



“Cemindia Projects Limited
Q2 FY '26 Earnings Conference Call”
October 31, 2025



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MODERATOR: **MR. ABHINAV – ICICI SECURITIES**

Moderator:

Ladies and gentlemen, good day, and welcome to Cemindia Projects Limited Q2 FY '26 Earnings Conference Call hosted by ICICI Securities Limited. 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 star then zero on your touch-tone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Abhinav from ICICI Securities Limited. Thank you, and over to you, Mr. Abhinav.

Abhinav:

Thank you, Trisha. Good afternoon to all. On behalf of ICICI Securities, I welcome you all to the Q2 FY '26 Earnings Call of Cemindia Projects Limited. Today, we have with us from the management, Mr. Jayanta Basu, Managing Director; Mr. Nitesh Sharma, the CFO; Mr. Rahul Agarwal, Head, Investor Relations.

We will begin with the opening remarks from the management, followed by Q&A. Thank you, and over to you, sir.

Nitesh Sharma:

Thank you, Abinav. Good afternoon, everyone, and thank you for joining us on the Q2 FY '26 results con-call. So, this is Nitesh Sharma. So, before I begin, the discussion that we will have in this call may contain certain forward-looking statements about Cemindia Projects Limited, which are subject to several risks and uncertainties, and actual results may differ materially from those in such statements.

Let me first start with the financial performance for the quarter and subsequently, our MD, Mr. Jayanta Basu, will be taking you through the operational performance of the company. So, we are pleased to share that we have reported another quarter of robust performance in FY '25-'26. I'll brief about the quarter performance for FY '26 first.

The total operating income of INR2,175 crores in Q2 FY '26 against INR1,991 crores, which translates into a growth of 9% on a year-on-year basis. The EBITDA for the quarter stood at INR242 crores against INR204 crores of the preceding previous year corresponding quarter, again, the growth of 19%. EBITDA margin was at 11.1% in Q2 FY '26 against 10.3% in Q2 FY '25. PAT of INR108 crores in Q2 FY '26 against INR72 crores, a growth of 49% on a year-on-year basis.

I'll brief you on the H1 performance now. For H1, the total operating income stood at INR4,718 crores against INR4,372 crores in the corresponding year quarter, again, a growth of 8%. EBITDA of INR496 crores in H1 FY '26 against INR442 crores, which is a growth of 13% on a year-on-year basis. EBITDA margin at 10.5% in H1 against 10.1% in H1 of previous year. PAT of INR245 crores in H1 FY '26 against INR172 crores of the previous year H1, growth of 42% again reported. And as usual, conservatively, we are financed with a net debt-to-equity ratio of 0.25x.

I'll brief you on the order book position as on date. So, in the first half, we have secured order of around INR6,189 crores, Post September '25, the new orders which we have won is close to

INR1,000 crores, and we are L1 in around INR2,500 crores of order book. So, the total order book now stands at close to INR9,700-odd crores.

Now I would like -- I would request our MD, Mr. Jayanta Basu to take you on the operational performance. Thank you.

Jayanta Basu:

Thank you, Nitesh. Good afternoon to all, and welcome to Cemindia's Q2 performance for '25-'26. I'm pleased to share information about our performance, which is good in terms of profitability. As you can see, our EBITDA is more than 11% this quarter. And as a common trend, the revenue is a little down from the quarter 1 as because of monsoon effect.

And generally, if you see all the past years, it affects around 14% to 16% in that range. We'll get less revenue in quarter 2 because of monsoon. And this year also not exception to that. But Q3, Q4 is definitely better than this.

Profit after tax, around 5%. Historically, if we see the profit after tax, 2, 3 years back also, it used to be around 2%, 3%, 3.5% in that range. And for a construction company, purely 5% PAT, I think, is quite good compared to any standard. Profit before tax is 6.7% this quarter. So, the financial performance are quite okay. Execution is good.

And the major jobs, which all of you know, we have been discussing, the Ganga Expressway is almost -- it's all completed. I must say it is completed. Udangudi all completed. CMRL Chennai Metro, which have started, it was a very tough job. Considering the geology, we could overcome those challenges and the TBM, I mean, the tunnel is almost completed or under control. Bangalore Metro tunneling is completed. And, certain job, which has started in between like LNG Petronet and Dahej for as amazing job. Again, a very challenging place to work, but work is going on very smoothly.

Project Varsha, which was a tough job to begin with. And if you know the history, it was a long history anyway. We were able to deliver as per the client's requirement in the time line, quality, etc. Bangladesh job, we faced some turmoil due to the local issues, as all of you know, but it is fully under control and within the schedule going on, we received payment as required, and there is no issue at all in terms of Bangladesh job.

