

Capacite Infracproj.

10 August 2026

Operator: Ladies and gentlemen, good day and welcome to the Capacit'e Infracprojects Ltd. Q1 FY27 conference call. As a reminder, all participant lines will be in listen-only mode, and there will be an opportunity for you to ask questions after the presentation concludes. Before we begin, a brief disclaimer: The presentation that Capacit'e Infracprojects Ltd. has uploaded on the stock exchange and its website, including the discussions during this call, contains or may contain certain forward-looking statements concerning Capacit'e Infracprojects Ltd.'s business prospects and profitability, which are subject to several risks and uncertainties, and the actual results could materially differ from those in such forward-looking statements. Should you need assistance during the conference call, please signal an operator by pressing star and then zero on your touchtone phone. I now hand the conference over to Mr. Rohit Katyal, Executive Chairman, Capacit'e Infracprojects Ltd. Thank you, and over to you, Mr. Katyal.

Rohit Katyal – Executive Chairman: Good afternoon. On behalf of Capacit'e Infracprojects Ltd., I extend a warm welcome to all participants on our Q1 FY27 earnings conference call. Joining me today are Mr. Rajesh Das, CFO, along with Mr. Alok Mehrotra, Rishi Pujari, and our investor relations team from Marathon Capital. I trust you have had a chance to review our results. The presentation and press release have been uploaded on the stock exchanges and are also available on the company's website.

The momentum built up by the company in FY26 is poised to deliver improved revenue growth in the remainder of the current financial year. The performance was impacted by workmen shortages and factors beyond the control of the company. However, the workmen situation has since normalized, and we are confident of achieving our guided performance for the current fiscal over the remaining three quarters of FY27.

Let me turn to some of the key updates. Commodity price volatility, especially with respect to non-ferrous metals, is yet to get reflected in the inflation indices being published by the government. As a prudent measure, the company has therefore taken an additional provision of 10 crores in the current quarter. The order book stood at 13,535 crores as of June 30, 2026. The public sector accounts for 55%, while the private sector accounts for 45% of the total order book. The FY27 order inflow target is between 4,500 crores and 5,000 crores. The order book so far in FY27 stands at 1,071 crores. Supported by the strong pipeline of identified quality projects for bidding, comprising 22,000 crores in the public sector and 5,000 crores in the private sector over Q2 and Q3, the company remains confident of achieving its FY27 order inflow target.

The promoter share pledge position has been reduced from 85.5 lakh shares on an absolute basis as of March 31, 2026, to 50 lakh shares currently. The company is targeting the full release of the pledge by the end of the current financial year.

I now turn to the consolidated performance highlights for Q1 FY27. Revenue for Q1 FY27 stood at 629 crores, up 7% compared to 589 crores in Q1 FY26. EBITDA for Q1 FY27 stood at 99 crores, moderating by 3% compared to 102 crores in Q1 FY26. The EBITDA margin for Q1 FY27 stood at 15.7% compared to 17.2% in Q1 FY26. EBIT for Q1 FY27 stood at 80 crores, down 8% compared to 87 crores in Q1 FY26. The EBIT margin for Q1 FY27 stood at 12.5%. PAT for Q1 FY27 stood at 40 crores compared to 47 crores in Q1 FY26. The PAT margin for Q1 FY27 came in at 6.2%. The key

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financial metrics mentioned above were impacted by the 10 crore additional provision mentioned in my earlier remarks. I now leave the floor open for questions. Thank you.

Operator: Thank you very much. We will now begin the question-and-answer session. Anyone who wishes to ask a question may press star and one on their touchtone telephone. If you wish to remove yourself from the question queue, you may press star and two. Participants are requested to use handsets while asking a question. Ladies and gentlemen, we will wait for a moment while the question queue assembles. The first question is from the line of Vinay Choudhary from Indexa Capital LLP. Please go ahead.

Vinay Choudhary – Indexa Capital LLP: Hello, good afternoon. My question is regarding revenue and execution. We have seen strong order inflows this quarter as well as on a year-to-date basis. Our order book-to-revenue ratio is quite strong, but we have not seen the conversion in our execution. At the project level, where are we unable to execute at that level? Could you throw some light on that?

Rohit Katyal – Executive Chairman: Good question. The order book includes IIT Bombay. That is a 550 crore contract that was supposed to start in Q4 of the last fiscal but will start only in Q2 of the current fiscal because the client did not have tree-cutting permissions available. Therefore, while we have the extensions in place, this had an impact because the project is a fast-track project of 24 months. Q1 and Q2 of the current fiscal should have had revenues in excess of 65–70 crores from that project alone. This is one impact.

