



Konstelec Engineers Limited

Earning Conference Call

February 5, 2025 At 04:30 P.M. (IST)

Management Team:

Mr. Amish Biharilal Shah- Whole-Time Director
CA Hardik Maheshbhai Sarvaiya- Chief Financial Officer
CS Shatabdi Sudam Salve- Company Secretary and Compliance Officer

Call Co-Ordinator:

FINPORTAL INVESTMENTS PRIVATE LIMITED
Investors Relations Team

Moderator: Ladies and gentlemen, good day, and welcome to the Earnings Call of Konstelec Engineers Limited.

All participants are currently on mute. The floor will be open for questions after the presentation.

Representing Konstelec Engineers Limited today, we have:

- Mr. Amish Shah – Whole Time Director
- CA Hardik Sarvaiya – Chief Financial Officer
- CS Shatabdi Salve – Compliance Officer

I now invite Mr. Amish Shah to provide a brief introduction to the company and take us through the presentation. Over to you, Sir.

Mr. Amish Shah: Thank you, and a very warm welcome to everyone on this call.

Before we dive into the details, I'd like to take a moment to reflect on our journey and the progress we've made. This quarter has been an important one for us, with significant developments across our operations which gives us the good inroads into that region, and an opportunity to present our services in that segment.

To get into the deeper understanding of our progress. I would like to make a presentation.

This is a brief introduction of ours, we are basically into the EPC Segment for electrical instrumentation and automation. We deliver cost effective solutions and timely projects.

Our diversity into industries includes oil and gas refineries, steel segment, cement pharmaceutical textile hospital healthcare, FMCG and other sectors.

The other opportunities presented to us are in the segment of renewable energy data center, smart city and industrial automation.

We continue to be trusted partners for clients and inventors like, delivering value across all stages of project execution.

We have delivered more than 200 plus projects. Since inception our workforce is more than 850.

We have 30 years of solid experience with us, project execution capability. Today we have approximately 483 crores of unaggregated order in hand. This is as on 31st December 2024.

Our market cap today is 188 growths. Our path is 4.39 crores, as of 1st half yearly of financial year 25. Our ROE stands at 11.3% and a ROCE at 16.4%.

This is the chairman message. I would just skip this slide.

These are the Capex that is planned for this financial year. We are planning to move into a new office.

We are expanding our staff housing facility in Bellary, because we see a lot of development coming in the steel segment in Bellary, where we have a significant presence there.

And same similarly expansions in Jamnagar, where we see a lot of solar PV opportunities coming up with one of the 18 clients in Jamnagar.

The sectors which we are looking would be very promising in the next few years, and we've had a significant auto pipeline. In these centers also we have renewable energy projects which is going to be the traction for the next decade or so water treatment solutions. We are also working on these projects where we've received a significant bit of inquiry.

Railway infrastructure. We are bidding for plenty of projects in railways, data center projects. We received inquiry, and we are trying to make inroads into the data center.

The maintenance contracts in the case of refineries where we have significant deployment of our team there, and which has continued over the past 2 few years, and we intend to expand and grow in this segment, transmission and distribution segment. We've already reached 132 Kv. Voltage level, and we are looking to get into the new segment of 220 Kv. transmission line and distribution with various electricity boards across various States.

These are our prominent project accomplishment on the top, you see, some of the projects which are ongoing projects we have IOCL, Panipat.

On the bottom. There are successfully delivered projects which is an electric, electrification work in IGPL, Indian oil in Solapur, KIOCL Memorial Hospital and NRL refinery, it is a Kochi refinery with Toyo engineering.

These are our orders, pipeline.

These are bifurcation by state. In the next slide we will see a consolidated list of orders in hand versus the executed order.

We have total unexecuted order across various states of 485 crores. Our total sales achievement till date is 325 crores out of the total orders of 807 crores that we have.

These are the steps that we are expanding into a new territory of Saudi Arabia. As I've already said, we are expanding into Saudi Arabia, and we are very close to striking a significant deal in in that region which will have lot of hope for growth in that part of the world.

And why Saudi Arabia? There is a significant development, infrastructure, development which has been promised.

There has been lot of expansion into the energy segment which is there a lot of total energy projects, power plant projects, infrastructure projects coming up in that region.

This is going to be ours vision 2030. Saudi Arabia is one of the key factors which is going to help us grow into that vision of 2030 which will lead to a significant development in our company's growth.

Our value is trust and integrity, teamwork, customer satisfaction, commitment with quality assurance. Our vision is to establish global leadership in the 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 the EPC. Industry, consistently exceeding customers expectation, to foster a secure and supportive work environment for employees, to prioritize client satisfaction through project execution while delivering exceptional services.

