are now progressing well, and we expect this segment to contribute around INR 2,000 crores to our top line by 2028. As we reach full operational capacity, the growth will further solidify our market position and support our overall revenue targets also. And we are actually targeting to annual growth of around 25% to 30% over the next 4 to 5 years of top line. And the EBITDA margin right now, we are at 12.2% average. So, O&M division with margins exceeding 15% is a key contributor for the major increase in the EBITDA margins.

So, looking forward, we are projecting an increase of EBITDA margin with 1% to 1.5% over the next 3 to 4 years, as the mining revenues also will continue to grow and contribute to major top line. So, both mixed together maybe 1.5% at the peak rated capacity we are expecting in next 2 to 3 years, sir.

Dhruv Bhatia: That's 1.5% per annum?

Management: More 3 years it will be 1.5% higher.

N. Arvind: No, both together, over a period of 2 to 3 years, when we reach the peak rated capacity. It will not happen immediately. Year-on-year, it will go up. And we reach the peak rated capacity, we expect overall 1.5% jump in the EBITDA margin.

S.K. Ramaiah: Yes. One more thing I would like to add up is that since we are having a single establishment at project sites, we are doing multi-area jobs in construction, particularly the civil works, the structural works and mechanical works, our overheads can come down reasonably, that can contribute to some better margins.

And then the O&M backlog and capacities is going up, and that will definitely add up for the margins down the line. And the other trend is that the customer is now preferring outsourcing the O&M on a comprehensive basis. That brings a lot of value addition, not only in the private sector, but Public sector also has started this outsourcing model for O&M.

Many of the public sector companies also like KPCL, GMDC, and then other many companies are going to catch up, because they don't want to increase their establishment, and this is a better option to work on that. And some of the private customers are further expanding the O&M profile into such a way that we take the entire responsibility, because of the capacities and the performance what we have demonstrated so far.

Dhruv Bhatia: Thank you for answering my questions.

Moderator: Thank you. We take the next question from the line of Pritesh from Lucky Securities. Please go ahead.

Pritesh Chheda: Sir, any reason when you see your 9 months' number and when you also see this quarter's number, the O&M in your revenue mix have risen quite substantially. And bigger growth is coming from the O&M revenue itself. So, why isn't that your operating margins are moving up? Have you taken some orders in civil, which are a lower margin order? What is the key reason, if you could tell us?

N. Arvind: Sir, we are executing projects...

Pritesh Chheda: See, if you are saying that your margins are going to go up, because of O&M, they should be visible now also, right?

N. Arvind: Correct. last year, because of the general elections and subsequent delays in realization of receivables impacted our performance. And there are new O&M orders we received during last year which led to significant hiring of manpower into the roles of the Company. And so, the conversion will happen slowly. Initially, we'll have more overheads in terms of the starting of the new projects. That is reason for lower operating margins

And U.P. Water division, we are executing this project under Jal Jeevan Mission. Because of the general election, and expiry of the time lines for Jal Jeevan Mission, certification and realization of the bills are delayed So, this resulted more overheads, and we are using working capital limits to for running the projects , resulted overhead expenditure increase in the current year.

Going forward, once O&M operations are stabilized, automatically the initial cost, we incurred will be normalized, and we may improve EBITDA margins.

Pritesh Chheda: So, if I understand your answer correctly, you're saying costs associated with new projects have come in the P&L, but the corresponding revenue related to those new projects are yet to come in your P&L.

N. Arvind: No, The corresponding revenue we received. Initially, we incur start-up costs to start the new project including major overheads for site establishment.

We have realized the revenues, but associated costs will be normalized in the subsequent quarters. In the initial period of starting up the operations, we incurred more cost in mobilizing the resources.

Pritesh Chheda*:* What is your usual margin that you bid at for in the O&M contracts?

N. Arvind: It ranges from project to project, depending on the scope of work. So, it ranges from 15% to 22%. On anaverage, we are achieving EBIDTA margin of around 16% to 17%.