Secondly, the revenue build-up of NBCC has happened from the current quarter, and you will see a three-fold increase in that project as well. Just as there are right-of-way issues with clients in other sectors, we could also face problems with certain clients due to tree-cutting or encroachment issues with government clients. However, I am happy to say that the first building of IIT has been handed over, the design has been approved, and execution has started. I therefore believe that execution will double in these projects, or increase further, over the next 1–2 quarters. Therefore, I am very confident, as I explained, that we will achieve the full-year guidance.

Coming to the overall order book-to-revenue ratio, you should look at our CAGR from 2022 to 2026, which is close to 20% or thereabouts. You should look at our PAT, whose CAGR will be more than 30%. The company has been able to convert. You are right that we can do far better, and we are on track to do that. I hope I have answered your question.

Vinay Choudhary – Indexa Capital LLP: To rephrase, I assume H2 will be considerably stronger, assuming the monsoon affects seasonality in the current quarter. Would it be fair to assume that the quarterly run rate can exceed 850 crores to achieve our full-year guidance?

Rohit Katyal – Executive Chairman: It will, 101%. Our guidance is 20% year-on-year, and we are well on track to achieve that. There has been a moderate increase in revenue. We had mentioned in the last conference call also that labor had dipped to 50% in May and then to 7,000, which represented a shortfall of nearly 30% in June. As I speak to you today, the labor requirement is fully in place, and therefore you will see a satisfactory uptick in Q2 as well. Obviously, we are looking to achieve 850 crores plus in Q3 and Q4.

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Vinay Choudhary – Indexa Capital LLP: Secondly, regarding the provision, we have guided for an EBITDA-level margin of 15.5–16%, while we have provided about 10 plus 10, or 20 crores, in the last quarter and the current quarter. If raw material prices normalize, is it fair to assume that these 20 crores can potentially be reversed, which could improve our P&L in the coming quarter? Or have these 20 crores already been absorbed? Is this something that cannot be passed on, or is it something that can be reversed?

Rohit Katyal – Executive Chairman: I explained in my last quarter's conference call that while steel prices have moderated, we have seen aluminium prices increase by 35–40%, and the price variation has not caught up with that. Similarly, for other non-ferrous metals such as copper, CPWD has just published a new DSR, and it will take another 1–2 quarters before the entire escalation is covered by these indices. We have to wait and watch, but I am fairly confident that a large portion of this will be reversed.

It is only prudent to provide for this because, as of June 30, it was not covered. Similarly, as of March 31, it was not covered. In answer to your question, we are extremely hopeful of reversing this provision in Q3 and Q4. However, there is a disclaimer: It again depends on the inflation index and not on food, retail, or wholesale prices. This relates to copper, aluminium, and so on. Given the 7–8-year history, we have generally been able to cover the increase. Let us wait and hope for the best, but a substantial portion will be reversed and will add to the bottom line.

Vinay Choudhary – Indexa Capital LLP: Thank you for answering the question.

Rohit Katyal – Executive Chairman: Thank you.

Operator: Thank you. The next question is from the line of Rohit Gupta from RKG Online Power Services. Please go ahead.

Rohit Gupta – RKG Online Power Services: Hello. Good afternoon. My question is regarding the MHADA BDD Worli project. What is the current outstanding order value that is still left to be executed, and when do you expect the remaining value to be included in Capacit'e Infracprojects Ltd.'s order book?

Management: The total order value at the TCC level, which is the parent company jointly owned by Tata Projects and Capacit'e Infracprojects Ltd., is close to 17,000 crores, including escalation. Out of this, MHADA has handed over 50% of the rehabilitation portion, or 50% of the project, which is approximately 34 rehabilitation buildings.

These 34 rehabilitation buildings translate into an order book at the TCC level, again at the parent-company level, of approximately 7,500–8,000 crores. Out of these 8,000 crores, 35% belongs to Capacit'e Infracprojects Ltd. Therefore, approximately 7,500–8,000 crores multiplied by 35% represents our order book as far as the MHADA project is concerned at the parent-company level.

At the subcontract level, 35% of the subcontract is being executed by Capacit'e Infracprojects Ltd. on a standalone basis and 65% by Tata Projects Ltd. This translates into the same value that I have just mentioned. However, some profit will be booked at the consolidated level—let me complete.

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Some profit will be booked at the consolidated level, as you are seeing through the share of associates, and the balance profit will be booked in the standalone books of the company.

Rohit Gupta – RKG Online Power Services: My follow-up is regarding Capacite Infracprojects Ltd. currently being L1 for the CIDCO Maha Awaas PMAY housing project. Could you provide some information on this?

Management: As a corporate policy, we do not declare L1 positions, but yes, we are L1 in a couple of projects. One of them is the project you have just mentioned, and we hope that it will be converted into an order within this month.

