



“Vascon Engineers Limited Q4 & FY24 Earnings
Conference Call”

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Moderator: Ladies and gentlemen, good day and welcome to the Vascon Engineers Limited Q4 and FY '24 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 Dr. Santosh Sundararajan, Group CEO from Vascon Engineers Limited. Thank you, and over to you, sir.

Santosh Sundararajan: Thank you. Good morning, everyone. I welcome you all to the Earnings Conference Call of Vascon Engineers for the fourth quarter and full-year ended March 31st, 2024.

Today joining me on call is Mr. Somnath, our CFO and our Investor Relations team, Stellar Investors. I hope you have gone through the Q4 and full year results and the presentations uploaded on the stock exchange and the Company's website.

During the year our overall revenue remained flat as compared to the previous financial year, which we have already mentioned in our past calls as well. It was largely on account of the real estate division where most of the projects were completed in the first half of last year. The new projects are work in progress and expected to contribute in the current fiscal.

However, on the EPC front, the execution momentum continued its increased space with revenue of about 9% Year-on-Year and 14% Year-on-Year in Q4 FY '24. Our outlook for the EPC segment continues to stand strong backed by a strong order book of Rs. 3,365 Crores, which is 5x the current EPC revenue. Out of these orders, Rs. 2,838 Crores are external EPC orders, while the remaining Rs 527 Crores are internal. About 80% of these orders are from government projects, ensuring quicker execution and steady cash flows.

In terms of order intake, we have one EPC order worth Rs. 1,800 Crores this year, which is the highest ever for the Company. This comprises of about Rs. 200 Crores from Bridge and Roof Company (India) at Kanker, Chhattisgarh. About Rs. 299

Crores from Jharkhand State Building Corporation for a hospital at Koderma. Order of Rs. 514 Crores from Bihar Medical Services for a medical college and hospital at Suphal. From PMC for a construction of one hospital in Moshi amounting to Rs. 357 Crores. And also, a Capgemini order for a construction of an IT park in Chennai of Rs. 416 Crores.

Our bank guarantee limits have increased in the last fiscal, led by our strong balance sheet and financials. And with this, we are looking forward to continuing growth in the EPC division.

Coming to the real estate segment, the market is looking promising for us with several of our projects now complete. We are optimistic about our business prospects in the coming years. In addition to our primary real estate business, we are in the process of forming partnerships with A-Grade top realtors based in Pune, Mumbai and Coimbatore, aiming to establish a steady stream of new property and project launches in the coming year.

Within the real estate sector, we have effectively rolled out one redevelopment project in FY 2024 and we are currently preparing to introduce two additional projects in the coming months.

New sales booking in FY'24 stood at 1,08,578 Square Feet, with a total sales value of Rs 100 Crores and a total collection of Rs 127 Crores this year. During FY24, our real estate revenue sales stood at Rs 57 Crores and an EBITDA of Rs 21 Crores. The gross margin came in at 66% while the EBITDA margin was 36%. We are very optimistic about sustaining the positive movement in the real estate sector given the promising pipeline of projects ahead.

Lastly, coming to the GMP business, GMP continues to deliver improved performance throughout the year, and we expect this momentum to continue in the coming quarters. Revenue of Rs 289 Crores in FY24, which is up 15% year-on-year and a healthy gross margin of 28%. The EBITDA was Rs 21 Crores with a 7% EBITDA margin in FY24.

The status on our debt, this fiscal year we have seen our total debt go up because we are involved in new real estate joint ventures, and we have put money in bid amount commitments and earnest money deposits for new EPC orders. As a result,

our net debt has risen to Rs 86 Crores. Even with this increase, we are committed to careful financial management and are focused on sustainable growth and creating value.

As I have mentioned about the rating upgrade throughout FY24, I would like to reiterate again that our Company, CRISIL, has upgraded our credit rating to **CRISIL BBB+ for long-term facilities** and **CRISIL A2 for short-term facilities**. This upgrade has played a crucial role in negotiating favorable interest rates in the Company's favor. We are also hopeful to continue this increase in rating as we go forward this year.

Coming to the financial performance of the Company in Q4 FY24, let me start with the standalone during Q4 FY '24. The Company reported a total income of Rs 241 Crores as against Rs 251 Crores in the corresponding quarter last year.

