

**August 11, 2023**

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

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

Stock Symbol -540047

Stock Symbol –DBL

**Subject: Transcript of the Analyst/Investors conference call**

In continuation to our letter dated August 2, 2023, please find herewith the transcript of the Investor conference call for Investor and analyst held on Friday, August 04, 2023 at 5.30 p.m. (IST) related to the financial results for the quarter ended June 30, 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**  
**Company Secretary**  
**Encl: Transcript of call**

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“Dilip Buildcon Limited  
Q1 FY '24 Earnings Conference Call”  
August 04, 2023



**MANAGEMENT:** **MR. DEVENDRA JAIN – MANAGING DIRECTOR AND  
CHIEF EXECUTIVE OFFICER – DILIP BUILDCON  
LIMITED**  
**MR. ROHAN SURYAVANSHI – HEAD STRATEGY AND  
PLANNING – DILIP BUILDCON LIMITED**  
**MR. SANJAY KUMAR BANSAL – CHIEF FINANCIAL  
OFFICER – DILIP BUILDCON LIMITED**

**MODERATOR:** **MS. JILL CHANDRANI – S-ANCIAL TECHNOLOGIES  
LIMITED**

**Moderator:** Ladies and gentlemen, good day, and welcome to Q1 FY '24 Earnings Conference Call of Dilip Buildcon Limited hosted by S-Ancial Technologies 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 touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Ms. Jill Chandrani. Thank you, and over to you, ma'am.

**Jill Chandrani:** Thank you, Mr. Aman. Good evening, everyone. Welcome to Dilip Buildcon Q1 FY '24 Earnings Conference Call. From the management, we have Mr. Devendra Jain, Managing Director and CEO; Mr. Rohan Suryavanshi, Head- Strategy and Planning; and Mr. Sanjay Kumar Bansal, CFO. Now, I request the management to take us through the key opening remarks. And after that, we can open the floor for Q&A.

Now, I hand over the call to Mr. Rohan Suryavanshi for the opening remarks. Thank you, and over to you, sir.

**Rohan Suryavanshi:** Thank you, Jill. Good evening, ladies and gentlemen. A very warm welcome to all of you for the Q1 FY '24 earnings call of Dilip Buildcon Limited. The results and presentation have been uploaded on the stock exchange, and I hope all of you have had a chance to look at it.

Before I begin, let me mention our standard disclaimer. The presentation that we have uploaded on the stock exchange, including the interaction in this call contains or may contain certain forward-looking statements concerning our business prospects and profitability, which are subject to some uncertainties, and the actual results could differ from those in such forward-looking statements.

Let me now share insights on the macroeconomic environment of the sector and give you some company updates as well. Following that, our CFO, will present the financial update of the company, post which we will dive into Q&A session.

So firstly, from a global perspective, growth momentum is pretty stagnant, especially in manufacturing and investment segments in the face of moderating headline inflation with the southern core. Market expectations of future interest rates have gone up in response to the hawkish policies set by central banks around the world. Equity prices have flattened and bond yields have hardened.

At the same time, the big picture in India is that the manufacturing and services activity continue to grow with some sequential moderation in June in composite terms from a 13-year high in April and May. Coincident indicators for the construction sector have grown robustly, with cement production at a 6-month high on the back of a strong public spending on infrastructure and good private sector demand as well.

The Government's GST collection for the quarter was Rs. 462,793 crores. The real GDP growth for FY2022-23 was placed at 7.2%, higher than the second advanced estimate of 7.0%. According to RBI, the real GDP is expected to grow by 6.5% during FY23-24. And according to World Bank and OECD, India is estimated to remain among the fastest-growing large economies in 2023 despite some sequential moderation in economic activity in June.

Now let us look at some updates for the sector. For the quarter ended 30th June 2023, MoRTH has constructed 2,250 kms and awarded 611 kms. 436 land acquisition notifications were issued and land acquisition compensation of approximately Rs. 1,178 crores were profits for the quarter. The Government is ramping up its highway building target for the current year as it aspires to fast-track infrastructure in a year of multiple state polls and ahead of the general elections next year.

The Government has set its target of quality construction to about 38 kms and plans to construct approximately 14,000 kms of national highways. The breakup of this is as follows: about 6,000 kms will be built by MoRTH. About 6,000 kms will be built by NHAI and about 1,500 to 2,000 kms will be built by NHIDCL. The Government also has plans to raise about Rs. 30,000 crores from TOT and Rs. 15,000 crores from Infrastructure Investment Fund on interest.

