CAPACIT'E

CIL/SE/2024-25/72

November 21, 2024

BSE Limited
P.J. Towers
Dalal Street
Mumbai- 400 001

Scrip code: 540710

National Stock Exchange of India Limited
Exchange Plaza, C-1, Block G,
Bandra Kurla Complex, Bandra (E)
Mumbai - 400 051

Symbol: CAPACITE

Sub: Transcript of Earnings Call- Q2 & H1 FY25

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

Dear Sir/ Madam,

In continuation to our letter dated November 11, 2024, we hereby enclose the transcript of the earnings call held on November 18, 2024, on operational and financial results of the Company for the Second quarter and half year ended September 30, 2024.

Please take same on record.

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

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

Thanking you

Yours faithfully,
For Capacit'e Infraprojects Limited

Rahul Kapur Digitally signed by Rahul Kapur

Rahul Kapur
Company Secretary and Compliance Officer

Encl: a/a

"Capacit'e Infraprojects Limited Q2 & H1 FY '25 Earnings Conference Call"

November 18, 2024

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 - Capacit'e Infraprojects Limited** **Mr. Rajesh Das – Chief Financial Officer - Capacit'e Infraprojects Limited** **Mr. Nishith Pujary – President Accounts and Taxation - Capacit'e Infraprojects Limited** **Mr. Alok Mehrotra – ED- Finance - Capacit'e Infraprojects Limited**

Moderator: Ladies and gentlemen, good day and welcome to Capacit'e Infraprojects Limited Q2 and H1 FY '25 Earnings Conference Call.

As a reminder, all participant line will be in listen-only mode. And there will be an opportunity for you to ask question after the presentation concludes.

Before we begin, a brief disclaimer:

The Presentations which Capacit'e Infraprojects Limited has uploaded on the Stock Exchange and their Websites, including the discussions during this call, contains or may contain certain forward-looking statements concerning Capacit'e Infraprojects Limited's 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.

Should you need assistance during the conference call, please signal an operator by pressing "*". then "0" on your touch tone phone. Please note that this conference is being recorded.

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

Rohit Katyal: Good morning, everyone. On behalf of Capacit'e, I welcome everyone to the Q2 and H1 FY '25 earnings conference call of the Company.

Joining me on this call is Mr. Rajesh Das – CFO; Mr. Nishith Pujary – President Accounts and Taxation; and Alok Malhotra – Executive Director of 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 Stock Exchanges and our Company's Website.

Our Company has commenced the year on a positive note, achieving 28% year-on-year revenue growth from operations during H1 FY '25 along with significant improvement in margins. The back-to-back strong quarterly performance sets the tone for the second-half of the year wherein we anticipate further operational improvements. With central elections and monsoons behind us, we are witnessing further uptick in execution across our project sites. The improved execution has helped us in better absorption of fixed costs, thereby leading to improved profitability. Over the past few years, we have successfully optimized our project portfolio, resulting in significant expansion of order size, reduction in projects under execution, increased revenue contribution per project, enhanced management efficiencies leading to improvement in margin profile.

On the order book front, we are witnessing significant traction both from the private and public sector. We have so far been awarded projects worth Rs. 1,500 crores, excluding BDD addition of Rs. 858 crores during the current fiscal and are confident of achieving and 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 the public and private sector. Leveraging our robust financial position and execution expertise, we are poised to establish new performance standards.

Coming to the "Consolidated Performance Highlights" for H1 FY '25:

Revenue from operations for H1 FY '25 stood at Rs. 1,088 crores, up by 28% as compared to Rs. 852 crores in H1 FY '24. EBITDA for H1 FY '25 stood at Rs. 217 crores, up by 42% as compared to Rs. 153 crores in H1 FY '24. EBITDA margin for H1 FY '25 stood at 19.7% as compared to 17.6% in H1 FY '24. EBIT for H1 FY '25 stood at Rs. 173 crores, up by 71% as compared to Rs. 101 crores in H1 FY '24. EBIT margin for H1 FY '25 stood at 16.1% as compared to 11.6% in H1 FY '24. PAT for H1 FY '25 stood at Rs. 98 crores, up by 153% as compared to Rs. 39 crores in H1 FY '24. The PAT margin for H1 FY '25 stood at 8.9% as compared to 4.5% in H1 FY '24.

I now turn to the "Consolidated Performance Highlights" for Q2 FY '25:

Revenue from operations for Q2 FY '25 stood at Rs. 518 crores, up 23% as compared to Rs. 422 crores in Q2 FY '24. EBITDA for Q2 FY '25 stood at Rs. 101 crores, up by 30% as compared to Rs. 77 crores in Q2 FY '24. EBITDA margin for Q2 FY '24 stood at 19.3% as compared to 17.7% in Q2 FY '24. EBIT for Q2 FY '25 stood at Rs. 79 crores, up 60% as compared to Rs. 50 crores in Q2 FY '24. EBIT margins for Q2 FY '25 stood at 15.2% as compared to 11.4% in Q2 FY '24. PAT for Q2 FY '25 stood at Rs. 45 crores, up by 126% as compared to Rs. 20 crores in Q2 FY '24. PAT margin for Q2 FY '25 stood at 8.6% as compared to 4.5% in Q2 FY '24.

