



Ref : CIL/STEX 30/Q4FY20  
Date : July 01, 2020

To

The Secretary,  
BSE Limited  
Corporate Relation Dept,  
P.J. Towers,  
Dalal Street, Fort,  
Mumbai-400 001

The Secretary,  
National Stock Exchange of India Limited  
Plot No. C/1, G Block,  
Bandra Kurla Complex  
Bandra (East)  
Mumbai-400 051

Scrip Code /Scrip Id: 540710/CAPACITE

Scrip Symbol: CAPACITE

Dear Sir/ Madam,

**Sub: Transcript of the Analyst/ Investor Conference Call held on June 19, 2020**

We refer to our letter dated June 17, 2020 regarding the Intimation for Earnings Conference Call with Analysts/Investors to discuss the Operational and Financial performance of the Company during Q4 and FY20 which was scheduled on Friday, June 19, 2020 at 12:30 p.m. (IST).

In this regard, we are attaching herewith the transcript of the conference call as required under Regulation 30 read with Part A of Schedule III of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

This is for your information and records.

Thanking you,

Yours faithfully,

For CAPACIT'E INFRAPROJECTS LIMITED

  
Monica Tanwar  
Compliance Officer



Encl: As above

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“Capacit'e InfraProjects Limited 4QFY2020  
Post Results Conference Call”

June 19, 2020



**ANALYST: MR. VARUN GINODIA - AMBIT CAPITAL LIMITED**

**MANAGEMENT: MR. ROHIT KATYAL – EXECUTIVE DIRECTOR & CFO -  
CAPACIT'E INFRAPROJECTS LIMITED  
MR. ALOK MEHROTRA - PRESIDENT (CORPORATE  
FINANCE) - CAPACIT'E INFRAPROJECTS LIMITED  
MR. NISHITH PUJARY - HEAD OF ACCOUNTS -  
CAPACIT'E INFRAPROJECTS LIMITED**



**Moderator:** Ladies and gentlemen, good day and welcome to the Capacit'e InfraProjects Limited 4QFY2020 Post Results Conference Call, hosted by Ambit Capital. As a reminder, all participant lines will be in the listen-only mode. There will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal for an operator by pressing "\*" then "0" on your touchtone telephone. Please note that this conference is being recorded. I now hand the conference over Mr. Varun Ginodia from Ambit Capital. Thank you and over to you!

**Varun Ginodia:** Thank you so much Jeff and good afternoon everyone. I hope everyone is keeping themselves safe during these unprecedented times. We are pleased to have with us today management from Capacite. We have from the management Mr. Rohit Katyal – Executive Director and Chief Financial Officer, Mr. Alok Mehrotra - President (Corporate Finance) and Mr. Nishith Pujary - Head of Accounts. In terms of the format of the call, Mr. Rohit will take us through the presentation and then we will open the floor for questions and answers. Sir, over to you!

**Rohit Katyal:** Thank you and good afternoon everyone. A very warm welcome to our 4QFY2020 earnings conference call. I have along with me Mr. Alok Mehrotra - President (Corporate Finance) and Mr. Nishith Pujary - Head of Accounts and our investor relations team. I hope everyone had an opportunity to look at our results, the presentation and press release that have been uploaded on the stock exchanges and our company's website.

Before I take you all through operational and financial performance, I would like to highlight a few points. The spread of Covid-19 pandemic poses a huge threat to lives, livelihood and economies across the globe. In India, the government imposed the nation-wide lockdown to prevent the spread of this pandemic. Adhering to the government directives, we suspended operations across site and implemented work from home policy for our senior staffs. Safety and well being of our work men, our employee has been a top priority. We ensured heightened safety protocol at all our projects site and made available essential services, medical facilities to the workman. Like every other business, our operations were also impacted due to lockdown. The company lost more than 10 crucial days of operations in March 2020, when a major chunk of our revenue booking and cash collections happen.