We have started a few new jobs. One is in Abu Dhabi for ADNOC that is Abu Dhabi Port Limited. We have just in the phase of mobilization. Other international job at Colombo is almost completed. Bangladesh, we have just said. In building, we are doing a unique project for IKEA at Noida, which has started very well. And hopefully, we'll be able to complete within the time. A few other buildings also we have handed over. So, execution-wise, we are quite comfortably positioned now.

But at the same time, we have got plenty of opportunity going forward. And as you have seen that our order book has gone to INR6,000 crores to INR7,000 crores already, which is almost equal to what we have done last year, whole year. There are a few jobs which are the lowest or order is almost there. So, if you consider that INR10,000 crore order is almost there in our hand. And there are a few jobs in pipeline.

Opportunities are plenty. We still maintain a balance between the segments. And there is new segment as we have launched, data centers have already started, secured a job and started working in job. There is huge prospect in data center business. Similarly, there are kind of other avenues like large diameter tunnels, we are focusing on that, airport. So I think things are all okay within control and future looking good. So I think that's all from my side.

We'll be happy to have any questions on this. Please go ahead. Thank you.

Moderator: The first question is from the line of Aditi Loharuka from CD Equisearch Private Limited.

Aditi Loharuka: My question is that what is your revenue growth target for FY '26?

Jayanta Basu: FY '26, I think we have projected already around 20%, 22%. It is around 20%.

Aditi Loharuka: Around 20%?

Jayanta Basu: Yes.

Aditi Loharuka: Okay. And so how do you plan to achieve this target?

Jayanta Basu: First of all, we have to secure the job to get the revenue, which we have done. The execution we have to do and we have our teams, resources available to execute those jobs because if you have to agree that you're doing job of INR1,000 crores and you are doing INR2,000 crores job, you don't require much resources in terms of the management.

You require more resources for the plant and machinery, which we have or if we do not have, we can hire, we can buy. Everything is planned, and I don't see any issue on that as far as execution is concerned.

Moderator: The next question is from the line of Dhananjay Mishra from Sunidhi Securities.

Dhananjay Mishra: So congrats on a strong operating performance. So, could you provide the detail of the order we received in terms of which order we received in Q2 and also the INR1,000 crores we have received in post 30th September and also alone position orders?

Jayanta Basu: Yes, we have in the port sector, we received 1 order from JSW Port at Odisha, around INR800 crores of job. Similarly, we have received from the group on Vizhinjam Breakwater INR400 crores. And this is in port sector. Abu Dhabi, as you have just mentioned, it is also port job is around INR700 crores.

In the airport segment, we have received around INR1,300 crores of job between Jaipur and Trivandrum. Underground Metro at Kolkata, close to INR1,000 crores we received the order. And in the power plant, we have received a job from the group around INR400 crores. Data centers, INR1,500 crores. And there is a small job in Khawda.

So altogether, INR6,100 crores of job we have received. There are a few jobs at INR1,000 crores, which is in pipeline. A bulk of them at Mundra, sorry, breakwater job at Vizhinjam Port, INR1,000 crores of job. So this is the more or less breakup of which you are seeing.

- Dhananjay Mishra:** And about L1 position, sir?
- Jayanta Basu:** L1 position, we are in Pune Metro, we are L1, INR1,700 crores. We are L1 in a Project Varsha for Indian Navy, also close to INR1,000 crores, so INR3,000 crores. And one more job, we are not able to reveal the name, which will be around INR2,000 crores, which is almost with us. Once it comes, you'll know.
- Dhananjay Mishra:** Okay. In terms of H2, I mean, remaining of 5 months, how do you see order inflows finalizing?
- Jayanta Basu:** We still want to maintain the same guideline end of the year, INR15,000 crores, INR16,000 crores will be the order book, if not more.
- Dhananjay Mishra:** And which segment you are expecting these orders? I mean, whether it is metro or data center or marine job?
- Jayanta Basu:** All the 3 segments. That is our split.
- Dhananjay Mishra:** Okay. And any airport order expected to be finalized from group?
- Jayanta Basu:** It depends upon how the project takes up, what time. Yes, opportunities are there, but it depends upon when they'll start accordingly whether this year or next year.
- Dhananjay Mishra:** And lastly, sir, any legacy provision we had -- which we have written back in this quarter?
- Jayanta Basu:** No, I think we are mostly done with those such kind of provisions and this thing because, as you know, a long time back, Delhi Metro and thereafter Bangalore Metro. So those big kind of things are behind us. Yes, while green project, some job we will lose, some job we will gain. So some sort of things will be always there. But there is nothing which is very significant to be discussed or reported.
- Moderator:** The next question is from the line of Shreyans Mehta from Equirus.
- Shreyans Mehta:** Congrats on a great set of numbers. So my first question is just one clarification. So order inflow, including L1 would be closer to INR6,000 crores plus close to INR5,000-odd crores. So INR11,000 crores is the number is how we should look at things?
- Jayanta Basu:** Yes. If you see, I mean, the order what we have received officially is INR6,200 crores till now. That is up to September end. In October also, we have received order around INR1,000 crores. So order received is around INR7,200 crores so far.
- But beyond that, a few orders are just ready for us to be taken over, which is the L1 and other things altogether will be around INR3,500 crores. So you rightly said that around INR10,000 plus crores to INR7,000 crores, we may say, practically with us in this year.
- Shreyans Mehta:** Got it. Sure. That clarifies the thing. Sir, second, in terms of our performance this quarter, the other income seems to be on a higher side. So are there any write-backs or anything which is exceptional for this quarter?

