

Ref : CIL/STEX 30/Q2FY20  
Date : November 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 November 11, 2019**

Dear Sir

We refer to our letter dated November 07, 2019 regarding the Intimation for Earnings Conference Call with Analysts/Investors on the Operational and Financial performance of the Company in Q2&H1FY20 which was scheduled on Monday, November 11, 2019 at 11:30 AM (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 Sincerely  
For **CAPACIT'E INFRAPROJECTS LIMITED**

  
**Sai Kedar Katkar**  
Company Secretary and Compliance Officer





## “Capacit’e Infraprojects Limited 2QFY2020 Earnings Conference Call”

November 11, 2019



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

**MANAGEMENT: MR. ROHIT KATYAL - EXECUTIVE DIRECTOR & CHIEF  
FINANCIAL OFFICER – CAPACIT’E INFRAPROJECTS  
MR. ALOK MEHROTRA - PRESIDENT (CORPORATE  
FINANCE) – CAPACIT’E INFRAPROJECTS  
MR. NISHITH PUJARY - HEAD OF ACCOUNTS –  
CAPACIT’E INFRAPROJECTS**

**Moderator:** Good day, ladies and gentlemen and a very warm welcome to the Capacit'e Infraprojects 2QFY2020 Earnings Conference Call hosted by Ambit Capital. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing '\*' then '0' on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Varun Ginodia from Ambit Capital. Thank you and over to you Sir!

**Varun Ginodia:** Thanks All. Good morning everybody and welcome to Capacit'e Infraprojects 2Q Earnings Call. From the management today we have with us Mr. Rohit Katyal, Executive Director & Chief Financial Officer, Mr. Alok Mehrotra, President (Corporate Finance) and Mr. Nishith Pujary, Head of Accounts. Mr. Rohit Katyal will start with a small presentation, will give his opening earmarks and then we will open the floor for question and answer. Over to you Sir!

**Rohit Katyal:** Good morning everyone. A very warm welcome to our 2Q & 1HFY2020 earnings conference call. Along with me, I have Mr. Alok Mehrotra and Mr. Nishith Pujary 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. Before I take you all through the operational and financial performance for 2Q & 1HFY2020, I would like to highlight a few points.

Capacit'e today stands at an inflection point as it has a well diversified order book comprising of the most prominent clients from private as well as public sector, a lean balance sheet and a flexible management with adaptability to change. Today we foresee huge opportunities lying ahead for us. With the rising market share of branded private sector developers result into repeat orders from existing clients and increasing investments in the commercial, institutional and healthcare segments resulting into a growing commercial and institutional portfolio.

In the first three quarters of the calendar year 2019 Indian real estate sector has witnessed investments of about Rs.390 billion by various global financial institutions. A number of our clients are backed by such institutions, to name a few GIC with Magus Four Seasons, Brigade and K Raheja, Canadian Pension Fund with Piramal and Phoenix Market City, Fosun China with Ahuja Construction, this enhances our project visibility. We also see huge opportunities available in the public sector arising from government schemes such as PMAY and institutional spending.

Further, we expect the total number of sites to come down to approximately 37 by the year end FY2020 from the current levels of about 48 project sites. The concentration into larger

ticket size, but fewer sites would result into higher revenue per site and better control on fixed cost. With a healthy order book and strong pipeline, we remain confident of continuing our strong performance in the foreseeable future. Now allow me to give you an overview of our operational performance during the quarter.

**Order book:** Our total order book private plus public excluding MHADA as on September 30, 2019 stood at 11,137 Crores with an almost equal split between the public and the private sector. Our private sector order book represents a total order backlog of 5,739 Crores while the public sector order book has a backlog of 5,397 Crores.

Residential segment contributes 83% of the total expanded order book and commercial and institutional segment contributes 17%, which on absolute basis is about 1,900 Crores.

Our standalone financial performance for Q2 & H1 FY2020 is as follows:

Total income for H1 FY2020 stood at 831.4 Crores as compared to 863.3 Crores in H1 FY2019. The total income for Q2 FY2020 was 413.5 Crores as compared to 454.8 Crores. Our total income for Q1 FY2020 was 417.9 Crores thereby depicting degrowth of mere 1.1% quarter-on-quarter. The heavy rainfall witnessed by Mumbai disrupted operations resulting into a loss of approximately 29 days of execution during Q2. Reports suggest that in the period between June to September 2019 Mumbai received the highest ever rainfall in the last 65 years.

