Konstelec Engineers Limited

H2 & FY 24-25 Earnings call
Key Results And Strategic outlook

Friday, **13th June**, 2025 at
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Mr. Biharilal Shah
Chairman & Managing Director

Mr. Amish Shah
Whole-time director

Mr. Jigar Shah
Whole-time director & CEO

CA Hardik Sarvaiya
Chief Financial Officer

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Finportal: Ladies and gentlemen, good day, and welcome to the Earnings Call of Konstelec Engineers Limited for the financial year ended 31st March 2025. The floor will be open for questions once the management presentation concludes. Please note, today's call is being recorded and may include forward looking statements based on current expectations. These involve risks and uncertainties that could cause actual results to differ materially. The company is not obligated to update such statements except as required by law. Listeners are advised not to place undue reliance on them. Representing Konstelec Engineers today, we have Mr. Biharilal Shah, Chairman and Managing Director, Mr. Amish Biharilal Shah Whole Time Director, Mr. Jigar Shah, Whole Time Director and CEO, CA Hardik Sarvaiya, Chief Financial Officer. Without further delay I now invite the management to share a brief overview of the company's performance and provide insights into our operations. Thank you, and over to you.

Mr. Amish Shah: Good evening, and a very warm welcome to our esteemed investors, analysts, and stakeholders. We sincerely appreciate your time and interest in joining us today for our earnings call for the financial year 2025.

Before we dive into the detailed presentation, I would like to take a moment to reflect on the past year and the road ahead. Actually, year 2025 has been a both challenges and transformation for Konstelec, strengthening of capabilities and unlocking new opportunities for innovation and growth.

A major milestone in our journey was our entry into T&D sector, reinforcing our market presence and demonstrating our ability to adapt to evolving industry dynamics. This expansion coupled with our continued focus on operational excellence, positions us strongly for future success.

Over the years, Konstelec has emerged as a pioneering force in the EPC sector, delivering advanced solutions in Electrical, Instrumentation, And Automation Systems. As a licensed electrical contractor, we have consistently prioritized quality, safety, timely execution and cost effectiveness.

Our global footprint has expanded steadily, beginning with our establishment in Nigeria, and more recently the incorporation of a foreign joint venture entity in the kingdom of Saudi Arabia. This move marks a significant step in our regional expansion efforts, unlocking market opportunities in Saudi Arabia’s thriving EPC sector. The JV aligns seamlessly with our broader vision of leveraging transformative developments under vision 2030, particularly in infrastructure, energy and industrial growth.

Konstelec is committed to unlocking tomorrow's potential through innovation and sustainable solutions. From renewable energy projects, water treatment solutions to railway infrastructure, data center developments and refinery maintennace. We continuously strive to drive excellence across industries.

During the FY 2024-25, Margins were impacted by execution related challenges; however, these were operational and transitional in nature, rather than structural or demand driven allowing us to address them effectively and ensure a strong foundation for future growth.

We have proactively navigated challenges, taking decisive steps to strengthen stability and accelerate growth. Our recovery roadmap is progressing as planned, and with momentum steadily building, We are well positioned for a strong turnaround in financial year 2025-26. Through resilience, strategic execution and innovation, we remain committed to delivering long term success and sustained value creation.

Today we will walk through our performance key developments and strategic outlook. Our objective is to provide clear insights into our direction and reaffirm your confidence in our long-term commitment to value creation and sustainable growth.

With that. Let's begin with the presentation.

We've already introduced the company. We have built a strong reputation as an innovative leader in the EPC segment in electrical, instrumentation and automation. Our expertise spans a broad range of industries, allowing us to address complex challenges with precision, efficiency. Leveraging advanced technologies and highly skilled workforce, We consistently meet the demand of diverse projects.

Our clientele includes industries such as oil and gas, refinery, steel cement, pharmaceutical, textile, hospitals, healthcare, FMCG, paints, defense, nuclear power and space both within India and abroad. Focused on sustainability and industry advancement, we actively pursue opportunities in renewable energy, data centers, smart cities and industrial automation.

Committed to staying ahead of industry trends and maintaining a competitive edge, we continue to be a trusted partner for clients and investors alike, delivering value across all stages of project execution.

These are ours 3 decades of execution, we have completed 200 plus projects, 70 plus ongoing projects. Our market cap remains at 127 cr., as on 21st May, we have 900 plus workforce. Our revenue for second half of last year has been 109 crores, ROE of 4.93% and ROI of 9.13%.

Our core values- Values, Vision and Mission. We build trust and integrity through transparency and accountability. Through teamwork, we harness collective strength to achieve shared goals. Our commitment to customer satisfaction drives everything we do. We ensure quality and reliability in every product and service we deliver.

Our vision is to establish global leadership in EPC industry by delivering innovative and high-quality solutions in Electrical Instrumentation And Automation.

Our mission is to provide safe, reliable, and innovative solution in EPC Industry, consistently exceeding customer expectations. To foster a secure and supportive work environment for employees. To prioritize client Satisfaction throughout project execution while ensuring execptional value creation.

