

Patel Engineering Limited
Q4 FY'26 Earnings Conference Call
May 14, 2026

Moderator: Ladies and gentlemen, good day and welcome to the Patel Engineering Limited Q4 FY 2026 Earnings Conference Call hosted by Valorem Advisors.

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 this conference call, please signal an operator by pressing "*" and then "0" on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Ms. Purvangi Jain from Valorem Advisors. Thank you and over to you ma'am.

Purvangi Jain: Thank you. Good evening everyone and a very warm welcome to you all. My name is Purvangi Jain from Valorem Advisors. We represent the investor relations of Patel Engineering Limited.

On behalf of the company and Valorem Advisors, I would like to thank you all for participating in the company's Earnings Conference Call for the 4th Quarter and Financial Year 2026.

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 belief as well as assumptions made by and information currently available to the management. Audiences are cautioned not to place any undue reliance on these forward-looking statements in making any investment decision. 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.

I would now like to introduce you to the management team joining us on today's call. We have with us Mrs. Kavita Shirvaikar - Managing Director and Mr. Rahul Agarwal - Chief Financial Officer.

Without any delay, I request Ms. Kavita to start with her opening remarks. Thank you and over to you, ma'am.

Kavita Shirvaikar: Thank you, ma'am. Good evening, everyone, and thank you for joining us today for Patel Engineering's Q4 and FY'26 Earnings Call. I extend a warm welcome to all our stakeholders and

analysts joining us here. We truly appreciate your continued trust, encouragement, and support towards Patel Engineering. We have uploaded our Investor Presentation along with the Financial Results on the Stock Exchange for your reference.

I will begin by taking you through the key highlights for the year, the progress we have made across our projects, and share our outlook on the infrastructure sector and growth opportunities ahead. Following this, our CFO – Mr. Rahul Agarwal, will walk you through the financial performance in detail.

FY'26 has been another important year in Patel Engineering's journey. Despite a competitive environment and industry-wide challenges during the year due to geopolitical situations and other factors, we continue to focus on discipline execution, selective bidding, balance sheet strengthening, and building a high-quality order book with projects where our execution expertise creates a competitive advantage.

Let me start with taking you through the key developments and the order inflows during the year:

During FY'26, we secured new orders worth around INR 4,400 crores across hydropower, urban infrastructure, irrigation, and other segments. These order wins further strengthen our execution visibility over the coming years and reinforce our position in complex infrastructure projects requiring strong engineering capabilities and large-scale project management.

Speaking about the orders secured during the year:

The largest order secured was the around INR 1,300 crore Kondhane Dam project from CIDCO in Maharashtra to improve the water supply in the region. The project involves construction of the dam along with hydromechanical and electrical works, including radial gates and allied infrastructure. This project significantly strengthens our presence in Maharashtra and further enhances our positioning in the urban infrastructure segment, which we believe will continue to witness strong investment over the coming years.

In the hydropower segment, we secured around INR 700 crore HEO hydropower project from NEEPCO. The scope includes civil and associated infrastructure work along with testing and commissioning of hydromechanical systems for the 240-megawatt hydroelectric project.

We also secured around INR 900 crore project being one of the package of Renuka Ji Dam project from HPPCL. The scope includes construction of major diversion tunnels, hydromechanical systems, and associated infrastructure work, which further reinforces our strong hydropower expertise.

In Sikkim, we secured the INR 240 crore Teesta-V power station project from NHPC, involving tunnel spillway construction and associated infrastructure work.

In the irrigation segment, we secured around INR 958 crore Nira Deoghar Right Bank Main Canal project from Maharashtra Krishna Valley Development Corporation. The project includes development of pipe distribution network. Our share in this project is INR 192 crore. During the year, we also secured two packages of INR 798 crore project, which was for the coal mining contract in the area of Madhya Pradesh, where principal is South East Coalfield Limited.

On the international front:

We secured INR 231 crore Dorjilung Hydroelectric Power project in Bhutan. The project includes construction of diversion tunnels, road tunnels, and hydromechanical works. This project is strategically important for us because it further strengthens our international hydropower credentials and enables us to put our footprints in Bhutan, where substantial hydropower development opportunities are expected in coming years.

Overall, our order inflows during the year have been well diversified across sectors and geographies and provide strong medium-term revenue visibility for the company.