EBITDA stood at Rs 26 Crores as against Rs 46 Crores in the corresponding quarter last year. The EBITDA margin was at 11% and reported a net profit of Rs 15 Crores in Q4 FY24 as against Rs 41 Crores in Q4 FY23.

At a consolidated level, the Q4 FY24, the Company reported total income of Rs 350 Crores as against Rs 335 Crores last year with a year-on-year 4% growth. The EBITDA stood at Rs 32 Crores with the EBITDA margin was at 9% against Rs 58 Crores in Q4 FY23 and the net profit of Rs 17 Crores in Q4 FY24 as against Rs 50 Crores in Q4 FY23.

To summarize our strategic initiatives at dividing growth, we have made significant progress on our key projects. Our strong order backlog, real estate backlog and solid financial position reinforce our confidence in achieving our goals for the rest of the year. Looking ahead, we remain committed to delivering excellence and creating value for our shareholders, clients and employees. We are excited about the opportunities in the market, and we are well-positioned to capitalize on them with our innovative solutions and dedicated team.

With this, we can now open up the floor for questions and answers. Thank you.

Moderator: Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Rushabh Shah from BugleRock PMS. Please go ahead.

Rushabh Shah: I had a few questions. In the case of our building management system, there has been quite good growth in the revenues of nearly 15%, but the profitability has taken a big hit. Can you explain what led to it? And secondly, we are seeing commodity prices skyrocketing. So, what impact will it have on the business?

Santosh Sundararajan: Yes, so see commodity prices in GMP business, what happens is it's a very short-term turnover business. So, in the interim short term, if there is an increase in commodity prices, it definitely directly affects the profit. And sometimes we get the reverse cycle also, where it depends on the date we have taken the contract. On those days, if the price drops temporarily for a while, also we gain profit. So, because they have to execute and finish their contracts within a period of two to three months, they normally do not have clauses protecting them for these rates.

Rushabh Shah: But what about the profitability, which has taken a big hit?

Santosh Sundararajan: So, EBITDA level for the Company has been sort of consistent over the years. It's not a major hit as such, I would say. We are still talking from Rs 25 Crores; it has come down to Rs 21 Crores EBITDA of the Company.

Rushabh Shah: So, my second question is, the inflation is becoming sticky, and eventually the cost of labor will also increase. And some projects will get delayed, which is the nature of the EPC business. So, how are you preparing for future risk, which never gets spoken of in good times, but at bad times, will it have a very big impact?

Santosh Sundararajan: You are right. I mean, see, end of the day it's a very tough question to answer. We are entering risk on a daily basis. Every risk cannot be 100% mitigated. There is a price which the competition in the market forces us to take jobs at. Having said that, see, we focus on government projects where the escalation is factored in based on instance. So, in such projects, what happens is even most of those projects, even the labor index is covered, because there is a formula for every rupee that is spent.

So, there is a formula to cover for the major materials like steel and cement, and then there is a formula to cover for miscellaneous things. And there is also a

formula to cover for labor. So, generally, we will get covered, get paid over a long period, and labor prices go up during this period, there is a cover that we get in government projects.

In private projects, for example, the Capgemini project that we have currently taken, we have cover and the subcontracting like the MEP work, but we do not have a direct cover for labor escalation. We are supposed to execute this job within 24-30 months. If there is a delay from the client side, which leads us to prolong this beyond the scheduled contract period, I am sure we will have to put it up and negotiate with the client at that time. It is not contractually available today. But if we finish this within two, two and a half, we have factored in the kind of escalations we expect in labor during this period.

Rushabh Shah: And my last question and then I will join back in the queue. So, any thoughts on taking only those projects, which we have high confidence that they will get completed in less than three years only, or we can avoid which take more than three years for completion?

Santosh Sundararajan: No, absolutely. I mean, that is what our endeavor always is by choosing the kind of projects and clients. For example, I mean, if you look at our order book that we have taken, we are taking hospitals from the government. Hospitals generally have their funds allocated. Now these are all in the range of Rs 300 – 400 – Rs 500 Crores. So, these are not huge projects, whereby the government initiates these projects without having a full view on the funding. They generally set aside the funds for this and then float the tender. So, we are aware that most of these...

