



Date: August 14, 2024

To,
The Department of Corporate Services,
BSE Limited,
25th Floor, P.J. Towers,
Dalal Street, Mumbai- 400001

Scrip Code: 538734

Subject: Submission of Transcript of Q1 FY2025 Earnings Call held on August 13, 2024

Dear Sir/Madam,

Further to our letter dated August 7, 2024, we are forwarding herewith a copy of Transcript of Q1 FY2025 Earnings Call hosted by Valorem Advisors, on Tuesday, August 13, 2024 at 2:00 p.m. to discuss the Unaudited Financial Results of the Company for the quarter ended June 30, 2024 with the Management of the Company.

This is for your information and records.

Thanking you,

Yours faithfully
For Ceinsys Tech Limited

Pooja Karande
Company Secretary &
Compliance Officer
M. No. A54401

Enclosures: As above

Ceinsys Tech Limited
Q1 FY25 Earnings Conference Call
August 13, 2024

Moderator: Ladies and gentlemen good day, and welcome to the Q1 FY25 Conference Call of Ceinsys Tech Limited.

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 we need assistance during the conference call, please signal an operator by pressing “*” then “0” on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Anuj Sonpal from Valorem Advisors. Thank you and over to you sir.

Anuj Sonpal: Thank you. Good afternoon everybody and a very warm welcome to you all. My name is Anuj Sonpal from Valorem Advisors. We represent the investor relations of Ceinsys Tech Limited. On behalf of the company, I would like to thank you all for participating in the company's Earnings Conference Call for the 1st Quarter of the Financial Year 2025.

Before we begin, let me mention a short cautionary statement. Some of the statements made in today's earnings conference call may be forward-looking in nature. Such forward-looking statements are subject to risks and uncertainties which could cause actual results to differ from those anticipated. Such statements are based on management's beliefs as well as assumptions made by and information currently available to management. Audiences are cautioned not to place any undue reliance on these forward-looking statements in making any investment decisions. The purpose of today's Earnings Conference Calls is purely to educate and bring awareness about the company's fundamental business and financial quarter under review.

Now let me introduce you to the Management participating with us in today's earnings call, and hand it over to them for opening remarks. We have with us Kaushik Khona - Managing Director India Operation. Without any further delay, I request Mr. Khona to start with his opening remarks. Thank you and over to you, sir.

Kaushik Khona: Thanks a lot Anuj. Very good afternoon everyone, it's a pleasure to welcome you to our first ever conference call for the 1st Quarter of Financial Year 2025. Given that this is our first earning call, in the interest of some of the people who may be new to the company, let me first start by giving you a brief overview of the company. Ceinsys Tech is a leading technology solution provider in the IT enable sector. Renowned for its expertise in geospatial engineering,

as well as other engineering services and solutions. The company offers a broad range of geospatial intelligence services, including data creation, data analytics, decision support system, enterprise web solutions, and positioning itself as a key player in these domains. In the FY22 Ceinsys, strategically expanded into mobility sector by acquiring Allygrow Technologies, a specialized engineering service provider with a strong international presence. This acquisition allowed Ceinsys to enhance its capabilities into manufacturing technology solutions covering the entire product development process and industrial automation for diverse sectors such as two and three wheelers, passenger cars, commercial vehicles and off highway equipment.

Ceinsys serves a prestigious global clientele that includes large corporates, OEMs, asset management companies and government bodies, highlighting its robust reputation in both the geospatial and manufacturing sectors. With offices in India, the United States, the United Kingdom and Germany, the company combines local expertise with a broad international reach. Additionally, Ceinsys is venturing into software product development and emerging technologies through a new vertical focused on artificial intelligence and machine learning and embedded electronics. This vertical emphasizes advancement in metaverse, edtech, gaming and mobility, reflecting the company's commitment to innovation and maintaining a competitive edge in a dynamic technological landscape.

Now moving on to the performance of the 1st Quarter of Financial Year 2025. For the 1st Quarter, the operational revenue was Rs.74 crore, representing an increase of around 37% year-on-year. The company was able to achieve strong top line growth on a year-on-year basis despite adverse impact owing to general elections, where there was a code of conduct for most of the period. EBITDA reported was around 13 crore which grew by around 16% year-on-year and the EBITDA margin stood at 17.9%. The net profit after tax was reported around 12 crores, which was increases of around 42% year-on-year, while the PAT margins reported at 16%.

On our business segments, the geospatial and engineering solutions revenues for the quarter were Rs.42 crores, a small decline of around 13% on year-on-year basis, due to some deferred revenues on some projects. The technology solutions revenues for the quarter was 31 crore which grew by almost four times year-on-year.

On the operational front, the company successfully implemented major projects like IoT project under the water domain. Digital project management systems awarded by the state water and sanitation mission Maharashtra under the water domain and consulting services for third party inspection projects of various rural water supply schemes at Uttar Pradesh. All these were under technology solution segment.

On the business development front during the quarter, the company was able to generate fresh leads for fresh and renewal of business of almost 270 crores. Of these contract closures of almost 50 crore were achieved. The current order book stands at around 750 crores, and a bid

book pipeline of around 200 crores is being pursued. With that said, we can now open the floor for question-and-answer session.

Moderator: Thank you very much. We will now begin the question-and-answer session. Our first question is from the line of Suresh Pal from Aventus Park. Please go ahead.

Suresh Pal: Sir my question is, I am new to the company so can you please explain what is the tail wind that we are seeing in our company?