- Jayanta Basu:** No, no, no write-back. It's only exchange gain is in one of the overseas and on the interest on the FD which have been bought. So not -- no exceptional or no write-backs sort of thing.
- Shreyans Mehta:** No writeback. Got it. Got it. Got it. Sure. And sir, third, in terms of the depreciation cost, if you see the quarterly run rate seems to be going downwards as compared to last year. So will this be -- we should be assuming this run rate closer to INR430 crores, INR440-odd crores going forward? Or how should one look at the depreciation run rate?
- Nitesh Sharma:** Depreciation, more or less -- historically, the run rate has been like that only. But now as Mr. Basu said that we are also looking forward for jobs in different verticals of large TBMs and all. So on success base, it may change because that may require new capital equipment as per the project requirements. So it's all successful. Otherwise, historically, the range has always been into that. And we would -- this is the current order book position, it will be maintained.
- Shreyans Mehta:** Got it. Got it. Sure. And sir, last 2 questions from my side. What is the capex we have done till date? And what's the target? And secondly, if you could help us in terms of split between the Adani Group or the parent exposure in terms of order book for 1H?
- Jayanta Basu:** Capex is around so far INR50 crores, INR58 crores for Q2.
- Nitesh Sharma:** Capex is around INR60-odd crores so far in Q2. And the expectation is like close to INR250 crores to INR30-odd crores of capex to be spent in the full year basis, provided, as I mentioned, that if there is a new requirement for large equipment, so that will change the numbers.
- Jayanta Basu:** And your second question was something related to Adani order book as we just missed it.
- Shreyans Mehta:** Yes. So mix between the parent and the outside the parent in terms of the order book?
- Jayanta Basu:** Order book around 25%, 26% from the group company or parent company.
- Shreyans Mehta:** 25%, 26%?
- Jayanta Basu:** Yes.
- Moderator:** The next question is from the line of Vaibhav Shah from JM Financial.
- Vaibhav Shah:** Sir, on the other income, what could be a normalized number going ahead on a quarterly basis?
- Nitesh Sharma:** Sorry, can you say again?
- Vaibhav Shah:** On the other income front, on a quarterly basis, we can expect somewhere around INR10 crores, INR15-odd crores.
- Nitesh Sharma:** Yes. Quarterly basis, of course, yes.
- Vaibhav Shah:** Okay. Sir, secondly, what would be our Bangladesh project receivables right now?

