Management Discussion

Parvangi Jain - Investor Relations, Valorem Advisors
Thank you. Good afternoon everyone and a very warm welcome to you all. My name is Parvangi Jain from Valorem Advisors. We represent the investor relations of K2 InfraGen Limited. On behalf of the company, I would like to thank you all for participating in the company's earnings conference call for the first half of the financial year 2027. 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 risks 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 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. Pankaj Sharma, Founder and Managing Director, and Ms. Priyanka Pareek, Chief Financial Officer. Without any delay, I request Mr. Pankaj Sharma to start with his opening remarks. Thank you, and over to you, sir.

Pankaj Sharma - Founder and Managing Director, K2 InfraGen Limited
Yeah, thank you, Priyanki. Uh, good afternoon everyone, and warm welcome to all of you for joining K2 Infra's and Limited's earning call, uh, for the first half of the financial year 2027. Uh, for those who may not be familiar with the company, let me begin with a brief overview of our business. Before our CFO takes you through the financial and operational performance for the period under review. K2 Infragen Limited was incorporated in 2015 with the vision of becoming a reliable and integrated infrastructure execution partner contributing to India's growing infrastructure requirements.

Over the past decade, we have evolved from executing our first project with Larsen Toubro in Rajasthan To becoming a publicly listed multi-sector engineering procurement and construction company with an established presence across 10 states. Today, we specialize in designing, procuring, and executing large-scale infrastructure projects across 6 core verticals. First, railway infrastructure, power transmission and distribution, roads and bridges, water supply and management, civil infrastructure, and renewable energy.

Our capabilities span the entire project value chain, including designing, surveying, procurement, construction supervision, subcontract management, and post-construction support. We also own and operate a fleet of over 70 construction machines, which strengthens our execution capabilities and operational readiness. We are proud to serve a distinguished clientele that includes Northern Western Railway, Konkan Railway Corporation Limited, Rajasthan Rajivijay Parasan Nigam Limited, Karnataka Power Transmission Corporation Limited, NHAI, Government of Telangana, L&T, Tata Projects and Adani Renewals.

This reflects the trust and credibility we have established through our execution capabilities and commitment. Since inception, we have successfully executed over 52 projects and currently have 11 ongoing projects across multiple states. Since March 2026, we have strengthened our order book through several important projects won across our roads, railways, and power transmission

segments. Among the key awards in the last 6 months, we secured a project worth INR 390.91 crores from the Government of Telangana for the construction, upgradation, strengthening, and maintenance of selected tread roads in the Bongir Circle under the Telangana Rural Roads Development Program on a hybrid E&O model business.

Additionally, we have received a letter of award worth Rs 158.58 crore including GST from the Konkan Railway Corporation Limited for upgrading the electric transit system from 1:25 to 2:25 across the Lundi-Bindi section of the Jodhpur Division and the Jaipur-Sawai Madhopur section of the Jaipur Division. We also secured 2 orders aggregating Rs 256.91 crore from Rajasthan Rajyavidyut Pashchimbigan Limited for substation development and transmission line infrastructure. These awards aggregating approximately INR 2,606 crore Strengthening our presence across the key infrastructure verticals and provide a broader base for future execution and revenue generation.

Our unexecuted order book stood at approximately INR 907 crore as of September 2026, representing a 114% increase over March '26. Additionally, our live bid pipeline of approximately 560 crore across roads and railways had provided further opportunities for order expansion. To beef up our leadership team, mainly from infra domain, the company has appointed Mr. Sanjay Gupta, Senior VP Projects for Railway and Transmission Business. Having extensive experience of 38 years in EPC, power and T&D, and railway infrastructure, prior to joining K2, he was with KAC International as Vice President.

He served the RPG Group for nearly 29 years. And Mr. DK Raju as a Senior Vice President for our hybrid annuity model project vertical, who handled annuity-based businesses in his earlier assignment with Allwyn Infra and SG Infra Limited. Looking ahead, we also evaluating opportunities in emerging infrastructure areas such as battery energy storage system and build-operate-transfer projects. As part of our entry To the BESS segment, we have participated in bidding for 3 to 4 projects in Rajasthan.