Rohit Gupta – RKG Online Power Services: The second one is the Chennai Metro commercial complex, which is another L1 position.

Management: We are expecting that also to be converted in the current month. Apart from these, there are other L1 positions, but as a company policy, since we do not declare them on the stock exchanges, I will not be able to comment any further. Since this is a government project and is in the public domain, I can comment on it.

Rohit Gupta – RKG Online Power Services: Thank you.

Operator: Thank you. The next question is from the line of Vasudev from Nuvama. Please go ahead.

Vasudev – Nuvama: Thank you for the opportunity. How is our work progressing on the CIDCO and Signature Global projects?

Management: Regarding the CIDCO projects, we are handing them over. We had explained last time that we had handed over two locations. Work is going on at the remaining four locations. There were seven locations altogether, if you remember. We are in the process of receiving the handover of the remaining quantum of land, beginning in Q2 and ending in Q3.

Therefore, from Q3, you can expect enhanced revenues from the CIDCO project. For completion of the remaining four locations, we have received an extension from the client until March 2028. This means that we have to achieve further certified revenue of close to 1,000 crores plus escalation over the next 18 months. Therefore, the revenue guidance earlier given for CIDCO is based on 1,400–1,500 crores plus escalation, and we are well on track to achieve that.

Vasudev – Nuvama: And regarding Signature Global?

Management: Regarding Signature Global, we are targeting approximately 22 crores in monthly revenue. We are on track to achieve that. There was a serious dip in Q1 because of a serious shortfall in labor across the country and across the industry. However, we now have more than 1,000 people on the ground at the project site, and we are confident of achieving the targeted revenues. It improved significantly in June—sorry, July—and you will see significant improvement between July and August.

Vasudev – Nuvama: For MHADA and CIDCO also, could you give a similar number? What is our current monthly or quarterly run rate, and how much do you expect it to improve?

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Management: Our target is to achieve about 20 crores per month on MHADA in Q2. We expect another four buildings to open up in Q3. At the subcontractor level, one building is approximately 140 crores. With the opening of each building, we add approximately 6 crores to the top line because each slab casting generates revenue of about 3.1 crores.

It is a long answer, but to answer your question, in the current quarter we should be at approximately 60 crores. For Q3 and Q4, we expect 75 crores plus from this project alone, given the current status of the land handed over by the client to the parent company, TCC, and by TCC to Capacite Infracprojects Ltd.

Vasudev – Nuvama: And for CIDCO also, could you help with some similar numbers?

Management: For CIDCO, I gave a figure last time of approximately 600 crores for the full year. We believe that we should be more or less within that range, with some improvement. However, the positive surprise will come from NBCC in the current quarter, the next quarter, and Q4 as well.

The billing momentum has built up there, and as I explained in my earlier answer, we expect revenue to increase from approximately 20 crores to 60 crores per month there from the current month onwards.

Vasudev – Nuvama: In NBCC, have you started booking profits for this project?

Management: It has now started booking profits. We have 300 crores of certified billing, and we are looking to bill a further 60 crores per month for the remainder of the year. We have crossed the 20% threshold and are therefore booking profits as guided for the NBCC project.

Vasudev – Nuvama: One last question from my side: What was the capex in Q1, and what are the targets for the full year?

Management: The full-year target is 193 crores. The capex incurred in Q1 is 52.26 crores.

Vasudev – Nuvama: That is all from my side. I will join the queue again.

Operator: Thank you. Ladies and gentlemen, if you wish to ask a question, you may press star and one. A reminder to all participants to press star and one to ask a question. The next question is from the line of Vaibhav Shah from JM Financial. Please go ahead.

Vaibhav Shah – JM Financial: Good afternoon. Firstly, regarding CIDCO, what would be the order backlog for the six buildings, and what would be the same for the seventh building?

Management: It is not seven buildings. The total area to be constructed under the contract is 1 crore 62 lakh square feet. We have received 50% of that. The remaining 50% is to be handed over, and the client has identified a couple of locations that we believe should be handed over to us by next month. We should receive the entire scope of 162 lakh square feet over the next 2 quarters, including the current quarter.

Vaibhav Shah – JM Financial: In terms of order value, what would be the order book for the six buildings and the seventh building?

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Management: The total order value for the remaining portion would be approximately 2,000 crores plus escalation.

Vaibhav Shah – JM Financial: Including all the buildings?

Management: This includes whatever balance has to be received. Of what has already been received, another 1,000 crores remains to be billed.

Vaibhav Shah – JM Financial: Secondly, what is our {? Mahada ??} right now? Approximately {? 3,500 ??}?

