Date: November 18, 2024

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

Scrip Code: 538734

Subject: Submission of Transcript of Q2 FY2025 Earnings Call held on November 14, 2024

Dear Sir/Madam,

Further to our letter dated November 8, 2024, we are forwarding herewith a copy of Transcript of Q2 FY2025 Earnings Call hosted by Valorem Advisors, on Thursday, November 14, 2024 at 5:00 p.m. to discuss the Unaudited Financial Results of the Company for the quarter and half year ended September 30, 2024 with the Management of the Company.

This is for your information and records.

Thanking you,

Yours faithfully
For Ceinsys Tech Limited

Pooja Karande
Digitally signed by Pooja Karande
DN: dc=com, dc=ceinsys, ou=adccinfocadltd, ou=Usb Block Users, cn=Pooja Karande
Date: 2024.11.18 19:30:14 +05'30'

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

Enclosures: As above

“Ceinsys Tech Limited

Q2 FY25 Earnings conference call”

November 14, 2024

MANAGEMENT: **MR. KAUSHIK KHONA– MANAGING DIRECTOR-INDIA OPERATION – CEINSYS TECH LIMITED**
MR. PRASHANT KAMAT– WHOLE-TIME DIRECTOR, VICE-CHAIRMAN AND CHIEF EXECUTIVE OFFICER – CEINSYS TECH LIMITED

Moderator: Ladies and gentlemen, good day and welcome to Ceinsys Tech Limited Q2 FY25 earnings conference call hosted by Choice Equity Broking Pvt. Limited. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing the star then zero on your touch-tone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Rushil Katiyar from Choice Equity Broking Pvt. Limited. Thank you and over to you, sir.

Rushil Katiyar: Thank you, Shiv. Good morning, good evening, everyone and a very warm welcome to all of you. On behalf of Choice Equity Broking, I would like to extend a warm welcome to the Q2 FY25 post-result conference call of Ceinsys Tech Limited. I would like to take this opportunity to welcome the senior management team joining us on the call. Today, we are pleased to have with us Mr. Kaushik Khona, Managing Director of India Operations and Mr. Prashant Kamat, CEO, Whole-Time Director and Vice-Chairman. Before we proceed, I would like to remind all the participants to please refer to the safe harbour statement in the presentation. I now hand over the call to Mr. Kaushik for the opening remarks. Thank you and over to you, sir.

Kaushik Khona: Thank you and good evening, everyone. It is a pleasure to welcome you all to this conference call for the second quarter of the financial year 2025. Let me first thank our host for today's call with Choice Equity Broking. Thank you. In the interest of some of the people who may be new to the company, let me first start by giving you a brief overview of the company, followed by the performance highlight for the quarter under review.

Ceinsys Tech Limited is a leading technology solution provider in the IT-enabled sector. We are renowned for our expertise in geospatial engineering, as well as other engineering services and solutions. We offer a broad range of geospatial intelligence services, including data creation, data analytics, decision support system, enterprise web solutions, and all related solution services.

In the financial year 2022, Ceinsys strategically expanded into the mobility sector by acquiring Allygrow Technologies, a specialized engineering service provider with a strong international presence. This acquisition allowed Ceinsys to enhance its capabilities into manufacturing technology solutions, covering the entire product development process and industrial automation for diverse sectors such as two-wheelers and three-wheelers, passenger cars, commercial vehicles, and off-highway equipment. Ceinsys serves prestigious global clientele that include large corporates, OEMs, asset management companies, and government bodies, highlighting its robust reputation in both the geospatial and manufacturing sectors.

With offices in India, the United States, the United Kingdom, Germany, and now added in Singapore, the company combines local expertise with a broad international reach. Additionally, Ceinsys is venturing into software product development and emerging technologies through a new vertical focus on the artificial intelligence and machine learning and embedded electronics. This vertical emphasizes advancement in metaverse, edtech, gaming, and mobility, reflecting the company's commitment to innovation and maintaining a competitive edge in a dynamic technological landscape.

Now, let me provide some highlights of our financial and operational performance for the second quarter, and the first half ended 30th September 24. For the quarter under review, our operational revenues grew by 54% year-on-year to INR90 crores, EBITDA grew by 71% year-on-year to INR17 crores, with an EBITDA margin of 18.67%. Net profit was at INR12 crores, which represents a growth of around 149% year-on-year, and PAT margins stood at 13%.

For the first half of this financial year, our operational revenues amounted to INR164 crores, demonstrating a strong year-on-year growth of around 46%. EBITDA also saw a notable increase, rising by 42% year-on-year to INR30 crores, with EBITDA margins standing at 18.3%. Additionally, our net profit surged by 82% year-on-year to INR24 crores, with a PAT margin of 14.4%.

The growth in both revenue and EBITDA margins was driven by the successful execution of value-added projects, which contributed to stronger margins. Additionally, our ongoing initiatives to improve operational efficiency have enabled us to handle large volumes more effectively, further boosting our performance. On the balance sheet front, we reduced our working capital cycle to 108 days, which is down from 190 days on 31st March 2024 and 237 days on 31st March 2023.