With this, as of March 31, 2026, our order book stands at INR 15,119 crore. The composition is hydropower 63%, 16% is irrigation, 5% tunnelling, 10% from urban infrastructure and remaining 6% is roads and others.

Further, we already started FY'27 on a positive note by being declared L1 for another INR 1,600 crore worth of order, which gives us good momentum entering the new financial year and gives us confidence about future growth visibility. The diversified order book positions us strongly across multiple infrastructure themes, which are expected to drive India's next phase of infrastructure growth.

Apart from above, we have currently submitted tenders of around INR 6,000 crore, which are currently under evaluation. Further, we have identified and evaluated an immediate pipeline of around INR 20,000 crore, which we plan to actively pursue over the next few months. Beyond this, there are another INR 40,000 crore worth of projects to come up for bidding in next one year. Therefore, the opportunity pipeline across sectors remains extremely strong.

Now, let me share some key operational highlights and project execution updates during the year:

As guided earlier, revenue in FY'26 has crossed INR 5,000 crore and we achieved revenue of INR 5,103 crore. During the quarter, we witnessed consistent progress across all our project sites and several important milestones were achieved.

On the hydropower front, work at Subansiri Lower Hydroelectric Project continues to progress well. With the recent commissioning of Unit-4, the project now has four operational units contributing 1,000 megawatts of clean energy to the national grid. Work on the balance units is also progressing steadily. Civil work has been completed up to Unit 6 and execution remains on track across the remaining sections of the project. All eight units are expected to be operational in this financial year.

Another major achievement during the quarter came from our CIDCO Treated Water Tunnel project. I am extremely proud to share that the project achieved a record tunnelling progress of 812 meters in a single month during January 2026, setting a national benchmark across TBM tunnelling execution. We also completed around 6.2 kilometers of tunnelling and achieved a successful TBM breakthrough at the site in this quarter.

Our projects in Jammu & Kashmir, particularly the Kiru and Kwar HEP projects, are also witnessing strong progress during the quarter with concreting activities progress at full scale. During FY'26, across our major project sites, we executed more than 13.5 lakh cubic meters of concreting works and completed reinforcement works of nearly 60,000 metric tonnes.

Now let me briefly touch upon the industry outlook and opportunities ahead:

We remain highly optimistic about India's infrastructure growth story. The Union Budget 2026-27 has further strengthened our confidence across sectors where we operate. The government has increased planned capital expenditures to a record INR 12.2 lakh crores, reaffirming its continued focus on infrastructure-led economic growth. Indian railways has received its highest ever allocation of INR 2.78 lakh crores.

Importantly, the government has announced seven high-speed rail corridors across the country. Many of these corridors pass through difficult terrains, including the western Ghats and Himalayan regions, which will require significant tunnelling and underground engineering expertise. This creates a very large long-term opportunity pipeline for us, considering our capabilities in underground and complex tunnelling works. India is also witnessing rapid growth in metro infrastructure.

With the government continuing to invest heavily in urban transport across major cities, large metro projects are under implementation or planned across cities like Bengaluru, Mumbai, Chennai, Pune, Hyderabad and Delhi. These projects are expected to create significant opportunities in tunnelling, underground stations and associated urban infrastructure works over the coming years.

Similarly, the government is also focusing on RRTS, Regional Rapid Transit System projects, which are being developed to improve connectivity between major cities and nearby regions.

These projects are expected to generate substantial opportunities in transportation, tunnelling and underground infrastructure.

Now coming to hydropower:

We continue to remain extremely positive on the hydropower opportunities both with India and internationally. Agencies such as NHPC, SJVNL, NEEPCO and NTPC together have a very large upcoming pipeline exceeding 30 gigawatts. Some of the key projects expected to come up for bidding in near term include Sawalkote projects of 1856 megawatt, Kalai-II of 1200 megawatt, Kamala of 1720 megawatt. These projects are in advanced stage of clearance and would be out for bidding very shortly. Also, projects like Upper Karnali of 900 megawatt, Upper Subansiri 1600 megawatt, Kirthai-II 820 megawatt, Etalin of 3000 megawatt to come up for bidding in the near future.

