

Vishnu Prakash R Pungulia Limited
Q4 and FY'25 Earnings Conference Call
May 30, 2025

Moderator: Ladies and gentlemen, good day and welcome to the VPRP Limited Q4 and FY'25 Earnings Conference Call. As a reminder all participant 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 "8" and then "0" on your touchtone phone. I now hand the conference over to Ms. Purvangi Jain from Valorem Advisors. Thank you and over to you ma'am.

Purvangi Jain: Good evening everyone and a warm welcome to you all. My name is Purvangi Jain from Valorem Advisors. We represent the investor relations of Vishnu Prakash R Pungulia Limited. On behalf of the company I would like to thank you all for participating in the company's earnings call for the fourth quarter and full financial year ended 2025.

Before we begin, let me mention a short cautionary statement. Some of the statements made in today's earnings call may be forward-looking in nature. Such forward-looking statements are subject to risk and uncertainties which could cause actual results to differ from those anticipated. Such statements are based on management's beliefs as well as assumptions made by and information currently available to the management. Audiences are cautioned not to place any under reliance on these forward-looking statement in making any investment decisions. The purpose of today's earnings call is purely to educate and bring awareness about the company's fundamental business and financial quarter under review.

Now let me introduce you to the management participating with us in today's earnings call and hand it over to them for their opening remarks. We have with us Mr. Manohar Lal Pungulia, Managing Director, Mr. Jayant Pungulia, Project Coordinator, and Mr. Sarfaraz Ahmed, Chief Financial Officer. Without any delay, I hand it over to Mr. Manohar Lal Pungulia. Thank you and over to you sir.

Manohar Lal Pungulia: Thank you ma'am. I welcome all the participants present out there. I welcome you all in the conference call to discuss company's achievements in the last financial year and also to discuss about the company's future outline. Just for your understanding I want to start with a very brief description about the company. VPRPL was established in 1986.

We are an infrastructure-sector development company. We have been involved in various projects of the central government, state governments, state-owned enterprises, public sector

companies, World Bank schemes and private enterprises. The company has the experience of carrying out various types of projects in EPC mode. The company has the active contribution of more than 110 experienced engineers, managers and experts from different age groups of the Pugalía family, whose hard work and dedication is the driving force behind the continuous development of the company.

The company has successfully obtained a new order of Rs. 1850.55 crore during the year 2024. Out of which Rs. 1134.05 crore is related to railway schemes, while the sixth order is related to water supply, civil works and other sectors. which shows strong website growth and continuous market confidence. Currently, the company has about jobs of 5363 crores, which will be completed in the next three years.

In 2025-26, VPRPL will It recognizes the opportunities presented by the expansion of the ambition of expansion of infrastructure branch of the Indian Railway. The government is focusing on projects such as 2.52 lakh crore allotment of investment for the expansion of the track, development of the electrification of the railway station, and security solutions. The VPRPL is taking advantage of its expertise in civil and basic infrastructure schemes. It is taking steps to improve the modernization of the railway network on a large scale and to develop these aspects step by step with the national goals of expansion. The club sees this as a great opportunity to contribute to the mission. For the period of 2025-26, under the Namami Ganga Mission 2, with an investment of Rs. 22,500 crore, this scheme provides significant funds for the development of the fundamental treatment plant, sewer pipeline, water supply pipeline, network, and riverfront development, and are in a good condition to contribute. Due to the delay in the payment of the work done, the company had to face a gravity of 38.37% in Rajasthan on May 4, 2025 due to snowfall. In comparison to 2012, the entire year's GDP fell by 16%. In the past year, the infrastructure sector has been under a lot of pressure, and our company has not been able to cope with it. Payments are being made quite late, which has made the company's working capital, and it has also affected the company's turnover margin. We hope that the situation will improve in the coming months and the company will move forward on its development path. In the last 20 years, the company has successfully completed eight projects worth Rs. 707 crores. The company has a good chance of participating in new invitations, in which there is a possibility of acquiring new employees in the coming months. This situation will provide a new opportunity for the company to continuously move towards development. Our company is committed to fulfilling the tasks invited by the various agencies with full quality, using all its human and mechanical equipment. I am confident that with the help of our long experience and equipment, we will be able to Thank you, sir.

I would now request Mr. Sarfaraz Ahmed to discuss about the company's financial performance.

Sarfaraz Ahmed:

Thank you sir. Good evening everyone. Starting with the fourth quarter of financial year 25 our revenue from operations stood at Rs. 405 crores which decreased by 38% year-on-year basis.

