

Vascon Engineers

14 August 2026

Operator: Ladies and gentlemen, good day and welcome to the Vascon Engineers Ltd. Q1 FY27 earnings conference call. 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 this conference call, please signal the operator by pressing star and zero on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Akhilesh Gandhi from Stellar Investor Relations. Thank you, and over to you, Mr. Gandhi.

Akhilesh Gandhi – Stellar Investor Relations: Thank you, {? Aviraj ?}. Good morning, everyone. I, Akhilesh Gandhi, on behalf of Stellar Investor Relations, welcome you all to the Vascon Engineers Ltd. Q1 FY27 earnings conference call. We shall be sharing the key operating and financial highlights for the first quarter ended June 30, 2026.

Today, we have the senior management team of Vascon Engineers Ltd. We have Dr. Santosh Sundararajan, who is the Group CEO. Along with him, we have Mr. Ravish Rao, who is the Chief Executive Officer for real estate, and Mr. Somnath Biswas, who is the Chief Financial Officer.

Before we begin, I would like to state that this call may contain some forward-looking statements that are completely based upon the company's beliefs, opinions, and expectations as of today. The statements made in today's call are not a guarantee of future performance and also involve unforeseen risks and uncertainties. The company also undertakes no obligation to update any forward-looking statements to reflect developments that occur after the statements are made.

Documents relating to the company's financial performance, including the investor presentation, have already been uploaded on the stock exchange. With that, I now invite Dr. Santosh Sundararajan to deliver his opening remarks on the company's performance for the first quarter ended June 30, 2026. After that, we will open the floor for the Q&A session. Thank you, and over to you, sir.

Dr. Santosh Sundararajan – Group CEO: Thank you, Akhilesh. Good morning, everyone. It is my pleasure to welcome you to Vascon Engineers Ltd.'s earnings conference call for the first quarter of FY27. Thank you for taking the time to join us today. I trust you have had an opportunity to review our financial results and the investor presentation available on the stock exchanges as well as the company's website.

As we commence FY27, our key priorities remain clear: to accelerate project execution, strengthen our order book, improve cash flow efficiency, and maintain financial discipline across the businesses.

On the EPC business, EPC continues to be the cornerstone of Vascon's growth strategy. Over the years, we have successfully delivered more than 225 projects covering over 45 million square feet across India. Our integrated turnkey capabilities, along with our in-house design and engineering expertise, continue to be an important differentiator for us in the market.

During Q1 FY27, our focus remained on progressing our existing portfolio while simultaneously strengthening the pipeline for future quarters. As of June 30, 2026, our total EPC order book stands at approximately 2,850 crore, comprising an external EPC order book of 2,531 crore and an internal order book of 319 crore. This represents about 3 times our FY26 EPC revenue and provides strong

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revenue visibility over the medium term.

During the quarter, we secured a 295 crore order from CPWD for the construction of the RBI colony in Guwahati. This further strengthens our presence in large government-led infrastructure projects. In addition, we further strengthened our EPC pipeline with an LOI worth 126 crore excluding GST from the Maharashtra Public Works Department for the development of a 300-bedded General Hospital at Wardha, Maharashtra. The LOI was received on August 12, 2026.

This opportunity further strengthens our presence in the healthcare and government infrastructure segment and adds to the visibility of our future order inflows. Looking ahead, we are targeting approximately 1,500–2,000 crore of new EPC order intake during FY27. Our focus will remain on securing large and high-value civil construction projects from the government as well as reputed private-sector clients.

On execution, during the quarter we did experience some moderation in EPC execution. The key factor was temporary cash flow constraints in 2 major government projects, which impacted the pace of execution and consequently revenue recognition during Q1 FY27. We consider this primarily a timing-related execution issue rather than a structural concern with our order book.

Fund flows for the affected projects are expected to commence from August 2026, which should enable us to progressively ramp up our execution. At the same time, some projects awarded in earlier years are now approaching completion and therefore contributed relatively lower revenue during the quarter. The newer projects secured during FY26 and Q1 FY27 are still in the initial stages of execution and are expected to make a more meaningful contribution from Q3 onwards.

