Cemindia Projects

Operator: Ladies and gentlemen, good day and welcome to the Cemindia Projects Ltd. Q1 FY27 earnings conference call, hosted by ICICI Securities Limited. As a reminder, all participant lines will be in listen-only mode, and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star then zero on your touchtone phone. Please note that this conference is being recorded. I would now like to hand the conference over to Mr. Mohit Kumar from ICICI Securities. Thank you, and over to you, sir.

Mohit Kumar – ICICI Securities: Thank you, Manav. Good afternoon. On behalf of ICICI Securities, I welcome you all to the Q1 FY27 earnings call of Cemindia Projects Ltd. Today, we have with us from the management, Mr. Jayanta Basu, Managing Director, Mr. Nitesh Sharma, CFO, and Mr. Rahul Agarwal, Head of Investor Relations. We will begin with the opening remarks from the management, which will be followed by Q&A. Thank you and over to you, sir.

Management: Thank you, Mohit. Good afternoon, everyone, and thank you for joining us today for the Q1 FY27 results conference call. This is Nitesh Sharma, CFO of Cemindia Projects Ltd. Before we begin, I would like to mention that our discussion today includes certain forward-looking statements relating to Cemindia Projects Ltd. These statements are based on management's current expectations and assumptions and are subject to risks and uncertainties that could cause actual results to differ materially.

I shall begin with an overview of the financial performance for the quarter, following which our MD, Mr. Jayanta Basu, will take you through the company's operational performance. We are pleased to report a healthy start to the financial year with continued growth in both revenue and profitability. During Q1 FY27, operating income increased by 6% year-on-year to 2,721 crores from 2,576 crores in the corresponding quarter last year. This reflects a steady execution across our project portfolio. EBITDA grew by 9% year-on-year to 285 crores compared to 261 crores in Q1 FY26. EBITDA margin improved to 10.5% from 10.1%. Profit after tax increased to 141 crores from 137 crores in Q1 FY26, representing a growth of 3% year-on-year.

Order flow continues to remain strong. During Q1 FY27, we secured orders worth 8,519 crores. In July, we added another 1,247 crores of new orders, and we are presently L1 in projects valued at approximately 990 crores. Overall, this represents new orders of approximately 10,756 crores, providing strong revenue visibility and supporting growth and execution momentum over the coming quarters. Now I would request Mr. Basu to take you through the operational performance.

Management: Thank you, Nitesh. I welcome all of you to this conference call for the Q1 FY27 results of Cemindia Projects Ltd. As you can see, our Q1 performance for this year has been steady compared to previous quarters. EBITDA is around 10.5%, PAT is 5.2%, and revenue is around 2,700 crores, which used to be 700 crores per quarter three years ago. So, there is a substantial increase.

There are plenty of opportunities. As you can see, our work-in-hand position is quite healthy as of today. Today, work-in-hand is around 31,000 crores, which typically used to be 18,000-20,000 crores previously. We will be continuously pursuing to secure more work in the segments where we want to operate. Interestingly, in the first quarter, we have secured more than 8,000 crores of work

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as compared to 2,900 crores secured during the first quarter of last year. This is almost a three-fold increase in work secured in this quarter compared to the same quarter last year. I hope this momentum will be maintained. Because there are many opportunities, we naturally have to be internally prepared to grab those opportunities and execute them. We are prepared for that.

We are specially focusing on our team, and some transformation is going on. We are focusing extensively on the digitalization of various activities and the use of technology, specifically in construction methods, project planning, and monitoring methods, including the usage of AI. There is a team follow-up from the board members and the senior management team. We are preparing to handle the jump in revenue that we are expecting from these opportunities.

Regarding current projects, as most of you know, we have secured two metro jobs: one in Pune and one for the Delhi Metro underground. Those are in the progression stage. Pune has progressed significantly, and Delhi Metro has just started. Additionally, we have secured a project in Burnpur, West Bengal, for Steel Authority of India Limited, which involves a huge quantity of structural fabrication work. We are experienced in this as we have completed several airport projects recently. beyond that, we have secured around 6,000 crores in projects from the group. Two of these are major: one at Munger for an elevated corridor to the Asad Gate Road, and the Mor Sagar in Rajasthan for irrigation canals. I think the opportunities are there and we are doing well. I will be happy to answer any questions.

