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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

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 August 9, 2024, we hereby enclose transcript of the earnings call held on August 16, 2024, on operational and financial results of the Company for the first quarter (Q1) ended June 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
Date: 2024.08.20 10:51:17 +05'30'

Rahul Kapur
Company Secretary and Compliance Officer

Encl: a/a

"Capacit'e Infraprojects Limited
Q1 FY '25 Earnings Conference Call"
August 16, 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 DIRECTOR – CAPACIT'E INFRAPROJECTS LIMITED**
MR. RAJESH DAS – CHIEF FINANCIAL OFFICER – CAPACIT'E INFRAPROJECTS LIMITED
MR. NISHITH PUJARY – PRESIDENT, FINANCE – CAPACIT'E INFRAPROJECTS LIMITED

Moderator: Ladies and gentlemen, good day, and welcome to Capacit'e Infraprojects Limited Q1 FY '25 Earnings Conference Call. As a reminder, all participants' lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Before we begin, a brief disclaimer. The presentation which Capacit'e Infraprojects Limited has uploaded on the Stock Exchange and their website, including discussions during this call contain or may contain certain forward-looking statements concerning Capacit'e Infraprojects Limited business prospects and profitability, which are subject to several risks and uncertainties, and the actual results could materially differ from those in such forward-looking statements. Should you need assistance during the conference call please signal an operator by pressing star then zero on your touch-tone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Rohit Katyal, Executive Director. Thank you, and over to you, sir.

Rohit Katyal: Good morning, everyone. On behalf of Capacit'e, I welcome everyone to the Q1 FY '25 Earnings Conference Call of the company. Joining me on this call is Mr. Rajesh Das, CFO; Mr. Nishith Pujary, President, Finance; and Marathon Capital, our IR team. I hope everyone has had an opportunity to look at our results. The presentation and press release have been uploaded on the Stock Exchanges and our company's website.

We are delighted to start the year on a high note with achieving a year-on-year growth of 32% in revenue from operations as well as significant improvement in margins. This was achieved despite the labor migration during elections. The highest ever quarterly PAT is a reflection of our careful project selection and our execution expertise. The higher execution has helped us in better absorption of fixed costs, thereby leading to improved profitability.

Over the past few years, while our order book size has expanded significantly, the number of projects under execution have reduced. This has resulted in higher revenue contribution per project site, better absorption of fixed costs, thereby leading to improved margin profile.

Our efforts towards improving the net working capital cycle has translated into a reduction of 17 days in Q1 FY '25 over Q4 FY '24. We remain committed towards improving our working capital cycle and maintaining healthy profitability. Friends, we have embarked on a high growth profile, backed by a diverse order book from distinguished clients in both public and private sector. With strong financials alongside our execution prowess, we are confident of setting up new performance benchmarks in the quarters and years to come.

Other key updates, the company achieved highest ever quarterly profit after tax. We firmly believe that the momentum should continue. Reduction in net working capital cycle by 17 days, we are confident that we should see a healthy reduction during the current financial year.

Let me now come to the consolidated performance highlights for Q1 FY '25. Revenue from operations for Q1 FY '25 stood at INR570 crores, up by 32% as compared to INR430 crores in Q1 FY '24. EBITDA for Q1 FY '25 stood at INR116 crores, up by 54% as compared to INR76 crores in Q1 FY '24. EBITDA margin for Q1 FY '25 stood at 20.1% as compared to 17.4% in Q1 FY '24. EBIT for Q1 FY '25 stood at INR93 crores, up 82% as compared to INR51 crores in Q1 FY '24. EBIT margin for Q1 FY '25 stood at 16.1% as compared to 11.8% in Q1 FY '24. PAT for the period Q1 FY '25 stood at INR53 crores, up 180% as compared to INR19 crores in Q1 FY '24. PAT margin for Q1 FY '25 stood at 9.2% as compared to 4.4% in Q1 FY '24. Gross debt stood at INR336 crores as on June 30, '24 as compared to INR326 crores as on March 31, 2024, with gross debt-to-equity at 0.21. Net debt stood at INR94 crores with net debt to equity at 0.06x.

The company continued its focus on increasing execution across projects while improving working capital cycle. Our order book on a standalone basis as on 30th June 24, stood at INR8,828 crores. Further, the work front for additional INR1,000 crores has been made available by MHADA for our BDD project. Public sector accounts for 72% while private sector accounts for 28% of the total order book.

I'll leave the floor now open for questions. Thank you.

Moderator: Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Mohit Kumar from ICICI Securities Limited.