S.K. Ramaiah: Actually, there are 2 categories in this. One is long-term O&M contracts. There is a steady margin. Then short-term shutdown jobs, repair jobs, maintenance jobs, that we can get a better margin also, because customer is in a hurry to get the job done, because of the shutdowns. There is some opportunity cost is there. That is how the overall O&M pie, both the AMC and the short-term jobs can provide better margins.

As I told in the main plant, the installation business and civil work, because of the competition being reduced little bit and also the higher demand, the margin profile has gone up and that realization will come in coming years.

Pritesh: Okay. And sir, last, on the order or let say's, the order visibility available in the power sector, so you guys gave a lot of analysis. But if I have to shorten it and understand, how much of the orders for BTG which have been given out to BHEL by various utility companies? Out of that order, how much order is yet to be ordered out for the main plant erection and the balance of plant? If you could..

S.K. Ramaiah: I gave the overall figures of what the BHEL order has taken in the last 1.5-2 years.

Pritesh: That is about 29,000 Megawatt, right? What you said?

S.K. Ramaiah: 29,000 Megawatt, roughly it comes to nearly almost 140,000 crores. Okay. Then L&T has taken recently 27,523 crores. So, therefore, all these EPC orders will come for execution. Of course, a few orders have been converted, getting converted , but bulk of the orders have to be converted and this year and next year, major ordering will happen. That's what I gave a figure of the total opportunity size in the ETC civil packages for the balance ordering to be done by out of these things about 27 000to 30,000 crores will play out. This is related to the orders already placed L on BHEL and L&T. Then there will be another 13,560 Megawatts of new ordering has to be done by various utilities which they have to place the order because the urgency of doing it is very important to ramp up the capacity to by 80,000 Megawatts by 2030-32 from the present 220,000 Megawatts to 300,000 Megawatts. That is also, there will be better margins which will come because of the increased demand. As you know, the demand goes up, the margins also slightly can go up.

Pritesh: So, basically simple to understand out of whatever is ordered with BHEL plus NTPC put together, the main plant erection worth 27,000, balance of plant worth 15,000 are yet to be ordered out to various contractors like you. And over and above that, there will be new tenders for BTG or new tenders for power plants.

S.K. Ramaiah: 13,560 Megawatt.

Pritesh: 13,560 Megawatt, which is yet to ordered out completely, correct?

S.K. Ramaiah: Yes.

Pritesh: Okay. Now, what you have a 50% market share in, so, you know, is there a change there in the in the BTG erection? And to the first participant's question, you never answered. Why is it that you have orders today in the non-MDO area in the non-MDO? But when it comes to revenue execution, why is it slow?

S.K. Ramaiah: No, the revenue execution, so, that was mainly because the drinking water, there were certain funding issues. That is where we had some a short pause there. And then there were certain delays in in some of the projects and all because of the engineering issues and clearances and all. That is also a factor.

When we are doing a lot of projects in the open area, there can be local issues on the land acquisition, clearances, approaches and these are all to be there. And that is how there are some sort of delays including supply chain delays in material supplies. But even then, as Aravind had said, with 3,380 crores and then our figure has to exceed the 5,000 crores revenue in this year. That we are confident of achieving it.

Pritesh: Okay, sir.

Moderator: Mr. Pritesh, does that answer your question, sir?

Pritesh: Yes, ma'am. I am done. Thank you.

Moderator: Thank you. The next question is from the line of Anupam Gupta from IIFL Securities. Please go ahead.

Anupam Gupta: Thanks for the opportunity. So, you outlined the opportunity size pretty well, but we have seen BHEL getting orders quite some time back. So, when do you actually see BHEL tendering out and you being able to book with ETC or BOP orders? Do you expect anything to come in fourth quarter or when should we start seeing the tendering happening from BHEL side given that they themselves have a large order book?