So, I am saying we try to choose our client to avoid the risk of a project getting stalled in between. We, for example, taken hospital projects from government and these projects are all less than Rs 500 Crores. So, at this level, we have seen that the government generally doesn't wait for various meetings to allocate budgets in interim format. They generally allocate the entire budget in one meeting and then the project is floated. So, most of these projects that we have taken, we are aware through our sources internally that the funding is available and therefore they are generally not linked to even political risks or funding risks as they are hospital projects.

Similarly, Capgemini, for example, are only going to see revenue coming out of this facility when it is completed. So, when they have finally decided to make a CAPEX on this, they have definitely set aside the funds. They will be in a hurry to finish it and so we do not see any reason why the project should get stalled from their side in terms of funding. So, we are very careful to try and see the quality of the project or the clientele to ensure that hopefully we don't have a project risk of it getting stalled.

Moderator: Thank you. The next question is from the line of Ranodeep Sen from MAS Capital. Please go ahead.

Ranodeep Sen: I wanted to understand, and I am referring to the Capgemini deal that we bagged for Rs 416 Crores. There are reports which says that almost 500 plus GCCs are slated to come to India in the next two years. From a business development perspective, is this a sector that we are targeting and are we approaching this sector where we can set up plug and play offices for some of these GCCs coming to India?

Santosh Sundararajan: Yes, 100%. So, we have been maintaining that we want a good mix of private and government. We have been a bit too skewed towards government off late, which has been good for us. But at the same time, as we rightly said, in good days, everything is good. We should be prepared with a good, diversified portfolio when we approach the next few years. And it is our endeavor to have at least 30-35% exposure to private. So, if not more, maybe a 60-40 mix is our target over the next two years.

Now in private, the best kind of client we would have is either trusts who are again building hospitals or building institutes because again they have their funding in place or industries because again, it's a CAPEX and their revenue will only start after completion or IT parks or corporate offices like this, like we have done for Capgemini, and as you rightly mentioned the MNCs and GCCs that are going to be putting up in India or data centers.

These are all projects where once a Company decides to invest, they will be after our back to finish it ASAP because they are going to earn revenue from it only after it is completed. And I think those are the kind of private projects we would want to be focused on. And so, yes, to answer your question, we would definitely be looking at this Capgemini to restart our private order book growth.

Ranodeep Sen: My next question was, I think there is a big data center boom happening in India at this juncture, right? And if I have to say that 150 acres that we have and I believe 70 acres is Vascon's share, are we looking at monetizing that land parcel with any data center project or either we are tying up with the project experts or selling the land? So, what is our thought on the Thane land given it's the boom period right now for data centers and Mumbai happens to be the data center capital of India?

Santosh Sundararajan: No, so, see the Thane land every possible real estate that you think of will work on that Thane land. It's not just data centers. Warehousing can work, residential can work. You know, it's a very good location and so there is no dearth of real estate options to explore on that land.

As we have been saying at the current stage, there is a separate team that is working on it to see how best we can monetize in bits and pieces, how best we can amalgamate. We are starting to fence certain areas of that land and start trying to generate revenue. As I said, a good portion of it is also part of the grid or the government is planning to build and so we will have to give our land off, which is also not a bad deal. They will be giving us decent prices better than the Ready Reckoner.

So, all of these things are happening there. It's a huge parcel. We can do data centers plus residential plus warehousing plus they will come to the government as well. But this is again not a very short-term thing. It's a medium-term target for the Company to milk the 70 acres that we hold over there.

Ranodeep Sen: My last question, sir, I think last 2023-24 probably saw the biggest year from a real estate stock point of view and I think there were multiple listed players who came out with record numbers for their residential projects which came out and it sold like hot. Have we missed out on this basically from the residential perspective by being too focused on the government project EPC side? And what are our plans at least in the near future to kind of galvanize and play a category?

Santosh Sundararajan: So, I will answer in two parts. Have we missed out on this opportunity? Yes, definitely. If we had more projects in hand and if our real estate growth story was two years ahead of what it is, we would have had a lot more square foot. We have only sold a lakh and ten thousand square feet last year, which is a very small

amount for our brand, and we could have sold a lot more if we had those kind of inventory lined up, which we didn't. So, have we missed out? Yes, definitely.

