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Date : August 29, 2019

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 August 09, 2019


Dear Sir

We refer to our letter dated August 06, 2019 regarding the Intimation for Earnings Conference Call with Analysts/Investors on the Operational and Financial performance of the Company for the quarter ended June 30, 2019 which was scheduled on Friday, August 09, 2019 at 12:00 Noon (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.

Yours Faithfully
For CAPACIT'E INFRAPROJECTS LIMITED


Sai Kedar Katkar
Company Secretary and Compliance Officer





“Capacit'e Infraprojects Limited Q1 FY 2020 Earnings
Conference Call”

August 09, 2019



**MANAGEMENT: MR. ROHIT KATYAL -- EXECUTIVE DIRECTOR AND
CHIEF FINANCIAL OFFICER, CAPACIT'E
INFRAPROJECTS LIMITED
MR. ALOK MEHROTRA -- PRESIDENT (CORPORATE
FINANCE), CAPACIT'E INFRAPROJECTS LIMITED
MR. NISHITH PUJARY -- HEAD (FINANCE AND
TAXATION), CAPACIT'E INFRAPROJECTS LIMITED**



Moderator: Ladies and gentlemen, good day and welcome to the Capacit'e Infraprojects Limited Q1 FY 2020 Earnings Conference Call.

This conference call may contain forward-looking statements about the company which are based on beliefs, opinions and expectations of the company as on the data of this call. These statements are not the guarantee of future performance and involve risks and uncertainties that are difficult to predict.

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 the operator by pressing “*” then “0” on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Rohit Katyal -- Executive Director and Chief Financial Officer from Capacit'e Infraprojects Limited. Thank you and over to you, Sir!

Rohit Katyal: Good afternoon, everyone. A very warm welcome to our Q1 FY 2020 earnings conference call. Along with me, I have Mr. Alok Mehrotra -- President (Corporate Finance); and Mr. Nishith Pujary -- Head (Finance and Taxation) and our Investor Relations 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 really delighted to kick start the year with a stable and positive performance. FY 2020 looks a very exciting year to us, as multiple opportunities are at the unveiling, such as increased market share of organized players, many of whom are our clients, the PMAY, growing commercial and institutional, education, healthcare, and retail segments.

With our proven execution capabilities, lean balance sheet, strong and well diversified order book from a very strong cliental, Capacit'e is well-poised to capitalize upon the huge opportunities that come our way.

Since the NBFC crisis surfaced, we at Capacit'e have been extremely cautious in terms of client addition and are actively looking at bidding for reputed private and public sector clients.

Now, let me give you a highlight on our operational performance during the quarter.

Order book: our order book excluding MHADA at the end of June 30th, 2019 stood at Rs. 7,018 crores. Of the total order book, private sector order book stands at Rs. 6,133 crores and private sector at Rs. 905 crores.

Our order inflow for the quarter stood at Rs. 724 crores of which 31% were repeat orders from existing clients.



Residential segment contributes 68% of the order book, while commercial and institutional portfolio now comprises of 32% of the total order book, which was a mere 2% in FY 2017.

High rise and super high-rise buildings constitute a large part of our order book at 42% followed by gated communities at 33%.

During the quarter, we have been able to add a few more quality names to our client. Like Market City backed by Canadian pension fund, Raymond Limited, and K Raheja Corp backed by GIC for the Siemens project.

We have temporarily suspended work worth Rs. 265 crores, which is as per our company policy and therefore, have not included the same in our active order book just mentioned a few minutes ago. Further Rs. 200 crores of order is under renegotiation with the client and therefore, the same have been removed currently.

Now, let me take you through our standalone financial performance for Q1 FY 2020.

Total income for Q1 FY 2020 grew by 2.6% to Rs. 418 crores as compared to Rs. 407 crores in Q1 FY 2019. EBITDA for Q1 FY 2020 was Rs. 76 crores as compared to Rs. 65 crores in Q1 FY 2019 depicting a growth of 17.8% year-on-year. PAT for Q1 FY 2020 was Rs. 24 crores as compared to Rs. 23 crores in Q1 FY 2019 growing by 4.8%. PAT margin stood at 5.7% in Q1 FY 2020 as against 5.6% in Q1 FY 2019.