The total capital expenditure of the Ministry of Road Transport and Highways for FY 2024 has been set at Rs. 2.58 trillion, which is an increase from the Rs. 2.06 trillion spent last year. And according to a recent press release, MoRTH targets to achieve 91% of this capex outlook by December 2023 given the general election next year. So, they will try to do that, and that's what they're saying.

Now let me come to our company performance for the Q1FY '24. Our order book was Rs. 24,051 crores at the end of June quarter. 37.1% of our order book comprised of roads and highways. Mining contributes 18.1%, irrigation at 17%, water supply at 12.4%, tunnel projects at 7.3%, metro projects at 5.7% and special bridge projects at 2.4%. So, we are happy to inform you that we have a very diversified order book with orders in all these sectors are firing in every different state that we are working in.

It is my pleasure to inform you that the current order floated by NHAI is about Rs.1 lakh crores already, which we are expecting to build in the coming quarters. So, all of these will be coming finally, another sector also has a nice order pipeline coming in all the sectors that we're currently working. So, our strategy of diversification has really helped us there.

Let me also give a recap of some of the guidance that we were given on the earlier call. On the revenue front, we had guided 8% to 10% growth and, we are targeting for the same. Our EBITDA, we have guided about 13%. We had also guided for a debt reduction of Rs. 800 to 1,000 crores. We are confident, and you will start seeing that sequentially from next quarter onward, but the larger reduction will happen in the final 2 quarters.

Finally, we are targeting about Rs. 10,000 crores to 12,000 crores of new orders in this year, and this will be across all the sectors that we're working in. We are also targeting some moderation in working capital cycle days. We're targeting about 8 to 10 days of reduction. And for the capex,

we have already mentioned earlier as well that for now we are not looking to do any large capex and only replacement capex.

So even this year we're only targeting about Rs. 50 crores to 75 crores. Our target is to focus on becoming a debt-free company in the next 2 to 3 years, and that's where we are kind of focused on. So that's the biggest goal for the company, improving and strengthening balance sheet, along with keeping and continuing to do the diverse sectors that we work in, and setting our assets more and more.

Now let me hand over the call to our CFO, who will give you insights and comments on the financials of the company.

**Sanjay Bansal:**

Thank you, Rohan ji. Good evening, everyone. I welcome all stakeholders to our earnings call. Let me present the results for quarter ended 30th June 2023. During the quarter and upto the date as we speak, we have completed 2 projects, HAM projects, Pathrapali-Kathghora package 2 and Bilaspur-Kathghora section in the state of Chhattisgarh under Bharatmala Pariyojana worth Rs. 487 crores. The second project, Dodaballapur bypass to Hoskote section in the state of Karnataka under Bharatmala Pariyojana worth Rs. 1,278 crores on 21<sup>st</sup> July 2023.

Further, during Q124, the company won an irrigation project worth Rs. 699 crores for construction of Malhargarh. Construction of a project on turnkey basis in the state of Madhya Pradesh.

Now moving from business to the financial performance. The revenue marginally decreased by about 1% in Q1 FY '24 on Y-o-Y basis from Rs. 26,215 million in Q1FY '23 to Rs. 26,084 million in Q1 FY '24. This is due to delay in execution of old HAM projects.

The EBITDA increased by 63% in Q1 FY '24 on Y-o-Y basis from Rs. 2,054 million in Q1FY '23 to Rs. 3,348 million in Q1FY '24. The EBITDA margin increased on account of better execution of the projects and reduction in the commodity prices.

Now coming to the profit after tax. The profit after tax increased by 321% in Q1 FY '24 on Y-o-Y basis from Rs. 198 million to Rs. 834 million in Q1FY '24. The paid margin mainly increased because of the better EBITDA margins in the quarter.

Now let me take you through some important balance sheet items. The capital expenditures during the quarter was Rs. 430 million. The inventory decreased in Q1FY '24 by Rs. 675 million from Q4FY '23, which is mainly on account of reduction in WIP. Trade Receivables increased to Rs. 18,633 million in Q1FY '24 from Rs. 16,064 million in Q4 FY '23 on account of debtors booked at the quarter end.

