



“Vascon Engineers Limited
Q4 & FY26 Earnings Conference Call”

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MANAGEMENT: **DR. SANTOSH SUNDARARAJAN – GROUP CHIEF EXECUTIVE OFFICER – VASCON ENGINEERS LIMITED**
MR. RAVEESH RAO – CHIEF EXECUTIVE OFFICER, REAL ESTATE SEGMENT – VASCON ENGINEERS LIMITED
MR. SOMNATH BISWAS – CHIEF FINANCIAL OFFICER – VASCON ENGINEERS LIMITED

MODERATOR: **MR. AKHILESH GANDHI – STELLAR INVESTOR RELATIONS**

Moderator: Ladies and gentlemen, good day, and welcome to Vascon Engineers Limited's Q4 and FY26 Earnings Conference Call. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during 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 now hand the conference over to Mr. Akhilesh Gandhi from Stellar Investor Relations. Thank you. And over to you, Mr. Gandhi.

Akhilesh Gandhi: Thank you, Michelle. Good morning, everyone. I, Akhilesh Gandhi, on behalf of Stellar Investor Relations, welcome you all to Vascon Engineers Limited Q4 & FY26 Earnings Conference Call. We shall be sharing the Key Operating and Financial Highlights for the 4th Quarter and Financial year ended March 31, 2026.

We have with us today the Senior Management Team of Vascon Engineers Limited, Dr. Santosh Sundararajan, Group CEO, Mr. Raveesh Rao Chief Executive Officer Real Estate and Mr. Somnath Biswas, Chief Financial Officer.

Before we begin, I would like to state that, this call may contain some of the forward-looking statements, which are completely based upon the company's beliefs, opinion 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 development that occur after the statement is made.

Documents relating to the company's financial performance, including the investor presentation have already been uploaded on the stock exchange and the company's website. I now invite Dr. Santosh Sundararajan to state his opening remarks on the Company's performance for 4th Quarter and Financial year ended March 31, 2026. Then we will open the floor for Q&A session. Thank you, and over to you, sir.

Santosh Sundararajan: Good morning, everyone. I warmly welcome you all to the earnings conference call of Vascon Engineers for the fourth quarter and financial year ending March 31, 2026. Thank you for joining us today. I hope you have all had the opportunity to review our financial results and the investor presentation, which we have uploaded on the stock exchange and the company's website.

Before I begin discussing the business performance, I would like to mention that FY26 was a special year for Vascon as we have completed 40 years of our journey. Over the last 4 decades, we have continued to build the company with a strong focus on execution quality, financial discipline, long-term relationships and responsible growth. I sincerely thank all our clients, partners, employees, lenders and shareholders for their continued trust and support. Coming to the performance for the year.

FY26 witnessed stable operational performance despite certain temporary external challenges that we faced during the year. The company reported a 12% decline in revenue compared to FY25. However, project execution conditions have gradually started normalizing across our key sites. Throughout the year, the company remained focused on execution discipline, productivity

improvement, cost control and maintaining steady project progress. During the year, we significantly strengthened our banking relationships and our working capital position.

As of today, our total sanctioned working capital limits stand at approximately INR745 crores, including both fund and non-fund-based limits, out of which INR337 crores remains unutilized. Further, SBI completed a revised assessment of our working capital facilities with improved commercial terms, including better collateral leverage and lower bank guarantee margins.

These improved terms have enhanced liquidity, improved cash flow efficiency and strengthened our ability for faster project mobilization. With stronger banking support now in place, our available working capital capacity can support execution of nearly INR3,000 crores of additional EPC orders. Coming to our EPC business.

The EPC segment continues to remain the cornerstone of Vascon's growth journey. Over the years, we have successfully completed more than 225 projects, covering 45 million square feet across India. Our integrated turnkey execution model and in-house design and engineering capabilities continue to remain key strengths for the company.

We continue to focus on large high-value projects across healthcare, institutional, infrastructure, industrial and residential segments. Our strong execution track record has helped us build long-term relationships with marquee clients such as AIIMS, NBCC, CIDCO, MMRDA, Capgemini and Vedanta.

During FY26, our EPC revenue stood at approximately INR928 crores. The moderation in EPC revenue during the year was primarily due to cash flow constraints in 2 major government projects and internal organization changes at a major private client, which impacted on-site decisions and project schedules. During FY26, we secured new EPC orders worth approximately INR762 crores across marquee projects like Royal Rides, Saudamini in Haji Ali, MSEB in Navi Mumbai Municipal Corporation Specialty Hospital and Lotus Park in Ahmedabad.

