CIL/SE/2024-25/88

February 17, 2025

BSE Limited	**National Stock Exchange of India Limited**
P.J. Towers	Exchange Plaza, C-1, Block G,
Dalal Street	Bandra Kurla Complex, Bandra (E)
Mumbai- 400 001	Mumbai - 400 051
Scrip code: 540710	Symbol: CAPACITE

Sub: **Transcript of Earnings Call- Q3 & 9M FY25**

Ref: **Sub-para 15(b) of Para A of Part A of Schedule III of Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015**

Dear Sir/ Madam,

In continuation of our letter dated February 14, 2025, we hereby enclose the transcript of the Earnings Call held on February 14, 2025, on the Operational and Financial Results of the Company for the third quarter (Q3) and nine months (9M) ended December 31, 2024.

Kindly take the same on record.

This disclosure will also be hosted on the Company's website viz., www.capacite.in.

For any correspondence, queries or clarifications, please write to cs@capacite.in.

Thanking you

Yours faithfully,

For Capacit'e Infraprojects Limited

Rahul Kapur

Digitally signed by Rahul Kapur
Date: 2025.02.17 18:23:41 +05'30'

Rahul Kapur

Company Secretary and Compliance Officer

Encl: a/a

“Capacit'e Infraprojects Limited

Q3 and 9M FY '25 Conference Call”

February 14, 2025

Disclaimer: E&OE - This transcript is edited for factual errors. In case of discrepancy, the audio recordings uploaded on the Company’s website will prevail

MANAGEMENT: **MR. ROHIT KATYAL – EXECUTIVE CHAIRMAN**
MR. RAJESH DAS – CHIEF FINANCIAL OFFICER
MR. ALOK MEHROTRA – HEAD-FINANCE
MR. NISHITH PUJARY – CHIEF ACCOUNTS OFFICER –
MARATHON CAPITAL – INVESTOR RELATIONS –
CAPACIT'E INFRAPROJECTS LIMITED

Moderator: Ladies and gentlemen, good day, and welcome to the Capacit'e Infraprojects Limited Q3 and 9 Months FY '25 Conference Call. Before we begin, a brief disclaimer. The presentation, which Capacit'e Infraprojects Limited has uploaded on the Stock Exchange and their website, including the discussions during this call, contains or may contain certain forward-looking statements concerning Capacit'e Infraprojects Limited business prospects and profitability, which are subject to several risks and uncertainties, and the actual results could materially differ from those in such forward-looking statements.

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.

I now hand the conference over to Mr. Rohit Katyal, Executive Chairman, Capacit'e Infraprojects Limited. Thank you, and over to you, sir.

Rohit Katyal: Good afternoon, everyone. On behalf of Capacit'e, I welcome everyone to the Q3 and 9 months FY '25 earnings conference call of the company. Joining me on this call is Rajesh Das, CFO; Nishith Pujary, Head Accounts; and Alok Mehrotra, Head Finance, along with Marathon Capital, our IR team.

I hope everyone has had an opportunity to look at our results. The presentation and press release have been uploaded on the Stock Exchanges and our company's website.

Our Q3 FY '25 results showcase a strong financial performance with substantial gains in revenue and PAT. This is a direct result of our prudent financial management and dedication to maintaining a healthy balance sheet, positioning us for continued growth and deliver long-term value creation.

The back-to-back strong quarterly performance sets the tone for the future quarters, wherein we anticipate further acceleration of execution and operational improvements. Our careful project selection, along with side our execution progress has resulted in PAT for 9 months FY '25, surpassing our highest ever yearly PAT and setting new performance benchmark.

The Q3 FY '25 operational margin was partially impacted on account of onetime booking of expense pertaining to differential GST rate for one of the public sector contract. Though it is an accepted fact that the client will have to bear the differential of GST rate, however, for want of written documentation and as a matter of prudence, we have booked expenses to the tune of INR12 crores in the current quarter. We are confident that the industry representations on this matter will soon be addressed, and we should see the reversal in coming quarters.

Over the past few years, we have successfully optimized our project portfolio, resulting in significant expansion of order book, reduction in the number of projects under execution, increased revenue contribution per project and enhanced management efficiency, leading to improvement in margin profile.

On the order book front, we have seen significant traction, both from private and public sector. The bidding activity has seen a significant uptick, which should translate in orders awarding sooner. We have been awarded new projects worth INR1,459 crores during 9 months ending December '25 -- December '24, sorry.

We had an awarded project by NBCC worth INR1,120 crores plus GST in the current quarter, thereby taking the total fresh order intake as on date to INR2,579 crores. The company stands as an L1 position in projects worth INR600 crores.

With the order book so far, we are more than confident of surpassing our guided order book addition for FY '25. We have entered a high-growth phase supported by a diversified order book from esteemed clients across public and private sectors. Leveraging our robust financial position and execution expertise, we are poised to establish new performance standards.

I now come to the consolidated performance and highlights for 9 months FY '25. Revenue from operations for 9 months FY '25 stood at INR1,678 crores, up by 26% as compared to INR1,333 crores. I repeat, INR1,333 crores in 9 months FY '24. EBITDA for 9 months FY '25 stood at INR318 crores, up by 31% as compared to INR243 crores in 9 months FY '24.

EBITDA margin for 9 months FY '25 stood at 18.7% as compared to 17.9% 9 months FY '24. Similarly, EBIT for 9 months FY '25 stood at INR248 crores, up 52% as compared to INR163 crores in 9 months of FY '24. EBIT margin for 9 months FY '25 stood at 14.6% as compared to 12.1% in 9 months FY '24. PAT for 9 months FY '25 stood at INR151 crores, up by 120% as compared to INR69 crores in 9 months FY '24. PAT margin for the period stood at 8.9% as compared to 5.1% in 9 months FY '24.