- Jayanta Basu:** Bangladesh project, actually receivable is within control. I mean whatever we are supposed to get, we have already got it. But still for the bookkeeping purpose, around INR100 crores, INR130 crores is receivable, which is a normal...
- Nitesh Sharma:** Normal receivables as per the contract terms.
- Vaibhav Shah:** And what is the outstanding order value remaining?
- Jayanta Basu:** To be executed, I think 50% almost, which is INR600-odd crores we have to execute out of INR1,400 crores, INR1,500 crores.
- Vaibhav Shah:** And incrementally, are you looking for any orders in Bangladesh or for now being, we will be only focusing on the current order?
- Jayanta Basu:** Bangladesh, so far, it is not in our focus because of some obvious reason. And yes, we are not so much focusing on Bangladesh right now.
- Vaibhav Shah:** Okay. Sir, out of our order inflow plus L1 position of around INR11,000-odd crores, what would be the share of Adani projects?
- Jayanta Basu:** Around 50%.
- Vaibhav Shah:** Okay. And sir, lastly, one bookkeeping question. What would be your mobilization advance? And what would be the interest portion of that? Interest bearing portion.
- Nitesh Sharma:** Total advance is around INR900-odd crores, and out of that, almost like 20% is interest-bearing.
- Moderator:** The next question is from the line of Siddharth Shah from MK Ventures.
- Siddharth Shah:** Sir, my first question is on the data center business. Mr. Basu, Adani Enterprises have been very aggressively guiding on their data center business. They are planning to reach 1 gigawatt capacity by 2030. And they have also kind of recently announced a tie-up with Google for almost INR15 billion investment over the next 5 years in Vizag.
- So these are large plants from the overall group level. How is our company kind of -- what kind of opportunity opens up for our company in the data center business because of this? And how are we kind of ramping up our system and our management bandwidth for this?
- Jayanta Basu:** Yes. This is, we have taken it very seriously because opportunities are there. I mean to say that if you see the data center, it has got a civil component, the construction of the structure and thereafter the electromechanical part. And on top of that, the design of the whole thing, civil and electromechanical part. So civil part, definitely, we are interested and we'll be doing as much as possible given to us. And we have already started work in Navi Mumbai.
- So whatever data center civil work is there, majority portion we intend to do and that is the intention, I hope from the group company also provided everything going okay. But the interesting part is that we are getting involved in the electromechanical part also, which is the

bulk of the revenues. So we are building up our capability, recruiting people. We are engaging with the consultants where we can cater to the requirement of electromechanical part also.

Siddharth Shah: So that's very encouraging, sir. And second is, sir, overall, with the order inflow we have in place as well as L1 position, we are almost at INR11,000 crores till date. So the overall guidance of INR15,000 crores, is it very conservative because the way the ordering is yet to pick up and we expect it to pick up in second half.

And I understand a lot of projects, again, the group has won in Bihar and roadway project, road project, a lot of projects they have won probably. So maybe some of it will come for execution to our company. So is this INR15,000 crores a bit conservative? Or is it realistic?

Jayanta Basu: What is your assessment?

Siddharth Shah: Pickup is yet to happen. So we thought that H2 will be heavier than H1.

Jayanta Basu: Yes, I think INR15,000 crores was projected last quarter. It will be definitely INR15,000 crores and a little bit more. Let us see. I mean, yes, we expect to be a little bit more than INR15,000 crores, but INR15,000 crores compared to last year also is okay in terms of the order what we have secured last year, even second last year.

Moderator: The next question is from the line of Aditya Sahoo from HDFC Securities.

Aditya Sahu I wanted to understand on the geographic bifurcation for order book, order inflow and the revenue. How much are we deriving it from the domestic market and international markets?

Jayanta Basu: See, domestic market is majority, as you know, around 90%, 92%, 93% and rest is from the international market.

Aditya Sahu Understood, sir. And the bid pipeline, so what would be our current bid pipeline?

Jayanta Basu: Bid pipeline, you can categorize in 3 categories. One is the bid which we have submitted, another bid on which we are working. Another is bid, which is likely to come in near future. So if you put in 3 categories, some of them, again, I'll repeat the same number, INR90,000 crores plus/minus should be the numbers.

Aditya Sahu Understood, sir. And how much of it are you expecting it from the group entities and independent -- how much from the independent?

Jayanta Basu: It is quite close around 25%, 26% from the group.

Aditya Sahu Okay. Okay. Understood, sir. And sir, what would be the net working capital days for Q2, if you can help me with that particular number?

Jayanta Basu: It is, I think 90 days.

Nitesh Sharma: It is 90 days, close to 90 days now on Q2.