Mohit Kumar: Thanks for the opportunity and congratulations on a very good set of numbers. My first question is on the labor issues you spoke about, which affected your Q1 numbers. Has this panning out as you speak and expect Q2 FY '25 and the balance of the year, this issue to normalize?

Rohit Katyal: So labor is a challenge across industry. It's not only for Capacit'e. So what you can actually do -- and the company has improved upon the payment terms from earlier a month to 15-day good payment cycle for the labor force. And that has definitely resulted in some increase. So as we move forward, training and retaining the labor force essentially through labor contractors will be a continuous focus. And while if you say it will not be a challenge, no, it is a challenge for the industry because adequate trained labor force is a challenge across industries, especially in the building segment. But we will ensure that the full year target for the company is achieved if not surpassed.

Mohit Kumar: So if I'm not wrong, sir, I think you've given a guidance of 25% growth, right?

Rohit Katyal: That's right.

Mohit Kumar: Yes, understood. My second question is on the order inflow outlook, how do you think about how it has panned out in Q1? How do you think it's looking like in the balance of fiscal -- are you seeing the increasing momentum post the election more inquiry?

Rohit Katyal: The big pipeline is strong across both public sector and private sector. Of course, there were central government elections. And then as per the CVC guidelines, you do have a blackout period. But we are back to bidding, and we do hope to achieve the target of INR3,000 crores in the current fiscal, if not more. This INR3,000 crores is excluding the fronts open up from BDD project of MHADA and get added into the order book. I just mentioned in my opening remarks, that another INR1,000 crores has opened up. So effectively the order book should be read as INR8,800 plus, plus INR1,000 crores.

Moderator: The next question is from the line of Darshil Pandya from Finterest Capital.

Darshil Pandya: So, first question is already answered for the order inflow. My next question would be on the EBIT margins that we would be seeing for this year. How are you seeing those EBITDA margins for this year?

Rohit Katyal: So, Darshil we have commented in the last financial year that once our order execution speed improves beyond INR550 crores, you will see an expansion in the margins. That's what you are actually witnessing now because there is a reduction as a percentage to turnover in the fixed cost of the company. So there is no reason why these margins plus or minus 1% should be achievable for the full year, if not better

Darshil Pandya: Got it. And, sir, last call we discussed about this Gift City project. I would like to hear more on that from your side.

Rohit Katyal: Gift City project is in full flow. We expect to complete that by January of current financial year. We continue to bid. As we speak, we are bidding for certain more projects in Gift City area because the client and the other private sector clients over there find our quality far superior to what they have seen. So, yes, we do believe that Gift City will offer opportunity in the quarters to come and wherever our pricing need not be compromised, we will be very happy to execute projects over there for both Gift and for private sector.

Darshil Pandya: Got it. All right. I will get back to you. Thank you so much, sir. Thank you.

Moderator: Thank you. The next question is from the line of Mukul Verma from Verma & Associates. Please go ahead.

Mukul Verma: Yes, thank you so much for the opportunity. Rohit ji, congratulations on a fantastic quarter. I have two questions. One is, are we looking to expand to new geographies, specifically Andhra Pradesh, considering Central Government allocation to the state for development of infrastructure? And second question is, what is the tax rate that we kind of will be put into for this year? Because I see last year we have seen a higher tax rate. These are the two questions.

Rohit Katyal: Yes. So, good morning, Mukul. Let me take your tax rate question. We are at 25% plus surcharge and that would be the tax rate applicable for the full year. If there are reversals in deferred tax, the tax rate would appear to be that much lower and when the reversals don't come, then the tax rate would look that much little bit higher for the full year. However, at the moment, answering your question, it is 25% plus surcharge.

So, your second question was? Geographical expansion. Now, you are aware that prior to COVID, the company was present in seven cities. Now, that seven cities basically entail about 10 to 11 states for other contractors. But we are a pure urban player working in tier one cities. So, the company has enough experience of having executed projects and delivered on time with high credit quality across Chennai, Hyderabad, Bangalore, Pune, Mumbai, Goa.

We have delivered more than six or seven projects in Delhi NCR and of course Mumbai MMR. So, as I speak to you today, we are already there in Mumbai. We are in Mumbai MMR. We are there already in Gujarat, Ahmedabad, Gandhinagar. We are there in Delhi NCR, both in the private and public space.

And at the moment, we are actively bidding for certain public sector projects like AIIMS and so on in Bangalore, Hyderabad, and for CPWD projects, apart from active bidding, which is going on in Maharashtra. So, yes, there will be an expansion in the geographies. But that will, for at least the current financial year, be limited to what geographies we were servicing prior to COVID.