These are brief milestones.

Services that we are into one is engineering and design. We, provide a comprehensive review of engineering packages and design, preparation and material, take off generation and ensuring regulatory compliance, project management, operations and maintenance, construction and commissioning and procurement as a part of the project.

Our global, our footprints are across 19 states in India and with a presence in Nigeria.

These are the industries our presence is there across oil and gas refineries, space research, petrochemicals, textiles, industrial infrastructure, paint, wastewater treatment, nuclear power plants, chemical industry, cement, industry, marine and infrastructure industry.

List of clients. These are the list of clients

we have. BARC, ISRO, Tata Consulting projects, RIL, Indian oil, ONGC. Amongst others.

These are some of the accolades at various sites.

And engineering and industrial overview. The EPC sector in E and I. Automation system is crucial to the growth of infra across industries such as energy, manufacturing and utilities with global infrastructure spending expected to surpass 4 trillion annually by 2025. The demand for advanced electrical automation system is on the rise.

The transition to renewable energy and the integration of smart technologies like IoT and AI are further driving this growth with the industrial automation market project projected to reach 300 billion by 2025.

This sector is essential for delivering efficient, sustainable and innovation solution across large tech, large scale projects.

This is the brief of our financial snapshot.

As you see, our EBITDA margin has grown 13% from 9.39% to 10.57%.

Our PAT margin has increased by 28% from 289 lakhs to 370 lakhs.

This is a snapshot of the balance sheet.

Our current order book, the Split order book is 60%. We have an order book of around 800 crores, out of which 485 crores are in an executed order book.

We have 60% of the revenue coming from the refinery, 20% from steel and other 20% from the other sectors.

Our PAT has grown by 28%.

Our EBITDA grew by 2% growth, from 1st half of 24 to 1st half of 25.

We have back margin growth from 3.11% to 4.39% and EBITDA margin growth from 9.39% to 10.57%.

Moderator: Thank you, sir. We will now begin with the question-and-answer session participants who wish to ask a question may raise their hand.

We'll take the 1st question from Hiral Nandu.

Mr. Hiral Nandu: Thank you for the opportunity and detailed presentation.

Mr. Amish Shah: Okay.

Mr. Hiral Nandu: Am I audible?

Mr. Amish Shah: Yes.

Mr. Hiral Nandu: Okay.

So just one clarification. Just wanted to understand when we say, 800 crores order book and 483 crores unexecuted. So whatever 300 or crores, that is executed till date for the current year, or what period it will relate.

Mr. Amish Shah: So, 385 crores have been executed for that particular project during the tenure of that project.

Mr. Hiral Nandu: Okay.

Mr. Amish Shah: And the balance order which is available is 485 crores. So currently, we are operating 800 crores orders. Currently 485 crore is an unexecuted portion. So, this 385 crores have been over the past 12 to 16 months, which is there, which is during the tenure of that project.

Mr. Hiral Nandu: Okay, so maybe just to clarify my understanding.

Say, for example: 807 crores order we started as on last December or January 2024. And from January 2024, out of 807 crores order, we have already executed 324 crores order by December 24.

So in 12 months, or in 15 months. We have executed 328 Crores orders.

Mr. Amish Shah: Start point would be even earlier than that. Not last December, Jan. But even earlier than that, because some of the projects have started maybe in the financial year 23-24.

Mr. Hiral Nandu: Okay, so just means I, I got the clarity, what is the balance time left for executing this 483 crores order.

Mr. Amish Shah: Around 18 to 24 months.

Mr. Hiral Nandu: Okay, sure, Thank you. I'll join back in a queue for a further question. Thank you.

Moderator: Mr. Ameet. You can ask your question.

Mr. Ameet S: Yeah. Hi, thanks for the opportunity. Can you hear me?

Moderator: Yes, you are audible.

Mr. Ameet S: Alright, thanks, Amish. So I think 1st of all, the confusion is between the order book, right?

We are talking about 800 crore order book, which is from the beginning of time, like probably around 2023. So, we're not discussing. I would like to discuss, or would like to understand how are we going to do forward? Because in the next in the H2 of this 25, what are we projecting? Because if I see, then from the other, when the IPO came out, it was 320 or 330 crores order book. We executed 122 in the quarter after IPO, and then not the quarter, the H1 half yearly after the IPO. And then the other day we did 84 crores order only. How are we projecting? Why is the top-line order book decreasing? Not the order book, but the execution is decreasing. Is there any good reasoning for that?