Kaushik Khona: Well, as I introduced, the company is primarily into IT enable sector, and there is a special focus on the geospatial vertical. As you may be also aware, the government of India through the recent finance budget has given a huge emphasis on the various projects which are geospatial related, including the land and other records mapping for the rural and urban area. On top of it, the company is providing the technological solutions, and it's not in the pure play of providing any products. So we are into a providing complete solutions, including development of software, wherever required. The company is in the area where there is a huge growth opportunities. The sector itself is growing substantially well as you may be aware, and the growth potential of these sectors have also been multifold through this budget which has been stipulated in the month of July 24. And therefore we see a huge opportunity for the growth, and we see good tailwinds as regards the growth opportunity, and we don't find any headwinds in this sector as of now.

Suresh Pal: So sir, can you please explain what is the rate of growth that we can expect for our company in the coming years?

Kaushik Khona: So, as we already mentioned we would not be giving any forward looking statements, but you would be aware that the sectors which we are into are growing in the range of around 20% to 25% to 30% and we are also benchmarking our growth to the sectoral growth. We want to be better than the sector, and therefore the growth expectations could be of a similar nature. You could also see that in the performance of the past years, we have grown on a 25% to 27% in the last one year which is the history, and as we already mentioned about the order book, we have almost 750 crore worth of order book which we have to execute in the period of next two to three years. So we expect the growth to be in line with the targets, as well as the overall segment growth which we expect in the range of around 20% to 25% to 30%.

Moderator: Thank you. The next question is from the line of Punit Singh from Counter Cycle PMS. Please go ahead.

Punit Singh: So you made an acquisition recently, can you just share some numbers regarding the revenue, top and bottom line of that acquisition and whether it has been consolidated in Q1 numbers?

Kaushik Khona: So thanks that you are keeping track of the company. We recently acquired VTS, which is in the geospatial area. And this company is based in US. It's a small company to begin with, because we wanted to have a presence in geospatial for going further into the geospatial area at US. The company itself, had a top line of around 3.5 million to 4 million year-on-year. And we expect that the growth of that company, we will be able to push further once, because we also have started deploying people over there for the growth of that business segment. The VTS has been recently acquired, it is in the month of July. These companies have been taken over by an asset, and the business is now being populated and therefore it's not included in the quarter results, because the acquisition has happened after the end of the quarter.

Punit Singh: So, let's assume between 3 to 4 million top line would be added Q2 onward basically?

Kaushik Khona: Year-on-year, that's the potential which the company had in the past. So we expect that to continue or maybe improve further, but for that, we are doing all further efforts by putting more people over there to grow the geospatial segment focus in US.

Punit Singh: And what kind of margins do we see there?

Kaushik Khona: US margins are not so heavy as in India. The company which we have acquired had the historical margins of around 14% to 15%. However, once we expand and it remains to be seen how much economies of scale we are able to obtain, but in US margins of around 10% to 15% to 18% are said to be good enough.

Punit Singh: Sir we recently planned to raise money, so do we have any big acquisitions in the card this year, are we working in that direction, what kind of target acquisitions are we looking at. Can you please throw some light on that?

Kaushik Khona: It's a very relevant question, you must have seen that in the sense March onwards 2024, we have already authorized the company to raise fresh funds by way of preferential allotment of shares and warrants. The overall fund raise will be in the range of around \$25 to \$27 million all this is for the acquisition and we have already appointed the agency which is care rating, who is going to monitor the funds. The issue of the raise of the funds has still not happened, it will happen once we have timed it along with the acquisitions which are being lined up. We are in the process of, we have identified a few acquisitions, but right now it will be premature for me to identify and highlight which are the acquisition targets. The acquisitions however, I can say that they will be in-line with the existing line of business, which is the engineering solutions, the geospatial solutions, as well as technology solutions. One area which we are also focusing which you must have seen, is that we are also trying to add value by focusing into setting up of the data centers which is the tech enabled center, where we are not into the provide the setting up, the physical infrastructure setting up, we are into the consulting part and we have already set up a 100% subsidiary at Singapore, for which the board has authorized for the investment of around 5 crore into the equity of that capital. The company has also appointed very

renowned and experienced professional who has exposure of setting up data centers for over last 18 to 20 years in Singapore and in APAC region. And we expect that also to be given a good focus in this coming two to three quarters where we can find out new avenues to add our top line.

Punit Singh: Right, sir. Is it reasonable to expect about 20 to 30 crore revenue for the potential target because of the kind of funds that we are raising and also the setting up of data centers what is the rational and what kind of leads or order pipeline, what gives us the confidence that we will be able to establish ourselves in that domain, given that we have not been present in that?

Kaushik Khona: So one thing which gives us that confidence is first of all the investor who is, the prospect investor who is going to fund these new preferential allotment, they themselves had a very good kind of history and setting up of the data centers, and they are also giving us some leads and help onto these avenues. The data center as I said, we are not physical data center setup. Why we have identified because it's a huge tech enabled area, which we see a good focus. In fact, as per the study reports which we have had, there is a growth of the data centers business alone of more than 25% to 30% in the APAC as well as in India. And we are talking of large data centers like those set up by Amazons or Google and all. And therefore, we see a lot of potential to set up those as a additional avenues for our consulting business.

Punit Singh: Right, and sir as per the target acquisition can we expect it to be 20, 25 million top line, considering the kind of funds we raise?

Kaushik Khona: As I said we have still not signed off any further acquisition except the VTS which we already mentioned about. Once we are able to sign off, we will be able to publish that into the stock exchange, and we will be able to give you further guidance on that.