Our immediate priority, therefore, is to accelerate execution across the existing portfolio, ensure timely mobilization of resources, and convert our strong order book into revenue. Our strategic engagement with Adani Infra India Limited is also expected to support future order inflows and further strengthen our EPC order book over the medium term.

Our strengthened banking relationship will also play an important role in supporting the next phase of growth. As of June 30, 2026, we had total sanctioned banking limits of approximately 760 crore, including fund-based and non-fund-based facilities. Of this, approximately 355 crore remains unutilized. This provides us with additional financial flexibility to mobilize resources, support project execution, and pursue opportunities as our order book continues to grow.

Let me now spend a few minutes on our real estate business. We have set ourselves a clear long-term ambition of building towards an annual booking value of 1,200–1,500 crore by FY31. As outlined in our investor presentation, this forms an important part of our FY30–31 growth and acquisition strategy.

To achieve this objective, we first needed to strengthen the capabilities required to build a business of this scale. Design, engineering, and construction execution have always been our core strengths and remain deeply embedded in our DNA. However, building a scaled real estate platform requires additional capabilities across business development, sales, marketing, quality, and customer experience. Over the last quarter, we have therefore focused on strengthening 3 key areas.

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Firstly, business development. We have strengthened the team to create a robust and de-risked project pipeline across our core micro-markets of Mumbai and Pune. Our focus is on redevelopment opportunities as well as select joint venture, joint development, and greenfield projects.

Secondly, sales and marketing. We have brought in senior leadership to strengthen our internal sales capabilities and further expand our channel partner network. Our objective is to build consistent month-on-month sales momentum across our live projects rather than relying predominantly on launch-led sales.

Third is quality and customer experience. We have onboarded a senior professional from the Armed Forces to strengthen quality control throughout the construction cycle and enhance the overall customer experience, including handover and post-handover building and services management. These are strategic capability investments, and we expect their full benefits to become increasingly visible over the next few quarters.

Importantly, we are already seeing encouraging early traction. Against the total booking value of 113 crore achieved in FY26, we recorded 66 crore of booking value in Q1 FY27 alone. During the quarter, we recorded new sales bookings of approximately 30,690 square feet, while total collections were approximately 20 crore.

Orchids witnessed a meaningful improvement in sales momentum, recording approximately 38 crore of booking value during Q1 FY27 and taking the cumulative booking to approximately 87 crore. We also launched Tranquil Heights in Powai during the second week of June, and the initial market response has been encouraging. Separately, for Prakash in Santacruz West, we have received the required approvals, including RERA approval, and expect to launch the project shortly.

Our near-term pipeline also includes Tower of Future in Baner-Pashan, Pune, and the Ajanta redevelopment opportunity in Kharadi. Together with Prakash, these projects represent approximately 1.74 million square feet of saleable area, with an estimated sales value of around 2,000 crore, of which approximately 1,000 crore is attributable to Vascon.

In terms of new project acquisitions, while no transaction has been signed at this stage, we have several active opportunities under discussion. We continue to follow a selective and disciplined approach and are working towards converting some of these opportunities over the next 2-3 quarters. Our objective is clear: to build a healthy, high-quality, and de-risked project pipeline that can support launches from FY28 onwards. At the same time, we will remain disciplined in capital allocation and project selection.

Operationally, our focus will remain on 3 key priorities. First is accelerating the launch of projects already in our pipeline. Second is achieving the price points embedded in our underwriting rather than pursuing volumes at the expense of value. Third is ensuring timely execution with a strong emphasis on construction quality and customer experience.

Alongside this, we will continue to focus on improving collections and maintaining financial discipline across the portfolio. We believe that these strengthened capabilities, combined with our established design...

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Management: Engineering and execution strength provide a solid foundation to scale our real estate business in a measured, sustainable, and value-additive manner over the coming years.

I will now take you through the financial performance of the company. The company reported consolidated revenue from operations of 152 crore compared to 221 crore in Q1 FY26. The decline was primarily attributable to lower EPC execution during the quarter, which has been discussed earlier.