In addition, pump storage projects are emerging as a major future opportunity. The Central Electricity Authority has outlined a roadmap targeting 100 gigawatts of pump storage capacity by 2035-36, which significantly expands the future opportunity size for companies operating in hydro infrastructure internally. Internationally as well, countries like Nepal and Bhutan continue to offer substantial untapped hydropower potential. In the last quarter, we have been awarded a package in the Dorjilung project in Bhutan and have expanded our presence in these regions as well. In Nepal, we continue to execute work at the Arun-III hydropower project. During the first quarter of FY'27, we have been declared lowest bidder L1 for the lower Arun project value at approximately INR 1,600 crores. This project is very close to our existing Arun-III project site, giving us strong logistical and execution advantage. Collectively, Nepal and Bhutan have an untapped hydropower potential exceeding 70,000 megawatts and we will continue to actively evaluate opportunities in these markets.

Now on the water infrastructure side:

The opportunity landscape remains highly attractive. The government's National River Linking Program has now moved into active implementation phase. The Ken-Betwa River Linking Project, which is the first 30 identified inter-basin major river linking projects, has already commenced execution while DPRs for several more linking projects are in advanced stages. Simultaneously, Maharashtra's planned irrigation investments and enhanced allocations under the Jal Jeevan Mission are expected to create significant opportunities for our irrigation and tunnelling business over the medium term.

Now let me briefly update you on the balance sheet and asset monetization which was concluded during the year:

Aligned with our strategy of monetizing approximately of around INR 150 crore of non-core asset annually, during FY'26, we successfully completed monetization of certain non-core

assets and realized approximately INR 185 crores. This included around INR 135 crores from land sale and around INR 50 crores through arbitration awards under NITI Aayog.

We also successfully completed our right issue during the year. The inflows from the rights have been significantly strengthened our balance sheet, supported working capital requirements for ongoing projects and enabled significant debt reduction of around INR 450 crores during the year. With a stronger balance sheet and improved liquidity position today, we are well positioned to scale up execution across newly secured and upcoming projects while maintaining financial discipline.

To conclude:

Patel Engineering enters FY'27 with a strong order book, improving execution momentum, a healthier balance sheet and a very large opportunity pipeline across sectors. We remain committed to sustainable growth, disciplined bidding and operational excellence.

With the recent order inflows and further order opportunities expected during FY'27, we expect revenue growth momentum to strengthen meaningfully from the second half of FY'27 onwards. Considering our current order book and strong future pipeline, we expect FY'27 revenue to grow by 10%.

With that, I will now hand over the call to our CFO, Mr. Rahul Agarwal, who will take you through the financial performance in greater detail. Thank you.

Rahul Agarwal:

Thank you, Kavita. Good evening, everyone and welcome to the Earnings Call.

I will now take you through the company's financial performance for Q4 and full year FY'26:

For Q4, on a consolidated basis, our revenue is at INR 1,421 crores, operating EBITDA is INR 215 crores with a margin of 15.14%. Profit after tax, it is at INR 71.5 crores compared to INR 32.8 crores in Q4 FY'25.

On a standalone basis, revenue is INR 1,413 crores, operating EBITDA is INR 210 crores with a margin of 14.89% and profit after tax is INR 96.9 crores compared to INR 36.61 crores in FY'25 Q4.

Coming to financial performance for full year:

Revenue from operations is at INR 5,102 crores as compared to INR 5,093 crores in FY'25, operating EBITDA is INR 684 crores with a margin of 13.41% and profit after tax is INR 294 crores as compared to INR 242 crores in the previous year, which is up by 21%.

On a standalone basis, revenue is INR 5,066 crores as compared to INR 5,007 crores in FY'25, operating EBITDA stands at INR 659 crores with a margin of 13%, profit after tax is INR 319 crores compared to INR 259 crores in FY'25.

Sector wise revenue breakup is:

Hydropower 55%, Irrigation 23%, Tunnelling 17%, Roads, Urban infra and others 5%.

Now coming to debt and working capital:

The consolidated gross debt as of March 31, 2026, is INR 1,187 crores compared to INR 1,645 crores at the end of FY'25, hence the debt numbers have come down significantly by INR 458 crores as compared to the previous year, majority of which has reduced in the last quarter due to rights issue. Client advances as of March 31, 2026, is INR 622 crores compared to INR 665 crores at the end of FY'25, debt-to-equity ratio has improved to INR 0.27 as compared to INR 0.43 as of March'25.