EBITDA for H1 FY2020 grew by 6.6% to 151.7 Crores as compared to 142.4 Crores in H1 FY2019. EBITDA for Q2 FY2020 was 75.2 Crores as compared to 76.2 Crores in Q2 FY2019. EBITDA margin including other income for H1 FY2020 was at 18.2% vis-à-vis 16.5% in H1 FY2019. Finance cost for H1 FY2020 is 29.9 Crores as compared to 26.8 Crores in H1 FY2019. Depreciation and amortization expenses for H1 FY2020 stood at 54.2 Crores as compared to 44.5 Crores in H1 FY2019. The amount of site establishment and temporary structure expense include in the depreciation for H1 FY2020 is 33.3 Crores as compared to 30.5 Crores in H1 FY2019. The capex towards core asset in H1 FY2020 stood at 39.5 Crores. PAT for H1 FY2020 grew by 39% to 63.6 Crores as compared to 45.7 Crores in H1 FY2019. PAT for Q2 FY2020 was 39.8 Crores as compared to 23 Crores in Q2 FY2019 growing by 72.8%. PAT margin for H1 FY2020 stands at 7.6% vis-à-vis 5.3% in H1 FY2019 and for Q2 FY2020 at 9.6% vis-à-vis 5.1% in Q2 FY2019. Tax expense for Q2 and H1 FY2019 reflect changes made by Taxation Laws (Amendment) Ordinance 2019 as applicable to the company. This has resulted in lower tax charge of Rs.6.8 Crores and reversal of deferred tax liability outstanding as on March 31, 2019 amounting to Rs.13 Crores in the current quarter and period ending September 30, 2019. Diluted EPS for H1 FY2020 stood at Rs.9.37 per equity share. Cash PAT for H1 FY2020 was 120.8 Crores as

compared to 93.6 Crores during H1 FY2019 growing by 29%. Cash PAT for Q2 FY2020 grew by 42.4% at Rs.70.5 Crores as against 49.5 Crores during Q2 FY2019.

Our net debt to equity ratio at the end of September 30, 2019 stood at 0.15. The cash and bank balance stood at Rs.153.4 Crores as at the end of September 30, 2019. Total collections during half year ending FY2020 stood at 798 Crores. The networking capital days during H1 FY2020 remain at the same level of as on March 31, 2019, which was 68 days. With this I now leave the floor open for questions.

**Moderator:** Thank you very much. Ladies and gentlemen, we will now begin the question and answer session. The first question is from the line of Parikshit Kandpal from HDFC Securities. Please go ahead.

**Parikshit Kandpal:** Congratulations on a decent quarter, just a bit about the CIDCO project, how has been the progress there, how are we looking at mobilizing it, have we received advances is the bank guarantee being finalized, if you can just update on that?

**Rohit Katyal:** Yes, CIDCO project is under mobilization, out of the 7 locations 3 locations have already been handed over to us and as we speak the mobilization is under process, it will be completed in phase wise manner by December 31, 2019. As regard the advances of first tranche of 90 Crores has been received in the month of October and the reminder of 150 Crores is expected to be received within this month. The remainder 5% will be due for collection in the next quarter and the bank guarantee for the same has been tied up.

**Parikshit Kandpal:** So, you all set to mobilize this project?

**Rohit Katyal:** It is already going on as we speak.

**Parikshit Kandpal:** We have seen some of your projects, which had got stuck, you have stopped it because of delays in payment so if you can update on those project have any of these projects being revived during the quarter so what kind of receivables are stuck there if you can just highlight it?

**Rohit Katyal:** Though there were concerns over two clients; however, as Ahuja has received a substantial investment from Fosun China the projects have been revived and they will be added back in the current quarter in the order book and we have received approximately 8 Crores as on today that is September and October. As far as another client is concerned, we have received about 6 to 7 Crores in the quarter; however, we still have to see whether they have as firm financial tie-up like in the case of Ahuja before we start the project and move the projects from suspended into active order book.