Operator: Thank you very much, sir. 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 headsets while asking a question. Ladies and gentlemen, we will wait for a moment while the question queue assembles. We have our first question from the line of Janam Jain from Dan Capital. Please go ahead.

Janam Jain – Dan Capital: Thank you for the opportunity. Sir, congratulations on a good set of numbers. Sir, my first question is that we have received orders for civil work for a substation in Rajasthan. I am assuming that we have received this order from one of our group companies. I wanted to understand whether we are planning to expand our EPC work into the T&D segment as well.

Management: Regarding the T&D segment, no. I am not sure which one you are mentioning, but we have received the order for Mor Sagar. The HVDC work involves substation building work, which is part of the Mor Sagar irrigation project. The HVDC part is a very small component related to an existing airport terminal. It has nothing to do with the T&D segment, and we do not have any plan to enter that segment right now.

Janam Jain – Dan Capital: Okay, sir. Second, we recently approved a fundraise of 5,000 crores via QIP. We are already a net cash company and we have a gross cash of 18 billion. Against that, a fundraise of 50 billion is a quite significant number. I just wanted to understand the purpose of this fundraise.

Management: If you want to grow, you require capital; it is as simple as that. Many projects require new plant and equipment and various other categories of investment. Anticipating the coming

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growth, we have decided to proceed with this QIP.

Janam Jain – Dan Capital: Okay, sir. It answers my question. Thank you so much and all the best.

Management: Thank you.

Operator: Thank you. We have our next question from the line of Balchandra Shinde from Motilal Oswal Financial Services. Please go ahead.

Balchandra Shinde – Motilal Oswal Financial Services: Hello. Hi, sir. I would like to know what kind of order flows we are expecting for FY27, and if you can mention the segments where we are seeing good traction.

Management: Our target is to secure around 25,000 crores for the full year of FY27. We have already secured 8,000 crores in the first quarter, so securing the remaining 17,000 crores is not a major challenge. These will mostly be in underground metro, marine, road tunnels, and PSP hydro projects, as well as data centers. If we look at the pipeline, involving tenders at various stages—some already bid, some submitted, and some on the horizon—the visibility is for 19,000 crores plus.

Balchandra Shinde – Motilal Oswal Financial Services: On the execution front for the existing order book, what kind of execution cycle should we expect? Should we expect execution growth in the next two quarters to be much better than this quarter?

Management: Sometimes one or two projects can face issues, but normally the execution cycle is three years. You can roughly estimate the progress from that. Apart from that, you have the monsoon effect in the next quarter. I am not particularly optimistic about Q2 as it tends to be slower for all companies, but progress in Q3 and Q4 will definitely be better than Q1. Some of the projects we secured recently will also start contributing to revenue from Q3. So, yes, progress will be ramping up in Q3 and Q4.

Balchandra Shinde – Motilal Oswal Financial Services: Got it. Thanks, sir. I will come back in the queue.

Operator: Thank you. We have our next question from the line of Dhananjay Mishra from Centrum Broking. Please go ahead.

Dhananjay Mishra – Centrum Broking: Hello, sir. Congratulations on the strong order inflow. In the marine segment, apart from the Vadhavan order we are expecting, are there any other new projects in the port segment you are anticipating?

Management: Yes, besides Vadhavan, we have several projects overseas. In Oman and the UAE, we are pursuing two marine projects. We are also pursuing one or two marine projects in Bangladesh. In India, there is the Tuticorin Harbour which will eventually come up, and some work at the Vizag port. Altogther, we have roughly 15,000 crores of marine projects in the pipeline that we are currently tendering.

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Dhananjay Mishra – Centrum Broking: Regarding the road tunnel projects you mentioned, which specific projects are we expecting there?

Management: The focus of the government is shifting from elevated structures to underground tunnels because of space congestion and aesthetics. There are projects in Bengaluru and Mumbai. Specially, there are road tunnels planned below the Brahmaputra River, and in Mumbai, we see the Gorai-Borivali road tunnels and the Bengaluru road tunnels coming up.

Dhananjay Mishra – Centrum Broking: And how is the competition in the tunnel segment overall?