This consistent improvement reflects our ongoing efforts to optimise operational efficiency, reduce costs, and enhance cash flow management. Our total order book as on 30th September 2024 stood at INR1,210 crores, reflecting a robust demand across our core business segments, with geospatial and engineering services contributing to almost 76% of the total order book, while technology solutions make up the balance 24%. Some of the notable contracts which we have acquired during the quarter include two important contracts from the Maharashtra State Water and Sanitation Mission.

The first is an IoT-based project worth INR206 crores, and the second is a digital project monitoring system project valued at INR60 crores. Additionally, we have been awarded an extension of a third-party inspection project by the Uttar Pradesh State Water and Sanitation Mission, which is valued at INR196 crores. As you may also know, that during the quarter we raised fresh equity and issued warrants worth INR235 crores during the quarter and raised INR105 crores as funds.

These funds will be directed towards driving both organic and inorganic growth strategies, positioning us for sustained expansion and long-term value creation. This fundraise has put us in a strong cash position with a total cash surplus of INR172 crores and a net operational cash surplus of INR68 crores as of 30th September, 2024. It is important to note that our hold-your-own subsidiary Allygrow Technologies has been actively investing in the business development during the first half of the financial year, and around INR6 crores has been invested for both organic and inorganic growth initiatives at the subsidiary level of Allygrow Technologies.

Additionally, we have made strategic investments to expand our abilities. In July 2024, we have successfully acquired assets of a geospatial company in the US, which has a strong exposure to the telecom sector. This acquisition opens up new avenues for growth and strengthens our market position in key sectors. Moreover, we have started investing in data center capabilities, which will be a key enabler for our future growth, particularly in the rapid expanding digital infrastructure space. With this, I now open the floor for the question-and-answer session. Thank you.

Moderator: Thank you very much. The first question is from the line of Vishal Singh from Finvestors. Please go ahead.

Vishal Singh: Good evening all and thanks for the opportunity. Thanks for posting excellent set of numbers, sir. Two questions, as I was going through the results and balance sheet, I saw a growing cash equivalent to INR206 crores. Further, we have increased our debt from INR9 crores to INR19 crores and we have not paid any interest costs from past two quarters and further paid extra 14% to 15% of taxes. Any specific reason, sir?

Kaushik Khona: So thanks, Vishal, for your question. I understand you are referring to the balance sheet, which is part of the presentation. And in that presentation, if you look at the overall financial capital or I would say the funds, the total cash, which is as on 30th September, 24 is INR213 crores and the borrowing is INR41 crores.

This borrowing includes other financial liabilities, which are consequential to the operations of the business, including the loans which we had taken earlier and which has already been repaid now. This amount of financial liabilities are also in respect of certain accounting liabilities, which are not actual liabilities, but they are leased liabilities, which are classified as borrowings. And therefore, the total amount of net surplus is INR171 crores.

You have commented upon the finance costs. The total, if you look at the finance costs, it's hardly INR5 million, which is INR50 lakhs. This finance cost is mainly in relation to the bank charges, which we pay to issue the bank guarantee, as well as the renewal of bank guarantee. There is no interest cost during this quarter, because there is no net borrowing cost. There is no net borrowing. So I think if I can just clarify, the classification of borrowing is because of accounting standards.

However, the total surplus cash, which we have is INR171 crores, of which just the cash, which we have raised because of the preferential allotment is INR103 crores, and the operational cash surplus is INR68 crores. So because there is operational cash surplus at the end of the quarter, at the end of six months, as well as on 31st March 2024 also, we had an operational cash surplus of INR29 crores. Therefore, you don't see any borrowing cost.

Whatever finance cost is there is in respect of the bank charges, which we pay, which is, as I said, for bank guarantee issuance, renewal, or the renewal of limits for which they charge the bank charges. I hope I have clarified the question.

Vishal Singh: Thanks for clarifying, and excellent EBITDA margins, sir. Are we going to sustain it? Can you guide us for the top line for another two to three years.

Prashant Kamat: Are these margins sustainable? My answer would be yes, but we are not going to put our neck on the block to say it will match exactly to every number. But these are the sustainable margins. This is not an aberration quarter, if that's the question. If you think this is flipping the pan, or happening for the first time, or is that a manageable continuity basis? Answer is definitely yes. Guidance, I think we said last call also, we don't want to give any forward-looking statements on our numbers. We believe, based on the space in which we are and the initiatives the company has taken, we would see a robust growth, and I would leave it at that.

Kaushik Khona: And just to supplement that, I think if you have seen today's advertisement, which has come into the Economic Times, quarter on quarter, the EBITDA margins have grown from 22.1% of quarter two of FY24, 22.1% has gone up to 23.6%, and today we are talking 24.9%. So I think they are growing, and sustainably growing.

Vishal Singh: Can you tell me more detail about that total order? Just repeat that again, I was not able to listen to that.

Kaushik Khona: So as I mentioned, we have total order book of around INR1,210 crores, which is as on 30th September.

Vishal Singh: Thank you very much, sir, and good luck for the future.

Moderator: The next question is from the line of Garvit Goyal from Nvest Analytics Advisory LLP. Please go ahead.

