



DILIP BUILDCON LIMITED
INFRASTRUCTURE & BEYOND

June 04, 2022

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

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

Stock Symbol -540047

Stock Symbol –DBL

Scrip code of Listed NCD: 959525/959643//960016/960017/960018

Subject: Intimation of transcript of the Analyst/Investors conference call.

In continuation to our letter dated May 26, 2022 regarding intimation of Q4 FY 2022 earnings conference call, please find enclosed herewith the transcript of the analyst/Investor conference call held on May 30, 2022 conducted through digital means. The aforesaid information is also being made available on the website of the Company.

This is for your information and record.

With Regards,
Sincerely yours,

For Dilip Buildcon Limited


Abhishek Shrivastava
Company Secretary



Encl : Transcript.



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CIN No. L45201MP2006PLC018689

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“Dilip Buildcon Limited Q4 and FY22 Earnings Conference Call”

May 30, 2022



MANAGEMENT: **MR. DEVENDRA JAIN - EXECUTIVE DIRECTOR, AND
CEO, DILIP BUILDCON LIMITED**
**MR. ROHAN SURYAVANSHI - HEAD - STRATEGY &
PLANNING, DILIP BUILDCON LIMITED**
**MR. RADHEY SHYAM GARG - CHIEF FINANCIAL
OFFICER, DILIP BUILDCON LIMITED**

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

Moderator: Ladies and gentlemen, Good day and welcome to the Q4 FY22 Earnings Conference Call of Dilip Buildcon Limited hosted by Axis Capital. 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 zero on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Jiten Rushi from Axis Capital. Thank you and over to you sir.

Jiten Rushi: Thank you, Margaret. Good evening. On behalf of Axis Capital Limited I welcome all to Dilip Buildcon Limited Q4 FY22 Earnings Conference Call. From the management side, we have with us Mr. Devendra Jain, Executive Director, and CEO, Mr. Rohan Suryavanshi - Head - Strategy & Planning and Mr. Radhey Shyam Garg - Chief Financial Officer. We also have investor relations team of S-ancial in the call. To begin with, we will have opening remarks from the management, followed by Q&A. Thank you and over to you, sir.

Rohan Suryavanshi: Thank you. Good evening to all. It is great to have all of you with us today. I sincerely hope that all of you are safe and in good health. So, let me first begin by welcoming all our investors and our partners to this conference call for the quarter ending 31st March 2022. It is a great honor and pleasure for me to be able to hold this call and to inform our partner with all the latest developments in this quarter and our plans moving forward. Let me also apologize for the delay in the results, that you guys have very small time to look at it but the presentation and the results have been uploaded and I hope you guys will also refer to it when you ask any questions.

Let me now start firstly with the economy update:

The world as we know has faced major challenges this year due to geopolitical tensions between Russia and Ukraine and the continuation of COVID in various countries. So, the combined effect of war and pandemic has exacerbated a rise in crude oil prices which in turn has fueled inflation. As a consequence, businesses, trade manufacturing, infrastructure and employment opportunities have all been severely impacted. Obviously, to try and fight the situation the Indian government has taken various measures. The biggest concern obviously right now for everyone has to tame the rising inflation which is affecting both individuals and businesses. 7.8% increase in retail inflation and 15% increase in wholesale prices in April reflect the rising input costs. Key raw materials are in short supply and supply lines themselves are stressed adding to inflationary pressures. As a remedial measure, the government has announced excise cuts to sort of soften the blow, not only the national government, but even various state governments are also allowed reductions in taxes.

Also, the government has tried to basically keep a check on this inflationary pressure by reducing customs duty on key raw materials while increasing duty on exports of certain other items and in tandem with the government, the RBI also announced a hike in interest rates. RBI also hiked the cash reserve ratio by 50 basis points and as per the RBI governor more rate hikes are highly

likely considering the current scenario. The markets are expecting rate hike between 35-50 BPS in the upcoming RBI's MPC meet as per a recent Reuters poll. So, all in all, although the government is taking various measures on all fronts to curb the persistent inflation. Continued efforts are needed in order to break through. In the short term the scenario remains challenging on the back of tepid growth, rising inflation, supply disruptions from geopolitical spillovers and financial market volatility.

So, moving on to the infrastructure sector update:

An influx of new projects are awarded at the end of FY22 continuing the general trend of the past years. As a result, your Company received substantial inflows of orders, majority of which is accounted by the road sector. In total, the road sector project awarding grew by 22% to 12,731 kilometers in FY21-22. The length of road projects awarded by the NHAI and the Ministry of Road Transport and Highways increased by more than double to 5,113 kilometers in March 22. This was almost expanded as much as the previous month, so although project awarding has improved over the previous fiscal year, project implementation has slowed down due to the COVID pandemic, raw material constraints, labor shortage, financial challenges, and delayed government payments. Unseasonal rains in multiple geographies coupled with cyclones during peak working season, also resulted in marked slowdown in the construction activities. It was also impacted by COVID second wave across India.