Further to that, we are also L1 currently for 2 projects valued to a total of about INR500 crores, where we are expecting the LOI soon. As of March 31, 2026, our total order book stands at approximately INR2,717 crores, which is nearly 2.9x of FY26 EPC revenue and therefore, provides a strong revenue visibility over the next 2 to 3 years.

Importantly, around 79% of the order book is from government-backed projects, providing better receivable visibility and stronger payment security. Despite aggressive pricing competition in the EPC industry during FY26, the company remained disciplined in its bidding strategy with a focus on execution quality, margin protection, healthy cash flows and sustainable long-term growth, which resulted in a relatively lower order book during the year.

Going forward, considering the current business environment, the company intends to pursue projects a bit more aggressively with calibrated margin expectations to strengthen order inflows and business growth. Coming to the real estate business. Operational progress across our real estate portfolio remained stable during FY26.

During the year, we achieved sales booking of approximately 96,735 square feet, with booking value of around INR119 crores, while collections stood at approximately INR132 crores. Our current portfolio includes projects such as Tulip Phase III in Coimbatore, Tower of Ascend in Kharadi, Orchids Redevelopment in Santacruz and Goodlife in Talegaon.

Further strengthening our real estate leadership team, the company has appointed Mr. Raveesh Rao as CEO for the real estate business. Mr. Rao holds a bachelor's degree in Electronics Engineering, along with the Master's degree from the Indian Institute of Management, Kolkata. He brings over 20 years of extensive experience in the real estate sector with strong expertise across P&L management, institutional fundraising, operational excellence, organizational transformation and customer-centric business growth.

Prior to joining Vascon, he held leadership positions with reputed organizations like Shapoorji Pallonji and Everstone Group. At the same time, our near-term pipeline remains strong with projects such as Powai, Prakash Housing Society and Tower of Future in Baner to be launched soon. Coming to the financial performance of FY26.

The company reported a consolidated total income of INR984 crores for FY26 as compared to INR1,090 crores in FY25. The decrease in revenue is in line with the factors discussed in the opening remarks. EBITDA for FY26 stood at INR87 crores as against INR100 crores in FY25. PAT for FY '26 is INR49 crores compared to INR126 crores in FY25. The higher profit in the previous year was primarily driven by the exceptional gains arising from the sale of GMP.

During the year, we strengthened our liquidity position, improved banking support, maintained a healthy order book, expanded strategic relationships and continued building a strong future project pipeline. With project activities gradually stabilizing across sites, stronger banking support, healthy working capital availability and the strong order book position, we believe the business is entering a more stable operational phase going forward. With that, we now welcome your questions. Thank you.

Moderator: Thank you very much, sir. The first question is from the line of Rajendra from RK Ventures. Please go ahead.

Rajendra: Yes. My question is, first, I recently saw a building erected within a short span with the technology named as precast and prefab. So, I wanted to know whether this -- have we adopted this kind of technology? Or what is your view on that technology? And secondly, the appointment of Mr. Raveesh Rao is -- I want to -- what were the thoughts behind it? And are you aggressively going to go for the real estate division? I just wanted to know. Please throw some light on that. Thank you.

Santosh Sundararajan: Yes. So your first question, see, there is precast and prefab in the market. These are methods of construction, which are very popular in places like Singapore and a lot of Europe where labor is much more expensive than it is in India. And they also have the infrastructure available in these countries to transport massive tonnage of precast slabs or precast elements from factory to site.

In India, we are still a stage away from reaching those kind of utilization of this technology. It has come -- there are a couple of vendors who are able to do it. We have done in a smaller scale

in a few projects, but to do a complete precast project, the cost is generally higher at this point of time than doing it in the old-fashioned cast-in-situ method.

And most of our projects with government are -- the design or the technology that is used for construction is decided by our client. Only in our own real estate projects, do we get to make such decisions of deciding which technology to go with. And as of now, the residential projects we're doing in real estate do not really support us to use this.

But we are very well aware of this technology. We have, in fact, made advances on our POA project to come one step closer where we are using another technology, which is a combination of steel with prestressed concrete with normal steel, all 3. I mean, I'm talking of cold formed or hot-rolled structural steel. But this is a deviation from what other people are doing in terms of composite structures.