Gross debt stood at Rs. 343 crores as on 30th September as compared to Rs. 343 crores as on March 31st '24, with gross debt to equity at 0.21x. Order book on a standalone basis stood at Rs. 9,203 crores as on September 30th, '24. Public sector accounts were 73% while private sector accounts were 27% of the total order book.

I now open the floor for questions, please.

Moderator: Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Nirvana Laha from Badrinath Holdings. Please go ahead.

Nirvana Laha: Sir, congrats on another great quarter. Sir my question is a little strategic in nature. So, if I look at your execution history from FY '18 to FY '24, obviously earlier you used to be 80%, 90% private order book and now you are about 75% government order book. Sir, you have explained that you do the design part in government projects, and you are able to earn 200 bps higher margin in these projects. But sir, if I look at the working capital, it used to be less than 100 days pre-COVID, now it is touching 200 days. So, as a return on capital levels, sir, we are either at the same level or maybe even lower, plus there are liquidity risks of non-fund-based limits etc. So, I know you have answered this before, but I would again like to hear your thoughts on how do you plan to keep the balance between private and government? Is there any intention to bring it back to 50:50 or are you comfortable at these levels?

Rohit Katyal: Yes, good question. So, the point is that you have to look at the whole year performance to come at any conclusion as far as the working capital is concerned. If you look at Quarter 1, there was basically a reduction in the net working capital by 13 days. This quarter, some of our payments got shifted into October because of the elections which were going on. However, now with the elections getting over by November 23rd, we see a very strong collection in quarter three happening, that is evident from the Rs. 200-plus crores collection done in October already. And therefore, you will see a reduction in net working capital in quarter three, with further improvement in Quarter 4. We stand committed to that 100-day level by the year end, this I have repeated earlier also. However, the internal targets continue to remain at 90 days, but we are very confident of achieving 100 days net working capital by the end of the current fiscal. And that will only improve going forward.

You see, you mentioned COVID, and COVID taught us that overdependence of anyone, whether private or public, is not warranted. It is very dynamic in nature. We continue to bid for both the private sector and government sector. Our last major order has happened from the private sector. Again, therefore, tilting or improving the balance of order book slightly in favor on private sector. So, there is nothing called 50:50. We will continue to bid for projects in both private and public. Quality of client continues to be the most important parameter while taking an order book. And third, liquidity issues cannot arise. The retention amount over the last one year on absolute basis on increased top line has reduced to Rs. 135 crores from Rs. 170 crores last financial year. The Company is sitting on more than Rs. 250 crores of unutilized bank guarantee limits, and therefore we do not see any issue of collecting our retentions or advances, which will happen substantially in the current quarter given the new order wins due to non-fund availability of non-fund-based limits. I hope to have covered all your points. Thank you.

Nirvana Laha: Thanks a lot for the detailed answer. Sir, on the Signatureglobal order, first of all, congratulations on bagging such a large order. When can we see the execution start and how do you see it ramping up?

Rohit Katyal: So, the execution of this order will start in Quarter 4 of the current fiscal. And given the completion period, it should peak at about Rs. 25 crores to Rs. 30 crores per month. This order is in two phases, phase one will start from 1st Quarter and Phase-II may start from the 2nd Quarter of the next fiscal. For the first part, I stand corrected, 4th Quarter and the 1st Quarter.

Nirvana Laha: Sir, if I look at your FY '24 Annual Report, we had taken Rs. 112 crore receivable write-off. I assume this was to do with clients which faced difficulties during COVID. If you can call that out please, because I am not aware of the history which client and what projects are they pertaining to. And if there are any other receivables on our books currently which are at risk of such a write-off. I understand that you have already taken possession of some assets which you intend to sell. So, if you can just give some idea about all these aspects, what is happening to the assets held for sale, plus how much more receivables can be expected to flip to us taking possession of such assets and the write-off happened from which client? Thank you.

Rohit Katyal: So, the write offs predominantly, close to Rs. 80 crores, Rs. 90 crores were for the Radius Group. Because Radius was in joint venture somewhere with Sumer, somewhere with DB Reality and elsewhere. So, coming to the fact that it's not only the last financial year, but the Company has also followed an aggressive provisioning policy subsequent to the COVID year, and we have provided for more than Rs. 180 crores of expected credit losses. Which means that we are not left with any surprises which I reaffirmed in the last quarter as well. And therefore, we do not expect the PAT to be impacted by any untoward provisioning happening from slow moving debtors or bad debts and/or additional provisioning. That's point number one.

Point number two, the Company's aggressive collection drive, which is more of legal in nature at various forums whether its RERA, whether it is at NCLT or High Court, has ensured that the Company is today holding assets in excess of Rs. 200 crores market value as against a total collection of a collection of about Rs. 115 crores. We expect this realization from fixed assets over and above our collection normal targets from our debtors to happen over the next seven quarters to eight quarters. Now, what will this mean? This will mean that about Rs. 100 crores of debtors or debt levels will fall in the balance sheet. Number two, the bottom line will strengthen by close to Rs. 80 crores, Rs. 85 crores. And number three, the gross debt of the Company will fall apart from whatever it falls from the operational profits by about Rs. 200 crores from these collections. Hope I have explained.