Cash PAT for Q1 FY 2020 standard at Rs. 50 crores as against Rs. 44 crores for the corresponding period showing a growth of 13.5% year-on-year with cash PAT margin at 12% in Q1 FY 2020 vis-à-vis 10.9% in Q1 FY 2019. The CAPEX spends to our core asset in Q1 FY 2020 stood at Rs. 20 crores. The total collections during Q1 FY 2020 were approximately Rs. 415 crores. The networking capital days stand at 67 days in Q1 FY 2020 vis-à-vis 68 days in Q4 FY 2019.

With this, I now, leave the floor open for questions.

Moderator:

Thank you. Ladies and gentlemen, we will now begin with the Question-and-Answer Session. The first question is from the line of Sriram Kumar from Spark Capital. Please go ahead.

Sriram Kumar:

Sir, we have foreclosed some projects around Rs. 465 crores. So, what is the balance sheet exposure to each of this project, sir?

Rohit Katyal:

Sir, we have not foreclosed any project. We have temporarily suspended certain projects where we find that there could be a possibility of our money getting stuck and as a company policy; we have removed that from our order book. No project is foreclosed of the Rs. 465 crores, which I clarified in my commentary.

Sriram Kumar:

Yes, sir. What is the balance sheet exposure to each of these projects?



- Rohit Katyal:** Out of this Rs. 200 crores project had not started. So, there is no exposure at all. Of the balance Rs. 265 crores the overall project size was about Rs. 400 crores of which Rs. 100 crores and maybe Rs. 35 crores or thereabouts was executed and the remainder is under suspension. Once it restarts, it will be added back to the order book.
- Sriram Kumar:** So, there is no receivables regarding this project?
- Rohit Katyal:** No, when we did not start the project, there is no question of receivable of the project.
- Sriram Kumar:** Sure, sir. Sir, what is the status of the CIDCO projects, sir?
- Rohit Katyal:** We have submitted the bids and we await the results, like that we keep bidding for many clients and CIDCO was one of them.. Once we have some news, we will definitely share with everyone.
- Sriram Kumar:** Okay. So, just for understanding purpose, so, in case if we win the order, so, what are the execution timeline that we are looking at, sir because the project size is a bit higher?
- Rohit Katyal:** As I suggested and I request once again, as per the company policy, any order is announced on receipt of LOA, letter of award or letter of acceptance. And therefore, it will be premature to discuss any parameters of this particular project which you are referring to at this moment in time. We assure you as soon as we have some concrete information. And once we announce we will definitely upraise you with full details.
- Sriram Kumar:** Okay, sir. My last question is what is the project update on MHADA, sir?
- Rohit Katyal:** The MHADA project execution at site level has started and we expect as we told last year that the project will be completed in eight to nine years as per the schedule provided by the department.
- Moderator:** Thank you. The next question is from the line of Ankit Shah from White Equity. Please go ahead.
- Ankit Shah:** Sir, we started a few projects over last few quarters but the Q-o-Q revenue growth is not much. So, considering, some three - four large projects being started over last few quarters, we were expecting some kind of revenue growth. Is it that a few other projects have kind of slowed down or considerable reduction is seen in those projects, can you share some pieces of that with us?
- Rohit Katyal:** Yes. So, there is no slowdown on any project, we have to remember that there were general elections in the country. And as across the industry the workforce hit to nearly 50%. So, starting last week of April and till the last week of May, the labor strength across all projects was very low, which impacted the revenue. The revenue since then has picked up and we do not see any issues on that front. So, there is no slowdown on any of the projects, which was



part of our active order book, we have been very upfront in talking about our projects whenever foreclosed or canceled or suspended. No other projects is foreclosed. And therefore, the revenue drop was obviously due to the reason I just mentioned.

Ankit Shah: Okay. Sir, considering the mix of projects, over the last few quarters has gradually moved towards super high-rise projects. So, considering that and the order book position that we have. Over next, let us say three years - four years, should we be looking at substantially higher margin for the company, considering the labor situation or the raw material situation is broadly as is, purely from the mix perspective?

