DILIP BUILDCON LIMITED
INFRASTRUCTURE & BEYOND

November 20, 2024

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

Subject: - Transcript of the Analyst/Investors conference call

In continuation to our letter dated November 08, 2024, please find herewith the transcript of the Investor conference call for Investor and analyst held on Thursday, November 14, 2024 at 09.30 AM. (IST) related to the financial results for the quarter ended September 30, 2024, conducted through digital means.

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

https://dilipbuildcon.com/investors/shareholders-centre/

This is for your information and record.

With Regards,
For, Dilip Buildcon Limited

ABHISHEK SHRIVASTAVA
Digitally signed by ABHISHEK SHRIVASTAVA
Date: 2024.11.20 10:31:45 +05'30'

Abhishek Shrivastava
Company Secretary

"Dilip Buildcon Limited

Q2 & H1 FY '25 Post-Earnings Conference Call"

November 14, 2024

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 Dilip Buildcon Limited Q2 and H1 FY '25 Post-Earnings Conference Call hosted by S-Ancial Technologies. 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 any 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 from S-Ancial Technologies. Thank you, and over to you, ma'am.

Jill Chandrani: Thank you, Neha. Good morning, everyone. Welcome to Dilip Buildcon Limited Q2 and H1 FY '25 earnings conference call. From the management, we have with us today, Mr. Devendra Jain, Managing Director and CEO; Rohan Suryavanshi, Head, Strategy & Planning; and Mr. Sanjay Kumar Bansal, Chief Financial Officer. Before we begin this call, let me mention the standard disclaimer.

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

Now I request the management to take us through the key remarks, after which we can open the floor for question-and-answer session. Now I hand over the call to Mr. Rohan Suryavanshi for his opening remarks. Thank you. And over to you sir.

Rohan Suryavanshi: Thank you, Jill. On behalf of Dilip Buildcon Limited, I welcome all the participants in our Q2 and H1 FY '25 results con call. The results and presentation have been uploaded on the stock exchange, and I hope all of you had a chance to look at it. At the outset, I would like to share some industry updates, and then I'll touch upon the company. So the infrastructure awarding activity in recent months has seen some deceleration.

However, we anticipate a pickup in the near future, fuelled by several initiatives like the PM Gati Shakti. Ministry Of Road Transport and Highways has outlined a remarkable goal for FY ’25. In the new union budget 2025, the government has high aspirations for the infrastructure sector with a view to making it a power house in our economy.

Road and highway transport was allocated INR2.78 lakh crores. And despite a slow start this fiscal year due to election season and modern code of conduct and the various ministries getting set up in place, MoRTH is committed to finalizing these contracts as confirmed by the honorable Union Minister. The Honorable Minister has stated that India will achieve the highest ever highway construction level this fiscal year. So, we remain optimistic.

As of August 2024, around 700 kilometers of projects were awarded while 2,700 kilometers of national highway have been completed. Although this is lower than last year's pace, we expect a significant uptrend as awarding activities regain momentum.

Another noteworthy development is the MoRTH's ambitious INR1 trillion investment in 74 new highway tunnels, spanning 273 kilometers. Notably 35 tunnels, covering 49 kilometers have already been completed, and this sustained focus on tunnelling is poised to unlock further growth opportunity for our company.

In other infrastructure news, in FY '25, Indian Railways has allocated INR1.74 trillion for infrastructure facility upgrades and safety enhancements. Similarly, Coal India Limited is advancing 119 projects, adding 896 million tons in annual capacity with INR1.33 lakh crores using advanced technology for productivity and sustainable mining.

Even from an outsider perspective, according to Morgan Stanley, investments in India's infrastructure are projected to grow at an impressive 15.3% CAGR over the next five years, amounting to an estimated $1.5 trillion in cumulative spending. This investment wave will significantly boost India's growth trajectory, reinforcing its position as an emerging global economic powerhouse.

Now coming to the sector and the company. During the quarter under review, ordering activity was weak across all sectors, which was expected because of elections, but now it is expected to pick up going forward. Just like in the past years, quarter three and quarter four specifically get heavy ordering. On the back of our strong order pipeline and our presence across all infra segments, we're expecting a good order flow in the next few months.

Currently, over INR1 lakh crores of NHAI and MoRTH orders already floated and expected to open in this financial year. In this, there is about 70% HAM and 30% EPC. Besides these rolled orders, company is also looking at opportunities in other sectors where we are evaluating orders of INR90,000 crores.