Nirvana Laha: Sir, great to hear. Last question sir, has the sale already started or which quarter do you anticipate this sale starting from?

Rohit Katyal: We are waiting for the NOC from State Bank of India. Pending the NOC, sales of about Rs. 17 crores have already happened. We expect sales of close to Rs. 80 crores by March '25, and the realization in the subsequent quarter. But as I told you, please do not hold me responsible, these are internal targets. You will see the complete realization hopefully within seven to eight quarters. But Rs. 85 crores is the target for the current financial year.

Nirvana Laha: Thank you so much, sir. Congrats on the great execution and hope you have a great day. Thank you.

Moderator: Thank you. The next question is from the line of Aditi from RSPN Ventures. Please go ahead.

Aditi: Just taking forward the question from the previous participant with respect to provision of impairment. So, in this quarter as well other expenses have increased quarter-on-quarter. So, is there any part of that impairment included in this quarter numbers as well?

Rohit Katyal: There is no impairment, madam. There is a policy of expected credit loss which every Company follows. And that is exactly this expected credit loss or what we know known as ECL is a policy which is approved by the auditors and also by the audit committee of the Company. And the Company follows that policy, which means that there is a certain provisioning on the working capital that is work in process, there is certain provisioning on the retention and there is certain provisioning on the debtors. So, this is a normal thing.

Again, if you look at the other expenses, the total expenses have to be looked into and as a percentage because the revenue of quarter two is lesser than Quarter 1 obviously because of the monsoons, there we lost 22 days. You will have to look at the full year where we believe that the provision will improve as a percentage to top line basically on all expenditure parameters. Further, when you are looking at provisioning, you also have to look at other income where the provisioning happens. So, when you take the net of it, it's a much improved positioning.

Aditi: And I have a few other questions. So, one is, the cash on hand essentially that has dipped in the first half, so is there anything to read into that?

Rohit Katyal: Madam, you please see that there is a temporary increase in the debtors where the amount sitting in WIP is moving towards certified bills. That collection has just shifted by 10 days coming into quarter three of the current financial year. So, the cash position will be back to what it was by the end of Q3, nothing to read into that.

Aditi: And the EBIT margin has been really great in the first half, so is that sustainable, or do we see some moderation going forward?

Rohit Katyal: No, with the current order book superimposed, we do believe that this will continue at least for the next four quarters, until unless there is something untoward which happens to the industry which we do not expect.

Aditi: And sir last question, there was this data center project that you were bidding for around Rs. 700 crews, so any updates on that?

Rohit Katyal: Let the elections get over, madam. We believe that at the moment all the orders from government in the Maharashtra state are status quo. So, once the elections are over we will then pursue for that. At the moment, at least for the current month, we will be targeting only the private sector. And the private sector negotiations are on and we should be waiting for some good information.

Moderator: Thank you. The next question is from the line of Parvez Qazi from Nuvama Group. Please go ahead.

Parvez Qazi: Sir my first question is regarding the order intake. I believe you have given a guidance about Rs. 3,000 crores of order intake in FY '25, so does this still stand or you want to revise that number?

Rohit Katyal: So, Parvez, we continue with that target of Rs. 3,000 crores, I think there is a scope of improving in actual. But you have seen that we have been very choosy in picking up the orders because anything which we do today will have an impact whether positive or negative two years down the line. So, we are very, very particular. Not to forget that MHADA has to still add about Rs. 3,000 crores to Rs. 4, 000 crores of order booked to the overall order book of the Company. So, the Company will be cautious in picking up orders. But excluding MHADA, Rs. 3,000 crores is something which we definitely see as happening in the current financial year.

Parvez Qazi: And for our two big projects, which is MHADA and CIDCO, would be great to get a status of the projects in terms of what is the work front available as of now and what is the execution run rate now and where do we expect to see it going ahead?

Rohit Katyal: Yes. So, the execution run rate for October for CIDCO was close to Rs. 50 crores, we expect that to go to Rs. 65 crores by December and Rs. 75 crores by January per month. The total land available is Rs. 2,400 crores across six locations, which means that we have to still bill about Rs. 1,500 crores on certified mechanism on these six locations, which has to happen by March of '26 in totality. The seventh location is identified. However, once it is received, it shall be promptly informed to you. As concerning MHADA, we have received land for five towers of sale component which are close to 90 stories in height or 305 meters. Apart from that, we have 14 towers on the rehab portion of 40 stories, and we expect another eight towers to be released by December of the current quarter, that is quarter three. So, we do believe that the execution will continue for Capacit'e as a subcontract as close to Rs. 20 crores per month. However, that will increase to about Rs. 25 crores to Rs. 28 crores for Quarter 4, and it should increase significantly to cross more than Rs. 100 crores per quarter from the next financial year.

Moderator: Thank you. The next question is from the line of Ram from Psychus Investments Advisor. Please go ahead.

Ram: Congratulations on the quarter. I just have one question. Given the recent discussions around the economic environment, particularly around economics, I mean, slowdown in government spending on infra projects which has been highlighted in various media reports and all. I wanted to get your perspective on this, with your significant exposure in public sector projects can you share whether you are observing any tangible impact on project approvals or payments or execution timelines from the government side?