Punit Singh: Perfect. Sir my last question would be regarding the EBITDA margin. So directionally, can we expect to maintain +20% margins, just in the directional sense, I don't want any specific numbers. And also, considering that the industries are in a growing at 20%, 25% and we want to grow faster than that, so can we reasonably expect 30% to be a good number for growth for the coming three to five years?

Kaushik Khona: Well, as I said, Yes, I don't want to again be mentioning about any guidance of future, but we have our own targets to be ahead of the industry, and we are working on all the projects, and the projects which are in pipeline have a net EBITDA margin in the range of around 20%, 25%, 30% so, over a period of this financial year we will be able to see the sustainable improvement from the margins which we have been reporting year-on-year. And if you see the last three years margins also they have been steadily enhancing and improving from 22 to 23 to 24 and we are on the track to see that the sustainability of the growth of margins also sustains.

Moderator: Thank you. The next question is from the line of Richa from Equity Master. Please go ahead.

Richa: Could you, like I am new to this business, could you help me understand what is the percentage of business or revenue from government, is it a tender based business order book that we are talking about? Also, if you could talk about the breakup of this order book of 750 crores, where exactly, what are the constituents of this?

Kaushik Khona: Sure. So predominantly three years before we acquired Allygrow, we were more so 95% on to government businesses after the acquisitions and after going further into corporatization of the business. The present government business is in the range of around 65% to 70%. The order book of 750 crore which I mentioned, the breakup of that mainly provides into two first of all segment wise breakup, out of that 750 crore, around 550 crore is towards the geospatial and engineering services, and around +200 crore is towards the technology related solutions services. As regards the government exposure, the government business is on the basis of the tenders and many of them are in respect of the same water based or the smart city solutions which we provide through geospatial. So these are the focus areas where we are having our expertise, and we try to tap the opportunities wherever available from the government auctions, attenders, where they are available.

Richa: Okay. And sir could you name some of the peers or competitors who are operating in the similar area in India? And how does this order book look on a year-on-year basis, what kind of growth has been there?

Kaushik Khona: So, I would not be able to identify a one-on-one competition because we are into four or five major business segments. As we said we are into geospatial one can relate that to perhaps, to that element we can relate to the CE Infosys, which is into Map My India kind of with but it is, again a product. We are not into the product. If we look at the technology solutions, we have some companies which are based in Nagpur or who are based in Mumbai also which are of the similar size and which can be kind of compared. But if you look at the kind of the bouquet of services which is offered by the company, I have not been able to come across any company which is an apple-to-apple company. So, that's my take on the competition, what was the second question I missed it?

Richa: It was about the progression in the year in the order book. How does it look on a year-on-year basis?

Kaushik Khona: So, I can give you the past in the sense, when we started 2023-24 our order book was in the range of around 250 crore. When we closed the year 24 we were at around 700 crores. After execution of around 65 crore of projects, we are again at 750 crore and I said that there is a pipeline of the tenders which we are already tracking as of now of around 200 crore of which there are 70% of the tender pipeline we are already L1. So we hope that it could fructify, although I cannot give a guidance because that's all subject to the final government approvals wherever they are in relation to the tenders and the invites. And going forward, we are trying to focus more on similar exposure of geospatial and smart city solutions going into the different

states, like we are having major presence in Maharashtra and we are also having presence in Uttar Pradesh. We are trying to tap further into the states of Chhattisgarh, Madhya Pradesh, Jharkhand, Delhi and Rajasthan, where we already have people and infrastructure based. So these are some of the states which we have identified to go into and tap further opportunities. The order book position we will be able to update it on a quarter-on-quarter basis, at the time of every periodic reports which we publish.

Richa: Okay. And sir typically, historically, what has been our strike rate, like you mentioned the pipeline is a 200 crores so historically, what kind of success rate do we have when we bid for these tenders?

Kaushik Khona: To be very frank, we apply where we feel that we have the ability to strike the deal. And historically, we have had a strike rate of almost (+90%). So it's something where after having done our diligence, after having seen that we have good capability to execute the project. There only we apply, and that's where we try to see that we meet the criteria of technical qualification, as well as ensure that we also are kind of competitive on the commercial part. So, so far our strike rate has been in the range of around (+90%).

Moderator: Thank you. The next question is from the line of Ankit Minocha from IBC Ventures. Please go ahead.

Ankit Minocha: Overall, my first question was regarding the order book as well. So, if you are talking about a 750 crore order book in the next two years. That is substantial growth over our last year number. So firstly, do we have the execution capability currently to execute a 750 crore order book over the next two years and secondly, what would be the average, or a margin profile of this current order book?

Kaushik Khona: A very valid question and thanks for your compliment. You are right, the order book has execution timeline of two years and two to three years in some case, because that also includes the O&M part of some of the orders. Capability wise we have added a lot of capacities over the last six months, where not only the execution part, we have also ensured that our systems are further upgraded to see that the execution are being monitored centrally, so as of now we have, the order book which we are trying to tap. We have ability of execution and the capability even on the technological side as well as management side. So we don't see any challenge in execution of even a higher order book as of now, and we are trying to therefore tap further. As regards the margins of order book, which we have already kind of signed off. The gross margins are quite good and we should be aiming as I said again, I should not be mistaken to give any kind of guidance. But going forward, we should be able to achieve our targets of having a higher EBITDA growth on a sustainable business between 20% to 25% to 30% in the next one or two years.

