

Company Name: Patel Engineering Ltd

Quarter under review: Q4-FY26/FY26

Patel Engineering Ltd – Q4-FY26/FY26 Concall Highlights:

Financial Highlights:

Patel Engineering Ltd. (Consolidated)								
INR In Mn	Q4-FY26	Q4-FY25	Y-o-Y	Q3-FY26	Q-o-Q	FY26	FY25	Y-o-Y
Operational Income	14,215	16,119	-11.8%	12,394	14.7%	51,027	50,934	0.2%
EBITDA	2,152	2,183	-1.4%	1,448	48.6%	6,840	7,332	-6.7%
EBITDA M (%)	15.14%	13.55%	160 bps	11.68%	346 bps	13.41%	14.40%	-100 bps
PAT	715	328	118.0%	706	1.3%	2,945	2,422	21.6%
PAT M (%)	5.03%	2.03%	300 bps	5.69%	-66 bps	5.77%	4.75%	101 bps
Diluted EPS	0.42	0.41	2.4%	0.78	-46.2%	2.84	2.80	1.4%

Operational Highlights:

- Secured new orders worth INR 4,400 crore during FY26 across hydropower, urban infrastructure, irrigation, tunneling, mining, and international projects, strengthening medium-term execution visibility.
- Order book stood at INR 15,119 crore as of March 31, 2026, with hydropower contributing 63%, irrigation 16%, urban infrastructure & other 17%, tunneling 5% and roads 1%.
- Declared L1 for additional projects worth INR 1,600 crore at the start of FY27, providing strong order inflow momentum for the new financial year.
- Achieved a record tunneling progress of 812 meters in a single month at the CIDCO treated water tunnel project, establishing a benchmark in TBM tunneling execution.
- Completed around 6.2 kilometers of tunneling and achieved a successful TBM breakthrough during the quarter.
- Projects in Jammu & Kashmir, including the Kiru and Kwar Hydroelectric Projects, witnessed strong execution progress with concreting activities progressing at full scale.
- Executed more than 13.5 lakh cubic meters of concreting work and completed reinforcement works of nearly 60,000 metric tonnes across major project sites during FY26.
- Monetized non-core assets worth approximately INR 185 crore during April 2026, including land asset monetization and arbitration award realizations.
- Consolidated gross debt reduced to INR 1,187 crore as of March 31, 2026, compared to INR 1,645 crore in FY25.
- Debt-to-equity ratio improved to 0.27x from 0.43x in the previous year, reflecting a stronger balance sheet position.
- Successfully completed the rights issue and monetized non-core assets worth INR 185 crore, enabling debt reduction of INR 458 crore during FY26.

Key Questions & Answers discussed during the Concall:

- **What is the company's outlook on FY'27 revenue growth and order inflows?** We expect around 10% revenue growth in FY'27 supported by a strong execution pipeline. The company is targeting approximately INR 8,000 crore of order inflows during the year and has already emerged as L1 for around INR 1,600 crore worth of projects.
- **What is the current status of the bidding pipeline?** We currently have around INR 6,000 crore worth of bids under evaluation. In addition, we have identified approximately INR 20,000 crore of projects across hydropower, metro, tunneling, and irrigation for near-term bidding, with another INR 40,000 crore expected to open over the next year.
- **What is the outlook on hydropower opportunities in India and neighboring countries?** We remain highly optimistic on hydropower opportunities across India, Nepal, and Bhutan. Several large hydro and pump storage projects from agencies such as NHPC, SJVNL, and NTPC are expected to come up for bidding over the next few quarters, creating a strong long-term opportunity pipeline for us.
- **What is the company's strategy regarding non-core asset monetization?** We continue to target annual monetization of around INR 150-200 crore through land sales, investments, and arbitration recoveries. During FY'26, we realized around INR 185 crore from such monetization initiatives, which were primarily utilized toward debt reduction.
- **What is the progress on the Subansiri Lower Hydroelectric Project?** We currently have four units totaling 1,000 MW operational at the project. Civil work up to Unit-6 has been completed and we expect all eight units to become operational during FY'27.
- **What were the key execution milestones achieved during the quarter?** At the CIDCO Treated Water Tunnel project, we achieved a record tunneling progress of 812 meters in a single month during January 2026. We also completed around 6.2 kilometers of tunneling along with a successful TBM breakthrough during the quarter.
- **What is the update on promoter pledge reduction?** We are currently in discussions with lenders following the FY'26 results. Our internal target is to gradually reduce promoter pledge by around 15-20%, and we expect to provide a clearer update over the coming quarters.
- **How does the company evaluate aggressive bidding situations such as the Dibang hydropower project?** The Dibang project witnessed extremely aggressive bidding from a new entrant in the sector. We remained disciplined in our bidding approach and chose to prioritize profitability and execution quality over securing orders at unsustainable margins. Excluding the Dibang project, our overall bid success ratio remained healthy at around 25-30%.
- **Why has the company entered the coal mining/MDO segment?** We are selectively exploring adjacent infrastructure opportunities where our execution capabilities can be leveraged effectively. The recently secured coal mining contracts are relatively small in size and provide execution visibility for around seven to eight years.
- **What drove the strong free cash flow generation during FY'26 and can it sustain?** Our free cash flow generation during FY'26 was driven by a combination of healthy project execution cash flows and monetization of non-core assets. We expect similar trends to continue going forward, supported by operational cash generation and ongoing monetization initiatives.

- **What is the expected timeline for large Arunachal hydropower project bids?** Key projects such as Kamala and Lower Subansiri are expected to come up for bidding within the next six months. We remain optimistic on the hydropower opportunity pipeline, especially across the Northeast region where several large projects are nearing bidding stage.
- **Why does the finance cost appear elevated despite debt reduction?** Our finance costs include multiple components apart from borrowing costs, including interest on client advances and charges related to non-fund-based facilities such as bank guarantees and letters of credit. Our effective borrowing rates remain broadly in the range of 11-12%, while non-fund-based facilities contribute significantly to overall finance costs.
- **What is the expected timeline for realization of arbitration claims?** Out of the approximately INR 700 crore arbitration claims currently in our favor, more than INR 400 crore is under High Court proceedings while the balance is under district court proceedings. We expect realizations to happen gradually over five to six years through bank guarantees, interim withdrawals, and court-led settlements.
- **What is the expected timeline for monetization of the remaining land bank?** We expect selected land parcels to be monetized over the next couple of years, while complete monetization of the broader land bank could take around four to five years. Land monetization continues to remain an important strategy for liquidity enhancement and debt reduction.

Key Participants:

- Pritesh Chheda– Lucky Investment Managers Pvt. Ltd.
- Viraj Mahadevia – Money Grow Asset Pvt. Ltd.
- Ritesh Poladia- Girik Capital

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