Rohit Katyal: I have not read any such article. However, having said that, the government spending, that Rs. 11 lakh crores stands at the highest. You are seeing a big traction in the private sector as well with the 40% increase quarter-on-quarter in the registrations of apartments, okay. And point number three is, you will see a significant spend on the industry level that is factory side going forward. I agree, on the contrary, to anticipate shortage of quality contractors from Quarter 4 of the current fiscal, so I do not see any slowdown. On the contrary, the project pipeline is full for all building construction companies. They are on sitting on record order books, including our Company. So, I do not see any such thing happening. Yes, winters are here, you will see NGT coming into play in highly polluted areas like Delhi NCR. You will have some temporary shortfalls. How much that impacts the revenue is anyone's guess. So, I would not like to give a speculative answer on that front. But yes, on overall we see serious traction both in public sector and by private sector spend, all in residential and in institutional buildings like hospitals and so on.

Moderator: Thank you. The next question is from the line of Rajesh Jain from RK Capital. Please go ahead.

Rajesh Jain: Sir, I have three questions. Sir, I have recently started tracking your Company and I was going through some of the very old calls of 2018 and '19, much before pre-COVID just after your listing. I understand that today you have an order book of approximately around Rs. 10,000 crores and you have guided for 25% growth for the next two, three years. But back then also, in 2018 and '19, even much before COVID, you had an order book of Rs. 8000 crores and you had guided for the same, 25% growth for two, three years. But what actually panned out was only one year of growth and then subsequent degrowth. So, what has changed? I mean, in the current scenario how confident you are that the history will not repeat that the growth will not be achieved, can you just throw some light on that?

Rohit Katyal: Good question. So, you have to first track the Company from 2013 till 2019-'20 which has seen a compounded annual growth of excess of 35%, 40%. So, the first jolt was in the COVID years, and thereafter there was recovery, but not to the extent to match with March 2020, alright? That's number one. Number two, the order book was Rs. 8,000 crores or more. However, in that order book MHADA was non-operational at that moment in time which is operational now. CIDCO for one and a half years was non-operational. So, though the order book was Rs. 9,000 crores, the revenue was coming from only Rs. 3,500 crores or Rs. 4,000 crores business. So, that explains the reason why the growth you have now happening over the last three and a half or four quarters, simply because the order book is operational, and the Company is driving substantial revenue from these two big ticket size orders. Point number three, the Rs. 8,000 crores order book was spread across maybe 50 projects, and now this Rs. 10,000 crores is spread about maybe 22, 23 projects, thereby giving the Company an opportunity to bag another seven or eight projects, having the minimum revenue of Rs. 10 crores per month per project. And therefore, then taking it to the growth projections what we have given you. So, the summary of all this is that we are more than confident in achieving whatever targets we have lined out.

Rajesh Jain: Sir, that means you have to keep tracking the operational order book. So, in your current order book, is there anything which is not operational?

Rohit Katyal: Everything is operational. Only one location of CIDCO's seventh location is balance to be received. Apart from that, everything is operational.

Rajesh Jain: And what is the value of that which is not operational?

Rohit Katyal: About Rs. 2,000 crores.

Rajesh Jain: Sir, just two more questions, again, one related to the history and then one related to accounting norms. So, in the past what I came to know from my circle is that you had a lot of issues related to delayed payments of salaries and delayed execution of projects, even those which were operational. I mean, I do not know how much of that is true, so I just wanted to hear from you how much of that is true. And whether any of that project delays or salary delays issues persist today, or is there any risk of that coming back?

Rohit Katyal: There are too many questions. Number one, whatever the Company did, also during the difficult times it worked within the cash flows which were received per quarter. Subsequent to that, the Company raised close to Rs. 350 crores through preferential, QIP and infusion by the promoters. So, therefore, any cash flow issues, whoever has told, is a matter of maybe long past. And any which ways the Company has, along with its amazing team, confronted it very, very well. So, I do not know who has given you this feedback, which I can only call hearsay. However, to sum up, we do believe that the current traction of improvement in revenues, bottom line, and today the Company has a permanent workforce of more than 1,800 strong staff, 80% from the engineering background, 20% from support commercial, and more than 1,400 technicians to support the revenue guidance of 25% growth year-on-year. So, I believe that the cash flow issues which you are referring to were definitely due to the Rs. 200 crores which I just mentioned a short while ago, which was stuck with the private sector. Which the Company today has success successfully as converted them into real estate assets and now is going for liquidation of the same over the next seven to eight quarters. Which means the Company can only improve the cash flow by another Rs. 200 crores, apart from whatever margins it realizes from operations.

Rajesh Jain: Sir, are there no salary delays or project delays today?

Rohit Katyal: Sir, who told you there are salary delays, please give me one reason?

Rajesh Jain: No, I am just asking you.

Rohit Katyal: As I just told you, there are no salary delays, there are no project delays. All projects are within the stipulated timelines, original or amended by the client. So, the answer is, there are no delays, number one, on payment of any statutory levy and/or salaries, and there are no delays in project execution.