We have also signed a memorandum of understanding with MAP Power to secure competitive pricing for BESS-related products. These initiatives are expected to strengthen our competitiveness and support our efforts to establish a presence in the growing energy storage market. We believe that opportunities in these emerging segments could help us diversify our project portfolio and progressively build a more predictable revenue stream through long-term infrastructure assets. With this brief overview, I would now request our CFO, Ms.

Priyanka Pareek, to take you through the financial performance for the first half of FY27. Over to Priyanka. Thanks.

Priyanka Pareek - Chief Financial Officer, K2 InfraGen Limited
Thank you so much, Pankaj sir. Good afternoon, everyone. Uh, I will now take you through the K2 InfraGen's financial performance for the first half of the financial year '27, covering the 6 months ending on September 30th. For this H1 '27, uh, our revenue from operations stood at approximately Rs 63 crores compared to the Rs 91 crores in H1 of FY26. The moderation in the revenue was primarily attributable to the supply chain disruptions which were during the, uh, during the war. Along with the delays in the project execution and delivery because of these situations.

So these factors affected the pace of the project execution and consequently impacted the revenue recognition during this period. However, we have- if I talk about the most positive part of this half year, we have secured the multiple new orders in the recent months, which are actually direct orders from the authorities, as Pankaj said, as detailed already. These orders are currently at the initial

stages of their execution. So once these projects progress and the execution gathers the momentum, we expect them to contribute meaningfully to the revenue generation in the subsequent period.

So at the operating level, the EBITDA for H1 '27 stood at approximately Rs 1.3 crore as compared to Rs 14 crore in H1 '26. The EBITDA margins moderated to approximately 2 Uh, percent during the period. The decline in the operating profit stability was also attributable to the significant increase in their raw material prices, which was due to the ongoing war situation. Uh, the actual increase in the input cost has been substantially higher than the escalation captured in the, uh, whole price index linked price escalation mechanism applicable to our project.

The government is reevaluating the mechanism in view of the gap between the actual increase in the input cost and the WPI-linked escalations. So we expect to receive the applicable benefits in the coming period, which should help mitigate the impact of the elevated input costs on the project profitability. We recognize the impact of the lower execution level on operating profitability, and, uh, of course, we remain focused on improving the cost efficiencies, optimizing the resource utilization, and strengthening the execution across the project portfolios.

As we recently secured the orders, move into the execution phase, and revenue scales up, we expect a better operating leverage and an improvement in profitability. Below the EBITDA level, depreciation and amortization expenses remain broadly in line with our asset base, reflecting the investments made in construction equipment to support our execution capabilities. Finance cost stood at approximately Rs 6 crore during the H1, reflecting the utilization of working capital facilities To support the project-related requirements.

Consequently, the company reported a net loss of approximately Rs 4 crore during the first half of FY27, primarily due to the low operating performance and the high finance cost. Moving to our balance sheet side, our net worth stood at approximately Rs 86 crore. As for now, our total debt has increased to Rs 129 crore. The increase in borrowing primarily reflect higher working capital requirement, which is associated with these project execution in the business operations. A portion of the business- a portion of the increase in the borrowings is attributable to the vendor advances for these transformers which we require for our railway infrastructure project.

We have made the advance payment of approximately 10% against these suppliers, with the delivery expected over these 3 next months which are upcoming in the financial year. Following delivery of the transformers and subsequent progress in project execution, we expect to recognize the associated revenue in accordance with the applicable revenue recognition criteria. These advances are expected to support the project execution and revenue generation in the coming periods. Our debt-equity ratio has- is approximately 1.5 times as of September 26th.

We would like to provide an update regarding the income tax proceeding as mentioned in our notes to accounts that the company has received the notice dated 13th of August under the Section 153BC of the Income Tax Act. Accordingly, based on the assessment of the matter and applying the principle of prudence, the company has filed a block income tax return on 10th October for the period of April 2019 to March 2020. 26. During the quarter, Acuity Ratings and Research has assigned an investment grade rating of, uh, Acuity to Praveen Miner with a stable outlook for its long-term bank facilities and an Acuity H3 rating for its short-term bank facilities, which covers the quantum of approximately Rs 200 crores.

