Bondada Engineering

Operator: Good morning, ladies and gentlemen. On behalf of Captify Consulting Investor Relations team, I welcome you all to the Q4 and FY26 post-earnings conference call of Bondada Engineering Ltd. Today on the call from the management team, we have with us Dr. Raghavendra Rao Bondada, Chairman and Managing Director; Mr. Satyanarayan Bharatam, Director and CFO; and Rear Admiral R. Srinivas (VSM, Retired), CEO of Bondada Group.

As a disclaimer, I would like to inform all of you that this call may contain forward-looking statements which may involve risk and uncertainties. Also, a reminder that this call is being recorded. I would now request the management to briefly run us through the investor presentation for the period ended March 31, 2026, the growth perspective, and vision for the coming years, post which we will open the floor for Q&A. Over to the management team.

Management: Good morning to all shareholders and the Captify team. Thanks for joining this call to get more updates on last year's performance, Q4 updates, and future prospects of your company, Bondada Engineering Ltd. Today's presentation consists of the business overview, the future forward, the industry environment, business opportunities, financial performance, and the highlights of Q4 as well as the full financial year.

Most of you know that Bondada Engineering Ltd. is in renewable energy, which is our major business segment, as well as telecom and Indian Railways. We are also expanding rapidly into the Battery Energy Storage System (BESS), data centers, and even defense and aerospace manufacturing.

The net worth of the company is around 7,325 crores with a portfolio of around 7.8 GW in solar EPC and BESS under execution. We have commissioned 1.3 GW since inception. Out of the 7.8 GW portfolio, 850 MW of BESS is currently under execution. We have a Pan-India presence and centers of excellence. We have over 2,500 employees. We are ISO 9001, OHSAS, and ISO 14000 certified, with a CRISIL A Stable rating and a "Great Place to Work" certification.

We provide diversified EPC and O&M services in telecom and renewable energy. We undertake engineering, procurement, and construction for all renewable energy and telecom projects, followed by operation and maintenance. We have also ventured into Indian Railways, providing passive infrastructure for their coverage implementation. As part of our backward integration, we manufacture towers, MMS (Module Mounting Structures), BLDC motors, and LED lights. We also produce green construction products like UPVC windows and AAC blocks. Moving forward, we are looking at an IPP (Independent Power Producer) model for around 2 GW in Andhra Pradesh. Our manufacturing units are spread across two states, and we intend to create world-class facilities.

Our integrated infrastructure solutions cover renewable energy, telecom, Indian Railways, BESS, data centers, and defense and aerospace. These last three are upcoming business segments for Bondada Engineering Ltd.

We have approximately nine subsidiary companies. Some are project-based SPVs, but each is a statutory body running independently. Bondada Eco Build deals with green construction products. Bondada Eco Build (LED) handles LED and solar street lights. Redpoll Technologies deals with BLDC motors. Bondada Managed Services provides O&M services. Bondada Green Engineering

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Private Limited handles fabrication for telecom and transmission towers and solar MMS. Bondada Renewable Energy Private Limited deals with EPC for BESS projects. Greenbond RE Park Private Limited is our 2 GW IPP project SPV. Bondada Dynamics Private Limited handles our defense and aerospace manufacturing.

We have a diversified portfolio, technology-driven innovation, proven execution excellence, in-house manufacturing, and a robust order book. These are our major customers across telecom and renewable energy. In the near future, we expect to establish relationships with Coal India, NHPC, and the Gujarat Fiber Grid, where we have participated in tenders.

The company started in 2013 and ventured into manufacturing and solar EPC in 2017. We listed on the BSE in 2023. In 2022, we won a major BSNL 4G saturation project. Since then, our revenue has grown from 801 crores in FY24 to 1,571 crores in FY25, and now 2,843 crores in FY26. Our average CAGR over the last 3 years is around 90-95%, while our 14-year CAGR is around 53%. This financial year, we are focusing on BESS implementation, data centers, and defense manufacturing, along with an integrated manufacturing plant in Hyderabad.

Regarding the strategic growth roadmap for FY27, one major event is migrating to the main board of the BSE and NSE to enhance our market presence. We are targeting 1.5 GW of EPC commissioning to scale execution, as our 7.8 GW portfolio needs to be commissioned over the next 2 to 2.5 years. We want to complete 1.5 GW this year as per budgeted timelines. We have identified a land parcel for an integrated world-class manufacturing facility in Hyderabad to combine our products and enhance volumes.

Our Vision 2030 targets 25 GW of renewable energy capacity, aligned with the Government of India's 500 GW target. This includes 16 GW of solar and 9 GW of BESS across both BOO and EPC scopes. We will strengthen telecom leadership for Digital Bharat and 5G expansion, providing new towers and fiber-to-the-last-mile connectivity.

For the Kavach Indian Railways safety projects, we provide passive infrastructure along railway tracks, including communication towers and fiber connectivity between stations and locomotives. We won our first tender with South Central Railway and are participating in many others currently under evaluation.

