

August 2, 2025

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 July 24, 2025, please find herewith the transcript of the Investor conference call for Investor and analyst held on Wednesday, July 30, 2025 at 10.00 AM. (IST) related to the financial results for the quarter ended June 30, 2025, conducted through digital means.

The aforesaid information is 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
Company Secretary



“Dilip Buildcon Limited
Q1 FY'26 Earnings Conference Call”
July 30, 2025



**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
MR. GAUTAM JAIN – HEAD INVESTOR RELATIONS --
DILIP BUILDCON LIMITED**

Moderator: Ladies and gentlemen, good day, and welcome to the Dilip Buildcon Limited Q1 FY '26 Earnings Conference Call. 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 Mr. Gautam Jain from DBL. Thank you, and over to you, sir.

Gautam Jain: Thank you, Anushka. Good morning, everyone. Welcome to Dilip Buildcon Quarter 1 FY '26 Earnings Conference Call. From the management, we have today Mr. Devendra Jain, Managing Director and CEO; Mr. Rohan Suryavanshi, Head of Strategy and Planning; and Mr. Sanjay Kumar Bansal, Chief Financial Officer.

Before proceeding with the call, I would like to mention the standard disclaimer. The presentation that we have uploaded to 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.

Now I would request Mr. Rohan to take us through the key remarks, after which we can open the floor for question-and-answer session. Thank you, and over to you, Rohan.

Rohan Suryavanshi: Thank you, Gautam. Good morning, everyone. On behalf of the entire DBL family, I welcome you all to this conference call. The results and presentation have been uploaded to the stock exchanges, and I trust you had a chance to review them.

To provide a brief overview of the industry, the muted order activity trend we experienced last year has continued into the first quarter of this fiscal year across all infrastructure sectors. However, based on recent developments and assurances from the government and a very clear intent, we're expecting a significant increase in orders for the remainder of the year.

In the road sector, the NHAI is preparing to bid out 124 road projects worth INR3.4 lakh crores in FY '26. These projects will include a mix of HAM, BOT and EPC models. Additionally, Honorable Minister, Shree Nitin Gadkari has pledged INR2 lakh crores for infrastructure development in Jharkhand. The ministry is focus on increasing capital expenditure, along with overhauling processes related to tendering DPR preparation, road safety and quality, maintenance and toll collection, bodes well for the long-term outlook of the sector.

In the Water Distribution sector, particularly with the government's flagship Jal Jeevan Mission, challenges such as water scarcity, difficult terrains and funding issues have hindered full implementation. Given these delays and these issues, the government has extended the execution time lines to 2028 in the last budget. As the central government remains committed to completing the scheme with various interventions, we anticipate some progress this year.

In the Metro Rail sector, we stand on the brink of significant opportunities. Recently, the Andhra Pradesh government approved a proposal to invest over INR20,000 crores in the development of the Vizag and Vijayawada Metro Rail corridors. According to a recent World Bank report, Indian cities require investments exceeding USD2.4 trillion in urban infrastructure by 2050 to meet the needs of the growing urban population. This highlights the urgent need for increased infrastructure investment in the country.

As a well-established and diversified infrastructure player, we at DBL are actively exploring opportunities across all related sectors and are confident in our ability to capitalize on these prospects.

Now focusing on DBL performance in the last quarter, we have encountered challenges in securing new orders, primarily due to a slowdown in the ordering activity across most of our verticals and heightened competition for the limited projects available. This situation is true for all players of the industry and even more so for the larger players because a large portion of orders have been won by smaller and unrecognized players due to lowering of the bid standard by the authorities.

It's vital to keep our investors and analysts informed about the situation. Over the past few months, we have faced intense competition, especially in some large orders as well. However, at DBL, we remain steadfast in our commitment to our long-term strategy of profitable growth. We have chosen to uphold our threshold margin levels, which has led to a temporary decline in our order book.

However, we are optimistic that as the market stabilizes and conditions improve, we will successfully secure orders across all our established verticals. And while we will be experiencing a period of de-growth, we view this as an opportunity for strategic refinement. The government on its part, like I mentioned has already improved the qualification criteria, and we hope this will lead to significant reduction in competitive intensity.

So right now, rather than lowering our threshold margin levels to chase suboptimal projects, we are taking this time to realign our operations to be leaner and more agile. As part of this initiative within our EPC business, we have paused all capital expenditure plans and implemented targeted workforce adjustments, which will enhance our operational efficiency in the long term. We believe these proactive cost-cutting measures will yield lasting benefits for our performance moving forward.

In our HAM projects portfolio, execution is progressing smoothly and according to schedule. In the last quarter, we have completed partial divestment in 3 projects to the Alpha Alternatives fund for a consideration of INR125 crores. The remaining 7 projects are on track.

We anticipate completing and partially divesting 4 of them within this financial year, followed by the remaining 3 in the next financial year. I'm also happy to report that our InvIT formation process is nearing completion and we have received in-principle approval from NSE, BSE and SEBI. After a few more necessary clearances, we are excited and we anticipate to launch the InvIT within this quarter.

Now moving on to our Coal Operations, our coal MDO operations are thriving and progressing on schedule. In our Siarmal MDO, we have achieved a production volume of 5.4 million metric tons in quarter 1 FY '26, and we are on-track to meet our full year target of 25 million metric tons for FY '26.

Similarly, our Pachhwara MDO achieved 2.9 million metric tons in quarter 1 of FY '26, positioning us well to reach our full year target of 7 million metric tons for FY '26. In total, we will achieve production of 32 million metric tons in FY '26.