Uh, to conclude the H1 FY27, uh, it was a little challenging period for the company with the supply chain disruptions delaying the project execution, impacting the revenue and operating profitability

due to the high borrowings. Despite these near-term challenges, the significant expansion in our order book supported by the recent project wins across the roads, railways, and power transmission provides a stronger foundation for the business. Uh, we have an executed order book of approximately Rs 900 crore and a healthy pipeline of upcoming opportunities.

Our focus now shifts towards timely project execution and converting these orders into revenue. We expect a significant improvement in financial performance during H2 '27 as execution gathers momentum and the recently secured progress, uh, of the projects. Going forward, our priorities will remain disciplined execution, improving the working capital management and operational efficiency. While continuing to strengthen our presence across the key infrastructure segments, we remain committed to building a sustainable and scalable infrastructure business and creating the long-term value for our shareholders.

With that, I would like to thank everyone for their continued interest and confidence in K2 Infra Limited. We will now open the floor for the question and answer session. Thank you very much.

Questions & Answers

Operator
Thank you very much, ma'am. We will now begin the question and answer session. Anyone who wishes to ask a question may press star and 1 on their touchtone telephone. If you wish to remove yourself from the question queue, you may press star and 2. Participants are requested to use handsets while asking a question. Ladies and gentlemen, we will wait for a moment while the question queue assembles. The first question is from Rohan Jain, an individual investor. Please go ahead.

Rohan Jain - Analyst
Yeah, hi, good afternoon. Uh, thank you for the opportunity. So my first question would be that, so with the recent, uh, improvement in the order inflows, so something around 900-odd crores, how do you see the company's revenue growth, uh, shaping over the next few years?

Pankaj Sharma - Founder and Managing Director, K2 InfraGen Limited
Um, hi, Ron, Pankaj this side. So, uh, response to your question, I think the order book which we have received around 907 We have to complete these orders on the tune of, you can say, 36 months maximum. There are few orders which are related to railways and transmission where we need to complete these projects within 24 months.

Rohan Jain - Analyst
Okay, sir, got it. And sir, as execution picks up, do you see scope for EBITDA margins to gradually increase and, you know, reach towards the level of FY26? So can you give some guidance on the EBITDA level for the next 1 or 2 years?

Pankaj Sharma - Founder and Managing Director, K2 InfraGen Limited
Uh, I will say that it will be a healthy growth on the EBITDA side also, and what you can say, and, uh, for the next years, since these businesses belong from, uh, compared to, you can say, transmissions and railways sectors, and the ham project is there. So the company will do for sure, company will be having an upward direction in the EBITDA margins, uh, in the coming year.

Rohan Jain - Analyst
Um, got it, sir. Thank you so much. Thank you for the opportunity. All the best.

Pankaj Sharma - Founder and Managing Director, K2 InfraGen Limited
Thank you, Rohan. Thanks for asking. Thank you. Thank

Operator
You. Next question is from the line of Nilesh from Meta Design. Please go ahead.

Nilesh - Analyst, Meta Design
Am I audible? Yes.

Operator
Hello.

Nilesh - Analyst, Meta Design
Okay, okay. Hello, Pankaj ji. I'm sure these results would have given you also sleepless nights as it has to us. Nevertheless, uh, I think, uh, apart from the 30-40% of drop that we have seen on revenue, there is one expenditure item which says other expenses, which is a big ticket, Rs 4.4 crores. Uh, can you highlight as to on what account that is which is bringing us to a loss this term?

Priyanka Pareek - Chief Financial Officer, K2 InfraGen Limited
Can I answer this, Pankaj sir?

Pankaj Sharma - Founder and Managing Director, K2 InfraGen Limited
Yeah,

Nilesh - Analyst, Meta Design
Please, please, please.

Priyanka Pareek - Chief Financial Officer, K2 InfraGen Limited
Yeah, so, um, thank you so much for the question, and yes, I will elaborate you. So these other expenses include the taxes that we have to pay, the business development cost which we are incurring, the rentals, and the software ERP expenses which we are incurring. Other than that, these include the CSR expenses and the rental expenses which we need to pay to the to the JV partners, right? So initially the cost which you was able to see in the direct expenses, some of these royalty cost since now we are directly eligible, so [Foreign Speech] cost maybe in the next year it will cost [Foreign Speech] but [Foreign Speech] right?

