DILIP BUILDCON LIMITED
INFRASTRUCTURE & BEYOND

August 16, 2022

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

Stock Symbol -540047

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

Stock Symbol –DBL

Scrip code of Listed NCD: 959525/959643/960017/960018

Subject: Audio call recording link and transcript of the Analyst/Investors conference call

In continuation to our letter dated August 12, 2022, please find herewith the Audio recording link and transcript of the Investor conference call for Investor and analyst held on Friday, August 12, 2022 at 05.00 PM (IST) related to the financial results for the quarter ended June 30, 2022, conducted through digital means.

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

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

This is for your information and record.

With Regards,
Sincerely yours,

For, Dilip Buildcon Limited

DILIP BUILDCON LIMITED Company Secretary ★ BHOPAL ★

Abhishek Shrivastava
Company Secretary

"Dilip Buildcon Limited Q1 and FY23 Earnings Conference Call"

August 12, 2022

MANAGEMENT: **MR. DAVENDRA JAIN - EXECUTIVE DIRECTOR, AND CEO, DILIP BUILDCON LIMITED**
MR. ROHAN SURYAVANSHI - HEAD - STRATEGY & PLANNING, DILIP BUILDCON LIMITED
MR. SANJAY KUMAR BANSAL - CHIEF FINANCIAL OFFICER, DILIP BUILDCON LIMITED

Moderator: Ladies and gentlemen, Good day and welcome to the Q1 FY23 Earnings Conference Call of Dilip Buildcon Limited hosted by Axis Capital Limited. As a reminder, all participant lines will be in the listen only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal and operator by pressing '*' and '0' on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Jiten Rushi from Axis Capital Limited. Thank you and over to you sir.

Jiten Rushi: Thank you, Rutuja. Good evening. On behalf of Axis Capital Limited, I welcome all to Dilip Buildcon Limited Q1 FY23 Earnings Conference Call. From the management side, we have with us Mr. Davendra Jain, Executive Director, and CEO, Mr. Rohan Suryavanshi - Head - Strategy & Planning and Mr. Sanjay Kumar Bansal - Chief Financial Officer. We also have investor relations team of Accenture in the call.

To begin with, we shall have opening remarks from the management, followed by Q&A. Thank you and over to you, sir.

Rohan Suryavanshi: Thank you Jiten. On behalf of the old DBL family, it is my pleasure to welcome all of our partners and investors for our quarter 1 goal of FY23. I will just a quick update of the overall economic scenario and the industry scenar.io and the company update which will be followed by a quick look at the financial performance by our CFO. As always pleasure to welcome all of you.

So, to start with, just to give you guys a quick update on the Indian economy:

So, the Indian economy is expected to hold up well despite global headwinds, such as surging commodity prices and disruption in trade and financial transactions. We have all seen the post-COVID world and how people have started to adjust to the new normal now and how global not just governments, but central banks are taking steps according to all the challenges that have come in the last couple of years. Even the Indian government and currently the RBI as well has in its latest monetary policy, maintain the growth forecast of 7.2% for the Indian economy looks pretty promising. GST collections, manufacturing PMI, IIP, credit, rail freight, services PMI etc. all have shown robust opportunities in the economy. With the PMI numbers reaching an 11 year high in May of 2022.

While we had good growth, inflation has also been a challenge. To curtail this, the RBI has recently hiked its policy rates by 140 bps in this current financial year till date and they have also reduced liquidity in the market to control the inflation, which is above the RBI target of 2% to 6%. RBI forecasted inflation to be at about 6.7% and it also expects inflation to stay elevated for a couple of quarters, but then they expect it to fall to a more comfortable 5% by the start of FY24. We should hopefully see cooling down of prices going forward.

Now for the infrastructure update:

For the ‘22-‘23 fiscal, the Ministry of Road Transport and Highways has set a very ambitious target of 50 kilometers per day for highway construction. Now this translates into a little over 18,000 kilometers of road build for the entire fiscal. While it is heartening to see the ambitious targets set by the Ministry, the execution has been a little slow than what was expected. This has primarily been due to the surge in input prices. This has led to developers delaying procurement of materials. So, the highway construction slowed in the first quarter of the current fiscal to just 22 kilometers a day, which is down 14% year on year versus the last year it was about 29 kilometer per day for the whole of FY 22. The recent moderation and key input is always good, but levels are still elevated and the situation is still fluid. While inflation remains a key concern, we are hoping that the government and the central bank will be able to rein in more and they should be cooling. The warning definitely will scale up significantly in the next nine months to achieve the ministry's ambitious target of constructing 50 kilometers per day. We are expecting this year to have bumper awarding.