S.K. Ramaiah: For example, couple of tenders where all the bidding process is on unless it is extended, let us say it will take one to two months. particularly BOP, Koradi tender is due and that we are working with BHEL, and there is going to be Singareni tender also, 1x800 Megawatt. That is also due, but first of all, BHEL has to get the order, and that is in the final process, and they have given the offer and all and perhaps that needs approval from the state government at the Cabinet level.

Then there can be other projects also which are expected there. That is why I gave a figure of 15,000 crores in the BOP. And then as far as the installation, civil and other opportunities what the BHEL has got and even the L&T has got about 27,000 crores what I said is that major ordering should happen maximum in another 6 months to 9 months.

Because including Adani direct orders, BHEL main plant orders, and then balance of plant orders, whatever they are there, then L&T also, then all these new projects in various areas, main plant, balance of plant, coal handling, the civil works, structural works, piping works, etc. That is where, you know, but in the worst situation it can extend to 9 to 10 months. Because if they don't award all these contract by end of the year, another 8 to 10 months, perhaps projects get delayed. That is what I can say..

Anupam Gupta: Understand. So, let's say, next year when you say that your delay work was 7,000 crore of revenues, what is the minimum ordering which you are looking at for this year at least?

S.K. Ramaiah: Looking at the trends, of course, this election process is a continuous phenomenon. Many of the projects are located in these segments. And then perhaps, you know, about 10,000 crores should be reasonable.

Anupam Gupta: 10,000 crores total ordering in this year?

S.K. Ramaiah: No, next year, next year.

Anupam Gupta: Next year, okay, understand. And in this 18,000 crore order, we should assume that the same thing which you have mentioned in the last call that the Adani orders which are not sorted are not going to be executed, right, around 4,000 crore? That is the right assumption?

S.K. Ramaiah: Sorry, FGD.

N. Aravind: No, Mirjapur and…

S.K. Ramaiah: Yes, Mirjapur is, we are discussing it. Those, you know, Mirjapur, Koderma.

N. Aravind: Koderma, Mahan .

S.K. Ramaiah: Then Mahan Stage-3. Stage-2 we are already executing. Stage-3, then Mirzapur new units, and then Amarkantak we have taken it, and they are also planning Kawai. Of course, Kawai out of 4 units, 2 units may shift it to the projects in Madhya Pradesh. These are all not to be expected.

Anupam Gupta: So, you are saying that 4,000 crores can still be executed, or they will not be executed?

N. Aravind: Sorry, Anupam, can you repeat your question?

Anupam Gupta: Something like the FGD orders which were there from Adani of 4,000 crores on which work had not started, will that happen or will that not happen? What is the clarity on that as well?

S.K. Ramaiah: As on today, except for that 900 crores, which are in Mundra, they have taken out for the time being, we are executing , Udupi project. Then other projects as on today, yes, it stands. Because one more development I can say is that Supreme Court recently has taken a very hard call in terms of that, you know, they don't want to make compromise on the pollution. And some postponement can be there in the implementation of FGD orders because there are other related issues in terms of the tariff, adjustment and tariff compensation by the electricity boards and then DISCOMs. And that is one of the reasons which is little bit delaying all this implementation. Otherwise, in our opinion, I don't think they will compromise much on the FGD. It may take some more time.

Anupam Gupta: Understand. And the next question is on the MDOs. So, let's say, the revenues are obviously pretty volatile given that sales, the washery capacity clarity is not there. But broadly, if you look at, let's say, FY '26, what sort of revenues would you expect for the mining MDO from SAIL and CCL projects separately?

N. Aravind: Anticipate generating revenue in the range of 300 to 400 crore , Tasra project we are executing around 1 lakh tons in Tasra from April 25. So, that tantamount to around 200-220 crore we can execute for the next year. And KBP also we may execute around 50 to 80 crore of revenue, with initial capacity of 0.4 MTPA . So, together we may generate be 300 to 400 Cr revenues from the MDO business.

Anupam Gupta: Okay. And your washery for which the ground breaking had happened, what is the execution timeline for that?