Garvit Goyal: Good evening, sir, and congrats for a good set of numbers. I'm actually a bit new to the company, so can you please help me to understand, what exactly we are doing in our geospatial segment, and how are we different specifically from an ordinary EPC company, sir?

Prashant Kamat: Let me try to address this in a short, and maybe you can add later. So basically what we do in geospatial is, if you see current government of India focus or different state government focus, they are trying to digitize most of the utilities, whether it is land records, whether it is water supply system, whether it is energy domain, whether it is property tax collection.

So wherever there is a digital data associated, and it has a longitude and latitude attached to that digital data, that's the space in which Ceinsys operates. How we are different from ETC? We typically don't get into the hardware side of the business, typically. I wouldn't say it's zero, but we largely depend on the digital side of the world. That's the main difference here.

Garvit Goyal: So who exactly are the customers?

Prashant Kamat: In a nutshell, if I have to say, you should look at us as more like ITES and IT company segment. That's our majority revenue.

Garvit Goyal: Got it, sir. So like you mentioned, we are particularly on the digital side. So is it like, for example, a company in a water treatment plant?

Prashant Kamat: No. Water treatment plant would still be as a part of EPC. But where the upstream water flows, how the pipeline should be laid, where the best way to get the shortest path to draw those lines, all of that planning in the digital world, depending on physical coordinates and satellite imagery, or the LiDAR taking data, is the work which we do on the computer.

Moderator: The next question is from the line of Punit Mittal from Fort Capital Advisory. Please go ahead.

Punit Mittal: Hi. Congratulations for the percent numbers. I have three questions. One is more of bookkeeping. There is something called unbilled receivables, in your balance sheet. Can you please explain that and whether these unbilled revenues are already factored in the revenues?

Second, again, there is a line item called margin amount or escrow account of INR37 crores on the cash flow statement. So if you can explain what is that. And thirdly, there is 1% of issued capital granted to Mrs. Rashi and Mr. John. It will be useful if you can give a little bit more background of these two individuals and what are the KPIs associated with this grant. Thank you.

Prashant Kamat: So Kausik, if you can take the first two questions, I can address the third one.

Kaushik Khona: Sure. So unbilled revenue was your first question. Unbilled revenue is basically recognizing the amount of the work already carried out for which the invoice, the milestone to raise invoice has not been reached, but the effective work has been completed. And therefore, as per the accounting standard 103, the same amount is recognized and that is accounted in the part of the income.

So when you look at a turnover of INR90 crores in this quarter, it includes the unbilled revenue, but the invoice is raised and unbilled revenue will total up to the amount of that. And unbilled revenue will be like a WIP, which gets adjusted. So opening WIP is removed and closing WIP is added. That is answer to your question number one. Question number two, you were talking about escrow account. I didn't understand from where you are looking at escrow account.

Punit Mittal: So if you look at the consolidated cash flow statement in the investing activities, the last item is margin money slash money at escrow account of INR37.75 crores.

Kaushik Khona: So this amount is basically where we are as per the amount which we have to receive. There is an amount which is already received, which is going to be utilized for the purpose of project ongoing. And that is already part of our cash balance.

Punit Mittal: Sorry, I didn't understand that. I want that to be received from whom?

Kaushik Khona: From the customers. It is already received from the customers and it is already part of the cash balance.

Punit Mittal: Then it should not probably be in the investing activities, right? It should more be in the operating activities. That's fine. That's all.

Prashant Kamat: Yes. If I understood correctly, the third question was regarding this 1% of stock to John. Is that correct?

Punit Mittal: Yes, to John and Mrs. Rashi, I think. 1% of capital.

Prashant Kamat: OK. So these are the individuals we have hired in the US. Let me first give you a background and reason of John. That's where we started. So John is erstwhile CEO of the company which we acquired in this quarter, the assets of the company which we acquired, the geospatial company from Michigan. Now, this is linked to his performance delivery in the twelve-month period. And based on that, there are different slabs depending on what performance he achieves. He's going to get those stock options.

Rashi Mehta is the finance VP we have hired in the US. And her ESOPs will be linked to the success of how we are able to identify and close acquisition transactions. So these are the two individuals. And these are the two specific purposes they are hired and they will be getting stock options.

Punit Mittal: Thank you so much.

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

Gunit Singh: Hi, sir. I would like to congratulate Mr. Prashant and the team for a great set of numbers. Sir, we raised about INR200 crores to INR250 crores. I would like to understand, have we made some headway in terms of doing any inorganic growth? I mean, I would like to understand the management's point of view with regards to efforts in that direction. And I mean, can we expect something in FY25 in terms of any inorganic growth?

Prashant Kamat: As I said, we already closed one transaction in, I think, August in M&A Space, which is a company from Michigan, in geospatial. In terms of progress, if you are looking at, we are currently in active discussion with three companies, out of which one, we are at a stage probably we would be able to give them non-binding term sheets before the end of this month.

However, whether these acquisitions will close before FY25 will depend on many more additional factors like due diligence and how much time it takes for negotiations and all that stuff. From the contractual point. So, I won't be able to answer that question definitively. But the intent behind the raise of fund was going after acquisitions actively. And the team is very much active and looking forward for all of that.