Finally, I'm excited to share our vision for DBL 2.0 remains on-track even in the current challenging macro environment. It is truly promising to see our 2 long-term revenue-generating businesses, our Coal MDO and the HAM portfolio progressing robustly. These ventures will provide us with predictable cash flows, improved return ratios and a more balanced risk profile. We hope that our robust order inflow from the government in this financial year will help us further strengthen our strategy and growth.

As I mentioned before, now evaluating DBL from a consolidated perspective is extremely essential to fully appreciate our various business verticals, the nuances, strengths, performances and potential.

Now with that, I would like to hand over our call to our CFO, Mr. Sanjay Bansal ji, who will provide a detailed overview of our financials. Thank you.

Sanjay Bansal:

Thank you, Rohan ji. Good morning, everyone. I welcome all our stakeholders to our earnings call for quarter 1 FY '26. Let me present the results and highlights. During quarter ended 30th June 2025, the company completed 2 HAM projects worth INR1,605 crores and received LOA for our tunnel projects in State of Kerala.

Now moving to business to financial performance; firstly, stand-alone quarterly performance on Y-o-Y basis. The company's revenue decreased by 14.7% to INR2,010 crores against INR2,358 crores. EBITDA decreased by 22.5% to INR203 crores from INR262 crores. The EBITDA margin decreased on account of reduction in revenue from road and water supply projects. Profit after tax increased by 61% to INR123 crores from INR47 crores.

Now come to consol quarterly performance on Y-o-Y basis. The revenue of the company decreased by 16.4% to INR2,620 crores from INR3,134 crores. EBITDA increased by about 9% to INR520 crores from INR478 crores. The EBITDA margin increased on account of completed HAM projects and coal business performance. Profit after tax increased by 93.7% to INR271 crores from INR140 crores. This is the financial performance of the company.

Now we can open the floor for the questions and answers. Thank you.

Moderator:

We take the first question from the line of Shravan Shah from Dolat Capital.

Shravan Shah:

Sir, couple of questions. So first, just to rephrase on the guidance on the stand-alone front, so what's the now revised new EBITDA margin order inflow capex for this year?

- Moderator:** Sir, your voice is breaking. Could you please fix that?
- Shravan Shah:** Is it better now? Is it fine?
- Moderator:** Yes. Fine.
- Shravan Shah:** Yes. Sir, can you just restate the/or guidance on the stand-alone revenue, EBITDA margin, order inflow and capex for FY '26?
- Rohan Suryavanshi:** Sure. So let me start with order inflow. At least we are expecting INR12,000 crores to INR15,000 crores of new order inflow. So that is what we are expecting. The guidance, what we expect should be in the range of INR8,000 crores to INR8,500 crores of revenue and this is for the full year. And the EBITDA margin should be in the range of 11% or so.
- Shravan Shah:** Okay. And capex on the stand-alone would not be anything for this year?
- Rohan Suryavanshi:** It should be very negligible if only some replacement capex has to be done. So I don't expect to be more than -- if at all, because we are expecting it not to go, but let's -- for assumption sake, let's assume between INR 40 to 50 crores.
- Shravan Shah:** Okay. Got it. And on the debt front, so this quarter, obviously, the debt has increased. So last time we have talked about that stand-alone debt, we are looking at INR500 crores reduction in this and net debt free by FY '27. So any change on that?
- Sanjay Bansal:** So basically, our target for 31st March 2026, the reduction of debt by INR500 crores remains intact, number one. Number two, it is a quarterly increase by INR85 crores, which we will address in 9 months. So there are activities quarters. So the plan is intact.
- Shravan Shah:** Okay. And net debt free by FY '27, that also intact?
- Sanjay Bansal:** Yes. Net debt free by FY '27 is intact.
- Shravan Shah:** Okay. Now on the operational front, a couple of things I just wanted to know. First, this Shrem unit distribution post whatever the sale that we have done, what is now left with us? Because in the distribution from FY '27 previously, we used to have INR76-odd crores. Now we are seeing a 0 number for Shrem InvIT distribution.
- Sanjay Bansal:** So, Shravan ji, the distribution -- the projected distribution decreased to INR44 crores because management has decided to repay part of CPPIB debt. So this quarter, basically, we have prepaid INR312 crores or CPPIB debt from DIAPL. We basically paid this out of sale of units. So we sold INR263 crore worth units this quarter and we now around INR300 crore unit is pending.
- So basically, it is because of the reduction in units and reduction in corresponding debt of DIAPL.
- Shravan Shah:** Okay. So balance INR300 crores, are we looking at to sell with this -- during this year and that's why we are looking at from FY '27, there will not be any distribution from Shrem?