An increase in input prices contributed to further slack in average daily construction. Therefore, the earlier delay could not get compensated and this resulted in a productivity downturn. Highway construction fell by a fifth year-on-year at 29 kilometers per day. This was significantly lower than the goal of 40 kilometers per day set at the beginning of fiscal year, which obviously was revised in November-December to 33 kilometers a day, but this final figures have come lower than even the revised expectations of the government. The NHAI was unable to reach the required 12,000 kilometers envisaged last year due to pandemic related delays and exceptionally prolonged wet season. Although it awarded a record number of highways to be constructed like I earlier explained, but all in all, the government has put a lot of emphasis in infrastructure spending since it is it has a multiplier effect on the economy. In the budget as well, the government announced a 35% increase in the capital expenditure, which took the total outlay to Rs. 7.5 trillion for FY23 compared to the Rs. 5.5 trillion in FY22. There have been further steps to the government has taken. They have improved and simplified the new hybrid annuity model. There has also been growth in infrastructure loans and there has also been gradual improvement in bad loans, which reflects a progressive recovery of the sector and enhances future prospects.

Now updates about the company:

I am very pleased to announce that we have completed 12 projects in FY22 worth Rs. 8,159 million. These projects are completed across different geographies. I am also very happy to announce that we have won 5 new projects in three sectors worth Rs. 7,811 million. These are

projects which are won till March 2022. Besides this, we have two more HAM projects worth Rs. 29,310 million after March 2022 which has not been included in the order book as of March 22. So, the order book standing as of March 22 is Rs. 2,55,945 million and this comprises 45% from the road sector and 55% from other sectors. Now moving from business to financial performance revenue for Q4FY22 was Rs. 25,062 million which is lower than last year's performance. EBITDA for Q4FY22 was Rs. 2,368 million. The depressed EBITDA margin has been an account of the reasons that we have explained earlier as well. The older projects that we had, we were executing from 2018 onwards have all gotten extended, the time period has extended has been 50% and hence the additional costs of manpower, equipment have all gone up by 50% and these additional overheads are taken into our EBITDA margin. Besides this, there has been an increase in material prices like cement, diesel, steel and aggregates all by almost 50% on average. Hence, these number that we mentioned earlier as well.

Moving on the finance cost has decreased by 4.99% in Q4FY22 on YoY basis. However, profit after tax has decreased in Q4FY22 on account of decrease in EBITDA now let me take you through some important items of the balance sheet. Expenditure on fixed assets is Rs. 120 million in Q4FY22 and in total it was Rs. 1,450 million in the full year 2022. Inventory has increased marginally in the Quarter 4 by Rs. 346 million from the previous quarter. Debtors have decreased to Rs. 10,380 million in Q4FY22 from Rs. 15,041 million in the Q3FY22 this is on the account of better collection. Decrease in loans given is mainly account of repayment of loans given to SUBs created for HAM projects.

Net debt equity ratio decreased to 0.63 in Q4FY22 vis-a-vis 0.73 in Q3FY22 and in absolute terms it has decreased by Rs. 4,068 million happy to report that. Similarly, also happy to report that working capital days have decreased to 89 days as of Q4FY22 vis-a-vis 102 days as of Q3FY22. So, these were the main points I open the floor for question and answers.

Please be free to see our presentation and ask what are the questions.

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: Couple of questions. First coming to the guidance so, what is our guidance on top line margin particularly because previously we were saying that now once the things get normalized we will have 13-14% EBITDA margin. So, for the full year FY23 personal revenue guidance margin. How much total order inflow that are we looking at?

Management: Total revenue guidance that we think we should be doing somewhere in the range of about 10,000 crores for this financial year and the revenue and EBITDA guidance remains around that range only 13 to 14 that we had indicated last time as well. These are obviously subject to what kind of sort of raw material prices and other things we might perceive but this is what we are envisaging. Obviously, the quarter one and quarter two will be tepid. because we still are

completing our older projects, but we should still start seeing improvement as we move forward from there.

Shravan Shah: Okay and the last was on order inflow. So, first a clarification. What is the value excluding GST for FY22, so 7,811 is including GST and 2 HAM Rs. 2931 crores that is also including GST, so what is the value excluding GST?

Management: So, firstly order inflow guidance. Even last year we mentioned about 8,000 to 10,000 crores of new orders, even for this tenure we will have a similar kind of order info guidance and as for the minus GST value. So, order value for Rs. 7,800 excluding GST around Rs. 6,500 crores and as far as this Rs. 2,900 crore value is considered that is the EPC. So, EPC excluding GST will be around Rs. 2,000 crores.