Rohit Katyal: We have clarified that, the quality of the client, whether in public sector or in private sector will be of paramount importance while choosing a project, number one. Number two, high rise and super high rise, especially in the geography where we are predominantly active, is the only way to go given the increase in FSI. So, we do believe that there will be increase in high rise and super high-rise projects. And since we are one of the few qualified contractors in high rise and super high rise, we will have our fair share of opportunity. Having said that, I cannot comment on three years and four years down the line. Yes, we have over the last two years, given a guidance of 15.7 to 16.3 EBITDA. And given the current order mix and how the projects are going to be executed over the next three, four, five quarters. We do believe that we will be at the top end of the EBITDA guidance, if not little bit better.

Ankit Shah: Right, okay. Sir, on the BSNL project, is that going smoothly; the question comes especially considering the position of the client?

Rohit Katyal: So, as given in our presentation, BSNL in this case is a nodal agency, it is only the implementing agency. The funding is by DRDO defense and the money comes into the escrow account from where it is routed to us. So, the financial position of BSNL which is the nodal agency in this case, is irrelevant to us, the money comes directly from the defense.

Ankit Shah: Okay. Sir, one last question is, I wanted to understand that what is the risk of natural disasters to our business model. So, considering let us say we have completed construction of 55 floors out of 60 floors on a project. And we have that certified 55 floors work done and payments progressively coming. Now, in that scenario, suppose there is an earthquake or some other natural calamity because of which the structure comes down. In that case, you know how does this work? Or you know, to what extent are we insured and what is our risk whether our risk is the entire 55 floors or the floors which are constructed but not certified? Who takes this risk?

Rohit Katyal: No one takes risk. The insurance company under a Contractor or Risk policy known as CAR policy in short takes care of the risk. So, let us assume that you have constructed x number of floors equal into Rs. 100 crores and payment of Rs. 90 crores has been received from the client, the client will get Rs. 90 crores, plus Rs. 10 crores uncertified bill, site establishment, work in process will come to the company from the insurance company because the insurance at any given time is for 110% of the contract value.



Moderator: Thank you. The next question is from the line of Prem Khurana from Anand Rathi. Please go ahead.

Prem Khurana: So, my question was again with respect to the public orders that we have been able to manage within the last one year? So, I think we may have already spent almost nine odd months with these orders now. So, would you be able to share your thoughts, I mean how has your experience been in terms of working in public side of the construction business now? Because historically we were always active on the private side. So, now it is somewhat new segment so how has our experience been? How is the working capital cycle different from private orders and how does your non-fund based limits tend to be different from working with the private sector essentially, in terms I mean the mobilization advances that you get as what I have been made to understand your require bank guarantees whether these are funded bank guarantees or non-funded. How does that work?

Rohit Katyal: So, to answer your last question, all bank guarantees are for non-funded based limits.

Prem Khurana: These are fixed deposit linked, I mean, these are backed against fixed deposits or how?

Rohit Katyal: So, you cannot have all guarantees backed by 100% fixed deposits. The margin for bank guarantees ranges between 10% to 15% and that is what as the margin we provide for the guarantees, number one. Number two, the performance guarantees in our case whether public or private sector in most cases is above 5%. So, the guarantee for advance depends on project to project, it may vary between 5% to 12%. And only guarantees are provided to Grade A clients. Grade A clients in private sector all kind of established whether it is Oberoi, Godrej Brookfield and alike. Any client which in as per our parameter is Grade B, no guarantees whether performance or advance are provided. In the best-case scenario for Grade B clients, we provide corporate guarantee which is sufficient enough. As far as public sector projects are concerned, obviously, you have to provide guarantees, which I just mentioned; performance will be up to 5%, advance maybe up to 12%. So, guarantee percentage, we do not see any major difference at the moment whether private sector or public sector. Your next question was regarding our experience, given that we have just started public sector. So, today we celebrate our seventh birthday, 9th August incorporation. So, we could have obviously started bidding for government projects only one year back because there is a minimum age of the company which is stipulated by the government. Secondly, being only one segment focused that's is the segment of building. Our qualifications, very happily have built up quite substantially over the last six to seven years, especially with the modern form work technology, which we have been using all through. That gives us a clear edge because today public sector projects are also coming with modern form of technology. And therefore, you see Capacit'e is participating in that. Our approach towards the quality of clients as in private sector is for public sector. We are bidding for projects for Mumbai Municipal Corporation, certain central government funded projects. We have big pipelines further from PWD, CPWD, and CIDCO and alike. So, quality of client does not change whether you are in public sector or private sector and that focus will continue. I hope, I have answered your question.