Mukul Verma: Great. So, just to follow on. So, what is the kind of, last time I remember, you had mentioned that you take order book of close to INR3,000 crores for this year. So, what is it that we have kind of got it in the first quarter? And is there anything to be announced in due course of time?

Rohit Katyal: So, whatever has to be announced will be announced in quarter two and as we move forward. In the first quarter, as I told you, we have received the fourth repeat order from Lodha for the upscale residential project in Worli. The work has already started.

The billing has started, number one. Apart from that, I also gave, during my opening remarks, that BDD project, earlier where we had received the 11 towers for rehab portion, the sealed towers also have been released, thereby adding close to INR1,000 crores of executable order book. You are aware that our scope in BDD, including escalation, is close to INR5,500 crores or thereabouts.

So far, only INR1,200 crores was included in the order book. Now, that inclusion includes another additional INR1,000 crores, taking the total order book of BDD to INR2,200 crores or thereabouts in our executable order book. So, you have to remember that in quarters going forward, we still have to realize executable order book of close to INR3,300 to INR3,400 crores from BDD.

Apart from the new orders which we take. So, our guideline is for new order intake of INR3,000 crores in the current financial year and I don't see any reason why we shouldn't achieve that.

Mukul Verma: Superb, sir. Congratulations and I will join back in a queue. Thank you.

Moderator: Thank you. Ladies and gentlemen, you may press star and 1 to ask a question. The next question is from the line of Rikin from Capri Global. Please go ahead.

Rikin: Hi, sir. Thank you so much for the opportunity and congratulations on a good quarter and execution on the balance sheet as well. Sir, first question is on the order inflow guidance that you have mentioned. So, what we are indicating is excluding of the potential addition of INR1,000 crores in the BDD order. We would look at INR3,000 crores of inflow and if BDD happens, then it could be 4000. Is my understanding correct?

Rohit Katyal: Correct. The only correction is MHADA will not happen. It has already happened.

Rikin: Okay. So, INR 1,000 crore has already happened and we are looking at a total INR 3,000 crores additional order inflow that we expect during the year. And in terms of mixed basis, the current bidding that you have, do you see a similar public versus private inflow in this INR3,000 crores?

Rohit Katyal: Rikin, please try to understand. This is a very dynamic thing. We continue to bid for good clients both in private and government sector. And a win of private sector, let's say, you will end up getting an order of INR500 crores, let's say, next month. Then suddenly that percentage will change. But ideally, we would like to maintain that somewhere between 70-75 to 25-30 levels.

Simply because all the government projects now have become EPC. That gives us an opportunity to exercise our engineering expertise and therefore improve upon the margins. As far as the private sector is concerned, yes, we are working for all the top 15 developers across the geographies where we are present. So, if you talk about Delhi, Godrej, M3M, DLF are our existing clients. If you talk about Mumbai, you think about a good name and they are there with us as our clients. And the positive part is that we have delivered to each of these clients.

It's not that the delivery will happen in future. And most of these clients, basically, we will end up getting repeat orders. Similarly, though we do not look at Bangalore from the private sector perspective, we, as I mentioned, we will be bidding for certain central government funded projects in Bangalore and going forward in Andhra as well.

So, I do believe that there is a serious momentum just on the horizon. And I think we are not anything more than two or three months away from there. Where at least you would have an opportunity to choose and bid for more than INR2,000 crores per month.

So, yes, answering that, this is the strategy and this is what will translate into order book of INR3,000 crores apart from MHADA. Out of this INR3,000 crores, INR250 crores from Lodha has already happened. But then, as seen in the past, the company has always surpassed its projections as far as order inflows are concerned.

The only thing which the company would like to ensure is that there is no need to go and bang our head and reduce our overall profitability in a bid to just win orders. So, this is what the strategy of the company has been. I have been repeating this for the last eight quarters. And the company is now showing results from quarter four of last financial year and has continued that momentum in the first quarter of the current financial year and which is expected to grow and improve upon.

Rikin: So, just one follow-up on the order inflow. So, given that the largest state is Maharashtra where you would see a state election, would there be any impact or slowdown you envisage for the order inflow, particularly from the public sector for that period or you don't envisage that taking place?

Rohit Katyal: So yes, there will be no bidding 40 days prior to the election dates and I do not know what election dates whether they have been announced or not. So you will have a 60-day lull in the public sector in Maharashtra. However, whatever bids have been submitted I expect that they should materialize either way before the code of conduct is put in place.