EBITDA was reported at around Rs. 46 crores which decreased by around 57% year-on-year basis with the EBITDA margin reported at 11.26%. Net profit for the quarter stood at around Rs. 16 crore which has declined by 76% year-on-year basis. PAT margin for the quarter stood at 4%.

Now coming to the financial highlights for the full year. Our revenue from operations stood at Rs. 1,237 crore which decreased by 16% year-on-year. EBITDA was around Rs. 155 crore representing a year-on-year decline of around 26%, with EBITDA margin at 12.56%. Net profit for the whole year was approximately Rs. 59 crores reflecting a 52% decline year-on-year basis. The PAT margin stood at 4.74%. The key factor for revenue decline over the year was the persistent delay in the payment which affected execution timeline and overall billing. On the profitability front the impact came from higher finance cost and increased provisioning taking during the year, workout for working capital pressure and associated. Despite these temporary setbacks we remain confident in the long term fundamentals of the business. With the government having extended term in infrastructure scheme and budget allocation, now flowing through we expect a significant improvement in the execution in the coming quarter.

Now, I would request Mr. Jayant Pungulia to provide the operational highlights for the quarter under review.

Jayant Pungulia:

Thank you sir. Good evening everyone. The company has successfully secured new orders worth Rs. 1,851 crores during the current financial year of railway, water supply and other sectors reflecting strong business growth and sustained market. As on 31st March 2025 our total order book stands at approximately at Rs. 5,362 crores providing strong revenue visibility for the coming years. Internally we remain committed to operational efficiency, backbone integration and maintain cost discipline. We continue to invest in facility such as in-house manufacturing, testing labs and maintain infrastructure to support project delivery and margin stability.

On the growth front we see significant headroom ahead. Our bidding pipeline remains robust with potential orders worth Rs. 4,500 crores expected to be finalized in the coming months. We remain active in pursuing opportunities across our core verticals to sustain a healthy order book thereby ensuring long term business continuity and stability.

To conclude we are optimistic about the year ahead despite sectoral headwinds we are confident in our ability to deliver a growth, execute efficiently and create long term value for our stakeholders. With this we can open the floor for question and answer session.

Moderator:

Thank you very much sir. We will begin the question and answer session. The first question is from the line of Rajesh Bhandari from Nakoda Engineers. Please go ahead.

Rajesh Bhandari: Good afternoon sir. First of all I would like to congratulate you on using pure Hindi. In fact the Hindi that you said, and the words that you chose were really beautiful and it felt really good. Now coming to the performance part what was the main reason behind the performance dip, is it because of the stoppage of payment sir?

Manohar Lal Pungulia: Yes sir. Actually what happened sir, under infra our majority of the work is under Jal Jeevan Mission, the budget was on hold that is why the problem has occurred. A lot of companies are getting impacted.

Rajesh Bhandari: Yes, sir. Jal Jeevan has spoiled everybody's Jeevan. Yes sir, a lot of companies who deal with water, for every company, orders are blocked, they are not receiving the payments. All DI pipes companies and all are petrified.

Manohar Lal Pungulia: Absolutely sir. This is what has happened.

Rajesh Bhandari: Mainly Jal Jeevan was the reason sir?

Manohar Lal Pungulia: Yes sir. There are no other reason. This was the major reason.

Rajesh Bhandari: As you told about railway, there is a huge expansion of railways. And our Jodhpur railway station is going to grow a lot. We being a local party, we can expect there will be a good work in this.

Manohar Lal Pungulia: Udaipur's and Bikaner's railway station is being built by us only.

Rajesh Bhandari: Alright. Yes. You will get a lot of logistics benefit for Jodhpur.

Manohar Lal Pungulia: Yes, absolutely we will get the benefit. Last year also, our orders of Rs. 1,850 crores, out of this 10124 crores worth of works were for railways.

Rajesh Bhandari: Yes, railways is making tremendous progress.

Manohar Lal Pungulia: Yes, sir.

Rajesh Bhandari: It is not about favor, I just said it on a lighter side. Railway one is really good, and as I got to hear about Jal Jeevan, government is going to do accounts of payments and orders really fast.

Manohar Lal Pungulia: In coming time.

Rajesh Bhandari: In coming three, four months things should improve. With two, three year's perspective what can we expect regarding execution?

Manohar Lal Pungulia: That was the reason why problem occurred but coming days are going to be good. We also have lots of project and we will see wherever the budget is more we are going to bid there.