But let me tell you, these debtors were realized subsequently. The net debt-to-equity ratio marginally improved from 51 basis points in Q1 FY '24 versus 52 basis points in Q 4 '23. The working capital days increased to 75 days as on 30th June 2023 versus 70 days as on 31st March '23. This is mainly because of the increased debtors position as of 30th June 2023. And as I said, these debtors were realized subsequently. 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. Anyone who wishes to ask a question may press star and one on their touchstone telephone. If you wish to remove your cell from question queue you may press star and two. Participants are requested to use handsets while asking a question. Ladies and gentleman, we will wait for a moment while the question queue assembles. First question is from the line of Shravan Shah from Dolat Capital. Please go ahead.
- Shravan Shah:** Thank you and Congratulations on the significant improvement in the EBITDA margin. So, the first question is on the same. So definitely, we have highlighted all the guidance numbers, but just trying to reconfirm or trying to re-understand further. This EBITDA margin, 12.8%, and now we are seeing a 13% for this year. So, from here on, we will be seeing a steady state of improvement or maybe the same run rate of EBITDA margin. That's the first question I wanted to understand.
- Sanjay Kumar Bansal:** Yes, Shravan ji, the EBITDA margins will remain in the same range and whatever guidance we have given. So, we had given 13% to 14% EBITDA margin and the numbers will basically progress in that manner.
- Shravan Shah:** Okay. Secondly, on the debt reduction front and the asset monetization. So last time we have talked about the MoRTH HAM projects we want to monetize, where we have a Rs. 900-odd crores kind of equity investment. And we are expecting the entire cash to be received this year. So, what is the update? And is it the main if there is any delay in receiving the cash of this Rs. 900 crores equity invested will deduction to Rs. 1,000 Crores debt reduction will get postponed maybe in 1Q or 2Q of FY '25?
- Rohan Suryavanshi:** Shravan ji, that process is underway right now. That old mandate is currently running. And we are in negotiations with a whole bunch of investors. What we had stated earlier as well that we are only expecting about whatever money, only about half of it to come in this year or whatever the whole deal is, we are only expecting about half of it to come because all these projects as they are getting completed will only be able to transfer in a whole bunch of projects only 49%, and the rest 51% will be able to transfer the next year.
- So that money will also come accordingly with that. So, we have accounted those calculations when we have given you this guidance of Rs. 800 crores to 1,000 crores. And right now, as things stand, we expect everything running as per the time schedule that we had anticipated.
- Sanjay Kumar Bansal:** So, let me add, Shravan ji. On the equity investment side, FY '23-24, the total equity requirement was Rs. 825 crores. Out of that, Rs. 268 crores was already invested in Q1. We have balanced Rs. 544 crores equity, which is to be invested between Q2 to Q4 and this equity investment will be mainly in the HAM projects, which is Rs. 503 crores and Rs. 41 crores in the coal project.
- Shravan Shah:** Yes. So, I will come to that also, will want to understand further that. So, it's good that we are on track, and we will be completing the monetization. Second, just to understand in terms of the order pipeline. So till now, though we have just received a Rs. 700-odd crores order inflow, we are looking at Rs. 10,000 crores to 12,000 crores. Definitely, we have said that for NHAI pipeline

is Rs. 1 lakh-odd crores. But are we kind of confident that before the like maybe October and November, we will be able to get this much order.

**Rohan Suryavanshi:**

Shravan ji, as you are well aware, and you've been tracking the sector for a very long time, there were a lot of orders in our sector happened in the second half of the year and historically for every year that has been true. So, we are expecting the orders to continue in such a manner. And now depending on how much quickly the Government does in different areas, we are looking.

But the good part is there are healthy orders which have already been floated. And then there are a lot other that the Government is in the process of floating in the different sectors that I mentioned earlier that we work in. So, our confidence stands from that. Also, important to note, again, like I mentioned, that about almost Rs. 1 lakh crores of NHAI orders are already floated. So, there is a huge pipeline of orders that is available.

So, it should come. So, we're expecting to kind of build prudence that we've kept. We're expecting to get a decent amount of orders. And we are giving a very conservative guidance anyways of Rs. 10,000 crores to 12,000 crores that we have been winning every year anyways.

**Shravan Shah:**

Okay. Just further to understand, one is on the appointed date of our HAM we have already mentioned in the presentation, one more mining project is a big one or 2,274 crores Amadand OCP. When are we going to receive the appointed date for the same?

**Sanjay Kumar Bansal:**

So, Shravan ji, basically that project is delayed.