Consolidated EBITDA stood at 10 crore compared with 34 crore in Q1 FY26. It is important to note that in Q1 FY26, we had 18 crore of profit from the sale of an investment. Excluding this one-time gain, Q1 FY26 EBITDA stood at approximately 15 crore. On this adjusted basis, the EBITDA margin for Q1 FY27 was approximately 6%, broadly in line with the corresponding quarter last year.

Profit after tax stood at 2 crore compared to 22 crore in Q1 FY26. The moderation in profitability was primarily due to the lower revenue base during the quarter, coupled with the impact of the one-time investment gain recorded in Q1 FY26.

At the segment level, the EPC business remained profitable during the quarter. EPC revenue stood at approximately 148 crore compared to 203 crore in Q1 FY26. EBITDA stood at approximately 13 crore, translating into an EBITDA margin of around 9% compared to 8% in Q1 FY26. This demonstrates that despite the lower execution volume during the quarter, the EPC business continues to maintain healthy project-level profitability.

The real estate segment reported revenue of approximately 4 crore, with an EBITDA loss of approximately 4 crore. This was primarily due to the timing of project revenue recognition and the associated costs.

From a balance sheet perspective, net debt stood at approximately 152 crore as of June 30, 2026. We remain focused on improving liquidity, optimizing our funding structure, and enhancing cash flow efficiency as project execution improves.

Looking ahead, we expect financial performance to improve progressively as the current execution constraints are addressed. While Q1 FY27 was impacted by execution timing and lower operating leverage, our underlying fundamentals remain supported by a strong 2,850 crore order book and a healthy government project mix, strengthened banking support, and a growing real estate pipeline.

Our key priorities for the remainder of FY27 are to accelerate EPC execution, further strengthen the order book, improve liquidity and cash flow efficiency, and scale the real estate business in a disciplined and value-additive manner. We remain focused on converting our strong order book and project pipeline into sustainable growth and improved profitability over the coming quarters.

With that, I would like to thank you once again for joining us today. We now welcome your questions. Thank you.

Operator: Thank you very much. We will now begin the question-and-answer session. Anyone who wishes to ask a question may press star and one on the touchtone telephone. If you wish to remove yourself from the question queue, you may press star and two. Participants are requested to use handsets while asking a question. Ladies and gentlemen, we will wait for a moment while the

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question queue assemblies.

The first question is from the line of Anshul Upadhyay from Straight-Path. Please go ahead.

Anshul Upadhyay – Straight-Path: Hi, good morning. My first question was on the real estate projects. Am I audible? There is some disturbance.

Management: Please speak a little louder.

Anshul Upadhyay – Straight-Path: My first question was on the real estate projects. For the projects that we have sold, the pending collection is around 116 crore, and the value of unsold inventory is around 414 crore. I am looking at slides 35 and 34. How much construction spend is pending to complete these projects? What can be the cash flows from these projects over the next 2–3 years?

Management: For us, the EBITDA on our real estate projects, or our gross profit on real estate projects, continues to remain in the range of 40–50%. We have about 50% of the balance as construction cost, or the balance cash flows, which is 300 crore. So, out of this 400 plus 116, we have about 300 crore as pending construction cost. You would still get 220 crore as free cash flows.

Anshul Upadhyay – Straight-Path: Okay. The second thing is, over the last 1 year, if we look at our balance sheet, the debt has increased quite materially. However, if I look at the EPC projects, we have not received any big projects for which we need to pay a substantial amount, and the order book has been continuously flat or has not grown at all. Where has most of this cash flow gone?

The value of the projects, if we look at it from the real estate perspective, and the additional, say, 135 crore of net debt that we would have added on real estate—the operating cash flows or final cash flows from those projects may also not be 135 crore. Where has a substantial amount of capital gone in the business? Some thoughts on that would be helpful.

Management: Your observation is correct, but at the same time, if you compare March 2025 vis-à-vis June 2026, the significant increase in the debt portion happened due to EPC. If you look at that, CC limit utilization has increased quite significantly.

There are 2 aspects because there are a couple of projects. First, there are a couple of projects where payment is made on a milestone basis. Unless you reach that milestone, you have to fund the money and reach that level of milestone; only then are you entitled to get your bills certified.