Further, due to extension of lockdown in April and May, partial relaxation in June, and labour migration issues faced by the industry, execution has resumed, but not in a very meaningful way. To overcome with Covid impact, we have revised the business revival plan aiming to accelerate our execution phase in the forthcoming months and have increased efforts to ensure collections to enable us meet our commitments in a timely manner and have sufficient liquidity in place to resume execution. Currently, we have



received approvals to resume work at all project sites, but like the entire industry Capacite also faces labor shortage thereby limiting our execution capability.

Now allow me to give you an overview of our operational performance during the financial year 2020. The total order book on standalone basis including private and public sector as on March 31, 2020 stood at Rs.10,484 Crores. Residential segment constitutes 27% of the order book, commercial and institutional segment 20% and mixed used segment constitutes 53%. Order book from public sector as of end of the year stood at Rs.5,713 Crores constituting 54% of the total order book.

Now coming to our standalone financial performance for 4Q and FY2020. Total income for FY2020 stood at Rs.1,554.1 Crores as compared to Rs.1,823.5 Crores in FY2019 witnessing a decline of 14.8%. As informed earlier, the company lost 10 crucial days during March 2020. EBITDA for FY2020 was down 1.1% to Rs.282.1 Crores vis-a-vis Rs.285.4 Crores in FY2019. EBITDA margin for FY2020 was 18.2% vis-a-vis 15.6% in FY2019 thus expanding by 260 basis point due to operational efficiencies. PAT for FY2020 stood at Rs.90.9 Crores vis-a-vis Rs.95.6 Crores in FY2019 down by 4.9%. PAT margin for FY2020 stands at 5.8% versus 5.2% in FY2020 expanding by 60 basis points. Diluted EPF for FY2020 stands at Rs.13.39 per equity share. Cash PAT for FY2020 was Rs.189 Crores compared to Rs.198.4 Crores during FY2019 down by 4.8%. Cash PAT margins for FY2020 stands at 12.2% versus 10.9% in FY2019 expanding by 130 basis point. Total collections during FY2020 stood at Rs.1,698 Crores. The net working capital days during FY2020 stood at 81 days vis-a-vis 70 days in FY2019 a mere increase of 11 days despite challenging environments. With this, I now leave the floor open for questions. Thank you.

**Moderator:**

Thank you very much Sir. Ladies and gentlemen, we will now begin the question and answer session. The first question is from the line of Mohit from IDFC Securities. Please go ahead.

**Mohit:**

Good afternoon Sir. I am trying to find out in this situation we do understand the Q1 and Q2 will be very adversely impacted, but when do you see revenue becoming normal ? Do you think Q3 from September things will become normal if the COVID situation is controlled and are the labours coming back now, is reverse migration happening?

**Rohit Katyal:**

So number one, your first question's answer lies in your question number two. So all the project sites are fully mobilized to start operations and the migrations which happens generally every year, migration happens on two or three occasions, but it is not in the manner what you have seen at this time. So the migration which happened before the festival of Holi, those people have started returning, you will see momentum picking up starting next week and if there are no further surprises from COVID perspective, we believe that stability will return starting next week in a phase wise manner over the next 45 to 50 days, so which means that Q2 will be a quarter where you will try to stabilize your

operations once the labor returns in a phase wise manner and you will see meaningful uptick in Q3 and total stability in Q4, let me add disclaimer, this is subject to no further surprises on the virus front because let us face the fact that the last one and a half months has been lost due to more of fear factor than anything else.

**Mohit:** Sir did you had any conversation from the government / counterparty or the private developers, for cost escalation or something to compensate delay in the execution, are they going to compensate you in some extent?

**Rohit Katyal:** The pandemic has been declared as a force majeure by the disaster management and they have order from the home ministry, so therefore if we are invoking force majeure so have the clients and so have the supply chain. So the point is that there will be no direct laws as far as any claims or counter claims are concerned, but it is too early in the day to say that whether any client will give you a cost compensation or reimbursement of cost that we have incurred during this lockdown period, number one. Number two, our conservation with all clients on regular basis and they are as eager as we are to start their projects because the quality of clients we hold, if their projects have stopped even they are losing substantial money. Government any which ways the MCGM has already started in full swing and since CIDCO has opened up for business, they have given and handed over all the project sites, so we do believe that is the matter of return of labour or workman at the site and we will start. As far as cost compensation it would be premature on my part to make any comment on that at this moment in time.