- Sanjay Bansal:** So I will have a right to repayment from 20th of August this year. So we are planning to pay or prepay the debt within this financial year. So that is why we have kept 0 distribution in FY '27.
- Shravan Shah:** Okay. And now infra debt is how much?
- Sanjay Bansal:** Principal remains INR285 crores as of 30th June.
- Shravan Shah:** Okay. And sir, is it possible, are we -- can you can share the MDO revenue EBITDA margin, PAT?
- Sanjay Bansal:** So Shravan ji last few calls we've said basically, we see and we give consol. And we don't give entity by entity. So yes, in the consol business performance is included but company-to-company, it is very difficult.
- Shravan Shah:** Okay. And Siarmal Coal Handling Plant capex of INR850-odd crores has started, which we were supposed to start from this quarter.
- Sanjay Bansal:** So, Shravan ji, the major capex in Siarmal will come from or will be done for the CHP. And CHP out of the total balance capex is around INR900 crores. Without CHP also, we are targeting 25 million tons and next year, 35 million tons. So we will start the CHP capex when we want to go above 35 million tons. So we are well within the targeted total production capacity. So within, you can say, next 1 or 2 quarters, we will start because there is no point doing the capex early than required. So basically, we are basically planning basis our production requirements.
- Shravan Shah:** Okay. And lastly, sir, the cash number as on FY '25 has been restated from INR292 crores to INR80-odd crores for stand-alone. So is there anything because this was audited number. And similarly, that number has been increased in the noncurrent financial asset.
- Sanjay Bansal:** Noncurrent financial assets, basically cash reduction is the total. If you can see the stand-alone cash flow, the cash impact for this quarter is INR61 crores negative. So there will be some balance sheet item adjustment. So Shravan ji, on specific queries, we can have a separate discussion with my accounts team. We can have a separate call on each and every item.
- Shravan Shah:** No issue, sir. I was not referring for this quarter. I was saying for FY '25, what we reported when we declared the result at that time, the cash and bank balance on stand-alone was INR292 crores, which now revised down to INR80-odd crores and the difference has been increased in the noncurrent financial assets. So I was asking that.
- Sanjay Bansal:** Shravan ji, I think it will be basically some grouping change. So my accounts team will basically explain you some grouping change. Otherwise, the cash adjustment for this quarter is only INR61 crores.
- Moderator:** The next question is from the line of Ishita Lodha from SVAN Investments.
- Ishita Lodha:** My question is with respect to the inventory levels. We saw a slight increase from 75 days as on March to 84 days. So how are we looking at inventory levels by the end of this financial year?

- Sanjay Bansal:** So basically, if you see the inventory in absolute terms, the inventory has decreased marginally. But yes, because my sales is down by around 15%. So the 9 days increase in my net working capital days is because my denominator is down, which is the revenue. So in absolute terms, my inventory is not increasing. So it will be more or less same as previous year, and we will end with more or less 75, 80 days in entire financial year.
- Ishita Lodha:** Okay. And what is the update on Jal Jeewan mission?
- Sanjay Bansal:** The Jal Jeewan mission, in the financial results call of quarter 4, we have said we have received almost all Jal Jeewan mission related payments in March. So now the regular 1 month outstanding remains from the Jal Jeewan mission. Otherwise, it is regular.
- Ishita Lodha:** Okay. And since last 7-odd quarters, we are seeing that the order inflow has been quite muted. So by when are we expecting the momentum to pick up?
- Sanjay Bansal:** So basically, the order inflow is in the opening remarks by Rohan ji, he said because there were qualification criteria issue and competition from unrecognized players. Now since NHAI changed the qualification criteria in EPC and HAM project recently. So now we expect lesser competition from unrecognized players. So we expect good amount of order flow between quarter 2 to quarter 4, and we expect like INR12,000 crores to INR15,000 crores worth projects in the remaining period of this financial year.
- Ishita Lodha:** Okay. And the other income was slightly higher. So any one-off during the third quarter?
- Sanjay Bansal:** So in consol, the other income is higher because in CPPIB, we paid INR164 crores of redemption premium. The corresponding impact of reversal of provision. So it is there in the reversal of provision in other income and the same INR164 crores is in finance cost. So basically, we recognized the cost through provision in past quarters. But now the real payment happened. So now my interest cost increased and my other income increased because of the reversal of provision.
- Moderator:** The next question is from the line of Ashish Shah from HDFC Mutual Fund.
- Ashish Shah:** Sir, just one thing I wanted to understand. We spoke about tightening of qualification norms for EPC and HAM projects. Could you elaborate what are the key changes which have been either proposed or have already been implemented? And yes, I mean -- and when do you expect really to -- for these new norms to take into effect as far as bidding is concerned?
- Devendra Jain:** Mainly, Ashish ji whatever has changed in the qualification criteria, that is a net worth criteria. Earlier, the size of the project should have a 20% net worth. But now they have driven an assessed net worth. Already, if you have a project of INR5,000 crores, then 20% of that INR5,000 crores will deduct from the existing net worth. So, the smaller net worth companies like INR50 crores, INR60 crores, INR70 crores, INR80 crores, those who were directly qualifying in the project of INR1,000 crores and INR2,000 crores, they will not qualify now. So, this is a major change.

And they have also changed the technical qualification, single size of the project. So, all together we are expecting, and this has already been implemented. And they have done another good thing. They have also increased the sizing of the project. For example, if there were 7 or 8 packages in one corridor, they have reduced it to 3-4 packages and increased it to INR2,000 crores, INR2,500 crores type of projects. They have now floated it in the bid. So, we are expecting that in Q3 and Q4, there will be major momentum in the work of NHAI and MoRTH.

Ashish Shah: Right, and sir, the adjusted net worth that is going to be applicable for BOT and HAM projects, for EPC...

Devendra Jain: It is already implemented it in EPC. But for this, the criteria for assessing the net worth, particularly in the EPC project, there is some change in the EPC. But the criteria that has been implemented now, is only for HAM projects, not for BOT.

Ashish Shah: Okay, this is particularly for HAM, even for BOT the older norms continue.

Devendra Jain: Yes, yes.

Ashish Shah: And sir, in your assessment, what will be the mix this year for HAM and BOT and EPC?

Devendra Jain: So mostly the bidding perspective, the 60-40 ratio is going on from the MoRTH and NHAI. Approximately 40% of the projects are still on EPC, and 60% majorly on HAM and BOT. We are expecting the order mix to be similar.

Ashish Shah: Practically, when can we expect that the shelf of projects is going to be ready for actual bidding to commence because there have been various false starts. So one is really cautious on how to look at this year's opportunity. So in your assessment, when do you think this is actually likely to revive the whole bidding process?