Other than that [Foreign Speech] we have increased some of the business development expenses which you you might have the kind of PR activities that we have started doing. So these are the little- some of the factors due to which these costs are increasing. Other than that, we have taken a provision for the trade receivables. On a safer side, we have taken it for around Rs 1.5 crore. So these are the reasons for these increase in the other expenses.

Nilesh - Analyst, Meta Design
And yes and I see that and Pankaj is very active on LinkedIn and we keep following and we keep reading his notes and his articles which are really inspiring no doubt about it [Foreign Speech] sir our railways I think is our I would say with a good moat and [Foreign Speech] of the railway world electrification works

Pankaj Sharma - Founder and Managing Director, K2 InfraGen Limited
[Foreign Speech] we have around 38 percent [Foreign Speech] that is the reason I mention that [Foreign Speech] Has joined us and he is leading our railway and transmission business. So that is very true, it is specialized. But for coming two three years, I think railway and transmission both have lots of opportunities there. As I think, [Foreign Speech] which is now is that [Foreign Speech] so we are we are ready for that. we in our team not only at a top line at Sanjay Gupta level, but on the ground level also at a GM and AGM level also [Foreign Speech] execution capabilities [Foreign Speech] we are we are very confident on that

Nilesh - Analyst, Meta Design
Good sir [Foreign Speech] debtor days almost two thirty days [Foreign Speech] we understand [Foreign Speech] I am an architect so I understand and work in that space but [Foreign Speech] and what are the steps to reduce that because [Foreign Speech]

Pankaj Sharma - Founder and Managing Director, K2 InfraGen Limited
Comparatively [Foreign Speech] but yes debt [Foreign Speech] railway and transmission business specialized business [Foreign Speech] These these businesses are supply oriented businesses, [Foreign Speech] supply oriented business [Foreign Speech] equipment [Foreign Speech] advance [Foreign Speech] and rest of the money will come [Foreign Speech] manufacture [Foreign Speech] LC [Foreign Speech] convert [Foreign Speech] till the time LC convert [Foreign Speech] till the time [Foreign Speech] material [Foreign Speech] time [Foreign Speech] debt [Foreign Speech] As an advance we have to give and then we have to wait for three four months.

[Foreign Speech]

Nilesh - Analyst, Meta Design
[Foreign Speech] do you do that? Are we issuing bank guarantees for advances and for retention and get our money released?

Pankaj Sharma - Founder and Managing Director, K2 InfraGen Limited
Actually [Foreign Speech] This time the orders are direct [Foreign Speech] and that is the reason we mention [Foreign Speech] advance [Foreign Speech] gestation period [Foreign Speech] orders [Foreign Speech] but you you know it that advance [Foreign Speech] everything gets clear so now the all agreements all clearance ground clearance ROW [Foreign Speech] clear

Nilesh - Analyst, Meta Design
[Foreign Speech] 400 crore 800 crore [Foreign Speech] equity capital [Foreign Speech] limited [Foreign Speech] credit line [Foreign Speech] limited [Foreign Speech] how are we qualifying and how [Foreign Speech] cashflow management [Foreign Speech] plan [Foreign Speech] because [Foreign Speech] huge work [Foreign Speech]

Pankaj Sharma - Founder and Managing Director, K2 InfraGen Limited
Qualifying [Foreign Speech] we are following the strategy where we are probably giving outsourcing some of the things. so [Foreign Speech] I think big players in the market are following like I will say eighty ninety percent of outsourcing model, whereas we at At this stage, we will not prefer to have that type of level, but yes, for sure, we are trying for a 40-50 or 50% and 50% our own team, which are actually now getting the experience and we are developing the team.

Nilesh - Analyst, Meta Design
International supply chain, sorry to interrupt,

Operator
Uh, Nili, please rejoin the call for follow-up. Thank you very much.

Pankaj Sharma - Founder and Managing Director, K2 InfraGen Limited
Thank you, Nili. Thank you.

Operator
Thank you. We will take the next question from Nitish Pal, an individual investor. Please go ahead.