This is a combination of all 3 elements. So, we are experimenting with that in our own project. If that goes well, we think that's a good step Vascon will be taking forward to come somewhere in between precast and cast-in-situ where we can reduce labor and still control costs.

To answer your second question, see, we are going to be aggressive on real estate, cautiously aggressive. We have always maintained over the last 3-4 years, we are not putting in equity to buy land. Can you hear me?

Rajendra:

Yes, sir.

Santosh Sundararajan:

Yes. So, we will not be putting in equity to buy land. Our method will be joint ventures or redevelopments. And so we look at that as glorified contracting where essentially added to the contracting part, we bring the sales, marketing and do a sort of a DP model or -- the margins overall expected in this model is higher than the EPC that we are doing for others. And so we will stick to this.

We have a brand, which is well established in this part of the country. We are operating only in Pune, Mumbai and Coimbatore at this point of time. And we have some work already lined up. We intend to ensure that we do not borrow too much and go into a cash flow problem. So, we are not in a hurry, desperate hurry of any sorts.

But at the same time, real estate will grow. It has to do much more than it is currently doing. It has not yet reached levels that we are capable of doing or we should be doing even to sustain overheads. And so we thought some leadership thought was needed. We did have Mr. Rajesh Mhatre, who was with us 2-3 years ago. He then moved on and we didn't appoint CEO for the last year plus. But we really felt we needed good leadership to take that part of the business forward. And hence, we were very happy to find Raveesh who seems to be the perfect fit for our corporate culture as well as this line of business.

Rajendra:

Thank you, sir. That's it. Thank you very much. That's all from my side.

Moderator:

Thank you. The next question is from the line of Himanshu Upadhyay from Steadfort. Please go ahead.

Himanshu Upadhyay: Yeah, hi. Good morning. My first question is, we had a few slow projects, okay, Royal Rides, NMMC and Saudamini. Based on the PPT what we have shared, what is the status now? And are we going to complete the projects within the timeline what were initially announced or will it lead to certain delays? And also last quarter there was some discussion on payment being slower from the government side in the projects. What is the status now? Both these things.

Santosh Sundararajan: I am very sorry, I could not hear the first part of your message at all. It was all silence. Could you just repeat your questions, please?

Himanshu Upadhyay: Yeah, so first question was from Royal Rides.

Moderator: Mr. Upadhyay, please use your handset, sir, because your voice is muffled.

Himanshu Upadhyay: Yeah, so my first question was on Royal Rides, okay. NMMC and Saudamini, what is the progress now? And will it lead to any delay in these projects because of the last few quarters being slow? And what is -- in last quarter also there was some discussion of lower payments in some of the government related projects. What is the status now? And has the payments started being timely or there is still some amount of delay what you are seeing?

Santosh Sundararajan: Yeah, so Royal Rides has not yet started at site. So we are not in a position to execute anything or raise a bill yet. It has been longer than we anticipated. We hope in the next quarter or so that this project will kick off. So we have not realized any revenues from that project, although that project is very much live at this point of time.

As regards these government projects, we had a major cash flow crunch from two projects, which is Sindhudurg as well as the Suphal project in Bihar over the last year. And in both these projects, we could -- I mean, we felt way short of the target that we should have done over the year. We had an option. As a strategy of the company over the last 3, 4, 6 months, we have been grappling with this, Somnath and me, on what do we do to deal with this situation

There were only two options on the table. One was to borrow and keep the momentum going at site. If we had done that, maybe we would be on a borrowing of INR50 crores-INR60 crores and that would have led to a INR100 plus crores of revenue because the fronts were available at site. We could have executed work and achieved our 1,100 target for EPC.

However, as a company strategy, we have always maintained over the years, which we have learned from our experiences of 10-12 years ago when we went through a really bad patch, that in EPC, we really do not want to be funding our clients. If we do have cash flows, we would rather fund real estate of ourselves rather than funding our EPC clients' projects.

And so the discipline is very clear that if funds dry up from our client and that particular account, we have a different bank account for each project. And if that account is not able to fund the project anymore, we will not put money into it. So we stuck to our strategy. We stuck to this corporate philosophy. And therefore, we let go -- knowingly, we let go of the revenue. But we have not therefore created a huge amount of debt or status at this point of time.

And I think between the devil and the deep sea, I think we would choose this as a better place to be in. Coming to today, from March onwards, both these projects have started paying and we have remobilized over April. And the work has started again, both at Sindhudurg as well as Bihar. In Bihar, very much in full flow. In Sindhudurg, we are in the process of restarting the work.