- Parikshit Kandpal:** So, what will be the total order book which we will add back to the current order book?
- Rohit Katyal:** You could add back as high as about 350 Crores; however, those 350 Crores currently is not a part of the order book.
- Parikshit Kandpal:** So, Ahuja will be how much in this?
- Rohit Katyal:** Ahuja will be a small portion about 45 to 50 Crores.
- Parikshit Kandpal:** Okay, the big one will be the other client?
- Rohit Katyal:** Yes.
- Parikshit Kandpal:** And these other two orders of the government, the BSNL order and this hospital order have the work started on these two projects.
- Rohit Katyal:** Yes, they have started, we could not start during monsoons, but both projects have started, and we expect substantial billing to pickup from Q3 and peak in Q4.
- Parikshit Kandpal:** Okay Sir, thank you, if I have more question, I will join the queue. Thank you.
- Moderator:** Thank you. The next question is from the line of Suraj Nawandhar from Prithvi Finmart. Please go ahead.
- Suraj Nawandhar:** Sir we have clocked very healthy margins despite losing 29 days of work so what has helped us clocking these healthy margins?
- Rohit Katyal:** See, first of all if you look margin is dependent on the topline also depends on the cost of the raw material, which we use, we have explained earlier also when steel prices go up we have a 100% pass through, but we do not get any profit or margins on such increase. Similarly, when the prices decrease our turnover will come down by that much level; however, the margin will look higher. So, everyone knows that steel prices vis-à-vis last year have slashed by nearly 40%. Also, monsoon is a lean period and therefore the concrete prices also fall down so that is number one why you see a little bit increase in the margins. Number two, on absolute basis our fixed cost has come down as a result of the focus, which the management is putting that is the second reason and third obviously we had lost 29 days, but the operational efficiencies across projects has seen improvement thereby reducing the cost of direct subcontractors and allied process. So, these are the three to four main reasons why you see an uptick in the current quarter.



- Suraj Nawandhar:** And Sir total order book of around about 11,000 Crores, what will be the rough timeline in which we have to finish all these projects?
- Rohit Katyal:** Three-and-a-half to four years.
- Suraj Nawandhar:** And Sir if we would not have lost the 29 days, so is it safe to assume we would have done 550 to 600 Crores of topline this quarter?
- Rohit Katyal:** I cannot make assumptions, but I do believe that based our internal targets we did suffer a setback of 75 to 80 Crores, because generally you do lose some days in monsoon, it is not that you do not lose, every year on a general basis you lose 12 to 14 days so the impact has been 15 days more and I think that of 15 days basically is what I just mentioned to you.
- Suraj Nawandhar:** Okay, thank you Sir. Thank you very much.
- Moderator:** Thank you. The next question is from the line of Baranidhar from Spark Capital. Please go ahead.
- Baranidhar:** Sir could you help me with the receivable days, inventory days and the payable days especially working capital days?
- Rohit Katyal:** The networking capital is 68 days as I told you. ]
- Baranidhar:** Okay. So that should include the receivables including retention money etc.
- Rohit Katyal:** That is all, that is right all the details. So, including retention, the debtor levels have fallen, excluding retention the debtor levels have fallen; however, the details will be mailed to you so that there is no error in communication what I say and you receive.
- Baranidhar:** Understood Sir. So, the second question is on the employee cost, so you had mentioned that the fixed cost has also come down so is it because we are focusing more on lowering the number of project sites and hence we are not using that many employees now?
- Rohit Katyal:** That is a normal transition, you see that as on December 2017 the company had 63 operational projects, as on today the operational projects have come down to 48 and we are going to be going towards 36 to 37 projects by this year-end, which obviously means that the temporary staffs, the ITI staffs, certain other category of staffs will become redundant, that is normal when scalability starts coming into any organization.
- Baranidhar:** Finally, on the tax bit Sir. So, the reduction in deferred tax liabilities is it due to the timing difference in the depreciation?