NHAI aims to award remaining length of about 14,389 kilometer of highway projects under the Bharat Mala Program over the FY23-24 timeline. Nearly 55% of the projects that are expected to be awarded, we expect to be awarded under the hybrid annuity model. While 45% projects will be under EPC, this is a rough estimate of what we think.

While the road sector has seen good, I am also very happy to report that across infrastructure sector, the awarding activity was very robust and in fact according to one report, it has been about Rs. 1.77 trillion worth of projects were awarded in the first quarter 23 which is higher 83%. Year-on-year. So, across the infrastructure segment, there is a push by the government to give out projects and fulfill their national infrastructure pipeline target.

Moving on from the sector some recent company updates:

I am happy to report that we received the completion certificate for Sangli Solapur Package-I. Besides this, we were also declared L1 bidders for about 4000 crores of projects in the first quarter and as of now today, we run about 6000 crores of projects in total. Details of which can be seen in our presentation.

Now moving for the financial performance, I just want to handover to our CFO – Mr. Sanjay Kumar Bansal.

Sanjay Kumar Bansal: Good evening everyone on the call. This is Sanjay Bansal.

Let me now move on the business performance of DBL in Q1 FY23:

The revenue increased by 22% in Q1 FY23 on YoY basis from 21,463 million in Q1 FY22 to Rs. 26,215 million in Q1 FY23. This is due to better execution of the various projects. The EBITDA decreased by 27% in Q1 FY23. The EBITDA margin has decreased on account of following two reasons:

The one is execution of old projects, which DBL won in 2018 where projects are executed during extended period and resulting into additional fixed overheads which was not off-setted even if there is an extension we received EOTs.

The second is there is increase in material prices like in cement, bituminous, diesel and steel and even aggregates. These increase in metal prices were unprecedented.

Finance cost decreased by 15% in Q1 FY23 on YoY basis mainly on account of decrease in interest on cash credit debentures and mobilization advances. There is exceptional profit of Rs. 170 million on account of transfer of balance 51% stake to Cube in one of the subsidiaries out of the three subsidiaries under divestment.

Profit after tax decreased by 27% in Q1 FY23 on account of decreasing EBITDA.

Now, let me take you through some important items of the balance sheet:

During Q1 FY23 we have spent Rs. 100 million on fixed assets. Inventory increased marginally in Q1 FY23 by Rs. 373 million from Q4 FY 22 due to increase in WIP which is expenditure incurred on new projects. The receivable increased to 12,227 million in Q1 FY23 from Rs. 10,380 million in Q4 FY22 on account of delay of collection period by five to seven days from customer in few projects.

The other financial assets increased to 13,151 million in Q1 FY23 from 11,039 million in Q4 FY22 due to unbilled revenue which is work executed but not certified.

Net debt equity ratio increased to 0.66x in Q1 FY23 vis-a-vis is 0.63x in Q4 FY22 and increased by 1490 million in absolute ter ms. The working capital days decreased from 32 days as of 30th June 2022 vis-a-vis 89 days as of 31st March 2022.

Now, we can open the floor for questions and answers.

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

Shravan Shah: Thank you. First of all, good to see you after a long-time healthy execution that's I would like to congratulate the team for good execution. So, now coming to the questions in terms of the guidance particularly false, so, last time you said 10,000 crores plus revenue. So, are we slightly upgrading the guidance on the execution front?

Management: No Shravan ji the guidance will be the same as we had indicated last time around 10,000 crores only but thank you for your nice words as well. We at our level which is always our endeavor to do the most that we can on obviously things and times are bit challenging because of COVID, exceptional rainfall, lock downs, but as business resumes, we are confident that we will continue to ramp up our execution post this one or two quarter obviously.

Shravan Shah: Okay and on the awarding front. So, we already got 6094 crores and we are looking at 8,000 crores to 10,000 crores. So, do we see even a higher 12,000 crores to 13,000 crores kind of inflow this year?