Is it because we are focused on government EPC? No, because we have two separate divisions. The growth of the EPC division is not at the cost of the growth of the real estate division. We have separate bandwidth, separate teams focusing on both of these. EPC was easier to trigger off over the last 3-4 years because it's less capital intensive and we have our pre-qualifications in place, we have got our bank limit growing and so it has been easier to sort of push the EPC story ahead first.

The real estate story is a bit capital intensive, and it takes time. Gestation periods are there. Approval periods are there for this project. So, I would say that we are at a very high level of potential that we are now unleashing on the real estate side, which we will see in the next few years. So, have we missed out on last year's fantastic real estate numbers that many of our peers have given? Yes. Unfortunately, yes, because we didn't have enough inventory.

Moderator: Thank you. The next question is from the line of Nitin Gandhi from Inoquest Advisors Private Limited. Please go ahead.

Nitin Gandhi: So, in the presentation somewhere, it's stated that you have the capability to do 8 million square feet and right now you are operating at 3.7 and which is at 90% capacity. So, can you explain that?

Santosh Sundararajan: So, last year, the capability in terms of top management as well as assets that we hold our internal Company bandwidth to deliver about Rs 1,000 Crores of EPC. And we were doing Rs 300 Crores two years ago. Then we have jumped to Rs 600-700 Crores levels currently. So, we are performing at 70%. We will touch Rs 1,000 Crores in the coming year, which will be our current potential in terms of CAPEX requirement for asset and senior level bandwidth. After the next year, we will grow, I mean, there is no reason why we can't grow beyond that. It is just that we will have to incur certain CAPEX to augment assets.

Nitin Gandhi: Can we translate this Rs 1,000 crore in million square feet?

Santosh Sundararajan: Yes, you can see, I mean, you can divide by, I think, 2,000. And what happens is, each project of ours is a different scope. Some of them are only concrete shell scope. It will be worth about Rs. 1,200 square feet. Some projects are like the hospital projects are including all the MEP work, the Capgemini project is including everything. So, these projects even go to Rs. 4,000, Rs. 5,000 square feet. So, the entire spectrum of work that we do can range between Rs. 1,000 to Rs. 5,000 square feet in terms of EPC. So, we can do Rs 1,000 Crores. On average, if you take Rs. 2,500 as the average price per square feet, then you can calculate the square feet potential.

Nitin Gandhi: So, when we say that 3.7 million square feet is under operation approximately Rs 1,000 Crores is under execution at this time, right?

Santosh Sundararajan: Currently, our order backlog is 3,500 Crores, no? So, all of that is under execution.

Nitin Gandhi: No, I am referring one slide where it is stated that currently operating at 3.7 million square feet.

Santosh Sundararajan: Yes.

Somnath Biswas: Just to clear that ambiguity, what you are talking about probably, there is some kind of communication mis understanding. What we are talking about, whatever the current asset base we are having, we have the equipment, plant and machinery and all these things. Whatever the current asset base we are having, that is operating at 90% level, which translates to close to 3.7.

So, this asset base is capable of doing 4 million square feet per year in terms of the delivery, but what we are talking about our bandwidth, senior management bandwidth and other bandwidth is very capable enough to double it up, but for that we need additional CAPEX, additional fixed assets to be infused in the system. For that we don't need additional management bandwidth is not required. So, that is the communication we want to make it. So, obviously there will be good amount of CAPEX will be required to scale up to 8 million, but with this bandwidth, we can scale up to that level. So, that is the point we try to make it.

Nitin Gandhi: But can you tell me the CAPEX amount needs to be spent? What will be the CAPEX amount?

Somnath Biswas: This year we do not need CAPEX in that sense. Next year for the additional growth beyond Rs 1,000 Crores, if we are looking to do Rs 250 Crores additional, which would be a target for next year, we would need about, you can say about 8% to 10% of that as a CAPEX investment. So, about Rs 20 Crores would be the estimate of CAPEX required next year, not this fiscal year.

Nitin Gandhi: Now coming to the question on the rating upgrade, what is the likely reduction in interest rate? Is it likely to be 20-25 bps? And when will it start flowing? Will it start flowing from QA?