However, that is only for Maharashtra, Central PWD, Andhra Pradesh, public sector health care projects in Karnataka and the other geographies where we are operating, that will continue unhindered. We have to appreciate that the central government came only 60 days back. So you will see a lot of traction in the central PSUs and central government projects in the months coming going ahead.

Rikin: Got it, sir. Sir, one question on the working capital front. So you did outline in the presentation the improvement that you achieved in the current quarter. If you could outline what have been the areas that have driven this improvement and your guidance for the full year in terms of how working capital could shape up for us?

Rohit Katyal: So firstly, we have collected more than INR100 crores of retention over the last 9 to 10 months period due to ample availability of bank guarantee limits. Now the company already also has access to surety bonds which all central PSUs expect in lieu of to bank guarantees. That's number one.

Number two, the company has increased its revenues while maintaining the debtor levels. Which means that the number of days with respect to revenue is concerned has reduced as a percentage to the top line. Going forward, we see this trend to further strengthen. And thirdly, our old stuck monies like IGMS 50% of that has already been realized in the quarter 1, we believe that the balance 50% will get realized in the quarter 2.

All the projects which have been handed over delivered, we do believe that the retention and the final bill payments will come through in quarter 2 and more so in quarter 3. And therefore, all these things are huge positive for the company. Lastly, whatever ECL and bad debts the company had taken over the last 3 years, the company is in a possession of real estate and it has given to a professional firm for disposal of these real estate assets.

And we do expect about INR60 crores to INR70 crores of cash flows coming in from there in the remainder of the current financial year. So all these put together whatever 17 days reduction you have seen that the past, I do believe that there are more scope for 20 days till 31st March 2025. Now that means an overall reduction of 37 days is what we are committed to do in the current financial year and go on improving over the next fiscal as well.

Rikin: Understood. Great. That is very encouraging to hear. Thank you so much and all the best. Thank you.

Moderator: Thank you. The next question is from the line of Vikash Agarwal from Pareto Capital. Please go ahead.

Vikash Agarwal: Hi, thank you for taking my question and congratulations Mr. Katyal on a great set of numbers. And my question is as you know other questions have already been answered related to order book. And current question is related to our credit rating. So where we are now today in terms of getting that upgrade?

Rohit Katyal: You'll see that we will be distributing our quarter 1 numbers along with reduction in working capital cycle and whatever bank sanction have done. At the moment, the company is totally focused on ramping up its execution to achieve the targets or surpassing those targets. So I do believe that rating will happen in due course. However, the bank limits are in place. The company is doing exceedingly well as far as the execution front is concerned. So I wouldn't like to put a time of 15-days or 20-days, but it will happen sooner than later.

Vikash Agarwal: Okay. Thank you and best of luck.

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

Parvez Qazi: So just wanted to get an update on the two big projects that you are doing in MHADA and CIDCO. You already said that in MHADA you'd issue some additional work front. So for the balance, INR3,000-odd crores when do we expect that to become available to us. And also what is the kind of revenue, let's say which we did on the MHADA project in Q1? And something similar status update about the CIDCO, what is the work unavailable and what is the kind of execution that you have done in Q1? And what is our expectation for FY '25?

Rohit Katyal: Yes. So Parvez on MHADA front, we earlier had INR1,200 crores plus to a INR1,400 crores of order front available. The company has executed in Q1 approximately INR134 crores of work. Out of this INR100 crores is certified sales and INR34 crores is ARPU sales approval. Similarly, on CIDCO front, the company has done certified sales in excess of INR64 crores. We believe that the momentum of CIDCO will be exponential. We have close to INR2,400 crores of land available to execute the project for execution.

And we believe that in the current quarter, we should be close to about INR100 crores in CIDCO. And from next quarter onwards, we should be in excess of INR150 crores in CIDCO alone, further improving in quarter 4. Now in MHADA project, we expect the sales tower value of each being in excess of INR650 crores, starting from December onwards. Once this -- and we already have received the land availability.

So the piling will start. These are heavy piles. These are buildings in excess of 300 meters require serious preparatory work which have started and we should start the work by December. So you will see that there will be an expansion and we will be in a position to build a minimum INR140 crores plus price variation starting from December, January onwards in MHADA as well.

But the traction is not only in these 2 projects, Parvez across our Bhandup Hospital project has seen serious traction. JJ Hospital, we are billing INR20 crores per month. So my philosophy, which we talk about earlier also Parvez, that if we have 25 projects and each project can give us excess of INR10 crores revenue, that is how we are going to do to INR3,000 crores or we are going to do INR3,500 crores. That is simply panning out now and that is what we're seeing in the execution happening.