Management: Yes I think it is a good estimate to assume that we will be doing at least 10,000 to 12000 crores plus orders that we expect orders to come in.

Shravan Shah: So, now, how much more the remaining 4,000 crores to 6000 crores that we are looking at? How much more are we expecting from HAM specifically?

Management: Shravanji it would be very difficult to divide that between HAM or EPC or different-different sectors because we have applied across and we are bidding across different sectors, the probability of winning an order eventually when it comes and that is only which will define the order book how it will look eventually. But we are applying across all the segments that we work in and also across both modes, whether it's EPC or HAM similar sort of thought process that has been in the past.

Shravan Shah: Okay, now on the margin front. So, last time also we indicated with the old project. So, because of that we expect a lower margin. So, this time definitely 7.8% even lower than the last quarter revenue despite a higher execution. So, just trying to further understand more so how much left off the old projects and do we see the same 7% to 8% kind of EBITDA margin in the second quarter and then coming back to the 13% to 14% that we are looking at in the second half.

Management: Shravanji it will be very difficult to give you quarter on quarter sort of indication of how the margins will look. What we had indicated last time for the whole year that we are looking at a 12-13% EBITDA and that is also primarily because of all these legacy orders that we mentioned in the past as well that all of them had will incurring additional costs of manpower, equipment, which were not billed for and we are in the process of removing them. So, that obviously, will have because of that legacy issues where the margins have sort of contracted, but as the project get done, fully by the end of quarter two majority of it out and we have new projects that we start we should see improvements in that bottom line. We are expecting our current expectation for the overall year is as indicated last time as well then 12%-13% of EBITDA.

Shravan Shah: But broadly now, it will be 400 crores or 500 crores orders will be left from their own projects.

Management: If you are talking about 2018 one that would have been approximately left. 2019 we have to see.

Shravan Shah: The last on the date front, because that is the only concern. So, did this quarter also has increased from the March 155 crores-156 crores? So, how do we see because that is the main concern because the major is because of the inventory. So, now, our execution is also start picking up. So, do we see the inventories in absolute terms? So, ultimately, if inventory in absolute terms does not come down, do we see the date level coming down by this year and how much are we looking at date level to come down by FY23 and.

Management: Shravanji as I mentioned earlier also that we will be reducing debt by around 400 crores from the level of the FY22 what we are told. So, now there is an increase of around 150 crores but also definitely 150 plus around 500 crores debt that we will be reducing by the year end, okay as we will be earning the EBITDA margin in the range of 12% to 13%. So, we will achieve that. Now as far as inventory days you are telling in absolute terms. Now the commodity prices are softening up. So, you will see the decrease in the inventory level from the Q3 and Q4 onwards. However, still diesel prices are up but still we will see he decrease in the inventory levels on the Q3.

Shravan Shah: Okay and lastly on the CAPEX we are just on 10 crores. So, in nine months remaining, how much more we want to do our CAPEX?

Management: You said 10 crores to 20 crores. It is actually CAPEX is not on the plant and machinery, it is on other things like office equipments, all this kind of thing. So, you will see that CAPEX in the range of total in the portfolio in the range of 25 to 30 crores. Not more than that.

Shravan Shah: Thank you sir.

Moderator: Thank you sir. The next question is from the line of Mohit Kumar from DAM capital. Please go ahead.

Mohit Kumar: Yes, good evening, sir. Thanks for the opportunity. Sir my first question is that I was going to slides, I see the equity required for this fiscal is 10 billion, 1000 crores. Is that number is my understanding right?

Management: Yes, that number is correct. Just I would like to clarify over here is that like this 1000 crores of equity considering the appointed date of 5 HAM projects, which have been awarded to us in the fourth quarter of the last financial year and few projects in the current financial year. So, on those projects like once appointed dates our concession agreements are signed and appointed dates are received, then only the requirement of equity may arise. So, the likelihood is that some portion of equity may be in the range of 150 crores to 200 crores, may spill over to the next financial year also.

Mohit Kumar: When they expect the divestment proceed sir by what time?