Somnath Biswas: It is very difficult to say because RBI policy and all those things, it keeps on swinging ups and downs. So, bank is also following the same policy, but currently we are more or less very much in the optimal level. I cannot say that we are at the optimal level, but very close to the optimal level what we are operating. But depending upon the banking policy, whether 0.25 bps ups and downs, it will keep on impacting our cost of capital. But we are not seeing significant drop in the cost of capital, to be very honest with you.

Nitin Gandhi: Now the next question is, any enhancement in BG limit which will enable us to bid more? What is the expectation for intake for the current year linked to BG limit?

Somnath Biswas: So, basically, if you look in last year's assessment also, our BG limit has been augmented by almost 100 Crores in consortium. And beyond the consortium, we also got a sanction of Rs 200 Crore between a multiple banking. So, we are fairly placed in terms of the BG requirement for next year growth is concerned. But yes, we are continuing this enhancement within the consortium, outside the consortium. Sometimes it is happening that deal is much sweeter in outside consortium rather than being in the consortium. So, we are working in tandem which is a better mix for us. So, we are opting both the options, enhancement within the consortium and enhancement outside consortium also.

Nitin Gandhi: So, the last question, what is the bidding pipeline and what is the expected intake targeted this year?

Santosh Sundararajan: Order?

Nitin Gandhi: Yes.

Santosh Sundararajan: Yes, for this year, see, we are currently at Rs 3,500 crore roughly order backlog. And we intend to extinguish about Rs 1,000 Crores of that, which will bring us down to Rs 2,500 crore as an order backlog that would remain. And we want to start April 2025 with an order backlog of Rs 4,000 Crores. Only that will keep our growth story alive. So, for that the mathematics says that we have an order booking target of about Rs 1,500 Crores by April 2025 and we are confident that we will be able to achieve that. As Somnath said, the bank guarantee limits for that are more or less in place. So, now it is a matter of waiting for the elections to pan through and then pick and choose projects where we can bid and hopefully achieve that target.

Nitin Gandhi: And with the current cost escalation, anything, any impact on order book margin or will it remain above 11%, 12% as we had initially bid at for?

Santosh Sundararajan: No, the order book margin should remain same. As I said most of our escalations are covered for us contractually. And whatever little bit is not covered, we have factored into our costing. So, general small inflation, regular inflation should not eat into our order book, into our profitability. So, I think we are safe on that front at this point of time.

Nitin Gandhi: So, 12% is sustainable.

Santosh Sundararajan: Sorry.

Nitin Gandhi: 12% is sustainable margin for the current order book.

Santosh Sundararajan: Yes.

Moderator: Thank you. The next question is from the line of Rushabh Shah from BugleRock PMS. Please go ahead.

Rushabh Shah: So, I have a question. We had only one launch in FY24 and we seem confident of five launches in the last Con Call. Can you give in what stages of approval are these five projects? Also, in any project contingent on our raising capital through rights or they will get launched irrespective of that?

Santosh Sundararajan: Yes. So, we have two redevelopments in Santa Cruz. One of them is as good as launch as in we are at the last stage of getting approval. So, that will be launched officially anytime.

The second one, the agreement has been registered, and we are putting in the plans for approval. So, that will take about four or five months and that can also be launched very much in this financial year.

The third project in Mumbai is at Powai which is also in a stage where the plans are already in BMC, and we are awaiting approval. So, once the approvals come, that will also be launched within the next five to six months. So, these 3 projects are at a stage where definitely we will be launching.

The other project we talked about in our presentation which is a project in Baner in Pune which is at a very nascent stage in relatively speaking in that we have not yet put the plans in for approval. We are still closing out the contracts with the landowner and so that hopefully by the end of the year, the fourth quarter of the year, we may be in a position to launch that project.

Rushabh Shah: So, any of the projects are contingent on raising capital?

Santosh Sundararajan: So, all of these projects when launched will need capital. So, we had for Santa Cruz, for the Bombay project, we had gone ahead with the QIP requirement in the market which currently is very much in line and we should be hopefully doing it in the next few months.

But in the meantime, there are other sources of funding. So, the project launches will not get stalled if we have to temporarily borrow or if we have to get private equity if the QIP is getting delayed. We anyway had our plan A in place. So, the project will get launched.

