DILIP BUILDCON LIMITED
INFRASTRUCTURE & BEYOND

May 25, 2023

To
BSE Limited
Listing Department
P.J Tower, Dalal Street
Mumbai – 400001

Stock Symbol -540047

To
National Stock Exchange of India Ltd.
Exchange Plaza, C-1, Block G
Bandra Kurla Complex,
Bandra (E), Mumbai – 400051

Stock Symbol –DBL

Scrip code of Listed NCD: 959525/959643

Subject: Transcript of the Analyst/Investors conference call

In continuation to our letter dated May 18, 2023, please find herewith the transcript of the Investor conference call for Investor and analyst held on Friday, May 19, 2023 at 06.00PM (IST) related to the financial results for the quarter ended March 31, 2023, conducted through digital means.

The aforesaid information is also being made available on the website of the Company i.e.

https://www.dilipbuildcon.com/wps/portal/dbl/investors/shareholders-centre.

This is for your information and record.

With Regards,
Sincerely yours,

For, Dilip Buildcon Limited

Abhishek Shrivastava Digitally signed by Abhishek Shrivastava
Date: 2023.05.25 18:10:58 +05'30'

Abhishek Shrivastava
Company Secretary
Encl: Transcript of call

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"Dilip Buildcon Limited Q4 FY23 Earnings Conference Call"

May 19, 2023

MANAGEMENT: **MR. DEVENDRA JAIN – MD AND CEO, DILIP BUILDCON LIMITED**
MR. ROHAN SURYAVANSHI—HEAD STRATEGY AND PLANNING, DILIP BUILDCON LIMITED
MR. SANJAY KUMAR BANSAL – CFO, DILIP BUILDCON LIMITED

MODERATORS: **MR. MR. JITEN RUSHI – AXIS CAPITAL.**

Moderator: Ladies and gentlemen, good day and welcome to the Dilip Buildcon Limited Q4 FY23 Earnings Conference Call hosted by Axis Capital 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 '*' and then '0' on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Jiten Rushi from Axis Capital. Thank you and over to you, Sir.

Jiten Rushi: Thank you Zico. Axis Capital welcomes all the participants to the Q4 FY23 Earnings Conference Call of Dilip Buildcon Limited.

We would like to thank the management for giving us this opportunity to host the call. Today from the management. We have Mr. Devendra Jain – MD and CEO, Mr. Rohan Suryavanshi— Head Strategy and Planning and Mr. Sanjay Kumar Bansal – CFO along with the investor relation team.

We shall begin the call with the opening remarks on the management followed by Q&A session. Thank you and over to you, Sir.

Rohan Suryavanshi: Thank you Jiten ji. Good evening, ladies and gentlemen. A warm welcome to each of one of you to the earnings call for the 4th Quarter and Year Ending 31st March 2023. We are grateful to each of you who have joined this call today and I would like to show my gratitude to all our stakeholders who have continuously demonstrated and put their trust and confidence in our Company and the management.

Before I begin, I will just go with our standard disclaimer:

Certain statements made during the course of this call may not be based on historical information of that and may be forward-looking statements including those relating to general business statements, plans, and strategies of the Company, the future financial condition, and the growth prospect. The forward-looking statements are based on expectations and projections and may involve a certain number of risks and uncertainty and other factors that could cause actual results, opportunities, and growth potential to differ materially from those suggested from by such statements.

So, now I would like to begin with a brief update on the economy and the industry trends followed by the highlights of the Company over the year:

The first is the Indian economy has continued to show a strong resilience to external shocks. The economy's overall growth has remained robust with an estimated 6.9% growth rate estimated for the fiscal year 2023. Real GDP experienced year-on-year growth of 7.7% up to December 2022.

The strong investment activities which were driven by the Government's emphasis on capital expenditure and robust private consumption also accelerated this growth. For the upcoming year 23-24 World Bank has forecasted 6.3% of growth for India’s GDP. We have seen inflation levels being elevated this year around 6.7% for the fiscal year 2023.