So, the thing is, I understand that there are new arenas coming like solar and stuff. But these are like projections. Right? The thing is about the existing order book that you have in hand. You have a decent like 400 plus road order book in your hand. How are you thinking of completing it? What are the projections on? Because, you know, as an investor, as a partner in the company, we are looking for the results that are going to come, like the financial health of the company is decided from the top line and the bottom-line growth.

Mr. Amish Shah: As the order book has gone to 430 crores.

We're still looking our order pipeline is much healthier. We have 1,000 plus crores of orders which we have bid, and we are awaiting the results. Generally the gestation period of the order are between 12 to 24 months.

There are cases where a lot of orders, there are a lot of projects which are likely to get slowed down also because of reasons not attributable to us. That recent case we had couple of projects told because of some land concerns of the government so due to which, you know, our top line could not be achieved, our target would not be achieved for the 1st half of 25, potentially a 25.

So these are just one of the possibilities. However, when it comes to visibility, we are very clear that whatever performance has to come, has to come in terms of compliance also, and we are very strong in execution. So we ensure delivery, timely delivery quality in order to ensure that all the investors are completely satisfied with the performance.

However, there is the stock pricing that is there. But then, whatever performance of the company is there that is going to show in our financial year ending 25, we expect it exceeds the last year's performance.

Mr. Ameet S: Okay, that sounds good. Actually, the thing that I'm trying to portray over here is not about there is a land concern. Definitely, I understand there are on and off but the thing is like when you have such a good order book in your hand, it is up to the management to do the operational efficiency like what to start, what to hold on to, What next? Like. I'm not saying like you should definitely give super results and every time that there can be definitely some offs, but then you should come out strong as well, because at this point what it looks like it, when the IPO came there were really good results.

And then the performance, like the execution of the order book, or whatever I say is top line it actually didn't do well. But now are we saying that we are going to do better than 2024? Is that what you're also trying to say in that?

Mr. Amish Shah: We are anticipating Sir. that we are going to do better than reinforce them.

Mr. Ameet S: All right. All the best to you. Any other concerns that you have regarding accruals, or something that you want to share, or you think like at this point you don't have any red flags?

Mr. Amish Shah: Nothing. No, particular red flag. Only thing this year being an election year. There was, I wouldn't say, a complete slowdown. But definitely there was a partial slowdown where you know the kind of deployment of fund which was there. There was a little bit of Slowdown in the project. But now everything is on track, and we look to exceed our targets.

Mr. Ameet S: Alright sounds good to me. Just one last question. If you just permit me one more minute. Can you please help me understand? How does the project execution and the milestone achievement for the payments actually work in in your line of the work, is there an advance payment? Is there a milestone based payment? Or how does it actually work?

Mr. Amish Shah: So in most of the projects we have milestone based payments. in a contract, there is material, and there is services involved. So in in cases where there are material involved, at times, on delivery of the material, we get paid 70% or 60% or 70%, and the balance is paid on installation of the material.

So every month there are invoices which are raised, and the payment cycle is around 20 to 45 days.

Mr. Ameet S: Got it all right. Thank you, Mr. Amish.

Mr. Amish Shah: Thank you.

Moderator: I will take the next question from Mr. Miten.

Mr. Miten Shah: Hello! Am I audible?

Mr. Amish Shah: Yes, Sir. Good evening.

Mr. Miten Shah: Yeah, Good evening. Thanks for giving me opportunity.

So I just like to know what is the current debt on books? Basically.

CA Hardik Sarvaiya: The book debts right now stands with the CC limit include 7 crores which is Long term debt.

Mr. Miten Shah: And how much would be the cash on books?

CA Hardik Sarvaiya: We have a CC limit of around 58 Crores.

Mr. Miten Shah: So just one more thing, I just wanted to understand, you know, if I see the cash flow statement, you know we generate negative cash flow. So is there, I mean what I fail to understand is then how do we generate a positive cash flow or free cash flow, in order to infuse Capital in the business?

So if you can just highlight regarding this negative cash flow, I mean, how do we grow the business then.

CA Hardik Sarvaiya : See the negative cash flow you can see in the in the cash flow statement is because of the milestone billing or percentage billing. See, whenever we have to give bill to the clients and all we have to do, a certain percentage billing to our clients, and certain percentage has to be billed on the closure of the projects.

So the positive cash flow can be seen only at the time of the closure of the project. But when certain projects are on the closing side, certainly are on the rising side, so that might not be possible to every time to see a positive cash flow results.

So in that case, when you see a cash flow statement in totality, it may seem to be a negative cash flow, but it's important to understand the cash flow, which is a project wise cash flow that could be projects which would be in the positive cash flow, and that could be projects which would be in the negative cash flow zone.