Breakdown of debt:

Out of the debt INR 847 crores is working capital and INR 340 crores is term debt which includes OCD, NCDs and the project specific debt. So, working capital, the net working capital days is around 120 days and the net adjusted working capital is 106 days.

Now coming to the exceptional items during the quarter:

During the quarter we have provided for impairment of investments made in hydro subsidiaries of approximately INR 56 crores considering the feasibility of revival in the near future and in the quarter we have already signed the MOU which is for Gongri project.

Further as part of our non-core asset monetization strategy we have decided to sell our investments in a toll road project ACP Tollways where we have 32% stake, we have received an offer of INR 55 crores for the same and hence provided for INR 30 crores being the difference between book value of investment and which was made in 2011-12. Considering that any equity return from the SPV shall be possible only after repayment of the debt in the SPV, in NPV terms this expected realization is considered reasonable. So, the above monetization will be towards our target monetization for INR 150 crores, INR 200 crores during the year from non-core assets. That concludes the financial overview.

We are now happy to take any questions which you have.

Moderator:

Thank you very much. We will now begin with the question-and-answer session. Your first question comes from Pritesh Chheda from Lucky. Please go ahead.

Pritesh Chheda: Sir, what was the market share that you had in the hydropower order wins that you have which is INR 4,400 minus INR 800, so about INR 3,600 crores of inflows. So, what was the market share?

Rahul Agarwal: So, see, if you talk about the success ratio last year, if we exclude one large project of Dibang, almost INR 16,000 crores, INR 17,000 crores, then it is around 25%, 30% and if you include that, it is coming to around 12%, 13%.

PPritesh Chheda: So, if it is 12%, so which means closer to about INR 30,000 crores of inflows were given and with that one large project was INR 16,000. So, with that project, we lost the bid and why did we lose the bid?

Rahul Agarwal: So, there was very competitive bidding done, so somebody took it at a very low value, so we did not get it.

Pritesh Chheda: Okay. Is it a new player or is it an old player?

Rahul Agarwal: A new player.

Pritesh Chheda: Okay. The other thing is on the, why have we taken this coal mining works, this is first time that I am seeing you taking a MDO project?

Rahul Agarwal: So, we are trying to explore new opportunities and we got this project. And this is a small project actually, it will take seven, eight years.

Pritesh Chheda: It is executable over 8 years?

Rahul Agarwal: Yes.

Pritesh Chheda: Okay. And my last question is, what kind of inflows are expected this year? What kind of order finalizations are expected this year? And you had given revenue guidance last year about not growing, which happened the same. How do you see FY'27 panning out?

Kavita Shirvaikar: For FY'27 we expect around 10% growth in the revenue.

Pritesh Chheda: And on the order side ma'am?

Kavita Shirvaikar: Order side, see, this year is a good beginning. We are already L1 in INR 1,600 crore worth of jobs, so we expect around INR 8,000 crore new order book during the year.

Pritesh Chheda: Okay. Thank you ma'am.

Moderator: Thank you. The next question comes from the line of Ritesh Poladia with Girik Capital. Please go ahead.

Ritesh Poladia: Yes. I just wanted to know about your exceptional items. There is a debt and advance return of INR 153 crores this year. Last year it was INR 270 crores, INR 280 crores. So, is there anything remaining to be written off or this is end of it?

Rahul Agarwal: No, this is, there is nothing remaining to be written off. So, last year we had done Vivad Se Vishwas settlements, around INR 150 crores Vivad Se Vishwas settlements was done. For that, that exceptional item was there. This year, this quarter I have already explained because two investments, one is for hydro subsidiary, where we have revived one project and the other project we are thinking that it will take time, so we have written off that. And one is for the toll road project, where we have got an offer for INR 55 crores and investment was around INR 85 crores, so we have provided that. And in the previous, quarter we have done some settlements for a litigation and all. So, that provision was done. So, there is nothing remaining.

Ritesh Poladia: Okay. And also there is some excess credit return back of INR 100 crores. So, is there anything on that part still pending or even that is over?

Rahul Agarwal: No, everything is over. There is not much excess credit return back of INR 100 crores this quarter. I do not know from where you are getting it.