Devendra Jain: Till now, these people were busy in improving the qualification, which has ultimately been done. And now, I think the orders will ramp up. There will be some in Q2, but the major activities that will be seen will be in Q3 and Q4. And we are very keenly monitoring where we have to bid and where we have to win the orders.

So, there will be a lot of activity. The government is continuously saying that we have to give orders worth INR3 lakh crores this year. Already, last two years, after the elections, everyone was muted. So, we are looking that this time, the government has to make good orders.

Ashish Shah: And other thing is on the MDO business. So now we have started operating these mines. Are we looking at more such concessions?

Devendra Jain: Yes, continuously. Mining is our prime sector. We are continuously we do bid. Even we are bidding in the underground mining also and we bid on opencast. So not only the coal, we are bidding in the iron ore, we are bidding in the bauxite also. So we are looking this type of project in this financial year.

Moderator: The next question is from the line of Vishal Periwal from Antique Stock Broking.

- Vishal Periwal:** First on, sir, in the presentation, we have given one slide of equity divestment trackers. So if I look at this, the latest presentation, it talks about the total inflow is around INR2,000-odd crores. And FY '25 PBT, this number was INR3,000-odd crores. So I just want to understand like how much like have you received INR1,000-odd crores in this quarter? Or is there any other change which is there in this?
- Sanjay Bansal:** If you compare the previous equity and divestment tracker, so the non-operational cash flows yes, it was INR3,000 crores. So partly we have received and partly we have adjusted basis our revised understanding in terms of like I explained Shravanji's call question, we have sold INR260 crores worth same units.
- So basically, we have reduced the inflows from the units because we already sold and we paid to CPPIB. And balance money we have received from Alpha during this quarter. So basically, there is no change again other than this. So except these changes, the non-operational cash flow is same.
- Vishal Periwal:** Okay. Okay. And sir, I think you did mention -- so I mean, if we look at balance sheet, so where exactly this comes because I mean, we are not seeing that change in the increase in the cash line item even for the warrant amount that we have received.
- Sanjay Bansal:** Okay. So the warrant amount, you can see it is increased in basically the net worth. You can see the INR399 crores, and you can see the financing activity in cash flow. So INR399 crores received in this quarter from...
- Vishal Periwal:** In the asset side.
- Sanjay Bansal:** So asset side, it will be basically reduction in working capital utilization. But if you can see the operational cash flow, I have invested INR492 crores in my operational cash flow this year. So basically, INR60 crores came from my borrowings and around INR400 crores from the investment what I got from warrants. So net-net, my investment in operational cash flow is INR492 crores. So basically, asset side, it won't see because it is already invested in operations side. So there is a current asset increase.
- Vishal Periwal:** Okay. So largely, it is a working capital increase, which is basically.
- Sanjay Bansal:** Yes. And that is why my net working capital days increased from 75 to 84 days.
- Vishal Periwal:** Okay. Okay. Got it, sir. So the one-offs, which is there in this quarterly result, I think the footnotes do provide some clarity. So I think INR98-odd crores one-off. So I mean, the large part, where exactly it is coming? And any clarity that can be provided, sir?
- Devendra Jain:** So out of the total INR98 crores, basically INR68-odd crores received from Shrem against the deferred consideration. And the balance is basically profit on sale of 24.99% stake to Alpha and profit of INR23 crores on unit sale.
- Vishal Periwal:** Okay. And then in terms of the one-offs, I mean, it's very difficult to guide, but incrementally, we are planning to sell the units, that is one. And the second one-offs, which can come in the

coming quarters is like the couple of other HAM projects, which are yet to be transferred to the InvIT. So these two things will lead to a couple of one-offs in the coming quarters also. That's a fair to understand, right, sir?

Sanjay Bansal: Yes.

Moderator: The next question is from the line of Parikshit Kandpal from HDFC Securities.

Parikshit Kandpal: Sir, my first question is on debt. So I think Rohanji spoke about this formation of InvIT. So if you can help us understand what is the total breakup of the HAM debt, asset debt, stand-alone debt, asset debt and outside debt, which is there in assets, DIAPL assets. So if you can help us and how does it move once the InvIT formation happens?

Sanjay Bansal: Basically, there are 9 assets basically planned to be transferred to InvIT, 8 assets of DBL and 1 asset of the third party. The total debt to be transferred is close to INR3,850 crores to the InvIT.

Parikshit Kandpal: So how much is the current debt for total stand-alone do we have? So if you can help us understand stand-alone then asset debt and the third-party debt and then how it will come down after the formation of them. So I know stand-alone will be net cash in 2 years, but I just want to understand how is the consol look?

Sanjay Bansal: So let me tell you on quarter 1 ending, my net debt is INR8,266 crores. Basically, out of that, around INR3,850 crores debt will move out of these 9 assets. So 8 assets INR3,850 crores.

Parikshit Kandpal: And stand-alone debt is about INR1,700 crores, right? How much is the stand-alone debt?

Sanjay Bansal: INR1,661 crores. So out of that, I explained the INR500 crores reduction will be done by 31st March 2026, which we guided in last call.

Parikshit Kandpal: So out of the total debt of INR8,266 crores, you said INR3,850 crores is this. So what will be the residual debt on the asset side after this? And how do we intend to knock it up...

Sanjay Bansal: If we project the consol debt as of 31st March 2026, so INR3,850 crores will go. But on the under construction projects, the debt is INR2,418 crores, which will increase by at least INR1,000 crores because the 7 projects are under construction. So there, we will draw the debt. So net-net, around INR3,000 crores debt will go from here.