Second, over the last couple of years—4–5 years—we used to have a very healthy working capital cycle of 45 days, or a net working capital cycle of 45 days. However, over the last 6 months or more, due to some geopolitical instability, local issues, and all these factors, we have seen that the net working capital cycle has increased from 45 days to almost 65–70 days.

There is also some stretch happening, but we are quite sure that we are seeing the light at the end of the tunnel. Things are improving considerably. This working capital cycle will also be aligned with the earlier system, but temporarily this situation has happened to maintain the momentum of the project.

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Overall, if you look at it, real estate also needs some capital infusion. Without capital infusion, you cannot keep the real estate projects going.

Anshul Upadhyay – Straight-Path: No, I agree with that, but if I am looking more from March 2025 to June 2026, rather than just at 1 quarter, I understand that some days it may happen.

Management: Obviously, from March 2025 to June 2026, there has been some capital infusion in real estate, and currently some capital infusion has also gone into EPC. It is a blend of both cases.

Still, if you look at our overall debt-to-equity ratio, it is quite comfortably within the limit. We always strive to maintain that balance. Once the projects kick off properly, sales will continue to happen, the ratio will improve, and this debt burden will be reduced.

Anshul Upadhyay – Straight-Path: No, I agree that your net debt-to-equity ratio is low. However, our profitability on the EPC side is only 10-12%, and we have to take on substantial debt. The debt is also not low-cost debt that we are getting at 5-6%. Generally, our debt is nearly 8%, double-digit, or in the low double digits.

In that type of scenario, my profitability remains low, and then there is return on capital. At some point, I also want the company to be highly capital-efficient, or at least aspire to a 15-16% return on equity. That was the question from that perspective.

Management: Absolutely. Even today, on EPC, you will get much more than a 15-16% return on equity. These are short-term debts. Sometimes we have the option of drawing down an advance from the client. Most government projects even today offer you an advance at about 12% interest.

What happens is that we then have to provide a BG. They expect you to provide about 10-15% higher BG limits to draw down all those advances, and we are paying interest in any case. However, if we had taken those advances, they would not actually have appeared as debt. They would have appeared as project advances and been recovered from the project. Therefore, sometimes this is not visible as debt.

For a couple of projects this time, we took a call to take short-term debt from outside rather than avail certain advances available from the client. We also have a project where no advance is available from the client.

These costs are factored into our budget as far as project profitability is concerned. For EPC, these are very short-term debts that will be rolled over within 6-8 months as our projects commence and the cash flows come in.

The other aspect, on the real estate side, is that the debt will be longer-term debt, which will be paid back over the project period of 2-3 years. However, you are right, and the ROI on EPC is very well under control. In fact, this will be well above 15%.

Anshul Upadhyay – Straight-Path: Regarding the 65-day working capital requirement, is the increase from 45 to 65 days mainly because of the 2 projects that are not moving, or has the working capital increased for other projects as well?

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Management: No, for the other projects, these 2 projects are also now being shaped properly, and there are a couple of projects that are at the fag end of completion. Final bill certification takes its own time to get completed.

Anshul Upadhyay – Straight–Path: Generally, what would be the completion timeline for the residential projects that we currently have?

Management: For the real estate projects?

Anshul Upadhyay – Straight–Path: Yes.

Management: I think I will let Ravish answer.

Ravish: Each project is different. For the current Santacruz project, we are targeting completion by the end of this financial year; that is {? Orchids ?}. Powai is a 36-month development because it is a 3-basement-plus-ground-plus-22-story building. It is a 70-meter-high rise, so that is a 3-year development. {? Onyx ?}, the Prakash Society redevelopment, is again a ground-plus-8 structure, so that is again a 24-month project. Each project is different.

Anshul Upadhyay – Straight–Path: Okay. One more thing. When we look at the residential real estate side today, every builder in Bombay wants to double or triple the revenue line in the next 4–5 years. Everyone is going into redevelopment extensively.

We do not have any inventory on hand to launch or quickly recapture. Therefore, we have to acquire more projects or a significant number of projects in the next 2 years to reach what we are trying to achieve—a yearly revenue of 1,000 crore in the next 4 years.