However, it is projected to decline to an average of 5.2% in the fiscal year 2024. The Government has had strong revenue collections like gross GST revenue collection grew by 21% year-on-year to about 18,00,000 crores in FY23 from about 14,80,000 crores in FY21-22. The center budgeted capital expenditure for FY24 stands 33% higher than the previous year at about 3.3% of the GDP. Even the Indian state’s capital expenditure was about 11.9% higher during April to February 2023 on a year-on-year with approximately 54.7% of the budgeted capital expenditure spent during this period. So, the Government, not only the central government but also the state Governments have been putting into CAPEX which is a good heartening sign.

In FY23, MoRTH constructed 10,993 kilometers of National Highway and awarded 12,375 kilometers. It is also important to mention here that over the last 9 years, national highways have added almost 50,000 kilometers. So, as of March 23 India has a total of 1,45,155 kilometers of National Highway whereas in 2014-15 this number stood at about 97,830 kilometers. So, it has been commendable, but the Government has been doing and working tirelessly as all of you have noticed and seen. Also, some other details into how this will drive the growth in the sector. According to a credit rating agency, the road construction sector is expected to see a ramp-up in road execution activities during this year by around 16% to 20%. This is backed by basically an increase in capital outlay made by the Government’s healthy pipeline of projects and focus on project completions ahead of the general elections.

It is also expected that the toll collections will grow between 6% to 9% during the fiscal year 2024 supported by growth in traffic. Also, the Ministry of Road Transport and Highways has set a target to generate about Rs. 35,000 crores through asset monetization during the current fiscal year surpassing the previous year goal of Rs. 32,855 crores. In this year the ministry intends to raise Rs. 15,000 crores through project-based financing of the expressway by securitizing future toll revenues. Additionally, the Ministry also aims to collect Rs. 10,000 crores through TOT model. I think these measures demonstrate the Ministry commitment to leverage innovative financing models and generate revenue for infrastructure development projects. So, along with the capital structure given by the Government, all these will definitely aid in the Ministry’s endeavor.

Having said that now let me run you through the highlights of the year for the Company:

As you all know our major focus has always been on the execution of projects in hand. This has been a strength which we were known and we continue to do the same. I am very happy to announce that we have also crossed 10,000 crores in revenue for the first time in the history of the Company. This number had eluded us for the past 2 - 3 years because of COVID and other things, but we have finally done that and we hope to go upwards from here in this coming year as well. In this year, we also won orders worth Rs. 10,918 crores compared to Rs. 7,811 crores during the last financial year. So, this is almost an increase of about 40% over the last financial year. Out of this order won about 46% of projects are in road sector, 23% in metro and 31% in water supply.

I am also happy to tell you that this year we have completed 5 HAM projects and 3 EPC projects worth Rs. 9,053 crores. Another thing that I am very proud to tell all our participants is that we have completed the divestment of three HAM projects to Cube Highways and completed 100% equity stake development in 5 HAM projects and 49% equity stake development of 3 HAM projects the Shrem InvIT. So basically, the trend of completing projects and then monetizing them has continued to go on that. I should also mention here that we are expecting to complete 8 more new projects in this financial year where we will be expecting a good amount of capital to come in here and we are in the process of monetizing those assets as well. In those 8 assets we have invested about 900 some odd crores of equity and we are expecting a very good monetization there as well.

Besides this, I am also very happy to announce that we have started both our MDO projects so both Siarmal and Pachhwara are on and they are doing coal extraction, delivery has started, and revenue has started there. So, just a quick update there Siarmal as you all know that it is the largest mine in private hands right now and it is about 50 million metric tons of coal production every year which is almost one eight of what Coal India does. So, we have started this. I should also mention here that this project was started a year and a half since we have got this. So, this is one of the quickest MDOs to have started production so extremely proud to do that. Similarly, Pachhwara also after years of litigation started in that and the racks are going very well. Then I would also like to mention in this year we have reduced debt of around Rs 400 crores about 370 crores we have reduced in debt as we had focused and spoken about and in this coming year we are targeting a good number of debt reduction as well.

So, we are hopefully targeting about 800 to 1,000 crores of debt reduction in this coming year and this will happen through a mixture of internal approvals that we will be doing along with that the monetization of the 8 assets that I mentioned to you earlier we are expecting those will fetch a good valuation and that money will help us in reducing the debt.