Given our experience in telecom, renewables, and IPP power plants, entering data center infrastructure is a natural step. We have an MOU with a UK-based company, Brainstorm, to find hyperscale data center operators while we create the infrastructure. We are working on two facilities in Hyderabad and Vizag, with revenues expected from this financial year.

In defense and aerospace, where there is a strong push for national self-resilience, we are targeting system and subsystem integration. We plan to supply these to DPSUs, the Indian defense forces, and for export.

Regarding BESS, we identified huge potential for grid stability and peak power management. We have already bagged 850 MW of orders from Tamil Nadu and Andhra Pradesh. These are annuity-based contracts where we install BESS container solutions at existing substations and maintain them for 12 years.

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In the defense sector, we are entering the aerospace, UAV, naval subsystem, and airframe markets. We are also looking at inorganic growth by acquiring majority stakes in two smaller companies currently in this space to scale up quickly.

Looking at industry numbers, the peak power demand was around 240 GW in 2025, but it is expected to rise to nearly 700 GW by 2036. This provides significant potential for the next 10 years across solar, wind, BESS, pumped storage, and green hydrogen.

As of March 31, 2026, we have a strong order book of 7,147 crores. Renewable energy accounts for 4,136 crores (65%), followed by BESS at 1,463 crores. In our pipeline, we have the 9,000 crore IPP project for 2 GW in Andhra Pradesh. Geographically, our order book is concentrated in Maharashtra, Gujarat, Tamil Nadu, Rajasthan, and Andhra Pradesh, with smaller portions in Telangana, Uttar Pradesh, Karnataka, Kerala, and Bihar.

In Rajasthan, we have 1,134 MW under execution with customers like NLC and NTPC. In Gujarat, we have nearly 1,800 MWp DC capacity with Adani, NLC, and the KP Group. In Maharashtra, we are executing 568 MWp for clients like PMK. In Telangana, we are completing work for Singareni Collieries, which should be finished within the next two weeks. In Uttar Pradesh, we have 435 MWp with NTPC. Our 850 MW BESS projects in Andhra Pradesh and Tamil Nadu are currently under execution.

For the full financial year 2026, we commissioned nearly 0.5 GW in solar EPC. We target 1.5 GW for the current year, which would bring our cumulative commissioned capacity to 3 GW. In telecom, we have installed 1,536 BSNL towers, of which 1,506 are radiated, representing a 91% strike rate. In emerging sectors, we are focused on BESS and have participated in three more tenders. For data centers, we have an MOU with a Dubai-based corporation and have one ongoing assignment.

Randhir Singh: Good morning. I have three questions. What will be the revenue guidance for FY27 over FY26? Can our net profit margin increase in FY27, and if so, why? I want to know these things.

Management: Our order book stands at 7,150 crores, which we deliver over the next 18 to 20 months. We expect revenue growth of approximately 60-70% in the coming financial year. As most contracts are long-term, the profitability margin should remain consistent, leading to a 60-70% growth in the absolute bottom-line figure. Last year, our profit was around 211 crores, and we expect that to grow by 60-70%.

Nishita: You mentioned ongoing orders. What is the current order book pipeline?

Management: In addition to the 7,150 crore existing order book, we have bid for tenders totaling 25,000 to 30,000 crores. Our typical strike rate is 20-25%. Currently, we are L1 for orders worth 2,850 crores, which we expect to receive in the first quarter.

Nishita: Regarding the new facility for which you have land, when will construction start, and what is its purpose?

Management: This facility will integrate our manufacturing for renewable products like MMS structures, transmission towers, and BESS containers using new vanadium technology. We have identified 27 acres near Hyderabad. Construction will start in Q2 FY27. The total CAPEX, including

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land, is 120 to 130 crores. It will take one year to complete. While we haven't included revenue from this plant in our current projections, it will cater to growth over the next five to six years.

Prem Kumar: Congratulations on a great year. Regarding the 1,050 crore order from Adani, what is the status of that project? Has the land been allocated and has supply started?

Management: The Adani project is under execution. Work began after land and connectivity were secured. It is in full swing, and we have already billed approximately 70-80 crores. We are currently slightly ahead of the project timeline.

Moiz Khan: Our target for 2030 was 10 GW, then it was upgraded to 25 GW. Does this change our 1 billion dollar revenue target?

Management: The 1 billion dollar revenue target is consistent with the 25 GW capacity because much of that comes from the EPC segment.

Moiz Khan: Are we expecting follow-up orders from Adani?

Management: We are currently discussing a repeat order. We expect Adani orders to come through continuously over the next two to three quarters.

Moiz Khan: You were previously projecting 100% revenue growth but ended at around 80%. Where did we fall short?

Management: We generally guide for 80-90% growth. Almost all segments performed well last financial year. For next year, we are targeting approximately 60-70% growth.