Management: Divestment process like as we have also indicated in past like, one is that certifying a Cube dealing totality. So, Cube transaction has as on date, as you see that it has certified in totality three projects were to be transferred to Cube phases. One project we had transferred during the quarter and remaining two quarters, the remaining 51% equity has also been transferred in Q2 that is the second quarter. So, till it complete and whatever was in envisaged consideration that has also been received from Cube Highways in totality and secondly, then we have the ongoing deal with Shrem InvIT where we have agreed to divest a portfolio of 10 assets to Shrem InvIT so from Q2 onwards the divestment to Shrem InvIT will also start. Meanwhile, against the unsecured loan portion, which was invested by Dilip Buildcon in the disruptive 10 assets to be divested to Shrem InvIT, against that already part of retirement of the unsecured loan has taken place to by Dilip Buildcon to the tune of approximately in excess of more than 500 crores till date, again 617 crores of total.

Mohit Kumar: That's the money coming from the Canadian Pension Fund. Is that right?

Management: Yes, Canadian pension fund, that line of credit is available to us to the extent of around 293 odd crores. So, that depends as in when the requirement of equity is there. So, we have an ability to draw down that money from Canadian Pension Fund.

Mohit Kumar: Understood sir and how do you see the order prospects form NHAI in this fiscal to expect the 4000-5000 km bidding this year, given your talks with NHAI?

Management: Do you want the current pipeline? Is that what you are asking?

Mohit Kumar: Sir my question is, what is your expectation? Do you think that the NHAI will do 4000 or 5000 kilometer bidding this fiscal?

Management: Do you think 4000 or 5000 kilometer of roads will they award? Is that what you are saying?

Mohit Kumar: Yes, sir.

Management: Yes they will award far more than that.

Mohit Kumar: Sir NHAI.

Management: NHAI more put together will award upwards of 10,000 km. This is what my senses say.

Mohit Kumar: Do you think that the roll back the COVID related relaxation which is provided during the FY20 and FY21? Do you think some of these provisions will be rolled back?

Management: I mean, I am sure the government will eventually look to roll back some of the relaxation that were given over a period of time. How exactly will they do it and in what manner will they do it is anyone's guess. But I am sure they will be looking at rolling back the relaxations which were given for an extraordinary situation.

Mohit Kumar: Understood sir. Thank you and all the best.

Moderator: Thank you. The next question is from line of Jiten Rushi from Axis Capital. Please go ahead.

Jiten Rushi: Yes, thank you for taking my question, what will be our holding in the Shrem InvIT in terms of percentage?

Management: Sir the holding in Shrem InvIT will increase over time as the project team getting dropped into it progressively that holding because our equity will keep on increasing as the project refund so the requirement is like the total deal what you know is about 2350 crores of the equity in which units were about 1700 or so that will be holding in the unit that we will have versus the total InvIT value which is there in the public domain that. So, that this is.

Jiten Rushi: So, the same percentage terms e-holding will be what 15%-20% plus

Management: 20% to 25% near about.

Jiten Rushi: Okay 25%. Sir, on the irrigation project, sir we can see that our two irrigation projects are still not moving, like Ichha the Dam project and Bhadbhut Barrage project, so, what is stopping us from the execution like.

Management: Sir I could not hear your question; can you please repeat?

Jiten Rushi: Sir only irrigation project, the dam project of Ichha which is still not moving and also that Bhadbhut Barrage project also is moving slow. So, what is the reason why it is not picking up in terms of execution?

Management: Kharkai Dam is hold by the state government and now it has been cleared. So, you will see the progress. So, Kharkai Dam is actually hold by the state government and now it has been cleared. So, you will see the progress in the coming quarters and as far as Bhadbhut Barrage is concerned, it has been actually progress well during this quarter as far as I know if you will see the order book and it is going well. So, there is no problem but yes, you are saying in the rainy season in the July to September there will be slow progress. After that, again the progress will pick up but in the Q1 there are a good progress in Bhadbhut Barrage.

Jiten Rushi: Okay, so basically now it has started progressing well from Q1. That is what I could understand.

Management: Yes in Q1 Bhadbhut Barrage we have done the progress. There was a good progress in Bhadbhut Barrage.

Jiten Rushi: And sir on the mining front. Sir you said this Pachhwara mine which we have subcontracted. So, what kind of margin we can expect post-a subcontracting margin in this project, because obviously, this number will come in our standalone revenue. So, earlier, we were supposed to do the mining work, because you said there is a limited equity which we have to invest like the 50 crores odd, but now we are doing subcontracting work. So, this is going to be the case with Siarmal also.