Finally, while distributing there I must also say we were also lucky to have had a strengthening in our financial team with our CFO – Mr. Sanjay Bansal joining in. He is an ex-ICICI Banker and ex-JM Baxi Group. So, he comes with a large experience in infrastructure and also understands the banking sector well. So, these are the big highlights that the Company had.

Now let me quickly run you through our order book:

So, our order book currently as of March 31st, 2023, stands at Rs. 25,395 crores 40% of our order books is constituted by roads, highways and bridges projects. Water supply constitutes 12%, mining is 18%, irrigation is about 14% and others make up about 16%. We are also happy to inform you that recently we won the award for our latest project which is the four-lane Urga Palhalgaon section. Now this is under the Bharatmala Pariyojana and it is a HAM project. It amounts to about Rs. 1,955 crores and all these details are available in our presentation. Guidance for the year that I would like to just say before I hand it over to our CFO for the financials.

We are hoping to do a top-line growth of about 10%. The EBITDA guidance that we are kind of trying to focus towards is about 13% to 14%. New orders that we are trying to win in this year will be about 10,000 to 12,000 crores and I have already mentioned about the debt reduction that we are looking to reduce about 800 to 1,000 crores of debt we will be targeting to reduce in this financial year and improve our working capital cycle as well by from 8 days, 10 days that is the target that we have for this year. We are excited about all the older projects that were a drag on the Company's profitability and balance sheet of they getting out of it and now the new projects where we see a lot of potential.

Now let me hand over the presentation to our CFO for insights and comments on the financials of the Company to you, sir.

Sanjay Kumar Bansal: Thank you Rohan ji. Good evening everyone. I welcome all our stakeholders to our earning call. Let me present the results for the current quarter and the year ended FY2023. First, on the revenue side, the revenue increased by 14% in Q4FY23 and 12% in the full year on YoY basis. This is mainly because of the better execution of the projects. On the EBITDA site on absolute terms in Q4 the EBITDA increased by 15% on a year-on-year basis. For the full year, EBITDA in absolute terms increased by 31% YoY basis. The finance cost in Q4 decreased by 6% and 15% in FY23 on account of the reduction of outstanding debentures term loan and lower utilization of working capital facilities.

The Company registered a profit of 583 million in Q4FY23 vis-a-vis Rs. 30 million profit in Q4FY22. This increase in profit was due to the good EBITDA margin, lower finance cost, profit on account of the divestment of HAM assets to Shrem InvIT and Cube Highways. On full-year basis DBL registered a profit of Rs. 2,218 million vis-a-vis a negative Rs. 860 million in FY22. This is on account of higher revenue, lower finance cost, and profits on account of divestment to Cube and Shrem InvIT. The net debt in absolute terms decreased by 370 crore from FY22 to FY23. The net debt-to-equity ratio decreased by 11 basis points in FY22 it was 63 basis points. Now in FY23 on 31st March it is 52 basis points.

Here, I would like to highlight that the Company is continuously on track of reducing debt on a quarter-on-quarter basis since last two years. Now, we can open the floor for the questions and answers.

Moderator: Thank you very much. We will now begin the question-and-answer session. Our first question is from the line of Shravan Shah from Dolat Capital. Please go ahead.

Shravan Shah: Thanks for the opportunity. It is good to hear that we are looking at 800 to 1,000 crore debt reduction so that is a significant positive thing for us. I just wanted to further understand how we want to achieve this 800 to 1,000 crores. So, just to dwell further are we looking at further improvement in working capital days or is it on primarily from the asset monetization that we will be able to reduce the gross debt by 800-1,000 odd crore?

Sanjay Kumar Bansal: This is the combination of all the points you said. So, this is like the better performance meaning the EBITDA margins we are expecting are around 13%-14%. Second, reduction of debt because long-term debt there are scheduled payment of around Rs. 400 crore, and basically from divestment proceeds also we are expecting a good amount of cash flow. And the last one is basically working capital days also we are expecting 8 to 10 days reductions. So, all these four items put together the free cash flow would be around Rs. 800 to 1,000 crore which will basically reduce the debt.

Shravan Shah: So, on the top-line front we are looking at how much percentage growth?

Sanjay Kumar Bansal: About 10% growth. So, this year we are at 10,100 crore. So, from here we expect around 10% growth.

Shravan Shah: And on the order inflow front how much we are looking at?