Rajesh Bhandari: And are you thinking about diversification sir?

Manohar Lal Pungulia: We have done it, like in railway. We will work in EPC. Namami Gange is coming, we are concentrating on that side sir.

Rajesh Bhandari: Sir, my last question. As you told about EPC, are we going to do it for state government or are we going to do it for government companies, like industries also?

Manohar Lal Pungulia: In everything. We do not have any problem in that. We will work in everything.

Rajesh Bhandari: Means, will there be our interest in industries?

Manohar Lal Pungulia: Yes sir, we are working for NTPC through BHEL. We are working in NTPC.

Rajesh Bhandari: Alright. Through BHEL.

Manohar Lal Pungulia: Yes, main work is of NTPC.

Rajesh Bhandari: Sir, one thing, because we have dealt a lot in NTPC and BHEL both. As a shareholder I want or tell you one thing, a word of caution, think a little before taking direct orders from NTPC.

Manohar Lal Pungulia: Right now it is through BHEL, we are also working in Coal India.

Rajesh Bhandari: Coal India also. We can also work for steel plant then.

Manohar Lal Pungulia: Yes, we can do it. There is no problem in that.

Rajesh Bhandari: In steel plants there comes a lot of big projects related to water.

Manohar Lal Pungulia: Yes.

Rajesh Bhandari: Yes, right now we are not doing any orders for steel plants right?

Manohar Lal Pungulia: No, we are not doing for steel plant.

Rajesh Bhandari: Alright. Okay sir.

Manohar Lal Pungulia: Thank you very much sir.

Moderator: Thank you. The next question is from the line of Sahil Patani from Strokes Capital. Please go ahead.

Sahil Patani: Hi, two questions. One is I want to understand that in opening remarks it was said that execution will be improving in the next few quarters. So, just if you can elaborate what gives you that sense of confidence that the execution is going to improve are we saying the receivables will be lower going forward or just want to get a sense why we think that.

Management: We have maintained the execution along with that but because of floor payment realization execution also got impacted and because of that debtors realization also got improved to a certain extent but it is extending now also. We have government contracts and payment realization from the government was very strict because of that execution was slow, It did not stopped, we have maintained the momentum but it got slow and because of that position did not get better the way we were expecting.

Sahil Patani: So, as you told in the opening remarks that execution will get better in the next over the next few quarters. So, what change has happened that made you think that execution will be better in FY'26?

Management: Sir, ever since government of India has announced the extension of Jal Jeevan Mission since then we are expecting that funds will be normalized in the coming months. Looking into that we are expecting that our efficiency of execution will also get stabilized.

Sahil Patani: Okay. As last year you gave guidance about 10% to 15% conservative guidance but this time it was not met because of whatever reasons. If we take base of revenue and EBITDA of FY'25, so for FY'26 even on a conservative basis what growth are you thinking about?

Management: Sir, the existing position for now, we gave guidance one or two times but because of certain reason it did not happened. So, this time we are giving that trust remains maintained and we will do number this time. What guidance can we give now given the things that have come up but we are hoping that it should remain okay. FY'26 will be better than FY'25.

Sahil Patani: So, is there any improvement now, like the government money was not coming in, are you seeing any improvement in Q1 of FY'26 or do you think it is still lagging behind and it will take one or two quarters more to normalize.

Management: Sir, what we are seeing now, in Jal Jeevan Mission we are working in eleven states, so in few states it is improving and slowly we think it will normalize in other states also.

Sahil Patani: Sir, any upcoming contracts or order books, is there any order book that will be significant for this year whether it is Jal Jeevan or whether it is railways. Is there anything significant that you are expecting over the next few months?

Management: Significant sir, we cannot comment on that now. We have participated but until it is announced we cannot comment on that.

Sahil Patani: Okay. Alright. Thank you so much.

Moderator: Thank you. The next question is from the line of Krishit Shah from B-Fly India. Please go ahead.

Krishit Shah: Thank you for giving the chance. My most of the questions are already answered so I just want to know what is your future guidance like in terms of revenue and margin.

Management: Sir, as I told now, last question was on guidance only, we took guidance on conservative side that is 10% to 15% but there were multiple challenges in this year.

Moderator: Thank you. The next question is from the line of Venkat, an individual investor. Please go ahead.

Venkatramana: Hi sir. This is Venkatramana, thanks for giving the opportunity, in PPT you mentioned that there are Rs. 4,500 crore fixed order book in the pipeline. So, my question is, is it order book value or it is expected to be Rs. 4,500 crore.