Ankit Minocha: Thank you for the clarity. And my second question is with regard to seasonality in the business. So, I was kind of looking at the quarter-on-quarter numbers. And for example, the June quarter was very strong last year, and it also comes from this year, but then we saw some kind of a dip in quarter two and quarter three. So is there a seasonal element to the business, wherein these executions and tenders are executed more over a certain point of time, and should we be taking that into account?

Kaushik Khona: Let me first of all clarify these all projects, which we do are little long term projects in the sense, they either span from nine months to 12 months to sometimes two years also, and typically they are, we therefore have a structured way of doing business which we measure, although the measurement obviously happens quarter-on-quarter. But the kind of the cyclical fluctuations which could happen gets even out on a yearly performance parameter basis. So, I would rather look at the performance on a year-on-year basis and there may be various reasons for a specific quarter performance for example we just said that this quarter we had COC, which is the code of conduct. But without going into such kind of reasons, we normally have a cycle where financial year end is the measurement, because even these clients, whether it is government or corporates, they also want the project to be kind of measured at the end of the year. And therefore we would also measure our performance through the financial year performance. So quarter-on-quarter fluctuations may remain, but because it's, as I said, it's an ongoing project, and sometimes the timelines to invoice a particular element of the execution may not have been attained, but over a year that can be measured on a seamless basis.

Ankit Minocha: So, if I am understanding correctly, then Q4 is your strongest quarter usually?

Kaushik Khona: One can, if you look at the last year quarter four, normally what happens is, financial year end is where people take, the clients ensure that let's measure our ourselves. And that's where normally whatever pending issues are normally getting addressed at that within the year itself. That's why I said we look at the financial year end. And typically quarter four happens to be that way of closure. So year-on-year, if you have seen perhaps the quarter four would be a kind of balancing quarter where whatever has not been built, not been achieved those timelines also get fructified over there.

Moderator: Thank you. The next question is from the line of Pritesh Vora from Mission Street India. Please go ahead.

Pritesh Vora: My question is, your margin has come off this quarter and I just also want to understand the client profile, who are our client and whom do you serve is this is a tender led business, or there is a fixed client, and if it is a client tender led business, what is our order book position as of now?

Kaushik Khona: Thanks for joining. I guess you must have joined little later, most of the questions which you have raised, I will just repeat them. Yes, it is 70% of the total business is government business

which are awarded through tenders, and therefore they are in relation to those projects. Second is, there will be quarter-on-quarter fluctuations. So therefore we just requested all of you to kindly look at the performance on a yearly basis, rather than looking into on a quarter-on-quarter basis. The third issue is, the order book is as I said in the beginning of the year, it was around 700 crores, we are at right now 750 crore of confirm order book. And we have a further pipeline of around 200 crore for which we already have bid and the final decision for the allotment or award of the order is still pending. So we expect the order book to continue to be strong, which will help us to perform higher execution targets year-on-year.

Pritesh Vora: My second question is about, how do you rate your capability vis-à-vis other people in GIS phase, there are a couple of people in India who serve to Google and other multinational for the GIS space. How do you rate yourself in that aspect?

Kaushik Khona: So if you ask me, we have various buckets of the business segments, and if I were to compare with any of the such competition, like those who are serving Google or we have just acquired one company which was serving Ericsson, which is also a large multinational in US. So we are serving those large clients also through such verticals. And that doesn't make, it's only a part of the whole. So we have various business segments where our focus remains on providing the smart city solutions as a solution, and which also therefore includes parts of that which has let's say geospatial, more on to the technological aided software development solutions, and therefore we don't only cater to the large clients like Google or Ericsson or for that matter, any of these Amazons, but these are one of the buckets which caters to such businesses which we had also in the initial Introduction we mentioned about the manufacturing and other industrial customers.

Pritesh Vora: Sir will you compete with Cyient, or will you go to US and other geography to compete with Cyient and other people in this space?

Kaushik Khona: I have little knowledge about that, so I won't be able to comment on it. Our focus right now, on US is to set up the geospatial arm, and we are trying to focus over there. And in that endeavor we have acquired one VTS company, which is into geospatial, which also I mentioned in the past. I am not quite aware about the Cyient, so kindly pardon me for that.

Moderator: Thank you. The next question is from line of Ankur Kumar from Alpha Capital. Please go ahead.

Ankur Kumar: Sir, I wanted to ask in terms of our two segments, geospatial and technology. Is there a big difference in margins and how much of our order book can be divided into the two segments?

Kaushik Khona: So, as I mentioned around 750 crore order book has around 550 crore book of geospatial as of now, and around 200 crore of order book on technology solutions, I can also mention which I have not clarified earlier, the 200 crore pipeline which we are right now banking on, subject to the final award, 80% of that is into technological solution. So if everything had to come through,

then this percentage of technology solutions into order book will further improve. That's a mix of the business which we are catering into. As regards margins, we have already given a kind of the margins which we have been sustaining, and we aim at improving it further on a sustainable business as we grow further.

Ankur Kumar: But there is no significant difference in the margin between the two segments, is that right?

Kaushik Khona: It doesn't make difference between overall segments. There will be some contracts which may have a higher margin because of our special exposure to that particular geography or that business. But typically, on an average, the margins for both the segments should be in the similar range, as I said between 20% to 25% to 30%.

Ankur Kumar: Got it sir. And sir on the 200 crore bid pipe and when can we expect good numbers?