For the quarter, revenue from operations stood at INR590 crores, up by 23% as compared to INR481 crores in Q3 FY '24. EBITDA for the quarter Q3 FY '25 stood at INR101 crores, up by 12% as compared to INR89 crores in Q3 FY '24. The EBITDA margin for the period stood at 16.7% for reasons explained earlier as compared to 18.5% in Q3 FY '24.

EBIT for Q3 FY '25 stood at INR76 crores, up by 21% compared to INR63 crores in Q3FY '24. PAT for Q3 FY '25 stood at INR52 crores, up by 77% as compared to INR30 crores in Q3 FY '24. PAT margin for the period stood at 8.7% as compared to 6.1% in Q3 FY '24.

The company continues its focus on increasing execution across projects. Order book on a stand-alone basis stands at INR10,047 crores as on 31st December '24. Public sector accounts for 63%, while private sector accounts for 37% of the total order book.

I now leave the floor open for questions, please. Thank you.

Moderator: Our first question comes from the line of Ranodeep S. from MAS Capital.

Ranodeep S.: Congratulations on great set of numbers. Sir, Capacit'e has a very strong track record in the high-rise construction. Yet this segment contributes currently only 7% of your project split. So, given your expertise in India's rapidly growing skyline, especially with increasing urbanization and high-rise development in metro cities, so do you see this segment becoming a larger part of your revenue mix in the coming years? And are there any specific strategies or projects in the pipeline that will drive the growth in this vertical?

Rohit Katyal: So super high-rise segment continues to be a very important part of our portfolio. The percentage may increase, decrease on the basis of new order wins. Just to keep you updated, we will be constructing along with joint venture with Tata projects at BDD 10 towers of 300 meters each.

So, our portfolio will get added with that order book once the land is made available in Q4 of the current financial and Q1 of the next financial year. So there is enough traction and order book sitting, though not recognized as order in our main order book with the company.

Similarly, we have bid for projects with certain various private sector clients for towers in excess of 280 meters, which obviously are going to be among the tallest towers in the country as and when they stand constructed. So, there is enough traction and the company continues to focus and is a preferred contractor choice when it comes to super high rises across various public and private sector clients.

Ranodeep S.: So my second question, the data center market in India is experiencing a massive boom driven especially by the digital adoption and AI advancements and government, in fact, promoting data localization. Sir, with hyperscalers and enterprises aggressively expanding capacity, the demand for construction expertise in this sector is also at an all-time high.

So given capacity infra's strong credential in large-scale infrastructure projects, what are the steps that capacity is taking to position itself as a first choice contractor for data center construction? Any specific investments in technology or partnerships or skill development that you would like to highlight, sir?

Rohit Katyal: So in data centers, we have constructed about 11 data centers for Department of Telecommunications through BSNL. Another 2 at Udhampur and Kolkata are under construction, expected to be handed over by April. Apart from this, we have participated in a substantially large data center project, which includes the hardware part to some extent as well. And it's on EPC basis.

And therefore, the designing has been done through our joint venture partners, whose name we wouldn't like to divulge at this moment in time. Going forward, the company definitely is looking for collaborations on the design part because we believe that there's no need to reinvent an invented wheel. And you will see capacity as a strong contender for data centers to be put up by both public and private sector in the quarters to come. Hope to have answered your question.

Ranodeep S.: Sure, sir. Just one last bookkeeping question, sir. I think in the Q1 call, you had guided for around INR3,000 crores worth of order inflows. At the end of 9 months FY '25, we are at INR1,459 crores. Do you still maintain your guidance for INR3,000 crores, sir?

Rohit Katyal: So in my opening remarks, I mentioned that the new order inflow, excluding additions from MHADA, stand today at INR2,579 crores. We have just announced an order today of INR1,120 crores for the Supreme Court monitor NBCC project in Noida. And that takes the order book in the current year to INR2,579 crores.

Further, we are in an L1 position in projects worth INR600 crores in private sector. And therefore, it should be by our conclusion that we will cross INR3,000 crores minimum as fresh order intake in the current financial year. Along with MHADA release of land in the current financial year, we will cross INR4,000 crores. Hope to have answered your question.

Moderator: Next question comes from Rishi Kothari from Pi Square Investments.

Rishi Kothari: I just saw the announcement and congratulations on the big order flow based on the market cap that we are into right now. My questions were specific to some of the accounting thing. I mean, recently our other income has increased drastically Y-o-Y if you speak about it, right? So it's been around INR2.3 crores something last quarter Y-o-Y and right now, it's INR10 crores. So what's the sudden increase in the other income? And will it be consistent over the quarters?

Rohit Katyal: So your question was not very clear. But if I understand, you're referring to other income. So the INR10 crores is nothing but specialized items traded to our joint venture companies, that is the other income. And that will range between INR2 crores to INR12 crores over the next 3 to 4 quarters going forward.

Rishi Kothari: And what exactly are the specialist items? I mean, any specific explanation can you give on it?

Rohit Katyal: Yes. So for example, hospital oxygen modular equipments, which are required and in which Capacite as a stand-alone is a qualified contractor. Those are the items which are traded with the joint venture companies. The joint venture companies would include Capacit'e Bhandup project, which is in joint venture with e-governance. Secondly, it could include certain revenues for goods traded with Tata Projects Limited Capacit'e JV for BDD projects.