I'm happy to announce that we got our first breakthrough in optical fiber laying business by securing first order of BSNL in partnership with STL of about INR1,625 crores. In this order, our share is about 70%. Also to update, as I mentioned last time, there were certain challenges in the JJM project's money coming through. We still continue to face those challenges, even though it is of an improvement trajectory, but the situation has still persisted in this current quarter as well. We're expecting more improvement in relief from the this quarter and next onwards.

Now in continuation of our vision of DBL 2.0, I'm happy to report that our long-term revenue base business is growing at a fast pace. This plan envisages predictable free cash flows, improving return ratios and zero debt on a standalone basis. So, when you look at DBL going forward, you will have to look at the consolidated numbers to get a better perspective. Even in this quarter, we have achieved the highest ever quarterly PAT on a consolidated basis.

Our focus is to keep increasing this. But in the same breath if I have to give you guidance on the standalone revenue for this year, given that the order inflow has been weak till now, we're expecting a degrowth of around 10% in FY '25. The EBITDA margins are still created to be in the 11%, 12% as we had indicated earlier. However, the consolidated margin will be higher than last year. Let me reiterate that, that the consolidated margin will be higher than last year.

The debt reduction guidance on a standalone basis for this year may change slightly because of lower revenue and lower order inflow, but it will still be reduced from the past year debt. So, the key takeaway here is that DBL is focused on being a net debt zero company as we had indicated earlier. Even if the timing is postponed by six months or so, but our target still remains the same.

Now coming to our investment portfolio of HAM assets, I am happy to inform that recently we have fully concluded the Shrem InvIT deal with transfer of 51% equity stake in the last project. With this, our entire deal with Shrem is concluded and we will continue to do the O&M of their assets for the life duration of those assets. This provides us with long-term assured revenue stream. And this O&M revenue stream, which will keep on increasing as our own InvIT asset pool is getting larger in size.

To talk about our own InvIT as well and to give you update on that, the InvIT Alpha, we are progressing as per the plan. Till now, we have transferred 26% stake in seven assets out of a total deal of 18 assets. These seven assets have received COD and the annuity has started. One more asset will receive COD in this month, post which it will also be transferred to Alpha and eventually to the InvIT. This will conclude the first tranche of Alpha deal. Our InvIT formation process is also progressing well. We have received SEBI approval for forming public InvIT.

Now coming to our coal business. Our coal MDO business is on an accelerated execution path. I'm very happy to report that we have achieved production of 10.2 million metric tons in the first half of the year as compared to our target of 22 million metric tons for the full year. We are also confident and on track to beat this target by at least 10% to 15%, meaning we will end up doing this year with almost about 25 million metric tons of coal production.

Now with this update, I would like to hand over the call to our CFO for the financial overview. Thank you.

Sanjay Bansal: Thank you, Rohan Ji. Good morning, everyone. I welcome all our stakeholders to our earning call for the quarter ended 30 September, 2024. Let me present the standalone and consolidated results of Dilip Buildcon Limited for the quarter and half year ended 30 September, 2024. On standalone basis, on Y-o-Y basis, revenue decreased by 10.3% to INR2,177 crores against INR2,427 crores in quarter two FY '24. The EBITDA decreased by 24% in quarter two FY '25 against INR294 crores EBITDA in quarter two FY '24.

Profit after tax increased by about 8% in quarter two FY '25 to INR129 crores against INR120 crores in quarter two FY '24. Now let me update on the consolidated performance of Dilip Buildcon. The revenue on Y-o-Y basis decreased by 13.6% to INR2,461 crores in quarter two FY '25 against the revenue of INR2,849 crores in quarter two FY '24.

The EBITDA increased by about 47% in quarter two FY '25 to INR500 crores from INR340 crores in quarter two FY '24 and this is mainly due to better performance of our MDO business and completed six HAM projects at the end of 30 September, 2024. The profit after tax is also increased by 263% to INR266 crores in quarter two FY '25 against INR73 crores in quarter two FY '24.

The consolidated performance for half year basis, Y-o-Y, so the revenue decreased by about 3% in H1FY '25 to INR5,595 crores from INR5,769 crores in H1 FY '24. The EBITDA increased by 33% to INR977 crores in H1 FY '25 versus INR734 crores in H1 FY '24. The profit after tax increased by 374% in H1 FY '25 to INR406 crores from INR85 crores in H1 FY '24. This increase in profit after tax by 374% is mainly due to the better performance of MDO business, completed six HAM projects and exceptional items of INR158 crores.