These are the milestones. We began our journey in 1997, until this year, 2025. I'd like to highlight a major milestone is our breakthrough in T&D sector through an order received. Services, we provide Project Management, Procurement, Engineering & Design, Construction & Commissioning, Operations And Maintenance.

This is our execution process. I'd like to Skip this slide. A little bit on expansion into the T&D segment as highlighted in our previous presentation, the company expressed a strategic intent to its presence in T&D sector. We are pleased to announce a significant milestone in this journey.

We have been awarded a contract by AVVNL that is made with the project development of infrastructure for segregating the 11 KV mixed feeders. The value of the project is 25 crores, and the timeline for the same is around 18 months. This marks our successful entry into T&D segment, further reinforcing our commitment to diversify and scale our operations.

The company remains focused on exploring and securing more opportunities in this domain.

List of our esteemed clients.

Our geographical footprints. As you see across India, we are registered in most of the States and work, and are actively working in many of the States. We also have a presence in Nigeria, and recently we've done a JV arrangement in Saudi Arabia, and are looking forward to get more and more business from the same.

Some of the highlighted industries which I've already mentioned is Oil and gas, textiles, paints, chemical, nuclear power, cement, T&D.

Credentials. Accreditation.

Again, the investment highlights. We are advancing rapidly into the Saudi domain. I'd like, Mr. Jigar, our CEO, to highlight some of the possible projects and the venture that we are getting into.

Mr. Jigar Shah: Good evening to everyone. Just to give you a brief on this journey to Saudi, where we identified a partner, and we move forward looking at the strategic location and what kind of projects we are expecting.

We are working more towards the Western, and then from the western parts of Saudi Arabia to start with and other bigger industries like Aramco, are also present over there. And our partner whom we have selected has a presence in instrumentation. Their strength is in substation, automation, instrumentation works & they're doing lot of works over there for these kinds of companies. And they were also looking for a partner who can associate and have a similar line of working. So, we have taken this step forward & now this year the JV is in place, and now we are looking at various projects and various you know, orders that we can secure in the coming financial years. So, the process of the JV has been completed. And now further details as we move forward, we are looking at the market in a very positive aspect.

With the kind of projects that Saudi Arabia is doing in terms of like we are making in India. So, a lot of industries are coming up in Saudi Arabia currently. And also, there was one more significant milestone which we have taken this year that all our offices are moving under one banner and we will have a very good corporate office, where the staff will be moving and giving us a good footprint in this EPC business, and also a presence for our clients and for our employees, and everyone.

Thanks.

Mr. Amish Shah : Industry overview.

As we all know, EPC presents a huge potential for project people like us to deliver. So, the sector has a potential of 4 trillion annually by 2025, and the demand is on the rise. The transition to renewable and integration of smart technologies like IoT and AI are further driving the growth.

We are glad to participate in this growth, and are doing our best to keep up with the market trends and ensure that we play an active role in the growth in the EPC segment.

So, in the last presentation or the last time that we met, our focus was in these 6 segments I would like to just highlight on some of the inroads that we have made across each of the sector for renewable energy. We Konstelec has submitted bids as a developer for solar projects under PM Kusum Scheme in the State of Rajasthan and we are expecting to sign the agreement in the 1st half of the financial year.

As a part of the program requirement, we will enter into a tripartite agreement to lease land for the project which will be initiated upon finalization of the contract. This initiative reflects our strategic entry into the renewable space and alliance with our long-term growth plans.

Also, one important development which has happened is we received one order from Reliance Industries for electrification of PV factories. We are exploring similar works with other PV manufacturers of large scale.

Point number 2, water treatment. In the current financial year, we are taking a more measures towards the opportunities of WTP and STPS. Railway infrastructure we have constant and has the necessary PQ credentials to bid for railways, metro development projects. They are currently in the process of finalizing.

And anyway, with the JV, further strengthen our PQ profile with this collaboration, we are optimistic about securing our 1st order in the railway sector within this current financial year.

For the data center business, we are actively pursuing the opportunities as an EPC contractor specializing. At the end, the data center projects with increasing demand for high reliability in infrastructure, we see a strong potential in this segment, and are positioning ourselves to serve the leading players in the space.

Maintenance contracts in refineries as all planned expansions of refineries are being commissioned in this financial year. Many of them are coming under maintenance contract. We are actively looking to expand our expertise to these new refineries.

T&D segment. Government has already unveiled 9 and a half lakh crores worth of initiatives to strengthen the national grid infrastructure and enable interstate energy evacuation, especially in renewable rich states like Rajasthan, Karnataka, Tamil Nadu, and Odissa. In the same segment. We've made, we've already made a breakthrough by securing a job in RDSS valued at 25 crores in the range, in the State of Rajasthan, and we are looking forward to more similar jobs in various other States.

Brief profile of us, Mr. Biharilal Shah, myself Amish & Mr. Jigar Shah.

Brief numbers. Total Values of orders under progress-720 crores, and the unexecuted portion of the order remains 389 crores, the total value of orders received in last financial year is 231 crores, and the value of orders received in the 1st quarter of this volunteer is 35 crores.