Mr. Amish Shah : So what Mr. Hardik is trying to tell you is in many cases, when we are billing to the client because of milestone Billings with the clients or the payment terms with the client, it is only 60% or 70% on delivery of material.

But however, we have to fund completely 100% to our suppliers. So the funding of that, 20%-30% has to come out of our project till the time we come to the closure of the project. Its kind of working capital.

We have answered that. Is there anything other than this that you wish to ask.

Mr. Miten Shah: Just one last question, if you can permit.

So in this last results we definitely saw improvement in the operation margins and the bottom line. But, however, there was a slight reduction in the revenue, so, going forward for the next half year, you know, before financial year. Can we expect an uptick in the revenues going forward for the remaining balance half year?

Mr. Amish Shah: So we are also targeting the same that we exceed the performance of last financial year 24.

Mr. Miten Shah: Is there any target say, 10% or 15% of vis-a-vis last year in the revenue.

Mr. Amish Shah: We are unable to comment on that, Sir, on that kind of numbers.

Mr. Miten Shah: Alright! Alright! Thanks. Thanks a lot for giving the opportunity, and wish you all the best. Really appreciate.

Mr. Amish Shah: Thank you.

Moderator: We'll take the next question from Mr. Hardik.

Mr. Hardik Vasha: Hi, thanks for giving me this opportunity. One thing I would like to understand from the management that Why is it that we are not voluntary, adopting and releasing quarterly results? Why is it

that we are waiting for half yearly results given that this is SME company right? We investors would get more confidence if quarterly results would be there. So what is stopping the management from doing that.

CA Hardik Sarvaiya: Hello, Mr. Hardik, we are into the consideration of the issuing a quarterly results. But as of today, we are into our internal improvement system to give you the quarterly result. So we might start from the next financial quarter but not sure.

Mr. Hardik Vasha: Okay. Thank you.

Moderator: We'll take the next question from Mr. Varun Agarwal.

Mr. Varun Agarwal: Thanks for the opportunity. We have an unexecuted order book of 483 crores. What is the average duration of our orders?

Mr. Amish Shah: The average duration for orders could be around 12 months. But there are certain bigger sites, high valued orders whose the gestation is around 18 months, also 18 to 24 months also. So the high value project in excess of 50 crore have a gestation period of 18 to 24 months.

A smaller lot of book size, it is to the tune of, 10 to 15 crore have a gestation period of 6 to 12 months.

Mr. Varun Agarwal: Okay. And we are an EPC company, and we don't need much of assets.

Then why is our return on equity just 11%?

Why can't it be higher?

Mr. Amish Shah: So we are trying to improve on the return on equity part, it's a growing company, as such and we have just came up with an IPO into the growing stage. We're definitely trying to improve the return on equity part in coming years.

Mr. Varun Agarwal: Okay. And we have mentioned in the presentation that we are entering renewable energy water, then railways, data center. All these are different industries which require different capabilities.

How would we acquire the capabilities to do all these different businesses.

Mr. Amish Shah: We are acquiring the skill sets for doing these kind of jobs, and we are acquiring these skill sets. We are hiring professionals from these industries in order to cater to these industries.

Mr. Varun Agarwal: Okay. An Indian market is it by itself such a big market! Why are we entering foreign countries at this stage?

Mr. Amish Shah: Sir, foreign countries gives you a lot of leverage in terms of bottom line than the Indian counterpart. So it's very important to have a mixed bag of domestic and international projects.

Mr. Varun Agarwal: Okay. So 1 last question, how much of our debts? The accounts receivables are more than one year old now, and have we created any provisions for them.

Mr. Amish Shah: So the data which are showing the benefit of the more than one year are basically the retentions of the ongoing projects.

Mr. Varun Agarwal: Okay.

So how much is that value? More than one year old?

Mr. Amish Shah: More than one year old would be around 13 to 14 crores actually.

Mr. Varun Agarwal: Okay. And have we created any provisions for any debts?

Mr. Amish Shah: There is no reason for creating any provision for such data, because all the debts are recoverable. It is just the retention money which is held by the client till the completion of the projects. Once these projects are completed, they are all receivable.

So there is no need to create any provision for such kind of debts.

Mr. Varun Agarwal: Okay, thank you so much. And all the best.

Mr. Amish Shah: Thank you.

Moderator: We'll take the next question from Mr. S.M.

Mr. S M: Good evening. Thank you for this opportunity. I just have one question. I just exactly want to know. Why we are paying such a high interest rate. Why, we are taking debt at such high interest. Because that's taking most of our top line as of today.