How viable is that in terms of getting projects at decent margins? The intensity of competition seems to be quite high. Every developer I speak to in Bombay aspires to double, or at least double, revenue on the redevelopment side. It is difficult to understand how you are thinking about this with our limited balance sheet.

Ravish: That is a fair point, and I think the aspiration and ambition are as you mentioned. Bombay is a very large market when it comes to redevelopment, and we have already had a presence in both the Western Suburbs as well as the Central Suburbs.

The 2 projects that we acquired about 2 years ago, where we have progressed fairly far in execution on the first project and are preparing to launch the second one, have given us a fair amount of visibility as well as a lot of trust in the local markets. The market recognizes that we are quick with execution, that our quality is in good shape, and so on.

That gives us a lot of scope when it comes to business development because the delivery track record is the most important factor when societies go in for redevelopment. They are giving up their houses, so that has been working in our favor.

In terms of our target, we are also looking at locations where we are already present. In the Western Suburbs, the area from Bandra–Khar to about Juhu–Andheri is our key focus, and we already have a significant project pipeline there.

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Similarly, in the Central Suburbs, we are looking at doing projects anywhere from Sion to JVLR, where we already have a presence in Powai. We are not expanding business development beyond the current set of geographies that we have identified for ourselves.

Second, regarding the competition, it is a fair point that competition is intense, both from local developers as well as large developers. However, if you look at the narrative that we have shared with you, we are looking at projects with a minimum GDV of about 250–300 crore. For those projects, the investment generally is about 10–15% upfront.

In projects where the value is 500–750 crore, the large developers are generally not looking at these opportunities. These are 1–2 acre developments where the societies are very keen to have listed developers with Grade A-quality construction and a construction background as well. That has been helping us.

Management: These have been the key areas that we have been looking at.

Management: Exactly. To add another point to what you are saying about Bombay being quite aggressive in trying to achieve 1x, 2x, or 3x growth, if you look at slide 26, we are also aspiring to achieve the same kind of growth. We are quite confident of achieving that kind of growth.

To be fair and honest, it is a little easier for us because our base is currently low. For us to grow from 100 crore and double that over the next 3–4 years is necessary for us to see reasonable profits in the real estate business. We did that in EPC 3 years ago.

Once we reach 700–800–1,000 crore, continuing to grow at 40% and 50% will be a major challenge. From here, because our base is very low on the real estate side, I think doubling is the minimum that we need to set for ourselves.

Management: At the same time, if you consider the base for last year, and talk about the total sale value or booking value of last year, we are already very close to achieving that number as of now. There are still 7–8 good months available to catch up with this number.

Anshul Upadhyay – Straight-Path: One last thing: regarding the 80 crore that we have raised through the preferential issue, what is the application of that capital, or how are we thinking of using that capital over the next 6–9 months?

Management: It is a combination of all 3. A small portion will be for general corporate purposes, but primarily it will be for real estate and a little for EPC working capital as well.

Management: Eventually, if you look at it, the 80 crore is not an upfront amount. These are warrants with an 18-month time horizon for bringing in the funds. The first tranche has already happened; the minimum 25% capital infusion has already happened.

As Mr. Santosh mentioned, we are aligned with that kind of investment plan, putting money into all these sectors and making them stronger.

Anshul Upadhyay – Straight-Path: Okay. Thank you from my side.

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Operator: Thank you. Participants who wish to ask questions may press star and one at this time. The next question is from the line of Kunal Shah, an individual investor. Please go ahead.

Kunal Shah – Individual Investor: Thank you for the opportunity. My first question is on the EPC side. You had mentioned in the investor presentation that there are 2 government projects currently facing some cash flow-related issues. Could you please provide some clarity on which projects these belong to?

Management: They were the Bihar Supaul project in Bihar and the Sindhudurg project in Maharashtra. These were 2 projects that were expected to give us a high revenue run rate over the last 5–6 months. They were held back because of some cash flow issues on the client's side.

That is why, both in Q4 last year and Q1 this year, we faced lower revenue than we should have achieved. However, both these projects are now back on track. The issues have been resolved, and cash flows are available with our client. We expect them to ramp up immediately over the next 1–2 months.