Kaushik Khona: We will be able to communicate as soon as we get because, as per the stockation requirement also as and when we get a further order book confirmed we do publish. And within the month of September, almost 150 crore out of 200 crores should be decided now, whether we are awarded or not that you will be able to communicate.

Ankur Kumar: Got it, sir. And sir any more bids in future coming as in how are the things looking on the bid side because, as you said, we get lot of confirmed orders on the basis of bids only?

Kaushik Khona: Yes. So we continue to tap the options available, there are a lot of opportunities which are coming. I am sure you must have gone through the recent honorable Finance Ministers budget, where they have in fact if you look at the outlay budget, they have identified a total expenditure outlay of around 1,13,000 crore on the three elements which is geospatial, smart city development and the energy solutions. In which all of these we are there as a present. So not that I am saying that we will be benefiting out of that, under the 1,13,000 crore worth of outlet, but there are a lot of opportunities which we expect to happen, because the government focus on these areas is significant and has come out very starting in the budget which has been announced by the honorable finance minister on the 23rd of July.

Ankur Kumar: Got it. And any comments on working capital side, how soon can we receive?

Kaushik Khona: So as we have been seeing that we are into a projects which span into a period of one year, two years, and because these projects are, I would say spread across large geographies, which may cover sometimes multiple districts. The overall working capital cycle may be little more, but quarter-on-quarter we have seen that the working capital cycle is now further reducing and we are able to see that the overall working capital cycle has improved substantially which can also be seen from the fact that none of our banking limits on fund based banking limits are being utilized. Right now we are sitting on a positive cash flow which even on the presentation you would have seen that we have a negative debt equity, which means that we are right now

sitting on a surplus of funds. So, working capital is not a major cause of concern, and it's a natural hazard, to this business if I can submit that way.

Moderator: Thank you. The next question is from the line of Saurabh Sadhwani from Saharsar Capital. Please go ahead.

Saurabh Sadhwani: Sir, can you please tell us what are the margin which will help you to achieve your aim for your margins of 20% to 30% range?

Kaushik Khona: To be very frank, the kind of the expertise which we all already have built, I would not say that it's a major constraint to the new entry, but the technological knowledge which we possess, it's not easily replicable. And therefore, the margins which we are looking at is something which is always possible and therefore the levers of margin is the delivery. And as I already mentioned in the past, we have the ability to deliver. We have a good 1000 technically qualified, skilled employees with us, which help us to execute with a good perfection. I also mentioned earlier that we are also having a technological enabled tool to ensure that all the projects are being monitored through a central database system. We also have implemented kind of certain software tools whereby the integration between different systems is also feasible and which enables the execution faster. So, the margin story of 20%, etc., is given with the kind of size of business which we are into.

Saurabh Sadhwani: Okay. And sir could you give us an example of a project in both of your segments for geospatial engineering and technology section that you might have done, a use case you might have implemented?

Kaushik Khona: Well, one very interesting project which we are right now undergoing, and that's a very large project which we are implemented within the short possible time of six months. It's called digital project management system, and this is a small project which is on the verge of completion, where we were awarded a contract through the Government of Maharashtra, where almost 900 schemes of water irrigation systems were to be integrated, for which a technological platform was to be built by us. We got all the schemes onto different formats of the documents which we converted all of them into GIS. We made them technological enabled, into a mobile platform as well as web enabled platform. We set up a system whereby a person can on an handset, go to the respective location and do the audit. It will verify the asset, et cetera. And there would be an asset mapping also being done for the purpose of O&M, or asset tracking or the right now the Aadhaar system which is going to be implemented, will also be integrated to that. So this one system which is a very, I would say, very good system which has been developed in a very short time, is one of the examples which I can talk about on the technological solutions which we have implemented. One system which we are already implementing is, engineering services and geospatial engineering services, where we have been allotted a contract before a year or so, and we are right now on the extension or I would say, the further extension of the project. It's called a third party inspection, where we are

consulting engineers to ensure a third party inspection of all the projects which are being implemented in the state of Uttar Pradesh, where the contractors are doing the capital outlay, and we are monitoring through the physical as well as through the data tools, to see that the project which is being implemented is as per the plan, and is integrated through the different software systems of the state. And that's how we integrate and then report on a monthly basis. This is an ongoing project, this is a geospatial where, again the geo mapping of each asset is also being done over there. And this also enables for the rural water supply scheme under the state water and sanitation mission of the Uttar Pradesh. I would just, these are the two just an examples of each one of the segment which we mentioned. I hope, I was able to clear the first one was technological solution. The second one was the geospatial engineering service.

Moderator: Thank you. The next question is from the line of Ritesh Gandhi from Discovery Capital. Please go ahead.

Ritesh Gandhi: Sir on the geospatial, we sort of understand you are competing with the Ceinsys and MapmyIndia just on the engineering services side, who do we typically compete with, is it the Oden Technologies, is it Tata Elxsi, and just to understand in terms of what is our billing rates sort of stack up to, just to get it and so on how we are relative to the competition?

Kaushik Khona: So it's very difficult, so as I said identify whom we can relate to. I can also because at one project, I was competing with Tata Projects. In one project, I was competing with even the KPMG Consulting Services. So, I am just giving you that kind of perspective as to who could be my competition, as regards engineering services. So, as I said, because we provide into the different kinds of services, but all of them, I would say are, I would not even brand it, but it's more to do with either infrastructure related development services or a smart city solutions, or in that sense, any complete solutions which an organization requires to maybe enable their execution of any particular project. So, as I said, it's difficult for me to identify which can be a competition for, but it will be different for different types of projects. I forgot, what is your second question?