Parvez Qazi: Sure. Thanks and all the best.

Moderator: Thank you. The next question is from the line of Rolita from Hindustan Construction Company. Please go ahead.

Rolita: I wanted to know who are your top clients and their contribution percentage contribution to your revenues. And you've said you've got repeat customers like Raymond, Godrej and Lodha. So how does their profitability compare with each other?

Rohit Katyal: Could you repeat the last part of your question, how does their profitability?

Rolita: Yes -- compared to clients, like you said, you have repeat customers of Raymond, Godrej, Lodha. How does their profitability compare with each other through the projects?

Rohit Katyal: So Ronita I will not be able to compare clients, my clients. I don't want to upset either any of them. We own them in high esteem, and it would not be appropriate for me to comment on their profitability. If you are talking about our profitability with respective clients, again that is ...

Rolita: Yes. I'm talking about your profitability.

Rohit Katyal: So that is business, madam. We cannot say the different ranges of profitability we charge from each client. In the private sector, it's more on invitation basis and repeat order means the client is happy, willing us to pay a little bit extra for getting that performance and the quality which they are now used to from Capacite. Public sector, obviously, as I mentioned, now the whole thing is EPC. So therefore you see bigger players competing in the space where the project sizes are INR500 crores and more. We continue to be one of them.

And if you look at pan-India level in building sector which includes hospitality, includes healthcare, includes infrastructure like stadiums, so on and so forth or super High-rise buildings from government as well.

We are one of the prominent players and being EPC company and competing with likes of L&T, Shapoorji, Ahluwalia. I believe that all these are mature companies. And it is not a competition which you would see in other infra segments. So it is more mature competition and thereby, which is getting reflected in the profit statements coming quarter-on-quarter basis. But if you ask me to define the profitability on the private sector client wise, I'm sorry that will not be possible.

Rolita: No worries. I would like to know who are your top clients in the private sector and their percentage contribution to revenue?

Rohit Katyal: So the top clients at the moment from an order book perspective, would start with Raymond. The entire Thane project current order book profile is more than INR1,500 crores. Of this INR700 crores has been executed. That is followed by Godrej followed by SBUT, Saifee Burhani trust. And all these are repeat clients that has to be remembered. Apart from this, Lodha is our client from 2012 onwards since the company was incorporated. We have executed 3 projects and delivered, including the Trump Tower, and the Worli project is a high premium project, which is the fourth repeat order project. Similarly, from growth rate, this is a fourth project. M3M is a new client for the company.

The company is executing a project of INR550 crores or thereabouts in Noida for them. So many more Oberoi, we have delivered 3 projects. We are in line to deliver the fourth project that is

OGC Tower 1 and 2 by this March 25. We are executing projects for DLF in Goa, we have completed 2 towers for Piramal. Mahalaxmi most premium flagship project, the third tower is under execution and nearing completion.

Apart from this Prestige, we have Mr. Atul Ruia Group, Phoenix Mill, Phoenix Market City, Raheja as our clients, and we continue to bid for their new projects. So it's an ongoing process, but I must have taken names of the most reputed client developers in the country. On the government side, we are working for MHADA, CIDCO the futuristic body and MCGM. We are working for a department of telecommunications through an escrow mechanism with BSNL. We are working with PWD. And this list will increase. We have added IOCL as our esteem client and of course, Gift City. So a long list of clients, which is only going to increase and improve further.

Moderator: The next question is from the line of Aldrin Viegas, from Jinanand Research Analyst.

Aldrin Viegas: Firstly, the question was is it this quarter full of rains and could you set a target for Q2 as well as for the full year PAT guidance?

Rohit Katyal: You have seen the margins pan out in quarter 3 and quarter 4, isn't that sufficient sir to give you a guidance for the year. Now the point is our historic guidance has been at 11% to 12% of EBIT and PAT level of 5.5%, but increase in revenues are reflecting the expansion in the margins, and we do expect that to continue for the whole year, especially in quarter 3 and quarter 4. You have to remember that quarter 2, is always marked with monsoon stoppages. But yes, we do expect the whole year guidance to be in line with what you have seen in quarter 1.

Moderator: The next question is from the line of Anupam Gupta from IIFL Securities.

Anupam Gupta: Just continuing on the previous question. If you can give a better picture of why the margins have expanded in the first quarter? And is there a mix effect which is playing out or any specific thing, which is leading margins for you?