Prem Khurana: Sure. No basically what I understand, out of the working capital cycle, because essentially with private, the good or the bad thing I mean, they tend to make you go faster depending on the kind of cash flow situation that they have whereas with public they would have budget allocated. So, which is where they would have to stick to the timeline that they have. I mean, ideally, they will not come to you asking if you go a little fast or slow on any project. I am sure they can come to you because of some of the other issue. So, essentially even in terms of making site available to you at the time of starting and whether the site is made available up front or you are required to kind of follow more procedures when you are working with public sector?

Rohit Katyal: On the working capital side, so you have seen a reduction in the working capital over on quarter-on-quarter basis. And therefore, obviously, we do believe that quality of the client matters, whether it is the public or private. The permissions access to site, tree cutting, environmental is never in our scope. So, the point is we will enter the site when we have the permission to work whether it is a public sector project or a private sector project. There is a huge tremendous government focus on affordable housing. And therefore, there is budgetary allowances by the central, state government and the various bodies floated by the government whether central or state. And therefore, going forward, over the next four quarters, I feel we shall be able to maintain our working capital cycle even as we go on adding government projects. However, to clarify in the current order book more than 80% comes from those 12 clients which are available on our presentation. And I do not think anyone can have any doubt on quality of those clients. But broadly speaking, we do see that by focusing on quality, we should be able to reduce our networking capital base substantially over the next three quarter to four quarters.

Prem Khurana: Sure. Just one last from my end, I mean the kind of cash flow situation that you have and the cash flows that you would be able to generate, let us say over the next couple of years. What are the single largest I mean, what size of single largest project would you be able to kind of bid on your own and not in consortium with anyone. I mean, what is the single largest project that you would be able to kind of bid, if you were to go solo?

Rohit Katyal: So, at the moment, depending on the technology being asked, we have been qualified for projects up to Rs. 4,000 crores on standalone basis. In hospitals, we qualify easily up to Rs. 400 crores to Rs. 450 crores. I am talking about public sector, private sector we have qualified everywhere. It will depend on what qualification criteria the department or the government agency would put which is not in my hand or any contractor hand, but as over the next three quarters as we hand over further 15 - 20 projects I think Capacit'e would be one of the better qualified companies in the country as far as building construction is concerned.

Prem Khurana: Sir, just one last if I may, I mean if you could help me with the cash number, cash and bank balance on the books as of June 30th.

Rohit Katyal: Rs. 181 crores.