Ritesh Gandhi: The other question I had was, if you could highlight a little bit about the kind of team you have on the engineering services side as well, that would be helpful, as in, in terms of the leadership, how we are looking at them, in terms of.

Kaushik Khona: So, we have very good experience and a good team which has an average age of almost 10 years into our company I am talking about, let's bracket them into two. One is a senior management which has a managerial and technical skills. And second is the execution team, which has a technical and supervisory skills. In both the cases, I would say almost 70% of our people have an average age. I am talking about the managerial skills of more than seven to 10 years of existence into our company. And that's a big asset for our company, because the continuity of people do give a lot of advantage as regards the aligning of the company's systems and execution skills. As regards names, I don't think you need names because they are all

seniors and they are expert into that respective field, but each and every vertical we have at least one plus two as a senior management skills. And therefore, if I can divide my total number of deliverable segments, we have almost 12 deliverable segments. So, we have a good management team of, I would say, even on the project execution and management skills of around 35 to 40 people who are on the top management, the rest of them are the execution and planning and various other skill related team members.

Moderator: Thank you. The next question is from the line of Anik Mitra from Phenomic Solution Private Limited. Please go ahead.

Anik Mitra: Sir, last time when I have spoken to you, maybe in last one month, you said, I asked this question related to satellite based tolling system what Nitin Gadkari has mentioned. So you said, wherever there is longitudinal and latitudinal data there is a scope of taking up that kind of project. And obviously you also have hinted, you are discussing this. So is there any progress related to the satellite based tolling system and if there is any clarity, what could be the size of this business and where you can work on, if you can give me some?

Kaushik Khona: So we have capabilities to do that, right now the project RFP has not come on this part as regards satellite tolling project, it's a wonderful project to have, but as I said, we still need to have more details once we have the RFP published, it will be known little more better. We have Lidar lied our capabilities, we have the capabilities of doing the geo mapping on the base of satellite as well as drone facilities as well as Lidar facilities. So we also were evaluating various of the such projects. So once we get some kind of RFPs, then we will be able to give you further guidance on this.

Anik Mitra: Okay. Sir, my next question is related to the data center. Is there any timeline, like when we can see some revenue coming from the data center business?

Kaushik Khona: Well, I would not be able to give you any timeline, the segment has just started on 1st of August, in fact a very senior member perhaps, if you were on the call you would have Mr. Vijay, who is a very expert on this he has joined our Singapore subsidiary, and he has an experience of around 18 to 20 years on setting up the data centers in the Singapore as well as APAC region. And we are actively kind of tracking the possibilities for getting those kind of new options available. So, I would be able to get more specifics once I have something more to share, and as a normal transparent corporate behavior, once we have some kind of signed documents for new orders, the same will be published in the Stock Exchange.

Anik Mitra: Fair enough, sir. Sir, my final question is related to the government project. The payment history of government projects are not very pleasant in India. So as your 70%, 75% projects are from government only. So what kind of payment cycle do you see, do you get with the government and what kind of receivable days you are maintaining with government?

Kaushik Khona: First of all, I have not had that experience and I have not seen that as a history in our company. And I would guess the government is also guided by its own parameters of corporate governance. We have seen that in these projects like the water related or the IoT based projects, or the DPMS projects, the overall outstanding has been hardly 15 days or 20 days. So, I don't think there is any major cause of concern when we look at the government projects. Yes, there are few small projects, which had perhaps the government allocation of funds was dried up, and we are waiting for the fresh allocation. That's where the outstanding remains due for two, three, four months. But that is, unavoidable when it looks to the central and these happen when there is a project which is co-funded by state government and central government. So it could be possible that state government has the funds and central government funds are awaited, or vice-versa, in which case there can be small delays. But, I have not seen major issues on the government project, the receivables.

Moderator: Thank you. The next question is from the line of Sidhesh Saraf from Tusk Investments. Please go ahead.

Sidhesh Saraf: Just wanted to get a sense of how you see Ceinsys going in, let's say five years from now. With regards to the current business segments we have, how big do you envision each of the three segments to be and do you plan to add any other lines of business, for example you have just added data centers, any color on how you are thinking about the business in the long run will be very helpful.

Kaushik Khona: Well, thanks for the compliment first of all, and both the questions which you have, have little bit of challenge for me, because we are all talking about future, but I can only tell you that the two lines of segments which we are classified, which is geospatial and engineering services and technological solutions, which are the two segment businesses which we have classified ourselves, seem to have a good kind of visibility for the next few years. I can't give any kind of due date for when they will kind of mature. And it's difficult for me to give you any guidance as to from a last years of 250 crore, whether I will be 400 crore this year, or what I will be this year, it's difficult for me to give you any guidance. And as I said, it will be a forward looking statement which I am guided not to be giving such guidance, but we are on a growth mode, which on a quarter-on-quarter you will see the results. So, I am sorry for that, I am not able to answer your questions with a clear answer.

Sidhesh Saraf: No, that's all right. If qualitatively, you could help us understand how you deepen the capabilities in each of the segments. What can we expect in three to five years, then we can think around, how the organization is going to shape up eventually?

Kaushik Khona: Yes. So qualitatively, as I said we have a huge capabilities of execution, the technical qualification, we are adding some more qualities of people, we have added as you said, as you already observed, we are trying to add into a new segment which is called the tech enabled services in the form of setting up or consulting for the data centers, which also we see a large

options. And right now, I would not say that we are even 1% of the market. So the market is huge and if really, even if we work to get 2% to 3% to 5% of the market, we can grow substantially. So, would fail to give any clear guidance, but, let's wait and watch for next maybe two quarters, three quarters, at the end of the year you will come to know where we are heading to.