Nitish Pal - Analyst
Yeah, hi, good afternoon. So, [Foreign Speech] so [Foreign Speech] and how we are going to because international issues [Foreign Speech] how we are coping up with that? [Foreign Speech] And what are we forecasting in the next two three years? [Foreign Speech]

Pankaj Sharma - Founder and Managing Director, K2 InfraGen Limited
Okay, Thank you. I think [Foreign Speech] and road was the main reason, because company has the most of the business cover roads, this is way forward [Foreign Speech] because [Foreign Speech] which will be in a different mode altogether [Foreign Speech]

Nitish Pal - Analyst
Okay hope

Pankaj Sharma - Founder and Managing Director, K2 InfraGen Limited
I have answered you both the question

Nitish Pal - Analyst
Yes so [Foreign Speech] we are satisfied with that order book [Foreign Speech]

Pankaj Sharma - Founder and Managing Director, K2 InfraGen Limited
[Foreign Speech] yes [Foreign Speech] Thank you, dear.

Operator
Thank you. Next question is from the line of Rahul Singhania, an individual investor. Please go ahead.

Rahul Singhania - Analyst
Uh, yeah, hello, good afternoon. Oh, thank you for this opportunity. So actually my question is, uh, we have recently reclassified our receivables, so I actually want a little bit of like more clarity on that. If you could provide that, that would be helpful.

Pankaj Sharma - Founder and Managing Director, K2 InfraGen Limited
Priyanka, can you answer this?

Priyanka Pareek - Chief Financial Officer, K2 InfraGen Limited
Yes, sir. So this year, uh, yes, we have given one note in our financial statement that we are reclassifying the unbilled part of it. So initially, the unbilled part of- unbilled part was, uh, was basically the inventory which was lying in my, uh, at my site under WIP, the kind of work which I

have done but which has not reached to the milestone yet. So that was the part which we were also mentioning in our data. So this time on discussion with our auditors, we have taken that prudent call because logically question we have taken that why do our debtor cycle is too high.

So we have taken a prudent call in discussion with our auditors and we have classified them to the current assets.

Rahul Singhania - Analyst
Okay, okay, okay. So that was helpful for me, uh, and my last Next question from my side would be, uh, like, uh, could you just share like what's the management's vision? Like what's our vision regarding the BESS opportunity? And like, you know, how does K2 plans to participate in this growing segment going forward?

Pankaj Sharma - Founder and Managing Director, K2 InfraGen Limited
Yeah, I think the best part on the BESS side, I will say, as a company we are targeting a good number in the renewable energy sector. Our portfolio mix, we are targeting that we should increase our portfolio mix towards renewable energy up to 20-25%. And another best part is that being our- we have a network of, you can say, 85 crores. There are above 50 crores, there are lots of tenders in the market where we can directly participate. Actually, we recently bid for 2 best projects also. And for the competitiveness, or you can say For the subject matter expert, we have did the MOU with the MagPower, is a Gujarat-based company.

They have their own in-house 50 megawatt, uh, uh, best, you can say, manufacturing division. So that type of approach and that type of steps has already been taken. Uh, subject matter expert from the best is already supporting us, and at an appropriate time they will join the company also.

Rahul Singhania - Analyst
Uh, okay, okay. So that was helpful. Uh, that's it from my side. Uh, thank you for this opportunity and have a good day. Thank

Pankaj Sharma - Founder and Managing Director, K2 InfraGen Limited
You. Thanks for asking the question. Have a good day. Thank you.

Rahul Singhania - Analyst
Thank you.

Operator
Thank you. Next question is from the line of Sudesh Parab, an individual investor. Please go ahead.

Sudesh Parab - Analyst
Hello, good afternoon, sir and ma'am. Am I audible?

Pankaj Sharma - Founder and Managing Director, K2 InfraGen Limited
Yeah, good afternoon. You are audible.

Sudesh Parab - Analyst
Yeah, yeah. So, sir, roughly speaking, my question is, uh, is there any broader inflow target set for FY28? And basically on top of that, are there any plans to enter into additional states or new geographies, so to speak?

Pankaj Sharma - Founder and Managing Director, K2 InfraGen Limited
Can you repeat your question once again, dear?