Management: Are you referring to the outstanding portion or the entire {? [unclear] ??}?

Vaibhav Shah – JM Financial: The outstanding portion.

Management: The outstanding portion, including price variation, because price variation is approximately 28% as I speak to you, will be between 3,200 crores and 3,300 crores. It can vary depending on the point at which the company receives the price variation. Currently, it is at 28%.

Vaibhav Shah – JM Financial: Of this 3,200–3,300 crores, what is the value of the seventh building?

Management: Approximately 2,500 crores, including escalation.

Vaibhav Shah – JM Financial: What would be our gross debt right now, and how do you see it developing by March 2027?

Management: The total gross debt is 522. I gave commentary during the last conference call that it would reduce on a yearly basis. It has increased only because approximately 150 crores of payments were shifted by 10 days, and those payments have obviously been collected in the current month. This should not be viewed on a quarterly basis. On a yearly basis, we will reduce our gross debt, and we will also reduce our net debt. Our eight-quarter net-debt-free target is well on track.

Vaibhav Shah – JM Financial: Lastly, there was some confusion regarding the consolidated and standalone numbers. What is the difference in terms of revenue? For which projects is revenue booked in the consolidated books?

Management: The Nagpur–Mumbai Super Communication Expressway project is accounted for on a consolidated basis for our share of revenue. The Capacite Infra and Mota Group Maldives project is also booked on a consolidated basis. Further, only our share of the profit from TCC, which is the MHADA parent company, is booked in the consolidated accounts. Everything else is in the standalone accounts.

Vaibhav Shah – JM Financial: So MHADA revenues will not come into the standalone books?

Management: If that were the case, we would have had 1,000 crores of revenue in Q1. Only the profit will come into the consolidated accounts, not the turnover.

Vaibhav Shah – JM Financial: Thank you. That is clear.

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Management: Thank you.

Operator: Thank you. The next question is from the line of Vedant Kabra from ABW Capital. Please go ahead.

Vedant Kabra – ABW Capital: Thank you for the opportunity. I have a couple of questions. Your Q1 commentary flagged the Mumbai water cut as an execution drag. Looking ahead for this year, in Q3, the Delhi NCR GRAP construction bans are a recurring annual event spanning November to January across the entire NCR. How do you plan to tackle this and still achieve the 20% top-line growth that we have targeted for this fiscal, given that we achieved 7% in Q1?

Management: The point is that July in Q2 has been strong for the company, and therefore we derive confidence from the August and September numbers. In Q3, as I told you, we have just started the IIT project and have just started generating revenue from NBCC. Revenue is bound to rise in the CIDCO and MHADA projects. Similarly, we had announced the Downtown project in Q4 of the last fiscal. The current quarter will give you substantial revenue of close to 55 crores from that project alone, and this is bound to rise in Q3 and Q4.

Therefore, the number of projects that will add meaningful revenue from Q2 onwards, peaking in Q3 and Q4, gives us substantial confidence of achieving the full-year target on a consolidated basis.

Vedant Kabra – ABW Capital: Will this Delhi NCR construction ban period impact revenue or result in any slowdown?

Management: We have factored in an average loss of 20 days. If it extends to 40 days, everyone will suffer, but I do believe that the industry is taking adequate steps to address this. If the AQI remains at 400–500, then it is anyone's guess. At the moment, however, we have factored in 20 days in the current fiscal for the impact on Northern India revenue due to the NGT.

Vedant Kabra – ABW Capital: My second question is on revenue growth. Revenue growth has slowed steadily. We were at 22% in {? FY23 ?}, then at 12% in {? FY24 ?}, and we are currently at 7%. Even though our order book has reached a record 13,500 crores, which is approximately five times our annual sales, the slowdown had started before the water-cut and labor issues.

From an investor's standpoint, I want to understand whether we have an execution bottleneck outside of the labor and water issues. Is revenue recognition slower because of the shift to 40-plus storeys, which now accounts for 60% or 62% of the business?

Management: No, it is not like that. We have been very open with all our investors and financial institutions that order execution is pending on nearly 2,000 crores. For example, I just mentioned the 2,500 crore CIDCO project in response to the earlier question. Execution of that 2,500 crore project has yet to start, and we expect it to start from the next quarter.

We are increasing the revenue from NBCC, which was not even 15 crores per month last year, to 60 crores from the current quarter onwards. In the current quarter, meaning per month, approximately 150 crores would come in.

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Similarly, we could not start work at IIT Bombay because of tree-cutting permissions. These things are unforeseen. Therefore, out of our 13,500 crore order book, execution was taking place only on 8,000–9,000 crores. That does not mean the active order book is not active. However, as soon as these opportunities become available, we now have 34 buildings in {? Marada ?} to execute. Obviously, that will be reflected in the top line.