Thank you, all. And now we can open the floor for questions and answers.

Moderator: Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Kunal Ochiramani from Kitara Capital. Please go ahead.

Kunal Ochiramani: Hi, sir. I just wanted to ask like you told you are evaluating some orders of INR90,000 crores in other sectors. We are well diversified. How to look at your company at five years' perspective as to how will we gauge the order book? And as our realizations or let's say the conversion is going down this year, there's a dip in revenue this year. How do you see it in next year and next year up?

Rohan Suryavanshi: Kunal ji, a great question. When we're looking at DBL five years down the line, how should we envisage this company? So, I think there are two sort of distinct ways that you'll have to look at the company. One is DBL as a short-term revenue and DBL on the long-term revenue basis that I mentioned. The short-term revenue will be the EPC projects that we do. These are typically two to four years' timeline projects.

And this DBL will continue to do because of all the inherent engineering and execution capabilities that we have built over the last few years. We have our own equipment bank, our own people and all the credentials and an experience of having worked in all around 22 states now. So, we will be continuing to do work in all those states in all the sectors that we are already doing. And we may also add some more depending on what new opportunities are presented by the government in the country at that point of time.

Bcause at the end of the day, the trick or I guess the biggest thing of doing any infra project is the execution capability and where we are very confident of being able to manage all those nuances of a project very well. So that will be one part of the DBL that will continue to keep growing.

The second pie which we mentioned and which will set us apart in the sector and in this area is that we are focusing on a long-term revenue business model as well. So, there will be an increasing share in both our revenue and, more than that, our bottom line from the long-term business. These businesses, the two pillars of those business will be -- one, will be the coal business where four or five years down the line, we will be possibly the second largest maybe after Adani in terms of the coal production that we'll do, because we will be doing almost 60 million metric ton of coal production by that time.

Currently, in this year, we will do about 25 million, but at that time we will be doing about 60 million metric ton of coal production which will give us a clear revenue of about INR3,500 crores to INR5,000 crores of revenue coming from that sector. So that, and this is without accounting for new projects that we are already bidding for. I'm just talking about the current order that we already have. So, when I say this 60 million metric ton of coal production, this accounts or amounts to almost 10% of the Coal India current production.

So that is the scale of operations that DBL will be sort of doing that. And as we add more mines to it, this will keep on increasing. The second bit of this long-term revenue pie will be our InvIT business, the one that we're setting up with Alpha. The 18 projects that we've already committed there already gives us about equity valuation of our 74% that we'll be holding of about somewhere in the range of INR4,000 crores, which will give us INR400 crores, INR450 crores of cash flow every year.

This, in the next five years, will also increase because we will add more HAM projects of our own. Also, the InvIT will be procuring more assets from market. So, our revenue from that will also keep on increasing. So, if I look at a five year down the plan, my two large sort of fixed businesses alone will be throwing out an EBITDA of more than INR1,500 crores easily like when I'm talking about the coal and just this InvIT business.

Besides that, whatever revenue we do on the standalone basis will again, let's say, even if you're doing like some INR8,000 crores, INR10,000 crores of revenue, let's assume at the same current ratio, again if you imagine 10%, 12% of EBITDA, it will again throw out that initially. So, we will have not only increased that bottom line.

But we will also have very predictable and assured long-term cash flows, which in this sector and this industry is difficult to find. So, our learning after COVID was we want to build an institution where there are long-term predictable cash flows and we can continue growing that business year after year. So that was the idea and that's where we see ourselves in five years from now.

Kunal Ochiramani: In H2, how we see as the company is when we value or when we see our coal business and InvIT business is fairly estimable that we can estimate and we can arrive at a value or we have some visibility on the business. Can you comment something on EPC side as to how will our order book grow or some internal estimates you guys see that at least 10% or some ballpark number you have in mind?

Rohan Suryavanshi: So DBL in the past was obviously known for a faster growth rate where we were also investing a lot in both our bank facilities and also investing our equipment going forward as we have indicated. We are really targeting a growth of 5% to 10%. So that is the growth rate that we will continue to target.

Now when it comes to a five-year plan around what are the businesses, that question is better asked to the government because they are the ones who planned out. They have laid out a vision. If you look at the last 10 years of this government, they have kept on increasing the infrastructure budget year-on-year, when in 2014, the total infrastructure budget was about INR2.5 lakh crores or somewhere in that ballpark.