Ritesh Poladia: It is on cash flow statement, there is a third last statement in the--

Rahul Agarwal: **It's for the full year** Right. So that, see, basically what happens is the project will get concluded during the year. So, from that project, whatever balances are there receivable, payable, that we have to write back and write off.

Ritesh Poladia: So, where will be the corresponding entry for this?

Rahul Agarwal: So, that will be mostly other income.

Ritesh Poladia: Okay. And ma'am said that expected order revenues of INR 8,000 crores. If you can give some more ideas of what all the projects you are targeting.

Kavita Shirvaikar: So, as we said, INR 6,000 crore projects were bids already submitted, which is under evaluation. Another INR 20,000 crore, we have identified, which includes metro, which includes hydro and irrigation projects, where we are going to bid in near future. Another INR 40,000 crores, which will come up for bidding in next one year. So more or less, it will remain in the sector where we operate in.

Ritesh Poladia: Okay, that is it from my side. Thank you.

Moderator: Thank you. The next question comes from the line of Viraj Mahadevia with MoneyGrow. Please go ahead.

Viraj Mahadevia: Hi, congratulations to the team on the stable results and particularly the high free cash flow generation. I want to understand, Rahul, what is driving this high free cash of INR 450 crores in FY'26 and is that likely to continue going forward?

Rahul Agarwal: So, see, free cash flow, we have come, it is combination of, you know, what we have got from projects and non-core assets monetization. So, we expect that to continue.

Viraj Mahadevia: That should continue. And in that case, given the high cash flow generation, the debt pay down, both from organic cash as well as the rights issue, which I am not sure if all the cash has already been used to pay off the term loans. Can you guide us towards an interest cost for the next financial year?

Rahul Agarwal: See, interest cost for the next financial year overall may not change drastically because, so whatever borrowing has been reduced this year, new projects, whatever we expect, there will be some advances taken for that. So, some interest will come for that. But what we expect is the interest cost will not go up drastically from here. It will remain around that region.

Viraj Mahadevia: But presumably you will also repay some principal, right?

Rahul Agarwal: Correct.

Viraj Mahadevia: Of the term loans. So that should come down.

Rahul Agarwal: That will come down. So, if we take newer projects of around 8,000, say around 8% to 10% advances may come for equipment and for, you know, mobilization. So, INR 700 crore, INR 800 crore advances will come and there will be repayments also. So overall, we do not see the interest cost going up.

Viraj Mahadevia: Okay. And in terms of non-core monetizations, you have highlighted that you monetized INR 185 cores this year and arbitration money was how much in FY'26? And can you guide us towards those two numbers for FY'27?

Rahul Agarwal: For FY'27, we again consider around INR 150 crores, INR 200 crores will come from non-core assets, all combined. We can't split it right now between what will come from awards or what will come from other non-cores. But this is, our target is there that between, you know, all land banks and investments and arbitration awards, we should get between 150 to 200 cash at least.

Viraj Mahadevia: So, the 185 in 2026 was land bank plus arbitration?

Rahul Agarwal: Yes. So, INR 50 crores was for arbitration, which we got against BG, INR 135 crores was for land bank.

Viraj Mahadevia: Understood. So, you are guiding towards a similar number for next year between the two?

Rahul Agarwal: Correct.

Viraj Mahadevia: And that will be prioritized to repay term loan, I am assuming?

Rahul Agarwal: Correct. So, we have this year also, rights issue, we have prioritized for term loan. So, there was OCD, there was IRR on OCD also. That is also repaid. So, it has primarily gone for that.

Viraj Mahadevia: Any other OCDs outstanding in future years?

Rahul Agarwal: So, balance OCD outstanding is around INR 100 crores, INR 120 crores.

Viraj Mahadevia: In which year?

Rahul Agarwal: So that will, we will be repaying in some in FY'27, some in FY'28, earlier depending upon when the realization happens from now.

Viraj Mahadevia: Okay, so by 2028 all should be repaid?

Rahul Agarwal: Correct.

Viraj Mahadevia: Okay, sorry, just last question. Two orders, I believe, are coming up in Arunachal of INR 20,000 crores. Can you comment on that in terms of likely timelines of bidding, likely timelines of awards, etcetera?

Kavita Shirvaikar: So, Arunachal, Kamala, I said like lower Subansiri, Kamala, so next six months it is going to come up for bidding.

