

**Company Name:** South West Pinnacle Exploration Limited

**Quarter under review:** Q4-FY26

**South West Pinnacle Exploration Limited – Q4-FY26/FY26 Concall Highlights:**

South West Pinnacle Exploration Ltd (Consolidated)								
INR In Mn	Q4-FY26	Q4-FY25	Y-o-Y	Q3-FY26	Q-o-Q	FY26	FY25	Y-o-Y
Operational Income	777	738	5.2%	627	24.0%	2,430	1,803	34.8%
EBITDA	204	154	32.4%	177	15.0%	583	335	74.1%
EBITDA M (%)	26.24%	20.85%	539 Bps	28.28%	-204 Bps	24.00%	18.58%	542 Bps
PAT	130	100	30.6%	92	41.5%	330	164	101.1%
PAT M (%)	16.79%	13.53%	326 Bps	14.71%	208 Bps	13.59%	9.11%	448 Bps
Diluted EPS	4.27	3.55	20.3%	3.02	41.4%	10.82	5.83	85.6%

**Operational Highlights:**

- The overall exploration sector remains highly favourable, supported by a substantial shortage of industry resources and strong demand conditions.
- Management expects stable operations across FY27, including the monsoon period, as key projects are located in areas where rainfall disruption is likely to remain limited.
- Execution of the INR 300 crore Hindustan Zinc contract is underway, with project mobilization commencing immediately.
- The Hindustan Zinc order carries a four-year contractual tenure, though management is targeting faster-than-scheduled completion based on execution capability.
- The INR 580 crore order book spans a diversified duration profile, ranging from three-month contracts to multi-year engagements, ensuring execution visibility.
- Nearly the entire order book is either under execution or at an advanced mobilization stage, reflecting strong order-to-revenue conversion.
- More than two-thirds of the order book now comprises private-sector clients, improving cash flow quality and reducing working capital intensity through faster payment cycles.
- CBM (Coal Bed Methane) remains a key growth vertical, with existing deployments expected to deliver similar or better performance this year and additional rig additions planned to deepen exposure.
- Reliance currently contributes almost 35% of revenue, with management indicating potential growth toward 40% over the current financial year.
- Underground Coal Gasification (UCG) has emerged as a new opportunity area, with management actively engaging clients despite no current order book contribution.
- Reported receivable levels are elevated partly due to retention money being included in debtor figures, implying actual collection timelines are healthier than headline numbers suggest.
- Existing fleet of Rig's utilization is operating above full deployment levels, with subcontracted rigs also being used to supplement internal capacity amid strong sector demand.
- The company has four additional rigs under procurement, scheduled for delivery over the next three to six months to expand execution capacity.

**Key Questions & Answers discussed during the Concall:**

- **What is the execution timeline for the INR 300 crore Hindustan Zinc contract?** We have already commenced execution of the INR 300 crore Hindustan Zinc contract. While the agreement tenure is four years, we are targeting faster execution depending on resource deployment and client requirements..
- **What is company's growth outlook for FY27?** We expect to deliver around 20% revenue growth over the short to medium term, supported by strong execution momentum, healthy order inflows, and sustained demand across our key business segments. We also believe profitability should grow at a relatively faster pace compared to revenue, driven by better operating leverage, improved fixed-cost absorption, stronger execution efficiency, and higher utilization levels across our existing operational capacity.
- **Why do receivables appear elevated, and should this be a concern?** We would like to clarify that our reported debtor figures include retention money, which makes receivable levels appear optically higher than the actual collection position. At the same time, the increasing contribution from private-sector clients in our order book is helping improve payment cycles and cash flow visibility, which we believe will further support better working capital efficiency going forward.
- **How is the client mix evolving, and what does it mean operationally?** More than two-thirds of our current order book is now contributed by private-sector clients. This shift in client mix is helping us improve cash flow quality, accelerate collections, and reduce dependence on relatively longer government payment cycles, thereby supporting stronger working capital efficiency and operational flexibility.
- **What is the company's rig expansion strategy amid current sector demand?** We currently operate a fleet of around 40 rigs, and have four additional rigs under procurement which are expected to be delivered over the next three to six months. Given the strong demand environment and high utilization levels across the sector, we are also deploying subcontracted rigs to support execution requirements and maintain operational continuity.
- **What is the outlook on future bidding opportunities and potential order inflows?** We have already participated in tenders worth around INR 500–700 crore and continues to evaluate additional opportunities across key business segments. We remain confident about securing further order inflows over the coming quarters, supported by strong industry demand, healthy execution capabilities, and increasing opportunities across exploration-related activities.
- **What is the outlook for CBM (Coal Bed Methane) and Reliance-related business?** CBM (Coal Bed Methane) continues to remain an important growth vertical for us, and we expect existing deployments to deliver similar or better operational performance during the current year. We are also planning additional rig deployments to further strengthen our presence in this segment. Reliance currently contributes around 35% of our overall revenue, and with incremental deployment opportunities, we believe this contribution could potentially increase towards 40% going forward. We continue to see healthy long-term opportunities in the CBM segment driven by increasing domestic energy demand

- **How does Company plan to fund the Jharkhand coal block capex?** We expect phase one of the coal block development capex to be funded primarily through internal accruals, along with support from banks and non-fund-based facilities wherever required. As operations scale up and the first phase starts generating cash flows, we believe a meaningful portion of the second phase investment can subsequently be supported through internal cash generation from the project itself. We also remain focused on maintaining a balanced capital structure while executing these investments in a phased manner.
- **What is the company's outlook on Underground Coal Gasification (UCG)?** We view Underground Coal Gasification (UCG) as a promising long-term opportunity area, particularly with the increasing policy focus and government emphasis on domestic energy security and coal gasification initiatives. While there is currently no direct contribution from UCG in our order book, we are actively engaging with potential clients and evaluating opportunities in this segment for future growth. We believe this segment could emerge as a meaningful opportunity over the medium to long term as the ecosystem develops further.
- **Will there be any seasonality impact expected to FY27 operations?** We expect operational continuity across all quarters of FY27, including during the monsoon season, as a large part of our current project portfolio is located in geographies where rainfall-related disruption is expected to remain relatively limited. This should help us maintain stable execution momentum and improve overall operational visibility during the year.

#### Key Participants:

- Maitri Shah – Sapphire Capital
- Keshav Garg – Counter Cyclical PMS
- Saket Kapoor – Kapoor & co

#### Disclaimer:

*Valorem Advisors is an Independent Investor Relations Management Service company. This Report has been prepared by Valorem Advisors as a value-added service for its readers, based on information and data that were discussed on the respective company earnings conference calls, but Valorem Advisors makes no representation or warranty, express or implied, whatsoever, and no reliance shall be placed on, the truth, accuracy, completeness, fairness and reasonableness of the contents of this Report. This Report may not be all inclusive and may not contain all of the information that you may consider material. Any liability in respect of the contents of, or any omission from this Report is expressly excluded. Valorem Advisors also hereby certifies that the directors or employees of Valorem Advisors do not own any stock in personal or company capacity of the Companies under review.*