And so we are hopeful that, see the good part is none of this turnover has gone away from our order book. There has been no cancellation of order or reduction of order. It is just postponement. So the order that couldn't be executed last year will hopefully now get executed over this current year.

Himanshu Upadhyay:

Okay. And one more thing, the way the things are or the scenario is, it seems next 1 or 2 years could be quite inflationary, okay. What are your thoughts there? And how are you bidding? Because one of the important or the largest component for us is labor cost, okay. And labor is not a direct pass through for us, okay. And in last few quarters, you have stated that there is high intensity of competition, okay.

And margins also may not be what we want, but we want to go slightly lower around 10%, 11% to get the orders. But in this scenario, how are you bidding and how are you strategizing? And also the projects which are getting delayed because of government or some other issues, okay, how are you -- I mean, operationally, how are you making them more efficient and more cost focused looking at the scenario what we have over next 2 years?

Santosh Sundararajan:

Sure. So, see, there are 2 parts to the question. One, you're absolutely right. I mean, we are now quite wary that inflation is going to go up. The effects of the war are not yet seen, and they are going to be seen over the next few months. In some ways, sure, they will affect the margin. I mean, I cannot say that we can protect ourselves in all directions.

But the good news is in most of our government projects, we have inflation-linked indices, which will give us escalations as we go about the job month-on-month. So, these sort of even cover labor, not that directly that we can build the exact amount of inflation that we see in labor, but the indices get updated month-on-month. Sometimes it's the Equitability Index.

Sometimes it's the Central Index from Delhi. Whichever index is written in the contract, we would get compensated for escalations in cost overall, material plus labor to a decent extent because of this. On the private side, yes, labor is generally not covered. But our exposure to the private sector, thankfully, at this point of time is not much either. So, we will be looking for projects. Yes, we will be trying to go aggressive on margins because we've not taken enough order as we wanted to. But we will be looking for projects that cover us on escalations.

And to answer your second part of the question, the delays that have happened at site, again, the escalations will be available to us. However, when we take a call, when some of these things happen, yes, on those projects, a little bit of margin, maybe 50 basis point would get affected if there's a 6-month delay because we'll get covered for escalations, but the cost of idling at site over this period is not easy to recover, although we will be making our claims.

Eventually, some of these things will go to arbitration. And if we win, we may recover much more than the profit anticipated. But cautiously speaking, we could expect a 0.5% dip in 1 or 2 projects.

Himanshu Upadhyay: And one last question, then I'll join back in the queue. We are having the preferential shares, okay, at INR40. We are raising those shares, okay? Can you tell the purpose of it? And how are you thinking about -- though it's a very small capital, but still over a period of time, what is your thought process and the purpose for that?

Santosh Sundararajan: So, you would be aware more than a year ago, we were trying to do a QIP. That didn't go through. The prices then came down. All over the last 2 years, we've been saying that we do need a little bit of equity capital, especially in the real estate side because we do not -- either we look for project level equity or we look for a company level equity to rather than borrow at a very nascent stage for the real estate. So, that QIP didn't pan through. We were waiting.

Now at this point of time, we did get a strategic investor who is very bullish on the company, who is also strategic and would ideally be helping us with certain projects and growth going forward. And so -- and Mr. Vasudevan and family then, they also felt that it's the right time with the share price had dropped to as low as INR40. They also felt it's a time that they need to back the company and raise their holding a little bit as much as they could.

So, combination of these two, I think we came up with this INR80 crores. We do not want to go much higher and dilute at low share price. At the same time, a little bit of breather equity within the company is welcome at this stage. So, all factors put together, we took this call.

Himanshu Upadhyay: Okay, I'll join back in queue for further queries. Yeah, thanks.

Santosh Sundararajan: Thank you.

Moderator: Thank you. We'll take the next question from the line of Varun Shivram from Choice Institutional Equities. Please go ahead.

Varun Shivram: Good morning, sir. So, basically, I had a few questions on the execution capability and balance sheet quality. So from an execution capability standpoint, as we look at the company, the annual construction throughput would scale up and we would need additional investments in machinery, right? So it would be helpful if you could share the FY26 and FY27 capex plans. So, what we will be planning and what we have done in FY26, sorry?