Management: It is the bidding value sir.

Venkatramana: It is bidding value. So, what is the winning percentage out of Rs. 4,500 crore order book approximately?

Management: Average 16% ratio, success ratio.

Venkatramana: 15% to 16% sir?

Management: Yes.

Venkatramana: Okay, Sir in FY'26 what is the operating margin that we can expect in next year 2026?

Management: It will be better than FY'25 sir and we will try to maintain last historic percentage of our margin ratio. This is a specific year where payments

Venkatramana: Okay. Whatever our payments was last year it may reflect in the next year sir, in the next coming quarter?

Management: We are expecting major payments will be realized in the coming second or third quarter.

Venkatramana: so in the second or third quarter we may expect. Whatever our payments got delayed in last financial year that we are going to get in the next second or third quarter right?

Management: Yes sir.

Venkatramana: Okay. So, next year what will be the revenue sir we can expect for the full whole year because out of Rs. 5,300 we have an existing order book right Rs. 5,300 crores?

Management: There is a visibility of two to three years as per our order book. It will be better than FY'25.

Venkatramana: Okay. So, at least we can expect revenue of around more than Rs. 1,500 crores sir next year, around 10% to 15% compared to.

Management: I cannot comment on figure sir.

Venkatramana: Okay

Management: But it will be better sir. I cannot comment on the figures. I cannot assure the figure but we are confident that it will be better.

Venkatramana: Better than the last year. At least 10% we can expect right, revenue growth minimum.

Management: Yes. Minimum 10% to 15% we expecting.

Venkatramana: Next year right?

Management: Next year.

Venkatramana: Okay sir. Thank you.

Moderator: Thank you. The next question is from the line of Lokesh Kashikar from SMIFS Limited. Please go ahead.

Lokesh Kashikar: Hi. Out of total receivable of around Rs. 734 crore, Rs. 735 crores, how much it pertains to Jal Jeevan Mission?

Management: How much it pertains to Jal Jeevan Mission?

Lokesh Kashikar: We have receivables of Rs. 735 crore in FY'25, out of which how much money is stuck from Jal Jeevan Mission and how much is from railways?

Management: Sir, majorly the money is stuck from Jal Jeevan Mission and water supply contracts rest the payment from Railways, NHAI is regular. If we talk about revenue distribution, 75% of the revenue is from water supply projects for last year.

Lokesh Kashikar: So, out of Rs. 735 crore, can we say that around 70% to 75% pertains to Jal Jeevan Mission?

Management: Yes sir. Multiple projects like AMRUT mission also, Jal Jeevan Mission and other normal projects related to water supply.

Lokesh Kashikar: I am talking about from where there is payment slowdown.

Management: Yes sir, majorly payment is stuck from Rajasthan sir.

Lokesh Kashikar: Okay. Sir, what is the situation now of our payments of Rs. 735 crore that is stuck. So what is the say from Rajasthan government or some other government? What are they saying about the clearance of payment?

Management: Some backlog of payment has been cleared and next the regular work which is being done, the payment of that is also getting stuck. When they clear last backlog they need budget for the next, as they are realizing the budget they are releasing the payment but it seems like it will take two more quarter.

Lokesh Kashikar: it will take one or two quarters to clear this. But sir the budgetary allocation which was done it is looking very promising. Almost there was allocation of Rs. 70,000 crore in Jal Jeevan Mission. Do you think there will be difficulty in the project, the way payment issue is going on? They would not be able to do it or it will happen normally. Are you confident that there will be normalcy in two quarters and our execution will also ramp up? I was saying that our budgetary allocation this year under water schemes has increased to a good extent, it is almost Rs. 70,000 crores, and it was Rs. 18,000 crore to Rs. 20,000 crore last year but do you think the normalcy that we are talking about it will take two quarter immediately. Or are you seeing any traction in the situation?

Management: It will take two quarters sir. May has passed. In a couple of quarters it will get better. We are also getting assurance from government that they are doing clearance. It will happen soon.

Lokesh Kashikar: Is your money stuck from Central government or state government side?

Management: We get money in combination.

Lokesh Kashikar: But the major issue, is money not coming from the central government side?

Management: What happened was its time period got over, now central government has extended the time period till 2028. So, the allocation that is happening, after getting cleared then there is a chance of getting whole money in coming future.

Lokesh Kashikar: Okay. Sir, is there any chance of bad debt?

Management: There is one more reason of profitability getting affected. We have increased our provision this year.