Management: So, Pachhwara mine. Answer to your first question we are heading within the range of 16 to a 10%, which is heading. So, we have subcontracted that and as far as Siarmal is concerned, we are still exploring that. So, there is a groundbreaking in the next two to three months. So, we will how it should move on. So, we will tell you when we analyze.

Jiten Rushi: So, basically sir Pachhwara, you can still make 16% to 18% EBITDA margin, and with Pachhwara, or Siarmal also be subcontracted we do. So, if we do then we will be getting what 20% plus margin and if we subcontract then again, 16% to 18% margin. Is my understanding correct?

Management: Sir I think instead of breaking into subcontracting or whatever or whether we are doing it on our own, our guidance for the margin for the mining project in that similar range of like what they want to go in 13% since the guidance that you are giving. The good part, the part that we should be really focusing on is, you know, the Pachhwara was the project, which was stuck for a while. And we are happy to report that the progress on it is very nice and once all this is clear, we will see good progress and there will be coal excavation that will start on the projects. Even for the Siarmal project, the hearty news there as well as that coal production and you know, all that clearance and everything else will start in this financial year. So, two very large projects both Siarmal and Pachhwara when they will operate at their full capacity, they are accounting for almost 1/10th of Coal India's current production, that is the kind of capacity that we will be delivering for the fact that both these projects will be starting, they will be adding not just significant amounts to the top line, but also to the bottom line of the company and the good part is this will be like the annuity kind of revenue, which will run. Pachhwara is a 55-year contract and Siarmal is a 25 year contract. So, that is, you know, this was not just about the revenue or not about the bottom line. This is also a directional sort of strategy for the company, where idea was not only are we doing short term projects, but we are also engaging in long term projects.

Jiten Rushi: Sir this Pachhwara we will have a revenue 585 crores booking every year, and what will be the revenue booking every year from Siarmal?

Management: The Pachhwara also because the Pachhwara also is a 7 billion metric tons miles as of now. So, it will be more than that the revenue that we get in that on a full year when we get a full year. Siarmal and when it finally reaches its 50 million metric ton sort of number that time around 1500 crores of revenue is where we are expecting from the Siarmal and because it is a progressive increase every year. So, that's what we accomplish.

Jiten Rushi: Got it sir. Sir On the book keeping front can you just give us Davendra sir mobilization advance unbilled revenue retention money as on June

Management: Jiten ji, retention money is around 700 crores as on 30th June, mobilization advance is around 900 crores and unbilled revenue is 1300 crores/

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

Prem Khurana: Thank you for taking my questions. Actually, the thing is that my line got dropped so I am not sure if these questions have already been answered. So, if you could help me with the revenue guidance for the year, and also I mean, what is the EBITDA margin that we are targeting now, for the full year entire year.

Management: The revenue guidance we mentioned is the same as we had mentioned earlier around 10000 crores of top line and EBITDA guidance also, as we had mentioned earlier in the last quarter as well, will be in the range of 12 to 13%.

Prem Khurana: So, I imagine I mean, this 12% to 13% would still have some impact from some of these legacy orders I mean FY 18 and '19 orders, right, so.

Management: We have discussed that in detail earlier.

Prem Khurana: Sir just want to understand, I mean, I understand because of this legacy will determine you are able to do what due to the margin that you are able to do, but how about the new orders and the Rs. 6000 crore of new orders that you manage during the year, what kind of margin would these orders entail? I mean, is it that because of competitive intensity, there has been some moderation or you still are able to kind of manage, 16% to 18% margin that you used to manage earlier.

Management: Sir obviously in the high competitive intensity, margins do take a hit along with the fact that inflation is benign. So, like to give you an example, or to give you some facts last year Dilip Buildcon bid for more than 105 to 106 projects, and we won only 6 out of those. So, the competitive intensity was pretty high, and that showed in the industry and however, these projects, we are expecting margins are 15% to 16% in the one that we won, even right now, we are expecting margins to be in that range. When depending on other factors that may come, we can see how the margins may improve further if inflation cool down and all and how the execution eventually remains, but as of now there will be around that.