- Aditya Sahu** 90 days. Understood, sir. And I think last quarter, we had some working capital limits, short-term limits at about INR6,000-odd crores, and we had some 90% utilization. So what would be -- where do you stand now on that?
- Nitesh Sharma:** So again, we are at INR6,500-odd crores of the overall limits available with us. And the utilization again is like 85% to 90% fully.
- Moderator:** The next question is from the line of Kedar from Congruence Advisors.
- Kedar:** My question is specific to the new data center vertical that you announced. It's very encouraging to see an order book of INR1,500 crores over there. Sir, when it comes to the execution of this, as you recently explained to one of the other participants, it's going to be primarily civil plus EMP. So do you think the margin profile is going to be largely in line with what the business has been printing over the past 4 to 5 quarters? Or do you think it's going to be on the lower side?
- Jayanta Basu:** Because civil construction company we have a standard margin profile....
- Moderator:** Sorry to interrupt you, but there is some disturbance with your line. Mr. Kedar, can you please mute your line, if possible?
- Jayanta Basu:** Yes. So margin profile will be quite okay, quite standard, whatever we have in civil construction around whatever we have. So I don't know why I think it will be less.
- Kedar:** Okay, sir. So how big do you think this new vertical could be with, let's say, a 2-year horizon? So do you think this could become something like, let's say, 10%, 15% of the overall order book?
- Jayanta Basu:** At least 15%.
- Kedar:** Okay, sir. And the final question I have is, sir, when it comes to the go-to-market model that you proposed to have for this new data center vertical, will you be bidding for projects independently as well? Or do you think the order flow will be primarily coming in through the promoter for this?
- Jayanta Basu:** So step by step, we'll definitely eventually will go to the external customer. But initially, maybe 1 year or 1 year or so, we'll be leaving with the promoter.
- Moderator:** The next question is from the line of Pritesh from Lucky Investments.
- Pritesh:** From the group entities, if I have to identify the entities which are prospects for us in terms of business, I'm just calling out the businesses. And if I missed anything, please if you could add. So it is basically the airports business. Then it is the airports real estate development business, then it is the ports, basically the ports business, then it is data centers, it is all the industrial capex in the group is taking in the form of PVC or anything where there is a scope for industrial billing.

Should one include Dharavi redevelopment as a scope for you is -- I don't know, and the roads business. So have I identified all the relevant group businesses as a prospect business for us or anything which have added or anything that you want to add?

Jayanta Basu: Yes, I think we have covered all -- we have covered more because we are not there in Dharavi -
- Dharavi prospect to us.

Pritesh: So is Dharavi a prospect or it is not a prospect considering the businesses that we do today?

Jayanta Basu: No, it is not a prospect considering the way line of our business model, Dharavi is not a prospect to us.

Pritesh: Okay. Then generally for whatever capex that the group calls out, in your opinion, what should be the average civil component of those capexes? I think, let's say, in an airport, what should be the civil component ? Then in a data center, what should be your exposure or a capex -- target capex component, if you could tell us? I'm assuming that in ports, it's a fairly high share because it's largely civil. So I'm not calling that out. But in these 2 areas, if you could call out?

Jayanta Basu: I can tell you what is the present component of the job what we have secured. But future, you have to ask our promoter, what will be their plan in which they go.

Pritesh: No, no, no. My question was generally a civil component in your area of interest component is what in a data center and it is what in an airport, if you could tell that?

Jayanta Basu: Normally, in data center, civil component is around 25%, say 30%. And balance port would be around 50%, 55% or even more than that. It's difficult to say in that manner because it depends upon -- I need to do a little bit of more homework.

Pritesh: Okay. And is it fair to assume that your company should have about 50% market share in the group's capex the relevant component?

Jayanta Basu: No, no, no because civil component will not be 50% of the capex. It will be less than that.

Pritesh: No, as I said, 50% of the relevant component. So 50% of whatever is the civil component, is it a fair assumption?

Jayanta Basu: I won't be able to comment on it.

Pritesh: So today, what will be your market share in whatever incremental orders that are getting issued and you have started getting orders. So what will be your market share?

Jayanta Basu: I need to check.

Moderator: The next question is from the line of Mahesh Patil from ICICI Securities.

Mahesh Patil: Sir, my first question is on the order inflow, given the order inflow of more than INR6,000 crores in H1 and the strong pipeline, are we -- do we expect a strong H2? And are we revising our order inflow guidance for FY '26?