Sanjay Kumar Bansal: 10,000 to 12,000 crore orders we are expecting in this year.

Shravan Shah: This will be across the sectors anything in terms of the 4,000-5,000 crore from HAM or it would be much lesser HAM would be?

Sanjay Kumar Bansal: I can only say on the investor presentation you can say we are in 8 sectors. So, primarily the mix would be more or less same.

Shravan Shah: Just to still further understand on particularly on the debt reduction part so if I see this time I think the creditor days has actually have supported from December to now if I can see creditor days has significantly helped in terms of the reduction in the working capital. So, will this remain at this level or it will further come back to the normal level of 95 odd days?

Sanjay Kumar Bansal: This is very good question. So, basically we are expecting the creditor days will go down, but considering the total working capital we are expecting around 8 to 10 days lesser. So, creditors will reduce and similarly, the networking capital also improve by 8 to 10 days.

Shravan Shah: So, also just to again clarify so inventory days which is at that close to 128 days we are expecting that to reduce and creditors days 108 will come back to normal 95 odd days, is it the case?

Sanjay Kumar Bansal: Shravan there will be a mix, there will be reduction in inventory days also, there will be reduction in debtor days also, there will be increase in creditor days also. So, put together everything there is a reduction of 8 days to 10 days from the current level of 70 days.

Shravan Shah: And then from the monetization how much are we having in terms of the cash how much are we? Are we expecting this year?

Sanjay Kumar Bansal: So, these numbers are like our previous Shrem InvIT. So, out of 10 assets we have already completed 5 assets 100% divestment, 3 asset 49%. So, from balance there will be significant cash flow, but for future divestment, we do not want to give any number now.

Shravan Shah: Because there I understand I think larger sum would be through the InvIT units that we will be getting. So, that is what I was asking how much cash we have already received for the Shrem and how much cash that we are because my understanding was that the larger amount we will be getting through the Invit units?

Rohan Suryavanshi: We are not talking about the deal that we have already done. This is the Shrem deal that we have monetized 10 assets that is a mix of cash and a mix of units. So, that is a different deal. We are not talking about the fact that besides these 10 assets that we will be completing another 8 assets in this financial year. These are new assets where we do not have a final buyers right now in place where we have not announced or done a deal, in these 8 assets we have invested about invested about Rs. 900 crores of total equity, from this we are expecting a good release when we monetize it as we are in discussions with different ways to monetize that. So, we are expecting a good release to happen and a majority portion of which will come in this year. So, because of that we are expecting good cash flow. Now the units that you asked and the cash that you have received that is already on our investment debt as well.

Shravan Shah: Okay, Understood. So, these 8 assets that we are looking at to monetize, so that is the route will not be the InvIT route. I am not asking in terms of the valuation or the buyer who is the buyer I am trying to understand it will be more like a cash deal that we are looking at and buy if we are looking at in terms of the timeline to get the cash will it be before March ‘24 we will be able to get the cash?

Rohan Suryavanshi: Sir, you are right. We are not looking to there is no automatic this thing to Shrem InvIT what we are looking as shareholders of this Company and as prudent management we will go out and get whatever is the best possible valuation for these assets wherever we get that valuation we will get that as a deal; and this will be in all probability this will be all cash deal only when this year we will be looking and 4 projects out of these 8 that I am talking about by 4 of them will be finished by July. So, you will start seeing the monetization happen very, very soon.

Shravan Shah: Sorry sir last part I missed I did not get your voice?

Rohan Suryavanshi: Out of 8 projects that I am mentioning where we do not have a deal out of those 8 projects, 4 projects will be finished by July. So, the COD of those 4 projects will be achieved by July. So, you will see monetization happen very soon. So, we are on the job of getting that monetization and wherever I mentioned we will get the best valuation. We will monetize those assets there.

Shravan Shah: Okay, okay that's a great thing. Just to catch up in terms of the CAPEX for this year how much we are looking at?

Rohan Suryavanshi: So, we are looking to do a CAPEX of about 50 to 75 crores like we had mentioned even last year. So, that is the same kind of and this is all kind of small replacement CAPEX in a Company of our size like any large CAPEX that we used to do in the earlier years as part of our stated goal that we will not be looking at doing CAPEX and because we are using our equipment right across all the different sectors that we are working in and then we had made that public this thing and we will be looking at focusing on reducing our debt improving and focusing on getting the best efficiencies out of equipment. So, that is what we have been trying to do and even the smaller CAPEX that we do is more of replacement CAPEX or small, small things that might need to change here and there.