This is a revenue breakup by industries. As you see, 60% of our revenue from refinery is associated with the project, 13.7% from steel and 25% from other industries. Oil and refinery form a part of the oil and gas industry which include upstream and downstream both.

About the P And L statement. I'd like our CFO Mr. Hardik, to highlight certain numbers and performance in last year.

CA Hardik Sarvaiya: Good evening, everyone, and a very warm welcome. So, in the financial year 24-25, we have clocked our total income at 195 crores vis-à-vis last year 217 crores and the PAT numbers we have achieved is 4.74 crores vis-a-vis 8.92 crores.

And this is a summary of a balance sheet, where you can see we have a significant investment as a capital work in progress for our new office, furnishing at the Mumbai office. and there have been a margin filter in the financial year 24-25.

Mr. Amish Shah: There have been a margin filter in the financial year 24-25, we've identified these areas and are actively working towards this so that they are not an hindrance in this coming financial year, and in the next years to come.

There were few projects which got stalled and subsequently cancelled, due to factors which were beyond our control, something like land acquisition problem from the client side, and the bottlenecks they had while getting their approvals.

So, these projects incurred substantial fixed cost across manpower, machinery and logistics, without having any corresponding revenue realization as most of these were governed by PSU contracts lacking escalation clauses or damage recovery mechanisms and we had to absorb the full financial impact.

There are few projects that are under LSTK mode. There have been some projects where there has been approval delays from the clients. So, the approvals which have not come from; let's say there are drawing approvals. There are other project related execution approvals which had not come, which had led to the dip in the revenue which was expected last year.

Third point, there were large number of projects which were nearing completion. So in the last year, there were certain projects which were covered 80 to 85% of the project completed last year, and whose unbilled revenue extended timelines and delayed closure of these contracts led to higher input costs during the period, which put pressure on the margins.

Many of these issues are temporary and execution based and not demand based, and they are all temporary in nature, and they are part of the project business. Sometimes we have to incur. We have to face these kinds of situations, but they do not occur very frequently. So not all our projects are under these kind of problems.

We've already seen, a lot of projects which have neared completion which have completed 85% and will be completed with minimal cost which will lead to direct positive impact on EBITDA margins.

There are certain full scale execution projects secured under later part of financial year, in last year, or early part of 25. Most notably AVVNL, Reliance and Cameroon, have now been entered under full execution mode. These are expected to significantly boost the revenue in this financial year, backed by our consistently strong execution capabilities and an even more cautious and detail driven approach to Project Delivery.

Point number 3. Our entry into the new geography, expanding into new markets remains a key priority both to drive revenue, growth and diversity and diversify operational risk. In line with this, we recently secured a prestigious international order from pristine Limited in Cameroon, marking our entry into Central Africa.

Simultaneously, our recently incorporated JV in Saudi is gaining traction with ongoing engagement in the region, showing promising long-term potential. As already discussed, we have already forayed into RDSS projects by securing a 25-crore job.

Another job of reliance for Solar PV factory on the renewable front. we are exploring other solar project opportunities at selected locations in Rajasthan. If these prospects materialize as expected, they hold strong potential to contribute meaningful revenues in this financial year.

So, while Financial Year 24-25 presented a unique set of challenges, it was a year of learning, recalibration, and repositioning with a healthy order book, Strategic diversification, improved execution, and a clear vision. To revenue realization, we are poised for a robust, rebound in this financial year.

Our commitment remains unwavering to deliver sustainable growth, improve profitability, and create long term value for all stakeholders.

Thank you. Thank you for your time.

Finportal: Thank you, sir. We'll now begin the question-and-answer session. Participants who wish to ask question, may please raise their hand. Alternatively, you can type your questions in the Q&A tab below. We'll take the 1st question from Mr. Miten Shah.

Mr. Miten Shah: Hello! Am I audible?

Mr. Amish Shah: Yes, you are audible, Sir.

Mr. Miten Shah: Yeah, thanks for giving me opportunity and thanks for conducting this con call. So, my 1st question would be like, we are now venturing into a new area like Cameron. Right? And we are also located in Nigeria as well as Saudi Arabia. So, my question is, how does the company take care of hedging in Forex, you know, because there will be a lot of forex related issues related to this. So how does it take care due to the fluctuation in Forex.

Mr. Jigar Shah: When we bid for these projects, we have taken care of the hedging part where that contingency has been accounted in the bid, and whatever revenue realization will happen, will happen through the medium of secure payments from LCs. So that way, we have secured in terms of you know, when these projects move, once all the engineering and the material is delivered.

CA Hardik Sarvaiya : And also about the foreign exchange hedging, we are actively looking after the hedging part. Wherever the possibilities of the foreign exchange situations are there, more and more we are actively participating in the hedging part.

Mr. Miten Shah: Okay, okay, fair enough. And also, you know, I see that the debtors days, you know, have increased from 118 to 126. So, is there any plan, you know, that can be reduced again with respect to the previous year and even lesser than that? I mean that would probably improve the cashflow, correct?