- Rohit Katyal:** Absolutely, so you had to capture the future tax as on March 31, 2019, which obviously was captured at 34% to 35% whatever the tax liability was there earlier and with the new ordinance that has been now calculated 25.17% and therefore the reversal of 13 Crores. Apart from that the normal reduction obviously will be on a continuing basis.
- Baranidhar:** Final question if I may, so we had clocked about 5000 plus Crores of inflow this year, how much do we expect more this year?
- Rohit Katyal:** At the moment we are only choosing very very good clients and as such, we will be receptive to certain repeat orders from the category of clients we are working at the moment or better and we will focus on a couple of government projects for the reminder of the year, but with certain big size projects already in the kitty we have more than surpassed our order book targets given externally and internally both.
- Baranidhar:** Understood and all the best for the future.
- Moderator:** Thank you. The next question is from the line of Vibhor Singhal from PhillipCapital. Please go ahead.
- Vibhor Singhal:** Sir just two questions from my side, just to take it from where you left in the last as an answer to the last question you said that we have already surpassed the kind of target that we were hoping for this year and our order book also if we include the MHADA order as well, without that also the order book looks really really strong, so do you believe that we have reached a stage at which we would probably want to basically hold ourselves back and let us say consolidated a bit and even say no to some of the orders if they were to come our way so that we are able to execute the order book that we have at this point with basically perfection and without any delays and without overburdening ourselves?
- Rohit Katyal:** Absolutely, not only the order book, if you look the geographies also we have been very choosy about the geographies number one. Number two, we have not allowed our debtor levels to slip even after the industry witnessing the worst four, five quarters in the history and obviously we have already been saying no to many, many orders especially where capex is warranted, and therefore the focus will continue to be on the execution and efficiency in operations, there are no two ways about it. We are at the moment focused on handing over various projects and we do believe that another 12 projects will be handed over in this quarter and next, taking the overall executable projects to 36 and then we will take a call or make a strategy on further order book buildup. So, at the moment we will be very, very choosy, obviously there are certain clients who would like to give us repeat orders in the same area. So, for example let me say a Godrej project, which is under execution and you need to add another three buildings we will not deny because that will not burden our execution. Similarly, for the Raymond's order, we are executing nine



buildings and if they wish to add and we are in a position, that the current resources at the project site can handle that, we will not be wary, but in a new location we will not be taking any projects at the moment..

**Vibhor Singhal:** Sure Sir that is really helpful and also Sir on the current order book that we have, given that in general, I know we do maintain a very good working capital cycle but even with that working capital cycle the amount of capital requirement that we have to complete this project over the next three, three-and-a-half years do you believe our balance sheet has enough strength or do you believe we would require some sort of capital infusion to be able to execute this order book?

**Rohit Katyal:** See this order book you are adding CIDCO order, which has a 10% interest free mobilization advance, and therefore this particular order will not require any fund based debt or equity infusion, I hope that answers your question. As far as other book is concerned that we are already executing, there is nothing that needs to be further mobilized except 15 to 20 Crores of aluminum formwork, which again is going to be funded by the clients. Secondly, our debt level is very comfortable in the event of the company needing 50, 60 Crores that can be easily raised. If you see even on enhanced order book, we have not increased our debt level on the contrary and still this has remained the same. We do not see any change in that in the foreseeable future either, hope that answers your question.

**Vibhor Singhal:** Yes Sir it definitely does. Just last one from my side, as you mentioned that the steel prices being lower and concrete prices also because in the monsoon season the margins were a bit on the higher side in this quarter so should we take 14%, 15% as the normal sustainable range of margins for overall operations of the company?

**Rohit Katyal:** We have not changed our guidance of 15.7% to 16.3% for the last six quarters and that is the benchmark, which everyone should consider. We are in construction business where no two quarters are the same it depends on the work executed because we follow the survey method of accounting for our invoices.

**Vibhor Singhal:** Sure Sir. Thank you so much for taking my questions and wish you all the best.

**Moderator:** Thank you. The next question is from the line of Ashish Shah from Centrum Broking. Please go ahead.

**Ashish Shah:** Sir just a question on the CIDCO projects you said that three locations have been handed over. So, first what would be the value of the work involved in those three locations out of the total order and second what is the status of the remaining four by when do we expect that also to be handed over to us?