We have already started work at IIT, and from the next quarter you will see revenue from that project as well, along with the increase in revenue from NBCC.

Lastly, {? Great Value ?} still has to receive approval. While the order was booked in Q4 of the last fiscal, we have not recognized any meaningful revenue from that project, perhaps only 1–2 crores. Therefore, from Q3 onwards, we believe you will see sizeable revenue from that project.

When we refer to our total order book, it includes sites where work has yet to begin. We now have a roadmap showing that, from the end of Q2 and in Q3, several additional projects will start generating sizeable revenue.

Similarly, {? Wadala ?} of Raymond will start from the end of Q2. You will therefore see sizeable revenue coming in Q3 and Q4, which is the basis for our confidence in revenue growth.

I would also request you to look at our CAGR from 2022 to 2026, which would be approximately 18% on a consolidated basis. If I have given a projection of 20%, obviously the CAGR will improve by that additional percentage, but our goal over the next 2 years is to maintain that growth rate. The order book supports it, the current labor strength supports it, and our focus on using new-age technologies will further support it from the end of Q3 and Q4 of the current financial year.

Vedant Kabra – ABW Capital: That gives immense clarity. Thank you very much.

Operator: Thank you. The next question is from the line of Pratik Bhandari from Art Ventures. Please go ahead.

Pratik Bhandari – Art Ventures: Thank you for the opportunity. I wanted to get a sense of the current quarter, with the last 40 days having gone by. Have you seen any stabilization in commodity prices?

Management: Commodity prices have been stable over the last 3–4 months. Steel prices went down by 20% and increased by 3%, but the concern is regarding non-ferrous metals such as aluminium and copper.

The price increase currently reflected by CPWD is approximately 14%, while at the ground level, the raw material itself—raw material represents, for example, 30% of the entire {? MEP ?}. If that has increased by 40%, it represents only 12–14% of the material component, without considering labor. Therefore, prices have stabilized, but inflation is yet to catch up with the price rise.

Pratik Bhandari – Art Ventures: Understood. Inflation from the Office of the Economic Adviser relating to commodities. My second question is on capex. Last time, you guided for capex for FY25 for FY27 of around 165 crores, which was for aluminium extrusion, and now you have mentioned 193 crores. Can you give us a sense of where the difference is flowing?

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Management: We are expecting certain orders in this quarter, and we have accounted for that. The bifurcation is as follows: We are looking at 66 crores for plant and machinery. We are looking at 121 crores for aluminium extrusion and related formwork for the full year, and information technology would be 5.43 crores.

We are currently in the process of implementing SAP, and we should go live in Q3 of the current fiscal. It is important for the organization. This is the bifurcation: 155 crores for plant and machinery and aluminium extrusion, of which formwork accounts for 121 crores.

Plant and machinery will increase because we are currently executing more than 15 buildings in the super-high-rise segment. Although we already have substantial equipment of our own, there will still be a requirement for high-speed passenger lifts and hoists for passengers and materials. Similarly, we are bidding for composite buildings involving steel structures, such as IIT Bombay, which will require heavier cranes. These requirements cannot be envisaged only in March.

We have booked these requirements because we are very confident of exceeding our half-yearly target in the current quarter, along with the L1 position alone. We therefore believe that this increase in equipment is directly proportional to that opportunity.

However, given the increase in equipment, our repayment of term loans for the current year will stand at 102 crores. Therefore, the debt position may increase by 45-50 crores on a net basis due to the equipment purchase, and nothing more than that.

Similarly, on the working-capital front, just as we reduced working-capital days by 40 days last year, we expect a similar reduction over the full year in the current financial year. Please do not ask me for the March, September, or December figure, but we will definitely discuss the March 2027 figure with you. Working-capital days in March 2027 will be further improved compared to March 2026, and the overall debt position will be lower.

The term loan will obviously be higher because of the substantial equipment purchase, based on the net amount of new loans we take and repayments we make, by approximately 45-50 crores.

Pratik Bhandari – Art Ventures: My last question is regarding the order book that we received during the quarter. Can you give us a sense of whether it came from the public or private sector?

Management: The first quarter was entirely private. In the second quarter, we expect an equivalent contribution from the public sector, and we are negotiating with certain high-quality private-sector opportunities. We are very hopeful of converting some of them in the current quarter.

As I told you, there is no reason why we should not cross the upper band. Our order inflow band is 4,500-5,000 crores, and we expect to cross 50% of the higher end of the band in Q2 itself.

Pratik Bhandari – Art Ventures: Thank you very much.