- Moderator:** Thank you. The next question is from the line of Parvez Akhtar from Edelweiss Broking Limited. Please go ahead.
- Parvez Akhtar:** Sir, for FY 2020, what is the kind of order inflows that we are targeting?
- Rohit Katyal:** Parvez, as I said over so many quarters now, we would ideally like to have 2.8 to 3.2 times our forward order book. However, we see that the order sizes especially in the public sector have suddenly increased in each package size. So, while our guidance continues that we should be able to bag orders between Rs. 2800 crores to Rs. 3000 crores for the current year. There could be several pleasant surprises as we move forward because you have a tremendous opportunity in the public space as well. But as a guidance to be conservative, I believe Rs. 2800 crores would still keep us at 3.2 times of FY 2021 revenues.
- Parvez Akhtar:** Sure, sir. Sir, on the BDD Chawl project now that the work has started, what kind of revenues do we see in the current fiscal?
- Rohit Katyal:** We emphasize revenue of about Rs. 300 crores over the next 18 months, that is a rehab portion, transit camp portion. However, that revenue may or may not come on our books because of the IndAS, it is still being discussed with the auditors. We should have some clarity by quarter two of the current fiscal. But on the integrated SPV side, we do look at revenue in excess of Rs. 300 crores over the next 18 months.
- Moderator:** Thank you. The next question is from the line of Anupam Gupta from IIFL. Please go ahead.
- Anupam Gupta:** Just a few questions. Firstly, of the cash which you mentioned, how much is in deposits which has gone as margin money?
- Rohit Katyal:** So, our outstanding guarantees are about Rs. 668 crores add to that LCs of 190. So, about Rs. 80 crores - to 90 crores would be in margin.
- Anupam Gupta:** Okay. Secondly, so given how the funding or the debt market is behaving. So, on the receivable side, what parameters have you tightened? So, for example, you said, you have basically put this Rs. 465 crores worth of projects in review sort of a thing. So, what have you tightened in your parameters, when you are assessing this, firstly on that?
- Rohit Katyal:** Anupam, we are very clear that any client not paying 15 days to 20 days more than the agreed payment terms will be under review. That has been the case for the last two quarters, and we will not hesitate to suspend, stop the project, in case a particular client does not pay up as per the terms specified. Yes, we will give them a 15 days, 20 days grace, but nothing more than that. Because it is not only the debtors, it is also the work in process and the stocks which we hold for a project. So, our philosophy is to look at the overall exposure that we have towards a project rather than only looking at the debtor levels. So, we will stop the project. Unfortunately, it has been a very big eye opener from our perspective after the NBFC crisis. So, we cannot anymore believe a sanction letter of NBFC, which earlier as an insuror to an

organization, which we used to believe. So, therefore, we will have to monitor each and every project on its merits and if the payment is not coming, the operations team has been instructed to suspend the project or stop the project, whether it is for four days, five days, seven days and that is what we have been following.

Anupam Gupta: Right. So, within this 465, you said 200, the work has not started and 265 which was originally 400 there you had been doing work. So, if you were to so, obviously, you're receivable days has come down but combining the receivables plus whatever other exposure you carry for these projects, what is that amount approximately?

Rohit Katyal: I do not have the exact numbers on hand right now. But you can write an email and we shall be happy to clarify.

Anupam Gupta: Sure, that is fine. Next thing I want to check is basically obviously your order book has grown; your revenues have been growing, pretty stable growth is there. And so, what specifically have you done on the bandwidth sides, obviously, you are there. But at the middle management level, what sort of expansion have you already done all your planning to do to ensure that the monitoring remains in place and execution remain strong or on time?

Rohit Katyal: So, on the operations side, Rahul is the managing director leads the side from the operation perspective. He is supported by a CEO, Mr. Saroj Pati, who further is supported by the Chief Operating Officer zone wise and who is further supported with about 12 coordinators, who take three to four projects each depending on each one's competency. And who in turn is then supported by the project head and their respective team. So, it is a very robust mechanism which we have put in place. And obviously, that explains our execution. We have a strong team of 2200 techno commercial people who are executing the projects. On the commercial side, we have a lead team. And the top management is then supported by a department called controls and monitoring, which is headed by Mr. LM Ghosh who is a veteran in this field and who is supported by another team of about 20 members. So, this is the basic outfit on how we operate. As far as the client is concerned, if you look over the last three years, we have been able to change our order book, it maneuvers depending on the market condition very quickly. So, maybe what top 12 clients you were seeing in FY 2018 June end, you would not see many names in that now except the top markey names. And that explains how quickly we are able to adapt to the change in market conditions.

Anupam Gupta: Okay, understand. And just one more thing, which I want to get a view on, is basically there is a lot of opportunity, which is there which you also hinted in your order inflow comments. So, choosing what do we have historically seen in construction companies and of course, you also have seen in your last company as well, is that very fast growth to some extent gets problems on the control side and the profitability side and then on the receivable side. So, what is your view exactly on that let us say over the next couple of years?