Shravan Shah: Okay now coming to the two important questions. So, first, in terms of the debt reduction, that is the good thing that has happened. So, debt actually has reduced significantly. So, last time if I look at in December last December 20 to March 21 there also we have seen a Rs. 400 crores kind of a debt reduction and then again it has bounced back. So, the kind of debtor days now we have and that is 42 days. So, will it also start inching up again in the June, September, December quarter and in terms of the debt, how do we see so, there also I need a clarification that infra holding how much we have raised debt so, because that is also kind of a debt at standalone. So, if you can help me and what was the number there and how do we see the debt by end of FY23?

Management: So, Shravanji the first thing you have asked about the debtor. So, debtor generally keep in moving for 40 to 50 days and there is no control on the three, four, five days delay. So, that is when you are making the balance sheet? So, sometimes it happens that the debtors have realized after four or five days, but it will be moving in the range of 40 to 50 days this is what we generally see, we have given earlier also and right now in the same thing. As far as the debt reduction, DBL Infra is concerned debt remains the same which was there in the last quarter. December there is no further debt raising in the DBL Infra and as far as debt reduction in the standalone is concerned for this financial year, it will be in the range of 300 to 400 crores.

Shravan Shah: So, 300 to 400 crores from this current 3072 crores, we are looking at.

Management: Yes.

Shravan Shah: And if you can repeat the value for DBL Infra what was the date that we have raised? So, what is the number as on March.

Management: Rs. 702 crores.

Shravan Shah: Rs. 702 crores. So, pardon me if I am repeating any of the questions which is already there in the presentation. So, I was not able to go through in detail. Okay, we have already mentioned in

terms of equity investment projection is already there. That's it from my side for the time being.
Thank you.

Moderator: Thank you. The next question is from the line of Nirmalya Saha from EforEquity. Please go ahead.

Nirmalya Saha: Good evening all. I have two specific questions. If you remember, last year, September quarter due to an accident in one of your road projects, NHI had suspended avoiding any new projects to the company? So, I would like to have an update on that where do we stand and question number two is that last year, during the December timeframe, there was some, you know, bribery charges against some key personnel and there are some raids happened on the premises. So, where do we stand on that? These are the two questions.

Management: As per the unfortunate accident that occurred on one of our sites, Anandapuram Anakapalli whatever action had been taken by the government, we were eligible to bid and from October onward, we have been winning and we have been bidding and winning projects. Also happy to announce that we have also completed that project now. So, the PCOD is also being brought in that project. So, that is for that. So, that project also has a provisional completion certificate from the agency and the second part, you asked about the agency actions and the unfortunate charges that were alleged against the company. We continue to contract those charges and the matter is now subdued. So, as for wherever there are any applications on that, we will update the market accordingly.

Nirmalya Saha: Okay. So, I was just trying to get a confirmation that there is no problem in getting a new project from National Highway right now. I mean, the suspension is revoked right for the Company.

Management: Yes sir there is no problem I repeat again, there is no problem getting in. We have won significant orders from the National Highway Authority of India, which were there mentioned in our presentation as well. These are all projects won after that incident.

Moderator: Thank you. The next question is from the line of Alok Deora from Motilal Oswal, please go ahead.

Alok Deora: Good evening sir. Just a couple of questions. So, sir one was on how is the competitive intensity now in road projects, and also, if you could just reiterate the order inflow guidance for FY23.

Management: So, obviously, as you are all aware, the competitive intensity index in the industry had increased tremendously over the course of this year, primarily due to certain COVID related benefits that the government had given where they reduced the guarantees asked by developers and also the qualification criteria, all those caused a lot of pain in between in the sector, even DBL on its part, we have been for almost 105 plus projects, while we won only five or six projects, so, you can imagine the kind of competitive intensity that the market had. Good thing is now, the government has understood that around the way that they had gone down was not right, and they

brought back the securities. So, in the recent HAM project, if you ask me specifically, there has been reduced competition now, we are seeing 6 to 8 players, which had gone up to almost 15 to 18 plays in between. So, now, we have seen that reduction coming. The EPC projects still continue to have more competitive intensity, but given the high order book that a lot of the smaller players also have, we expect this to remain alright and not as high as it was last year that was, but then in terms of order guidance I mentioned that 8,000 to 10,000 crores of new orders, we will be targeting at least.

Alok Deora:

So, sir we have one lot of these projects in Q4 and even post Q4, so we have all seen the delays in receiving appointed in projects. So, based on these orders, what is the revenue guidance we have for FY23 and how confident are we of receiving the quantity in time for the pending projects.