Santosh Sundararajan: Yes, our capex in EPC is not more than 4% to 5% of the top line. That's all we would need to invest in terms of machinery or shuttering equipment that we would need at an early stage when the project starts. So if you're looking at a target of INR1,000 crores to INR1,200 crores next year, then we will be needing only about INR50 crores of capex.

Now to fund this capex also, normally, the good part in EPC is we have advances available from clients against bank guarantees. And so we would not be having to borrow externally to fund this capex requirement, if at all.

Also, we do have at this stage, a decent amount of assets within the company. So, maybe this INR50 crores could even come down a bit. We would see case to case. It depends on what kind of projects. Sometimes the projects need specific kind of shuttering material like Mivan or Table Forms, which we might not have enough in stock and then we would have to invest.

Some projects do not need that kind of investment. We may have cranes and other machinery available with us, in which case, the investment or capex could be much lower to start a project. But all in all, it's not a big worry in terms of funding that because we do get advances from our clients.

Varun Shivram:

Understood, sir. Thanks for the detailed answer. Moving to the next question, sir. FY26 appears to be relatively softer than originally expected across few metrics. So internally, has there been any organizational or process level changes that we have made to improve execution/project selection and improve our consistency going forward?

Santosh Sundararajan:

To be honest, see, we've had a good run with the government over the last 3-4 years. We've always maintained, we are very bullish about working for the government. It has been a timely payment all along. This is the first time. And when we make projections, also to be honest, when we make projections, we do buffer in about a 7%, 8% to 10% chance of one project probably getting stuck or not paying on time.

We do factor in a little bit before we project our numbers. But this was really unfortunate that 3 projects at one go, 3 big projects, which were executing, which were running at full speed at one go stopped paying us. And so we had to, we had no choice but to face the shrink. As I said, otherwise, we had to pump in money, which we did not want to do. And so we said, let's face it.

Going forward, in terms of looking for projects, we've always been cautious. We've always been trying to look for projects that are better pay masters in terms of hospitals, which normally doesn't stop or projects in Tier 3, Tier 2 areas where it is not politically sensitive and good quality private clients. So, that is what even our current order book is.

So, I think on that front, it is just bad luck that last year, elections in Bihar led to this situation in Bihar. I mean, we are, at the end of the day, I would say, vulnerable to some of these risks, fingers crossed. Going ahead, the strategy for bidding would remain pretty much the same. I don't think we have heard badly on that front. It's a little bit of bad luck, which I hope doesn't reoccur for us this year.

Somnath Biswas:

And just to add on this, basically, whatever the shortfall you are talking about, what you projected, it is not due to the lack of internal capability or something like that. It is only a strategic call that has been taken by us not to pump money or invest our equity capital to run the government project. Otherwise, this number could have gone up, but then there is no point of pumping money and then creating huge receivable in the system. So, that is a strategic call that has been taken by us. It is not the shortfall is not due to internal capability or something like that. So, we are very capable to execute more what we did as of now.

Varun Shivram:

Understood, sir. So basically, then how should we look at FY27 across like growth in revenue and order book and then looking at our debt levels going forward?

Santosh Sundararajan: Yes. Yes. So FY27, again, now time to stick our neck out. I would say we were going to do 1,200 last year. We have slipped. We are below 1,000. We would be targeting to do 1,200 in this coming year as our top line, including real estate and EPC. EPC should cross 1,000. Real estate should cross 200. Put together, we can take a target of 1,200 is what we have internally seen. And as I said, I mean, this is after buffering in a bit of pessimism inside. We don't want to be extremely optimistic. What was the second part of the question?

Yes. In terms of order booking? Order booking, we are currently at an order backlog of INR2,700 crores, which is lower than where we want to be for sure. As I mentioned in my remarks that we are L1 currently in about INR500 crores, hopefully, in the next few days, we'll be able to back those orders. So, this order backlog will go to INR3,200 crores. Last year, we wanted to take an order book of INR1,500 crores.

We've achieved INR760 crores. If we add this INR500 crores, it still goes to INR1,260 crores. There's still a shortfall of about INR200 crores, but that would be what it was for the previous year. This year, we want to take another INR1,500 crores, excluding the INR500 crores I'm talking about. So, we want to end the year at about INR4,000 crores, which we wanted to do last year, but we want to end this year with about INR4,000 crores of order backlog, close to INR4,000 crores.

Varun Shivram: Sir, continuing on the order book, so the execution in FY27 would be H1 heavy or H2 heavy, sir? How should we look at it?