Kunal Shah – Individual Investor: Okay. So there will be no further delays now?

Management: Yes, these 2 projects are now back on track.

Kunal Shah – Individual Investor: Thank you for the clarity. My next question is on the ongoing projects that are nearly complete, where revenue recognition is pending. Could you please specify which projects these are, and whether we can expect a meaningful portion of the pending revenue to be recognized in Q2?

Management: In the second half of this year, or over the next 3 quarters, we will be targeting completion of both our Coimbatore projects and our TOA, or Tower of Ascent, commercial project in Kharadi. We are targeting to achieve the OC for these 2 real estate projects within this year.

We are also targeting completion of Orchids Santacruz. That is a somewhat tight task, but we have taken it as a target as well. If all 3 of these projects are completed, we will see a good amount of revenue recognition this year in real estate.

Kunal Shah – Individual Investor: So it will not be in Q2? It will most likely be in Q3 or Q4?

Management: That is right. Orchids will definitely be only in Q4, if it happens. Coimbatore and TOA will also come in Q3 or Q4, not in Q2.

Kunal Shah – Individual Investor: Understood. My next question is on the order book, which remains largely unchanged. In the investor presentation, we have been seeing projects such as Vedanta Mumbai High Rise. Could you help us understand the reason for the slow progress on these projects? Is the delay primarily due to pending payments from the client, or could you throw some light on this?

Management: As I said, the Vedanta project was stuck for a long period. The client had also shifted focus elsewhere, and we were not doing much work. There were cash flows pending from the client.

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However, even for that project, the client is now keen to finish it, so we have scaled up there and started billing again. We hope to finish that project over this financial year for sure.

Apart from that, as we said, a couple of projects have been very slow, and therefore you would not see their order value or order backlog diminish. Going forward, at this point, all the projects in hand are progressing well, except for Royal Rites in Goa, which has not taken off, and Vashi Hospital, which we secured a few months ago and which has not commenced.

For these 2 EPC projects, the entire order value remains in the order backlog because we have not done much work at site in either location, as the projects have not commenced.

Kunal Shah – Individual Investor: These projects that you mentioned are likely to commence in the second half of the year?

Management: For Vashi, the client has now been talking to us about mobilizing and starting some work shortly. There were some political or local-level issues that they were resolving. Therefore, we were not given the go-ahead to start work.

However, it appears that they have resolved those issues, and the project should start in the coming quarter itself. There is still no feedback from the client regarding when Royal Rites will start, so it remains stalled as of now. We do not know when it will start. However, the Vashi project will start now.

Kunal Shah – Individual Investor: I have one last question. I wanted to understand the status of the 225 crore Royal Rites project. You mentioned this while answering the previous question. Could you update us on exactly what stage we are at in this project and how much revenue has been recognized from this order so far?

Management: We are at a very basic stage. Some ground-leveling work and some basic development work have been completed. However, since there has not been much progress from the client in tying up certain other backend integrations, the project has not moved as required.

Revenue recognition has been hardly 10–12 crore—15 crore, approximately 15 crore. Basically, this represents the initial mobilization and initial groundwork, as Somnath mentioned. After that, we stalled.

The project is stalled because it is part of a much larger project for the client. It is a ropeway project on a BOT basis. I think the client is currently tying up with other vendors.

Kunal Shah – Individual Investor: Is this particular project cancelled from our end, or how are we viewing it?

Management: We do not want to call it cancelled yet. At the same time, there is no go-ahead from the client. Therefore, for this financial year, let us assume that there will be no revenue coming from it. Conservatively, let us assume that we will not see any revenue from this project over the next 3 quarters.

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Kunal Shah – Individual Investor: What is your thinking on this particular project? Are there chances that the project will come to us, or could it go to other vendors?

Management: The project is already with us. It has been awarded to us, so the question of it going away does not arise.

It is a matter of timing. As I said, it is a much larger project involving an investment of approximately 2,000 crore by the client on a BOT basis to set up a ropeway and all the facilities around it to operate it.