Last year it was about INR10 lakh crores -- sorry, INR11 lakh crores. This financial was INR11 lakh-something crores. So, this pie will keep on increasing. And as this pie keeps increasing, our business should keep on increasing as we have also gone into different sectors. So that's how it will look, sir.

Kunal Ochiramani: Okay. Thank you so much.

Moderator: Thank you. The next question is from the line of Shravan Shah from Dolat Capital. Please go ahead.

Shravan Shah: Hi, sir. Thank you very much. Sir, just a couple of questions on the pure construction part. You have explained very well on the MDO and InvIT part. So, first is this BSNL order, so what would be the 70% EPC value excluding GST for us?

Sanjay Kumar Bansal: Shravan ji, the total order value is INR1,625 crores, and we have about 75% work basically allocated to us. And this value is basically construction. And thereafter around seven years, there is a O&M also. So, there will be additional revenue from O&M also, which is not included in INR1,625 crores.

Shravan Shah: Okay. So here also, the 18% GST is there?

Sanjay Kumar Bansal: Yes.

Shravan Shah: Okay.

Rohan Suryavanshi: This is exclusive GST. This number that you see, INR1,625 crores, is excluding GST.

Sanjay Kumar Bansal: Excluding GST and the O&M value which is about INR925 crores or something...

Rohan Suryavanshi: INR975 crores. About INR1,000 crores of O&Ms will also come.

Shravan Shah: Okay. You have mentioned that is including the GST, INR1,625 crores is including GST.

Rohan Suryavanshi: I don't think it's including GST. But we'll

Sanjay Kumar Bansal: But we'll rectify the mistake there.

Shravan Shah: No issues.

Sanjay Kumar Bansal: DBL part is 70% in the execution and the O&M. So, O&M is also INR975 crores above the INR1,625 crores.

Shravan Shah: Okay. Got it. So now broadly in terms of order inflow for this year, so you have highlighted even INR90,000 crores tenders you are evaluating. So, if you can also help us in terms of sector-wise breakup which are the segments and also road also if you can help us what's the pipeline and what we are looking at. So, net-net, INR1,100 crores plus this INR1,200-odd crores, so kind of a INR2,300 crores kind of order inflow that we have already received.

So how much more we will be looking at for this year. So INR15,000 crores, INR16,000 crores last time we said that we are looking at in terms of inflow. And also, just to clarify, out of this, are we also including the MDO mining inflow that we normally take for three-year kind of a revenue? So that is also included in this whatever the full year order inflow we are looking at?

Rohan Suryavanshi: Sir, when we speak about new order inflow, when we mentioned INR15,000 crores to INR16,000 crores, that means the new order that we are targeting this year. It doesn't include what have already we won, number one. Number two, the target remains to be in that zone only that INR15,000 crores, INR16,000 crores target that we've mentioned. I obviously can't give you a breakup of all the sectors, like piece-by-piece breakup of all the sectors that like how you expecting.

But the current sectors that we're working in, these orders are in all those sectors and we are looking at those orders. So that's the key takeaway. Even in the past, we've never given like a detailed breakup of each sectors, this thing. The road sector we do mention. The other sector, we give you an overarching picture and that we are bidding for these projects. So that's what we're trying to do here also.

Shravan Shah: Okay. And now in terms of debt reduction, so just to get a more clarity, so which has increased close to INR700 crores plus in 1H at a gross level. So from now onwards, how much more reduction we are looking at by March end? And in terms of the net debt free by FY '26, so that remains intact?

Sanjay Kumar Bansal: Shravan ji, the debt is primarily increased because of the working capital changes, especially the delayed receivable from JJM projects and the accumulation of the GST and TDS credit and we have faster paid to creditors. So, in all, we have basically invested in working capital around INR700 crores and corresponding debt has increased. In terms of debt reduction, Rohan ji already detailed in his speech. Rohan ji, please.

Rohan Suryavanshi: Shravan ji, like I mentioned in the speech as well, our target still remains to reduce debt. While we will be able to achieve the earlier number that we have done or not remains to be seen. We are optimistic. But even though if we rationalize it a little bit to take a prudent sort of look at things, we will reduce the amount of debt. The amount of total debt will be lower than last year's debt.