**Shravan Shah:**

Okay. But no clear idea maybe next 6 months we are going to get. So just trying to understand in the sense that these 4 HAM projects around 3,500 crores EPC value in order book and this Rs. 2,200 crores. So, what we are looking at 8% to 10% kind of a revenue growth for this year. This quarter, we haven't done anything. So, 13.7% or 14% ask rate is there for 9 months. So that's what I'm just trying to understand.

Are we able to do that? And apart from this, is there any project delays in any of the other projects where there is still risk that this 8% to 10% that we are looking at can finally come into a 5% kind of a number by the year-end?

**Devendra Goyal:**

Shravan ji, when we have given the guidance, we have accounted all what you have mentioned in there, okay? So, we have accounted delays in the Amadand mines also. Amadand mines there is a delay on account of the land issues. So, we are expecting that will be resolved soon, but right now, it is very difficult to say anything about that. But whatever you have mentioned, we have accounted and we are confident that whatever guidance we have given for the revenue we will achieve that.

**Shravan Shah:**

Okay. Lastly, on the HAM part, in terms of the equity, the first in the frame. So, whatever the deal we have done Rs. 2,349 odd crores that we are going to receive and we've already mentioned that Rs. 676 crores we have received in cash. So further, how much more cash that we are going to receive? So just trying to break this Rs. 23,49 crores into cash and in its time line, definitely, we have mentioned just broadly, what would be the cash and the InvIT number?

- Sanjay Kumar Bansal:** So basically, Shravan ji, as you know, till today, we have received Rs. 868 crores worth InvIT units and even last quarter, we are receiving only cash consideration. So, in future, there will be no further units planned to be issued. So whatever asset we will divest from now, everything will receive in cash. So as on today, out of the 10 projects, nine projects are divested. Out of nine, seven projects, 100% divested, two projects 49%. The balance, one project 100% and two projects 51% will be done within this quarter, means August and September. And one asset for 51% in December first half. So basically, with that, the entire 10 asset deal will complete.
- Shravan Shah:** Yes. That I understood. So, till now, we have received 869 crores InvITs and now onwards, we are not going to receive any InvITs whatever will come, will come as a cash.
- Sanjay Kumar Bansal:** Right, right sir.
- Shravan Shah:** Okay. And second, just part to understand the equity that we want to invest in 18 HAM projects so that definitely from the last presentation we have excluded this Rs. 987 odd crores so 978 million equity invested as on June, the number what we have mentioned in the presentation, what would be the like-to-like number as on March '23? So just 3 months before, what was the number? So just trying to understand how much equity we have invested for 18 projects in one quarter?
- Sanjay Kumar Bansal:** Shravan ji, once again. So, the 5 HAM projects, which is completed is removed from the requirement and actual equity invested. So, I'm saying the – the 5 projects, the required equity was invested. So, there is no reason to keep this equity requirement on the completed projects. So, we removed from the requirement and invested equity. So Rs. 986.5 crores reduced from the requirement and the similar amount reduced from the actual invested because those projects already completed. So, you can add up these same numbers what we gave in the last quarter presentation will match.
- Shravan Shah:** Okay. And broadly, just the DBL infra, that Rs. 750-odd crores, that number remains the same, the debt number remains the same?
- Rohan Suryavanshi:** Yes, that number is the same. We have, in fact, paid down a little bit debt in DBL Infra.
- Moderator:** Thank you. The next question is from the line of Narendra from Robo Capital. Please go ahead.
- Narendra:** Thanks for the opportunity and congratulations on a good set of numbers. So, my first question would be regarding the debt and equity that you are planning to raise. What's the reason for that? And regarding the equity raise, what would be the method of the raise, if you could summarize on it?
- Sanjay Kumar Bansal:** Narendra Ji, first of all, we are not planning to raise any further equity from now. If you are referring to our equity that is from the monetization, we are not trying to raise any secondary or primary equity from the equity market.
- Narendra:** Okay. So, in the document that you have submitted, I mean, the results, you have said that consider the issuance of other shares. So, what's that if I could understand that?