Shravan Shah: And then last on the margin front so this quarter again we have seen a QoQ front another 100 bps odd reduction to 9.5% EBITDA margin and now we are looking at 13% to 14%. So, two things trying to understand till now still we are not able to get the higher margins and now we are confident to get this 13% to 14% margin, so will it start reflecting from the Q1 itself. And if that so what gives us the confidence that we will be able to achieve a 13% to 14 EBITDA margin?

Rohan Suryavanshi: Sir the confidence that we get from the order book that we currently have the margins at which we have won those projects at. So, number one is what are the kind of values I mean the different commodity rates at which we had won those on that we have also seen a cooling off in the prices of commodities. So, it was also not like we were hitting getting hit by those prices. We are also expecting to do those on time or before time so that will also be something that we are kind of now focused on and doing that. So, it is a bunch of all those things which historically till now we were suffering from all the extra baggage as I mentioned from the older projects because as you will remember a lot of these projects one in actually 2018 like this was March of 2018 that we had won a lot of those HAM projects that we are currently monetize and those projects got stuck first by the Government, by the appointed dates getting delayed by in most cases by over a year and then eventually when they finally got I mean in fact the last project that we got at appointed date was one packet of the Bangalore-Mysore Highway which we got appointed date in December 2019 which was just 3 months before COVID lockdown happened. So, we had just got an appointment date there. So, all those projects which were causing a drag on the Company performance. Now because we have more or less kind of exited them and getting move on and the future projects we see a good kind of potential along with hopefully docile inflation scenario. We do not expect things to now move suddenly and some of that confidence in terms of inflation not going out of hand is also based on global factors if the West is looking at an economic uncertainty and depression. It will obviously have a cooling effect on those prices as well. So, I think that so part of global scenario, part of what we are and obviously all these are anticipations that we are looking at whenever we look at those kind of guidance. So, that is kind of what we are doing and also to answer whether it will be quarter-on-quarter no I mean I am giving guidance for the overall year-on-year. It is very difficult for me to give you an exact accurate picture of how things will look every quarter. So, this is a whole year thing, but we are confident of achieving these kind of numbers with the diversified order book that we have and with coal firing on all cylinders with roads projects coming, with irrigation projects happening. So, across all those pipeline projects all across the sectors where we are confident that we will be able to get those kind of margins going forward.

Shravan Shah: The purpose of asking I am not trying to get the quarter-on-quarter EBITDA margin guidance the purpose is if we do not get a 13% in the first quarter then the ask rate for the remaining three quarters and the same if do not achieve in the second quarter the ask rate for the second half is much higher that is the main reason I was looking it should be a kind of equal 13% across the four quarters. So, if we let us say do 11% in Q1 then the ask rate to achieve for full year 13% for three quarters is much higher so that is the main reason I was looking at, the last question is DBL Infra the debt is the same 750 odd crores?

Rohan Suryavanshi: Yes sir it is actually Rs. 675 crores.

Moderator: Thank you. Our next question is from the line of Parikshit Kandpal from HDFC Securities. Please go ahead.

Parikshit Kandpal: Hi Rohan, just wanted to understand, if I do the quick Math so you said there is 10% growth if I take 13% margin on the 10% growth about 14 crore, 15 crores of EBITDA and if I take same interest of 500 crores and 400 crores of depreciation about 550 crores of PBT and 400 crores of PAT we will make roughly about 800 crores of cash profit which will go towards funding your equity requirement further HAM and coal projects. So, I am not adding CAPEX and I am not adding any working capital infusion. So, a large part of your debt retirement will depend on how much you can pay on your working capital despite 10% growth whether you can reduce the NWC and secondly on the monetization of this 900 crores worth of 8 projects which are getting completed. So, how confident are you because these 4 projects may get complete by July, but eventually when you get all the NOC all approvals it will still take life good two quarters or three quarters and also you have to find an investor before that, have you assumed anything, any inflows coming in from the monetization for the debt reduction?