Urvish Shah: On data centers, what is the revenue potential and margin profile of the MOU with Brainstorm?

Management: Brainstorm brings the hyperscale operators, while we set up the data center infrastructure, including connectivity, power, and the shell. Data centers will constitute 7-8% of our revenue this financial year with an expected EBITDA margin of 14-15%.

Urvish Shah: What is the rationale for entering the defense sector?

Management: We want to shift our ratio of EPC to products from 90:10 to 70:30. Defense products offer higher margins and the opportunity for intellectual property-based exclusivity. Our first order was for missile components. We will start with precision manufacturing and graduate to higher-value subsystems.

Urvish Shah: We saw a slight dip in margins this quarter. What were the reasons?

Management: There were two reasons for the Q4 dip. First, we billed some low-margin projects in the fourth quarter. Second, there was a minor increase in material costs, particularly steel and cables. However, on an annual basis, our profit margin improved by 30 basis points compared to last year.

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Management: Regarding a question from the chat about generating 200 crores from a 120 crore plant: for an EPC company, receivables at 27-28% of revenue is quite common; the industry average is 30-35%. We are positive in operating cash flow by 125 crores and have 100 crores in net surplus cash after debt. Regarding the plant, 120 crores of investment can eventually generate 1,500 to 1,800 crores of revenue annually, though we are scaling up in phases.

Ayush Sharaf: Current liabilities jumped from 171 crores to 501 crores. How much of this is customer advances? Also, what is the average collection period from PSU clients like NLC and NTPC?

Management: Out of the 501 crores, 150 crores are customer advances. The rest is due to our use of the TReDS facility to fund MSME supplier payments, which helps with fund cost management. Regarding PSUs, our collection cycle is 85-90 days. We recently achieved major collections from NLC, NTPC, and Singareni Collieries, so we are comfortable.

Ayush Sharaf: For the 2 GW IPP project worth 9,000 crores, what equity capital is needed?

Management: This is a confirmed order but held in a separate SPV. Equity infusion will happen in phases over 3 to 4 years. We will start with 250 MW, requiring about 250 crores of equity. We have various avenues to raise this capital.

Management: Regarding the BESS execution, we have two projects: 400 MWh in Tamil Nadu and 450 MWh in Andhra Pradesh. The first should be completed in a year, and the second in 18 months. These are VGF-eligible projects with IRRs between 13-14%. The Tamil Nadu project has achieved financial closure with Canara Bank.

Shrenik Mehta: How will the shift toward BOO and IPP projects affect your overall IRR?

Management: EPC will remain 50-60% of revenue through 2028-29. IPP will contribute 20-25% and products another 15-25%. While BOO project IRRs are around 12-13%, our solar IPP IRRs are expected to be 17-18%. The addition of exclusive products and defense manufacturing will help balance the overall company IRR.

Kartik Jain: Why did services revenue decline in the consolidated segmental reporting?

Management: That is a classification issue; some services were included under EPC. Actual O&M services have increased from 90 crores to 120 crores. We will recheck the segmental reporting, but the overall margin profile has improved.

Sunil: Can we expect EBITDA margins between 11-12% and PAT of 7% going forward?

Management: Yes, very comfortably. Our cash flow is positive because we focused on collections, receiving over 1,000 crores in Q4, including 457 crores in March alone. We also used the TReDS facility to manage vendor payments at a cheaper finance cost.

Pranav Goel: Were you part of the recent BESS tenders by NTPC or Coal India?

Management: We participated, but many recent BESS contracts were awarded at unviable rates. We stayed away during the reverse auctions because the pricing went beyond our threshold for assured IRRs. Our RFP framework for BESS is considered an industry benchmark, and we won't

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compromise on viability.

Venkataraman Sethuraman: Is there oversupply in the solar market, and how do geopolitical tensions affect you?

Management: The oversupply perception is incorrect. Capacity is needed for the 2030 and 2047 targets. The real challenge is grid stability and storage, which the government is addressing. Geopolitically, we aren't directly impacted as most products are indigenous or from the east, except for marginal impacts on petroleum-based shipping costs.

Venkataraman Sethuraman: How do you differentiate your defense business from players like Data Patterns?

Management: We generated revenue in our very first year with a critical missile component order. We are relying on inorganic growth through the merger of three companies with substantial intellectual capital. We are moving from small components to subsystems while developing independent products for the defense forces.

Surya Nayak: What is your scope per megawatt in the data center business?

Management: Each megawatt currently represents about 35 to 40 crores of our scope (connectivity and infrastructure). We are starting with 2-3 MW projects but can go up to 10 MW. We are not sitting on long-term CAPEX; we build and hand over to hyperscalers within 6 to 8 months.

Management: Thank you very much for joining our earnings call today and for your qualitative questions. I hope we have answered all your queries. We will review our segmental reporting observations. If further information is required, you can reach us one-on-one. Thank you, Captify team, for arranging this call.

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