So that is for sure we are aiming, even though it might not reduce to the level that we earlier thought it will and primarily because we didn't get the orders that we thought we will, which would have culminated into revenue and improved our margins. Number two, when you get new orders you also get the mobilization advance which culminates the older projects where mobilization advance is getting cut. So, there is always a sweet spot which continues going there. So that's why.

Sanjay Bansal: And Shravan ji, let me add to what Rohan ji said. So, this is temporary phenomena. Our debt free company, the estimates are printed, so what we envisage in past, the company will be debt free on the similar lines.

Shravan Shah: So now, are we saying that we can be a net debt free by even FY '27 and may not be in FY '26?

Rohan Suryavanshi: Yes, sir. If not FY '26, so FY '27. So, like '27 is where we will do it. So that's why I said, there is a postponement of this trajectory that we had started on because of the things which are outside our control. The lower order sort of inflow that came in and all of that and revenue that got hit. But the trajectory still remains the same. There is no plan to sort of change this or do anything else. The trajectory you will see here on are happening.

Shravan Shah: Okay. And what was the DBL Infra debt? Was it the similar INR650-odd crores as on September?

Sanjay Kumar Bansal: Yes. So, the net debt at DBL Infra Asset level is INR645 crores.

Shravan Shah: Okay. Got it. And so broadly in terms of the whatever we are looking at INR400 crores, INR450-odd crores InvIT inflow to those as a dividend and plus interest and everything. So how much broadly? So, this 1H how much we have received and at standalone level? And if possible, how more we are looking at in the second half and then maybe FY '26 if you can help us there?

Sanjay Kumar Bansal: So Shravan ji, the total inflow what is projected to be received from the overall unit holding in InvIT is around INR95 crores. Out of that, around INR45 crores has been received and it is in 60-40 ratio. 60% in DBL and 40% in Infra Asset.

Shravan Shah: Okay. Got it. And then this Alpha Alternative will start from FY '26 onwards only?

Rohan Suryavanshi: Yes.

Shravan Shah: Okay. Got it. And then just to recheck in terms of the capex just a INR46 crores we have done, so for full year at standalone level, how much we can look at?

Sanjay Kumar Bansal: Shravan ji, the total capex in FY '24-'25 would be around INR150 crores. So total INR116 crores is already incurred.

Shravan Shah: Okay. Okay. Got it. And sir, when we say now we got the SEBI approval for Public InvIT. So, does that mean that it will be listed on the stock exchanges?

Sanjay Kumar Bansal: This is first approval and the lawyers and the bankers are creating the document. So, it will be filed once ready. So, our plan to launch the InvIT will remain intact.

Rohan Suryavanshi: Yes, it will be listed on the exchanges, sir.

Shravan Shah: So maybe six months down the line, one can look at this will be listed?

Rohan Suryavanshi: Yes, six months or so, sir.

Shravan Shah: Okay. Got it, sir. Thank you and all the best.

Moderator: Thank you. The next question is from the line of Deepak Purswani from Svan Investment. Please go ahead.

Deepak Purswani: Hi. Good morning, sir. Sir, just wanted to check it out on two questions. Firstly, on the net debt front, we mentioned it has got delayed by one year and we are looking at net debt free by FY '27. What is the expectation by end of FY '25 at the current juncture now? Earlier, we were saying it would be around INR1,000 odd crores. How should we see this year we would be closing it out?

Sanjay Kumar Bansal: Deepak ji, the net debt at end of '24 was INR1,515 crores. Today, the debt is increased because of the delayed receivable. We are expecting some relaxation. So, there will be reduction by the end of FY '25, but we can't permit a higher number. But it will be definitely reduced from the level which we had on 31 March, 2024.

Deepak Purswani: Okay. And secondly, it's good to see there is a sharp ramp up in the MDO business. I think volume on the overall basis has increased to 10.3, which is close to last year volume in the first half itself. If you can also share the revenues and EBITDA, how much has been the total revenue from the MDO business in first half and what has been EBITDA?

Sanjay Kumar Bansal: Deepak Ji, we don't share the entity-to-entity EBITDA. So, I detailed out in my presentation, the increase in consol performance is because of these factors, the MDO business and the completed HAM projects.

Deepak Purswani: Okay. And in terms of the further ramp up in the production of MDO, how should we look into the full year as a whole now currently and what should be the expectation over the next two years for the MDO business?