- Rohan Suryavanshi:** Sir, that is a permission that we have bought every year from the time we have come listed that every year as a prudent policy, a lot of companies do that, whether it's for equity raise, whether it's for NCD for all those bunch of different things that you see. It has been there for many last 10 years. So that is not an indication of us looking to raise any equity or raise any other funds. It is just an enabling clause. That's all that it is.
- Narendra:** We have excessive rains across India, has it affected our execution rate, and what could be the effect of it on our top line? Any indications that you have got?
- Sanjay Kumar Bansal:** So Narendra ji, if you are referring to the rain, heavy rains on various part of India, let me tell you whatever guidance we had given, the company will achieve those numbers. We are very confident.
- Narendra:** Okay, Yeah, That's what I was asking. Thank you.
- Moderator:** Thank you and any participants who wish to ask this time, they may press star and one. The next question is from the line of Janmajay Gandhi from IVG Trust. Please go ahead.
- Janmajay Gandhi:** Hello. I wanted to understand, sir, about the CRML project coal mine that you have got, what is the projection for this year and next year? And what is the margin are you expecting on this front?
- Sanjay Kumar Bansal:** Basically, the project has achieved appointed debt on 2nd January 2023. The project is in production. So, this year, the first year of our operation, we will do a 7 million tonne of coal excavation and the estimated revenue is around Rs. 550 per tonne. So basically, there will be Rs. 1,000 crores revenue and the margins would be in the range of 20% to 25%. And this project is in subsidiary.
- Janmajay Gandhi:** Sir, the financials of the performance of this company would be consolidated with the balance sheet?
- Sanjay Kumar Bansal:** Yes.
- Janmajay Gandhi:** So, the profitability also would be visible in the consolidated performance?
- Sanjay Kumar Bansal:** Right. On full year basis, it will.
- Janmajay Gandhi:** So, for this year projection, have you included this profitability?
- Devendra Goyal:** We have given the projection for the single loan number, for the consolidation.
- Janmajay Gandhi:** Sir, and what is the growth are you expecting for the next 2 years in this coal mines?
- Rohan Suryavanshi:** Let me tell you, this coal mine has a fixed production plan. So, first year, it was 5 million, then 10 million, then 16 million, then 25 million, then 35 million, and 6th year, it will achieve the optimum capacity, which is 50 million tonnes, and that will run for another 19 years. So, in 25 years, we will excavate 1,091 million tonnes in total.

- Janmajay Gandhi:** At a price of Rs. 550 per tonne.
- Sanjay Kumar Bansal:** No, no. The current price is 550 Rs, but the price is linked to the inflation numbers, the CPI, WPI.
- Janmajay Gandhi:** Okay, Sir, I understand this year, it will be 1,000, next year, around 2,000 and henceforth according to the plan?
- Devendra Jain:** Please rectify, 525 multiply 7 around 350 crores revenue this year, next we will do the 10 million then that will be 500 million, and then next year 16 million, then 25 million or incrementally inflation will also increase. This is the revenue guidance for that project.
- Janmajay Gandhi:** Okay sir. Thank you very much sir.
- Moderator:** Thank you. Reminder, participants please press star and one to ask a question. The next question is from the line of Prem Khurana from Anand Rathi Shares. Please go ahead.
- Prem Khurana:** Thank you for taking my question. So just book keeping first question. So just want to understand, did we receive any payments or cash consideration from Shrem during the quarter? And how much was infused by us in the hybrid annuities? Because when I look at the cash flow statement, it seems like we've infused Rs.190-odd crores
- But if I try and reconcile it with our presentation so the presentation suggests, I mean, we have received some payments because the cash received number, which was around 454 crores last quarter has gone up to 675 crores. So, this 190 crores adjusted for the money that we've received or how does that work? Or is it that I mean these were part of loans and advances or not exactly compared.
- Devendra Goyal:** So, if you are referring to the slide of the presentation so it is up to date. So we have not received any money from the Shrem InvIT during the Q1, the money has been received during the Q2.
- Prem Khurana:** Okay. And how much did we infuse during Q1 in our hybrid annuities?
- Sanjay Kumar Bansal:** So total investment was Rs. 268 crores. So mainly, it is in HAM only.
- Prem Khurana:** Okay. And how do I reconcile it with the Rs. 190 crores that you show in your cash flow statement, purchase of investment is 190 crores. And when I look at our balance sheet numbers. So, I can see that increase in investments, Rs. 190 crores, but at the same time, loans and advances have come down by 70-80-odd crores. So how do I reconcile INR268 crores and where does it lie in the balance sheet?
- Devendra Goyal:** Prem, there are the two types of investment we had in the HAM project one through the Quasi Equity that is unsecured loan and one through the equity, okay. So you will have to reconcile separately so it will not directly reconcile with the cash flow statement.
- Prem Khurana:** Okay. No, because, I mean, generally, the money that you invest in the form of Quasi Equity forms a part of your loans, right? And loans seem to have come down during the quarter. So, no worries, I mean I'll get in touch with you, and I will take it offline.