What we received was only one administration building out of the entire investment that our client needs to make. Therefore, the client needs to tie up the other components and take the project forward in full swing.

There is no question of the project starting and this building going to someone else unless we decide that we do not want to execute it. It remains an order and a live order. We are not calling it a cancelled order or anything of that nature.

However, as I said, for the purpose of estimating anything in this financial year, we do not want to assume that any revenue will come from there.

Kunal Shah – Individual Investor: Got it. Thank you so much for answering all the questions. All the best.

Management: Thank you.

Operator: Thank you. The next question is from the line of Chaitanya Mundra, an individual investor. Please go ahead.

Chaitanya Mundra – Individual Investor: Hello. Thank you for the opportunity. My question is: what is the reason behind the Reliance order being cancelled?

Management: When the Reliance team awarded us the orders, the design was based on a non-Mivan method of construction. Eventually, they also made quite a few changes to the design after awarding us the order and shifted directly to a different concept, including Mivan and other methods.

The rates at which we had quoted for concrete, for example, were totally different from what they would have been if the method of construction had changed. Since the entire concept and design had changed, it was mutually beneficial for us not to proceed with the execution. In that way, it was a mutually decided outcome.

Chaitanya Mundra – Individual Investor: Last year, the company promised that the top line would be 1,200 crore. What is the target for this year?

Management: Sorry, top line of what?

Chaitanya Mundra – Individual Investor: The top line was 1,200 crore. I think in the previous conference call, the company promised that it would achieve around 1,200 crore or 1,300 crore.

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Since the Q1 numbers are not good, what is the new target for this financial year?

Management: For this financial year, we still target achieving 1,200 crore because we expect more than 200 crore of revenue to come from real estate, which did not come in last year.

On the EPC side, even now, after our internal reviews, Q1 has been bad for various reasons, as explained in my address as well as by Somnath. However, structurally, there has been no loss of a project or anything hampering our order pipeline, except Royal Rites, which remains stagnant and is about 200 crore.

We are seeing execution ramp up at all our sites. EPC should deliver, if not better than last year, at least equal to last year, which was above 900 crore. We hope to achieve 1,000 crore in EPC itself this year.

As we said, 3 real estate projects are going to be completed, so we will also get real estate revenue recognition. Despite doing only 150 crore this quarter, we remain confident that we can achieve 1,200 crore.

Our real estate revenue will come only in Q4, all of a sudden. Until then, we will not see it. Typically, in an EPC business, Q1 and Q2 comprise 40% and Q3 and Q4 comprise 60% of the estimated top line for the year.

However, this year, Q1 and Q2 comprise 30%, and Q3 and Q4 will comprise 70% of the top line. Since the slow progress that was taking place is now picking up nicely, we are quite confident that we will catch up with the number.

Chaitanya Mundra – Individual Investor: What about the operating profit margin?

Management: It depends on the volume. If you look at the ratio, the EPC ratio has not declined. The operating profit number declined due to the volume effect. However, the profit ratio at the gross profit level across all our EPC projects is still, on average, between 13% and 15%.

If we execute 1,000 crore over the year, you will find that our PBT numbers come closer to 10 and 8–9, at least. As of now, it looks low because the volume of execution is very low.

Chaitanya Mundra – Individual Investor: What is the status of the Adani projects, and when will the numbers start coming into the financials?

Management: I wish I knew the answer to that question. We have been engaging with them on at least 3 or 4 projects at this point.

Since they have an early-engagement model, they have chosen their partners at a very early stage, which is not normally what developers do. We were also surprised to note that we are on board at a stage where they have not even completed their conceptual designs, frozen the design, or proceeded with approvals.

These processes in real estate always take more than 1 year, and sometimes a couple of years. They have brought us on board at that kind of nascent stage.

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We are participating with them on all these projects by providing input on constructability. Their idea is that they want the contractor to be part of this design journey so that there are no execution surprises at a later date and we can be their partner rather than a vendor chosen at a later date.

In that respect, it has been a good experience engaging with them so far and contributing as much as we can at the theoretical stage. However, I do not see construction starting for at least the next 6 months. Therefore, I do not want to forecast anything.