- Rohit Katyal:** The revenue possibility from this project site, which has already been handed over will be close to 1200 Crores and the second part of the question we expect the reminder project size to be handed over in phase wise manner by between November 30, 2019 and December 10, 2019.
- Ashish Shah:** So, all of this within the Q3?
- Rohit Katyal:** That is right.
- Ashish Shah:** And so, of the three locations let us say that we already have been given, what is the revenue one could be looking at for this financial year?
- Rohit Katyal:** I would be difficult for me to put a number as we speak.
- Ashish Shah:** So at least for these three locations of 1200 Crores everything is clear and there is nothing that we have to wait so we just have to start the work?
- Rohit Katyal:** So we have started the site activity already as I told you if someone asked me earlier the question and what we are doing now is in the process of submitting the drawings to IIT, which would take about 10 to 15 days for approval, thereafter we will start with the actual construction at project site by mid of December and therefore I said there can be preponement or postponement by a week or so and therefore I did not give you any revenue guidance as far as this project is concerned for the current quarter, but yes we will be in a position to start physical work on all these three project sites and maybe another one depending on the handover of tomorrow or next week or whatever it is in the current financial year.
- Ashish Shah:** Sure Sir. Thank you very much.
- Moderator:** Thank you. The next question is from the line of Parvez Akhtar from Edelweiss. Please go ahead.
- Parvez Akhtar:** Sir couple of questions from my side, first what is the kind of capex that we have done in the first half?
- Rohit Katyal:** 39.5 Crores.
- Parvez Akhtar:** And Sir what is the way ahead on the BDD Chawl project how is that project shaping up now?

- Rohit Katyal:** So, in that project already execution has commenced, alright and we believe that the transit camps with a total construction value of approximately 300 Crores will start by December and the client will be moving 1210 mms on an alternative transit camp outside the project site starting March, so we do believe as we speak today that for the next financial year and the year thereafter we will have revenue visibility of close to 2000 Crores on joint venture company basis.
- Parvez Akhtar:** Thanks. That is, it from my side and all the best for the future.
- Moderator:** Thank you. The next question is from the line of Navin Jain from Florintree Advisors. Please go ahead.
- Navin Jain:** Sir my first question is on CIDCO projects so I believe there is another round of bidding come up from CIDCO can you share some details and are we participating in the same?
- Rohit Katyal:** As of now it would be speculative for me to answer this question, we do not know the size of the projects, we only know that the board of CIDCO has received in principle approvals from central government for construction of yet another 131000 houses and those 131000 houses would entail a capex from CIDCO and central government including state government of approximately 25000, 26000 Crores, but only once the prequalification documents are in public domain will we be able to decide whether we are going ahead or we will be bidding or not, it is too premature at the moment to give any further details.
- Navin Jain:** But this will probably be bidded out next year only?
- Rohit Katyal:** You see the prequalification documents have not come out so we do not know whether this year, next year or the later part of next year, we will not be able to comment we can only comment once the prequalification documents are in the public domain.
- Navin Jain:** Sir my second question was on the working capital front. A very broader question, so unbilled revenues for FY2017 balance sheet used to be just about 35 odd Crores that have gone up beyond 400 Crores now I think, so why this number going up consistently ever since FY2017?
- Rohit Katyal:** It is not going up, the accounting standards have changed, if you look the unbilled revenue now includes WIP of 250 Crores, so you have to remove that first to have an apple-to-apple comparison. So if you remove that figure the total amount of uncertified revenue or unbilled revenue will be 234 Crores, which obviously will get certified, some would have got certified in October something will get certified in November, so it is not comparable.