Rohit Katyal: There are two things Anupam. One thing, as I told you, there has been an expansion in revenues, expansion in revenues, anything beyond the INR550 crores. Obviously, reducing the fixed cost of the company, whether it is finance cost, whether it's staffing cost, whether it is all the indirect expenses as the company incurs. So one of the reason is that there is an expansion impact.

Secondly, you will see that the cost of consumption of material and construction services has also following in proportion as a percentage of the top line. This is a simple reason that more revenue from the EPC project is coming into play now. And I have always maintained that as and when this happens, you will see an expansion in margins. So even for the remainder of the current financial year, you will see serious revenues, higher revenues coming from these EPC projects, whether it is CIDCO, MHADA whether it's MCGM hospitals, or PWD hospital. So we do see a significant improvement, which has already got reflected in quarter 4 of the last fiscal and quarter 1 of the current fiscal to continue.

Now yes, there may be a certain blip in the quarter 2 because of monsoons that cannot be ruled out. But as I told you, it will pan out, if not better, because you will see and let us put it this way, that the investors at large will be positively surprised by our growth in quarter 3 and quarter 4.

Anupam Gupta: Okay. Second question is in terms of order inflows. So incrementally, what is the target and within the target, what is, let's say, how much of government orders will you want to take given that those are pretty good quality orders at least, which we are seeing right now. So what is the view there?

Rohit Katyal: The private sector will be and is always on invitation. So we will pick and choose which do not negatively impact our overall EBITDA or PAT projections for the year and the next 3 years. That's number one.

Number two, as far as the government sector is concerned, we will continue to work with quality of the clients like we are working for today. We are very eager to add CPWD and we are very eager to add those projects which the central government has funded, whether it is through PSUs or for that matter, projects, which may come up in the state of Bihar all state of Andhra Pradesh, which will be funded by JICA, guarantee for which has been taken by the central government. JICA or ADB. So these are the projects which we would like to participate in. Having said so, I believe that the contribution from public sector will be close to 70%, 75%, and the remainder coming from private sector.

Anupam Gupta: Okay. Third question is, pardon me, I wasn't there in the first part of the call, but what is your guidance for revenues for '25 and '26?

Rohit Katyal: So '25, we have already given a guidance of 25%. First quarter has happened and has panned out quite well. We see that, this will continue for the remaining of the financial year. So 25% minimum improvement year-on-year is given. I don't see any reason why we shouldn't exceed that substantially. And while the guidance has not been given, we have already said that we will grow by 25% CAGR from '23-'24 onwards for the next 4 years. So 1 year has gone. We have grown by that number. And other 3 years, we will grow on an incremental base at minimum 25%, if not there.

Anupam Gupta: Okay. Do you see any risk to this, especially from labor because multiple avenues have highlighted labor being a very big constraint for execution. Do you see that as a risk for you as well?

Rohit Katyal: So we have addressed a certain part of that. And I'd like to speak to you today, we are in 90% manned across projects, manned as the sense, the labor force. And because it's monsoons and elections -- central elections behind us, West Bengal elections is not coming up this year, Bihar elections happening next year. So for the current part of the remaining fiscal, I do not see that as a challenge for us. We have improved their payment terms from earlier monthly to every 15 day cycle. So that's helping us retain more and more workforce. That's part number one.

Part number two, since we have significant revenues now coming from EPC projects in the public sector. In a pure shell and core business for the private sector, the labor requirement is much higher. It's a normal thing because you're doing only the RCC works. As opposed to this, when you go to government, a contract is only 40% RCC and finishes and the remainder gets into a in HVAC, eletromechanical works, building management systems and so on and so forth. So therefore, the revenue to the labor cost deployed is higher in EPC projects. And that is why we are very confident this time because nearly 70% more revenue would come from public sector clients.

Anupam Gupta: Okay. And one last question. You have given your cash back. Is it possible to share your cash flow from operations for this quarter if you have that number?

Rohit Katyal: I don't have it, but I will tell Amit Porwal to forward it to you.

Anupam Gupta: Okay. So just -- let's say, if you can give me a qualitative picture where you have mentioned that your working capital has come down by 17 days. Does that also include the unbilled revenue and the uncertified revenue part?

Rohit Katyal: Yes, overall total.

Anupam Gupta: Okay. Understand.

Moderator: Thank you. The next question is from the line of Sanat an Individual Investor. Please go ahead.

Sanat: Sir, congratulations on the good set of numbers. So my question is whether the guidance you have given 25%. I think this is a conservative number. Given the others we have, I feel 30% to 40% growth is possible with this financial reward, I think. Is it safe to assume, sir?