Parikshit Kandpal: Okay. And when all these assets are completed, then what will be the debt after the peak debt on the consol basis? And what's the plan for monetizing the balance assets?

Sanjay Bansal: So on the monetization, the plan is already updated like we have already agreed with long-term plan with Alpha, 10 assets, 26% will go. And basically, eventually, the 10 assets entirely will be transferred to Shrem -- sorry, Alpha DBL InvIT. So during FY '27, I believe '27 end I believe entire debt of HAM, the existing HAM projects will be shifted to the InvIT. After remaining debt will be stand-alone debt and the coal siarmal debt. That's it.

Parikshit Kandpal: Okay. So coal Siarmal, how much is the debt right now?

Sanjay Bansal:

It is INR420 crores as of 30th June 2025.

Parikshit Kandpal:

This will grow as we do the capex. So this will go up. Okay. The second question is on the ordering. So I think Devendraji was mentioning about the ordering this year from NHAI. So sir, I mean, has all the issues like earlier, there was issues of now any project which NHAI has the authority will move to the cabinet committee for approval. So now has that been sorted or still that is -- that same way it will be done?

And secondly, what is the status of the land acquisition for this INR3 trillion, which you spoke about in terms of ordering? And beyond roads, what are the other segments you are exploring given that in 2 years, we expect to be net free -- net cash. So what are the other segments you are evaluating, especially on the renewable side, if you can highlight anything on battery storage. Some of your peers have been getting orders there, solar and other segments.

Rohan Suryavanshi:

Sir, in terms of the new areas or the areas that we are already working in, we mentioned all the 8, 9 verticals that we do in all those areas we're looking at, whether it's water, whether it's metro, whether it's specialized bridges, tunnels, all those areas we're looking at, without -- besides that, we're also looking at energy sector, renewable sources and all. So we're also looking at those kind of projects.

Mining continues to be a large focus for us. Those are the areas that we are looking at for new orders. And the first question that you wanted to understand the land acquisition status, for all the different projects. Sir, for all of them, they are in different, different stages, but the government, given that there was lower ordering activity in the last 2 years, there is -- and because these projects have also been further delayed, the land acquisition, while it is a project to project specific thing, but it is definitely in a decent shape than what it was earlier when the government started ordering in a larger pace.

What has happened is because there has been, like I said, in the last 2 years, muted order activity, there -- while the government was intending to push out more projects, they were not able to. So the land acquisition has obviously improved as an overall percentage.

Parikshit Kandpal:

And just lastly, any signs of revival on the state capex front, which earlier, I mean we have seen at least in Maharashtra MSRDC and Pune Ring Road kind of projects. Now we're talking about Konkan express way, Gujarat is talking about big plans. So anything on the ground which you have seen taking shape up so where we can participate and can give an opportunity to us in the near term?

Rohan Suryavanshi:

Parikshitji, state matters are extremely unique to each different state given their own sort of consideration at that time and which state is going into elections or not. During or around elections, they start focusing more on social doll-outs. And after that, there is a bigger focus on capex and whether it's state or national, that kind of trend does repeat.

So instead of diving into specific states, that is basically the larger sort of strategy that they do adopt. More and more states have started doing capex on specialized projects, whether it's large expressways or unique or sort of large infrastructure project, and we'll have to go into each state by state. While we do look at different state government orders, it is a more measured approach

looking at what is the financial tie-up for such projects and then only as a company do we bid for that.

Parikshit Kandpal:

Okay. Just lastly on the margins and EBITDA margins, I mean, our size has decreased because of the order slowdown, but some of our peers are still doing better margins like 13% to 14%. So directionally, I mean now this is the bottom of the margin or this is for us like a new normal? Or do you think with the mix changing, the margins can again go back to that 13% to 14% EBITDA range?

Rohan Suryavanshi:

Parikshitji, I might not be able to sort of comment on specific peers that you may be referring to, but each of us are working in different areas and sectors and different government authorities and agencies with very different competitive intensity. Part of our business strategy for the last decade plus has been our own capex, which is where we had higher fixed cost, but that translated into better sort of margins when we had a larger order book and good visibility.

Obviously, in a scenario where the order book scenario was depleted, that our fixed costs will remain and which is where we have addressed that and reduced all of those also on a considerable front, which is why we were able to protect our margins even right now.

Now going forward, as the new orders come in, what I and we anticipate as a company that once you have enough orders and once this fixed cost that the company has gets absorbed even better, there will be an improvement in margins. But different verticals will have different margin profile. So for me to say where we are right now, I definitely think this 10%, 11% is probably at the lower end of the margin profile that we are at.

Our anticipation, at least when we hope once things are on a regular kind of basis and the order book is fine, full, and we are targeting what we're doing, we're able to fully utilize all our assets. It should be at least a 300 to 400 basis point improvement in an ideal scenario, where I will also look at early completion and all of those things as well. All of that has not kind of happened.

So let's see how it goes. And once we have more orders, new orders, what profile we win at, we'll be able to give you a better guidance. But this you should definitely consider that this 10%, 11% is a bottom level of the margin profile.

Moderator:

The next question is from the line of Naysar Parikh from Native Investment Managers.

Naysar Parikh:

I just wanted to know you're planning the listing for InvIT. So what is the indicative valuation and your stake in it, if you have any thoughts on that?

Sanjay Bansal:

Basically, the -- if you can refer the Rohanji's opening remarks, wherein he said the BSE, NSE and SEBI in principle approval is received. We are basically updating our offer document. So we believe this will be somewhere in September. So September month, the InvIT listing will happen.