**Devendra Goyal:** yes, because there is some repayment also on unsecured loan so that will not simply reconcile the cash flow statement.

**Prem Khurana:** Sure. And Rohan, just small, I mean, if you could help us understand a little better the pipeline that you spoke about Rs. 1 lakh crores of NHAI prospects that you talk about. How much do we intend to kind of bid for of this Rs. 1 lakh crores? And how would the split be between EPC and hybrid, if you could share these things, please?

**Rohan Suryavanshi:** Sir, I mean, the split is as we've done in the past as well, 60% target of about HAM and 40% EPC. But all these things are obviously very dynamic based on how the bidding is happening at that point of time, how do we face competition and a whole bunch of other factors, and a whole bunch of what projects we won in that area. And so, it is very difficult to just state a number off the cuff, but that's there.

The pipeline is looking healthy, and those numbers have been sorted. And even if you look at DBL in the last year, we bid for more than the overall project that we bid for other companies was for over Rs. 1 lakh Crores that we had bid for.

So, our bidding team is geared and capable enough to handle and bid for that kind of orders in a year. So yes, we are fairly confident that given this is the year before elections, the Government will try and put out as many projects as possible.

**Prem Khurana:** Sure. And just 1 last. I mean, when I look at the history, I mean, generally, whenever you get to a general election, the preceding year, generally tends to be get somewhat curtailed in terms of awarding activity because I mean you get to a code of conduct, which is there, generally, I mean, you get to see some slow down once the code of conduct comes into play. Would you believe I mean, you will be getting some other situation, which is there? I mean, most of these projects would have to come out either in Q2 or Q3 because Q4, again, I mean most of these Government authorities would be busy with the election preparation.

**Rohan Suryavanshi:** Yes, sir, I think it's fair to assume that Q2 and Q3 should be heavier activity than Q4, as you rightly said. And the end of Q4, we come to about model code of conduct somewhere in the time of March or in that range, it starts kicking in. So hence, we also expect more to happen that. And whatever can happen before that. But given the high budget that the Government had announced for infrastructure, the Government probably when also when they announced because the capital expenditure for infrastructure went up from Rs. 7 lakh crores last year to 10 lakh crores this year. So, which was a 40% increase in capex for infrastructure.

So, the Government obviously had a clear intention on increasing the outland wanting to push out projects. And even all the commentary that you will see from the different departments has been in line with that goal. So we are hopeful that they should do it. Otherwise, they would have not announced such a large budget and also compound it everywhere.

**Prem Khurana:** And any update on Bharatmala Phase 2? Because I mean Bharatmala Phase I there's hardly anything left, that's only for a couple of years that you would get to have something come from NHAI. So, any update on Bharatmala Phase II in terms of...

- Rohan Suryavanshi:** I would not be the best person to be able to give you an update on that because that Government schemes are run with the Government having their own thought process. So, I think the Government will be a better place to answer that.
- Prem Khurana:** Sure, thanks a lot and all the very best.
- Rohan Suryavanshi:** Thank you.
- Moderator:** Thank you. The next question is from the line of Shravan Shah from Dolat Capital. Please go ahead.
- Shravan Shah:** Sir, just continuing the previous question. So till now, how many projects that we would have bided and where the bids have yet not open?
- Rohan Suryavanshi:** Shravan Ji, there are about 10 projects that we bid for where the bids have not opened up till now.
- Shravan Shah:** What will be the broader value?
- Rohan Suryavanshi:** I think roughly about Rs. 10,000 crores. And this is in all the different sectors that we are doing.
- Shravan Shah:** Okay. And just though you mentioned in the previous reply that you are not the right person in terms of the Bharatmala Phase 2. But just a broader perspective of whatever your understanding in terms of. Is there in terms of the broader when the Bharatmala Phase 1 started, they started with 5.75 odd crore and 7 lakh odd crore finally So this Phase 2, do you think that this size would be this Rs. 5 lakh crores, 6 lakh crores, 8 lakh crores or now most of the road phase is kind of the remaining small patches are there so the value could be much lower.
- Rohan Suryavanshi:** Shravan ji, see Bharatmala Phase 1 is done, for Phase 2 there are enough and plenty of roads to be made in India, and there's a lot of upgradation to happen from, like we mentioned 2-lane roads getting to 4-lane and 4-lane to 6 and onwards. So, all of that is happening and all states are also focused on building expressways and all. So, there is a lot of work that is happening. For me to be able to comment on how exactly will the Government teams pan out would not be I would not be the very best person.
- But we know the intent of the Government. They have come out with a very detailed paper on the national infrastructure pipeline. They've mentioned in a lot of detail what they want to do. So, I think referring to that and then looking at and having conversations with the Government, it would be a better place. But even they will not be able to give you such a long plan.
- They can say, "Yes, this is all that we are intending to do." How and when and how much will happen and what pace will happen is also a function of the Government that comes to power and what is their intent. So, a lot of things that will affect that.
- But I think directionally, there seems to be a healthy pipeline of orders across infrastructure sector. And 1 thing I'd definitely like to highlight, right now, if you look at our order book, less than 40% is in the road sector. So, it's not like we are dependent only on the road sector.