CA Hardik Sarvaiya: The debtor days that increased marginally during this financial year is mainly due to the slight delay on the recovery part. I would not say more, but slight delay, and the more of the billing is in the quarter 4 part. We have highest billing in the quarter 4. That's why there is a slightly increase in the debtors days. But That is not a full year part.

Mr. Miten Shah: Okay, okay. And can, we just know what is the financial impact of Konstelec Hitech as we believe it has been write off as indicated in the statement?

CA Hardik Sarvaiya: See Konstelec Hitech, a JV has been incorporated in 2011 for a specific project; where Konstelec is being one of the JV part and Hitech is another JV part. So that work has been completed in 2018-19 itself. The JV has been kept it live because of certain ongoing Tax assessment was there which were completed in this financial year. And now any recovery is not possible in JV, so we write off those investment in the books in the financial year.

Mr. Miten Shah: Yeah, how much is that? Basically.

CA Hardik Sarvaiya: 47 Lacs

Mr. Miten Shah: Okay, okay, Correct. So are there any other JVs or subsidies like that, you know, which affects the Consolidated statement.

CA Hardik Sarvaiya: No right now. Recently we have incorporated in a Saudi Arabia. But since the operation has not been started yet, so we have not incorporated in this current consolidation, we will be actively having the consolidation in the 1st half of the financial.

Mr. Miten Shah: Correct, correct, and my last question. As of now, I give a chance to others also to ask questions. So, my last question as of now would be like, how much percentage does Nigeria constitute to the Consolidated statement.

CA Hardik Sarvaiya: We don't do any consolidation of the Nigeria part because Nigerian company is our associate enterprise, not a subsidiary or a joint venture.

Mr. Miten Shah: So, it does not get reflected in the Consolidated statement?

CA Hardik Sarvaiya: No.

Mr. Miten Shah: So, I mean, what is that we are reflecting? I mean, we are indicating in the presentation, I'm not clear about it.

CA Hardik Sarvaiya: We are indicating it in the presentation that Konstelec EPC Nigeria is our associate enterprise, having a presence in a Nigeria.

Mr. Amish Shah: They are giving business from there to Konstelec India, so we do not have any direct holding. Konstelec does not hold any stake in this. So it's a common promoter holding company. So, the Konstelec has the potential to get the business from Konstelec Nigeria.

Mr. Miten Shah: Okay, okay. So, any revenue that is derived from there does not get reflected in the Consolidated statement, is that a correct understanding?

CA Hardik Sarvaiya: There is no revenue generating that is reflected in the consolidated balance sheet from the KEPL EPC Nigeria Limited, although that company may help us getting a business directly from the Nigerian client.

Mr. Miten Shah: Okay. Okay, I understood. But the only thing what I didn't understand is now, what is reflected in the presentation?

CA Hardik Sarvaiya: In presentation, we have reflected, being the KEPL EPC Nigeria Limited is an associate enterprise, having a common promoter holding.

Mr. Miten Shah: Okay, okay. And does not fall into the consolidation criteria.?

CA Hardik Sarvaiya: Yes does not fall into the consolidation or Joint venture criteria.

Mr. Miten Shah: Thanks a lot. Thanks a lot for answering all the questions. I'll wait for a while. As of now I will give time for others to ask.

Thanks a lot. Really appreciates.

Finportal: Thank you. We'll take the next question from Mr. Niket Shah.
Mr. Niket Shah: Hello! Am I audible?

Finportal: Yeah, you are audible.

Mr. Niket Shah: Yeah. Hi, sir, I wanted to ask you, could you just go into a bit more depth regarding the order book? Could you tell me the breakup, like which companies have given the orders, or from which sectors are the order belongs to?

Mr. Amish Shah: We are not able to hear you, Sir.

Mr. Niket Shah: Am I audible now?

Mr. Amish Shah: Yeah.

Mr. Niket Shah: Yeah, I wanted to ask about the order book. So could you give me a more, a bit more detailed break up as to which sector, or which companies have given the order and the order breakup in that regard?

Mr. Amish Shah: We can. We can send you the details, but largely, the order breakup of 389 unexecuted portion is across oil and gas, steel, cement, paints and other similar industries. However, we can share the complete details with you.

Mr. Niket Shah: Sure, Sir, that works.

And, I wanted to ask about the joint venture in Saudi Arabia. Have you received any order or are there ongoing orders that you have not disclosed, or anything in that regard?

Mr. Jigar Shah: Just to answer your that question, in Saudi Arabia, right now we are quoting for various projects. Since being a new company, we are trying to associate with the bigger companies and also moving with our registration, because first process is to complete our JV formation documentation and all that. And now we are looking at booking various orders.

So next 3 quarters we'll be seeing orders coming in from them which are right now in the bidding process.

Mr. Niket Shah: Okay, Sir, and just one last question, you mentioned that you are in talks with Reliance for the solar PV manufacturing. Is that correct? Could you give me some insight into that information as well?

Mr. Jigar Shah: So, there is a clarity. It's not manufacturing. We are doing the PV work for them for the solar factory which they are setting.