Rajesh Jain: Sir, that's very reassuring. And my last question is on accounting norms in your business. Because you are a contractor who executes projects for the other builders, for the real estate companies. As far as those real estate companies goes like Godrej or DLF or other housing companies, their pre-sales number flow to revenue as per the accounting norms after project completion and after OC is received, as per my understanding. So, in your business is there any accounting norms for the revenue to flow to books based on certain percentage of completion method? And if yes, then can you elaborate on that, just for my understanding?

Rohit Katyal: So, we are not a real estate Company, first of all, and we follow POC method as per IndAS 115/116. So, the point is that revenues are recognized accordingly. And we will continue to follow this accounting norm, which is followed by all construction companies across.

Moderator: Thank you. The next question is from the line of Akshit from Flute Aura Enterprises Private Limited. Please go ahead.

Akshit: Sir, I have a couple of questions. The first question is, are we seeing any slowdown because of the Maharashtra elections in our construction activity? And my second question is on the employee expenses, so they rise sequentially, so any specific reason for us? Thank you.

Rohit Katyal: Yes. So, slow down will happen during elections from an order inflow perspective on the public sector side pertaining to the state where the elections are happening. So, if the elections are happening now in Maharashtra, there is a code of conduct in place. And obviously, during code of conduct which only ceases after the elections are fully over, there will not be any new orders which could flow from the government to any Company, that's number one. Your second question was, the employee cost has increased by Rs. 7 crores over the last quarter. This is primarily due to increase in employee strength, new joinees which I meant to say, and obviously the increments which have happened. And this will be on an overall year basis as a percentage lower to the top line as a percentage as opposed to last financial year.

Moderator: Thank you. The next question is from the line of Akshat Mehta from 7Rivers Holding. Please go ahead. Yes.

Akshat Mehta: Sir, two basic questions I had is, one is, what is the total amount of bank guarantees and NCs that is currently given, I mean, not just the unused ones, but the total amount that we currently have?

Rohit Katyal: Your question is how much bank guarantees have we already issued?

Akshat Mehta: Yes.

Rohit Katyal: So, total bank guarantees are issued currently to the clients, so including consortium and project specific for CIDCO and MHADA, the total guarantees issued is Rs. 730 crores.

Akshat Mehta: Around which Rs. 250 crores you are saying is currently still free or unused that you can use for future projects, right?

Rohit Katyal: Absolutely.

Akshat Mehta: And another question that I had is, the unbilled revenue or the revenue that we have given for certification, that number is increasing quite sharply over the last couple of years, any kind of reason for that?

Rohit Katyal: Your voice is not clear, I have not understood your question.

Akshat Mehta: So, my question was that our unbilled revenue, or the revenue that we have for certification, that has been increasing quite a lot over the last couple of years. So, any specific reason that we are seeing that increase in number? And what could it be going in the future?

Rohit Katyal: So, you please if you compare, the WIP was Rs. 889 crores, which is work done, not billed, bill submitted, all that put together, was Rs. 889 crores on our top line of close to Rs. 450 crores last financial year, that is Rs. 900 crores on a much higher top line. Number two, the uncertified bills continue to be at Rs. 434 crores, even though there has been an increase in the top line. And this overall stagnancy will now show reductions. So, there was an increase earlier, then there was two quarters of stagnancy, and now you will see reduction over the quarter three and Quarter 4, and their subsequent quarters going forward. So, the overall target is to get this number over the next four to five quarters to approximately Rs. 900 crores, which would be then comparable to the number what you are comparing with.

Akshat Mehta: So, we want to get back to two years back what the number was?

Rohit Katyal: Absolutely, because there is no reason we have started the POC method about three years ago. There was a temporary increase in that. And I will not say that it was not a big increase, yes, it was a substantially big increase. However, if you see, that amount has now stagnated even though the top line has improved significantly. Going forward, the top line is bound to increase. At the same time, you will have contract assets reduction or contraction in the contract assets in a phased-wise manner to bring it back to Rs. 900 crores over the next three to four quarters.

Moderator: Thank you. The next question is from the line of Dhananjay Mishra from Sunidhi Securities. Please go ahead.

Dhananjay Mishra: Congrats on the great quarter. My question is with respect to the seven package of CIDCO, as you said that it will be handed over. So, I mean, what is the status in terms of land and all?

Rohit Katyal: CIDCO seven sites, the environmental has already been received. Earlier there was an issue of the CRZ rules which was only 50 meters permitted. That got relaxed to 100 meters. So, we are pursuing with the client. And we hope that the seventh location will be given sooner than later in the current financial year itself, and that is the current status of CIDCO seventh location.

Dhananjay Mishra: Land and everything is clear, there's no?

Rohit Katyal: Sorry.

Dhananjay Mishra: There is no occupation of illegal things.

Rohit Katyal: No, no, all this land belongs to the government. So, there is no problem from land perspective. It's that the government also wants that the lottery system or allotment system to simultaneously start along with the execution had been new locations.

Dhananjay Mishra: And you said that we have now Rs. 1,500 crores unexecuted part of this location, right?

Rohit Katyal: Absolutely.