Gunit Singh: Perfect, sir. Thank you very much for addressing it. Great to hear that we're making progress in that direction. So, my second question would be our standalone revenues are about INR78 crores with INR20 crores EBITDA, whereas our consolidated venues are higher at INR90 crores, but EBITDA is at INR17 crores. So, I mean, I just would like to understand, which of our subsidiaries is actually making losses currently. Is the US subsidiary not EBITDA positive? Or, I mean, how is this translating from standalone to consolidated?

Also, sir, in continuation to this, I would like to understand, generally, our Q4 is the strongest quarter because of payments coming in from the government sector. But now that we are diversifying and moving into different fields as well. So, I mean, should we expect this INR90 crores kind of a run rate to continue and the earlier seasonality in revenues that we saw the variations? I mean, should we expect the revenues to be more consistent quarterly? I mean, what should be your take on this?

Kaushik Khona: So, your observation is correct. And thanks for your interest. The standalone top line is INR78 crores and the consolidated top line is INR90 crores. The EBITDA is slightly affected because I think we also had clarified that the subsidiaries have invested almost a sum of INR6 crores towards the business development for organic and inorganic growth through subsidiaries.

And that has been expensed out in the profit-loss account. So, that is the reason why you see a slight impact on the consolidated results when you compare the subsidiaries. If you make the adjustment for that INR6 crores, I think it will show the improvement in the in line with the standard results as well.

Gunit Singh: And in terms of the run rate. I mean, can we consider the revenues?

Prashant Kamat: I am coming to that. So, on the investment, I would just like to add a couple of more points. This is not only business development. This is also related to whatever you heard in terms of M&A and all that, what we are planning, and what activities are happening. Because a large part of this activity is happening in the US, the investment vehicle used is a subsidiary in the US. That is why when we consolidate, you see a different picture.

But these investments are, you should look at it as a company, as a group. The other part of your question was, is subsidiary at EBITDA level is losing money? Answer is no. Subsidiaries are also healthy positive. If we correct for this adjustment of investment, our profit margins would be similar to past, probably a couple of percentage point better, whatever that number comes out. In terms of seasonality, I would still expect similar seasonality, if not exactly same.

Because as you heard, as of this quarter also, almost like 76% of revenue is coming from geospatial and from government-related business, not directly government, but government-related business. As a result, I would expect seasonality to continue for at least some more period of time. But the second part of your question is also correct.

Because we are diversifying and because we are looking at other avenues, and we have started looking at some success, that seasonality, if you see previous years, suddenly becoming double or something like that, I do not think that will happen. There will be seasonality, there will be Q4 better. But is it going to be the difference like last year? I have my own doubts.

Gunit Singh: All right, sir. thank you very much. I believe that the team is doing a great job and I wish you all the best.

Moderator: The next question is from the line of Raj Sarraf from Finvestors. Please go ahead.

Raj Sarraf: So, we have an order of INR1,210 crores, of which 76% constitute geospatial and engineering services. So, I am not seeing any growth when I compare this INR54 crores education and compare with the last year's. So, what is the problem? We are not seeing any growth in the educational growth that I have seen in geospatial. and engineering services.

Kaushik Khona: What I understand is you are feeling that the execution pace has not improved. I think if you look at quarter on quarter turnovers and the performance of the last year, same time, we did a turnover of around INR46 crores from Ceinsys on standalone basis, which has grown up to INR78 crores. So, I think there is a growth, which is substantially more than 75%. As regards the turnover, the orders which we have, we are not digressing from the timelines by which we have to perform.

And therefore, all the orders which are here with us, of which almost INR400 crores orders have been received in the last month of last fortnight of September. These orders will also be executed over a period of next one or two years based on the actual orders, which the duration which they have been given.

Coming down to execution part, the execution ability has increased quarter on quarter. And if we compare to what it was in 2022-23, we are right now at 3 times. And what it was in 2023-24, we are almost double. So, we do not have any question as regards the execution capability as we are in line with the project requirements. I hope I answered your question.

Raj Sarraf: Sir, what I am going through the presentation, the operational revenue in geospatial and engineering services, if I compare Q2 FY24 and Q2 FY25, so it is INR5.8 million in Q2 FY24 and in Q2 FY25 is INR5.3 million, sir.

Prashant Kamat: I am sorry, I am still not able to understand the question itself. Did you understand the question?

Kaushik Khona: So, let me clarify. This geospatial, what you are looking at 518 also includes the engineering services, which is basically the automobile part, which is part of the subsidiary company. If you club the two businesses together, because last year the classification was slightly different, the segment which we had classified in the TILT 31st March 2024, there were three different classes where it was not geospatial and engineering, it was a different classification.

So, therefore, the classification, if you look at the apple to apple, we are talking about 518 and 54, which is the technology solutions. I would request you to look at the combined number, because the classification of the segment has been changed. And therefore, I would again request you to look at the figure that 518 plus 54 is a consolidated number of quarter 2 of 2024, which is coming to around INR58 crores.