Prem Khurana: Sure, and on de-leveraging part, I think we are looking at around 500 crores of de-leveraging from our Q1 number and at the same time you have this Rs. 1000 odd crore of equity requirement including expected appointed aid for five of these new hybrid annuities. So, essentially, you were looking to generate almost Rs. 1500 odd crore would be the number from the business over the next nine odd months. So, if you could just help us understand does it mean that we are expecting business to kind of churn a seriously good amount of money, you are expecting working capital to get released in a big way or how do we intent to fund that entire 1500 crores because as I look at asset monetization, what we would be able to get in H2 is the 100 odd, which is spending from Shrem and out of that 615 odd and Cube would be another 100 odd right, so there is only around 200 odd, which is supposed to come from assets sales. So, even then you would need 1300 from the business, which seems to be a tall tasks, given the fact that the margins still are at around 10%-12%.

Management: So, besides the margins of the business will make, the asset sale that we have done, the 13 assets that you have sold in total. three to Cube and 10 to Shrem there we are making a profit of almost 900,000 crores on that on the equity that we had invested. So, because of that, there is what you have calculated is only the cash amount, we are also getting units for the InvIT which is about 1,700-1800 crores of unit also that the company will be receiving. So, there will be monetization of those units as well which will help us in investing that equity into the new projects and also help us to in reducing that. So, that is there.

Prem Khurana: So, does it mean are we planning to sell these units in this year itself and if that is the case, why did we not go for entire cash transaction with Shrem.

Management: Sir, there were two three reasons for that, for example, going in an all-cash transaction, your interest rates and everything already would have been frozen. Now, because of the increase in interest rates right now to about 140 basis points, I think to my knowledge about 200 plus crores of valuation has already increased for our units. So, what we would be getting now, we are already increased by that much. Had I sold it only pure cash that would be a loss of 200 crores. Number two, there is a taxation sort of implication when you sell the capital gains tax that would come when you have taken it into units and then so there is a huge long range of….I can go on point on point why we have chosen this.

Prem Khurana: No problem. All right, I will take it offline.

Management: No but like I said the two major reasons like I said, there has already been an increase in valuation by more than 200 crores from the units that are sold and to my knowledge or what I expect RBI to raise interest rates further this year. So, I think base rate would come around 6% by the end of this month, by the end of this calendar in fact given the pressures of different central banks around the world.

Prem Khurana: And do you do you see this large market for the kind of volume that you intend to sell? I mean, in terms of InvIT on it?

Management: It is very the good part is this is now it is a very well accepted currency even if when we thought we thought we will raise funds against these units in terms of if we have to raise that or whatever because there is much more value in retaining these units and the cash flow that comes from it on a regular basis and that was the ideology when we entered into this transaction, but yes, there is also robust markets and the InvIT and REIT platform is only getting more and more interest from both foreign and domestic. So, to answer your question yes, we do see a market for not just sales, but we also see a very robust market for even putting these units as collateral and raising capital against that.

Prem Khurana: Sure. Okay, sure. That's it from my side. Thank you.

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

Shravan Shah: Thank you for the opportunity again sir, what's the DBL Infra debt? Last time it was 700 odd crores. Is it the same number?

Management: Yes it is the same number Shravan.

Shravan Shah: Okay. So, still we can raise further another 2-300 crores grow from that.

Management: Yes yes. Correct.

Shravan Shah: Okay. Second is just trying to further understand in terms of the InvIT that you are saying that you are particularly still not able to clearly understand one aspect I understood that we got the higher valuation and capital gains tax that's why we went for the InvIT, but still not clear in terms of how much are we planning to sell and do we think that can be done before March so that ultimately the previous participant for what has asked the question is in terms of the debt reduction, how much cash further we can receive from now?

Management: Shravan just to answer your question, see we have multiple sources of funds that are going to be coming to the company to meet the overall equity requirements including the raising of funds against the InvIT, okay. So, InvIT units are going to come to us progressively starting from Q2 onwards, and on need basis will decide what is the quantum of fund that is required and as Rohanji explained as this is a well-accepted basically instrument in the market against which the funding can happen, either we can sell the units or we can raise funds of this unit idea is that is why while we retain the InvIT units, there is the good potential of having the future over these units as because we are into the rising interest rate trend and considering this, always InvIT is backed by a portfolio of HAM asset. We will see if there is an interest rate is in the rising scenario, then, there is a positive cash accrual which comes to the InvIT in terms of the upstreaming of the available cash flows. So, all these benefits are likely to occur to us also as a unit holders and while we are holding the units there will be also a tax advantage on the dividend distribution from these InvIT, because dividends in the hands of the unit holders will be tax free. So, all these advantages are there that is the reason we have chosen InvIT rather than going for a bilateral sale where typically on the sale that whatever is a bank rate at that bank rate the deal typically gets or re-evaluation gets frozen.