Rushabh Shah: We have a large commercial project Tower of Future of nearly a million square feet construction. Will we bear the complete construction expense? How will be the value of construction? And will we pay for construction from our revenue share?

Santosh Sundararajan: No, so, see, there is a partner there who is a profit-sharing partner. So, all costs will be shared at the Company level. So, whatever we have given in our presentation would be our share of revenue, and you can expect 30%, 35% easily gross margins on our share of revenue.

Rushabh Shah: And sir, will we pay from the construction from our revenue share or the partner will be paying?

Santosh Sundararajan: As I said, it will all be partner, so there is profit sharing. So, we will pay for our share of construction.

Rushabh Shah: And so we have seen large number of residential project launches by large reputed builders across the geographies, but we have not seen residential projects in our order book. Can you share your thoughts out there?

Santosh Sundararajan: Yes, so we haven't, as I said, we in some ways have missed out on the boom of last year. We do not have enough inventory in residential to have sold, but currently we have launched the Phase 3 of Coimbatore where we have residential inventory. Katvi, we are finishing the first lot and we will be launching the second part of it and taking that forward. Santa Cruz project and Powai are also residential. So, in fact, only the Baner one, which we just spoke about a million square feet Tower of the Future is the only commercial inventory that we will be bringing up in this coming year. The rest are all residential launches.

Moderator: Thank you. The next question is from the line of Kunal Bihani from HVPL. Please go ahead.

Kunal Bihani: Sir, I am just looking at the results. On a consolidated basis, the real estate revenue has seen a large drop. So, any specific projections for the current year, FY 24 and FY '25, in that sense, specifically for real estate? Any projections would help.

Somnath Biswas: I think that's not correct. To answer your question, yes, the drop, as compared to last year, it has quite envisaged drop. That's because from day one, we kept on saying that they will be dropping the real estate number as because we don't have any significant completion this year. So, we always kept on communicating the same thing. So, it is not a surprise for us. But at the same time, yes, we cannot exactly project the number as because real estate is subject to the completion. But

we are envisaging at least one to two project completion and accordingly, it is still completion. And both in the top line and bottom line, we are expecting in the next financial year.

Kunal Bihani: Next question is, given that elections are over in a lot of states, I think we are in phase four or phase five, any uplift in activity in terms of tendering or contracting that we have specific to any state? I mean, I have been hearing cases where projects like in Maharashtra, for example, now that the elections are over, are good in the pipeline, and government is now active all of a sudden?

Santosh Sundararajan: There are many projects which were at various stages of bidding, which some of them once the elections are over, their Achar Sanhita is over, and so they start acting on those. So, yes, definitely as the elections finish, because for about 20-30 days, pre-elections, a lot of pent-up work remains pending, they do not act on it. So, the moment the election is over in a particular constituency or a state, they are free to act on certain pending decisions, which happens.

So, yes, we are also seeing that some of these tenders are now getting floated or opened for bid, but we expect much more activity to happen a month from now when the results are out and the stability in terms of new government formation is all over.

Kunal Bihani: Sir, my last question would be any guidance on the EBITDA margin, either at a segment level or at an overall Company level for the current year?

Santosh Sundararajan: So, we should improve definitely, I will tell you, if you look at our three divisions, EPC, real estate and GMP at the PBT level, eventually the least contribution in terms of percentage is coming from GMP and then the EPC division. In terms of percentage, the highest contribution comes from the real estate division and this year we had no contribution of top line from the real estate, no significant contribution.

Next year we expect much higher contribution from the real estate division and therefore that will pull up our EBITDA, our PBT as well and we also expect the EPC division to improve its EBITDA as well as PBT by at least 1 to 1.5 basis points, if not 2 basis points because the top line will improve and so the scale will

come in and we hope to improve that. So, next year we should definitely be significantly better on our margin percentages.

Kunal Bihani: And sorry, one last question, if I may. There was one comment to a participant question around the revenue of Rs 1,000 Crores from Rs 700 Crores. For which year was it and for which specific segment?

Santosh Sundararajan: The EPC, third party EPC division has done Rs 700 Crores this year, the past year, that is ending March '24 and ending March '25, we expect to take this to Rs 1,000 Crores.