Rishi Kothari: And my other question was related to the cost of material. So I have seen that the cost of material has gone up 45% Y-o-Y. So is it purely related to the revenue scale that we have? What exactly is that mixed in the cost of material?

Rohit Katyal: See, when you talk about cost, please don't look at M only. By M, we say material. You have to see M and M plus L, both. And the third part is L. When you total that up, you will see that the cost is 65% approximately, which is in line with what we have been doing over the last 4 quarters.

Rishi Kothari: You're saying cost of material plus the…

Rohit Katyal: I will repeat it for you. Cost means labor subcontractor charges. It includes construction expenses. It includes material. So when you total this up, it will come to somewhere between 65% to 66%, all right? This is what the company has been maintaining. If you look at the last 4 quarters, it ranges between 66.77% to 65.5%.

Rishi Kothari: Okay. And also right now, you mentioned about the one-time expense that we have incurred on the GST revenue something. So is it that we have incurred on the other expense item? Or how exactly are we accounting for it?

Rohit Katyal: Yes, other construction expenses. So we would like to inform and I clarified during my opening remarks that this INR12 crores pertains to Bhagwati project of MCGM, where the GST when it increased from 12% to 18%, the 6% differential GST is yet to be reimbursed by the client. The legal standing on the subject is that the client has to pay. However, as a prudent measure, since it has been outstanding for quite some time, we have made provision for the same.

But we are very confident that in the coming quarters, this will get reversed. So that is the INR12 crore expense, which you were referring to. And that is why you see a small impact on the EBITDA, while over the 9-month period, we have surpassed a guided target for the EBITDA.

Rishi Kothari: And also on the litigation, I saw the litigation that's pending right now that we are more or less update on it, that some of the money has been recovered from it. So what other litigations do we have on pipeline? So are we done with it? Or are there some other spending that we have?

Rohit Katyal: It's an ongoing process. The company did see a tough time during COVID and 2 years thereafter, which I have explained during my previous quarter's earnings calls. And we are determined to recover every penny even though it has been provided for. So some monies have been received, somewhere properties have been received in lieu of the money. And there are certain matters where we have got court orders and some of them are in arbitration.

So as I explained last time, over the next 4 to 5 quarters, you will see substantial reversals happening. That's what our understanding with the success what we have seen over the last 4, 5 quarters translates into.

Rishi Kothari: And in terms of next 2 to 3 years target, we are more or less aligned with what we have projected, right?

Rohit Katyal: Your voice is not very clear. Could you please repeat the question?

Rishi Kothari: Yes. I'm saying in terms of the next 2 to 3 years, top line, bottom line target, any growth numbers in terms of not numbers, but any percentage kind of growth?

Rohit Katyal: So with the order book, which we just informed you all, and with the execution, what we need to do and commit it to clients, obviously, we see a 25%, 30% growth year-on-year, if not more.

Rishi Kothari: On top line and more or less in the same range in the bottom line?

Rohit Katyal: Absolutely.

Moderator: Next question comes from Shreyans Mehta from Equirus Securities.

Shreyans Mehta: Sir, I joined in a bit late. I'm not sure whether this question has been answered. First, in terms of our contribution from CIDCO and MHADA, and how should one look for the same for FY '26?

Rohit Katyal: So CIDCO, we should be billing at least INR85 crores per month in the next financial year, if not more. We have to hand over six locations by sometime June of '26 -- calendar year '26, I mean to say, all right? As far as MHADA is concerned, we have a target to bill about INR1,200 crores at the LLP level. So, we do see that about INR400 crores will be built at capacity level.

Shreyans Mehta: And then in terms of working capital, how is it looking like if you can give the numbers, inventory, debtors, unbilled?

Rohit Katyal: So there is an improved shift from WIP to debtors, which will translate into higher receivables in the current quarter. And therefore, we should see the numbers of last March, which were close to -- excuse me. Working capital, please. Close to last March on a substantially higher revenue.

Similarly, as we told that we should look at reducing about 10 days to 15 days in the current year. We are well poised to do that. We don't see any hiccup in that because we hardly are working with any private sector clients where the certainty of payments is not there. So that change, which we did about, let's say, six quarters ago, how it's translating into what you see, both in the terms of performance and financial stability.

Shreyans Mehta: Got it. And sir, are we seeing any payment delays from CIDCO or MHADA given the state, especially the Maharashtra state government finances?

Rohit Katyal: So Maharashtra state finances, we keep repeating quality of client is very important. CIDCO has its own source of funds. So, there is no delay in CIDCO. MHADA has its own source of fund, there is no delay in MHADA either. We were seeing delay in PWD of 90 days. We have just received our payment a couple of days ago.

However, until next financial year, that means until April comes and monies are received from central government, from RBI and the borrowing power, which has been increased for some performing states in the central budget, you will see delays in projects which are funded by state government.

Now those CIDCO qualifies as state government, but they have their own source of income. Similarly, MHADA. So, we will not see any issue. And if you read all those articles, nowhere these clients are mentioned. They are more referring to PWD, maybe in some cases, as MMRDA.

And therefore, the projects which we are executed are partially funded by centre, partially funded by the department. And since the department has its own source of income, we do not see any issue over there.

Shreyans Mehta: Got it. And sir, one bookkeeping question. In terms of capex, what we have done in 9 months and what is the target for '25 and '26?

Rohit Katyal: Shreyans, please allow me to tell my IR team to mail it to you. I don't have that figure updated in front of me. However, it should be close to INR60 crores so far. Majority of that being aluminium form work.