Shravan Shah: Okay, okay and the equity investments that we have given on the presentation on the slide 22. So, that does not include the latest three HAM projects that we receive?

Management: So, no, we have given all the HAM projects that we have received. So, that is what I am saying the concession agreement for these HAM projects are yet to be signed, so post-that then another 150 days 10 days for the financial closure. So, there is a possibility that part of the equity fund is 1000 crores in the range of 150 crores to 200 crores that might get spilled over to the next financial year.

Shravan Shah: Okay, and then and broadly for the full year on 10,000 crores revenue in terms of this quarter, we have 100 crores kind of negative (CFO) cash flow from operations. So, for the full year how do we see? So just trying to ultimately I am trying to just figure it out how much cash we can get, which will help us to reduce the debt.

Management: It was just 40 crores, it was not 100 crores and also like as of now it is very difficult to give you guidance on for the coming quarters, but overall, it will have a positive implication so that is how we have planned for our debt reduction 500 crore by the end of this financial year.

Shravan Shah Okay, thank you.

Moderator: Thank you. The next question is from the line of Mohit Kumar from DAM capital. Please go ahead.

Mohit Kumar: Thanks for the opportunity once again. Sir my question is given our cash flow projection and the requirements for the equity for under construction HAM project, do we have any more appetite to take HAM projects in near term?

Management: Sir like we mentioned, the equity commitments that you are seeing right now is only an estimate of when the project will start and accordingly, there is a good likelihood that about 150 to 200 crores of equity might not come this year. It will come that next year. That is the first part. The second part is you ask, do we have more appetite. Now, if we win any project now, or even if I am bidding right now, if I win any project in October, September, November, any HAM project, typically, if you look at historically, usually takes about 9 to 12 months to begin from the date or bidding. So, even if I win it then any equity commitment that will come will come in the second half of next year. That is a best-case estimate. So, that should not be a problem or monetization of assets, already have that has been committed along with the new assets, which will be in high stage that will also be sort of getting there. So, I do not foresee that as an impediment.

Mohit Kumar: And secondly sir as per medial reports, the government is considering reducing the government support for HAM from 40 to 20%. Do you think this will help the larger players?

Management: Yes, those reports. I mean, I do not know what you want me to comment on the media reports because.

Mohit Kumar: No sir I was asking any opinion if 40 government supplies.

Management: Yes, I think it is unlikely that in the near term, they will change it from 40%. That is my personal opinion because it is a larger decision and I do not think it will happen that soon. Even if it is it will happen in a more progressive manner. It will happen maybe next financial year, they will think about doing something but not in the near term.

Mohit Kumar: But 40 becomes 20 should help the larger players. Am I right in saying that?

Management: Sir, we are talking about an exceptional situation, which we do not know whether it will happen or not. But obviously, if there is a reduction in the government support for any project that will obviously reduce not for just a larger player for any player it will increase equity outflow, and it does not it is equal for larger or smaller or any size of player. Equity in future will be the same on the same basis of a financial model. So, it impacts all the players in the industry, which is why I am saying that I do not think that change will happen anytime soon definitely not in this financial year.

Mohit Kumar: Understood sir. Thank you and all the best. Thank you.

Moderator: Thank you. Ladies and gentleman. This was the last question for today. I will now hand the conference over to Mr. Jiten Rushi for closing comments.

Jiten Rushi: Sir just one last thing do you have a ROFO agreement which stream for future assets.

Management: Yes Jitenji, we do have understanding for future assets.

Jiten Rushi: Okay sir so thank you. Thank you sir. Thanks for giving this opportunity. Thank you everyone for participating. Happy Independence Day and sir any last comments from your side?

Management: No, just thank you everyone for being on the call and for asking all the questions. As always, if anybody has any more questions, please feel free to reach out to our team and we will be more than happy to address any and all of your queries. Just wishing everyone a very Happy Independence Day in advance 75th year of Independence and wishing a nice happy long weekend for everyone. Have a good one and look forward to seeing you guys next quarter.

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