Santosh Sundararajan: Execution is always H2 heavy in our, I mean, if you look at historically, all our numbers, quarter 2 is rains. Quarter 1 is just about scaling up. Quarter 3 and quarter 4 is where the numbers really come in. Only last year was an anomaly for us because we were doing, we were on that up to achieve INR1,200 crores, INR1,100 crores plus on EPC, INR1,100 crores on EPC. And Q1 and Q2 were going fine.

Q3 and Q4 because of these cash flow issues hit us bad. But if no such things happen, then generally execution is always H2 heavy.

Varun Shivram: Understood. Sir, management had earlier mentioned being, so we have mentioned the L1 on a sizable order we were L1. So, could you provide an update on how much of that has been converted into final order in our books? And what about the current bid pipeline? What does that look like?

Santosh Sundararajan: Yes. So, we got about INR 300 crores in the last 3-4 months through orders, which we have already declared. Currently, we are L1 in about INR500 crores, which we are hoping to receive soon. Beyond that, we are actually also aggressively at the last stage of bidding for about INR 2,000 crores of orders. 3-4 big projects, which we are very hopeful to bag.

But again, it might take a couple of months before those decisions are out from the client.

Varun Shivram: Sir, last would be a bookkeeping question, sir, on the balance sheet. Sir, on the loans and other financial assets line items, so is there any part related to old receivables, advances or any amounts, which will take longer to recover in that?

- Santosh Sundararajan:** No, no. Nothing. I mean we keep providing for, I mean, our auditors make sure that we keep providing for really old receivables or stuck receivables on the EPC front. So generally, whatever is receivables in the book, we do hold good that we do not see them as under risk at this point of time.
- Somnath Biswas:** We are having internal policy of bucket provisioning also. So whatever the old receivable, though, we are pursuing and we are quite hopeful to get this thing done. But as a prudent policy, we kept on doing some bucket provision, so that there will be no shock in case of any eventuality, which is very unlikely, but that is not going to impact anymore.
- Varun Shivram:** Understood sir thank you taking all my questions and all the best.
- Moderator:** The next question is from the line of Himanshu Upadhyay from Steadfort. Please go ahead.
- Himanshu Upadhyay:** Yes. So on the cash only, okay, in last 1 year, the debt has risen by around INR85 crores, okay? We had INR50 crores of PAT, okay. What would be the major investments we made in FY26 in what businesses or places? Secondly, also, can you tell what was the operating cash generated EPC business and real estate business separately, just to have a clarity of where the money is going and where it is not going?
- Somnath Biswas:** So the enhancement aim, augmentation of debt primarily has gone into the real estate because as we communicated earlier also since we dropped the QIP plan, so obviously, the real estate required some capital inflow. Otherwise, it could not go through. So, that already we have communicated earlier conference call also. Whatever the debt has been raised majorly through the, it has been put into the real estate business only to maintain the project continuity and all these things. EPC operating cash flow is 20 negative and RE is 100 negative because the money has been pumped into the increased. That's it.
- Himanshu Upadhyay:** No, EPC is minus 20, the operating cash flow you are saying and real estate is how much?
- Santosh Sundararajan:** Minus 100.
- Himanshu Upadhyay:** Okay. And on our residential projects, any execution and thought process because some of the projects are still moving very slowly, okay, in terms of sales, okay? Anything what we can do means?
- Somnath Biswas:** Basically, whatever your observation is correct. So, that's, first thing what we did, we got Raveesh in our system to boost up the sales, the first thing we did. And we are quite hopeful that this will, see, basically, if you look at that, the sales is slow in terms of the Orchid is concerned. Otherwise, the other projects are more or less whatever the ongoing the sales is clearly done, some closure and parking is there which is always there. Some 5%, 10% always remain, which is sold at the latter stage.
- But Orchid, what is happening is that one that this is after long -- eventually, these are fast redevelopment projects in Bombay. So, typical mindsight in Bombay redevelopment project. Unless project comes to a reasonable level, the attraction doesn't be very fair enough. So now we are at the 5th slab level. A lot of inquiries is happening. So, that attraction is quite a bit now.

And at the same time, the number what you are talking, that is only the sales we are talking, which has been registered.

But there are a couple of -- good amount of couple of bookings are there, which is still not registered. That's why it is not coming into the report portfolio. So, actual number is slightly heavy -- higher than what you are talking about. But at the same time, that inquiry level has gone up drastically, and we are hoping to convert this inquiry into the sales pretty soon.