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

Rajendra: Sir, all my questions have been answered. Thank you very much.

Moderator: Thank you. The next question is from the line of Prince Soni, an individual investor. Please go ahead.

Prince Soni: Sir, my question is on the overall business rate. So, as we see our approximate 80% of business comes from the government led project. Do you think a change in the current ruling party would impact Vascon business?

Santosh Sundararajan: So, that's a very tough question to answer. Most of our projects are slightly smaller than what would be significantly influenced by the party at the center. We are not of the scale of the L&T or at that level. So, most of the projects we take are through agencies or state government or various nodal agencies, government departments in the sub 500 range.

So, point number one, the project that we already have in hand, we do not expect any problem for any of those projects, no matter what happens in the election. Point number two, going forward, in terms of new projects that is being lined up, I mean, see anybody's guess on which government is getting formed and what kind of impetus they want to give to which industry, but having said all that. I do not think a Company of our size will have a significant effect because of what happens at the center. I think our target for the next two, three years will remain intact. I am sure there will be enough projects of that kind for us to keep bagging orders.

Prince Soni: So, sir, my next question is about on the, if the real estate segment is growing like, so is there any plan to go somewhere in Delhi NCR or somewhere other cities?

Santosh Sundararajan: No, no, no. As of now, we are very cautious on real estate. EPC, we are nomadic. We will go wherever we see a good project coming up. Real estate, at least for the next one year, our target is Mumbai, Coimbatore, Pune and nowhere else.

Moderator: Thank you. The next question is from the line of Rushabh Shah from BugleRock PMS. Please go ahead.

Rushabh Shah: Last two questions from my side. One observation we said that we choose QIB versus right issue as it will lead to new large investors coming into the Company and they will start tracking the Company. Just a thought. Companies which don't raise capital are the most favorable for large reputed investors. If we look at our peer Ahluwalia contracts, 25% is owned by mutual funds and 13% by FIIs and they have not raised capital in the last 10 years. As the Company did good large investors join the band wagon, our promoter stake is low. Any thoughts on that side to raise the stakes?

Santosh Sundararajan: So, you have to look at the history of the Company to put this question into perspective. Just a peer comparison unfortunately doesn't help. Our Company was not formed whole and sole by our promoters when it was born. It was never 100% owned by them. It was only 25% owned by them and 75% owned by other angel investors right from the beginning. And so as we have grown, in fact, that 25% owned by the promoters has now went up to 38% and gets diluted when we raise capital once in a while. It is in the range of 30 plus. I do not see how our promoters will be able to increase their stake significantly given the Company size and the investments required. It takes money to raise their stakes.

So, most of the other companies what happens is they start with 100% promoter ownership and then those stakes come down and you still have decent promoter ownership. Our Company's past history has been different. So, if you compared to the peers, our promoter ownership will always look much lower. And I think we are indifferent to that. I don't think that raises any problems for us to function. We are professional. We have a board. We have proper management. And so, the promoter ownership, whatever it is, is not a significant contribution to any of our growth stories or our profitability or our endeavor to pay back to our shareholders.

Somnath Biswas: And to answer your first part also, actually, to compare with Ahluwalia is not a fair comparison.

Santosh Sundararajan: So, I think Somnath's point also was in comparison with Ahluwalia. He is not in real estate and we need to raise capital a bit more than him because of our real estate vision. EPC generally is less capital intensive.

Rushabh Shah: And one more last question, sir. In your portfolio, are there any slow-moving large projects?

Santosh Sundararajan: Slow-moving in terms of EPC? No, not really. All our order books, touchwood, are running at full speed.

Moderator: Thank you. As that was the last question for the day, I now hand the conference over to the Dr. Santosh Sundararajan for closing comments. Over to you, sir.

Santosh Sundararajan: Thanks everyone for the interest in the Company and the continued faith in the Company. This year has been a bit flat compared to last year, but we always knew this and we have always been projecting this over the last few quarters. And we have also always been saying that the coming year March '25 is going to be again a big year for the Company in terms of growth in EPC and real estate, and we are better poised for that. So, I am looking forward to projecting much better numbers in the next four quarters. And thank you and see you all again in the next quarter.

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