Dhananjay Mishra: And then the current monthly billing is about Rs. 50 crores which will increase to Rs. 80 crores, Rs. 90 crore in the next three, four months.

Rohit Katyal: Yes.

Dhananjay Mishra: So, next year, can we assume that out of Rs. 1,500 crores, for FY '26 we will be doing close to Rs. 1,000 crore from CIDCO projects itself?

Rohit Katyal: That is the asking.

Dhananjay Mishra: And can you repeat the MHADA monthly run rate as of now, I didn't hear.

Rohit Katyal: So, MHADA, at the moment we are doing about Rs. 20 crores per month, we will continue to do that in quarter three. We expect that to improve to Rs. 25 crores, Rs. 28 crores in Quarter 4. And then it can improve to Rs. 100 crores from next financial year per quarter. It all depends on the availability of new building. However, given the traction, we are quite hopeful that this is going to translate into executable order book.

Dhananjay Mishra: And this is our share?

Rohit Katyal: Obviously, we are not consolidating the revenue at the LLP level, because we own 35% of that, other projects consolidate that. However, we will book our share of profit which hopefully should start from next financial year and should be substantial.

Dhananjay Mishra: So, as of now, I mean, it is not showing in the P&L, right, in the current quarter?

Rohit Katyal: No, no, no, if that was showing, our revenue would have been Rs. 600 crores. So, we are not showing the revenue at the LLP level, we are showing the revenue only at that subcontractor level.

Dhananjay Mishra: So, we will only take profit from both projects as a JV profit?

Rohit Katyal: I would like to reiterate that we will be entitled to book our share of subcontract, which will be at the end of the project close to Rs. 5,000 crores, and we will be entitled for our 35% project profit at the LLP level, that is the joint venture level. So, these are the two things which the Company will recognize.

Dhananjay Mishra: And second question in terms of for upcoming opportunity, so apart from residential segment, are we looking other sectors like railway or other government projects into construction segment?

Rohit Katyal: So, we are not very happy with the RLDA type of projects because of the negative cash flow and the payment terms which are mentioned over there. And therefore, though we qualify for all the projects, we have desisted from participating in RLDA projects, number one. Number two, we are not only bidding for residential, nearly 15% comes from hospital, that is healthcare. We have executed two malls over the last four years. We have executed commercial buildings like Oberoi Commerz III, which has been handed over to the client. So, there is a mix of residential, commercial, retail and healthcare forming a part of our portfolio.

Currently, all the projects are mixed-use projects, including the one we will be executing for Signatureglobal. So, these bigger projects basically are not only residential, but they are mixed. So, you will have some portion of retail, you will have some portion on non-tower area, and then the residential plan. Apart from this, you are aware that the Company has been executing data centers. We have successfully completed the Delta factory at Krishnagiri, and the Company is actively pursuing opportunities in the factory side which have a better financial closure. The clients are maybe one level higher than the developers which we work for, and that now we are having the qualifications to do that augurs well for the Company. So, you will be basically therefore operating in four segments, residential, commercial, institutional which would include data centers, and the fourth would be factories. So, very exciting times, please wait for Quarter 4.

Dhananjay Mishra: And lastly, can you give major orders apart from CIDCO which are contributing to our revenue as of now?

Rohit Katyal: All. So, Raymond is contributing Rs. 20 crores per month. MHADA is contributing nearly Rs. 18 crores, Rs. 20 crores per month. You have CIDCO which is now contributing in excess of Rs. 45 crores to Rs. 50 crores a month. You have JV which is contributing in excess of Rs. 10 crores a month. You have Bhagwati Hospital, which is contributing more than Rs. 10 crores per month. You will soon have Bhandup hospital which will start contributing more than Rs. 12 crores to Rs. 15 crores per month. You have M3M contributing close to Rs. 7 crores, but is expected to go to Rs. 15 crores from December onwards. So, all the projects, basically the idea of taking limited projects is that we do not want to have any project in the portfolio which gives less than Rs. 10 crores per month. And once that happens, only then will you see the growth of that 25%, 30% on a higher base, and that is what exactly we are focused on.

Moderator: Thank you. The next question is from the line of Anupam Gupta from IIFL Securities. Please go ahead.

Anupam Gupta: Sir, just a few questions. So, firstly, in the order book, is the Rs. 858 crores which you mentioned in the opening remarks included or not included?

Rohit Katyal: Included.

Anupam Gupta: So, overall order book should be Rs. 10,000 crores if you include that, approximately?

Rohit Katyal: Approximate, yes.

Anupam Gupta: And you said by the end of this year, so another Rs. 1,500 crores from non-MHADA and possibly another Rs. 3,000 crore of MHADA orders will get increased?

Rohit Katyal: No, I would like to correct you. Rs. 3,l00 crores non-MHADA will definitely happen. MHADA, as and when we get the locations to start the construction, that will be added automatically, and we will inform you in that quarter. But MHADA is close to Rs. 2,300 crores now, all right, and we yet have to execute more than I think Rs. 1,400 crores, Rs. 1,500 crores out of that. So, that is substantial for the next two years. However, at the LLP level, both Tata projects and Capacit'e are putting all efforts to get the entire portfolio of the project execution in hand. And we are quite hopeful that by quarter two of next fiscal year that should be happening. So, let's wait for the elections to get over and then take it forward from there.