Mr. Amish Shah: We being into the project business. And we said that we have to have some dependency for working capital from the banking institutions. We are borrowing at the current prevailing rate, and we are trying to ensure that, we are borrowing at a lower rates, and we are trying to bring efficiency into that, but borrowing does happen because of the working capital requirement being in the project business our billing cycle is not proportionate to the incurred cost which is there at every stage.

Mr. S M: I do understand. But what I see here is it's around 14% to 15%.

That's the interest percentage that we are paying. That's quite high as per the market standards.

Mr. Amish Shah: Sir, I would answer this in in a different manner. Most of the cost of interest, cost for us today is less than 10%. We have a lot of bank guarantees which are being issued. So we have BG commissions also, as a part of the finance cost. So the effective percentage would be looking higher. But our borrowing is less than 10% only.

Mr. S M: Alright. Thank you. That's all from my end.

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

Mr. Jignesh V: Thanks for the opportunity.

So now, as you mentioned that you're focusing on Jamnagar, Bellary and MENA region, So with this, all these big projects coming over next 3 to 5 years. Do we see our Revenues growing? Because we'll also have 12 to 24 months of period in which we'll complete the projects. So when we see ourselves growing at 30 to 40% CAGR?

Wanted to understand your vision, where can we reach in next 3 to 5 years.

Mr. Amish Shah: Sir, in terms of absolute value, we wouldn't want to comment in terms of absolute value, but looking at the opportunities available across our own country. We see a lot of potential for our growth to be there and definitely, year on year, we wish to achieve a healthy target for 2030.

Mr. Jignesh V: Okay. And on the margin front, since you are entering all this new areas, maybe some of your old areas you will be able to do margins of current which are single digit. But shall we also assume that similar margin profile will continue, or will there be any improvement because of some orders from MENA region coming in.

Mr. Amish Shah: Definitely, though the reason why these areas are being explored is that they are having healthier margins than what existing projects which are available. So these projects in these particular segments, are being explored because they have a better bottom line.

Mr. Jignesh V: So last question that your in Mumbai office, I think your new corporate office is under development. So what is the size? It's much bigger than your current sitting capacity from your current office?

Mr. Amish Shah: yes, it is actually double the size of our existing office. So right now, we are seating around 50 -60 people there, and we have a capacity of 100 plus team in the new office.

Mr. Jignesh V: In the same area?

Mr. Amish Shah: In the same identical vicinity. Sir.

Mr. Jignesh V: Okay. Thank you.

Mr. Amish Shah: Thank you.

Moderator: We'll take the next question from Mr. Anuj.

Mr. Anuj Daftery: Hi, good evening. So while I'm seeing a lot of positive developments on the revenue front and the profitability front what we've seen in terms of an investment perspective lacking in terms of disclosures is that in the last financials we saw a qualified auditor opinion in terms of the Wholly owned subsidiary in Nigeria.

The disclosures in terms of how much money the company has lost in Nigeria, and the status of the outstanding payables, there seem to be very unclear even in this call. I think there was an earlier question which mentioned the outstanding receivables.

The commentary on that has been that only 13 to 14 crores is pending. Does this actually mean that the entire money that was outstanding in Nigeria in terms of not being received for more than a year has been received. Is that the case? Can you throw some light on the Nigeria operations? Please.

CA Hardik Sarvaiya: Based on the comment of auditor for the receivable from the Nigeria. See, in Nigeria, there is a country specific financial fluctuation was there, and because of that, that money was not receivable from the Nigerian Company to India. That's why the auditor has an opinion to qualify upon that kind of that part of the receivable.

Mr. Anuj Daftery: No, no, sorry for interrupting. I'm not questioning what the corridor has written. I'm just asking, what is the ground reality? Is it receivable. Is it not receivable? What is the status.

CA Hardik Sarvaiya: The ground reality today is it's receivable, and the part of the money has already been received and remaining part of the money is also we are trying to receive in the upcoming financial year. So we have received a good amount of money in the last 2 quarters also, and that amount received still stands receivable.

Mr. Anuj Daftery: So what's the break up, could the management throw some light in terms of how much is pending, and how much is received already.

CA Hardik Sarvaiya: The amount receivable is around 2 crores.

Mr. Anuj Daftery: And what was the original receivable as per the qualified opinion.

CA Hardik Sarvaiya: 3 Crores.

Mr. Anuj Daftery: Okay, so are we planning to shut down Nigeria operations, considering the heavy fluctuations.