And there are other phases to follow. So, we are looking at a good chunk of business coming out of the Reliance solar factory units which they are setting up.

Mr. Amish Shah : It's an electrification job of their own solar factory. Hope we made ourselves clear.

Finportal: We'll take the next question from Mr. Rohan Gupta.

Mr. Rohan Gupta: Hello!

Mr. Amish Shah: Sir. We can hear you.

Mr. Rohan Gupta: Yeah. Good evening, Sir. Am I audible?

Mr. Amish Shah: Yes.

Mr. Rohan Gupta: Yeah, Sir, I have a couple of questions on the financials. So, Sir, firstly, what is this other current assets of 117 crores that is sitting on the balance sheet?

CA Hardik Sarvaiya: That current assets of 117 crores are unpaid revenue, which has been recognized as a current assets.

Mr. Rohan Gupta: Okay. So basically, this is, we can say, sort of trade receivables only, but we've not billed it right? The milestone is completed.

CA Hardik Sarvaiya: Correct, correct working progress, you can say.

Mr. Rohan Gupta: But entirely is that, or some would be pertaining to say FD against BG or something like that?

CA Hardik Sarvaiya: Entire amount is towards that only.

Mr. Rohan Gupta: Towards unbilled revenue or towards margin money?

CA Hardik Sarvaiya: Unbilled revenue.

Mr. Rohan Gupta: Unbilled revenue. Okay. And we don't have any FDs? We don't have to give BG for orders?

CA Hardik Sarvaiya: We have specified under the short-term loans and advances and the cash bank balances.

Mr. Rohan Gupta: Okay, okay, Sir, got it. So, what kind of margins are we expecting right now going forward? So, I mean, we understand that you mentioned the land acquisition problems that were there with the client and all of that. But can we expect these margins to go up to say, the 9-10% range EBITDA margin?

Mr. Amish Shah: Definitely, Sir. In the project business anything, any margin which is below, You know, 10 to 15% is not justifiable. Definitely, there is a potential of 10 to 15%, definitely possible.

So, we expect in this financial year for the gross margin to go back to its normal stage.

Mr. Rohan Gupta: Okay okay. And, sir, the order book, right? The unexecuted portion is 331 crores. So, what kind of timelines like the average execution timeline will be, say, 18 months or so, or like? What can we consider?

Mr. Amish Shah: 12 months to 18 months.

Mr. Rohan Gupta: Okay, 12 to 18 months. So, we can expect a reasonable growth of, say, 25 to 30% this year?

Mr. Amish Shah: So, looking at the time that we are talking, I mean, we still have 9 to 10 months of this financial year to where there's lot of potential order booking and execution yet to be done. So definitely, there will be a revenue growth which can be expected.

Mr. Rohan Gupta: Okay, so what is your goal over the next 3 years? Like, what kind of CAGR you are looking to grow at?

Mr. Amish Shah: So, we are looking at a growth of around 20-30% over last financial year.

Mr. Rohan Gupta: Okay, okay. And, Sir, this T&D order, right? That you have got. Can you share some more details? Like, what exactly is this because I mean, I read that it's written as segregation of some feeders. So, isn't this a ground, underground cable line, or something, or what exactly it is.

Mr. Amish Shah: Basically, its overhead transmission lines. There are lot of areas which are not fed for electricity. So, all the consolidation of electricity through transmission line is happening where all the power which is coming from the grid is fed to the users. So, it's basically the end users who are going to benefit from these feeder lines.

Mr. Rohan Gupta: Okay, understood. So, what kind of potential you see from, say, this specific area, you know, like within T&D?

Mr. Amish Shah: We at this stage are looking at a massive potential. I can only say that Rajasthan has just one state, has nothing less than 1,000 crores of opportunity available, and similar projects are coming up in plenty of other states.

Mr. Rohan Gupta: Okay. But considering so much potential, right? I mean, and why are we going for this Saudi JV. And all of these things, you know that could increase logistics.

You know, people in managing all the execution and everything for a small company like ours, it would be very challenging, in my view. So, what is your view on that?

Mr. Amish Shah: We always look at different geographies for the reason of getting better returns than what we are getting in our own country, so we expect the returns would be better with better probability, bottom lines.

Mr. Rohan Gupta: Okay, okay.

So, Sir. Lastly, on these orders, right? Like you mentioned in the last financial year, we had this issue where you know, there were no escalation clause and you know all of those issues.

So, for the remaining order book like, how well are we covered for these aspects here? How many of our contracts are variable or they have the escalation clause. How many are at fixed price? Can you give some color on that?

Mr. Amish Shah: It's not about the escalation of clause which is available in the contract. It's about the execution efficiency, which is going into this picture, so mainly all these contracts which are there, whatever happened, whatever unforeseen situations happened last year, they are a very rare scenario. They do not occur every time. So, calling off project, they just happen like one of 100 projects that is there. So that basically led to the dip in the revenue, and hence the profitability.

Mr. Rohan Gupta: Okay. And why are unbilled revenue is so high?