**Mohit:** Thank you.

**Moderator:** Thank you. The next question is from the line of Hardik Sodha from Crescita Investments Management. Please go ahead.

**Hardik Sodha:** Hi Sir. My first question is how much labor do we currently have and how many sites are currently operational and at what efficiency level?

**Rohit Katyal:** So the total workmen which we have prior to lockdown was close to 10,000, which has come down to 1,000 about 20 to 25 days back, we are at the moment with close to 2,000. You need to understand that when we talk about labor, we have to see the number of trades, what you mean by trade, it is carpenter, foreman, fitter, you cannot work only with carpenter, and you cannot work only with fitter. That mismatch we believe in a phase wise manner as explained will get sorted out starting next week over the next 45 days. So the problem is someone may have 2,000, someone may have 3,000, someone may have 20,000 but the trade mismatch is the biggest concern at the moment in time and as I told you it should get eased out. Your second question was regarding...

**Hardik Sodha:** How many sites are currently operational?

**Rohit Katyal:** Okay. So we have about five sites currently operational, of which two have picked up complete momentum and as I told all the sites are manned with all resources, manpower and we believe like we have added about 200 workman in this particular week, from next week another two projects will go operational from execution perspective. As we speak, we have about 15 projects which will constitute for nearly 85% of the top line for the next two years and therefore we are extremely hopeful that over the next 45 days, we will be able to man these projects and come to some sort of stability from Q3 and to complete operational stability from Q4.

**Hardik Sodha:** Okay Sir. Sir are we seeing any sort of pressure from client side whether on receivable side or on deferment of any of the projects?

**Rohit Katyal:** So at the moment, no client has given any indication of deferment because the lockdown continues and the point is obviously some clients may rethink of the configuration of the apartments which they would be like to build, but at the moment we have no indication from any clients that they would like to defer the project on the contrary they are supporting mobilizing the labour, which is amazing.

**Hardik Sodha:** Okay. Last one on the CIDCO, have we started the work on the CIDCO site?

**Rohit Katyal:** As I told you, all locations have been handed over, all approvals of all seven locations are in place, four sites were handed over before lockdown which have been totally mobilized and we expect to start that work over the next seven to eight days' time, once the labor is at site.

**Hardik Sodha:** Okay Sir. Thank you. That is all from my side.

**Moderator:** Thank you very much. The next question is from the line of Alok Deora from Yes Securities. Please go ahead.

**Alok Deora:** Good afternoon Sir. Just a couple of questions from my side. So one is that we are facing issues on the labor part, so labor is not available, so we do the work slow, have you faced any issues from the client side where because of issues at their end they have asked us to go slow on certain projects or they are facing any funding constrain and they may ask us to go slow, have you faced any issues in any of our projects?

**Rohit Katyal:** Alok, as of now, as I just answered the earlier question, we only have interactions and the keenness from the clients to start the project as soon as possible and our client on the top five Godrej, Obeori, Brookfield, we have Canadian Pension Fund and all of these people are very keen to start. If we not had the labour migration issue, we would have started by 12<sup>th</sup> of May or thereabout, so at the moment answering the question, we have no indication from the client, however some of clients may request redesigning which I cannot be sure of, I mean COVID is an unprecedented situation and like we, you and everyone have lived in

the times of uncertainty so our clients living in times of uncertainty but given the quality of these clients I don't foresee any thing major which will impact our internal guidance for top line once normalcy returns.

**Alok Deora:** Okay. And the redesigning you are talking about the projects in pipeline or it could be for the existing projects as well?