Rohan Suryavanshi: Sir so coming to this yes you are very right with the numbers whatever you have done the calculation those are the same calculations that we have also kind of done. Now coming to how confident we are about monetization happening and very confident and we have a long track record and history of monetizing assets as you have also seen for the last few years and so there is a reason for confidence where we build projects are of extremely good quality and as for that you can look at any of our of any of the players who are buying assets, all of them can tell you that whoever has looked at our assets, they will always be very confident of our quality. So, because of that comfort and the fact that this is a sizable portfolio and a huge portfolio any of the large investors who are looking to build a road portfolio. So, from that sense, we are very, very confident that kind of thing should happen and even on a conservative estimate like I mentioned this we have invested about 900 crores of equity in these projects and if I look at 1000 crore of inflow from those projects I think we will still be in good place to achieve what we are trying to go and achieve.

Parikshit Kandpal: But typically, you will sell 49% and then after like annuities coming after 6 months you will be able to then sell the rest and then flow comes in so which may go into a FY25, so maybe in the entire amount may not be able to come in FY24?

Rohan Suryavanshi: No very good question. So, you are assuming that my assets are not going to be onetime book value we are expecting the book value to be very high book value because these assets were one at a time when the interest cost scenario was low, and now with a higher this thing that is also there. Also, while we are adding that even if you do, we are also getting a whole bunch of Shrem InvIT units where we will be getting that also. We are in conversation with them that there will be some more cash compensation that they will be doing instead of some units. So, it is a mix of all the things that will happen and since we are giving you that kind of.

Sanjay Kumar Bansal: So, let me summarize what Rohan ji said. Basically, from the current divestment which is under progress we are expecting the balance consideration around 1,000 crore and we will be receiving at least minimum 50% in cash and balance in units from the further divestment of 8 assets as Rohan said 4 assets are in advanced stages and will complete by 31st July those assets you can see if we are receiving the COD in 31st July then 100% money can come by 31st March, but the assets the other 4 assets which will complete in Q3 and Q4 those assets 49% will be divested. So, you can say in terms of numbers we will be receiving at least 1,000 crore types cash flow from those projects also. So, put together 1,000 to 1,500 crore cash flow will come only from divestment.

Parikshit Kandpal: Sir Shrem InvIT so what is you said 500 is still the cash payout which has to happen, right?

Sanjay Kumar Bansal: So, I am saying balance consideration is close to 1,000 crore out of that minimum we are expecting 500 crore in flow and from new asset divestment the plant divestment we are expecting 1,000 crore by March 31st. So, in total 1,500 crore we are expecting in this financial year.

Parikshit Kandpal: So, of the total Shrem InvIT how much you have received already as units as of now and how much is the cash inflow you have received?

Sanjay Kumar Bansal: If you have seen the investor debt you can see the valuations were 1,775 crores and out of that 455 crore is already received 860 crore units. So, those types of numbers already we have achieved.

Parikshit Kandpal: And roughly you will get about 170 crore plus as dividend from this Shrem InvIT.

Sanjay Kumar Bansal: Sorry.

Parikshit Kandpal: And you will be annually getting what kind of dividend payout?

Sanjay Kumar Bansal: Dividend history of the Shrem InvIT is around 14% on gross basis. So, the last 7 distribution they have distributed Rs. 24 on all single unit. So, this distribution is very good.

Parikshit Kandpal: So, this distribution will be over and above 500 or it is part of 500 crore?

Sanjay Kumar Bansal: Yes it is over and above.

Parikshit Kandpal: So, that will be roughly like 300 crores?

Sanjay Kumar Bansal: So, let me tell you we have 860 crore units today with DBL and DBL subsidiary and we will be receiving say suppose 500 crore cash and 500 crore units then we will have around 1,300, 1,400 crore units and then 14%, so close to 150 crore.

Parikshit Kandpal: So, next year close to about in FY24 you will get close to about 150 crores of dividend from that?

Sanjay Kumar Bansal: Yes, not only dividend I said total distribution of around 140, 150 crore.

Parikshit Kandpal: Yes, distribution of 115 and 500 crores of this and 500 crore of units roughly?

Sanjay Kumar Bansal: Right.

Parikshit Kandpal: And last thing sir this Gujrat project was there that got over or it is still going on that big project we had one?