Shreyans Mehta: Got it. And then one last question in terms of the new order win, will it be a pass-through in terms of raw material or it will be a fixed price contract?

Rohit Katyal: No. We don't believe in bidding for fixed price contracts. So, all projects what we take will have a pass-through clause in private sector. In government, there will be escalation clauses, which differ from project to project, client to client, differs between state government and central government. However, we will not take up any project without being substantially protected on the commodity prices.

Moderator: Next question comes from Rajesh Jain from RK Capital.

Rajesh Jain: In your console results for the INR67 crores receivable, the Note #3 says that no further provision is required. So, I just wanted to understand whether that is fully provided for?

Rohit Katyal: There are two things; most of it is provided for. Secondly, we already have won the award from the competent authority, which in this matter is NCLT Court or the High Court. And the property has been allotted to the company under a suitable, legally enforceable agreement and that is why that clause is appearing over there.

Rajesh Jain: Okay. But how much of it is provided for, sir, in percentage or in value, whatever?

Rohit Katyal: I do not have the exact bifurcation in front of me. However, we shall definitely send you the response via mail through our IR department today itself.

Rajesh Jain: Okay. But by and large, is it largely provided for or even half of it is not provided?

Rohit Katyal: Your company stands 100% safe on the INR67 crores amount given through provision and through property available. Once the property is registered, on the contrary, you will see some profits being recorded by the company.

Rajesh Jain: Great. And is there any other provision remaining for any other receivables apart from the INR67 crores?

Rohit Katyal: No, everything has been provided for or there are properties have been received by the company. So whatever new provisions come, they come only as per the ECL policy, which you have to recognize and which is approved by the audit committee of the company. So those provisions will keep happening and keep getting reversed as the company moves forward, but all the provisioning which the company was subjected to during COVID year and subsequent to that, close to INR200 crores had already been done.

Rajesh Jain: Okay. And sir, as of Q3, as of December 2024, what are your total receivables or as a percentage of sales, if not the absolute figure?

Rohit Katyal: The total receivables as on Q3 '24-'25 stand at INR500 crores which is less than 90 days and should improve by about 15 days going forward in the current quarter.

Rajesh Jain: Okay. And sir, can the margin be maintained at 18% plus in Q4 and in FY '26 as a whole? Can you maintain that margin, 18% plus?

Rohit Katyal: See, we have been guiding 18% and that we have been -- we have maintained that on a 9-month period. It will be maintained on a 12-month period as well. However, I have been requesting our investors that EBIT is the right thing to look at because EBITDA just because your interest cost goes up and therefore EBITDA goes up, it does not make any logical sense for the investing community at large. That is my firm belief.

So, our EBIT if you see has seen nearly 200 basis points or 300 basis points improvement over the last 12 months. I do believe that, that will continue. And yes, I do firmly believe that EBITDA, which was earlier guided at 17.5% upwards, that will continue.

Rajesh Jain: Okay. Sir, excluding this onetime impact which you had in this quarter of INR12 crores, what would have been the EBITDA margins?

Rohit Katyal: 18.73.

Rajesh Jain: Okay. Okay.

Moderator: Next question comes from the line of Akshat Bairathi from RSPN Ventures.

Akshat Bairathi: Hi, thank you for the opportunity and congratulations on a good set of numbers. So, my question to you, sir, is interest and depreciation sequentially has gone up this quarter. So, are there any one-offs or this can be the trajectory going further? And the second question will be the tax rate. This quarter, we have seen just 17% tax rate on the consolidated basis. So, any color on this will be helpful.

Rohit Katyal: So if I understand your first question, you are talking about the interest, right?

Akshat Bairathi: Yes. Interest and depreciation, both.

Rohit Katyal: So the total finance cost has been for the current quarter INR25.29 crores as against the last quarter of INR21.58 crores, that means quarter-on-quarter. If you look at year-on-year, it's virtually flat. So obviously, this year this quarter, we have both some charges of bank guarantee renewals and certain bank charges for renewal of limits.

However, on the full year basis, if you -- when you will compare, you will see that on an absolute basis we would have reduced our finance cost on an increasing top line. So, as a percentage to the top line, your cost of finance will drop. I repeat, it will drop as a percentage to the top line. On an absolute basis also, it will drop.

Akshat Bairathi: Got it, sir. And on the depreciation side?

Rohit Katyal: The depreciation is quite similar. I mean, it is basically cyclical. You have purchased equipment of INR60 crores this year. There will be depreciation. And it's hardly -- I mean, if you see on the first 9-month period, it is INR79 crores as compared to INR69 crores in the last financial year.

Akshat Bairathi: Got it, sir. And last one on the tax rate, if you can give some color. This quarter, it has dropped.

Rohit Katyal: The tax rate is as per calculations. You can please send us a mail through the IR department, and we will respond immediately. The tax calculations are available for you to study and understand in detail.

Moderator: Next question comes from Tejas Khandelwal from Prudent Equity.

Tejas Khandelwal: I wanted to know that the company's top line grew around 22%, 23% this quarter, but the margins took such a huge hit that we showed almost no growth in operating profit. I understand that you said INR20 crores of one-time GST expense. But if we exclude the GST expense, still the operating profit stands at 17.3%, which is the lowest in the last 4 quarters. So, what is that?

Rohit Katyal: So let me first correct you. I do not know if INR52 crores is less profit by any means. And 16.74%, we continue to lead the market as far as EBITDA margins are concerned. At 16.74% EBITDA, not 20%, but INR12 crores is the one-time hit for GST. INR12 crores translates to 2.05%. And therefore, had this hit not been taken, your EBITDA would have been at 18.74%, which is in line with what we have been declaring.