Out of that INR58 crores, INR47 crores was of Ceinsys, of the standalone business. Out of INR47 crores, INR35 crores was geospatial. If you look at this quarter, the total turnover is almost around INR90 crores, of which the subsidiary, which is Allygrow, if we remove, Ceinsys turnover is INR78 crores, of which geospatial turnover is around INR62 crores.

So, from INR35 crores to INR62 crores is a healthy growth as regards specific component of geospatial, which you asked for. I think it's a matter of combining the two figures, because the classification segment has changed last year. Your voice is a little not clear.

Moderator: The next question is from the line of Deepak Poddar from Sapphire Capital. Please go ahead.

Deepak Poddar: My question relates more towards medium term to long term. I mean, in terms of our aspirations or the vision as such, I mean, if you have to see next 3 to 5 years, is there any aspirations to kind of having achieved around INR1000 crores of revenue or any comment on around those lines would be very helpful.

Prashant Kamat: As we said, we don't want to give forward looking statement. But if you're asking me a vision in the long term, yes, that number is reachable.

Deepak Poddar: That number is, and how many years we would see as a range, I mean, where we can possibly achieve such kind of revenue?

Prashant Kamat: We could exceed that within 2 to 3 years, depending on our current order book.

Deepak Poddar: Around 2 to 3 years, INR1000 crores of revenue is achievable, right?

Prashant Kamat: Yes, that's the order book. And it's a possibility. But I'm not going to comment on forward looking statements of where we'll be and all that. But ballpark, those are the directions in which company is building itself.

Deepak Poddar: Okay, and that is per annum we are talking about, right? I mean, not cumulative.

Prashant Kamat: Yes, per annum. Else I wouldn't be talking five-year cumulative revenue.

Kaushik Khona: Yes, fair enough. I think that would be from my side. All the very best to you.

Moderator: The next question is from the line of Shreya Banthia from Oaklane Capital Management. Please go ahead.

Shreya Banthia: Good evening, sir. Could you just throw some light on how should we view the geospatial and energy services, engineering services and the technological solutions which you have reclassified? And that would be the first part of the question. So if you could answer that.

Kaushik Khona: So if I can just attempt, Prashanth ji. Till last year, I would say till 2022-2023, we had a substantial contribution from energy domain. And therefore, it was appearing as a separate segment as for the segment accounting standard. As for the accounting standard, we have to have segments which contribute 10% or more as identifiable separate segments. And therefore, based on the advice, we revisited the segment classification.

And that is how the geospatial and engineering services are part of one domain, one segment now. While technology solutions which are not dependent on the specific geospatial segment, which are more related to the solutions which we do in-house by technological upgradation or by platform, by making the processes over the platform, solutions over the platform is technology solutions. So that's how the two segments have been redefined.

Shreya Banthia: So the moving forward, our focus will be more on technological solutions rather than geospatial because there has been a steady increase in that segment.

Kaushik Khona: So I think geospatial and engineering services will remain, both of them to be very frank, both of them are equally strong. If you look at the phase and the cycle at which we are, there are certain orders which we have on the technology solutions which will contribute substantially in the next two to three quarters, based on the order book which we have and the plan of execution.

So I think the segments have been defined based on the contribution which they are expected to provide over the reasonable next three to four quarters as we have seen. So it will be difficult to project what will be the percentage of geospatial engineering and our technologies as a part of total, but I think they both will be substantial.

Shreya Banthia: What is the progress on your data center?

Kaushik Khona: So on data center, we have already started mobilizing the team. We have already had a few people. There is already some market research which is going on. We have market research happening at Singapore as well as at Bangalore. And I think we will shortly be coming out with a detailed business plan which we can then present to the board.

Shreya Banthia: In the revenue guidance, what are we looking at the acceptable market for the time in that segment?

Kaushik Khona: As of now, I think we will be, it will be difficult for us to give you any specific revenue numbers as it being a forward looking, but it being a new segment, I think it will take at least 1 or 2 years to become a reasonable big segment to account for.

Moderator: The next question is from the line of Garvit Goyal from Nvest Analytics Advisory. Please go ahead.

Garvit Goyal: Hi, thanks for the follow up. My question is on the tax rate. In this quarter, the tax rate seems to be very high. So what is the reason for the same?

Kaushik Khona: Very intelligent question. In fact, the tax rate is high only because we have received dividends from our JV company, which is not accounted as an EBITDA. What happens is that the JV company, we have 70% holding and 30% is with the JV partner. We don't account that as a part of our segment. Now, when the dividend is issued, we are taxed for that. On top of it, we are also accounting the share of profit for the particular quarter.

So the dividend which is received is around INR10.7 crores is also added, but for which there is no top line of that. And that is why you see the tax rate higher in this quarter. Because for that, the dividend received, we have to pay the tax while for the normal accounting, current tax, it is only on the book profit which we are accounting for. So there will be an extra tax of almost INR4 crores in this quarter because of this dividend income.

Garvit Goyal: So how it is going to be for next quarter? I think it is one time kind of thing, right?