**Rohit Katyal:** The projects in pipeline redesigning question does not arise. I answered the question of yours whether the clients may defer a project, I said none of the clients have indicated but may be a particular client where we have no indication as of now, would like to reconfigure the apartments size from three bed room to two bed room as per his or her wish whether what would be the demand like once the COVID pandemic is behind us. So, we do not have any indication but that could be a possibility however the same way that I have told you such one-off incidents does not make any impact on our revenue ramp up.

**Alok Deora:** Okay. Just one last question from my side, so as you mentioned previously to one of the question that the execution would ramp up gradually in the third quarter and then fourth quarter will see the normalcy return, so in that scenario what kind of growth or rather the revenues could be impacted significantly in FY2021, is that understanding correct?

**Rohit Katyal:** I think that remains same for everyone, we will see how much we can catch up depending on the pandemic opening up, we have to remember that our company's major projects come in Mumbai, Pune in the mature geography and the metros and the metros unfortunately though from economics perspective, very good prior to the COVID and in COVID have been impacted the most and therefore we would like to be conservative while giving the ramp up status. As far as the revenue is concerned, we do not give any guidance but yes, we have already said that there will be a material impact on the full year guidance which people were expecting for FY2020-2021.

**Alok Deora:** Okay. That is all from my side. Thank you so much.

**Moderator:** Thank you very much. The next question is from the line of Parikshit Kandpal from HDFC Securities. Please go ahead.

**Parikshit Kandpal:** Hi Rohit Sir. My question pertains to the fixed cost per month we shall be incurring now, so what steps that you have taken to basically optimize these cost and what levels of liquidity we have to survive these first six months?

**Rohit Katyal:** So from the first six months, nearly three months are over, so obviously like an FMCG company, we were forced to engage with our stock and see what reductions we can take, it will be on two fronts, one will be a lockdown period and subsequently will be the ramp period. So that is one aspect. Secondly, we have suspended all rentals of equipments as far

as possible across the country with effect from 1<sup>st</sup> of April and that basically would not come as a fixed cost. Apart from that, our all offices and labour camps and those certain government guidelines over there which has been reversed by the courts, I do expect that the fixed cost would remain at approximately Rs.13.5 to 14 Crores(excluding depreciation) , I do not have the exact figure in front of me per month or during the lockdown period.

**Parikshit Kandpal:** So, this will continue even for next three months as well?

**Rohit Katyal:** No. The cost for the next three months will be lower because projects have been completed all right. So there will be a reduction in fixed cost over the next three months at the same time, you will see revenue building up, so the point is that some of fixed cost will get distributed over the operations or the revenue which we built up. The first three months have been a total expenditure side only. Okay, so as I told you revenue, if you look at the rental cost of the company, we were close to Rs.4.5 Crores per month for pre-COVID period and obviously that would not accrue. So these are substantial cost savings and which will continue over the next two quarters also and therefore whether it is fixed cost pertaining to salary bills, temp staffing, rentals, you may see substantial reduction while on the other hand you will see a ramp up in revenue and therefore I told you that we will be better placed to come to the pre-COVID positions on reduced cost and better projects in the very near future.

**Parikshit Kandpal:** Okay. My next question is you said that you have resumed work on the five sites out of the 15 sites which contributes about 80% of a total order book, five sites you have resumed the work. So, value wise, how much these five sites will contribute to the overall order book, just to get a sense on why execution is going on and what kind of order book execution is going on?

**Rohit Katyal:** More than the order book, we believe that the sites once they are fully ramped up, they contribute Rs.75 Crores in revenue approximately.