Anupam Gupta: And just continuing with MHADA , you said something you are not consolidating at this point of time. Can you just clarify that once again what will you consolidate and starting when?

Rohit Katyal: See, we will not be consolidating the top line at MHADA at the LLP level, which is the executing authority for MHADA, okay. That revenue is not consolidated in our numbers else our numbers would increase by nearly 25%, 30%. We are only taking the revenue which we are executing as subcontractor. What we will add as a line item will be the profit, our share of 35% profit of the LLP into our standalone books going forward as and when the profits start accruing in the LLP.

Anupam Gupta: And when do you expect that to happen or start to happen?

Rohit Katyal: So, there are certain, I think, minimum turnover guidelines of Tata projects, I believe that is about close to Rs. 1,500 crores or so. Once that threshold is breached, profitability will start to accrue immediate there.

Anupam Gupta: The second question was, you said you have receivables as assets close to about Rs. 200 crores which you will monetize.

Rohit Katyal: Yes.

Anupam Gupta: Why is SBI's permission required to monetize?

Rohit Katyal: Because some of these properties are mortgaged with the consortium of banks. And therefore, we will be requiring their NOC. Verbally they have given us a go-ahead, but it has gone as a proposal to their competent authorities. And we will be therefore requiring that NOC for certain of the sale of the properties, especially the Bangalore properties, alright. Certain properties which are slated for sale in Quarter 4 of the current fiscal will not require their permission. But we are taking a blanket approval and that all the funds will then from the sale of the properties will flow into the lead bank, which is State Bank of India.

Anupam Gupta: And all of that in your balance sheet is currently reflected in other long term assets, right?

Rohit Katyal: No, about Rs. 90 crores not reflecting only, that's already been written off. I just explained to you, out of Rs. 210 crores what is reflecting in the books is close to Rs. 100 crores, alright. And once that Rs. 100 crores come, it will impact two things, it will impact the debtors going down and the assets held for sale, these two will go down. So, one is, the asset will fall, the gross block. The second thing is that your debtors will fall. Third thing is that balance, which is not appearing in the books, will hit your profitability positively.

Anupam Gupta: And just one last question, in your order book what book portion of projects are currently under execution and NCR, which will see impact, let's say, over the next two months at least?

Rohit Katyal: So, we have M3M which is going on in Noida, so far there are no restrictions, but you can never guess. So, there are no restrictions on construction, there is restriction on some vehicles which has come in, at the moment. There is restriction on the sand, but we do not buy sand so we will have to ensure that our concrete manufacturers have sufficient quantity to negate that impact. And M3M, as I told you, we will start billing from Quarter 4 of the current fiscal. So, I do not see any meaningful impact, maybe Rs. 15 crores, Rs. 20 crores for the quarter at best.

Anupam Gupta: And nothing on DLF as well, right, because the construction?

Rohit Katyal: That is done.

Anupam Gupta: And just one last question, any issues we have seen on employee availability at all?

Rohit Katyal: Employee?

Anupam Gupta: Employee availability.

Rohit Katyal: Availability. Oh, that's always a challenge to get good people. So, that will continue till the time we do business, isn't it, Anupam? I mean, the point is that’s there across industry, that’s nothing specific to us. The challenge is to retain workmen. And we are among the first few companies in the building construction industry we have adopted the 15-day payment cycle successfully over the last months, which has made a significant improvement in we being able to retain labor contractors, and we hope that that will continue. So, you have to do things which are innovative in nature to ensure that the labor availability, especially the trained labor availability, does not become a challenge, therefore an impediment to your growth.

Moderator: Thank you. The next question is from the line of Jayesh Gandhi from Harshit Gandhi Securities. Please go ahead.

Jayesh Gandhi: So, first of all, congratulations on good numbers. My question is on order book position. If I look at your order book to sales ratio in the last three, four years, it is it is coming off. And currently, I mean, FY '24 it shows as 4.7. I am guessing even on September if you take, probably it would be at the similar level. So, is it our conscious decision to do that or are we choosy for margins or is there a competitive pressure or can you just throw some light on that?

Rohit Katyal: Sir, if you see our order book, it is in line with our competition and the industry. Earlier there were times where the order book was 6x, but the execution period was five years. Today, if the execution period on average is coming down, then your order book cannot increase abnormally, because you need to execute the order book as well. So, our policy is that we need to take orders in a particular financial year. Let's say if the order target is Rs. 3,000 crores in FY '25, then the target for execution is similar to the order intake in the next financial year. So, that is the policy which we follow. And obviously, as I just told the earlier gentleman who asked, our policy is that whatever orders we take, we should have an opportunity to bill at least Rs. 10 crores per month, otherwise the risk reward ratio is not very conducive for the Company. Point number three, choose yes, we are. There is ample opportunity, there is no reason to go and just pick up orders and then cry over spilt milk for two years down the line. So, yes, we will be choosy. Even if we are choosy, there is enough opportunity available both in public, private and in the factory side.

Jayesh Gandhi: Then can I conclude by saying that we will be somewhere between 4.5 only in future as well?