Moderator: Thank you. The next question is from the line of Ashish Soni from Family Office. Please go ahead.

Ashish Soni: Sir you mentioned the hit rate of 90% so how does it work, typically what I have seen is, generally hit rate in the tenders are not more than 50% also. So what's the special thing you guys do, I just want to understand that?

Kaushik Khona: So we don't apply for everything. It's not something that there may be in a month there would be around 15 to 20 to 25 tenders, even in our sectors may have come, but depending upon #A the prospective competition, depending upon the timeline by which the same has to be executed, and depending upon the advantage which we have, let's say it may be in relation to a specific state or a district or a geography or a timeline, where we see that we have, we are better off. That's where we evaluate ourselves and technically if we find ourselves ahead of the prospective competition that's where we apply. So it's something where we are not, because we have enough order book so it's not something that we are craving for order book. So we go for quality order book where we see that there are better margins and we are able to execute them within the kind of the technical skills which we have. And therefore we only identify those segments where we feel that we can certainly be ahead of the competition, whether it is on a technical skills basis or on a commercial basis. So, it's a planned way to apply for tenders, rather than generic way to apply.

Ashish Soni: And in terms of execution what sort of risks are you seeing in next one or two years, and how are you gearing up for it?

Kaushik Khona: Well, I first of all, there are general risk which any industry or any company would have, those risks will apply to me, but they are very general in the sense inflation or government stability, et cetera. But otherwise, I don't see any risk as regard the skill set, as regards the capability issue on the funds, as well as on the technical skills. And we are, you would have already seen that we have presence in India at around seven states as of now. We also have presence in US, which we are expanding further. We have presence in UK and Germany and also in Singapore now. So, we are trying to leverage our strength and get strength complementing from each other, that is where we are able to kind of build up our strength. So, I don't see any major risk factors other than the normal the way you mentioned when we look at a SWOT analysis, same way those peculiar risk factors will be there. I hope I answered your question.

Moderator: Thank you. The next follow up question is from the line of Ankit Minocha from IDC Ventures. Please go ahead.

Ankit Minocha: This is in reference to Slide #11 that you shared the segmental performance. So, I was just looking at the margins for the geospatial and engineering services. And I believe this quarter, the margin has significantly gone down from what the margin profile was say for Q1 FY24 or for Q4 FY24. So could you please help us with what would be the reason for this margin going down significantly for this part of the business?

Kaushik Khona: So, I would again like to emphasize that there will be some quarterly fluctuations on the margins, mainly because there are cycles where we are, because these are projects on a ongoing basis which has a time timelines of maybe one year, two year, and therefore there will be sometimes the timelines to the issue the invoices may not have fructified, and therefore we always believe that the margin measurement or the performance measurement should be done on a yearly basis, which is on a financial year basis. So the quarter fluctuations may be there, we would like to kind of submit that. Let's look at the yearly review rather than the quarterly review. And if you see year-on-year performance on a margins also there have been a substantial improvement over the last three years, or on a cumulative basis if you see you go on to slide #13, you would have seen that the margins have improved from 11% to 14% to 17% in the last three years, and even now if you look at a quarter one, it still improved at around 17.9% but as I said, I don't want to give this quarter as an indication for the margin. Let's look at the financial year once it completes, we will get a better picture of a sustainable improved margins for going forward.

Ankit Minocha: Sir that is clear, but what we are actually kind of getting to is, specifically for the geospatial and engineering services. So, if I look at the margin for quarter one, that's close to 17% versus I understand that we have to look at from year basis. But overall, last year the margin profile for the geospatial and engineering services was close to 25%. So considering if we expect a lot of the growth to come from geospatial and engineering, then in that case, is this growth margin dilutive that we are anticipating?

Kaushik Khona: As I said again, I am perhaps putting myself into, going into minute detail, but I would just give one example, which I don't think I want to defend as an example. But in that, let's say, in this quarter there is a project which is a TPI which I am doing at Lucknow, that TPI project for the entire quarter, which is April, May, June, could not progress well, because the funds were not allotted at the Uttar Pradesh SWSM, and the projects were not implemented by the contractor, because the funds were not allotted in view of the COC, now the funds have been allotted, and the project has already started, and we have also got a substantial enhancement, or I would say, the extension for the project. So the 1st Quarter which we lost on the TPI, the total turnover which would have lost would be in the range of around 12 to 13 crore, while the cost continued to be incurred that would be kind of recouped over the next three to four quarters. So, I am just giving an example, you are well versed to understand the impact of it. There will

be certain projects which perform well in one quarter or which lag behind in another quarter because of some of the other external reasons, but on an overall basis, in a year these would be even out.

Ankit Minocha: Understood sir, that's right thank you. And, on the same question is 17%, it's just a continuation of the same question. So, 17% be the sustainable margin for the GIS business on a yearly basis, or 25% be a sustainable margin on a yearly basis?

Kaushik Khona: I have already made, first of all, I don't want to be a guiding, giving you guidance for the margins, but we are aiming at sustainable margins on a growth and we should see that over the year end, when we see that, and the indication of the last three years should give you an indication that we are growing. We are not stable last year 14% or this year 17% and our aim is that, even the book which we talked has a margins, EBITDA margins on the range of around 20% to 25% to 30%. So let's look at the year end and you will see the final margins, how they have played well.