Sanjay Kumar Bansal: Sir that project is a total of 48 months.

Devendra Jain: Parikshit that is a four-year project and it has started last year and another three year it will run, but in the last year the progress is very good and it is running at full swing.

Parikshit Kandpal: In that a time has passed and it is competitive bidding I think in between L&T and some difference is there so from that negative surprise cannot come because we are saying that next year margin will increase?

Devendra Jain: It is not a negative surprise and it is in track and in the first two years the way it got bidding and after that Corona third wave has come and after that design and drawing it take time and from last four month that billing is more than 70 crores in each month. So, now the project is in full swing and the project is still very good. And there is no problem in that and it will get complete in timeline and profitability will be sustained.

Parikshit Kandpal: One last question you are thinking that Company has come in the turning point in FY24 both on balance sheet margin and growth everything will now slowly come back on track the way it was before the status which was there we will come back?

Devendra Jain: Yes, definitely we have come back and like in last financial year like Rohan has said big coal mines India's biggest mine of 50 million that we have started, 370 crore debt we have reduced, 10,000 crore order book we have won at different sectors. We are the most diversified Company right now and this is not a diversification. It is not a proven diversification. We are doing dams, metros, coal mining special technique bridges all work we are doing and in this year our team has said 800 to 1,000 crore we will reduce it obviously this is an absolutely turning point for the Company.

Parikshit Kandpal: One thing I have always with you that in inventory is stable and this year focus more to reduce that?

Devendra Jain: 100% we are focusing on that and quarter-to-quarter this financial year end all your questions will be replied automatically.

Parikshit Kandpal: But from Q1 onwards you will see the difference 10% margin it will start moving from Q1 we will be able to see that or it will be in second half?

Devendra Jain: Incrementally it would be better than Q1 in Q2 and Q3 as Sanjay and Rohan has said divestment which is of strength in that new project of 8 project divestment which we are talking in that 4 of them will be done in July the COD and the remaining 4 project that will complete in December and January, but even Q3 all project will be get completed.

Parikshit Kandpal: Margins improvement we will see from Q1or it will be Q2 type?

Devendra Jain: Q1 we will see an improvement and from Q2 type fully margins we will see already in margin pressure as Rohan has already said 2018 projects which was there covid impacted two and three waves were impacted and after that high spike in between steel prices saw the after that all project got completely in last financial year. Now we are moving with the new projects only in which there is no threat of inflation and they are all projects and there is no problem at all.

Rohan Suryavanshi: When we got listed the debt level which was there in that time, we have already reached that level now and 3,000-4,000 crore top-line use to be there. And for the next year we are targeting from here 8,000 crore we are reducing it. So, if we see historically with it almost 10,000, 11,000 crores topline for this target we are talking and even since the listing time Company it hasn't ever been. So, we are focused on what we had promised to them markets in the Company has going to take in a certain direction in its lifecycle and we have sort of committed to fulfilling that so we are working on that.

Parikshit Kandpal: How is bid pipeline is seeing because election year is there and what is your view?

Devendra Jain: Still 80,000 crore bids for pipeline NHAI and board and which sector we bid altogether it is around 1.3 lakh crore bid it is still in pipeline.

Parikshit Kandpal: And last thing the four assets which you are talking which is going to get completed in July already we have started discussion with potential platforms on investors?

Devendra Jain: Discussion in very advanced stages.

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

Prem Khurana: Sir essentially you have given guidance of inflow of Rs. 10,000, Rs. 12,000 odd crore and we are at the same time guiding revenue growth of almost around 10 odd percent which essentially means 11,000 crores we are targeting I am sure I mean the aspiration would be to kind of grow even further even beyond FY24 as well at least at the same rate, so over this 10,000, 12,000 crore of order inflow is suffice because it is as good as what you would be executing so there is no buffer that you are creating for FY25 growth, so should it be seen that you believe that it will be a truncated year because of election which is why you are guiding conservatively or how should we see it?