Kaushik Khona: No, dividend is received every year. This time, the dividend declared was higher and it was received during the quarter of July to September. That's why we see the impact here. And earlier also the dividends have been declared, but the impact was lower and therefore the percentage of tax was not filled. This time on a taxable income, the amount is around INR10 crores to INR10.7 crores or INR11 crores on which I have to pay around INR4 crores. That is the extra income tax, which is accounted as a part of the current tax.

Garvit Goyal: So where this amount is getting reflected in our income statement for this quarter?

Kaushik Khona: So that goes as a part of our adjustment to the assets, because it does not appear as a part of the income. What appears as a part of income is a quarterly share of profit. So every quarter, like this quarter we received a share of profit of around INR2.6 crores, was accounted on an accrual basis.

And during the year, that last year, that share of profit was around INR12 crores to INR13 crores on which the dividend was received. And therefore, there is a little duplication of the income on which tax is payable, but the income of INR10 crores, INR76 lakh is not appearing in the income statement as it has already been accrued over the period, early years.

Garvit Goyal: Got it, sir. Thank you very much, sir. Thank you.

Moderator: The next question is from the line of Prateek Chaudhary from Saamarthya Capital. Please go ahead.

Prateek Chaudhary: So one on the acquisition that we have done in the US, where on the geospatial side, where we will possibly be targeting the telecom sector over there. If you can maybe briefly tell us what is the scope and opportunity in that foray, how that specific use case and industry is evolving? Prashant ji?

Prashant Kamat: Yes, the short answer is difficult and long answer won't permit me on the call. So I'm going to try and give you the summary. The acquisition which we have done is a boutique company which helps these large telecom powers players to create the inventory by scanning their towers.

Prateek Chaudhary: You said telecom towers?

Prashant Kamat: Yes, and they have been in business for like last six, seven years. And they have big, I think US top three tower companies are their clients. So we see a potential for them for serious growth. And that is why, we have invested in them by acquiring their assets.

Prateek Chaudhary: And this would be for mapping of all of the tower infrastructure or the future planning of all of the tower infrastructure which is to be put up or maybe replaced.

Prashant Kamat: Yes. And also, this is one piece of the puzzle. Second piece is whatever the installed towers, most of these have been installed over historical period. And many of these large companies don't even have the inventory of what is there and how many, what equipment and what replacement frequency and all of that. So scanning of all existing infrastructure, collecting that information, digitizing that and supplying it.

Prateek Chaudhary: Okay. As a last question, this for our geospatial business, both, I mean, across the globe, what is the total orders that we have bid for, for which results are still awaited, bid pipeline or orders that we have bid for?

Prashant Kamat: I don't know the exact number, but roughly correct, it is about INR400 crores to INR500 crores. It's in that ballpark. I don't know the exact number.

Kaushik Khona: No, that's in the range. I would not be able to give you the exact numbers, but it is in the range of INR400 crores to INR500 crores close for which we already bid.

Prashant Kamat: And by the way, we probably have bidded a little bit more, but this is where we believe our winnability is higher. Let me put that caveat also. So our bidding might be a little bit more, but we believe our winnability from the bidding, whatever we already bid, is somewhere between INR400 crores to INR500 crores, additionally.

Kaushik Khona: So INR400 crores to INR500 crores is what you see, with a very high chance of you getting the total of this order.

Prashant Kamat: Yes. Now, whether it is very high or moderate or high, I would say winnability is a rather better word than trying to put any probability number. We are optimistic about this. Let's put it that way.

Prateek Chaudhary: Because I think in some of your other calls, you had mentioned some INR1,500 crores or a INR2,000 crores number.

Prashant Kamat: So you are absolutely right. If our current is INR1,200 crores and we are saying INR500 crores, we are adding up all that together. What we said is consistent.

Prateek Chaudhary: I didn't get you, sir.

Prashant Kamat: If you heard Kaushik's opening remark, our existing pipeline order book is INR1,200 crores. And we are saying our winnability chances optimistically are another INR500 crores. So we are talking of total INR1,700 crores pipeline. So the numbers which we told you between INR1,500 crores to INR2,000 crores is where we will end up, is what I believe.

Prateek Chaudhary: And this could happen by the end of this financial year itself, potentially.

Prashant Kamat: Keep fingers crossed here. We are working towards it. Let's hope all the stars get aligned and we get to that point.

Prateek Chaudhary: Yes. All the best. Thank you and I'll get back to you.

Moderator: The next question is from the line of Debashish Neogi from SD Investment. Please go ahead.

Debashish Neogi: First, congratulations, sir, for a brilliant set of numbers and also the transparency with which you come up with the presentation on the concall. So thank you for that. So my question is that, I've been investor for quite some time and been following the company for long. I'm seeing, so from an outsider perspective, it looks like because of the political connections, we are winning these orders. But it is not that.

Because, our win rate is 90% plus, our attrition rate is only 1%. So which means we have competence and engaged employees, which is key to such sector. Now, my question to you, sir, is if you can elaborate, why our win rate is 90% plus? What exact right to win which we have, specifically geospatial sector in India, in the government department? What is that edge which makes us very different from the others?

Prashant Kamat: Okay, the answer needs to be a little bit elaborate but I will take time for that.