Sanjay Kumar Bansal: So MDO, there are two MDOs, Siarmal and Pachhwara. Pachhwara, there is a fix production of 7 million ton we will be achieving this year. And this 7 million tons will continue for 55 years. So, the performance, what we will do this year will continue for next 54 years. In terms of Siarmal, this year, originally, we have indicated target by 15 million ton. And as Rohan Ji detailed out in his presentation, we will increase this production by 10% to 15%, meaning 17 million, 18 million ton this year.

So in total, it is 24 million, 25 million ton this year MDO business and, next year, it will rise by another 10 million. In FY '28, we will be doing 60 million ton as Rohan Ji said.

Moderator: Thank you. The next question is from the line of Narendra from RoboCapital. Please go ahead.

Narendra: So sir, earlier if I'm not wrong, you had guided for a INR15,000 crores kind of order inflow. So, are we still expecting that?

Rohan Suryavanshi: Yes, we have guided for an order inflow of INR15,000 crores last year -- I mean in this -- for this financial year.

Narendra: Sorry, sir. I did not get you. Sorry.

Rohan Suryavanshi: You're saying we have guided for a INR15,000 crores order inflow, right? That's what you asked for? Yes, we have guided for that.

Narendra: So are we still on track or do we see some softness?

Rohan Suryavanshi: Yes, we are optimistic on that number because there's still the larger orders have not sort of been bidded out and we are bidding for them. So we're already sort of working on those orders. Like I mentioned, there's almost a INR2 lakh crores order pipeline that DBL is currently evaluating. So we are fairly optimistic that we should be in that range. And out of that INR15,000 crores we've already won orders about INR3,000 crores till now. There's INR12,000 more crores that we need to win.

Narendra: Okay. Great, sir. And on the margin front, sir, there was some softness this quarter. So was it due to the seasonal nature or what was the reason and are we optimistic for that 11%, 12% kind of a margin?

Rohan Suryavanshi: Yes. The margins were soft because of seasonality and also because of lower execution. However, we have guided towards an 11%, 12% margin only for the year keeping in mind some of these things. So that is how you should look at the year on a standalone basis.

Narendra: Okay, sir. And would it be possible to give a light on the margins in the MDO project that you are doing? What would be the ballpark number for margins there?

Rohan Suryavanshi: Sir, we don't share margin sector-by-sector. We only share like the company margins.

Narendra: You mentioned that you will be getting around INR1,500 crores of EBITDA these long-term projects, right? The InvIT and MDO project, right, you did mention that?

Rohan Suryavanshi: Yes. So that -- we've mentioned those three -- like the two items, the inflow from InvIT and the MDO business. You're right.

Moderator: The next question is from the line of Vaibhav Shah from JM Financial Limited. Please go ahead.

Vaibhav Shah: Sir, so we have guided for a 10% decline in terms of revenue for FY '25. So given the lower base now, so can FY '26 see a better growth or it should be in the range of say 5% to 10%-odd.

Rohan Suryavanshi: Yes, sir. Obviously, it will see, because we will have the orders that we've guided for. So once that execution starts, there will be a ramp up in revenue.

Vaibhav Shah: So any particular guidance from your end in terms of revenue growth?

Rohan Suryavanshi: Sir, I think to give you a better perspective on that will be when end of the year we're sitting with an order book and where we are exactly, we'll give you a better precise number rather than shooting in the dark right now with still expecting for orders.

Vaibhav Shah: Okay. And over a longer term, say two to three years, a margin should be in the range of 11% to 12%.

Rohan Suryavanshi: Yes, sir. Easily, it will be in that 12% and all, it will be easily there. Though we should look at the consol numbers going forward like we mentioned because all of it will not be captured on the standalone, the margins that the company will be making. So you should start also paying closer attention to the consol numbers as we go forward, sir.

Moderator: The next question is from the line of Saket Kapoor from Kapoor & Company.

Saket Kapoor: Just firstly, if you could explain to us the BharatNet project which we have backed in consortium with Sterlite. What is our scope of work here? And for the O&M part also, the proportionate of 70%-30% holds good?

Rohan Suryavanshi: So the scope of work, there is the trenching and laying of the cables. That is what we'll be doing in execution. And it's maintenance of the same and O&M.

Saket Kapoor: Sir, I missed your point. Come again, please.

Rohan Suryavanshi: Sir, it's the trenching and laying of cables and the O&M of it.

Saket Kapoor: Okay. I mean, the O&M also, the INR925 crores, 70%-30% ratio prevails similarly.

Rohan Suryavanshi: Yes, yes, sir.