**Parikshit Kandpal:** Rs.75 Crores per month or per quarter?

**Rohit Katyal:** Per month.

**Parikshit Kandpal:** Okay Rs.75 Crores per month, the five sites....

**Rohit Katyal:** For example once we start with Raymond next week that will add another Rs.4 Crores revenue, the week thereafter Phoenix will be totally ramped up that would provide Rs.8 to 9 Crores per month revenue and hereon whenever I say revenue we will talk about per month. So, we are only focusing on those sites, which can add meaningful revenue and thereby observe our fixed cost and therefore reducing their impact on the bottom line or the cash profit. Okay, so that is the focus and therefore the ramp of labour also will be on these



projects like Oberoi Sky City Mall, MCGM, CIDCO and apart from this Phoenix, Raheja and Brookfield Delhi so these are the projects, about 10 projects which basically you also know will contribute not 80%, maybe 85% to 90% of revenue over the next two years for the company. So, the focus is on that. So at the moment with the five projects will take us to Rs.75 Crores at the peak and the remainder may take us by another Rs.100 to 125 Crores so that is the focus that by December or earlier we should be in a position to have Rs.200 Crores plus monthly revenue to look ahead by ramping up the labour resources at the project sites.

**Parikshit Kandpal:** Okay with big jump of Rs.100 to 125 Crores which you said will come from the CIDCO projects?

**Rohit Katyal:** It will come from CIDCO project, BSNL, MCGM. As MCGM asking rate will go Rs.16 Crores. BSNL will go Rs.15 Crores and CIDCO obviously, apart from this we have asking rates for Pheonix, we have asking rates for Siemens, we have asking rates for Oberoi apart from the other clients we are working for. But as I told you these seven, eight projects are the main stay and that is where the focus is because obviously you will appreciate that the management bandwidth is stretched on eight projects to 10 projects will be much lesser than what we were stretching earlier and visibility will also be very very clear.

**Parikshit Kandpal:** And this Rs.75 Crores does not include CIDCO right, so CIDCO will be addition?

**Rohit Katyal:** I just told you CIDCO and the other projects which are under the ramp up, slowly and gradually we will reach to a revenue or run rate of Rs.200 Crores plus per month so that we can start achieving that from January 2021 onwards.

**Parikshit Kandpal:** Okay. Sure Sir. Just on the liquidity side, if you can highlight, this tough period of like three to four months start of the new financial year, that kind of cash position we have, banking lines we have?

**Rohit Katyal:** Okay as you are aware our CIDCO lines are already tied up and we have cash of close Rs.200 Crores plus apart from fixed deposits towards margin available to ramp up. One needs to appreciate even during this pandemic, we ensured that we get the cash flow requirements of our main projects whether CIDCO, MCGM safe, secure in fixed deposits, so that the projects can be ramped up immediately. Apart from that CIDCO, we have to still receive Rs.225 Crores of interest free mobilization advance and as soon as we start the work at the project site level, we will be eligible for our first billing of designing charges. So CIDCO which will be a major chunk of the revenue is totally secured from short term, midterm and long term funding perspective. Number two is MCGM, liquidity position remains healthy, and the client has been paying and is very keen on ramping up the project because it is a hospital infrastructure project. Number three is Department of Telecommunications for which we are executing the data centers is also requesting now to

pre-poned on the execution period, because nearly four months have been lost and out of 13 locations, 12 locations already started and our billing have also started. I think we will be able to peak by August to nearly Rs.15 to 17 Crores in that project also. So, from liquidity perspective, we have not raised any overall exposure, banks have been supportive especially the nationalized banks and they have helped us by doing interchangeability of limits from LC to CC. So that has taken care which means that the payment which will now come from clients will be used to ramp up the projects and not repayment of any liability of the past. So this is a very big positive that we have maintained our overall exposure and while maintaining the overall exposure, we ensured that the future payments from the clients forthcoming will be used for project specific basis to ramp up the respective projects of those particular clients.

**Parikshit Kandpal:** Okay Sir. Last question on the labour side, so as of now you said we were pre-COVID at 10,000 odd levels of labors, so now at the peak when we reach December, and especially in CIDCO, so total labor in CIDCO and total overall labor requirement will be how much by end of December 2020?

**Rohit Katyal:** Please try to understand that nearly 200 to 300 labor belong to sites which are virtually completed. So if you reduce that and you know very well that our Chennai project is on the verge of completion, so even if now at the moment, current requirement is 500 but to mitigate down the line that requirement will not be there. So it will be a guess so you please do not hold me on to it however, I do believe the CIDCO four to five locations you should be close to 13,000 to 14,000.