Operator: Thank you. The next question is from the line of Dhananjay Mishra from Centrum Broking. Please go ahead.

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Dhananjay Mishra – Centrum Broking: Regarding the 6.5 crore monetization value, where is it being captured? Is it in other income?

Management: In other income. Could you repeat the question? You are referring to the 6.5 crores realized from the sale of a non-core asset? The profit is reflected in other income. The profit is reflected in other income.

Dhananjay Mishra – Centrum Broking: Is that part of the 10 crore other income?

Management: Absolutely. Therefore, if you look at the overall full-year basis, there was substantial other income booked last year, and the target for the full year remains unchanged.

Dhananjay Mishra – Centrum Broking: For CIDCO, you said the outstanding order for the six sites is 1,000 crores and 2,500 crores is for the seventh site.

Management: It is not the seventh site. It is the remaining area to be handed over, from 2,000 crores plus escalation to 2,500 crores. In our order book, we have considered 2,000 crores. As soon as those locations are handed over—approximately four locations encompassing the seventh location that people know—we will provide further details.

We will give you absolute clarity on that in the Q2 earnings conference call. However, we do expect a couple of locations to be handed over within the current quarter.

Dhananjay Mishra – Centrum Broking: Could you also discuss the bid pipeline for this financial year? Do you see any opportunity for us in the Mumbai 3.0 opportunity being discussed?

Management: I will not be able to name the projects, as you can understand, due to restrictions. However, we have an identified bid pipeline of 22,000 crores on the public side and approximately 5,000 crores of targeted bid pipeline in the private sector for Q2 and Q3.

The Q3 pipeline will be uploaded by the end of Q2. That is the process we follow, because a simple list does not constitute a bid pipeline. The projects that are formally planned for tender and have received administrative approval from the relevant government departments are the projects that we include in our bid pipeline.

This represents the opportunity as far as capacity is concerned. It may increase or decrease depending on when the government finally publishes the NIT, but we see a very strong pipeline in both the government and private sectors.

Dhananjay Mishra – Centrum Broking: Thank you. That is all from my side.

Operator: Ladies and gentlemen, if you wish to ask a question, you may press star and one. The next question is from the line of Gunjan Singh from Cyclical PMS. Please go ahead.

Gunjan Singh – Cyclical PMS: Thank you for this opportunity. My question is regarding contract assets. If we look at peers such as Ahluwalia or PSP, contract assets as a percentage of revenue are approximately 14–15%, whereas ours are approximately 50–55%. Could you help me understand why our contract assets are much higher than theirs, and what percentage represents unbilled revenue versus how much is under stress?

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Management: The stress has already been provided for. I would like to clarify that I do not know where the 15% and 14% figures have come from, but contract assets plus debtors for our company stand at approximately 78% of the top line as of March 31. The same percentage for our competitors is between 56 days and 65 days.

If you remember, during COVID, after COVID, 325 crores had been held up, and this figure had risen to 120% of the top line.

There has been a 45% improvement over the last 3–4 years as far as contract assets are concerned. During our commentary in the Q4 earnings call, we said that we would be in a leadership position, better than most of our competitors without naming them, over the next 8 quarters.

You will see improvement in both contract-asset and debtor realization, just as you saw a 40-day improvement in net working capital last year, or a reduction of 43 days to be precise. Similarly, you will continue to see the percentage of contract assets and debtors relative to the top line come down on a quarter-on-quarter basis. There will be a very positive surprise in March FY27, and we should be in a leadership position by March 2028, at the level we had achieved in March 2019 before COVID.

Gunjan Singh – Cyclical PMS: Unbilled revenue plus receivables for them are between 35% and 45% of revenue. What efforts or steps are we taking to reduce these contract assets? Will we be changing our accounting standard, or is money stuck with a few clients who are expected to clear it? Could you also help us understand how much of these contract assets are more than 1 year, 2 years, or 3 years old, so that we can determine whether this is regular unbilled revenue or something that has not been cleared for a long time?

Management: Let me explain. It is a very long answer. The data is available, and you can connect with our investor relations team immediately after the call. For example, in CIDCO, we have 300 crores of unbilled revenue because of work completed and milestone payments. Similarly, in {? Marada ?}, we have nearly 2,000 crores of unbilled revenue on a 6,500 crore project. These figures may be off by 5–10% because I do not have the details in front of me.

Rohit Katyal: [inaudible]ment. We have seen some increase in NBCC. We have seen a reduction on an absolute basis in MHADA. The entire data is available, and since these are all ongoing projects where bills are being certified month-on-month and payments are being received, you will see that these are cyclical. Nothing is more than 1 year, 2 years, or 3 years old. Everything relates to milestone payments. The milestone payments are being billed.