Mr. Amish Shah: No, there is no, no plan of shutting down any operations in Nigeria. See, sometimes there are country specific conditions which are there, but Nigerian operations are very healthy, a very positive operating cycle, which is there. So we we don't intend to shut down those activities.

Yes, our receivables gets a little bit right on those portion of it. But when it comes to the bottom line on those projects, they are very healthy, and we don't wish to shut down any of the activities in our Nigerian counterparts.

Mr. Anuj Daftery: Understood. So what are the net margins looking like in Nigeria?

Mr. Amish Shah: A decent net margin of around 20% there.

Mr. Anuj Daftery: So just to put it in perspective of the 3 crore receivables, we have 2 crores pending receivables, but we are chasing a bottom line of 20%. Is that correct?

Mr. Amish Shah: Yes, Sir.

Mr. Anuj Daftery: Okay. Thank you.

Moderator: We'll take the next question from Mr. Lakshman.

Mr. Lakshman Kumar: Hello! Good evening, Sir, thanks for the opportunity.

I saw a few of the pointers in terms of venturing into the new areas. So your expertise lies in terms of the instrumentation and automation. Right? So when you mention.

Mr. Amish Shah: Electrical as well.

Mr. Lakshman Kumar: Oh, yeah, electrical as well. But when you mentioned that you are venturing into, say, a solar, renewable, data center, what is the scope of work you are trying to capture in that? will that

be in the same space of electrical and instrumentation? Or it's setting up an entire data center for the teams?

Mr. Amish Shah: So generally, electrification is identical works across the industry. So they're basically power enablers. So power enabling for any industry is identical with a little bit of change in technology here and there.

So for us, the kind of market which is there to acquire that kind of expertise of that industry is not too difficult.

Mr. Lakshman Kumar: Okay? So if I understand your question, the scope of work will remain the same. With respect to electrification and instrumentation, only the sectors, new sectors are getting added.

Mr. Amish Shah: Right, sir!

Mr. Lakshman Kumar: Okay, because I got confused when you say that the renewable energy I thought as an EPC, you will build kind of the solar or the wind constructions of those. So that's not the case. Right? You just will enable your scope of work with respect to the instrumentation and electrification. Right?

Okay, understood. And can you throw some more light in terms of your vision 2030?

You mentioned that you want to kind of like venture into Saudi Arabia, then you already have a Nigeria presence. So what exactly is your vision 2030, what is the revenue you are looking at how big you want to be as a company, right as an engineering company, how big you want to be, what? What would be your vision. 2030? if you could just throw a light in terms of a little bit of a deep dive into that. That would be very helpful, Sir.

Mr. Amish Shah: Slide of expansion. 5 sectors.

So the segments that we have mentioned, our vision as of 2030 is, areas. We've identified segments where we want to grow. one is renewable energy, one is water treatment, railway infrastructure, data center, transmission and distribution.

So these are the segments we've identified, and we are trying to make inroads into this segment by identifying opportunities and potential clients and trying to obtain enquiry and execute few projects in those segments in terms of value in terms of opportunity.

I can say there are plenty of opportunities in terms of value where It's very difficult, the market is huge, the potential is very huge, and we've laid down plans to ensure that we get into these segments with the specific skill sets we're trying to develop.

Mr. Lakshman Kumar: Okay, but any kind of mission or a strategy?

What do you call in terms of the revenue? Say, for example, if you are clocking right now, in 2025. You want to be in 2030. You want to be a 5X of that revenue. You want to be generating 1000 crores, 1,500 crores, 2,000 crores. Whatever, those kinds of any strategic numbers you have as a vision in 2030?

Mr. Amish Shah: Well, internally, those numbers are definitely there, but these are numbers which are an internal target. But definitely, yes, the growth is there, the potential in these segments is there. So it's very difficult to quantify this in terms of numbers.

Mr. Lakshman Kumar: Okay.

But at least for a short term, what is the growth? The percentage you are looking at 15-20% a year? for the next 2, 3 years?

Mr. Amish Shah: Yes, that is the achievable target section.

Mr. Lakshman Kumar: Okay, And any focus in terms of expanding the bottom line margin?

Mr. Amish Shah: So we have now got into a leap of bidding bigger size project. So for higher size, bigger size projects, the margins are definitely much heavier than what it is than in the smaller segment. So we are now slowly getting qualified to bid for large size projects. So this is one of the attempt which will definitely improve the bottom line, which is there.

Mr. Lakshman Kumar: Okay.

And since you are in the electrification, so you come the last leg of that execution, right? So the previous executions probably will get delayed, then your execution also will get delayed without any of your issues. Right?