Mr. Amish Shah: Yeah, that is the reason, Sir.

Mr. Rohan Gupta: Okay, okay, Sir. Can you give some details about that project? Like, which project exactly, or that you won't be able to disclose?

Mr. Amish Shah: It's very difficult to disclose those projects that I mean, for reasons.

Mr. Rohan Gupta: Okay, so. But this was about which sector, like refinery, or which one?

Mr. Amish Shah: Another important thing I'd like to say is, last year, you know, there was an election year last year. So, what happened is all, all the project, all the decisions, were pending, and there were deferred decisions.

So, they have to take certain decisions. They waited for the election for the new governing body to come. And now that the new body is there, decisions were taken, and you know, to revise some of the projects which were, you know, under the next State.

Mr. Rohan Gupta: Ok.

Mr. Amish Shah: It will get revived in these coming years. It's every 5 years when we have election, this is the problem, even the funding, even the spending gets deferred.

Mr. Rohan Gupta: Right understood. Understood. Okay, Sir, thank you so much. I think that was it from my side. All the Best to You.

Mr. Amish Shah: Thank you.

Finportal: Thank you, sir. We'll take a few questions from the Q And A Tab. Now I will just read out the question. The 1st question is from Mr. Jana. Could you elaborate on the company's future strategic outlook, the size and composition of the current order book, and the primary factors that contributed to the recent dip in profitability?

Mr. Amish Shah: I have already answered this question. Our order book size today and executed portion remains at 389 crores and the dip in profitability as highlighted. There were 2 or 3 reasons which I showed in my presentation. One is, you know, few projects, 20-30 crores of revenue, we could not book because they got stuck in between.

And however, that we have new projects which have come up, and we have secured that is a deferred revenue which is going to be coming this year.

So, these are certain reasons which led to dip in the profitability. However, we expect the profitability, there will be revenue recognition, and we see a better profit coming in this year, this financial year.

Finportal: Okay. The next question is from Mr. Amit Sagar. The question is, Konstelec has a relatively small base of around rupees, 105 crores and operates across multiple domains and geographies as per the investor presentation. Despite a robust orderbook and global presence, the recent financial results have been disappointing with execution challenges cited as a key reason. Given these execution issues, which seems to be impacting margins and project timelines, could you please elaborate on the specific steps that the management is taking to improve project execution efficiency?

Additionally, how do we plan to ensure that the current order book, especially the unexecuted 389 crores portion with ongoing client, related delays and cancellations affecting cash flows and margins.?

What is your outlook on stabilizing margins and improving operational cash flow going forward at such a low base?

The only sustainable way for Konstelec Engineers Limited to grow and become bigger is through effective execution and timely completion of projects. Successful project, delivery will improve revenue.

Mr. Amish Shah: Mr. Jigar Shah, who is the CEO of the company, would take this question, and he would highlight certain points on this subject. He's now taken over as a CEO, who is effectively now managing the operations. Since the point discussed here is operational efficiency or project execution efficiency, he would have lot of insights on improving the same for the drop in turnover.

Mr. Jigar Shah: Already it has been discussed and highlighted to everyone. I would like to point out few things here for everyone to know that the mitigation measure that we are looking at so that this unexecuted portion is completed on time, which will help us in deliver the project.

So, one of them is, you know, accelerated closure of these projects. The closure of these projects is what we are targeting this year, so that we are able to complete those projects and come out of time and get revenue recognition.

Extended delays which are happening right now, we are trying to flag those extended delays to the client through various avenues, through various letters, or any means that we have, and with clients where we are able to get escalation in place, we are able to put that forward that due to this extended delay which is not accountable to us, we're able to do that.

And at the same time, we have brought in the dashboard for monitoring and for better delivery of project. One of the points is to have a new team infusion which we have done at this stage, so that the payment revenue recognition happens for us.

So, these are some of the pointers that I'm trying to point where a young team will now work towards better delivery and improving the efficiency of project, and where we are facing challenges due to the reasons beyond our control, we are trying to work around with clients in terms of extended compensation, or, you know, some kind of amendment or if it's a government project we try and look at to reduce our cost, we try to bring down the cost at this stage, so that we then go back to work over there when the project opens up with when you have governmental delays.

So, I hope this will answer the question raised here in the Forum.

Finportal: Thank you, so the next questions are from Mr. Niket Shah. I can read out the question one by one. The 1st is, any plans of tying up with a non-electrical contractor? for example, civil to bag entire projects.

Mr. Jigar Shah: Now where we are working, their civil portion is coming into our scope. And we are trying to do that tire, especially in government projects where substation work is involved. So that way we are trying to build our prequalification and then move towards these kinds of bigger projects and for Saudi we are looking at this year.

We have good number of bids in the pipeline, and we are looking at around 5 to 10 million Saudi real of work to come to us in this next 3 quarters.

And about data center we are still trying to explore. It is still works in progress for which we'll give you update as we move forward.

And for railways, as we have already identified. We are doing an MOU to move forward in railways and bid for projects in railways.

I hope I've answered those 4 questions which are raised.