N. Aravind: By September '26 we have to complete the washery. We have already acquired all the required permissions to set up 3.5MTPA capacity washery. So, major equipment designs are also completed and we have identified and finalized the vendors for some of the equipment's and we have ordered some equipment also. So, remaining are also under negotiation and discussion. Most likely ordering will happen in the next two to three months. So, the execution in ground is already started.

Anupam Gupta: Okay. Understand. That's all from my side. Thank you.

Moderator: Thank you. We take the next question from the line of Deepak Poddar from Sapphire Capital. Please go ahead.

Deepak Poddar: Yes. Well, thank you very much, sir, for the opportunity. Sir, just first I just wanted to understand the debt side, how are we looking to, I mean in terms of debt, how do we look out?

N. Aravind: Sir, as of today, we are having a fund exposure of around 700 Crore. And going forward, we are constructing the washery for TASRA MDO in Power Mech. approximate CAPEX value of washery is Rs 750Cr So, there will be addition of term loans to the tune of 500Cr in next two years. So, roughly by '28, we will have roughly around 1200 crores debt. As we are taking up new BOP EPC projects, working capital limits also increase by another 100-150 crores.

Deepak Poddar: So, 2,000 crores debt by FY '28, that is what we are looking at?

N. Aravind: no

Deepak Poddar: And currently…

N. Aravind: Debt will be around 500 Cr on washery we are adding to the CAPEX plus another, overall debt will be in the range of 1500 to 1,600 Cr by '28.

Deepak Poddar: And which is currently 600 crores, right? Gross debt.

N. Aravind: Yes. 740, yes.

Deepak Poddar: 740 crores debt right now and it will be about 1500 to 1,600 crores by FY '28. And this addition, I mean, each year it will be like 200-300 crores, I mean, if the addition will be on the phase manner or will there be a…?

N. Aravind: The capital requirement is roughly around 700-750 crore. In that, 240 we have raised equity through QIP funds and 450 to 500 cr will be new debt added in next 2 years plus the regular CAPEX on the new orders we received. So, around 100 crore every year the regular CAPEX will be added to that.

Deepak Poddar: Okay. So, 750 crores is the CAPEX for next 2 years. So, out of that, 400, 500 crores debt will be added in the next 2 years, right?

N. Aravind: Yes.

Deepak Poddar: That's the right understanding.

N. Aravind: Yes.

Deepak Poddar: Okay. I got it. And in terms of execution, I mean, this year, FY '26, we are looking at 7,000 to 7,500 crores kind of a revenue, right? FY '26.

N. Aravind: Yes.

Deepak Poddar: Out of which, how much is coming from MDO in this year itself, FY '26?

N. Aravind: FY '26, we are projecting maybe 300 to 400 between, depends on the sales momentum, and order intake from the sales. So, we are projecting 300 to 400 Cr revenues from MDO

Deepak Poddar: 300 to 400. And you mentioned by FY '28 optimally MDO can do 2,000 crores of revenue and so at optimal levels, what sort of EBITDA margin one should look at in MDO? Is it close to 20%?

N. Aravind: Both MDO together on an average we can generate EBIDTA margin of 20 to 22% with peak rated capacity. We have higher margins in Tasra and lower margin in KBP. Weighted average of around 20 to 22% .

Deepak Poddar: And this year earlier we were targeting I think close to 5,500 crores of execution. Now given the 9 month the execution that we have done, what would be our revised target for this year FY '25?

N. Aravind: We may touch revenue of around 5,000 to 5,200 for FY 25, and we have executed around 3,400 crores for the 9 months period.

Deepak Poddar: Correct.

N. Aravind: We are short by 1,800 crore to achieve the projected numbers and the water utility certifications are pending. Roughly around 200 crore works are there in the work in progress. and another 1,600 to 1,700 crore we can execute in Q4.

S.K. Ramaiah: Fourth quarter actually.

N. Aravind: Fourth quarter actually for both government and private sector clients are likely to expedite the certifications and payments. So, we can able to touch at least 25% growth for the current year. So, 5,200 crores we are targeting to reach.

