Company Name: Patel Engineering Ltd.

Quarter under review: Q1-FY27

Patel Engineering Ltd : Q1-FY27 Concall Highlights:

Patel Engingering Ltd. (Consolidated)					
INR In Mn	**Q1-FY27**	**Q1-FY26**	**Y-o-Y**	**Q4-FY26**	**Q-o-Q**
Operational Income	12,807	12,334	3.8%	14,215	-9.9%
EBITDA	1,796	1,653	8.7%	2,152	-16.5%
EBITDA M (%)	14.02%	13.40%	62 bps	15.14%	-112 bps
PAT	935	751	24.5%	715	30.8%
PAT M (%)	7.30%	6.09%	121 bps	5.03%	227 bps
Diluted EPS	0.94	0.85	10.6%	0.42	123.8%

Operational Highlights:

- Progressed execution at the Subansiri Lower Hydroelectric Project, with four units operational and contributing 1,000 MW to the national grid, while concreting for Unit 7 commenced and all eight units remained on track for commissioning during FY27.
- Crossed the 50% completion milestone for dam concreting at the Kwar Hydropower Project in J&K.
- Completed the installation and erection of the roof truss structure for the powerhouse building at the Parnai Hydropower Project in J&K.
- Commenced work at the Dorjilung Hydropower Project in Bhutan, strengthening the company's presence in the region and creating opportunities for participation in larger project packages.
- Completed the tunnel boring breakthrough at the Slimanabad Tunnel Project in Madhya Pradesh, an 11.95-km irrigation tunnel and the longest irrigation tunnel in India.
- Maintained a diversified order book of approximately INR 14,636 crore, with Hydropower contributing 62%, Irrigation 17%, Tunnelling 4% and Roads & Urban Infrastructure accounting for the balance.
- Identified approximately INR 9,000 crore of bids under evaluation and a near-term opportunity pipeline of approximately INR 60,000 crore to be actively pursued.
- Maintained a selective and disciplined bidding approach, with emphasis on project quality, execution feasibility and appropriate returns rather than pursuing growth at the expense of profitability.
- Received an upgrade in long-term credit rating from A- to A Stable and short-term rating from A2 to A1, reflecting an improvement in the company's financial profile and balance-sheet discipline.
- Completed the sale of a INR 27 crore land parcel in Telangana as part of the company's strategy to monetize non-core assets and improve capital efficiency.
- Strengthened its Bhutan opportunity pipeline, with developments creating greater visibility for larger project packages to move towards tendering.

Key Questions & Answers discussed during the Concall:

- **What is the expected execution timeline for the existing order book?** We expect to execute the existing order book over the next three years, with the current book-to-bill ratio at around 3x.

- **What level of new order inflows are we targeting to support revenue growth?** We are targeting around INR 8,000 crore of new orders in FY27. We expect this to support approximately 10% revenue growth in FY27 and 15% growth in the following year.

- **What is driving the higher PAT growth compared with revenue growth?** We saw finance costs decline by nearly INR 10 crore year-on-year due to the reduction in debt over the past year. With EBITDA margins remaining broadly stable at 13-14%, the lower finance cost has been the key contributor to higher profitability.

- **What is the outlook for exceptional items in FY27?** We do not anticipate any exceptional items in FY27. The exceptional items in the previous year were largely related to Vivaad Se Vishwas settlements and write-downs of investments.

- **What is the target for non-core asset monetisation in FY27?** We are targeting monetisation of approximately INR 150-200 crore of non-core assets during FY27 and are fairly confident of achieving this target.

- **How much could promoter pledge reduce going forward?** We are in discussions with lenders and are hopeful of achieving a substantial reduction during FY27. Currently, around 85-90% of promoter shares are pledged, and we expect this to reduce by at least 15-20%.

- **When is the OC for the Mondo project expected?** We expect the litigation to be resolved shortly, following which the OC should be received. We are hopeful of receiving the OC during FY27, after which the ready third tower can be occupied.

- **How are we balancing larger hydropower opportunities with long execution timelines?** The approval process has improved significantly, with the government increasingly completing MoEF clearances, land acquisition and other approvals before awarding projects. While this has delayed project awards, execution timelines have improved once projects are awarded, as demonstrated by Subansiri.

- **Can EBITDA margins improve towards 15% over the next few years?** We cannot confirm a move to 15% given increased competition. While we continue to focus on value addition and cost reduction, we are primarily confident of maintaining our existing 13-14% margin range.

- **When could we consider buybacks?** We would consider buybacks once we have substantially reduced our debt. This could take another two to three years. We already have an ESOP trust, and management will evaluate the ESOP opportunity separately.

- **How do we plan to fund the working capital required as execution accelerates?** We expect planned advances against bank guarantees or surety bonds to meet a significant portion of the requirement. In addition, we may need around INR 100-200 crore of incremental working-capital borrowings during the year.

- **What is the current receivable cycle?** Our receivable days are currently around 40-45 days, and this has remained broadly steady, including across our newer contracts.

- **How is execution expected to progress in Q2 amid the monsoon?** Q2 is generally slower due to the monsoon, and we expect execution to remain broadly in line with historical seasonal trends. While there may be some ups and downs, we do not expect any major disruption.

- **What is the bidding status for the large hydropower opportunities in Arunachal Pradesh?** Our approximately INR 9,000 crore of bids under evaluation includes large packages in Arunachal Pradesh and other states, with the majority of the current bidding concentrated in Arunachal Pradesh and the Northeast. We expect bid outcomes potentially around Diwali.

- **How much capital is currently locked up in retention money?** We have retention of approximately 5% on our contracts, with around INR 200-250 crore currently reflected as retention on the balance sheet. This is generally released at the end of the project, although some contracts allow us to withdraw it against bank guarantees.