Rohit Katyal: It could be 5, it could be 3.5, but on a absolute basis we will only continue to grow.

Moderator: Thank you. The next question is from the line of Abhishree Bang from JHP Securities Private Limited. Please go ahead.

Abhishree Bang: Sir, first of all, congratulations on good Q2 performance. I just want to know that could you please share your receivable numbers with the breakup between debtors, unbilled revenue, retention money, and mobilization advance for that matter?

Rohit Katyal: Madam, there are too many questions and very detailed. You can please send me a mail to our investor relations and they will provide whatever data we are permitted to provide in whatever detail you want. So, whatever is permissible, they will definitely provide it to you. But such a detailed answer, for example, it is there in our financials in the balance sheet already mentioned. However, the breakup can be provided at the movement, then can be studied by you.

Abhishree Bang: So, I just want to know whether all of this data could be provided? Because, sorry to say, but IR team of our Company, they are not willing to provide it on quarterly basis for the public information. And we only have access to get this information on an annual basis.

Rohit Katyal: What we will do is we will set up your conference with our IR team, you can discuss with them. I am sure that whatever is permissible under the LODR guidelines, they will have no hesitation, and that's what Capacit'e has been following since inception. So, we are very transparent. Whatever data you want, and is permissible under SEBI LODR guidelines, we will definitely prove that to you, that I can assure you.

Moderator: Thank you. The next question is from the line of Khadija Mantri from Capri Global. Please go ahead.

Khadija Mantri: Sir, I have two questions. One is, in Q3 do we expect the execution to be impacted because of election? Or we will have a good growth on Y-o-Y basis as well?

Rohit Katyal: Please expect execution to grow. Elections have no impact on execution of existing projects. They only have an impact on government inflow of orders of the state where the elections are happening. So, I do not see any reason for elections having any impact whatsoever on the top line of the Company, the growth will continue.

Khadija Mantri: And sir, the next question is, this Rs. 1,200 crores order that we have received from Signatureglobal, it is part of the Rs. 1,500 crores order inflow that we have talked about till year-to-date or is it over and above that?

Rohit Katyal: No, it is a part of the Rs. 1,500 crores year-to-date order inflow, and we are targeting another Rs. 1,500 crores over the next five months in the current fiscal.

Khadija Mantri: Sir, in this project will the scope of the work for us remain the same as the previous project, or is it something different that we would be doing in this project?

Rohit Katyal: No, all private sector projects, whether we do, L&T does, more often than not we try to do only shell and core. And we will be doing only shell and core works for the residential tower, non-tower and the retail area. So, the scope will remain the same. But yes, as you are seeing that the sizes of the projects, especially in Delhi NCR area are increasing manifold. So, earlier the average size used to be Rs. 250 crores, Rs. 300 crores which has now suddenly shot up to in excess of Rs. 800,000 crores. Apart from that size difference, we do not see any other scope change as of now.

Moderator: Thank you. The next question is from the line of Amit Agicha from HG Hawa. Please go ahead.

Amit Agicha: Thank you for the opportunity and congratulations to the whole team for a good set of quarter numbers. My question was with respect to like, are there any plans to diversify into new geographies or segments beyond the current quarter?

Rohit Katyal: Sir, we before COVID were in seven top cities of the country. Again, we have increased over the last one and a half year back we are in Mumbai. We will be in Pune whenever the opportunity comes, but yes, we are there. We are in Mumbai MMR, which is considered as one geography. We are in Delhi NCR which is considered as a second geography. We are in Gandhinagar, Gujarat which is the third geography. We are actively looking at Hyderabad and bidding in projects for over there, that's the fourth geography. And we will look at project specific especially relating to factories wherever such a project comes. However, the quality of the client will be of paramount importance.

Moderator: Thank you. The next question is from the line of Rajesh Jain from RK Capital. Please go ahead.

Rajesh Jain: Thanks for the follow up. I just want to understand on the raw material pricing, if the raw material prices increase then will you have to absorb the entire cost or some of it is passed through in your contracts?

Rohit Katyal: In private sector it is full pass through. In the government sector, all projects have price variation clauses, which is commonly known as escalation clauses, which cover up for price increases, alright, whether it is material or labor. So, this is the protection which any contractor keeps when bidding for government projects and/or private sector projects. So, answering your question that we have adequate cover for the increase in prices, if the prices decrease obviously the client will take away that decrease. So, as I have repeated in the past, our orders are non-speculative in nature.

Rajesh Jain: So, this pass through and the escalation of the pass through in the private sector and the escalation clauses in the government sector, this is with a delay of like one quarter, two quarter, how does that work?

Rohit Katyal: It is not a delay, it is at the end of each quarter. So, basically, whatever work we did in quarter two will get billable in quarter three. So, to that extent, there is an overlap, but then that is only an overlap of one quarter, which continues then.

Moderator: Thank you. As there are no further questions, I would now like to hand the conference over to Mr. Rohit Katyal for closing comments.

Rohit Katyal: I would like to thank all of you for joining us on this call today. We hope we have been able to answer your queries. Please feel free to reach out to our IR team for any clarifications or feedback. Thank you and have a good day.

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