Deepak Poddar: How much? Last point I missed.

N. Aravind: 5,200 Approximately.

Deepak Poddar: 5,200. So, fourth quarter we are looking at 1,700 crores plus kind of execution, right?

S.K. Ramaiah: Yes.

N. Aravind: we have approximately 150Cr pending for certification .which was supposed to be certified in Q3, but due to delay in certification and timeline expiry of Jal Jeevan Mission.

Deepak Poddar: Okay, understood. And in terms of order book accretion, we are looking at around 10,000 crores of order inflow in next year, FY '26, right?

N. Aravind: Right.

Deepak Poddar: Okay, that clarifies. I think that would be it from my side. All the very best to you. Thank you so much.

N. Aravind: Thank you.

Moderator: Thank you. The next question is from the line of Manthan from Nexus Equities. Please go ahead.

Manthan: So, I think earlier we were targeting order inflows of around 10,000 crores to 12,000 crores for this fiscal year. So, now, till December, I think we have just received 4,200 crores of order. And what you said that we might receive another 3,000 crores of order in the remaining 3 months.

N. Aravind: So, 973 crores we were in L1 in road project. So, we are waiting for that LOI. So, that will also be added over and above 3000Cr

Manthan: Okay. So, overall, how much order of inflows that we expect?

N. Aravind: It is between 7,000 to 8,000 Cr.

Manthan: So, because earlier we were targeting something 10,000 to 12,000. So, are there delays in order bidding or some orders will be spilled over to next fiscal year?

S.K. Ramaiah: Actually, what happened was that, you know, the election process, some of the tenders got postponed, like the major BOP tenders. The Singareni got postponed by five to six months. Then Koradi, it was the earlier project should have started long back, six months back. Now only they have started some tendering work and the main plant has been awarded. And then, you know, there were some ordering itself on BHEL and L&T, there was some delays by the utilities. This is a major reason for that.

Manthan: Okay. But sir, then, so, next year we are getting order inflows of 10,000 crores roughly. Now if I consider that 4,000 crores were which were actually going to receive in FY '25 will be received in FY '26. So, next year also incremental order will be just 6,000 crores.

So, the pace of order inflows is decreasing despite you being, despite BHEL having such a strong order book. You said that L&T is also having strong order book. Even Adani also. Then why we can't target much aggressive order inflows? Because our order inflows has been stagnant since last 9 to 10 months.

S.K. Ramaiah: No, I agree with you. But basically what we have to understand there can be a time lag between taking decisions and then some of the places, you know, there are engineering issues are there. More than that, they will lay out issues and then basic approvals will be needed These are the things which generally delays it. Therefore, we have been doing well in certain big ticket items like previous years. And of course, this year onwards, the big ticket jobs what we are hoping for the BOP, that is postponed, that is where our optimist was making 10000 to 12,000 crores earlier.

Manthan: Okay. So, but this year, as you said to the previous participant that we are quite confident of achieving 5,000 crores to 5,200 crores of top line. Is that, so we stick to that?

S.K. Ramaiah: Because we have demonstrated last year quarter also, the capacity to execute. Fourth quarter, as I said, the bill processing and certification process will be better from the customer also because they want to dispose off his funds in making the payments.

N. Aravind: See, the UP Government is certifying the bills only when there is a fund available in the system. So, they are holding the certification. So, bills are recognizing it as a WIP. We are confident of getting the certification by March and we can able to reach our target.

Manthan: Okay. So, what you are saying is that 200 crores is just 200 crores of order revenue booking is just delayed because of certification. As soon as you receive the certificate, that 200 crores of order revenues will straight away come. Is that correct?

N. Aravind: Yes.

Manthan: Okay. And so since that we might need to borrow in the next one or two years, so, as of now we are working on a PAT margin of roughly 6%. So, we expect that our PAT margin will be 6%, net net 5.5 to 6%, or will that come down?