Debashish Neogi: If you can give an example, that will be very nice of you.

Prashant Kamat: Yes, that's what I'm saying. But I will take that time. So first answer to that question, is we have stopped going after a buckshot approach by throwing 10 stones and see what hits. Instead of that, we have got into a mode of rifle shooting. So we are not bidding for whatever is available there in the market. Let's bid and see what we win.

What we have started doing is go after the tenders where we have a serious competency and serious credentials. So that puts us apart from the rest of the competition when that bidding process starts and when we look at who is likely going to win. Because right now, if you know, no government contract can be won only on a price basis. There is a QCBS, you have to meet many more criteria.

And if we have an approach for rifle shooting and looking after only our competency areas where we are competent, confident, and with experience, we go after them. Obviously, the winnability becomes very high. And that's the main reason why you see sudden change in the winnability and profile of the company winning more frequently the larger contracts.

Kaushik Khona: And I think he rightly said that we have the competence where the people have helped to reach to this level. And with a very less than 1% attrition rate is something which we can be proud of.

Debashish Neogi: Is the attrition rate still so low? Because this kind of attrition rate is unheard of.

Kaushik Khona: No, that's correct. It's good to hear that. And that's correct.

Debashish Neogi: Okay, so if we look at strategically, our core has been geospatial sector in India and more with government contracts, right? Then we wanted to extend the core because, we are in the service or technology linked to geospatial. So we wanted to extend the core. We acquired Allegro. So now if you look at purely strategically, you know, we are operating, I'm keeping my words, we are operating in geospatial in India in public sector and ER&D more into automotive sector outside of India, mainly.

So my question to you is that, is there real synergy in these two? And what is the, you know, if you split the revenue between government and private, what is the revenue contribution now? And what do you see the revenue contribution will be in the next year? Percentage, I'm talking about.

Prashant Kamat: Okay, so before I come to revenue, let me add third vertical, which you just missed. Right now through the acquisition in the US, our revenue from geospatial non-Indian government has also started trickling down. So that will also continue to increase. So with all that, plus the acquisitions, which we are planning. Now, let me come back and answer your question.

Today, our revenue split up would be 76-24, 75-25, 76-24, 26 in that range. So 75-25. Let's put it around here. Over a period of time, we are expecting it to go more of an international revenue. So there will be an entry milestone where we'll probably hit 50-50. And over a period of time, we'll build a company to get international revenue of the order of 75%-80%. And government business and India revenue could be 20%-30%. So that's the direction in which company is moving.

Moderator: Thank you. The next question is from the line of Rudresh Kalyani from Kalyani Private Business. Please go ahead.

Rudresh Kalyani: Thanks for the good set of numbers. So I want you to know the total pipeline of our order. I know talked about INR1,700 crores. I'm not talking about that. I'm talking about the total order bid which you have bidded till date.

Kaushik Khona: So it would be not practical to provide you the total orders which we have bidded. What we can recap, we already have orders on hand which are to be executed for INR1,210 crores. There are several orders of which some of the orders which we are focusing right now are in the range of around INR400 crores to INR500 crores.

So that's the numbers. We may be bidding more, but for that, I think that we always, in every quarter, we try to find out opportunities which suit our credentials and credibility. And that bidding process, or I would say shortlisting process, will be a continuing process every quarter.

Rudresh Kalyani: Okay. And let's say, with the size of the company we have, don't we think we have spread too thin across the segments? We are talking about the Metaverse. We are talking about the water pipeline. We are talking about the highways etc. And in the transport vertical as well. So just want to know your thoughts?

Prashant Kamat: So your observation is correct. But if you step back up a little bit and think through the technology platform for all of this, that's the scanning and capturing of reality. That's our main core competency strength area. All what you said are the use cases of that competency. And that's why we are selecting those segments. So we are not moving away from our core competency. We are using our core competency for different use cases. That's the way to look at all what you just asked as a question.

Kaushik Khona: But Metaverse as well as the data center is entirely different domain altogether, right?

Prashant Kamat: No. Metaverse still needs the reality capture data. We are not going to get into virtual reality fighting. But for virtual reality, for gaming, you need a real-world information which comes from scanning. We are going to build platforms for somebody else to use. Look at it from that perspective. There is a core competency remaining same.

Data center, as we mentioned last quarter also, is an adjacency which we are seriously exploring because we see there is a big market potential. So that's a different vertical we will create if we decide finally to spend energy time and go after it very seriously because we see a big potential. But Metaverse and all this is a scanning data and the same competency.

Moderator: Thank you. The next question is from the line of Ankit from Alfa Capital. Please go ahead.

Ankit: Hello, sir. Congrats for a great set of numbers and thank you for taking my question. Sir, my question is in terms of this order book of INR1,210 crores and bid pipeline, can you comment as in which state contributes most to this? And given, I guess, we won large order from Maharashtra and given Maharashtra is entering election. So any slowdown or any risk we see on that front in the coming times?

Kaushik Khona: So let me answer the question of what is a breakup. You are right to say that the order book has major constituents from Maharashtra. And one more major constituent is from Uttar Pradesh, where we have dominant presence as of now. We are building up presence in other states as well. And predominantly, these two states are presently accounting for a higher number.