Management: Competition is a part of our business and it will remain as usual.

Dhananjay Mishra – Centrum Broking: Okay, sir. And are we maintaining our FY27 revenue guidance?

Management: Yes, we are.

Dhananjay Mishra – Centrum Broking: Okay, thank you.

Operator: Thank you. We have our next question from the line of Vaibhav Shah from JM Financial. Please go ahead.

Vaibhav Shah – JM Financial: What would be the Adani Group's share in the current order backlog?

Management: Out of the 8,000 crores we recently secured, approximately 6,000 crores came from the Adani Group and 2,500 crores from external clients. In the total backlog of 31,000 crores, Adani accounts for roughly 50-50, or about 53%.

Vaibhav Shah – JM Financial: For the remaining 17,000 crores of inflow targeted this year, would the mix between the group and external clients be similar?

Management: We cannot say for sure because it depends on how much we secure from external sources, so the percentage may vary.

Vaibhav Shah – JM Financial: But in the 90,000 crore prospect pipeline, would the mix be a similar 50-50?

Management: I would have to calculate that precisely, but you can assume it is around 50-50.

Vaibhav Shah – JM Financial: What was our gross debt and cash balance as of June?

Management: The gross debt was 1,000 crores and the net debt position was 700 crores.

Vaibhav Shah – JM Financial: Regarding the Bangladesh project, what is the outstanding backlog and receivables? Has the execution normalized now?

Management: Execution is absolutely under control. We hope to complete our full scope of work within a few months, by September or October. Receivables are around 158 crores. This is part of the normal payment cycle, so I do not think there is any issue.

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Vaibhav Shah – JM Financial: Do we maintain our revenue growth guidance of 20–25%?

Management: Yes, it is 25%.

Vaibhav Shah – JM Financial: Okay. Thank you, sir. These were my questions.

Operator: Thank you. We have our next question from the line of Aditya Sahu from HDFC Securities. Please go ahead.

Aditya Sahu – HDFC Securities: Of the 31,000 crore order book that we have, how much is L1 as of today?

Management: The 31,000 crores is already in hand and secured. The L1 position is around 1,000 crores in addition to that.

Aditya Sahu – HDFC Securities: How is the Vadhavan port execution panning out? We were facing some issues there previously.

Management: Execution at Vadhavan port is yet to start. There are several issues to be sorted out which are beyond our scope. While we expected those to be resolved, the process is still ongoing. Things are moving positively, and the government has taken active steps with cooperation from all corners. I hope work will resume soon, but it is not currently in our control.

Aditya Sahu – HDFC Securities: And of the bid pipeline, I believe you mentioned 90,000 crores in total?

Management: Yes, that is the pipeline of bids submitted plus those visible on the horizon where tenders are yet to be released.

Aditya Sahu – HDFC Securities: Regarding CapEx, you previously guided for 350 to 400 crores. Is that still the target, and what was performed in Q1?

Management: In Q1, we did about 100 crores. For the full year, it will be around 350 to 400 crores. However, there could be exceptional projects where we may need to buy extraordinary plant and machinery, which would change the CapEx requirement. Otherwise, it stays in that range.

Aditya Sahu – HDFC Securities: What was the net debt to equity as of June? And regarding the Bangladesh project, why did the timeline change from June to September 2026?

Management: Net debt to equity was 0.28 as of June. Regarding Bangladesh, the timeline of September or October is what we have maintained. The monsoon in Bangladesh is unpredictable because of the perennial nature of the rivers and the high water fluctuations. We are constructing foundations for transmission towers in deep water, and sometimes the work site goes underwater. We are adopting a different technology to overcome this and complete the work as per our plan.

Aditya Sahu – HDFC Securities: Could you provide the receivable and net working capital days as of June?

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Management: Trade receivables, including retention, stood at 69 days. The net working capital was around 120 days.

Aditya Sahu – HDFC Securities: Thank you so much, sir.

Operator: Thank you. We have our next question from the line of Manish Oswal from Nirmal Bang Securities. Please go ahead.

Manish Oswal – Nirmal Bang Securities: Thank you for the opportunity. We are hearing about labor and technical personnel shortages across the industry. Are we seeing this in our projects?