And there are a lot of orders coming in all the different sectors. So, our idea of diversification that we started is a journey that we started in 2015, 2016, has come handy given how much competition we are seeing in this sector as well. So, I think, for us, we are more focused on winning good quality orders across all the sectors that we're working in, sweating our assets, not making any large capex commitments, and that's lag for us.

- Shravan Shah:** Okay. Sir, again, in terms of just coming on the number on the HAM part. So once these 3 HAM projects, which is still to be transferred to Shrem, once if that will be transferred in terms of the on stand-alone books, whatever the equity till now we are showing part of this Rs. 998 crores, how much will be removed from that?
- Rohan Suryavanshi:** You mean like the equity that is on the presentation right now, once you transfer these assets, how much will get reduced from here?
- Shravan Shah:** Yes.
- Sanjay Kumar Bansal:** So basically, we complete the project. Whatever projects getting to be directed to Shrem InvIT that is already removed. So, there will be no further removal from the equity requirement. So, all the projects already removed from the equity requirement. It was completed.
- Shravan Shah:** No, sir, I'm not saying equity requirement. I'm saying whatever we have invested and which is part of so Rs. 998 crores, what we are saying, we have already invested. So, this is only in 18 HAM projects and the 10 Shrem projects is this already out of a stand-alone balance sheet. That's what we are trying to say?
- Sanjay Kumar Bansal:** Yes.
- Shravan Shah:** Okay. Got it. And so just further, just trying to understand, the Shrem InvIT is in the DBL infra books and not in the stand-alone books?
- Devendra Goyal:** Sharavn ji whatever we have removed the equity capital still there is in the book. But for the sake of clarification and whatever acting project is there, that is also in the book. And whatever we have not divested through the Shrem InvIT like Nidagatta-Mysore and the Patrapali so that is standing in the Dilip Buildcon stand-alone books also.
- Shravan Shah:** That's what I'm trying to understand, sir, on the number part so part 2 things just whatever you said. So broadly, roughly how much equity still will be there, the 3 projects that we still have to transfer to the Shrem? On the standalone books, how much equity we are still showing?
- Devendra Goyal:** So, Shravan ji, can we take it separately because the equity standing in the books of DBL stand-alone also, and it is extending in the DBL infra also. So what will be transferred when the entire 10 projects will get completed. Okay. So, we can take it separately and we can give you the numbers.
- Shravan Shah:** Okay. And then in DBL Infra sorry, Shrem Invit what we are receiving is shown in part of DBL infra and DBL stand alone.