N. Aravind: Basically, the finance cost are under control, and that is why we are able to manage the 6.5 to 6.8 level of PAT margins. if EBITDA margin is improved, our PAT margin automatically increase .

As we secure more profitable orders, EBITDA will automatically go up and our PAT margin also will go up. And year-on-year we are well within the planned numbers and have shown improvements over previous numbers, we have incurred less finance cost. Our O&M orders are increasing, PAT levels are maintained at the present level.

Manthan: Okay. And the MDO order, MDO revenues were 34 crores in this quarter, so, which was like a significant jump from the previous quarter. So, can we expect such a Q-o-Q jump on the MDO revenues or is that some like again in MDO revenues also H2 is heavier than H1. How does it work for MDO orders?

N. Aravind: Tasra project actually minable plot readily available, since the previous MDO promoter had already executed initial works, and we were able to start billing directly. We have not received appointed date yet, SAIL is giving orders depends on the availability of outside washery capacity. So, from April onwards we may get an appointment date and then it is a binding contract between the SAIL and us for lifting the material as per the contractual terms. So, based on that we are hoping that every month we can raise a bill to SAIL as per the agreement conditions.

Manthan: Okay. And of this ex of MDO order book of 17, 18,000 crores, how much is slow moving or these all are like executable in the next two to three years, this current 18,000 crores of order book, ex of MDO?

N. Aravind: Except the 4,600 crore FGD orders which are non-moving. Rest of the orders worth of 14,000 crore are moving as planned.

Manthan: So, this 18,000 crores includes FGD's slow moving order of 4,200 of Adani, correct?

N. Aravind: Yes.

Manthan: Okay. So, that is 14,000 crores in what you plan to execute in next one, two years or three years means current order book?

N. Aravind: Average you can take 2-2.5 years.

S.K. Ramaiah: 40%.

Manthan: 2-2.5.

N. Aravind: 40% is the conversion ratio.

Manthan: Yes. Okay, fair enough. That's it from my side. Thanks.

Moderator: Thank you. We take the next question from the line of Anush Mokashi from Yadnya Academy. Please go ahead.

Anush Mokashi: Yes, thank you for the opportunity. So, my question is about this recent development about nuclear energy mission. So, I just wanted to understand what benefits do Power Mech see from this? And basically, do Power Mech have the capability to develop these small modular reactors? And if not, would you consider entering into this segment?

S.K. Ramaiah: Yes, that is a government initiative. Already Jindal has started a joint venture. I think they are going to start and then, you know, NTPC and then this one Nuclear Power Corporation, they have started a joint venture. Idea is to put 200-250 Megawatts sets. Of course, that has to be developed..

Of course, we have recently taken a job of 550 crores in Kaiga for the main plant works . We are looking at it, but it is going to be a challenge because the technology , then the sourcing is a challnege, and then a lot of aspects are there. But one good thing is that these plants will run for a lot of time, 30-40 years. And it makes sense and that we are just thinking. We have not taken any calls so far.

Anush Mokashi: Okay. And this one next question was, like you said, the 200 crores of revenue booking is being delayed through Q4. So, is the cost also delayed and then the cost booking is also delayed to Q4 or is it currently booked in Q3 only?

N. Aravind: When we recognize the WIP, it automatically comes into the revenue part, sir. For certain components of the work we are working with back-to-back contractors. In these cases, , the cost has not been booked and the revenue has also not considered. In a project where we are executing work directly, we have already recognized the WIP. For the balance portion, wherever back-to-back contractors are there, will be accounted for both cost and revenue once we receive the bills from either the client or subcontractor.

Anush Mokashi: Okay. Thank you, sir. That's it from my side. Thank you, so much.

Moderator: Thank you. The next question is from the line of Kamlesh Jain from Lotus Asset Managers. Please go ahead.

Kamlesh Jain: Yes, thanks for the opportunity. Sir, just wanted your thought on the fact that recently, Ambuja has come out with the tenders to operate their cement plants.

Moderator: I am sorry to interrupt, Mr. Jain. We are not able to hear you clearly, sir. Could you please increase the volume?