- Jayanta Basu:** We just discussed with some of the investors. I think we have mentioned around INR15,000 crores. It will be around that, a little bit more than that. At this moment, we are not planning to have any new guidelines.
- Mahesh Patil:** Okay, sir. Sir, my second question is on the thermal opportunity, given the strong pipeline with Adani Power of around 23 gigawatt of capacity. How much of this can we expect to come to us?
- Jayanta Basu:** It depends upon our capability and our resource availability. Some of them already we have received, some of them we are discussing. But I am not able to comment on how much is their total focus on the thermal. But for us, it will be in the range of, say, INR2,000 crores, INR2,500 crores maximum in this year.
- Mahesh Patil:** Okay. Okay, sir. And sir, my last question is on the pumped storage capacity. So the opportunity there, given that many of the developers, including Adani Green is kind of investing into pumped hydro storage. How much of the prospect do you see in this PSP?
- Jayanta Basu:** Yes. I think that's quite a bit of prospect. In general, it's there. As you know, that not only Adani Group, there are other promoters also entering into that. So yes, there's a good prospect available. And good thing about the pumped storage package is the size of the jobs are quite big, ticket job. So even if you give 1 or 2, that gives a big scale up your work in hand position. So there is a good prospect in this segment.
- Moderator:** The next question is from the line of Sunil Shah from SRE PMS.
- Sunil Shah:** Sir, my question is slightly for a long term, that's like over the next 3, 4, 5 years or so. Sir, the entire initiative of the government to develop the shipbuilding clusters is coming up in future.
- Sir, do we see any such sense of opportunity of business there in that segment for us because even shipbuilding clusters would be associated very close to the port and building the shipyards, etcetera. So my first question is, do we see an opportunity in that space? If so, if we have some rough ballpark estimate of how much can it be in terms of numbers? So that is first.
- Second is, sir, our USP, what is it that we have an edge over competition in this entire marine business that we are doing? And one more is the Vadhvan Port, which is coming up, which is one of the biggest port which is coming up in India right now as we are speaking. So any work where we are associated with that or anything that we foresee in the future? So these are my questions that I need to understand from your side.
- Jayanta Basu:** I think quite relevant questions. First of all, the shipbuilding opportunity will depend upon what opportunities are available. But if you say about capability-wise, part will be very much there. First of all, we have to create the infrastructure more than the other part, the civil structure, which involves dry dock, wet basin, ship lift facility, slipway and all these structures are very specialist and we are very good in that.
- We have done such kind of job in Project Sea Bird. We are doing at project Varsha. We have done at Garden Reach. We have done at ABG for Dahej. So we are very much in that in terms of our capability is concerned. So as and when it comes, we'll not leave there. I mean, now I

don't have the data now what will be the size in terms of value and all. But as you can see that if it comes, we are there. That is number one.

Number two, USP of our differentiate with the other contractor is that See, this marine business has started in the year 1989. And 2 good things has happened. Those who have started working in Marine division since '89, they are almost all are there today in our company. There are hardly any migration of people. So the knowledge which is there is there. And the specialist plant and equipment, which is there, which is already there and the technology part.

In marine, technology is very important because you have the design, you have the engineering, you have technology then the execution. Before execution, the technology, each marine job is different. And you have to have some instead of innovation to cater to the job requirement. So I think we are quite good in that. And that is what I think differentiates us with the other marine contractors.

Your last question was Vadhvan. Vadhvan, as you see that it's a very big marine prospect. And for information, as you know, that already the first project contract is with us. So we have started the working there, and we hope that in future also, we'll be there in some projects, some contract.

Sunil Shah:

Okay. Fine. Sir, given that size of opportunity is huge, meaning I'm just trying to correlate the way in which government intended to do on defense and on railways. Clearly, the road map is now on the shipbuilding thing. So do we see a shortage of quality manpower for us in the organization or any such thing which can act as a small bit of a hindrance given the size of the opportunity which is going to be there unfolded in the times to come. So anything? And are we preparing for those as well? Just if I can understand that.

Jayanta Basu:

Yes. I think as you know, that construction industry in our country is a few hundred billion, million USD and all. So compared to that, whatever we do, that is quite insignificant, even compared to some other company as well. So you all know very well there are opportunities, and there is a continuous process in-house to build up the capability in terms of manpower, in terms of management capability, not only that, even to handle the logistics and other stuff. So that process is very much there.

And if you see that plant and machinery, those are available. You have to go to Middle East or Europe or Singapore, you get the plant and machinery or hire or you can buy them. That's not a very difficult task. But to have quality manpower, those who know the work, yes, that's a challenge. But I think we have done pretty well in them, and we are still working hopefully, that we'll be able to cater to that.

Moderator:

The next question is from the line of Deekshant from DB Wealth.

Deekshant:

The question is on our margins going forward. So since we have this exciting opportunity in front of us, and we also are one of the few people who are able to do this in India. Don't you think that we have a good chance of accelerating our margins because I think 9% to 10% margins has been largely what we have done in the past?