That's uncontrollable. I understand that. So, and for the last 3 months, can you throw some light in terms of what is the delta revenue we have achieved in the last 3 months, Sir? With the H1 and Q3?

Mr. Amish Shah: So. Q3 numbers, I'm not permitted to give that kind of information.

Mr. Lakshman Kumar: Okay.

Understood, Sir. So typically, what is the percentage? Vis a vis is with H1 and H2. Is it 30-70% in your company, or is it 40-60%?

Mr. Amish Shah: It's generally 30-40% in 1st half and 60-70% in the second half. That is the trend.

Mr. Lakshman Kumar: Okay? And can we expect the same thing for this year, Sir?

Mr. Amish Shah: Yes, definitely.

Mr. Lakshman Kumar: Okay. And can you throw some more light on your Saudi Arabia opportunity? What is that you are expecting in term from Saudi Arabia, like, what kind of an growth, or what kind of a numbers you are expecting?

As in a very conservative number, can we expect somewhere around 50 to 80 crores, as in revenue, to start with that, that can be an expectation out of Saudi Arabia?

Mr. Amish Shah: Too early to comment on this. At this point we've made a roadmap, and we are definitely exploring to grow in that region. The potential is there. The government of that part is, they are opening up to a lot of infrastructure projects. So it's little bit early to get into the numbers of that regions.

Mr. Lakshman Kumar: Understood, Sir. Thank you. Thanks, thanks for the opportunity and thanks for your time as well, Sir, thank you.

Mr. Amish Shah: Thank you.

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

Mr. Miten Shah: Yeah, thank you for giving me an opportunity once again. So I just heard that we shall be locating to a new office. So what would be, would there be any revenue generated from the old office? What would be the situation? Would it be a sell off, or would it be rent off? And that would be cash on books?

Mr. Amish Shah: Yeah, definitely, these office, in which we are existing working? It will be rented out.

Mr. Miten Shah: Okay, so that will be included as cash on books going ahead. Correct.

Mr. Amish Shah: That's right. That's right.

Mr. Miten Shah: And second thing, I just want to know. We can see a heap of orders, coming in. But what is the situation regarding manpower?

Mr. Amish Shah: The manpower, this area is an area of challenge which we always face a shortage on the skilled ability which is there. So we are trying to tie up with a lot of training centers, lot of colleges, so that we are trying to groom a lot of skills which is there at a very early stage and develop that skill so that they can be taken at a later stage.

For a significantly important project, these are the challenges that we have in terms of skill levels. But then you need to have a specific strategy which we have formed to tap lot of training centers, good schools, good ITIs, where you have good technicians coming out, we train them we ensure that they are available for our future projects.

Mr. Miten Shah: All right, all right. Thanks. Thanks a lot once again for giving the opportunity. And wish you all the best once again.

Thank you.

Mr. Amish Shah: Thank you.

Moderator: So we have some questions in the chat. Also, I'll just read for you to answer.

1st question is, how do we plan to cater to the new sectors mentioned in the presentation? Like, are we going for joint ventures, subcontracting, etcetera? Also, have we submitted any tenders for new sectors like data center and green energy?

Mr. Amish Shah: So we have received some inquiries in these segments where we are qualifying. So we are planning, preparing our bid to get into these segments.

So there is an attempt to get into these segments through direct inquiries. We are avoiding the route of subcontracts. We are trying to get associated directly with the client in in order to ensure better operational efficiency.

Moderator: The next question is, can you mention the average timelines of the projects.

Mr. Amish Shah: I think we have already answered this, but timelines could range from anything from 12 months to 24 months, based on the size of the project.

Moderator: There's some confusion regarding the interest payments and the borrowings.

Mr. Amit, if you can ask the question yourself?

Mr. Ameet S: I think it's been already clarified by Hardik, so I can repeat it. Hardik. Correct me if I'm wrong here. It's a 49 crores of total debt, which actually includes 7 crores of debt that you mentioned earlier is the long term debt.

CA Hardik Sarvaiya: Correct. We have already replied on the chat box.

Mr. Ameet S: Yeah, It's already mentioned. Thanks.

Moderator: Okay. And the next is, what is the bid pipeline and our order win ratio? And what is the ratio of big order? Win possibilities above 50 Cr?

Mr. Amish Shah: Big pipeline is in excess of 1,000 crore. Success generally is 10% to 15%

And orders in excess of 50 crores. Yes, there are plenty of orders in excess of 50 crores where we've got into the higher segment. We've qualified for bigger size, qualified to bid for large size projects.

Moderator: Next is, any bids your orders in nuclear segment and our opportunity size in this sector?