- Sanjay Kumar Bansal:** So basically, we have received units in DBL Infra Assets and DBL both. So out of the total Rs. 868 crores worth unit, the total units in DBL Infra Assets is Rs. 324 crores. And in DBL, it is Rs. 513 crores. So, both the entity the units are there.
- Moderator:** Thank you. The next question is from the line of Jiten Rushi from Axis Capital. Please go ahead.
- Jiten Rushi:** Good Evening sir, Congratulations on a good set of numbers. Sir, my question is on the order inflow target which we are talking about around 10,000 crores to 12,000 crores. Sir, what would be the non-road portion and kind of work we are targeting this year?
- Sanjay Kumar Bansal:** So basically, if you can see our order book breakup, the road is generally close to 40%. So yes, this year also we are targeting road close to 40%.
- Jiten Rushi:** So, it is safe to assume around 4,000 -5,000 crores should be from the books?
- Sanjay Kumar Bansal:** Right.
- Jiten Rushi:** And sir, on what kind of margin do we expect from the non-road segment? Because now, as you said, steady state margin going forward would be 13%-14%, but can we see any better margin coming from the non-road segment, which can take us our margin...
- Rohan Suryavanshi:** Jiten ji, the margin guidance that we've given is a blended margin. And to give it from different segments would be unfair again, like I mentioned, every time when you bid for a project, it's based on multiple factors when we bid and the margins that we get. So hence, to pick out and give each existing would be difficult. Also, as part of our bidding strategy, it would be wrong to hand out different margin profiles of each sectors and give it to all our competitors as well.
- Jiten Rushi:** I understand. There are corporates who give, but that's okay. My point was, from the non-road as you said 6,000 to 7,000 crores. But can you just give us a breakdown like what you are looking from the non-road because we have been present in many segments. So any particular segment or news we are targeting this time aggressively of non-road so we are going to focus on...
- Rohan Suryavanshi:** Sir, all those segments that we work in those are the segments that you should see orders coming in. There is no specific breakup that we, at this point of time, have to offer.
- Jiten Rushi:** As you said NHAI has a strong pipeline. We understand that. Any pipeline you have identified like some metro or water supply, irrigation or we'll be bidding the way it will come. That is what I understand, right, sir?
- Rohan Suryavanshi:** All these segments have healthy orders coming, and we are looking at all of them.
- Jiten Rushi:** And sir, in terms of competitive intensity, what is your view now? So, we have seen competition in the past. So this year, what is your view, like do you see this intensity to remain or it will come down? Or how has been the experience so far like this year?
- Rohan Suryavanshi:** The intensity is dependent on multiple factors on the size of the project, smaller size projects will see more competitive intensity. It also depends on the type of the project, let's say, EPC versus HAM, EPCs have more competitive intensity. HAM has reduced competitive intensity.

So different segments have different competitive intensity, different states have different competitive intensity.

So, it's not like a 1 size fits all. It all depends on where exactly are we working, what segment are we working, how big is the project, all of those different things. Who is the payment agency, like which agent whether it's a municipal project, whether it's a state Government project, whether it's a multilateral funded project, whether it's a national Government funded project, all these things change, all these have a different VC, different, things happening and based on or multiple of these factors.

So, it would be very different. But yes, competition intensity in between has become much higher because of the Government reducing the requirements for bidding, which we again brought it up. So, there's some parity there, but there still very competitive in the lower range of projects in the lower cost of EPC projects, yes.

**Jiten Rushi:** But sir, just last thing. So you mean to say that we will focus on central Government and multilateral agency funded projects. That is something which we are focusing on so that the payments should be on time that's the whole thought process?

**Rohan Suryavanshi:** We focus on multilateral and national Government project and also state Government project where the funding has been tied up or we know that there is a very good visibility.

**Jiten Rushi:** Just last thing. Sir, you said 10,000 crores is the outstanding pipeline as of now, right? Where you are awaiting the results?

**Rohan Suryavanshi:** Yes, 10,000 crores of projects where we have bid, but the results have not opened.

**Jiten Rushi:** And any segment you can highlight, breakup between the segments?

**Devendra Jain:** There are different segments that we bid in, sir.

**Moderator:** Thank you. Reminder to all participants to please press one and star to ask a question Ladies and gentlemen, as there are no further questions, I would now like to hand the conference over to Mr. Rohan Suryavanshi for closing comments. Thank you, and over to you, sir.

**Rohan Suryavanshi:** As always, I'd like to thank all the participants for attending our conference call and all our partners for patiently asking all the questions that they had. In case we've not been able to answer some of your questions or you still have doubts, please feel free to reach out to our Investor Relations at S-Ancial or our own team internally, and we'd be happy to help you with any doubts that you may have. Again, we appreciate all of you coming on the call, and I look forward to seeing all of you guy in my next quarter call. Have a good happy monsoon.

**Moderator:** Thank you very much. Ladies and gentlemen, on behalf of the Dilip Buildcon Limited that concludes this conference. Thank you for joining us, and you may now disconnect your lines. Thank you