Valuation, I can't comment now because that is going on with the investment bankers. And I said we are transferring eight assets. One asset is third party. So our stake would be 74% from

the eight assets, but ninth asset will basically dilute my shareholding. So would be closer to 70% or so, subject to the equity raised in InvIT. So basically, will be in the range of 70%.

Naysar Parikh:

Okay. Got it. And we -- on the order book, right, we understand on the margin front, but given you are already at like the bottom of the margin, and many players across different segments, they are showing growth. It is not like they're not showing. Even larger players, they are showing growth in order book across different segments. So are we being overly conservative? Or what is it that we are not able to win orders because there's been obviously a secular decline, and if you remove coal MDO, we are like this INR10,000 crore order book.

Rohan Suryavanshi:

Sir, again, I would not be able to comment on which specific peer that you might be referring to. But largely, the industry, if I talk about, let's say, specifically road-focused EPC players, from the national government, 90% plus HAM projects have gone to unrecognized players, and I would say the EPC front has been almost 95% to smaller unrecognized players, which are not listed.

So there has been a significant -- so if they are showing order inflow, that is maybe in separate sectors that you may be referring to, but the road sector from the national government has definitely been muted for all of us -- for all of our players, and that data, at least I know. So what new sectors -- now let's be clear, when they have taken order book, we mentioned very clearly that we have a very specific focus. We have a very specific goal.

We don't want to take new orders at the cost of our profitability, at the cost of hitting our return ratios or just for the sake of taking orders. We are happy with what we are currently executing. We have stable cash flows, which are already coming in and which are very sort of -- which is giving us a good sort of visibility into what we are kind of doing currently.

Some of these orders that people may have won, and I can send you data if you want specific, as low as even in INR1,000 crore projects, people have bid minus 35%. Now for -- and there are 20, 20 bidders in that. Do I want to bid an order at that price? No, I don't. Because I know that project will not be completed. Or if it will be completed, it will be of a very terrible quality.

I'm sure you would have noticed there has been a spate and high incidences of people posting videos and pictures on social media of roads getting and public infrastructure assets getting washed out after rains, and these are even like good national highways and expressways, which are facing those troubles of poor quality issues.

That is -- that whole issue has only started and happened because NHAI and the national authority decided to reduce criteria because of which people bid stupidly because of which you can't make an asset worth INR1,000 crores in INR700 crores and say it will be of the same quality of INR1,000 crore asset, and we don't -- we don't want to get into that.

We take a lot of pride in our construction quality. We have till now bid about and won about INR45,000 crore plus of HAM assets, which is the largest for any construction company in India. The biggest sort of case of pride for us is not the size of what we've done, but the fact that all our projects that we've done, all have been done with exceptional quality, and we have not faced challenger issues of any reduction in annuity in any places.

Even Shrem, when it's running its own InvIT, they are relying -- now Shrem has our 24 plus, I think, 35 assets that we have given to them. All of those assets receive annuity before time. We take care of the O&M and the quality that has been -- there's no reported incidence of any quality issues.

So as a company, if you want that -- will I be changing my policy towards the quality work I'm doing, I won't be. We don't want to get into a situation where not only does it impact our name and reputation, but also our finances, so to say. So which is why we have avoided those sectors. And even if you look at our road sector order book, right now, it's a smaller part like at 8 years ago, 5 years ago, it was 80%, 90% of our order book, right now, it's 20%.

So we don't want to be, the fact that we have built capabilities over 8, 9 sectors in the last decade was precisely why we are able to do that. A lot of now players in our sector are diversifying into other areas. Now they won the orders. The performance of it will only come in the next 1, 2 years that you would be able to see.

Even the orders that you have won, while there might be some decent performance right now for the orders that they already had, but going forward, performance will only come that in the years to come. So that is basically that and if I talk about the coal MDO, the size of our coal, this is in terms of size, it's possibly one of the largest order books overall that any company had, and it is not just the largest in terms of like the size that is there for any player, but it is also giving us visibility for the next 40 to 55 years.

So even like a nuclear situation, if I have not received any orders in my other businesses, I still have a continuous revenue stream going forward for the next 40 to 55 years. And with our reducing sort of debt, our improving ROEs and a clear visibility of revenue, do you -- would I want to trade off that for a short-term revenue, which is at a loss? No, I will not. That is the long and short of it, sir.

Naysar Parikh:

Got it. That's very clear, very helpful. Just one follow-up. You mentioned that you're seeing, obviously, H2 to be better. So one, just from H2 and maybe next year perspective, what kind of visibility over, any indication that you have from an order book perspective? And second, other than road, like you mentioned, since you've got into other sectors, can't we use other sectors like irrigation, water, et cetera, to win orders so that it will also overall improve not just the revenues, but like you said, with scale, even your margins? So if you can just throw some light on those two?

Rohan Suryavanshi:

Sir, order book projection like I mentioned INR12,000 crores to INR15,000 crores and all these other sectors we are already. We're looking at water. We're looking at tunnels, we are looking at bridges. We're looking at metros, mining, all these sectors we're looking at.

See, the most important thing, I think, takeaway, which I think the larger market is probably not taken. We were growing at a very high pace from 2014 -- '15 onwards, and we were growing Y-o-Y 20%, 30% at least. Our order books were growing very robustly. But also realize so was our debt at that time.

Now at its peak, our debt was INR3,500 crores. Imagine in the last 2 years, now that is why I think that turnaround the company is probably not -- in the last 2 years, we have not won orders that we wanted to. We have had a depleting order book. Because of depleting order book, we would have had pressures on our cost structures, all of those things. Our margins have not been. Yet, we have consistently managed to reduce debt, bring it down.