Mr. Amish Shah: And in the nuclear power, it's very difficult to quantify that kind of opportunity. But they do come frequently.

And it's again, nuclear power being a very specialized activities. These projects generally have large gestation period.

So as far as possible, we try to get into only specific nuclear power projects which have, smaller gestation periods.

Moderator: Mr. Lakshman Sir, has written that final request, can we have the con call every quarter, if not possible, at least immediately after the half yearly results.

So we'll plan something accordingly, for sure, like, we'll have con calls immediately after the half yearly results. And also we'll try to provide as much updates as possible for every month.

We have got one question, out of 300 plus crores of executed orders. How much was executed before 1st April, 2024?

Mr. Amish Shah: This might be the difficult to answer, because we will definitely reply to this, let us find out. We'll find the numbers and reply to this. Whoever has asked the question can send us an email. We'll reply to this because we need to understand exactly what was the value of orders before 1st April.

Moderator: Next is how much percentage of capex is instrumentation, automation and electrification?

Mr. Amish Shah: Capex. There is no capex. These are projects which are there.

So generally it is 70-30 ratio. 70% around, 60% to 70% of electrical and instrumentation, automation is the rest, 20-30%.

Moderator: We have received this question again, I think we answered, but okay, do you have any project related to nuclear.

Mr. Amish Shah: Yeah, but projects that we had, we have already completed our nuclear power project.

And now there is no ongoing project in nuclear power.

Moderator: Okay. Next, is there any plan to raise funds for these new avenues, geographies?

Mr. Amish Shah: Not really. But if there is a need we'll definitely think of it. But right now there seems to be no requirement as immediately. But if there is a significant opportunity which is coming along, we will definitely have a look at it.

Moderator: Okay, we'll take the next question from Mr. Jignesh.

Mr. Jignesh V: No! My question was answered.

Moderator: Okay Sir. Mr. Mitten, you can ask your question now.

Mr. Miten Shah: So thanks for giving me the opportunity again. So I just like to know, what would be the contribution from top 5 customers or top 10 customers in terms of percentage.

Is it possible to quantify?

Mr. Amish Shah: Around 40 to 50%, that is what from top 10 customers, Sir.

Mr. Miten Shah: Okay. And is there any plan to reduce this concentration.

Mr. Amish Shah: Well, yes, definitely. What happens is, you know, we have a lot of these opportunities coming from oil and gas upstream downstream. As you already know that our country has also declared 3 new refineries coming up in different States.

We already have a deficiency in oil refinery segment, transportation of oil and gas. So we definitely have an opportunity there. Why not utilize that opportunity to build your growth. So that has been the mindset over a period of time, and that is generating healthy revenue and healthy bottom.

Mr. Miten Shah: Got it. Is it possible to include this in the presentation going forward, the contribution from top 10 customers, so we can see the progress of dilution, of concentration.

Mr. Amish Shah: Definitely. Yes, there is always a scope in that.

We will definitely have a look at that, Sir.

Mr. Miten Shah: All right. Thanks a lot once again, and really appreciate.

Mr. Amish Shah: Thank you.

Moderator: So we have a question in the chat box ,how team size increase post IPO?

I think they're asking about the team size.

Mr. Amish Shah: In terms of numbers, Sir, we have grown from around 850 people to 1100, 1200 team size.

So this is based on the project concentration that we have.

So it's very important to control your cost by way of, the kind of working hand deployed at every project. So this is also going to be an important factor going forward. How efficiently a project is being done, and it will definitely contribute to the bottom line.

Moderator: Next is, this executed? 300 plus order book is from Jan. 24 till now, or for a different time, frame?

Mr. Amish Shah: I think that is from 23-24, financial year 23-24.

Not starting from Jan. But it is for financial year 23-24.

Moderator: Okay, do we have any other question for any one?

Okay. As there are no further questions, I would like to invite Mr. Amish for his closing comments.

Mr. Amish Shah: Thank you. Thank you, everyone for being here and sparing your time. We truly appreciate your time and your questions, and, most importantly, your trust in Konstelec engineers.

We remain committed to staying the course, adapting and growing stronger.

Our focus is on execution, creating value and ensuring we continue moving in the right direction. The journey ahead is promising, and we look forward to achieving even greater milestones together.

Once again we appreciate your support.

If there are any further questions. You can email, we will try to answer to the best possible.

Thank you very much.

Moderator: On behalf of Konstelec Engineers Limited. We sincerely appreciate your participation. Thank you for joining us, and you may now disconnect from the meeting.

Mr. Lakshman Kumar: Thank you, thank you all. Take care.

Mr. Miten Shah: Thank you.