Saket Kapoor: Okay. But taking into account the realm of things and the space where we are, what drew us to this INR1,000 crores, INR1,500 crores, INR1,600 crores INR1,800 crores order in a totally different field altogether? Although, sir, I think so we bided for eight of the packages but we were awarded one. So if you could just give us some color on the experience and we have garnered from this type of -- participating in the project.

And how does it make that a significance for us to diverge into these businesses or this line of operations, sir?

Rohan Suryavanshi: Sir, obviously, we had bid together. We and STL had bid for all the packages. Unfortunately, we did not win more. So, our idea was to obviously do a bigger portion of this. Now coming to what is the work and expertise, this is a very simple job compared to a road business or any other infrastructure business that we do. Whether it is metro or tunnelling, all of it is far more, engineering wise, more complex.

This is a simple trenching, digging up of a hole and then laying that. So, we already have the equipment for that and manpower. So, it's a very simple job that we'll be doing. And this kind of stuff we already do on our road projects and all. So, it's a very simple sort of project execution where we already have all the equipment and people. So that's why we were doing it along with this, STL.

Saket Kapoor: When we look at being one of the MDO operator for the coal mine part, how many players have been garnered the project or are we singly operating the mine?

Rohan Suryavanshi: I didn't understand the question, sir.

Saket Kapoor: Sir, I was trying to understand whether in the coal mine part also, there are a lot of players operating in as MDO or are we the sole people?

Rohan Suryavanshi: Sir, there are people in the coal business as well. They are very separate than what we see in the road business. There are separate set of players in the coal MDO business, since it has a different set of challenges. So, there is different competition there as well.

Saket Kapoor: Sir, I didn't get the point. Sir, I was asking that as an MDO operator for the mines where we are operating and we are also alluding to the fact that going ahead, we will be the second largest MDO operator for coal mines in India after Adani. So in this project also, we are garnering total output for the -- our client as a single person or here also we have formed a consortium and we are sharing a part of it?

Sanjay Kumar Bansal: So Saket ji, we said we have two MDOs, one 50 million ton every year and 7 million ton every year. This makes two 57 million ton. So today, we have two principles only, the ECL for Pachhwara and MCL for Siarmal project. So, with these two, we will be achieving about 60 million ton. And there are other set of MDO players in market like Adani and others. So there are few people working in MDO segment as well.

Saket Kapoor: Okay. And sir, what explain the increase in capital work in progress at standalone number also and if you could give the breakup for the consol part also, the capital work in progress?

Sanjay Kumar Bansal: So in terms of capital work in progress first, standalone basis, it is INR80 crores. This is part of our INR150 crores total capex this year at standalone level. And in the SPVs, the HAM SPVs, the capital work in progress is HAM capital working progress and one part of MDO. So in Siarmal, we have capital work in progress for the project capex, which is already approved by the authorities.

Saket Kapoor: Okay. And lastly sir, we have also heard from BSNL in fact that that one of the tender participant has even approached the court to challenge the tender process having unfair practices. So are we aware of this? This is a notification from BSNL itself dated yesterday, 13 November.

Sanjay Kumar Bansal: So Saket Ji, we are not aware about any objection made by any participant in the tenders.

Moderator: Thank you. The next question is from the line Rishikesh from RoboCapital. Please go ahead.

Rishikesh: Sir, in the last call, we had shared that we were going to receive around INR477 crores from Alpha during this year. But it looks like the timelines have been shifted to FY '26 and '27. Would like to know is there any possibility for these cash flows to go beyond FY '27 as well or are we fully confident that we will receive these cash flows in the set timelines?

Sanjay Bansal: So let me correct basically, last quarter presentation, INR477 crores was shown from the eight assets. So balance five assets we have shed, INR477 crores will be received. Out of that, only INR61 crores is pending. You refer the line on Page number 28, only from eight assets. And the another line is added for the another 10 assets, 26%, which is INR550 crores.

So that 10 assets are still not complete. So once the assets will complete, this INR550 crores is additional to the INR477 crores. So out of 477 crores, only INR61 is pending. Others already received.

Rishikesh: Okay. So we are seeing that around INR400 crores has been received basically?

Rohan Suryavanshi: Yes.

Moderator: The next follow-up question is from the line of Shravan Shah from Dolat Capital. Please go ahead.

Shravan Shah: Sir, I just wanted to check when we are saying our net debt -- even if we are saying some reduction will be there on Y-o-Y basis, so that means close to INR800 crores kind of a reduction that we are looking at in the second half of this financial year. So can you help us how this will be done?