Viraj Mahadevia: Okay. Thank you, ma'am. All the best.

Kavita Shirvaikar: Thank you.

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

Rajiv: Yes, thank you for the opportunity. My question was regarding the promoter pledge. So, I think over the last one, one and a half year, the management has been commenting that the promoter pledge will come down after March. So, can we have an update on that, please?

Rahul Agarwal: So now post-March results, we will be contacting the lenders and then we will update you.

Rajiv: But that you have said earlier. So, by when can that come down and by what percentage? Could you give a timeline to that?

Kavita Shirvaikar: So, at present, we will not be able to give the exact timeline, but our endeavor is to reduce gradually.

Rajiv: That, ma'am, you have been saying for the last two years. But, you know, we need a timeline. Okay, by six months, this much pledge will reduce. So, after one year, so much will reduce. We need a guidance.

Rahul Agarwal: Yes. So, the guidance wise, I am saying that you know, post this March result, as we had said, we will approach the lenders. And maybe in next quarter, we can get an update as to how much we can be reducing this year.

Rajiv: Has the promoter any percentage in mind, say, okay, I am going to reduce by this much?

Rahul Agarwal: So, see, the target is that, you know, we reduce it by around 15%, 20%. But let us see. And we will come back to you.

Rajiv: Okay. And my next question was regarding that, a real estate project, Patel Smondo in Hyderabad. So, I believe the OC was pending and 372 flats were made. I think there were three towers, two were residential and one was a hotel. So, can we have an update, how much, when will we get the OC? Number one. Number two, how many flats have been sold? And what about the third tower, which was proposed to be a hotel? Can we have an update?

Rahul Agarwal: So, I think we have applied for the OC. There is some, something was pending, some litigation or something was there. So, we are expecting that to get sought out this financial year. And we should get that OC this year.

Moderator: Sorry to interrupt Rajiv sir, may we request you to return to the queue for follow-up questions, please? Thank you. The next question comes from the line of Bimal Tayal, an individual investor. Please go ahead.

Bimal Tayal: Hello. Thank you for the opportunity. My first question is, if we look at the interest cost, it is INR 79 crore this quarter. And the rate of interest seems to be very high at 18%. Can you help me understand what it is due to? Maybe it is due to the earlier restructuring? So, can you give some color on what the terms are? And when can we expect this to go down?

Rahul Agarwal: The interest rates are around 11%, 11.5%. So, see, the interest cost comes with, basically the finance cost considers of three components. One is the interest on the borrowings. The second is the interest on the client advances. So, there we have around INR 600 odd crores of client advances. So that also carries interest of similar nature. Plus we have non-fund-based limits, which is bank guarantees, LCs, etcetera, which we have to give to the client for advances and

for procurement of material. So that also carries the cost. So, on an annual basis, I can give you a broad breakup. Like around INR 70 odd crores is for the non-fund-based limits. Then around balance, what is remaining, if you add up the debt and the client advances, the average interest rates will come between 11% to 12%.

Bimal Tayal: Okay. Yes. Thanks for explaining this. Sir, my second question is, we have sold our ACP tollway stake for INR 55 crores. And that announcement mentioned that it contributed INR 18 crores of profit annually. So, it seems like only 3x the profit. So, can you please explain how this valuation was there? And maybe that profit is, yes.

Rahul Agarwal: So, I will tell you. See, the net worth, if you see, of the company is around INR 38 crores only. That is as of March'25. Because March'26, because we already got an offer. So, we have not consolidated it and it is held for sale. So, INR 38 crores was the net worth. And the carrying value of the investment as of March'26 in our books is now INR 26 crores only. So, INR 18 crores was the profit in March'25. And that company, although profit, whatever is there, there is still a borrowing remaining of around INR 600 crores. And INR 200 crores is approximately the major maintenance, which has to be incurred. So, this next few years' collection will go into repayment and the incurring of the major maintenance. So once that is completed, then only some equity return can happen. So, we can see only equity return after only four or five years. So, it is better that we sell the investment and we get the money and reduce our debt.

Bimal Tayal: Okay, yes, thanks for explaining that also. One more question. Our subansiri project, if we complete this year, will we get substantial cash flows from that? And will that help our debt reduction further?