So even in a bad external environment, what I've tried to say, look at our revenues are down furthermore, our order book may be down. But our net debt is at INR1,500 crores, INR1,600 crores right now, even though temporary this thing slip, but we are talking about a reduced net debt of about INR1,000 crores by the end of this financial year, even in this kind of scenario.

And I think that is the largest takeaway that wherever -- and not only the stand-alone, even on the consol level or other sort of whether it was a CPPIB transaction loan that we had, we are reducing it even with all these external challenges. So the turnaround in terms of strategy of the company, the focus that I've mentioned that we are kind of doing, we are not chasing just large order book sizes or more and more growth.

We are chasing sustainable revenues and better ROE with the journey, so that -- for that thing, with that goal, we are looking at projects across the board, and we are fairly confident that in this financial year, the INR10,000 crores, INR12,000 crores of new orders, we will win. There are a bunch of orders that we have already bid for, and we're looking at opening new areas as well. So the confidence at least for this year is fairly, fairly high.

Moderator: The next question is from the line of Deepak from Plan Investments.

Deepak: Just wanted to check it out two things. Firstly, you mentioned about the listing of the HAM, where we mentioned we would be transferring the 8 assets in the platform at Stage 1. Just wanted to check it out. We have a deal with Alpha Alternative for the 18 projects. Out of these 8 projects are moving in entirely for the -- in this platform? And what about the 10 projects? What are our broader thought process on these projects?

Rohan Suryavanshi: Sir, the 8 projects which are completed are moving immediately. The others are in the stage of -- that's the first phase. The others are in the stage of under construction right now. So as they get completed, they will keep on moving to the InvIT.

Devendra Jain: Seven in this...

Sanjay Bansal: So out of 18, as Rohanji said, 8 assets will go in first phase. Second phase is 10 assets. So we have filed the -- our draft offer document for 8 assets. So now the next asset will go in next phase. So 3 assets we already completed, out of 7, 4 assets will be completed this year. So this financial year-end, we will have 7 assets completed.

And now to transfer InvIT, we should have NHAH NOC. So once the asset complete, we apply for NOC. So it is a time-taking process. So after completion, it is 6 to 12 months where we can transfer to InvIT. So these 10 assets, I have said, we will transfer in FY '27 entirely.

Deepak: Okay. Okay. And also second part of the question, I think if you can also give a broader clarity at the holdco of these assets, where all these SPVs are lying, what is the current debt we have for these HAM projects? And this CPPIB repayment, which we have done, that was a part of that debt? And how much is the remaining outstanding as of now?

Sanjay Bansal: So let me give you the breakup of the consol debt. I said the consol debt is INR8,266 crores as on 30th June 2025. Out of that, my net debt at stand-alone level is INR1,661 crores. The balance debt is from the SPVs. From the completed assets, so completed asset, I said 8 plus 3. So the completed asset debt is total around INR4,550 crores. Out of that, INR3,850 crores will move with 8 assets, balance will remain against 3 assets completed.

And the 7 assets, which is under construction, the current debt as of 30th June is INR2,418 crores which will increase by INR1,000-odd crores by 31st March 2026. So net-net basis, what we are reducing is INR3,850 crores from the completed asset, which is going in InvIT and INR1,000 crores will increase in the under construction assets.

So net-net basis, INR3,000 crores will be reduced because of the adjustment of the transfer of assets to InvIT, number one. Number two, we have INR285 crores outstanding debt as of 30th June from CPPIB. This debt, we can prepay because this debt is to be paid in next 13 months, but there is a window after August 2025, we can prepay early as we wish. So this is the plan.

Deepak: Okay. So would it be fair to say even on the consolidated basis by end of FY '27, we will have 0 debt?

Sanjay Bansal: No, 0 debt. I said consol basis, there will be 2 types of debt. One, stand-alone debt. So FY '26, we are reducing INR500 crores further. So you can say around INR1,000-odd crores debt will remain in stand-alone.

The balance debt from the coal segment will remain and coal will remain basis the project requirement. So after 2027 also, there will be some debt of stand-alone and the coal business, and if we win further HAM assets, then we will take further project debt that will remain in 2027, so it is not only 0 debt at consol level.

Moderator: The next question is from the line of Bhavin Modi from Anand Rathi.

Bhavin Modi: Sir, my question pertains to the cash flow, sir. So sir, when I see the cash flow in the presentation, so there has been around INR1,000 crores of cash flow coming in through multiple sources like from warrants, there is INR400 crores from Shrem InvIT and Alpha stake sale, there is INR260 crores and INR60 crores from the GST deferred consideration.

So with respect to the utilization, sir, that is where I want to understand. You have mentioned purchase of investment of around INR200 crores and increase in current and noncurrent asset of around INR540 crores and decrease in current liability of INR143 crores. So can you just help me with the utilization? So where have we utilized in terms of asset investment purchase?

Sanjay Bansal: So if you can refer my Page number 18 of the investor presentation, that is stand-alone cash flow, there are 3 buckets, cash from operating activities, cash from investing activity and cash

from financing activity. So as far as operating activities, I have made INR224 crores of cash, number one, before working capital adjustments.

After working capital adjustment, my net cash flow invested in the operating activities is INR491 crores. So in this quarter, my generated cash flow, INR224 crores is invested and further, I have invested around INR500 crores. So total INR700 crores cash flow is invested in operating activities, okay? Now come to the right side, the investing activities, you can see the purchase of investment, basically, my investment in the subsidiaries, net basis, it is INR196 crores is invested, and the increase in investment is because we have basically invested in DIAPL to pay CPPIB.