Sanjay Kumar Bansal: So one is basically we are expecting unlocking the working capital what we invested in first half. So it is basically the JJM projects and the TDS and the income tax refund. So basically, the original position will be restated by 31st March, 2025 and further reduction from the operational cash flows. So we said from the FY '24 level, there will be slightly reduction by as of 31st March, 2025.

Shravan Shah: So in terms of the 1H, in terms of standalone, the finance cost is close to INR242-odd crores, so INR120 crores, INR122 crores quarterly. So at least for next two quarters the similar run rate will be there?

Sanjay Kumar Bansal: So Shravan Ji, I would say little bit relaxed from the first half, not very significantly down. But yes, it will be in the range where we are in H1.

Shravan Shah: And sir, in terms of the inventory days, so obviously, we are trying to reduce. But do we see that any material reduction is possible even in next one, two years?

Sanjay Kumar Bansal: Shravan Ji, we are working for each and every balance sheet item. So yes, there will be reduction in working capital days going forward. I can't tell you whether it will be in inventory or debtor. But yes, net working capital days will be reduced by some extent.

Moderator: The next follow-up question is from the line of Saket Kapoor from Kapoor & Company

Saket Kapoor: Sir, for the margin profile for the BharatNet project, can you explain to us how the margins will look like?

Rohan Suryavanshi: We try and build all projects on the similar margin profile, so what we have indicated towards, this project will also have that kind of margin profile.

Saket Kapoor: So this 11% to 12% EBITDA margin is what we are eyeing even for this BharatNet project?

Rohan Suryavanshi: Yes.

Saket Kapoor: Okay, sir. And sir, since you mentioned that we have bid in consortium with Sterlite for all the projects. So, is this margin profile the key reason for so many people participating for these packages or what has led to you gathering only one of the same and not getting further even though your partner has an expertise in laying off OFC cable?

Rohan Suryavanshi: Sir, we are also evaluating, but that is life. When you bid for a lot of projects, even on the NHAI road side, we end up winning 5%, 6% of the project that we bid for. So similarly, here also we had bid for enough but we didn't get. So it's just hard luck, tough luck. It's the nature of L1 business and that's how it kind of works. Either you work on your margin profile or you reduce the margins and then you can get more orders.

Saket Kapoor: Okay. Sir, you have also spoken about delay in receivables. So which government entity has delayed in releasing the funds and in which projects?

Rohan Suryavanshi: Jal Jeevan Mission projects, there, the central government has not released their share to the states, which is why there is delay. And this is across many states. In fact, all states where JJM projects are going, the central government has not released its part. Only the state government have been doing their part, which is why there is a build-up of sort of receivables from the government in these projects. And this is across for all players across all states.

Saket Kapoor: Okay. And what are the reasons the government have highlighted for this non-compliance from their end?

Rohan Suryavanshi: Sir, I think -- yes, there's an increase in miles. But you are asking the wrong person that question. I think you should be asking the government that question, what are the reasons. I only know that there's an increase in budget which is why they are sort of evaluating how to and re, sort of, stating the budget and getting more approvals there. That's the reason that I know. If there are more things that are happening in the background.

I am not privy to that. But you should definitely reach out to the government and ask them why has there been a delay in the payments.

Saket Kapoor: Okay. And sir, lastly, on the AMRUT 2 scheme also wherein the river-linking projects have been showcased. So in your bid pipeline, do you have this, the river-linking project of the central government under the AMRUT 2 also wherein we are participating or we are keen to bid for?

Rohan Suryavanshi: Sir, whenever these projects come and they fit into our project profile -- so if they fit into our project profile and the kind of project that we look at, then we'll obviously bid for them. That's all I can say on that matter right now.

Saket Kapoor: Okay. So we have not exactly bid as of now for the river-linking project?

Rohan Suryavanshi: No, sir, we've not.

Moderator: Thank you. Ladies and gentlemen, we'll take this as the last question. I'll now hand the conference over to Mr. Rohan Suryavanshi for closing comments.

Rohan Suryavanshi: I thank all the participants to come and ask all the questions that they had. If anyone could not get their questions answered, please feel free to reach out to our IR or our team and we'd be happy to give you more information on that. I look forward to seeing you guys in the next quarter, the next year. I wish you all a great New Year. And I hope all of you had a phenomenal Diwali. Thank you from everyone here at the DBL team.

Moderator: 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.