Rohit Katyal: We believe that your growth has to be in proportion to your cash flow. So, if you are able to generate Rs. 100 crores cash flow from operations, you can grow at Rs. 300 crores and the Rs. 300 crores on Rs. 1,700 crores, I mean let us say a growth of 18%. So, that will be the growth percentage, number one. Number two; I have been a follower in my carrier, whether my first company, second company or now in Capacit'e of Specialization. Earlier in my career, I was extremely focused towards wastewater. In my stint with Capacit'e our focus is on building and only buildings. Today we have a strong balance sheet nothing stops us to start doing water or for that matter tunneling but we do not do it, that discipline we will continue to keep. The very fact that we are able to adapt very quickly is because we are a one segment focus company, our entire HR strength, our entire equipment fleet is supporting that segment. And we do believe as we have been discussing in the past quarters also there is humongous opportunity in this segment alone for sizable growth. To sum up, growth will be a result of the cash flows which we are able to generate and also to some extent the mobilization advances which are available from respective clients.

Moderator: Thank you. The next question is from the line of Suraj Navandhar from Prithvi Finmart. Please go ahead.

Suraj Navandhar: Sir, my question is regarding the fundraising that we have announced of Rs. 250 crores. I just wanted to understand rational behind the fund rising?

Rohit Katyal: Sir, it is only an enabling resolution. And as far as the current market scenario is, there is no question of raising funds at the moment in time. That is ruled out at the moment. It is an enabling resolution. We are a growing company. And we do believe that as per the policy, our growth will basically not be debt driven. That is what we have been exhibiting over the last six years, seven years, if you look at our debt levels. So, it is an enabling resolution, if need be up to Rs. 250 crores whether that is going to Rs. 25 crores or Rs. 50 crores or it is not going to be there, cannot be committed at this moment. It is an enabling resolution and we may look at it in the likely event if the company needs money for some mega project.

Suraj Navandhar: Okay. It is just a provision for money but it is not necessary that we are doing the equity addition of Rs. 50 crores, not necessarily, right.

Rohit Katyal: We have enough room to raise debt.

Moderator: Thank you. The next question is from the line of Shashank Palan from Rockstud Capital. Please go ahead.

Shashank Palan: I wanted to ask about the new labor model code is going to come? What is your view on the same, can we be impacted? And what is the percentage of laborers that we have one contract from third party? Can you give a light on that?

Rohit Katyal: So, number one, all the work men, labor is not a good word, work men that are in Capacit'e are through subcontractors. Being principal employers, we are responsible for their wellbeing.

proper space, an efficient facility and so on and so forth. About the new labor code as and when it comes, we are already fully compliant with that, we do not see any reason why it should impact us. Coming to your last question, the total subcontract charges range between 14% to 18% depending on project to project.

Shashank Palan: Okay. So, we do not see any problem going forward for the execution arising due to the labor code

Rohit Katyal: As a responsible company, you have to be responsible for provident fund, ESIC, PET the various labor laws. Now what is this code doing? It is bringing various laws under one roof. It is not changing laws, it is bringing ease, and it is more to do with ease of doing businesses. It is there to protect the unorganized segment. So, the government is taking a lot many steps and I think it is a welcome move. We will hope that by doing this, we can have some work men who are basically sitting and working in the Middle East back in India.

Shashank Palan: It will be more positive for Capacit'e than negative.

Rohit Katyal: So, far, we do believe. But we have not read the final print.

Shashank Palan: Okay. My next question is on the interest subvention scheme that has changed. I wanted to ask; will it impact us in any way?

Rohit Katyal: No.

Shashank Palan: So, none of the projects or none of our developers balance sheet will be affected because of it or our projects are separately funded. So, that would not be an issue to us?

Rohit Katyal: We do not work with clients who tell us that they will sell a property and pay us our payments. If you look at the quality of our clients, they are well funded, corporates, or you may call them big developers or you may call those people having strategic joint ventures with a GIC or a Brookfield or for that matter Canadian pension fund. So, for us the client quality is extremely important. We do not get into the balance sheets of our clients. But we need to be cautious that our payments will come and therefore the subvention scheme may have impacted certain developers but those developers are not our clients and we prefer micro analysis of our clients and our safety rather than macro of what a particular subvention scheme would do to the entire market.