- Jayanta Basu:** Of course, there is who doesn't want to increase the margin. We're all working for that. But this is a market-driven issue because you can increase your revenue to have better margin, you can reduce your cost to have better margin. And both has got the limitations. You want to increase your revenue, you cannot be competitive. If you are competitive your revenue is restricted. And to what extent you will reduce the cost because you have to deliver the job. So you have to leave in this same line of boundaries and still expect to do better. So yes, that's what my answer is.
- Deekshant:** Yes. I understand, sir. And we have been delivering quality. That's why we keep on getting the jobs. But can you put a number to what our margin trajectory can be maybe the next 2 years, next year and the year forward to it?
- Jayanta Basu:** Well, I think the PBT of 6%, which we have achieved is we are okay with that. EBITDA 10% plus 11% is okay. PAT around 4%. It is very difficult to predict what it will be after 2, 3 years' time. See, whole thing depends upon not only execution, depends upon the opportunity where the players are not there, green area, many things make a factor. So very difficult to predict what will be the margin. But our endeavor will be to have around 11% EBITDA, PAT close to 4%.
- Deekshant:** Okay. So basically, whatever margins are we having right now, these are like for the lack of better word, this is the worst margins we'll ever have. And from now on, we can expect an improvement in our margins in coming years or even quarters. Is that a fair assumption for us?
- Jayanta Basu:** You can always expect, yes.
- Moderator:** The next question is from the line of Jayesh Shah from OHM Portfolio Equity Research.
- Jayesh Shah:** Just a clarification. Your first half turnover is close to INR3,700 crores or so and full year should be around INR11,000 crores. So is this normal that second half would be close to twice the first half revenues in terms of execution?
- Jayanta Basu:** Actually, first half turnover is close to INR5,000 crores, I think INR4,718 crores. INR4,718 crores to be precise.
- Jayesh Shah:** Okay.
- Jayanta Basu:** Historically, if you see second half is always better than first half. Yes. We can put a number based on our previous performance.
- Jayesh Shah:** Right, right. And sir, given the order book pipeline plus the orders that you have, is it -- it should be predictable that you should be looking to double your revenues in less than 3 years, in which case, the execution cycle per quarter has to go up meaningfully. Is that a reasonable assumption? I'm not asking for a specific guidance, but I'm saying, is this possible given the order book and the execution time lines that may go along with it?
- Jayanta Basu:** Yes, I think I must say that's a reasonable assumption.
- Jayesh Shah:** Right. And in which case, because of the operating leverage, EBITDA margins, can go to even 10%, 11% or higher because the corporate overheads will get absorbed over a higher top line?

- Jayanta Basu:** Well, I think already it is 10% plus. I mean if you see historically, it was 9%, 8%. But since last few quarters, it has been more 10% plus. So this quarter is 11%, yes.
- Jayesh Shah:** Okay. Okay. And these large projects, normally, are they bid at around 10% to 11% EBITDA range? And is there any segmental variation between, say, ports, airports, civil and data center work and all? Or broadly, you do project bidding at 10% to 11% EBITDA range?
- Jayanta Basu:** I mean do you want me to say that what percentage of margin we'll charge for bidding? I don't think that's been a fair questions.
- Jayesh Shah:** No, I'm just looking at a normal range that -- okay. So let me just ask you in a different way that are segmental margins different for different business?
- Jayanta Basu:** Yes, yes, yes.
- Jayesh Shah:** Okay. Okay. And can you at least rank them? I'm not asking you to give a specific number as to which are most profitable and which are least profitable?
- Jayanta Basu:** Rank them in the sense that as we have mentioned, underground metro, marine normally gives a better margin as compared to the other segments.
- Jayesh Shah:** I see. I see. And lastly, on -- whilst we have talked about Vadhvan Port, this Vizhinjam Port also, I think you have received just the breakwater project. So you should be getting more of that project as well since it's owned by the parent?
- Jayanta Basu:** Yes. I mean the opportunities has to be there from parent also. As you can see, Vizhinjam Port, there will be future extensions, so you may get some order from them.
- Jayesh Shah:** Okay. And when would you then need to raise your working capital limits? Because if your execution doubles, I think your working capital limits will also need to be doubled.
- Jayanta Basu:** See, working capital revenue, cash in, cash out, all goes proportionately. The moment you have more revenue, you bill more, you get paid by the client. So automatically, that part takes care. What happens that you require to have some advance to start the new job before it converts to the running account. So that will be our endeavor to get advance as much as possible for the customer.
- Otherwise, working capital, if you see historically during the last 3 years, there is a marginal requirement, marginal, I mean, increment in that. So we don't think we are much worried about that. But as and when it is required, our team is working, our finance team, they will be able to arrange it issue. No issue.
- Jayesh Shah:** Right. And lastly, on retention levels, what are the normal retention levels for all the projects? And how long the retention levels are due?
- Jayanta Basu:** See, retention also, it is very -- varies customer to customer. Sometimes it is 5% cash, sometimes it is 10% cash, sometimes 0 cash and bank guarantee only retention. So that is how it goes. So

today, our retention will be around INR600 crores out of business of around INR10,000 crores business.