So, we have our internal target month-on-month and quarter-on-quarter. Raveesh is aggressively following and he is tracking all the channel partners and system to get it done -- executed properly. So, we are quite focused to get these sales converted.

Himanshu Upadhyay:

Okay. And one more thing on the residential side. I mean, what does our brand should stand for because we have had a CEO generally on that business. And now also the new CEO has a pretty good profile, okay, if we look at his background and everything. But somehow this business has not really grown. And historically, we had financial constraints. But what are the priorities we are setting for him?

And also, where does we want the brand to stand for? Because at some point, the sales momentum and the sales value or the per square feet depends on the brand's strength. So, on that front, what are we thinking in doing? Some thoughts on that will be helpful. And how are we looking at our own brand or we are trying to build?

Santosh Sundararajan:

So, I think, we do have a strong brand. I do not -- the brand recall has sort of slipped over the last few years. But even today in Pune, the brand is a very strong brand. We've never lost value on our brand. The quality of construction of projects that we deliver is very well known to the customers.

But you are right that given this brand, we have been underperforming in real estate over the last 3, 4 years. It has taken us a year or too longer than we thought to kickstart this part of the business. I mean, 2016, 2017, we were down on both lines of business.

Then we've given a flip to the EPC business, which has sort of gone to levels of organic growth. The real estate at INR100 crores and INR200 crores levels of execution, which the EPC was doing INR300 crores, INR350 crores, and it was not sustainable to cover the overhead at that point of time. The real estate in that same situation for us, at the bottom of the curve, where we are doing only INR100 crores, INR200 crores a year.

And turnovers like this will not be doing justice to the Vascon brand, will not be covering our real estate overheads. And so that is definitely not where we want to be. We should be crossing INR300 crores, INR400 crores where we will then be seeing good PBTs coming from the real estate side. In line with this, however, see, we do not -- we are facing a little bit of slow sales, as you mentioned, in both Talegaon, which took us a year plus and now in Orchids.

We also took a call -- same, like in EPC, we took a call last year that we do not want to borrow additionally another INR100 crores and launch two more projects before getting our house in order as far as Orchids and a couple of the old projects are concerned. So, we said we'll take a

breather for a few months. We do have Powai launch and we do have Prakash launch, both of which are lined up for this year, which will then help us achieve much higher turnovers going forward.

And yes, so it has been slower than we wanted it to be. It is much lower than where it should be for the Vascon brand. We are very well aware. And so that's why we're reenergizing the team with a new sales team under Raveesh and giving it a fresh push so that over the next 2, 3 years, we start climbing the curve and then don't look back.

Himanshu Upadhyay: Okay, thank you and best of luck.

Santosh Sundararajan: Thank you.

Moderator: The next question is from the line of Rusmik Oza from 9 Rays EquiResearch.

Rusmik Oza: Sir, my question was on the real estate side, first one. Whatever the value of projects which are there in pipeline, the current under construction as well as future, if you can help us in terms of what is the presales and collections for the next 2 to 3 years, year-wise, it will help us in terms of understanding the cash flows? That's my first question.

Somnath Biswas: See, just to answer your first part is that, whatever the 4 projects is currently ongoing and another 4 is on the pipeline. If you look at those 4 projects, which is ongoing, which is having a substantial sale and all these things, though it is not being recognized in the system. But if this whole project is having a total top line in the range of close to INR600 crores, out of which INR125 crores has been recognized and another INR475 crores to be recognized over a span of 18 to 24 months max to max.

And then other 4 is also in the pipeline, out of which Powai is to be announced very soon. It is on the verge of launch. And probably Q2 or Q3, the Prakash will also be launched. But whatever the 4 projects are in the pipeline, the total top line is almost INR1,100 crores, which will be spent over next 4 years horizon, you can take so.

Rusmik Oza: Okay. And since in real estate, you only book the revenue once the project is completed and handed over, how the time lines pan out? Actually, Walkeshwar handover is happening in FY27, FY28 or it is spring to FY29?

Somnath Biswas: No, no, that -- whatever the 4 ongoing projects, I was talking about, they are almost close to INR500 crores revenue will be recognized. So out of which 50% -- more than 50% we are expecting to be recognized in FY26-27 and balance 50% in FY27-28.

Rusmik Oza: Okay. Nice to hear that. And my second question, sir, was that this MoU we have signed with Adani Group for execution, if you can just actually provide some color on what kind of potential revenue and EBITDA margins you can generate from this MOU in the next 2 to 3 years?