Kavita Shirvaikar: For us, we are the contractor and we are getting paid monthly as and when we do the work. So, it is not as substantial. For us it is a contract. NHPC is developing this project and they are going to get a larger chunk of revenue after commissioning.

Bimal Tayal: Okay, thanks. That is all from my side. Thank you for answering my questions.

Moderator: Thank you. The next follow-up question comes from the line of Rajiv, an individual investor. Please go ahead.

Rajiv: Yes, sorry, the moderator cut me in between. My answer was incomplete. Patel Smondo, how many flats have been sold in the two towers? And what about the third tower? You are going to make a hotel on that or what? Can you please explain in detail, please?

Rahul Agarwal: See, the number of flats sold details I do not have right now. But there were two residential towers in there and there was one service apartment.

Rajiv: Okay, so what is regarding the service apartment? It is lying vacant or what is happening on that tower? Is it complete? What is happening?

Rahul Agarwal: Yes, it is completed from our side everything. Now the service apartment operator has to start it.

Rajiv: Okay, so what kind of revenue can it generate? And from when does it happen?

Rahul Agarwal: We do not have any idea about when the revenue starts, because that the service operator will do.

Rajiv: And you do not know how many flats have been sold in the two towers? I think there were 372 flats.

Rahul Agarwal: Right now, I do not have those details.

Rajiv: Okay, never mind. And then my next question was regarding the arbitration award. So, sir, I am saying we are getting only 50, about INR 50 crores per year. And INR 700 crores are in our favor. So, can we expect we will get only INR 50 crores every year for the next four, five, ten years? When can we get, by when this major chunk of the INR 700 crores come to us?

Rahul Agarwal: Out of the INR 700 crores, more than INR 400 crores is in high court right now. And balance is in district court. So, it can take some time. High court generally takes one or two years. And then Supreme Court maybe one year. But what happens is something or the other out of that, either against Niti Aayog bank guarantee or court deposit of bank guarantee, we try to withdraw that cash flow. And then that is how we get. So, overall expected timeline of this will be around five to six years. Overall. It is not that everything comes after that.

Rajiv: Got it. And what about the balance INR 2,300 crores? Any update on that?

Rahul Agarwal: The balance INR 2,300 crores, there are multiple arbitrations going on. So, what we expect is we get some arbitration awards and then post arbitration award. If we are able to draw the money against bank guarantee, then it comes earlier. If it has to be realized from courts, then overall it may take five to six to seven years.

Rajiv: Okay. My next question was regarding the promoter stake. You know, the promoter stake has fallen from 39% in June'23 to now 31.48%. And the promoter has not participated in the rights issue also. So, I mean, if the promoter did not want to participate in the rights issue then why do a rights issue? Why didn't you sell the remaining land bank to raise funds? Please clarify.

Rahul Agarwal: See, there has to be a timing requirement, right? So, rights issue was done because we needed money for the operations and the future projects which are coming immediately. Land bank sale, I mean, we cannot timeline. Timing wise, we cannot ensure that it happens immediately.

It takes a little bit of time. We have been doing that every year. Like this year also, we sold some land parcels. Current, again, this year we are expecting some land parcels to be sold. But we can't expect that, okay, this quarter we need the money and it will come this quarter from land sale.

Rajiv: But to me, it seems very absurd that the promoter is not participating in the rights issue and the public, you want the public to subscribe to your rights issue.

Rahul Agarwal: So, promoters have subscribed around INR 20 crores, partly, and rest was taken by public.

Rajiv: But they should have subscribed to the full quota, no? That is my question.

Rahul Agarwal: No, but they had already mentioned in the document that they will subscribe partly only.

Rajiv: Okay. And my last question, this, whatever the balance land sale is there, by when this whole, the entire land bank be sold? In the next three, four years?

Rahul Agarwal: Yes, for four, five years it should happen. So, we have targeted few land parcels to be sold first. That will happen in the next couple of years. And the rest will take some time. So around four, five years.

Rajiv: Thank you.

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

Rahul Agarwal: Thank you all for joining this call. If any questions you have, you can write to us and we can revert to you. Either you can write to us or you can write to Valorem. Thank you.

Moderator: Thank you. Ladies and gentlemen, on behalf of Patel Engineering Limited, that concludes this conference. Thank you everyone for joining us and you may now disconnect your line.