The question is of election. Election is going to be over on 20th. It's a matter of small blip while the execution of the orders which we already received continues. So there is no difficulty in which is posed by election.

The other businesses, the other options or other opportunities which we have identified in Maharashtra also continues. While similarly, some more opportunities are identified in other states also which we are continuing to tap. So I don't think any election is going to affect the ability to raise more order book or execute the order book.

Ankit: Got it. And sir, in terms of this, I think there can be some continuity of government as well as change of government. So anything on that front, sir? Whether we should still continue to expect good order wins?

Kaushik Khona: So I think we are not linking our winnability to which government. We are linking it to the credibility and the credence of what we have already delivered so far. And I don't see that the future orders or future winnability is anyways linked to which government is there. It is always going to be on the basis of the quality and the ability to perform.

Ankit: Got it, sir. And sir, last question is on this INR6 crores expense that we talked about. Is it like one of them? But if I look at historical, our console EBITDA tends to be slightly lower than standalone since last three, four quarters. So is it like INR6 crores is one of them or we should expect subsidiaries to go to positive in coming times?

Kaushik Khona: So just to give you an answer of INR6 crores, majority was in quarter two, although it also has little bit of, I think INR1.5 crores of quarter one. So effectively, we are talking INR6 crores of this half. Earlier also, we have been doing the business development activities, but this is something which is very focused. So this may continue for next one or two quarters. I would request Prashanthji to further elaborate on it.

Prashant Kamat: Yes, I was coming to that. So one technical correction. Until I think 2, 3 quarters back on the console basis and on standalone basis, we were almost similar or on console, we were doing actually a little bit better. The second part is this INR6 crores or INR4 crores or INR5 crores going to be constant? No, it will not. But because our plans are definitely in place for inorganic acquisitions and all that, these investments will continue.

So therefore, if you're going to siphon the results between consolidated and standalone, the picture probably would be similar for some period of time to come in. And that's why when I explained, I said, looking at that way is the wrong way, because these investments are happening for a standalone company. But the vehicle is being used as a subsidiary company. Therefore, we should look at it as a consolidated number.

Kaushik Khona: And I think for the benefit of all listeners, the subsidiary company is also going to be merged with the parent company. So I think it's only a matter of 1 quarter or maybe a little more that we are seeing the subsidiary separate and Ceinsys separate.

Prashant Kamat: I think our US subsidiary will still be a subsidiary of the parent. Numbers may change, but subsidiary will still be there and consul will show a lesser number than the standalone, in the foreseeable future until this investment starts giving us results.

Kaushik Khona: That's correct. I agree. So the number will definitely change. So what you are saying is a mix. It may not be 78-11. It might be 85-5. But there will be a subsidiary, there will be a consul. And because there is a consul and the investment vehicle is subsidiary, there will be a reduction at the consul level than the standalone. That trend will continue for the near to medium term future.

Ankit: Got it, sir. Thank you and all the best.

Moderator: Thank you. The next question is from the line of Ankur Aggarwal from Motozac LLP. Please go ahead.

Ankur Aggarwal: Hi, sir. I wanted to understand about what kind of businesses can come out of data center vertical because it's a very new field for me. And I just wanted to understand this holistically from your side, if you can. Thank you.

Prashant Kamat: On data center, I think we explained that last time also. We have no plans of capex investment and running data center for somebody. What we are planning is to get into the designs of data center for somebody. And that's the area which we want. We are exploring seriously. We are investing in it. And we are also looking at the space for the growth. And if you're going to ask me what kind of designs and all that, so it's all online here, including liquid cooling and everything. So that's the area which we are thinking of going into. All the areas where technology is involved, is where we are trying to get into.

Ankit: Understood, sir. Thank you so much.

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

Pankaj Kumar: Hi, my question is related to the order book. I wanted to know what is the execution period of this order of INR1,210 crores?

Kaushik Khona: So I can just give you a snapshot. These INR1,210 crores includes a majority of capex and a small portion of O&M. The capex portion, which is in the range of around INR1,100 crores, INR1,125 crores, is executable in the next 18 months to 24 months. Different projects, different timelines. And on the O&M side, there are some O&M which have already started. So the period of O&M will be between one year to two years to five years. So that's the kind of execution cycle.

Pankaj Kumar: Okay, thanks a lot. That was my question.

Moderator: Ladies and gentlemen, that was the last question for today's conference call. I would now like to hand the conference over to the management for their closing comments.

Kaushik Khona: I think we are grateful to all the participants who have taken so much of their time and interest to ask the questions and understand our company. Thank you all for participating in this earnings conference call. And I hope that we have been able to answer all your questions satisfactorily.

If you have further questions or you would like to know more about our company, please reach out to our IR managers, M/s Valorem Advisors. We once again thank the host Choice Broking to enable this facility. And we thank once again all the participants.

Prashant Kamat: Thank you, everyone.

Moderator: On behalf of Choice Equity Broking Private Limited, that concludes this conference. Thank you for joining us and you may now disconnect your lines.