Rohan Suryavanshi: Sir you are doing a direct calculation and correlation between what we are guiding for the order book versus what we are guiding for growth. So, bear in mind order book guidance if you look at for the last few years we have always been consistent with that kind of order book, we have never given very aggressive guidance and even you can say of previous two, three, four years. So, we have always given that kind of guidance whether our internal strategy would be to win a bit more depending on how the competitive landscape is looking or some other factors that we kind of see. So, these are extremely I cannot pinpoint and give you an exact thing that is the kind of guidance that we have always kind of moved with. Even if it would be more or if for three years, we will not be able to take it where many orders may not have come all those times you had the same thing. Also, we are looking at measured growth now. At an earlier stage of the Company, we were looking at a much higher growth and everything, but now we are looking at a measured growth because we are also not doing CAPEX. Earlier we also used to do CAPEX commemorative to what commensurate to whatever topline we were looking to do, but because we have reduced that thing as well and our idea and our focus on reduction of debt making sure that the Company becomes lighter because in certain sectors we see an increased amount of competition we do not want to take project just at silly risk without any focus on margins. We are given a diversified order book and the fact that we have started many years ago. As you can see some of our competitors who are primary focus on road sectors have also now started looking into other sectors because of these pressure and I think someone mentioned to me why have not enough listed players won the lion share of awards from NHAI which used to happen in the earlier part and it goes to unlisted player because a lot of smaller players have come and big very aggressively. So, here diversified order book a strategy around that and not doing CAPEX is what we want to do and go for the next year or so. And also, yes obviously there is an election year you want to see how things will plan out going forward as well. So, it is a mix of all those things if I can sort of put it.

Prem Khurana: So, two more questions one was essentially just an observation if you could clarify this so when I look at our notes to accounts, I mean the profits that you show which ideally should have accrued to you as a part of the asset divestment that you have done during the quarter. The total that I get to and the total that you have in your income statement there seems to be some sort of gaps so I think 54 crores what is mentioned in the notes to accounts and what we have booked in our income statement in this quarter is 22, so what explain this gap I mean the kind of multiple that we are able to manage and we have sold at more than 1.5 times this entire portfolio, but somehow when I look at our exceptional gains that we maybe booking seems to be on a lower side and is it that I mean a large part of this would the profit would be booked once we have deferred consideration come to us?

Devendra Goyal: Yes, you are of course correct and if you want the detail calculation you can have a separate call because it is not possible here. So, you are very much correct when you will receive deferred consideration you will see the exceptional item is increasing.

Sanjay Kumar Bansal: And let me add here the divestment is basically the equity share holding of DBL and there is a DBL infra-asset who also holds 49%. So, the exceptional margins are in DBL infrastructure on console level if you will see your question will be answered partly and partly what Devendra has said about deferred consideration.

Prem Khurana: And sir one just Rs. 285 crore deferred consideration would you be able to share any timeline by when are you expecting this money and Rs. 500 crore number what you are saying from our existing transaction in that Rs. 280 crores is included in that 285 or is it separate number.

Sanjay Kumar Bansal: It is not included number one. Number two these 285 crore has two process one is 230 crore against change of law approval. So, regarding the change of law approval, we have sold assets in two branches, one in November, one in March the November 1 the change of law is in advance stages we are expecting that to receive it by Q2 and the asset what we divested on 31st March will be either the end Q2 or you can say mid Q3 we will be receiving. So, this entire money 230 crore of change of law we are expecting by Q3 and the balance 54 crores which is basically working capital held back amount by the authority that will be released once the SPV will receive the money the InvIT will pay apple-to-apple basis to us.

Prem Khurana: On a net debt side the reduction that were seen during the quarter near to 220 crores possible to split this into how much could have been because of the monetization proceed and how much is essentially because of the lower working capital?

Rohan Suryavanshi: So, basically we can give you the total number the number is fungible. So, basically full year basis we said the total debt is reduced by 370 crore.

Moderator: Thank you. That was the last question of our question-and-answer session. I would now like to hand the conference over to the management for closing comments.

Rohan Suryavanshi: I would like to thank all our participants for coming on the call today and asking the questions. I hope you were able to resolve most if not all of your queries. For anything else please feel free to reach out to us here on our investor relation S-ancial for any questions you may have and look forward to seeing you guys in the next quarters, may you have great financial year going forward. Thank you everyone on behalf of the Dilip Buildcon family.

Moderator: Thank you. On behalf of Axis Capital Limited that concludes this conference. Thank you for joining us and you may now disconnect your lines.