We thought we would get revenue this year, but it looks like it might move to Q4 or next year because certain approvals are still pending.

Chaitanya Mundra – Individual Investor: Thank you. All the best.

Management: Thank you.

Operator: Thank you. The next question is from the line of Saumil, an individual investor. Please go ahead.

Saumil – Individual Investor: Hi, am I audible?

Management: Yes.

Saumil – Individual Investor: Thank you for giving me the opportunity. I have only one question. In April, the company approved a preferential issue of up to 2 crore convertible warrants. Management, please help us understand the primary objective behind this fundraise and how these funds are being deployed.

Management: We had a strategic investor who was interested in acquiring an equity stake in the company and guiding us. He has been very helpful in bringing certain contacts and guiding us towards certain projects. He is very bullish on the company and has many contacts in the market who can help us grow.

Along with him, our promoter family also wanted to increase its holdings and not lose its percentage of holdings if there was new participation. Therefore, they also decided to subscribe to the warrants.

With these 2 parties willing to fund and invest in the company, and since we had already been looking to do a QIP 1 or 2 years ago, funds are always welcome. We are at a stage where real estate is targeting aggressive growth, so we will always need funds on the real estate side and a little on the EPC side as well.

As Somnath pointed out, this 80 crore is not coming in one instalment. It will come over a period of 18 months, in instalments. As and when it comes, we will use it in line with what we have declared. We will use approximately 60–70% for real estate, and a little for EPC and a little for corporate purposes. Every time the warrants become due and funds are available, we will decide at that point in line with this plan.

Saumil – Individual Investor: Thank you so much.

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Management: Thank you.

Operator: Thank you. The next question is from the line of Vedant Sarkote, an individual investor. Please go ahead.

Vedant Sarkote – Individual Investor: Hello. Thank you for this opportunity. Am I audible?

Management: Yes.

Vedant Sarkote – Individual Investor: I have one question. Could you give us an update on the Thane land parcel? Has the acquisition been processed or completed? What is the pending status? Also, what is the status of the government corridor acquisition?

Management: It is in process but still not completed.

Vedant Sarkote – Individual Investor: Is there any news on the government corridor acquisition?

Management: There has been no news on the government corridor acquisition over the last 3–6 months. We are waiting for a decision from them.

Regarding the other acquisition on the roadside, where we are targeting a continuous parcel, work is ongoing. We have people at the site who are trying to acquire individual pieces. We have made some progress, but it is much slower than we had hoped, both in terms of negotiating and closing the parcels.

Work is ongoing, but there is no immediate timeline for having a continuous parcel to work on. It is at least 1 year or more from here.

Vedant Sarkote – Individual Investor: What would be the value of the land?

Management: The ready-reckoner value for the government acquisition, as we were told, is in the range of approximately 6 crore per acre. We hold 45% of that 150 acres.

Of course, the corridor is going to acquire only about 40% of the 150 acres, approximately. That would mean about 60 acres, of which 20–25 acres would belong to Vascon if it happens.

Vedant Sarkote – Individual Investor: Thank you so much, and all the best for the future.

Management: Thank you.

Operator: Thank you. Participants who wish to ask questions may press star and one now.

As there are no further questions from the participants, I now hand the conference over to Dr. Santosh Sundararajan for closing comments.

Santosh Sundararajan: Thank you, everyone, for your questions and for taking the time to join us today. To conclude, our focus will remain on accelerating project execution, strengthening our pipeline, improving our cash flow, and scaling up the real estate business.

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We have a strong EPC order book. We will definitely target booking 1,500–2,000 crore this year as well, and we remain confident in our ability to grow progressively from here.

This has been one of the worst quarters we have had over the last 3–4 years. However, I think there is nothing structurally wrong that has led to this. It is just a matter of execution, and all these projects remain in our hands.

We look forward to achieving the target we have set for ourselves this year. Thank you again, and see you all next quarter.

Operator: Thank you. On behalf of Vascon Engineers Ltd., that concludes this conference. Thank you for joining us, and you may now disconnect your lines.

Note: {? ... ?} indicates a figure or name where audio clarity was insufficient for confident transcription. Verify against the source audio or the company's published filings.

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