Kamlesh Jain: Yes. So, sir, just wanted to have more thoughts on the development that Ambuja has come out with the tenders for some of their cement plants to operate on MDO basis or on contract basis or outsourcing. So, as we are looking to diversify into other sectors, so would we be pursuing that particular opportunity going forward?

N. Aravind: So, is this a captive consumption solar power plant which you are referring by the Ambuja?

Kamlesh Jain: I am talking about the entire cement plants, sir.

N. Aravind: Okay. So, now we are pursuing with Dalmia Cement, Bihar and Andhra and Tamil Nadu also. They are planning to start the captive solar power plant and wind power plant. Dalmia wants to join as the 26% partner to set up and install the required megawatts of solar power plant and wind power plant and we have to supply solar power for 25 years at agreed price.

Kamlesh Jain: I was referring to operating the entire cement plant. So, like Adani has come out with tenders like to operate their entire cement plant, some of their cement plants on a contract basis.

N. Aravind: Right now, we are into the oil refineries and the power plant, but if that kind of work is there, probably we can also explore that opportunity and we will also look into that.

S.K. Ramaiah: No, oil refineries is an option. BPCL is committed 60,000 crore investment in Bina. Then HPCL is expanding it. We have got some experience. We have done some of the jobs in Reliance and other places also. Therefore, it is an option because the same expertise we have to deploy it and do the work. Only thing is of more stringent quality and safety issues will be there.

Kamlesh Jain: Okay. But do we have the potential or are we looking to operate the entire cement plant like grinding, clinker making capacity, all that, all those things?

S.K. Ramaiah: I think when we can operate a power plant which is highly sophisticated and that too with a control room operation, like, you know, we have started working in some of the O&M plants in the NMDC and then JSPL for the steel plant . It is an option which we can explore it if we can get a reasonable, this one, returns on that.

And there is going to be captive power plant in any cement plant. And then the kiln operation and the other auxiliaries and all. Those things, you know, the skills which are required and all, only the operating characteristics, production characteristics, and then the various parameters of the cement plant, that we have to get used to it. And that can be achievable, it is a question of taking a correct call and then going about it.

And as on today, we are reasonably well-satisfied with the O&M initiative, whatever we have taken, and there continue to be more opportunities which will come up. because of the annual capacity addition of 8000 to 10,000 Megawatts in the next 4 to 5 years.

Kamlesh Jain: Great. And lastly, sir, I am not aware whether you have speculated about that. But on the Tasra Mine, like we have seen a very suboptimal operations from SAIL. So, how confident are we to execute those orders in the coming time?

N. Aravind: Sir, as of now we have not received appointed date in Tasra project. So, it is not a binding obligation at this moment from this SAIL also to lift the material. We expect to receive the appointed date in April , then the contract clauses will take effect . So, it is a binding on SAIL to lift the material irrespective of the washery capacity constraints. we can achieve our targets for the next year.

Kamlesh Jain: Thanks a lot, sir.

Moderator: Thank you. Ladies and gentlemen, that was the last question for the day. I would now like to hand the conference over to the management for closing comments.

S.K. Ramaiah: Yes, thanks for your participation and many interesting questions, and it is a very interesting discussions we had. I think the power sector is highly bullish and the infrastructure we are well established now, the drinking water, railways, roads and other related projects and then metro, maintenance shops, etc. And naturally business should look up with BHEL with bulk of the orders and and L&T is also coming up. And there are many new areas which will come up certainly and we continue to be aggressive in our approach in both marketing and execution, exceeding 5,000 crores in this year, certainly.

And then, you know, coming year about 10,000 crores, as we said, you know, that is looking at some of the BOP opportunities, which are major items. And then the non-power sector jobs which are established in railways, roads, and then material handling, coal handling, and then mines and development works, etc. Therefore, let us look into that way and then as far as the capacity of the company is concerned to augment the execution capacity, that is always there and that we can do it. Thank you.

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