Sudesh Parab - Analyst
Sir, basically my question is, are there any targets for broader inflows in FY28? And basically, are we going to enter into additional states or new geographies as such?

Pankaj Sharma - Founder and Managing Director, K2 InfraGen Limited
I will answer. I will first try to answer your second part, then I will come to first part. Uh, second part, if you say, uh, about the geographical presence, uh, we are already, uh, in the- we are now already present in the south, and we can say on the north side also and west side also. Uh, there are probably- there will be a 1, 2 more states addition depending upon the opportunity available and depending upon the, uh, you can say type of political scenario in that particular state. So as of now, we are- I think the state which we have chosen as the 10 states that are, that are the most, uh, you can say most of the orders and most of the, uh, new, new infrastructure requirement is coming on those states only.

And they are the healthiest states with respect to the renewable energy also. And you can say on the transmission side, because that is going hand in hand because two tier like visual energy is create generating energy versus transmission businesses there is actually helping us for the delivery part so then I will check it can it could be in the year in the it could be in the FY 28 but not in this financial year but it could be on the FY 28 We have a target to complete our 900 crore within 36 months, and out of which 600, around 600 crore, or you can say 580 crore within 24 months.

So the inflow will be very high in FY28.

Sudesh Parab - Analyst
Okay, sir, that's it from my side. Thank you so much and have a good day.

Pankaj Sharma - Founder and Managing Director, K2 InfraGen Limited
Thank you, dear. Have a good day. Thank you.

Operator
Thank you. Next question is from Nilesh from Meta Design. Please go ahead.

Nilesh - Analyst, Meta Design
Yeah, sir. So while we are saying that, uh, 600 crores, 24 months, and 300 balance in overall, you say 36 months, it's a very good and ambitious volume that you already have. So looking at that, I also understand that we will be reliance on subject matter experts but the same time [Foreign Speech] Because this already in hand [Foreign Speech] execution and reflection on our revenue books in the next three years. [Foreign Speech]

Pankaj Sharma - Founder and Managing Director, K2 InfraGen Limited
So railway [Foreign Speech] business supply oriented business [Foreign Speech] they are seventy this is seventy eighty percent supply oriented business [Foreign Speech] second is that [Foreign Speech] manpower additions going on. [Foreign Speech] seniors already [Foreign Speech] well well established company [Foreign Speech] international [Foreign Speech] RBG group [Foreign Speech] twenty nine year experience RBG group [Foreign Speech] so they are not only coming with alone, they are coming with a team.

So that is there. [Foreign Speech] supply oriented business [Foreign Speech] delivery comparatively possible [Foreign Speech] banking support [Foreign Speech] financial closure [Foreign Speech] Through automation also P2B model [Foreign Speech] which is in house actually [Foreign Speech] dedicated manpower and expertise in-house so base will not take will be so much of challenge [Foreign Speech] as compared to manual intervention, so manual intervention [Foreign Speech] it is possible.

Nilesh - Analyst, Meta Design
Okay okay. [Foreign Speech] last question from me [Foreign Speech] timelines promoter pledges and [Foreign Speech] raise in promoter stakes [Foreign Speech]

Pankaj Sharma - Founder and Managing Director, K2 InfraGen Limited
[Foreign Speech] I will say We are very hopeful that within, I think by 2 years, we will be on main board with good numbers and everything.

Nilesh - Analyst, Meta Design
Thank you, sir. Thank you so much. All the best.

Pankaj Sharma - Founder and Managing Director, K2 InfraGen Limited
Thank you, dear. Thank you. Thank you.

Operator
Thank you. Ladies and gentlemen, anyone who wishes to ask a question may press star and 1. As there are no further questions from the participants, I would now like to hand the conference back to management for closing comments.

Pankaj Sharma - Founder and Managing Director, K2 InfraGen Limited
Thank you. Uh, thank you. Thank you all the participants in the earnings call conference call, and I'm very- I'm thanking, thanking. If you have any further questions or would like to know more about the company, please reach out to our investor relations managers as well as our advisors. And thank you everyone. Thanks again.

Operator
Thank you very much, sir. On behalf of K2 InfraGen Limited, that concludes this conference call. Thank you all for joining us today, and you may now disconnect your lines. Thank you.