Shashank Palan: If I can squeeze one question, lastly, the thing is I can see the depreciation has become flat now, can we assume that going forward it shall be on similar lines?

Rohit Katyal: Sir, if we want that Capacit'e growth to get slow then the depreciation can be flat. You see, we are bidding for various government projects, private sector projects, if we want our book to grow in the manner it has grown. It obviously will depend on the order inflow and the respective CAPEX associated with that. So, there, I cannot promise that there will not be any

change in depreciation, but at an current order level if you want to maintain that and the current revenue level if you want to maintain that, yes, then it can be concluded and it will be same. But the asset turn continues to improve which is visible from the presentation uploaded.

Shashank Palan: Okay. And the increase in finance cost is due to?

Rohit Katyal: Bank guarantee charges, bill discount charges.

Shashank Palan: Okay, reducing our margin money and that is increasing the interest costs?

Rohit Katyal: The margin money goes more for bank guarantees, on the margin money you earn interest which comes under other income. Bank commission towards bank guarantee comes into finance charges. Bill discounting expended comes under the finance charges, interest received from the client comes in other charges. So, the interest cost basically has reduced or is flat. Obviously, as you grow the company, you will have increased bank guarantee commissions and bank guarantee charges.

Moderator: Thank you. We will move on to the next question that is from the line of Prashant Pawar from Newbury Capital Management. Please go ahead.

Prashant Pawar: Just to flow to the previous question. I do not know if it was already outlined, any CAPEX guidance for the current year or for the next year?

Rohit Katyal: Current year CAPEX guidance is what we gave three years back or two years back, it is Rs. 75 crores at the moment. If there is any change, we will intimate in quarter two conference call.

Prashant Pawar: Okay. Next question is that it is a pretty niche industry that you are operating in, any market share data or anything that you track and what is our market share has been and how it has moved over last couple of years? Any color on that?

Rohit Katyal: There is no data as such available. Yes, what we track is what our share in a particular client's business is. So, that is confidential, I think we require approvals from our clients to let that data out. There is no such data available that this is a particular share of any company in the building construction market. Our statistics are not mature to that level and therefore, it would be a wrong figure if I give away anything, it could be more of a bluff.

Prashant Pawar: All right. And my last question is, any plans to enter into new geographies or into some new line of businesses or any anything of that nature?

Rohit Katyal: New segments of infra are ruled out in the immediate future. Point number two, new geographies, we are chock-a-block with our existing order book. So, at least for the next three quarters, until unless an existing client takes us, we do not see us entering into a new geography.



- Moderator:** Thank you. The next question is from the line of Mamtesh Shukla from NewQuest Capital. Please go ahead.
- Mamtesh Shukla:** Just a quick clarification in case of the Rs. 265 crores suspended orders. What is the exposure that we have to these clients? And what is the risk, are these more project specific issues or do we foresee these to be client specific issue?
- Rohit Katyal:** We believe that these clients are going for refinance of the projects, they had financed earlier from a particular NBFC. We obviously cannot take names. The financing model is being changed. But obviously until we have clarity, we have suspended the projects. And hopefully, over the next two, three months as the projects are refinanced; we will start working on the project again. But we are keeping a close watch on the developments. And we are very optimistic that the project should start over the next one quarter or so.
- Mamtesh Shukla:** Fine, sir. And what would be our balance order book exposure to such clients?
- Rohit Katyal:** Zero.
- Moderator:** Thank you. Ladies and gentlemen, that was the last question. I now hand the conference over to the Rohit Katyal for his closing comments.
- Rohit Katyal:** Thank you for joining us. We look forward to meeting again for Q2 very soon. Thank you.
- Moderator:** Thank you. Ladies and gentlemen, on behalf of Capacit'e Infraprojects Limited, we conclude this conference. Thank you for joining us and you may now disconnect your lines. Thank you.