Mr. Amish Shah: One thing is that the bid pipeline is for the domestic bid pipeline is around 1,000 crores of bids are in process. -Point No.2

And What portion of the bids for Saudi?

-we are targeting 5 to 10 million worth of bid pipeline is there, and where we are targeting 3 to 5 million of work which would come to us in this financial year.

Finportal: Okay, sir, we'll take the next question from Mr. Rohan Gupta, how much revenue have we done in April 25 and May 25.

Mr. Amish Shah: It will be very difficult to disclose the revenue of April and May at this stage. At this stage, however, we would do it on a quarterly basis or a 6-month basis, which would come in the public domain.

Finportal: We have the last question, and it is more of a suggestion, considering that a 6-month reporting period is quite long, and we delay timely insights into operational progress.

Has the management considered moving to quarterly financial reporting? This could provide investors with more frequent updates on project, execution, order inflows and margin improvements especially given the current execution challenges, and the need for greater transparency.

Mr. Amish Shah: We are working with our compliance team. We are working with them to get this information out however, we see that this information would be happening quarterly from next year onwards, next financial year onwards.

Finportal: We'll take the next question from Mr. Jignesh.

Mr. Jignesh V: Yeah. Hello. Am I audible?

Mr. Amish Shah: Yes, Sir.

Mr. Jignesh V: So, as you mentioned that you have entered new area of transmission, and also you entered new markets. So, going forward, do you see any specific challenges initially to gain traction in both the markets that will keep suppressing our margins, at least for next one to two years?

Mr. Amish Shah: When we have entered these segments, we've actually assessed this and done due diligence before getting into these segments. So, for all other segments, we are doing enough of, pre work analysis to understand what is the revenue and profitability that would come in each of these segments.

So that before deep diving into any of these sectors, we need to understand their profitability and the models in which each of the industry is working, which we are doing it inhouse and we have some special team, which is assigned this activity to study the feasibility of every industry.

Mr. Jignesh V: Right. And since there is a lot of opportunity in case of renewables, especially base and even transmission. So, how do you see yourself positioning in both these sectors in coming one to two years in terms of order book?

Mr. Amish Shah: It's very difficult to quantify it, but there is always one endeavor that in the transmission. If you want to walk up the ladder you should get into segment is 220 KV and above. So that's where our aim still is to get into a 220 KV segment in the years to come. Then, you see, a lot of other projects, big size projects available for people like us to bid for that remains our endeavor.

Mr. Jignesh V: So. yeah, thank you. And looking forward to seeing improvement in ROE in coming one to two years.

Mr. Amish Shah: Thank you, Sir.

Finportal: We'll take the next question from Mr. Miten Shah.

Mr. Miten Shah: Yeah. So, my question would be like, of all the projects that we have in hand, how much is a contribution from government Capex projects or government funded projects, and how much would it be from private?

Mr. Amish Shah: 50% from government and 50% from private.

Mr. Miten Shah: Yeah, and how are the margins typically between the 2? Are they similar? Or would it be different?

Mr. Amish Shah: Sir, it depends on the nature of the project, on the geography of the project. It does not depend whether it is private or public sector. Largely, I'm talking about us. It may be different for different people, but for us you know, the location does matter, the logistics does matter. And there are certain local players who are there who probably are securing or are winning the jobs in certain locality.

So, our competition is with the local players. So, you can't compete with those guys in certain states. So, there are these criteria which are there, which we evaluate properly before we deep dive into bidding for the project to understand the project, to understand the revenue building and understand profitability in each of the States.

Mr. Miten Shah: Correct, correct. My subsequent question would be like, how is the debtors days? Or the working cycle? In each of these verticals, I mean, which one is better?

Mr. Amish Shah: Sir, roughly, there are different challenges in both of them. If you have all the documentation and everything perfect, government I would say, it has a better cash flow based on the situation or the industry impetus on infrastructure and cash flow.

I would say. Sometimes even the private sector has a better payment cycle or generally they have a better payment cycle. So, it is again, something which is very relative here.

Mr. Miten Shah: Got it, got it. Okay. So, my next question would be like, we are now setting up in Cameroon, and as well as Saudi Arabia. Is there any finance required to fund these projects? And how do we?

My question is, how do we execute? How do we proceed over here from for these projects? for this JVs? And new projects?

Any additional funding required for this places?

Mr. Amish Shah: Well as of now, we will not envisage any additional funding requirement for this. It will be funded by internal only, as of now.

Mr. Miten Shah: Okay. Okay. And the only question is this, what does the management think about increasing the ROE? And ROC?

If you see the ROE at 4.93 and ROC at 9.13, is there any plan to Increase this metrics, basically, which will improve the financial metrics of the company.

Mr. Amish Shah: ROC is only profitability. Right? That bottom line is, is the ultimate whether you call it ROE or ROC. If you improve your profitability, all these numbers would definitely improve. So, our focus remains profitability at every stage.

So, we try to stay away from projects which are minuscule, which are minuscule in size which are not profitable, which have lot of problems associated with it, which hits our bottom line. So, we get into projects, and we are slowly moving into large segments.