**Parikshit Kandpal:** For the company level?

**Rohit Katyal:** Company level excluding technicians.

**Parikshit Kandpal:** Okay. Sure Sir. If there are more questions, I will join the queue. Thank you and all the best.

**Moderator:** Thank you very much. The next question is from the line of Samir Rachh from Nippon India Mutual Fund. Please go ahead.

**Samir Rachh:** Good afternoon Sir. I had just two questions. One is of our current order book of Rs.10,484 Crores, what is the execution timeline we have and secondly while one can understand since you have very strong clients, the current projects may not be affected by do you see their ability or willingness to like put new projects will get hampered looking at the overall impact of COVID, so your thoughts on that?

**Rohit Katyal:** See first of all, Yes this situation will further lead to consolidation in the private sector and the list of the cliental which you see on our list will be beneficiaries. Having said that our

focus at the moment and for the remainder of the year, will be to take certain institutional projects which are currently under bidding, so bidding activity has resumed and our focus will be on certain institutional projects. That does not mean that we are going away from private sector anywhere but we would like to observe over the next two to three quarters, what their internal plans are, we do not know at the moment, we knew about their plans for new projects or new launches before the lockdown, but after the lockdown it is as big as a guess for me and for you. So at the moment, we cannot discuss that. So from that perspective, I do believe that the next two quarters on the private sector side, will be muted but the government bidding activity will see serious push and that if you discuss with any EPC contractor in the building segment will tell you and since now we qualified for most bigger project, we see a decent opportunity in that. Given the current situation, I believe it is a better idea to work for reputed government sector clients so that we have more visibility on our progress and revenue ramp up over the next two to two and a half years.

**Samir Rachh:** Okay and Sir this current order book, what is the timeline execution?

**Rohit Katyal:** So, the timeline excluding COVID remains the same, we believe that it spreads over three years to four years and that remains unchanged excluding the COVID period of six months, where the government has approved extension.

**Samir Rachh:** Right and just one clarification, since you already have pretty strong order book and last full financial year, your book order was Rs.6000 Crores. So, you are not under any pressure to add new orders in the current year?

**Rohit Katyal:** Not at all. As I told you that we will look at the private sector client wise and we will only bid for certain institutional means hospitals, some convention centers, some integrate terminals coming out by NHAI, which is a new sector which is opened for us. So, these will be the projects where the focus would be over the next three quarters that is what I am trying to say.

**Samir Rachh:** Yes Sir. Thanks and wish you very best.

**Moderator:** Thank you very much. The next question is from the line of Avinash C from Spark Capital. Please go ahead.

**Avinash C:** Sir my first question is on the CIDCO projects, out of the four sites that were already handed over, what is the total value from CIDCO?

**Rohit Katyal:** All the projects have received approval except the Vashi bus terminal, because of COVID, they could not hand over, and others have been handed over. So, if you exclude Rs.800 Crores of Vashi, Rs.3,700 has been handed over, however pre-COVID, the handover was of four locations which approximately turns out to Rs.1,600 Crores. So as the labour returns

over the next two weeks, we will be starting work on this Rs.800 Crores project sites and over the next 60 days on the balance two locations.

**Avinash C:** Understood. Sir next one is on the order intake, Sir what is the status of this Central Vista project, are we tracking that opportunity yet Sir, any progress on that?

**Rohit Katyal:** Which project?

**Avinash C:** Central vista project that was announced?

**Rohit Katyal:** Central vista project, at the moment we are not focused, our order books are full, the time is now to look at projects in our domain expertise, so we are looking at certain institutional and the integrate terminal buildings which are coming out for clients like NHAI, but beyond that at the moment, we are not looking because the focus will be on ramp up, cost reduction and more importantly the cash flows because please try to understand we do not have any legal means one year everything is shut for everyone.

**Avinash C:** Sir on the working capital days, can you give us the number include retention, unbilled revenue and working progress in financial assets?