Moderator: Thank you. The next follow up question is from the line of Punit Singh from Counter Cyclical PMS. Please go ahead.

Punit Singh: So, I had a similar question as the previous participant on margins, but I believe you answered very well. So that has been clarified. So, in my understanding GIS, better margins would flow in probably in the coming quarters to maintain the annual margin trajectory that you have been guiding. So, I want to understand the numbers of our joint ventures basically, which is consolidated the other income. So what is the revenue from that and margins?

Kaushik Khona: So there is a, the profit which you are talking about, the profit share of profit of joint venture?

Punit Singh: Yes, the other income that we get.

Kaushik Khona: So we have a joint venture company called AllyGram, where Allygrow, which is our wholly owned subsidiary has a 70% profit share, I would say the shareholding share with Grammer of Germany, 30%, it's a 70:30 venture. Because it's a 70:30 venture we are not able to consolidate the top line. We have to only factor into the share of profit as per the accounting standards applicable. The AllyGram is also into the same business as Allygrow, and which is specifically into mobility business, where we are giving them that engineering services on the automotive part, and AllyGram is a world known name Grammer. Grammer is world known name on these engineering services, and they have a huge exposure on various automobile companies, including major stake into General Motors and all. So our business is, what we do for the business in the engineering services in Allygrow, we have AllyGram, which is supported through Grammer. This year, in fact we have already given kind of stock exchange clarity, where Grammer has renewed further for a period of three years, where they have committed to give us a business of almost 100 crore, which is almost I would say, €11 million, and which is

therefore a growing business as compared to what we had in the past. So it is in the similar line of business of mobility and falls into the engineering services.

Kaushik Khona: Alright sir, can you share the top line and bottom line of AllyGram?

Kaushik Khona: The margins are in the range of around 26% our share what you are seeing is this quarter share of 70% so if I have to gross it up, it will be in the range of around 4.2 crores. And on a total top line of around 12 to 13 crores of this quarter and a yearly this business will contribute around 45 crore as per the advice which Grammer has already provided. So a top line of around 45 crore in this year with a margin of around 26% which is the past year's margin which we have achieved in this business.

Moderator: Thank you. The next follow up question is from the line of Richa from Equity Master. Please go ahead.

Richa: My question is, when it comes to these tender based business, is there any criteria that you know, like amount wise that we are qualified and based on how we grow further, we would be allowed to enter into higher brackets, do we have any such limit while bidding?

Kaushik Khona: Yes, so every bid has a pre-qualifying criteria. And if we qualify, see qualifying criteria could be whether we had exposure to that kind of business, whether we had turnover for that kind of business, et cetera. So if we qualify for that, we can bid for that.

Richa: So it's based on experience in a certain kind of project, and it is not really limited by value of the project or order?

Kaushik Khona: Every pre-qualification criteria is mentioned separately, but not many pre bid qualification criteria are linked to the value. But, I would give you one example where there was a tender which was floated by the state of Uttar Pradesh under the Ministry of Jal Jeevan mission, under the Ministry of Water, where they had given a qualifying criteria that you should have a turnover of 250 crore on consulting which nobody qualified. And unfortunately, the tender was scrapped. So there are certain times qualifications have been mentioned, and if we don't qualify, we can't bid for that, but they are very rare.

Richa: Okay. And the second question is that, you are mentioning O&M is the part of the order book, is there a bifurcation within the tender business, if the duration is different, margins are different, what kind of percentage breakup would be there between O&M versus the order?

Kaushik Khona: So you are right, not all projects have O&M. If I talk about 750 crore order book, there are only four to five projects which have O&M, O&M are again, not a fixed for every contract. There is a project where there is two year O&M, there are two projects where we have five year O&M,

and the O&M period starts after the project CAPEX period is over. So out of 750 crore, the O&M part will be hardly around 55 to 60 crore.

Richa: And sir my last question is, you were referring to a native working capital cycle, that is also a result of the high payable days that you enjoy, because being in the government business, the receivable days are on the higher side. But even the payable days are very strong 400 odd to 1000 odd. So what is the reasonable number that one can go with?

Kaushik Khona: I didn't get your question, sorry.

Richa: Sir my question is, that being in the government business our receivable days tend to be a little on the higher side, but that is well balanced by the payable days. But the days payable also range between 400 to 1200 to 1600 so what is a reasonable number to go with, because historically that variation has been huge?

Kaushik Khona: So normally, when we enter into a contract of supply based on the government contracts, we normally try to have a back-to-back contract, in the sense we have a condition that once we receive the money from the government, you will be paid. So therefore we are not out of the money in most of the cases. I hope it answers your question.

Moderator: Thank you. Ladies and gentlemen, we would take that as our last question for today. I would now like to hand the conference over to the management for closing comments.

Kaushik Khona: Good evening, everyone. I am grateful for participation from all of you and your very positive related questions to the business. I am very happy to know that you have shown good interest into our business. And I am once again thankful to not only to all of you, but also to Anuj, who has made this happen. I am sure that we would try to be in touch with you. If you have any further questions, you can route it through Mr. Anuj, if you have any further follow up questions, which we can then try to attempt any answers. We will also try to have a similar quarter earning call at the end of every quarter. Thanks everyone, and have a nice evening ahead. Thank you, thank you Anuj.

Moderator: Thank you. On behalf of Ceinsys Tech Limited, that concludes this conference. Thank you for joining us. You may now disconnect your lines.