Jayesh Shah: Okay. Okay. INR600 crores of retention versus advanced mobilization of INR900 crores?

Jayanta Basu: Yes, yes.

Moderator: The next question is from the line of Shreyansh Ghatani from SG Securities.

Shreyansh Ghatani: I had a couple of questions. Sorry, the first one was on the interest cost. So since we've got rerated, our credit ratings have gone up, should we expect any kind of benefit in terms of the interest cost that we'll be having here?

Jayanta Basu: See, the financial institutions are not in our control. But definitely, we'll try our best and we try and we hope and we wish that interest rate will come down. Let us see.

Shreyansh Ghatani: No. So the interest rate, I meant like since you've got a rating upgrade, credit rating upgrade, does that have any favorable impact to your rate of interest?

Jayanta Basu: Normally, yes.

Nitesh Sharma: There are many factors which drives that.

Jayanta Basu: Yes.

Nitesh Sharma: So that's not the only factor. But we are as rightly said by Mr. Basu, we are working. And the endeavor is always to bring down the cost.

Shreyansh Ghatani: Got it. The second question was on the data center side. So, this INR1,400 crores, INR1,500 crore order book that we've got. So, you said that 25% is the civil structure. So pretty much like 75% is something that we'll be subcontracting to. So, with that much amount of subcontracts, you think we'll still be able to maintain that around 10% margin?

Jayanta Basu: Actually, data center subcontracting means it is basically supply and then installation. So, it depends upon you go to which category of subcontractor. You can give it to somebody like very big company that entire thing they do it. You can divide them to small companies that part of them done by some other company. And then you can even buy the stuff by yourself and put somebody to install it. So, a whole lot of combination has to be done. And yes, that is a business. I mean, we have to do monthly not of all this.

Shreyansh Ghatani: Got it. So, you said you are also working on the electromechanical side. So, by when do we expect more of an integration that we have on the whole chain of data center EPC?

Jayanta Basu: First job what we have secured already have started working on that, including electromechanical. I think by another few months' time, the integration will happen.

Shreyansh Ghatani: Got it. And what would be the timeline for the execution for this project?

- Jayanta Basu:** Data center, each data center civil part is around 16 to 17 months and thereafter another 6 to 7 months for the entire commissioning. So, 2 years plus, minus 2 years, you can consider.
- Moderator:** The next question is from the line of Maitri Shah from Sapphire Capital.
- Maitri Shah:** Yes. Just on the previous participant's question on data center with electromechanical jobs. So, do we have a better margin, compared to the civil side of this data center job?
- Jayanta Basu:** Unless we execute, how do we know? We have just started. We hope to be better but let us see.
- Moderator:** The next question is from the line of Bobby Jay from Franzi Investments.
- Bobby Jay:** Regarding the data centers, isn't that more through PEB structures?
- Jayanta Basu:** Well, generally, yes, PV structures, but you can convert it to precast concrete items also.
- Bobby Jay:** Right. But do you think precast will still be used because you read more and more of these being done through PEB. So for example, for Adani, do they primarily use PEB or precast concrete?
- Jayanta Basu:** Mix, mix. I mean it is not only PEB, it is not only the precast mix of them.
- Bobby Jay:** Okay. And the second question is regarding the Adani Group. Whenever they have a project and assuming you have the capability and the capacity to fulfill it, does it directly come to you? Or do you have to bid for it?
- Jayanta Basu:** No, no, no. We are a listed entity. So it goes through a tender process. The normal process what is to be followed before, same thing continuing. I have clarified it before also. It doesn't come to us automatically.
- Bobby Jay:** Okay. So it's just like any other tender?
- Jayanta Basu:** Yes, yes.
- Moderator:** The next question is from the line of Vaibhav Shah from JM Financial.
- Vaibhav Shah:** Sir, only one question. In the other income, what is the portion of currency gain for Q2?
- Nitesh Sharma:** It's around close to INR15-odd crores in Q2.
- Moderator:** Ladies and gentlemen, as there are no further questions, I would now like to hand the conference over to the management for the closing comments.
- Jayanta Basu:** Thank you all for the interest you have taken for our Q2 conference call of Cemindia Company Projects Limited. And hopefully, we remain connected and take more interest on our company. Thank you.
- Moderator:** On behalf of ICICI Securities Limited, that concludes this conference. Thank you for joining us, and you may now disconnect your lines. Thank you.