Santosh Sundararajan: I'm very sorry, we're really not having any concrete data to sort of answer that question. We have a very open MoU with Adani. They've chosen as one of their partners. Whenever we do talk to

them, there is huge pipeline of projects. The numbers could be mind-boggling if I start throwing out what we are in discussion with them.

But however, I think till ground breaks on these projects and we have a real order in hand, we do not want to be speculating on the numbers that these could lead to. We are currently talking on at least 4, 5 projects with them. They're taking longer. These are all projects -- so the method that they have used is to bring in a construction partner at a very early stage, which is what we are also realizing that they want us to be involved at a very nascent stage of the project. The approvals are still pending in these projects.

The detailed planning and the design is in process from their side. And they just want us to be by the side in all of these meetings so that we add value stage by stage in all these stages so that by the time it comes to construction, it is a very construction-friendly design, which Vascon as a construction partner has been privy to from the beginning, conceptualized stage of the project.

So, that is their method. And therefore, we have been invited to many such meetings. We are participating in a lot of such meetings. But we are still a few months away from any of these projects actually breaking ground at the site. And when that happens and we have a LOI in hand with the value, we'll start projecting numbers.

Somnath Biswas: But the only numbers as of now, what is the projects that whatever the 4, 5 projects assigned to us, that is the area-wise value is almost 13 million square feet. So, that is the number we have. But once you zero down to the exact contract value and all these things, then we'll be in a position to understand what kind of EBITDA margin we are having on these things.

Rusmik Oza: Thanks for the update. Okay. Small clarification. These are all EPC projects or real estate projects where you are tying up with them?

Somnath Biswas: For us, it is all EPC projects.

Rusmik Oza: Okay. So, is it safe to assume that the margins actually will not be compromising whatever margins you are making today in the EPC business that at least should flow in once these orders fructify?

Somnath Biswas: Yes. I mean, see, if the margin is going to be -- already we are at a stage where we were looking at 13%, 14%, we're saying we will come down to 12% and 11% to be a bit aggressive this year. So, if the margin they expect us to compromise beyond this, then the choice is always us. I don't think we want to be working for free.

Rusmik Oza: Okay. And a follow-up question, sir, is that suppose you get INR1,000 crores order, for example, hypothetically, do you have that bandwidth for execution? Or indirectly, what is the annual contracts at full utilization you all can generate or execute in the EPC side in terms of revenue, if you can just help us?

Santosh Sundararajan: Yes. At this point of time, in fact, we are a bit flush on the bandwidth part because we had scaled up. We were going to do INR1,100 crores last year. We were very much equipped to do that. And then we have underperformed for reasons that we've already mentioned.

And so going forward, we have our ability to execute till about INR1,500 crores at this point of time is not a problem at all per year in terms of assets, capex, senior staff. We are well equipped to reach those kinds of numbers. So, that is not a challenge. As Somnath pointed out, the reason for the lower numbers last year was not really anything to do with execution capability.

Rusmik Oza: Right. And last question, sir, what is the BG limits we have today? And to what extent actually you can fund the projects on your own with the BG limits?

Somnath Biswas: See, today, we have the un-utilized BG limit almost INR350 crores. So apart from the BG, whatever we have, the total working capital limit is close to INR750 crores we have now, so out of which almost INR300 crores plus BG limit is still unutilized, which can easily back almost good number of projects.

Rusmik Oza: Thank you, that's it from my side and best of luck. Thank you so much, sir.

Santosh Sundararajan: Thank you.

Moderator: Ladies and gentlemen, that was the last question for today. I now hand the conference over to Dr. Santosh Sundararajan for closing comments. Thank you. And over to you sir.

Santosh Sundararajan: Thanks, everyone, for joining us today and for your continued support towards Vascon. Despite temporary execution challenges during the second half of previous year, it was still an important year for us where we strengthened our liquidity position, our banking relationships and our overall foundation.

With gradual normalization across project sites and a healthy order book in hand and improving execution momentum, we remain confident about the opportunities ahead and our ability to deliver sustained long-term growth. Thanks for your support. Thanks for the faith in the company. And I'll see you all again next quarter.

Moderator: Thank you, sir. Thank you, members of the management. On behalf of Vascon Engineers, that concludes this conference. We thank you for joining us, and you may now disconnect your lines. Thank you.