The certification for the current month in CIDCO will be in excess of 60 crores. Revenue is 35–40 crores. Therefore, this additional 20 crores is nothing but the milestone being billed. The final bills for 2 locations are also going to be submitted to the client in the current quarter. You will therefore see further certification taking place.

These are nothing but milestones being converted. However, I would urge you to look at the overall contract assets of 7–8 players in our sector as a percentage of the top line, and you will see the substantial improvement that Capacit'e Infracorp. has made over the last 3 years.

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Gunjan Singh – Cyclical PMS: What is the aspirational exit contract-asset level for FY27? Should we consider 1,000 crores as a normal business-as-usual contract asset for the financial year, or should it come down to another level?

Rohit Katyal: We do expect the contract asset for FY27 to come down. At the same time, you should remember that this was the contract asset on revenue of 1,800 crores, and this was the contract asset on revenue of 2,700 crores. Therefore, on revenue of 3,200 crores or 3,150 crores, the contract asset would also be at this level or slightly lower. We are well on track to reduce it as a percentage of the top line. Regarding the absolute number, we can discuss it offline because I do not have it ready in front of me.

Gunjan Singh – Cyclical PMS: Thank you very much. I wish you all the best.

Rohit Katyal: Thank you very much. My pleasure.

Operator: Thank you. The next question is from the line of Rohin Gupta from RPP Online Services. Please go ahead.

Rohin Gupta – RPP Online Services: I wanted to clarify regarding BDD MHADA. Does our unexecuted order book still remain at 3,000 crores?

Rohit Katyal: Rohin, I will explain. It is a long answer. As I told you, our portion of order execution is 35% at the parent-company level. Because we own 35%, we cannot consolidate the revenue. We can only take our portion of the profit.

What we book as revenue is revenue as a subcontractor to our own parent company, and that is included in the standalone revenues. Over the next 6–7 years, you will see the profit, or share of profit, from TCC growing, meaning the consolidated profit will grow, and revenue as a subcontractor will also grow.

Our share is 35%, and we will be executing this backlog over the next 6–7 years. To be clear, the current certification of TCC with MHADA is in excess of 2,000 crores. If the revised order booking, including price variation, is {? 16, 17,000 crore ?}, you can establish the backlog, and 35% of that is attributable to Capacite Infracprojects Ltd.

Rohin Gupta – RPP Online Services: Understood. Thank you.

Operator: Thank you. Ladies and gentlemen, if you wish to ask a question, you may press star and one. A reminder to all participants to press star and one to ask a question. The next question is from the line of Deepak Poddar from Sapphire Capital. Please go ahead.

Deepak Poddar – Sapphire Capital: Am I audible?

Rohit Katyal: Yes, please go ahead.

Deepak Poddar – Sapphire Capital: Thank you very much for the opportunity. I wanted to understand the provisioning. Do you expect it to recur, because you have been making a provision of 10 crores per quarter for the last 2 quarters? How should one look at this?

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Rohit Katyal: In fact, this has occurred subsequent to February. I do not see any provisioning coming in Q2. We will have to wait until Q3 to see how the escalation indices develop.

The provision in Q4 of the last fiscal was necessary because, following the geopolitical tensions, we suddenly saw a very serious increase in non-ferrous metal prices. That impact would have occurred in Q1, Q2, and Q3 of the current fiscal. Similarly, we have not seen any softening in non-ferrous commodities, nor have we seen price escalation matching this increase.

That warranted the additional 10 crore provision in the current quarter. Therefore, I do not see any further provisioning in Q2 onwards. However, we will discuss the matter and provide confirmation regarding Q3 in the next earnings call.

Deepak Poddar – Sapphire Capital: This provisioning is largely because of the escalation in non-ferrous prices?

Rohit Katyal: Absolutely. We have copper, and nearly 55-60% of our business comes from the public sector. There are electro-mechanical works in those projects, and we also have a sizeable amount of aluminium formwork that has to be purchased.

When it is purchased, there is a notional debit of rent or, in your terminology, depreciation. All of these factors have an impact. If the purchase price has increased, it has to be reflected somewhere or the other.

Deepak Poddar – Sapphire Capital: How do we conclude that the majority of it can be reversed in Q3 and Q4? What is the thought process behind that?

Rohit Katyal: Until March, the price variation did not move. If you compare last June with this June, the price variation has been close to 8-8.5%, whereas it was not even 2% until March. Suddenly, in April and May, inflation for non-food items moved up. I am referring to non-food items.

At the same time, June did not see such a significant increase, which led to the need for this provision. However, we believe that the true price will be reflected over the next 1-2 quarters.

