Company Name: K2 Infragen Ltd

Quarter under review: H2-FY26/FY26

K2 Infragen Ltd – H2-FY26/FY26 Concall Highlights:

K2 Infragen Ltd (Consolidated)								
INR In Mn	**H2-FY26**	**H2-FY25**	**Y-o-Y**	**H1-FY26**	**H-o-H**	**FY26**	**FY25**	**Y-o-Y**
Operational Income	944	953	-0.9%	909	3.9%	1,852	1,468	26.2%
EBITDA	93	111	-16.2%	135	-31.1%	229	184	24.4%
EBITDA M (%)	9.85%	11.65%	-180 bps	14.85%	-500 bps	12.37%	12.53%	-16 bps
PAT	60	73	-17.8%	73	-17.8%	133	115	15.2%
PAT M (%)	6.36%	7.66%	-130 bps	8.03%	-167 bps	7.18%	7.83%	-65 bps
Diluted EPS	4.73	5.71	-17.2%	5.79	-18.3%	10.53	9.16	15.0%

Operational Highlights:

- The company maintains a strong order book of ~INR662 Cr with ~INR424 Cr unexecuted, providing clear multi-year revenue visibility and execution stability.
- The company has secured ~INR412 Cr of fresh orders since December 2025, reflecting strong order inflow momentum and improving market positioning.
- The company is strategically shifting from subcontracting to direct government contracts, which is expected to enhance margins, cash flow visibility, and execution control.
- The company demonstrated strong operational efficiency with ~83% on-time project delivery in FY26, highlighting disciplined execution capabilities.
- The company remains well-diversified across roads, railways, power transmission, water, and renewable EPC segments, reducing segment-specific risks.
- The company delivered robust FY26 performance with 26% YoY revenue growth to ~INR185 Cr, supported by stable margins and improved execution scale.
- The company witnessed temporary margin pressure in H2 due to rising input costs like bitumen and diesel, along with geopolitical disruptions affecting road projects.
- The company is improving its project mix by increasing exposure to railway and power T&D segments, which are more margin-accretive and less commodity-sensitive.
- The company remains confident of sustaining 25%+ revenue growth in FY27, backed by a strong order book and healthy execution pipeline.
- The company has a strong bidding pipeline of ~INR500 Cr, with a portion already awaiting LOA, providing additional near-term order inflow visibility.
- The company also maintains fixed deposits exceeding INR50 crore on its balance sheet, strengthening its liquidity position.
- The company is improving working capital efficiency, with debtor days reducing from ~323 to ~270 days, aided by a shift toward direct contracts.
- The company has significantly improved operating cash flow from ~INR -43 Cr to ~INR -17 Cr and is targeting a transition to positive cash flows soon.
- The company continues to invest in capex including machinery, plants, and land for solar projects to strengthen execution capability and future growth.
- The company plans to enter annuity-based models like HAM/TBCB, explore international markets, and target mainboard listing by FY27–FY28.

Key Questions & Answers discussed during the Concall:

- **What impacted execution and margins during H2 FY26?** Execution was affected by geopolitical disruptions and higher bitumen and diesel prices. We also slowed execution selectively while transitioning towards higher-margin direct government contracts.

- **How does management view FY27 growth?** We expect to maintain more than 25% year-on-year growth, supported by a strong order book and improving project mix.

- **What is management's outlook on EBITDA margins?** We believe margins in the 13–14% range are achievable and expects profitability to benefit from the increasing share of railway and power transmission projects.

- **How will margins improve going forward?** The order book is increasingly shifting towards railway and power transmission projects, which are supply-oriented and carry better margins than road projects.

- **How is the company addressing labour shortages?** We are focusing on projects such as railway PSI and power transmission that require loer manpower intensity and higher technical expertise.

- **What differentiates K2 Infragen from other EPC players?** We believe our professional management team, system-driven processes, and disciplined project execution distinguish it from peers.

- **How are receivables and cash flows trending?** Cash flow performance has improved significantly year-on-year, while debtor days have reduced as our transition toward direct government contracts.

- **What is the rationale behind moving to direct government contracts?** Direct contracts improve margins, strengthen cash flow, enhance execution visibility, and support long-term scalability.

- **Why is the company exploring TBCB and HAM opportunities?** These models can create annuity-like revenue streams, improve revenue predictability, and reduce dependence on traditional EPC cash flows.

- **Does the company have sufficient liquidity despite negative cash flow?** We highlighted that we currently holds more than INR50 crore in fixed deposits, providing a liquidity buffer while cash flow continues to improve.

- **How supportive are lenders towards the company's growth plans?** Leading banks including Kotak, ICICI, HDFC and Union Bank remain supportive, and recently received a comfort letter from Kotak for a HAM-related opportunity.

- **What are the company's plans regarding a mainboard listing?** We expect to pursue migration from the SME platform to the mainboard around mid-2027 to early-2028, subject to eligibility and approvals.

Key Participants:

- *Disha* **-** Sapphire Capital
- *Saket Kapoor - Kapoor and Company*
- *Sanjay Malik - Chompi Enterprise*
- *Sanjeev Panday - Lancer's Impex Pvt Ltd*