So that in the larger segment, you have lesser competition, which is there. So, the profit margins are healthier when you move into the large segment. So, our qualification in various segments is different. Now that we are able to bid bigger size projects of 150 to 200 crores projects where you have a relatively lesser competition.

Mr. Miten Shah: Got it, got it.

And how do we protect margins in case of any price escalation in the commodities?

Mr. Amish Shah: So generally, when we bid for the project, we ensure that plus 10% margins reflects variations are taken care of during the bidding stage itself, because most of our contracts are fixed rate contracts. They do not alter during the stage of the execution, so that has to be ensured.

Mr. Miten Shah: Okay, okay. All right. I mean, that's all from me. I really appreciate for answering all the questions. Thanks a lot for giving the opportunity. I wish you all the best.

Mr. Amish Shah: Thank you.

Mr. Miten Shah: And just one question, out of the 1,000 crores pipeline, how much of that would be L1?

Mr. Amish Shah: They are under evaluation stage. Some projects, their commercial bids are under the opening stage. So, it's very difficult to tell you how many of them are in L1.

Mr. Miten Shah: So as of now, when we speak up, what is the L1 value?

Mr. Amish Shah: Sorry. 1000 crores is a big pipeline.

Mr. Miten Shah: No, not for the 1000 crores. But in general as of now?

Mr. Amish Shah: Sir, It will be informed to the exchange accordingly, Sir.

Mr. Miten Shah: Okay, okay. Got it. Alright, alright, thanks a lot once again, and wish you all the best. Really appreciate.

Mr. Amish Shah: Thank you, Sir.

Finportal: We'll take the next question from Mr. Niket Shah.

Mr. Niket Shah: Hi! I wanted to ask, is it possible to meet the management for like investing purposes?

Mr. Amish Shah: We would structure the meeting accordingly, and we would definitely open the doors. We will give a slot and we can have a meeting, accordingly, Sir.

Mr. Niket Shah: Okay, so is there anyone that I can get in contact with to schedule the meeting?

Mr. Amish Shah: There is an email id of compliance@konstelec.com. You can write this email ID.

Mr. Niket Shah: Perfect. Thank you so much. Thank you so much.

Finportal: We have a question in Q&A tab. What is our bidding eligibility in the various segments, refineries T&D, etc.

Mr. Amish Shah: T&D is just a starting phase, where a beginning is being made. Our eligibility is to bid up to 75 crores in transmission and distribution, in refineries, electrical & instrumentation works in refineries we are doing today. We are executing around 100 crores of single order value. So, our eligibility remains up from 150 to 200 crores eligibility. Single project of 150 to 200 crore in refineries.

Finportal: Do we have any other question? Anybody wants to ask? Please raise their hand.

We got the question, Mr. Rohan, it would be better if you raise your hand, I can unmute you, and you can ask questions directly.

The question is, who are our main competition for refinery projects?

Mr. Amish Shah: Sir, I think this competition is a very dynamic situation. Sometimes we are also competing with L&T, Sterling Wilson. There are some smaller players who are there, Sterling Electro enterprise, Pravin Electricals. They are doing small-size projects; the bigger size projects you have competition in the largest segment by L&T, Sterling Wilson, Bajaj.

Finportal: We have one more question on revenue guidance for Fy. 26.

Mr. Amish Shah: We expect a definite growth from last financial year. We have made enough of preparations, plans and structured ourself to have a robust growth in this financial year.

Finportal: We have one more question from Mr. Miten Shah.

Mr. Miten Shah: Yeah, thanks for giving opportunity once again. So, of all the verticals that we mentioned, you know which vertical offers the best margins?

Mr. Amish Shah: I think I don't want to disclose this kind of a business specific question.

Mr. Miten Shah: Okay, okay. And would it be possible for us to get an idea? And what margins are we expecting from Saudi Arabia projects? I mean, would it be better than what we'll be doing it over here.

Mr. Amish Shah: Definitely. Definitely. That is the reason, we are entering into different geographies, Sir.

Mr. Miten Shah: Perfect. make sense. That's it. Thanks a lot. Thanks once again.

Finportal: As there are no further questions, I would now like to invite the management to share their closing remarks.

Mr. B R Shah: Thank you, Everyone. I hope you are all satisfied with the various questions and answer. Also, last financial year was challenging in terms of shop and bottom-line growth, whose details already shared by my colleagues. However, I personally see this year as a turnaround for this fact, that several projects are getting completed during this financial year, besides venturing into another separate verticals.

Once the project gets completed, our profit also gets unlocked. That's the major reasons. The new verticals that we are envisaging, during this financial year as already discussed, T&D Saudi, Arabia, Solar, renewable and railways and I'm sure they will all contribute to a larger turnaround for top and bottom line. I'm seeing the great future for Konstelec. Thank you, everybody. Thank you.

Finportal: On behalf of Konstelec Engineers Limited, We sincerely thank you for your time and continued interest. We appreciate your participation on today's call. You may now disconnect, have a great day ahead.

Mr. Amish Shah: Thank you. Thank you.

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