**Rohit Katyal:** Please come again.

**Avinash C:** Sir working capital, retention money and unbilled revenue breakup?

**Rohit Katyal:** So, the retention money is close to Rs. Rs.160 Crores and as of now other figures are not handy so will get back to you on this.

**Avinash C:** Sure Sir. Definitely.

**Rohit Katyal:** Will do that.

**Avinash C:** Thank you.

**Moderator:** Thank you very much. The next question is from the line of Jiten Doshi from Axis Capital. Please go ahead.

**Jiten Rushi:** Sir I just wanted to know on the Kalpataru project, so what is status of the Kalpataru project and any outstanding remaining on that project particularly?

**Rohit Katyal:** The whole industry has been lockdown for the last 90 days literally and therefore it has been very difficult to get to the clients and therefore I would like to excuse myself from commenting on any one specific client at the moment in time. At this moment when the

industry has been closed, commenting on any one client outstanding would not be appropriate.

**Jiten Rushi:** Appreciate it Sir, can you give the breakup on the bank limits, fund limits and non-fund limits and utilization level please?

**Rohit Katyal:** So our total standalone excluding CIDCO is Rs.1,150 Crores all right and unutilized portion in bank guarantee limits, stand at approximately Rs.100 Crores plus, which gives us visibility to bid for future projects on standalone basis.

**Jiten Rushi:** So basically Rs.1,150 Crores excluding CIDCO, CIDCO would be Rs.600 Crores?

**Rohit Katyal:** CIDCO would be Rs.600 Crores, excluding CIDCO limits are Rs.1,150, which includes the bank guarantee limit, LC limit of approximately Rs.190 Crores includes the CC of approximately Rs.190 Crores and the remainder is bank guarantee with interchangeability between LC and CC.

**Jiten Rushi:** Okay Sir.

**Rohit Katyal:** The interchangeability has been sanctioned in this quarter to take care of the situation arriving out of COVID for the current financial year only.

**Jiten Rushi:** Any additional working capital loan we have taken?

**Rohit Katyal:** We have not taken any additional working capital loan except the interchangeability which I just mentioned.

**Jiten Rushi:** Okay LC which changed into fund limit something of that, I understand correctly, right?

**Rohit Katyal:** When you issue LC those creditors remain under the creditors and more specifically in technical terms known as creditors under LC. So the creditor level will fall over the current and the next quarter, and there will be a temporary increase in the fund based limit, and this reduction will happen over the next three quarters that is Q3, Q4 and Q1 of next financial year, and ratings taking into account, this interchangeability have been reaffirmed.

**Jiten Rushi:** Sir you had discussed in the opening remarks that you suspended some rental space, am I correct Sir...

**Rohit Katyal:** No. When I said rental space, I said obviously when everyone invoke force majeure clauses, the rental equipment we have already returned for suspension of those rentals, all right because rental becomes fixed cost, whether you work or you do not work you have to pay in normal course of business. So, if your revenue is 100, it is a particular percentage of rental

to your top line, it is a revenue pay obviously a percentage it will double up, that is what the fixed cost like a salary. So that is what I was trying to refer to.

**Jiten Rushi:** You do not have to pay any penalty if you have returned this equipment before the timeline of this?

**Rohit Katyal:** If it is a force majeure clause how can penalty be there, no penalty is applicable under the force majeure and no penalty is applicable under the contract which we have entered into.

**Jiten Rushi:** Thank you Sir and all the best for the future.

**Moderator:** Thank you very much. As there are no further questions, I now hand the conference over to the management for closing remarks. Over to you!

**Rohit Katyal:** Thank you everyone for joining the call. We hope we have been able to answer your queries. For any further information, we request you to get in touch with SGA our Investor Relations Advisor. Thank you. Be safe and let gets the economy on track. Thank you.

**Moderator:** Thank you very much members of management. Ladies and gentlemen, on behalf of Ambit Capital that concludes today's conference call. Thank you all for joining us and you may now disconnect your lines.