So we have invested around INR300 crores in DIAPL, majorly increase because of that. But at the same time, we have sold 26% in Alpha. So net-net basis, my increase in investment is INR200 crores. Further sale of investment, the INR254 crores came from basically fixed asset sold and basically INR226 crores we received from the Shrem InvIT unit sale.

So basically, if you see, I have invested INR491 crores in the operating activities. I have got net INR84 crores from my investing activity, and similarly, in the financing activity, my net cash positive is INR346 crores. If I add up all 3, then you can see INR61 crores is net-net invested in this quarter, either in operating activities and cash from the other two activities received. So basically, net-net, only adjustment is INR61 crores.

Bhavin Modi: I got it, sir. Just wanted to understand when you say working capital investment of around INR700 crores, so what is like is it in the form of unbilled revenue? Like what is the major component of that?

Sanjay Bansal: So there are 2, 3 items. One item is, you rightly said unbilled revenue, unbilled revenue specifically for the JJM projects, where basically the last -- the milestone is hydro testing, wherein we should receive 10%. And that 10% is already due once hydro testing is done because I already invested. There is no expense to be done.

So once hydro test is done, I can receive the 10% out of these 3 projects, which is primarily INR450 crores, number one. Number two, my -- basically debtor has increased marginally. Thirdly, I have reduced my creditors by INR140 crores. So these three items together is more or less basically cash negative for this quarter.

Bhavin Modi: So sir, the INR450 crores, which you expect after that hydro testing is done from the JJM project. So when can we expect that cash flow to come in? Do you have any time line?

Sanjay Bansal: Quarter 3.

Bhavin Modi: And sir, second, with respect to, sir, the HAM, the 10 HAM assets, for which we have divested around 26% stake. So sir, where does it stand currently in the balance sheet? Like does it stand in the noncurrent investment? Or does it stand on the asset under sale? So where does it stand exactly?

- Sanjay Bansal:** So the -- first of all, assets, 8 assets, it is held for sale because we have already completed those assets. So it is in the held for sale. You can see INR397 crores is held for sale. So this is about the 8 asset block, number one. Number two.
- Bhavin Modi:** The 74% stake, right?
- Sanjay Bansal:** It is 74% stake in the asset which will go in first phase. The second phase will be under the investment. So investment in the noncurrent investment.
- Moderator:** The next question is from the line of Shravan Shah from Dolat Capital.
- Shravan Shah:** Sir, just a couple of clarification. This INR3 lakh crores, the pipeline that we have talked about, this is only for NHAI that we are looking at that they will be awarding this year?
- Rohan Suryavanshi:** Yes, sir, NHAI and MoRTH, both.
- Shravan Shah:** NHAI and MoRTH put together INR3 lakh crore pipeline. Okay. Got it. And second, you also mentioned that we have also bid for a couple of projects, if you can highlight how many that we have already bid and where the outcome is yet to come?
- Rohan Suryavanshi:** Are you talking about projects where we bid and outcome is likely to come?
- Shravan Shah:** Yes, sir.
- Rohan Suryavanshi:** We bid in some different kind of projects, sir. About INR20,000 crores of projects we have bid for right now across different sectors.
- Shravan Shah:** Got it. Got it. And second, sir, in other income this quarter, how much was the Shrem InvIT distribution for stand-alone?
- Sanjay Bansal:** Let me tell you the total other income, Shrem InvIT distribution is INR22 crores, INR14 crores from asset sale and basically INR9 crores from the -- basically the total income from FDR interest. So the total let me just give you the right. So Shravanji, the other income breakup is basically interest from deposit is INR6 crores, then we have InvIT distribution of around INR8 crores, and we have around INR12 crores from asset sale and dividend of around INR1.1 crores. So total it is INR28 crores.
- Shravan Shah:** Okay. Okay. Got it. And just a last clarification. So once we do these 8 assets when we transfer to Alpha InvIT and will move for listing, so we will get -- for the 100% for that, we will get the units, but obviously, we will have only -- will get InvIT units from the Alpha.
- Sanjay Bansal:** So Shravanji, I'm replying to your question. If it is not, then you please repeat your question. First of all, 8 assets are going into InvIT, 26% in 7 assets we have already divested, 74% with DBL. So basically, the 100% is transferred to InvIT. So we will be receiving units against 74% of DBL stake, number one. So anything which you asked is not answered?
- Shravan Shah:** No, no, got it.

- Moderator:** The next question is from the line of Gaurav Gandhi from Glorytail Capital Management.
- Gaurav Gandhi:** As you said, sir, Minister of Transport has also highlighted and accepted this mistake of loosening rules for bidding, which have led to entry of a lot of small unorganized players, which has affected the quality of construction. In his recent comments, we have seen that the ministry is willing to correct this thing. So any action or tightening of rules? Have you observed any such things?
- Rohan Suryavanshi:** Sir, we already mentioned earlier as well on this call that they have taken a bunch of steps around tightening of qualification criteria and net worth. So those have already happened. We mentioned that earlier in the call as well.
- Moderator:** As there are no further questions from the participants, I would now like to hand the conference over to Mr. Rohan Suryavanshi for closing comments. Over to you, sir.
- Rohan Suryavanshi:** I'd like to thank all the participants for coming for our conference call. And in case we were unable to answer some questions or if anybody has required more clarifications around anything, please feel free to reach out our team, and we'd be happy to answer any queries you may have. I look forward to seeing all of you guys on our next call. And from everyone here at DBL, I wish you a great quarter ahead.
- Moderator:** On behalf of Dilip Buildcon Limited, that concludes this conference. Thank you for joining us, and you may now disconnect your lines.