I reiterate that we are in a construction industry, and therefore, a 12-month period is more sensible to be compared vis-a-vis a quarter. Reason, a quarter is too short a period for a construction industry, which basically takes 3 to 4 months to mobilize a project. However, having said that, we have already guided that the company will be maintaining the overall guidance of 17.5% plus EBITDA, which is 18% approximately for the full year, and it will be maintaining and growing the EBIT by at least 200 basis points over the corresponding period of the last financial year.

Tejas Khandelwal: Okay, sir. Understood. And this one-time INR12 crores of GST expense, that is under other expense, right? So, then what is this INR17 crores of the expense, which was in the purchase of traded goods?

Rohit Katyal: Traded goods.Â It is material. We just answered that question. There are certain specialized goods, which we are supplying to our JV companies. And those traded goods are forming part. That is what has been mentioned.

Tejas Khandelwal: Okay. And sir, the share of profit from JVs is INR13 crores this quarter. So, does this mean that the SPV has started recognizing profit?

Rohit Katyal: Yes, it has.

Tejas Khandelwal: And so how much of this INR13 crores came from that Tata Project SPV?

Rohit Katyal: Approximately INR9 crores to INR10 crores.

Tejas Khandelwal: Okay. And what should we expect from this JV in the next quarter and next year?

Rohit Katyal: I will not be able to comment on a quarterly basis. But yes, on a yearly basis, we do look at between INR22 crores to INR27 crores coming from the LLP and TCC both put together in respect of this project.

Moderator: Next question comes from Dhananjay Mishra from Sunidhi Securities, please go ahead.

Dhananjay Mishra: So all my questions are answered. Just wanted to know about the CIDCO project and MHADA. You said INR1,000 crores for next year from the CIDCO project itself in terms of the top line and INR400 crores from MHADA. So, what is the contribution in Q3 from both these projects? And what is the expected contribution in Q4?

Rohit Katyal: So Q3 contribution is INR190 crores. Q4, we should be seeing more than INR220 crores coming from this project. And next year, I already told you between INR80 crores to INR85 crores will be the run rate per month. MHADA, the total contribution for the current quarter is INR67.39 crores.

We should see a similar contribution, slightly more, in the current quarter, that is Q4. From the next financial year, we do look at approximately INR400 crores or thereabouts for the full financial year. So that translates into approximately INR35 crores to INR36 crores per month. Please do not hold me on a quarterly basis. I'm guiding for the full year.

Dhananjay Mishra: And in terms of the real estate market in Mumbai as well as your entry into LCR, how do you see -- I mean, when you talk to your client in terms of new launches or new pipeline, of course, existing projects we're doing good. We are doing fine. But how do you see the real estate market in general in terms of new project awarding?

Rohit Katyal: The bid pipeline is extremely strong. We are practically refusing one project every three days. So basically, we have gone through that turmoil, which was not created by our company but due to certain real estate players during COVID and thereafter. And therefore, we are very, very choosey, as I have explained in earlier conference calls, about the orders which will flow into the company.

We cannot compromise on the cash flow of the company, and therefore, we are choosing only those clients in the private sector who either have tied up their entire funds on the strength of their own balance sheet, having an NBFC sanction or similar is a big no for us. Otherwise, the real estate market is very good on all fronts; retail, commercial and residential.

Dhananjay Mishra: So, I mean, they are not finding any stress in terms of -- I mean, a lot of launches have happened in the past and of late launches have come down. So, are they facing any challenges in terms of selling their inventory and that is -- that may impact our future project and even the ongoing project?

Rohit Katyal: With the order win of yesterday from NBCC, nearly 76% of our projects are central government or government funded, sir. So, there is no question of we having any impact over there. You have seen that the urbanization program announced by the central government in the current budget itself gives us a humongous opportunity and gives a look ahead for the next 4, 5 years. And that those allocations are only going to increase. That's point number one.

Point number two, the allocation of PMAY housing has been increased by 14 lakh houses for the current -- next financial year in the central government budget just announced. Now come to the private sector. I just told you that however good or however bad, our order booking private sector will depend on the strength of the balance sheet of our clients with whom we are dealing with.

Markets will go up or come down. If you see too many of projects being announced quarter-on-quarter, then some questions will come up, what will happen to the inventory, in a sense, unsold inventory holding. So, the point is we would not like to see the real estate in a micro basis. But on a macro basis, I can say our clients are doing well.

Moderator: Next question comes from the line of Riken from Capri Global.

Riken: Congratulations on great set of results and the order win that you've announced today. Sir, I wanted to understand 2, 3 things. Firstly, in terms of the new order pipeline for the next year, while you did indicate that you are actually rejecting some orders and the pipeline in the residential market look good. But on the public sector side, first, if you could outline? I 'll follow up with the second question. Can you first outline on the pipeline for the public sector?

Rohit Katyal: So you can take that the next financial year, we have internally set a target of INR4,000 crores of new fresh order inflow, all right? Current financial year, we will close with a minimum of INR3,000 crores fresh order inflow, excluding whatever is added from MHADA, okay? So, to just give you a sense that MHADA project for capacity is in excess of INR5,500 crores.

We have recognized only INR2,200 crores in our order book. That means that another INR3,300 crores is yet to be recognized in the order book, which is circulated and informed to you and everyone else, all right? As and when the land is made available, we will start recognizing it as a part of our operational order book.