I am giving you a clear disclaimer: We believe that a substantial portion of this will be reversed based on the data available for the last 7-8 years regarding WPI and commodity-linked inflation figures.

Deepak Poddar – Sapphire Capital: When we refer to an EBITDA margin of 16-17%, are we excluding other income?

Rohit Katyal: Excluding other income. Otherwise, both of us would be happy.

Deepak Poddar – Sapphire Capital: That is all from my side. I wish you all the best. Thank you.

Rohit Katyal: Thank you very much.

Operator: Thank you. A reminder to all participants to press star and one to ask a question. The last question is from the line of Rahul Kumar from Waikaria Fund. Please go ahead.

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Rahul Kumar – Waikaria Fund: Thank you. I am carrying forward Deepak's question. This is just for understanding: Is the additional provision that you have created for any specific projects, or is it for revenue that you booked in the March and June quarters?

Rohit Katyal: No. This additional provision is for materials that have to be purchased over the next 4 quarters, where we believe that, under the current situation, the escalation will not cover the cost.

For example, in NBCC, we currently have an escalation of 6%. We do not believe that 6% will cover the entire cost. That is point number one.

This essentially relates to government contracts, because in the private sector we undertake only steel and core work. There is no electro-mechanical business there. Similarly, if you look at the aluminium windows that we are installing in all the government projects, their price has increased. A substantial portion of that is currently covered by price variation.

Going forward, if the price variation does not move in the way we believe it should, our perception cannot make us prudent. We believe that we should not make a provision now and then suddenly make another provision in Q3 and Q4.

If we see that the escalation has caught up with the purchase price, you will see reversals in Q3 and Q4. That is what I meant.

Rahul Kumar – Waikaria Fund: To summarize, is this 20 crores the potential exposure to inflation for the projects affected by this commodity inflation?

Rohit Katyal: It relates to the commodity impact where the escalation currently does not cover the total increase.

Rahul Kumar – Waikaria Fund: For the completion of these projects over the next 3–4 quarters?

Rohit Katyal: We cannot foresee beyond 3 quarters, or at most 4 quarters, based on the best information available to us and taking into consideration the price increase. The provisions have been made on that basis.

If the facts are in favor of the organization, you will see a reversal in Q3. If the facts continue to be favorable, there is an easing of geopolitical tensions, and prices actually fall, then it would be a complete reversal. I would not like to comment strongly on that, but we do expect some reversals to happen, as I explained earlier.

Rahul Kumar – Waikaria Fund: Understood. My last question is regarding working capital. I think you mentioned that you want to be net-debt-free in the next 8 quarters from now.

Rohit Katyal: Net-debt-free.

Rahul Kumar – Waikaria Fund: Yes, net-debt-free. If we consider March 2027, the end of this fiscal year, we reduced working capital by approximately 40 days last year. What is the medium-term target for the end of this year? Where do we want to end up?

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Rohit Katyal: From 2013 to 2020, our net working capital was between 56 and 72 days. Net working capital represents the overall impact of reducing contract assets, converting more receivables, and the net cash-flow position from operations.

You saw cash-flow improvement last year from approximately 50 crores to approximately 250 crores, give or take 10 crores. We expect that momentum to continue, which is the basis for this projection.

Ideally, I would like to see us return to the pre-COVID situation, when {? 225 crores ?} was stuck. Today, we have brought that figure down to {? 160 or thereabouts ?}. We also have a target of 50 crores for the current year.

We achieved our target last year with an improvement, and we are hopeful of achieving that in the current year as well. All these realizations directly impact net working capital and contract assets in a positive way.

Since we reduced working capital by 40–50 days last year, we expect a reduction of at least 25–30 days in the current financial year, even if it is not the same level.

Rahul Kumar – Waikaria Fund: By FY28, we will have to reach the remaining level.

Rohit Katyal: Absolutely. The industry has to establish whether analysts such as you would like to compare contract assets plus debtors, excluding retention, to turnover, or whether you would like to monitor net working capital.

Whatever approach you decide on, we will include it in our investor presentation every quarter. We will be very happy to be as transparent as possible.

Rahul Kumar – Waikaria Fund: Perfect. Thank you.

Rohit Katyal: Thank you.

Operator: Thank you. As there are no further questions from the participants, I now hand the conference over to Mr. Rohit Katyal for closing comments.

Rohit Katyal: I would like to thank all of you again for joining today's call. We hope we have been able to address your queries and provide some insights into our performance and future outlook. If you have any further questions or require additional information, please feel free to reach out to our investor relations team. Thank you for your time and continued support. Goodbye.

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

Note: {? ... ?} indicates a figure or name where audio clarity was insufficient for confident transcription. Verify against the source audio or the company's published filings.

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