- Navin Jain:** And Sir one final book-keeping question, what is the capex plan for the CIDCO project in particular and what is the capex we are planning for the full year?
- Rohit Katyal:** The full year capex remains at about 75 Crores excluding CIDCO, CIDCO capex over the next two-and-a-half years is at approximately 115 Crores.
- Navin Jain:** And how much of that will be this year?
- Rohit Katyal:** Of that approximately 10 to 15 Crores will be this year so the overall capex for the company will stand revised to 75 plus 15 approximately 90 Crores.
- Navin Jain:** Thank you.
- Moderator:** Thank you. The next question is from the line of Gautam Trivedi from Nepean Capital. Please go ahead.
- Gautam Trivedi:** The first question I had was with respect to, you did mention that your working capital days net are 68 days and you have almost equal amount of business from the public sector and the private sector, the question I had was with respect to the public sector business are you seeing a slowdown in terms of receivables just to get a gage of how the government has been in terms of payments and it is not only government of course as we also have CIDCO order, but what has been the payment and receivable situation from that specific segment?
- Rohit Katyal:** So there is hardly any debtor from the public sector side as on September 30, 2019, the works have just started for BMC, mobilization advances have been received from BMC and partially from CIDCO, so there is no receivable except maybe Rs.1 Crore from the data center project. Therefore, the receivable figure which you see is totally from the private sector side and not from public sector side.
- Gautam Trivedi:** So, basically the public sector has been better than the private sector oddly enough?
- Rohit Katyal:** It is not better or worse, once we bill then the receivables come. We have started billing from this month onwards and therefore the payments will start coming from December onwards. We do believe that with the quality of the clients in public sector we are working our debtor days should reduce as informed earlier also, that is the main purpose of adding quality clients.
- Gautam Trivedi:** The other question I had was that 83% of your business is residential and the other 17% is commercial and institutional do you see that mix changing going forward given the stress in the residential space, I know you are going with quality clients but nonetheless the stress remains unfortunately?

- Rohit Katyal:** Out of the 11000 odd Crores 4502 is from CIDCO and that was social sector spend basically, which was targeted at lower income and middle-income groups, which is funded by the central government, state and CIDCO. So, the point is that and with the benefits of subvention charges which the central government has already announced, we believe that the PMAY projects in certain locations in our view would fare very very well, that is the assumptions of the client also, number one. If you remove this 4500 Crores your order book would be close to 6700 or 6500 Crores of which 1900 Crores is commercial and institutional and therefore the private sector portfolio would be close to 4500 Crores or thereabout and those come from very strong marquee clients, who have complete financial tie-up, therefore as a contracting company a pure EPC company we would like to look at our clients strength rather than the macro market and therefore the focus is on good quality clients in our book or let us say the micro of our clients rather than macro of the market so we do believe that we will be able to sustain our net working capital days if not better it over the next two quarters.
- Gautam Trivedi:** So, the 68 days that you ended the quarter with what was it year-on-year in FY2019?
- Rohit Katyal:** 68 days same.
- Gautam Trivedi:** The same not changed.
- Rohit Katyal:** So, in the worst market condition we just mentioned, that has been the toughest fourfive quarters for the industry and therefore we being able to maintain the same networking capital in itself is an achievement by the organization.
- Gautam Trivedi:** Absolutely great. Thank you so much.
- Moderator:** Thank you. The next question is from the line of Mohit Kumar from IDFC Securities. Please go ahead.
- Mohit Kumar:** Sir two questions, Sir do you see any large opportunities from the government side apart from this CIDCO new PMAY project, which is coming up in the near future?
- Rohit Katyal:** The pipeline is very substantial, you see that Maharashtra alone has 1740000 of PMAY projects to be built over the next five years, similar number say for Gujarat, Rajasthan, all the states; however, we look at the client quality also and as I just mentioned our analysis is more of micro rather than macro and therefore there is ample opportunity on the public sector side not only in PMAY or affordable housing, there is also serious opportunity on the institutional side, which is the hospital buildings, education centers or so on and so forth, So we do believe that there is enough scope to grow. Having said that, our order book is already huge, our coffers are full and therefore there is no hurry as an organization to go

and pickup orders. We will pick and choose and that situation is available with the organization now.

**Mohit Kumar:** Sir what is the timeline for execution for CIDCO project?

**Rohit Katyal:** 43 months.

**Mohit Kumar:** How the payments will be made?

**Rohit Katyal:** Monthly RA bills will be raised

**Mohit Kumar:** Okay Sir. Thanks.

**Moderator:** Thank you. The next question is from the line of Faisal Hawa from Hawa & Company. Please go ahead.

**Faisal Hawa:** Sir it is regarding the top five client concentration as far as revenue is concerned what is our top five client concentration and secondly given the order position and overall conditions of the real estate market and assuming it to continue in the same way what do we expect our revenue CAGR for the next five years?

**Rohit Katyal:** First thing we do not give revenue guidance we have not been doing that alright, so our order book is in front of you and the average completion period is between three-and-a-half to four years that should give enough visibility to you with your experience. Number two our top five clients from the private sector is approximately 55% and that means 55% of revenue will be coming from the top five clients, which include the Oberoi, Piramal, MCGM, Wadhwa, Kalpataru, Raymond's and so on.