Management: Labor shortage is always a challenge.

Operator: There is some echo in the voice. Manish, please use your handset.

Manish Oswal – Nirmal Bang Securities: I am using the handset now.

Management: Labor crises are persistent because the volume of construction has increased significantly compared to 5 years ago. Additionally, many workmen are migrating to different types of white-collar professions. This is a challenge for all Indian construction companies, and we are managing it.

Manish Oswal – Nirmal Bang Securities: Regarding the 5,000 crore QIP, the current net worth is around 2,500 crores. Does this imply you are expecting superlative growth, perhaps an order book of a lakh crore, in the next few years?

Management: There is a planning process in place which it would not be fair to reveal now, but it is definitely related to growth.

Operator: The participant got disconnected. We will move to the next participant, Rohit Natarajan from Axis Bank.

Rohit Natarajan – Axis Bank: You are focused on maritime structures, urban infra, data centers, water, and highways. Are there other sectors you wish to enter strategically?

Management: We have already started in data centers and are executing those projects well. We are also looking at other prospective segments, such as high-speed rail and nuclear power.

Rohit Natarajan – Axis Bank: Within power, will you be doing BOP part or renewable transmission?

Management: In thermal power, we look at intake systems, material handling, coal handling, and turbine buildings. We do not do chimneys or cooling towers. In hydel power, it is basically mining, tunnels, and deep excavation, which we already do in places like North India. For solar, we are doing pile foundations in massive quantities at Khavda. For wind turbines, if opportunities arise in the marine front for large foundations like those seen in the North Sea, we are capable of doing that.

Rohit Natarajan – Axis Bank: Regarding the 5,000 crore QIP, will you build capability organically or through acquisitions?

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Management: It is a mix of both. Growing organically is easier because you know the subject, but inorganic growth is also in the plan for some segments. Growing organically also requires significant capital investment nowadays because plant and machinery costs a lot.

Operator: Thank you. We have our next question from the line of Abhinav from ICICI Securities. Please go ahead.

Abhinav – ICICI Securities: On data centers, what is our exact scope and the megawatt capacity in the orders received?

Management: We have been working in Navi Mumbai for close to a year. We have projects totaling roughly 320 to 400 megawatts in progress there. We also secured a data center project in Vizag for civil structures. Opportunity size is significant, but we are limiting ourselves to what we can reliably deliver.

Operator: Thank you. We have our next question from the line of Nikhil Kanodia from Sunil Securities. Please go ahead.

Nikhil Kanodia – Sunil Securities: What is the total bid pipeline, hit ratio, and broad segment breakup?

Management: The ballpark pipeline is 90,000 crores with a hit ratio of 15%. Each of the six major segments—marine, underground metro, airports, data centers, highways, and water—represents an opportunity of roughly 15,000 to 20,000 crores.

Nikhil Kanodia – Sunil Securities: And regarding the QIP, do you have immediate plans to raise and deploy the amount?

Management: It is a time-consuming process. Once raised, much of it will be utilized in subsequent years. The timing is contingent on market conditions and near-term visibility of converting bids into orders.

Nikhil Kanodia – Sunil Securities: What are the constituents of your working capital?

Management: Trade receivables including retention stood at 69 days. Inventory is 30 days and WIP is 107 days. Net working capital stands at 120 days.

Operator: Thank you. We have our next question from the line of Vishal Periwal from EN Capital. Please go ahead.

Vishal Periwal – EN Capital: How is the order book between Adani and external clients structured? Is there a buffer for cost inflation?

Management: With the Adani Group, it is competitive bidding. In some cases, we receive material free of cost, which is an advantage. Our margins are in the 10% plus range. While geopolitical issues and commodity scarcity are variables, we build cushions and safety factors into our estimates.

Vishal Periwal – EN Capital: What is the export share in the order book?

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Management: It is around 2-3%.

Vishal Periwal - EN Capital: Execution in Q1 looked lower. Is that due to the monsoon or specific project delays?

Management: Vadhavan port is a sizable project where we have zero production currently due to external factors. Also, several large orders we secured recently, like Pune and Delhi Metro, are in the initial mobilization and design phase, which takes 3 to 6 months before starting revenue generation.