Rohit Katyal: So I have given you a guidance. Earlier, we never used to give a guidance. Now we have started giving guidance. We never shied away from giving guidance even when the company was not doing too well. We appreciate that the investors have stood by us and believed in what we've mentioned. Anything be about this should be to treated as sweet dish and our gift to the investing community.

Sanat: Yes. Because what are the numbers you have posted is a very good number. And basically, this H2 is better than H1. I mean the earlier kind of your target is to reach INR800 crores per quarter. So you see the INR800 crores in the quarter 3 or quarter 4, mostly our revenue may reach more than whatever the target you have given, is this right, sir?

Rohit Katyal: Sir, I just mentioned that projections are given on a conservative basis what we can achieve. Now whatever improved you say, or you believe. I will not deny that but we will please comment on this in quarter 3, because quarter 3 will set the tone not only for the current year's full growth number but also will set the tone for what the company will 100% achieve in the next financial year.

Sanat: Okay. Sir, one more last question. You have mentioned that you are offering -- you are working in hospital sector, whether we are giving services to AIIMS in the Telangana region?

Rohit Katyal: AIIMS where?

Sanat: Telangana.

Rohit Katyal: Telangana. No, no. AIIMS is setting up hospitals across India. So it's not that whether we will focus on Telangana or Andhra or Maharashtra or Delhi NCR or Patna, Bihar wherever. Wherever the project comes and we qualify for that project, let's say, INR500 crores, INR600 crores, we will definitely participate with a competitive bidding.

So basically, the success ratio is between 18% to 25% because there are a limited number of qualified players in buildings and the hospitals. So this will continue. At the moment, we have already completed Varanasi that holds the record for the fastest completed hospital in the country. We are executing 3 hospitals as on today and we hopefully should be able to bag a couple of more hospitals in the current financial year. So that sector will definitely be at least 15% to 17% of our overall outlook.

Sanat: Sir, one last question. So we have any limitation to participate in the tenders of above INR1,000 crores?

Rohit Katyal: So we have already got 2 orders, one in consortium with Tata projects of INR11,700 crores and one is for INR4,200 crores. So it will depend on project to project, state to state. The qualification criteria is set up as per the CVC guidelines by the consultants and the client. So we have very little role to play in that.

Moderator: Thank you. The next question is from the line of Faisal Zubair Hawa from H.G Hawa & Company.

Faisal Hawa: Sir, with the number of real estate projects going up in Mumbai, are we seeing some competitive intensity reducing within the contractors? And are many real estate developers actually agreeing to your increased contracts as well as your increase rates?

Rohit Katyal: I clarified this last quarter also to you. That we will work with our margin profile. There is no need for the company to compromise on its margin profile. Given our order book and also the fact that nearly INR3,500 crores is yet to get added on MHADA project, which is already under our credit and this 3,500 is our scope of work, isn't it? So the point is that whichever clients in the private sector are agreeable to award work at our margin profile, we will definitely do work for them.

Number two, you're aware that plants like Raymond and M3M have not taken any guarantees from us, neither performance guarantee, neither advance guarantees. So we would like to push for certain contracts like of this nature where the company's financial exposure is the least exposed, and we can do -- we can have a better margin profile. So we will look at all aspects. But yes, as I told you last time also, the margin profile on super-high -rise buildings in Mumbai MMR region has improved and so has it improved in the Delhi NCR region.

Faisal Hawa: So our bargaining power insured is a little better now?

Rohit Katyal: Sorry?

Faisal Hawa: Our bargaining power now with private development is a little better now?

Rohit Katyal: They are our clients, there is no power in this. We are always very submissive. So I do believe that the clients also appreciate that if they need good contractors, a little bit higher price does not harm in the long run maybe a good contractor is executing that project maybe they are marketing options also could improve. I'm not saying that it will improve but I'm sure that they will be able to share a little bit of their overall margin profile.

Faisal Hawa: That's good, if we have really improved ourselves time and again to them. We can waive a lot of these guarantees so much in terms of bank guarantees et cetera. But this is a fair ask from your side. Thank you very much. And it's been a great time investing with you and seeing the whole company through so many problems and yet overcoming them so well. Many congratulations as well as appreciation to you, sir.

Rohit Katyal: Thank you very much Mr. Hawa. Thank you for standing by us.

Moderator: Thank you. The next question is from the line of Mukul Verma from Verma Associates. Please go ahead.