So answering your question, though the bid pipeline is very strong, we will aim to have INR4,000 crores of fresh order intake in the next financial year. And the fact that we will cross INR3,000 crores of fresh order inflow in the current year it's a conclusion which anyone can reach.

Riken: Got it. That is very encouraging. Sir, on the order that we had won last year with a new developer, Signature Global, have we started execution there? And what's the kind of execution expected from them for the next year? And also, if you could outline that since they are a large developer and have had strong pre-sales, do you hope to have further orders with them in the next year?

Rohit Katyal: I do not have any information on their own bid pipeline, though we do keep meeting them, and they do say that they have a lot of orders, which will come up next financial year. Coming to the main question, the order which we booked was close to INR1,100-plus crores, INR1,200 crores.

And the work has started at the site. We shall start recognizing revenue from March onwards. And obviously, with the time lines which we have agreed to, we will have to build close to INR22 crores starting per month only on RCC part. So, answering your question, we should look at about INR240 crores or thereabouts in the next financial year coming from Signature Global, Gurugram, am I right?

Yes. Similarly, the new project from NBCC also warrants that we start that. We will start that billing again from April onwards. And given the time lines, obviously, we will see serious traction in the billing of that project as well.

So, all these factors put together, CIDCO, MHADA, NBCC, private sector, which includes Godrej, which includes other clients, including Raymond, it clearly showcases that the 25%, 30% growth for the next financial year is given. And that this is what I have been always harping on, that turnovers will only happen when you have 20 projects, which give you INR20 crores per month. That is how a construction company will grow, not just by adding orders, which do not add revenue or the bottom line.

Riken: Got it. That's also encouraging. Sir, just lastly, in terms of, you did outline that there are a lot of recoveries that are expected over the next 5 quarters with regards to the past litigations. If you could outline as to what do we hope to close in the next 5 quarters in terms of a quantum, if you can give some guidance there?

Rohit Katyal: So we do expect that about INR120 crores should be realized because out of that, some properties are on registration stage, which obviously the company doesn't expect to hold those properties. It needs to be disposed, all right? So, we do believe that over the next 15 months, the company will realize about INR115 crores to INR120 crores from the total loss of INR210 crores.

Moderator: Next question comes from Vasudev from Nuvama.

Vasudev: My questions are answered. Just 1 or 2 of them. MHADA and CIDCO, currently, how many towers in site the work is ongoing, if you can give that?

Rohit Katyal: It's a technical question. But I think close to 60 towers.

Vasudev: Okay. And sir, for FY '25, and what is the debt levels that we are looking at to close the year?

Rohit Katyal: FY '25, it will be at similar levels as what we are. The cash position, obviously, will improve further.

Vasudev: Okay. And finally, sir, if you can give our fund and non-fund-based limits and what is their utilization?

Rohit Katyal: The company is sitting with unencumbered cash of close to INR80 crores, apart from the fixed deposits, which are lying at the bank less margin for LCBG. The total fund-based limits for working capital are INR190 crores. Utilization is INR140 crores. The total non-fund-based limits are close to INR1,000 crores within consortium, and the utilization is close to INR700 crores.

So, INR960 crores minus INR700 crores, about INR260 crores of available bank guarantee and LC limits. I think this was your question. I hope to have answered.

Moderator: Next question comes from Khushwant Pahwa from KPAC.

Khushwant Pahwa: Congratulations on good set of numbers. I just wanted to ask a couple of questions. One is on realization. You mentioned that you expect INR115 crores to INR120 crores of reversals or realizations over the next 5 to 6 quarters. If I'm not wrong, in the previous call, you had guided that you are taking a target of some recovery of around INR80 crores, a reversal of around INR80 crores by the end of this financial year. If you could just --

Rohit Katyal: I had guided that the real estate assets of the company, which are noncore to the company, that is a INR80 crore target. That only reduces the gross debt.

Khushwant Pahwa: Okay. Understood. So, we are not expecting…

Rohit Katyal: Let me complete. These reversals which we are talking about now are the ECL, which the company had booked, all right? And provision for either in form of ECL and/or bad debt. Now these reversals will start happening over the next 5, 6 quarters. They are two different things. And obviously, both the different things do add and make your balance sheet much more beautiful.

Khushwant Pahwa: So, you do expect that reversal of about INR80 crores by the end of this financial year?

Rohit Katyal: See, we are just awaiting the NOC from the lead bank, which we expect in the next 10 days. And if that happens, already disposal of INR41 crores of assets is already done. Once the NOC is given, our bank will receive that money. So yes, it may not be INR80 crores because of delay in receiving NOC. But yes, I do expect upward of INR50 crores at least to happen in the current quarter.

Khushwant Pahwa: Wonderful. And on this expected realization of -- I understand it's INR115 crores to INR120 crores over the next 5 to 6 quarters. Can you throw some light on how much this number was in this current financial year? I'm sorry if this was stated earlier, I might have missed it.

Rohit Katyal: No. I don't have the ECL for the current financial year. I can tell you over the last 4 years, we provided more than INR200 crores of ECL, okay? Out of that INR210 crores, the company is confident of collecting INR115 crores to INR16 crores in the next 5 to 6 quarters. We will keep on updating quarter-on-quarter basis as the cases get settled in our favor.

For example, one property of INR10 crores is under registration as we speak. Once that gets registered, the company gets a suitable credit. Similarly, over the next 2 months, we expect another INR41 crores property to get registered. So, we are at various forums. Once that gets registered, obviously, a reversal will happen.