Operator: Thank you. We have our next question from the line of Shravan Shah from Dolat Capital. Please go ahead.

Shravan Shah - Dolat Capital: Do we plan to only continue with the EPC business or also look at equity-heavy projects? And regarding the 5,000 crore QIP, if the business is self-sufficient at 10% margins and 20% growth, why do we need that volume of equity?

Management: We intend to maintain our focus as an EPC business. Regarding the capital, we envisage opportunities and want to be prepared. For some large projects, like road tunnels requiring costly tunnel-boring machines, the CapEx requirements are much higher. A 20-25% growth rate is doable for the next few years.

Operator: Thank you. We have our next question from the line of Bhavya Gandhi from Bajaj Holtec Initiatives. Please go ahead.

Bhavya Gandhi - Bajaj Holtec Initiatives: You mentioned a 90,000 crore pipeline and a 15% hit ratio, implying 13,500 crores in expected inflows. Who are the competitors in the marine segment?

Management: There are basically three major players, but you can consider a total of about 5 players who attempt to enter this space.

Bhavya Gandhi - Bajaj Holtec Initiatives: What is the peak debt level and working capital requirement?

Management: The current debt of 1,000 crores should suffice for 20-25% growth. Gross debt might rise by 10-20% but will remain in that range. Working capital will stay between 110 and 120 days. The QIP enabling resolution is to ensure we are not restricted if a massive, capital-intensive project comes through.

Operator: Thank you. We have our next question from the line of Gurpreet, an individual investor. Please go ahead.

Gurpreet: Why is revenue growth decelerating relative to the record order book?

Management: Statistics can be misleading. Three years ago, we did 700 crores per quarter, and now we are at 2,700 crores. A large chunk of our 31,000 crore order book—about 12,000 crores—is in the mobilization stage with no revenue yet. Projects like Vadhavan are also currently producing zero revenue for reasons outside our control. We maintain our 25% revenue growth guidance for FY27 and FY28.

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Operator: Thank you. We have our next question from the line of Nikhil Manoharan from Trust Mutual Fund. Please go ahead.

Nikhil Manoharan – Trust Mutual Fund: How do we gain confidence in the 25% growth target given the 6% growth in Q1?

Management: Projects in Pune, Delhi, Munger, and Mor Sagar, along with the Abu Dhabi project picking up, will provide revenue in the second half of the year. The work is currently in the mobilization phase, but we are confident in reaching the target.

Operator: Thank you. We have our next question from the line of Haarin Modi from Anand Rathi. Please go ahead.

Haarin Modi – Anand Rathi: What is the status of the Bengaluru underground tunnel project won by Adani? And are you open to back-to-back EPC for Adani's BOT projects?

Management: The Adani Group is waiting for the LOA from the government for the Bengaluru project. And yes, we are open to back-to-back EPC arrangements for those projects.

Operator: Thank you. We have our next question from the line of Milburn Khemka from CD Research. Please go ahead.

Milburn Khemka – CD Research: Has the nature of urban and marine infrastructure changed in the last 5 years in terms of complexity?

Management: The project sizes have become larger. We used to do projects for 300 to 400 crores, and now we are doing projects for 1,000 to 3,000 crores. This requires more efficient methods and faster machines, which is a continuous process of technological improvement.

Operator: Thank you. We have our next question from the line of Jay Shah from OHM Portfolio EP Research. Please go ahead.

Jay Shah – OHM Portfolio EP Research: Regarding the Ganga Expressway, how much work is left?

Management: As far as construction is concerned, the project is completed. Billing and payments follow the normal cycle, including retention amounts.

Jay Shah – OHM Portfolio EP Research: Does the current year's revenue guidance imply a new normal of 5,000 crores per quarter starting from Q3?

Management: Q3 and Q4 typically give better revenue. I cannot say exactly 5,000 crores per quarter yet, but it will be much better than Q1. Our capacity and operations would allow us to work at that level comfortably.

Operator: Thank you. There are no further questions. I now hand the conference over to the management for closing remarks.

Management: Once again, thank you all for joining us on this call and we wish you all a wonderful day. Thank you.

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Operator: Thank you, sir. On behalf of ICICI Securities Limited, that concludes this conference. Thank you for joining us and you may now disconnect your line.

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