Mukul Verma: Can you throw some light on the INR700 crores data center that which you have mentioned in the last con call?

Rohit Katyal: Mukul that has got extended because of the election in central government earlier. So we have given our extension. I should be better placed to inform more on this maybe over the next fortnight or so. But yes, we are...

Mukul Verma: Okay. And just to confirm on that additional depreciation, what we are charging due to change in accounting policy that could kind of get over by this year end?

Rohit Katyal: Yes, since we already are down, you see that depreciation has fallen. So whatever I told you in December '24 quarter that is panning out exactly of what I told. The depreciation will fall and therefore, we should look at EBIT and...

Mukul Verma: Last quarter, Q-on-Q has increased.

Rohit Katyal: That is a slight increase. sir. So it's very clear that the site establishment, which was INR265 crores as on first of April 22 stand's at close to INR100 crores as on today. So you have already written off depreciation of INR165 crores of the site establishment of temporary structures contained in the financials. And this should get written off over the next 4 quarters. If you remember earlier also, as said, by June 25, that in 8 quarters, this will not be there, maybe INR10 crores, INR15 crores here and there.

Mukul Verma: Thank you and all the best.

Moderator: Thank you. The next question is from the line of Vishal Mehta, an Individual Investor. Please go ahead.

Vishal Mehta: Good afternoon sir, thank you for giving me the opportunity. And congratulations on a very good set of numbers, sir. Sir, I have two questions, sir. In the last quarter, you have mentioned that we have in fact INR250 crores of bank guarantee limits and incremental of INR107 crores of sanctions were there in place. So I just wanted to check with that, do we acquire external bank guarantee limits for the additional INR3,500 crores of orders, which we are bidding for this financial year. If you can give some guidance on that?

Rohit Katyal: So we are already armed with pre limits of INR250 crores available with us, okay? And that is good enough to take care of the next quarters. Further, you have to remember that bank guarantee were issued and they are received back also, okay? So we do believe that there will be overall availability of INR350 crores of bank guarantee limits excluding CIDCO and MHADA for the company to expand its order profile and also to issue for retention guarantees. Because as you are aware on a quarterly basis, our bank guarantee limits come back also once the advance is recovered.

Vishal Mehta: Okay. And one more question, sir. Suppose if you bid for say X crores of order. So how much do we receive out of it I mean what is the conversion ratio of the order book?

Rohit Katyal: So I just mentioned the conversion ratio would range between 18% to 25% in government and private sector, you see it's more on invitation basis. So we continue to bid for private sector clients on case-to-case basis, which I've already expanded and elaborated a lot on that. And in the government side, I told you there is enough opportunity for projects of INR2,000 crores month-on-month basis. And therefore, the guidance of fresh order book at INR3,000 crores apart from MHADA project in the current financial year.

Vishal Mehta: Okay. Thank you so much sir. And all the best for future.

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

Parvez Qazi: Just wanted to check what is the capex that we did in Q1? And what is the target for FY '25?

Rohit Katyal: So the target, Parvez, we continue to be conservative on the capex. The overall, the total additions to our -- was about INR28 crores in Q1, all right? And we do expect to restrict this figure to about INR65 crores for the full financial year. So typically, what you want you to see till 2023, INR150 crores, INR120 crores, we have bought it down substantially less in last year. And that will continue in the current financial year as well.

And I just wanted to clarify, I mean if he is there on the line. This INR28 crores includes the purchase of office for the company at Shrikant Chambers 5th floor. So the core asset addition is only INR18 crores.

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

Amit Agicha: Thank you for giving me the opportunity and congratulations on a good set of numbers. Sir, my question was with respect to cost of borrowings because in March '24, the interest, which is shown as INR96 crores on borrowings of INR330 crores.

Rohit Katyal: Yes. Go on, please?

Amit Agicha: Hello?

Rohit Katyal: Yes, please.

Amit Agicha: My question was with respect to the cost of borrowings because on March '24, the interest total was shown as INR96 crores on borrowings of INR330 crores.

Rohit Katyal: So please try to understand that this interest includes interest from on mobilization and advance from clients wherever applicable like in MCGM, number one. This includes discount charges paid on LC for purchase of material and it is not necessarily attributable to only the CC limit or the gross borrowing, which you see of INR330 crores.

This also includes commissions on bank guarantees, issued which are to the tune of nearly INR1,500 crores by the company. So there is a clear-cut bifurcation, and you may approach our IR team if you need any clarification of it.

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

Rohit Katyal: I would like to thank once again all of you all for joining us on this call today. We hope that 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 see you next quarter.

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