And once that reversal happens, then this asset will be put on the block for sale. So, your sale of what INR116 crores, what we said, then increases by another INR40 crores. You get my point? It is a dynamic thing. So don't confuse the 2 things. They will work in tandem.

Khushwant Pahwa: Perfect. Just one more question. I think you have done a consolidated revenue of around INR1,678 crores in the 9 months, and you did about INR1,932 crores in the last financial year. Are you in a position to give a broad guidance for how we'll close this financial year and some broad guidance for the next financial year? I know you mentioned 25% to 30% growth for the next 2 to 3 years.

Rohit Katyal: Current financial year, we have guided 25%, and there's no reason why we shouldn't do that. Next year, I have told you that we have commitments to the client for at least 25%. But the new orders that are coming in have a shorter execution period. And therefore, this 25% could become 30%, 32% as well. However, the guidance year-on-year on a higher basis will be a minimum of 25%.

Moderator: The next question comes from Deepak Poddar from Sapphire Capital.

Deepak: Poddar: Yes, sir, I mean, for this year, 25% growth that we are targeting. So ideally, we need to do INR750 crores of execution in the fourth quarter, right? So, I mean, that is something which we are targeting, I mean because we have never done such kind of execution in the past.

Rohit Katyal: No, we never did INR600 crores either. We are at a catching distance from that this quarter. And we have done about INR190 crores in January, and we have certain targets for February and March, and this is a peak working season. So, we are confident we need to touch INR700 crores. We will do that.

Deepak: Poddar: Okay. At least INR700 crores plus is what we might be targeting in the fourth quarter?

Rohit Katyal: Look at the balance sheet, look at the growth. We will be giving 25% growth and a much better growth on the bottom line. It will be a historic PAT for the whole year again in the current financial year. So, we will discuss it in more detail in the next investor conference.

Deepak: Poddar: Understood. And sir, you mentioned something about the EBIT margin improvement. I missed that point. Can you just repeat? I mean, you're talking about some 200-basis point EBIT margin improvement. So, what exactly?

Rohit Katyal: Actually, If you look at our presentation, which has been uploaded, so you will see that our EBIT is close to 14.6%.

Deepak: Poddar: 14.6% For 9 months EBIT margin.

Rohit Katyal: And I maintain that for a construction company, it has to be seen over a 12-month period, at least a 9- to 12-month period. And if you compare that with the corresponding 9 months last financial year, it was 12.1%. So, I just mentioned that we have improved the EBIT by 200-basis points, and that is basically the true growth that our investors will see, thereby resulting in cash PAT, thereby resulting into a reduction.

When we say that we are going to reduce our debt, it should come from the numbers that we are presenting to you. So, improvement in EBIT is a very important factor because it doesn't take into consideration depreciation and amortization. And therefore, EBIT is a more logical number to follow as far as construction companies are concerned. That's my personal view.

Deepak: Poddar: Correct. So how should one look at EBIT margin, if I have to see the next 1 to 2 years? I mean, this 14.5%, is there any improvement possible in that? Or is this the stable number we are looking at?

Rohit Katyal: So, our guidance was 12.5%. I had already informed in Q1 or Q2 that a 50-basis points improvement would be there. We have done better than that. Let us stick to this at the moment, but don't punish us for 1% plus or minus on a quarter-on-quarter basis.

Deepak: Poddar: Absolutely. But this is the stable range we can look at, right? 14%, 14.5%.

Rohit Katyal: For the full year, yes, we have already guided above 13%. So, anything above that is sweetish, please let's all enjoy that.

Deepak: Poddar: Absolutely. And we were also talking about debt reduction, right? I mean, so currently, you're talking about similar debt levels in this year. So how should one look at FY '26? I mean, is there any debt repayment we are planning, any interest cost reduction also?

Rohit Katyal: When I say similar debt level, I mention gross debt. As your collection improves, your cash position improves, and therefore, your net debt level may fall by INR20 crores, all right? However, we have to remember that in this particular quarter, we'll be starting 2 new projects, all right? So, there will be an infusion of our working capital in those projects, I think, to start with.

So, therefore, I have guided that the debt level on gross will be similar. There will be some further improvement in the free cash holding of the company, which for quarter 3 was close to INR75 crores or thereabouts. And we are very hopeful to take it in excess of INR100 crores by 31st March. So, your net debt level will fall a little bit. The gross debt level is being guided for the same level.

Deepak: Poddar: So I was asking from an FY '26 perspective, how should we look at debt levels from FY '26?

Rohit Katyal: You should see a fall of INR100 crores in net debt.

Deepak: Poddar: INR100 crores fall in net debt we are talking about, so ideally absolute level interest cost also expected to fall because of --

Rohit Katyal: You can see that. I mean, on an absolute basis, if you look at our finance cost for the first 9 months of the current financial year as well, INR72 crores as against INR69 crores. On an absolute basis, you will see a similar number on an increased turnover, a little bit lower, as I mentioned in my earlier answer to a question as well for the full financial year.Â Obviously, next year, it has to fall. An increase in cash will result in a fall of absolute interest.

Moderator: The next question comes from Raghav Agarwal, an individual investor.

Raghav Agarwal: Yes. I just wanted to touch on the contract assets. So, in September, they were at around INR1,350 crores. Just wanted to get your view on like how do we plan to reduce over the next 1 to 2 years on the contract assets?

Rohit Katyal: So we do believe that the contract assets in the current year will fall on an absolute basis. However, in the next financial year, we further see a reduction of INR200 crores over a 4-quarter period.