**Faisal Hawa:** And are we adopting any new age method of construction to speedup construction or are we doing any kind of R&D or even some overseas best practices to really speedup our construction processes?

**Rohit Katyal:** Capacit'e was incorporated in 2012 and it is a new age construction company, so we do not do construction by conventional method we only use modern technology whether it is monolithic whether it is a jumpform, tunnelform, ACS, panelform so we do not do construction from conventional methodology at all. So, I hope that answers your question.

**Faisal Hawa:** Thank you so much.

**Moderator:** Thank you. The next question is from the line of Jaspreet Singh Arora from Equentis. Please go ahead.



- Jaspreet Singh Arora:** Just what is happening in terms of the current quarter, have you seen any impact of this delayed extended monsoon in the month of October and do you think there could be some hit again in this quarter?
- Rohit Katyal:** See the execution has picked up, there will be four or five days obviously monsoons cannot be predicted it has been very funny all over India we have seen rains in Chennai, we have seen rains in NCR, you have NGT issues in NCR, which still continue so the point is that obviously there will be some impact, but we do believe that execution has picked up in November and we should be able to fulfill our internal guidelines as far as topline is concerned.
- Jaspreet Singh Arora:** And so you said there was a potential loss of revenue about 70-75 Crores so that makes it closer to about 160, 165 Crores monthly run rate that we could have clocked so do you think for the second half 200 Crores plus kind of a run rate is this a conservative number given that things are now better?
- Rohit Katyal:** Sorry Sir no revenue guidance as you know me for a longtime. I do believe that the order book is in front of you, the quality of clients are in front of you, needless to say that if a client does not pay we will be willing to compromise revenue from that particular project, but not do anything, which impact the cash flow or the profitability of the company. That is the philosophy with which we are working. So we have given an overall yearly target internally we have set the overall order book is in front of you.
- Jaspreet Singh Arora:** Sure done Sir. Thank you so much and all the best.
- Moderator:** Thank you. The next question is from the line of Nikhil Chaudari from Akash Ganga. Please go ahead.
- Nikhil Chaudari:** Just wanted to understand something on the EBITDA margin, we see lease liabilities adding on September 2019 financials so I just wanted to understand has the Ind-AS 116 impacted the period in shooting up the margins a bit apart from the fall in the steel prices that you mentioned earlier?
- Rohit Katyal:** Yes, it has impacted by Rs.75 lakhs on an absolute basis.
- Nikhil Chaudari:** Thanks a lot. That is it from my side.
- Moderator:** Thank you. The next question is from the line of Varun Ginodia from Ambit Capital. Please go ahead.

- Varun Ginodia:** Sir I know it is a bit early to comment but today there is news circulating that Shiv Sena might form a government with Congress and BJP might not continue, do you see any impact of that on social spending like PMAY or any such schemes in the pipeline like what we witnessed something in Andhra Pradesh like something of that sort can happen in Maharashtra as well just your thoughts on that?
- Rohit Katyal:** I do not think that any central government funded project was impacted in Andhra what was impacted is state funded and the projects which we are doing are either fully budgeted or like in the case of MCGM, which has an 80000 Crores fixed deposit with banks at the moment in time and as far as CIDCO is concerned there were central government funding in place, which has been released, so I do not see that impacting or a situation like Andhra happening in Maharashtra it is never happen in the history so obviously we are optimistic that it will not happen in Maharashtra, number one. Number two, as far as any other party forming a government is concerned, we have no comments to make, that is not our expertise, neither are we well placed to answer such questions I hope you understand.
- Varun Ginodia:** Yes, totally, thank you.
- Moderator:** Thank you. Due to time constraints that was the last question. Rohit Sir over to you for any closing comments!
- Rohit Katyal:** Thank you everyone for joining on the call. We hope we have been able to answer to your queries. For any further information we request you to get in touch with our IR team. Thank you and hope to connect in the next quarter.
- Moderator:** Thank you very much. Ladies and gentlemen, on behalf of Ambit Capital that concludes this conference call for today. Thank you for joining us. You may now disconnect your lines.