Lokesh Kashikar: Sir, how much will it be roundabout?

Management: Sir, we have taken Extra provision of Rs. 30 crore from last year for ECL.

Lokesh Kashikar: Okay.

Management: Government's fund do get released.

Lokesh Kashikar: Okay. So, have you done write-off from state government organization or private organization?

Management: We have done one provision looking at the higher debtor's level and the payment which is stuck from a very long time.

Lokesh Kashikar: So slightly, our revenue in H1 will be much muted because you are saying that it will take two quarters for payment normalization. So H1 will be very much muted and your margins will be very suppressed. Am I correct?

Management: Last year we got a lot of railways project, Rs. 1,800 crores is of railway so our concentration is more there. We are working in NHAI rest we are receiving funds from the other sectors regularly. We are hoping that, we have focused there, so revenue will be good from there.

Lokesh Kashikar: Sir, the project that we have got of Rs. 1,800 crore in FY'25. So are they in execution or are we still waiting upon those sir?

Management: Yes sir. They are in execution.

Lokesh Kashikar: Alright sir. Sir, there are some book keeping questions. You said revenue growth will be good but how much can we expect? Is it possible 15% to 20% in FY'26?

Management: Sir, see, it is a government work and the government's focus is going good but because of budget issues we are thinking conservatively. Whatever it will be, it will be good. It will be better than this sir.

Lokesh Kashikar: As you have taken additional Rs. 30 crore ECL, if we adjust that is it that there will be a 13% plus margin in FY'26?

Management: Are you talking about EBITDA sir?

Lokesh Kashikar: Yes sir. EBITDA margin.

Management: It is 12.59% now also sir. It will be okay.

Lokesh Kashikar: If Rs. 30 crore ECL provision has been done so if I adjust that, we can do 13% margin.

Management: Yes, sir we can do that.

Lokesh Kashikar: And sir one last question, your borrowings have increased and I understand because of the higher receivable days, what will be our rate of interest for borrowings? Average rate of interest.

Management: Minimum it is 9% and maximum it is 12%.

Lokesh Kashikar: Alright.

Management: Yes sir.

Lokesh Kashikar: Okay. Thanks a lot sir.

Moderator: The next question is from the line of Rajesh Bhandari from Nakoda Engineers. Please go ahead.

Rajesh Bhandari: Sir, thank you giving chance once again. Si the rate of interest that you talked about, 9% to 12% this is a lot. Normally it is not more than 9% to 9.5%. Why is it going to 11%, 12%?

Management: Sir, this for banks and NBFC.

Rajesh Bhandari: Okay. It is also for NBFC.

Management: Yes sir.

Rajesh Bhandari: Okay. And our pending payment of Rs. 735 crores, how much percentage does Jal Jeevan Mission constitute out of this approximately?

Management: Approximately 70% to 75% Jal Jeevan Mission or water supply related.

Rajesh Bhandari: Water supply related. Okay. And normally how many months it takes of water supply related?

Management: Sir, normally it takes 15 days and now it is getting delayed because of budget issues. It is taking two months in this.

Rajesh Bhandari: Okay. But is it coming in two months sir?

Management: Sir, we receive part payment, full payment does not come ever.

Rajesh Bhandari: Yes, part payment is there. But if it comes in two months, it is still not bad.

Management: Yes.

Rajesh Bhandari: And sir are we taking works of ETP and CEPT?

Management: We have not taken now.

Rajesh Bhandari: Okay, We are not doing work of ETP. Effluent treatment

Management: we have not done it till now. We did one project but it was a very small project and we have not done any project after that.

Rajesh Bhandari: Okay, do we have interest in ETP sir?

Management: We are exploring options for that.

Rajesh Bhandari: Okay. Because in ETP and CEPT there are a lot of chances in chemical plant and steel plant.

Management: Yes.

Rajesh Bhandari: And you told that we are working in eleven states, so are we not touching south?

Management: We are doing but now we taken more work in north. If we will good tenders then we will do the work.

Rajesh Bhandari: Okay sir. Thank you sir.

Moderator: Thank you. As there are no further questions from the participants I now hand the conference over to the management for closing comments.

Management: Thank you all for participating in Earnings Conference Call. I hope we have been able to answer your questions satisfactorily. If you have any further questions or would like to know more about the company please reach out to our IR manager at Valorem Advisors. Thank you.

Moderator: Thank you. On behalf of VPRP Limited that concludes this conference. Thank you for joining us and you may now disconnect your lines.