Raghav Agarwal: Understood. So, can you just throw some light on when is the contract asset added. Essentially, what is the journey of contract assets? The reason I ask this is because compared to typically other EPC players, our contract assets seem to be slightly more elevated.

Rohit Katyal: See, so on an annualized basis, we may be at 82 days as the industry average of 72 days, but we have already guided that there will be a reduction of 4 to 5 days as a percentage of the top line. So, if you look at 7 or 8 well-performing companies, you will see an average of 72% to the top line as contract assets, which includes wage cost compensation, uncertified bills, blah, blah, blah.

And to that, you add your debtors as well. That would ultimately translate into 73% to 74%. And this is true for most of the companies. Â Okay, there may be some exceptions, but generally, 85% to 90% of the good companies will have that level. We have a higher level than that. And as I told you, that we should be close to 78% by March. At least that's what we are targeting. And by next financial year-end, we should be below 70%, if not better.

Raghav Agarwal: Understood. And last question is on the recent NCLT proceedings, which you had filed on the exchanges. So, I assume that the entire claim amount of roughly INR82 crores, INR83 crores is already provisioned for as ECL. Would that understanding be fair?

Rohit Katyal: We are well on our way towards recovery, but you see the court matters take time. And all these amounts are acknowledged debt by the clients. So, the respective clients until they are bankrupt, we do see a very strong possibility of the recovery. I cannot give a particular timeline. But as I told you, that we are looking over the next 5, 6 quarters for recovery of INR115 crores.

Raghav Agarwal: Understood, sir. Just wanted to understand where is this present in our financial books, the recovery amount?

Rohit Katyal: No, it is not present. INR67 crores is present. That will come. The balance amount, which will be recovered, will hit the bottom line.

Moderator: Sorry to interrupt sir, but may we request to return to the question queue for follow-up questions. The next question comes from Rishi Kothari from Pi Square Investments.

Rishi Kothari: I had 2 questions regarding the public sector project. You had talked about how there are some public state-funded as well as central-funded. So, can you just give a bifurcation of it?

Rohit Katyal: So, all our projects basically whether in the residential side are funded -- are approved projects under PMAY, Pradhan Mantri Awas Yojana. All our projects from central government pool, whether it is now NBCC or earlier it was BSNL for DOT are central government-funded projects, with NBCC being a Supreme Court-monitored project, which you must be aware. So, these projects are central-funded.

When it comes to state government in Maharashtra, we are only working with those clients who have their own source of income, which includes SIDCO, MHADA, and MCGM. What is their own source of income, whether it is a premium, FSI, land sale, lottery system, or whatever you have. So, these clients have their own source of income.

So, they are more like a company, and it is much easier for them to have financial closures as opposed to, let us say, irrigation development authority who primarily will depend on government grants and government sanctions. So, if the finances of the government are tight, those clients will face trouble. But in our case, since we are dealing with such clients, we do not foresee any issue with them. So, this is a bifurcation between central and state.

Moderator: The next question comes from the line of Rajesh Jain from RK Capital.

Rajesh Jain: Just one, stock-related question. So now your business prospects are looking so strong over the next 2, 3 years, 25% to 30%, even with positive upsides of the reversals of the recoveries directly hitting the bottom line. Now the stock is trading at 13p, is the management at all considering of buyback through the market purchase method, or else the promoters in their individual capacity are thinking of buying from the market?

Rohit Katyal: We haven't discussed internally because the market has fallen today for reasons only God knows. Our stock is concerned. If you look at the trailing PE -- sorry, trailing EPS over the last 4 quarters, we are close to 24. So, 24 EPS means there's a substantial improvement, more than 100% improvement in the company's performance. I'm sure the market will recognize it very soon.

As far as promoters are concerned, your company's promoters are all professionals like you all are. So, we started this company in 2012, and we have done everything possible in our means. And as far as buyback is concerned, no, at the moment, the company's cash flow do not permit any buyback. We will look at this in a couple of years from today.

However, as far as promoter stake is concerned, we did add close to 31 lakh shares, which got converted last December -- last November, or December. And if the stock underperforms, we'll definitely look at it. We are more than confident on the performance and operational strength of our organization. So, this is how we are going to be looking at it.

Moderator: The next question comes from Deepak, an individual investor.

Deepak: Sir, do you expect any other one-off in the forthcoming quarters? One-off expense.

Rohit Katyal: No, we do not expect.

Deepak: And just one, sir, basically suggestion. Please going forward, it will be better if you can just put the one-off expense, if there are any in the presentation or the press release.

Rohit Katyal: Absolutely. We will do that. However, we are surprised that 16.74% is a low EBITDA, or for that matter, 8.1% PAT is a low PAT. I mean, actually speaking, over the last 4 quarters or 3 quarters, especially starting March of '24 and the current financial year, we have outperformed all the targets on all parameters that we have given. However, your suggestion is well taken. The IR team and our accounts team have been informed, today after what the drabbing which we saw, we will try to be extra cautious over such matters.

Deepak: Yes, sir, because in a layman, basically, if you exclude the JV process, it seems that the profit has fallen significantly, right?

Moderator: Ladies and gentlemen, we would take that as our last question for today. I now hand the conference over to Mr. Rohit Katyal for closing comments.

Rohit Katyal: Thank you all of you all for joining us on this call today. I hope that we have been able to answer your queries. Please feel free to reach out to IR team for any clarifications or feedback. Until we meet again, bye-bye. Have a nice day.

Moderator: Thank you. On behalf of Capacit'e Infraprojects Limited, that concludes this conference. Thank you for joining us. You may now disconnect your lines.