Management:

The revenue guidance, like I mentioned earlier is around we are targeting around Rs. 10,000 crores. Now, obviously, this is subject to caveats around hopefully you will not see any more COVID sort of related lockdowns or any other such disruptions happening or any other large disruption. In terms of those projects getting started on time, the expectation that we are the builder always have that the project will start on time because we start deploying our resources, our people, our equipment on the site on time. However, there is no control over what the government is finally able to hand over the amount of land that it needs to do and all the other sorts of things that the condition that it needs to fulfill so while we remain positive and we try to do all our work, we actually have zero control how it will pan out. So, whatever we tell you is based on our expectation of how things should pan out. That is basically what I can sort of say to you, here and there if there are certain delays, monsoon goes longer there are other delays. Obviously, we will have to account for it as the year progresses. Right now as sitting today. Since I cannot change the future, I can just give you these sort of analysis and scenarios that we **have**.

Moderator:

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

Prem Khurana:

Sir my question was with respect to cash flows, I think I am in your opening remarks answer to earlier participants you made that you are looking at another Rs. 300 crore to Rs. 400-odd crore of reduction in net debt in FY23. So, when I look at this number, and also when I consider that we have an equity requirement of almost Rs. 850 odd crore. So, I think the business would need almost around Rs. 1100 or Rs. 1200 odd crore. I mean this is assuming I mean you will not get to see any change in your working capital requirements I mean it will stay the same. So, quickly if you could let us know how we intend to kind of meet this 1200 odd crore rupees of requirements that could be there in FY23 and if you could also help us understand where are we in terms of our asset monetization especially on the InvIT side to stream it.

- Management:** So, Prem coming to answering to your a question around Rs. 600 to 700 crore will be this our cash profit for the coming financial year FY23 and then there will be inflow from the cube also, around 150 crores and there will be the inflow from the remaining unsecured loan repayment by the strain it is around Rs. 150 crores to 170 crores. So, put together this and then there is equity requirement of around Rs. 780 crores if you reduce this, this can nullify and then we will be having the units of the InvIT. So, we help them individually so, we can give an option to raise funds against the InvIT units basically. So, we can either sell the units or we can raise funds which will be under a self-funded structure. So, these are the options available with the company and InvIT like we will start receiving the units of the InvIT maybe from the June end or early July. So, with the completed assets out of the 10 assets, which we are transferring to some InvIT out of that 10 assets 5 assets are already completed and we are in the process of receiving the NOCs from the respective lenders and those that will be approaching To NHAI for the NOC for transfer the asset to the Invit and the allotment of the units against the same.
- Prem Khurana:** and how much money has already come from SREI InvIT with during the quarter. By the end you have received some amount, right?
- Management:** Yes, Rs. 450 crores we have already received.
- Prem Khurana:** okay so eventually in the reduction that we have seen during the quarter I mean this money would have had a role to play in the 300 or 400 odd crore rupees of reduction that we have seen in terms of debt in this quarter, right?
- Management:** Yes.
- Moderator:** Thank you. the next question is from the line of Shravan Shah from Dolat Capital. Please go ahead Oh, Yes,
- Shravan Shah:** Sir CAPEX for this year. How much are we looking at.
- Management:** There will not be any CAPEX but the normal CAPEX of 5-10 crore which will happen the FY23. Otherwise, we are not making any capital expenditure.
- Shravan Shah:** Okay, Rs. 5 to 10 crores. Okay, got it and nothing pending from the last year FY22 that we will be spending in FY23.
- Management:** Nothing, nothing.
- Shravan Shah:** Okay, and so, what is the retention mobilization advance and unbilled revenue as on March?
- Management:** So, retention money is around Rs. 774 crore. Mobilization advance is around Rs. 1080 crores and third unbilled revenue it is around Rs. 1100 crores.

- Shravan Shah:** Okay, got it and sir, in terms of the order inflow that we are looking at 8,000 to 10,000 crores. So, this is in terms of broad if somebody wants to look at it will definitely be from the road, but in terms of the HAM, how much more are we looking at HAM and any other metro or other sectors where you want to specify anything.
- Management:** So, obviously, the order inflow that we are saying is across all the sectors that we look at and that we work in. It is not for me to give you an exact breakup of what and how we will and how much we will target, but that is the broad numbers that we are looking at. In terms of HAM and equity our target obviously continued to be EPC but we will make a call based on how the competitive analysis and the competitive situation in the sector looks. Those things will and may alter our bidding strategy of growth as we go across.
- Moderator:** Thank you. The next question is from the line of Jiten Rushi from Axis Capital. Please go ahead.
- Jiten Rushi:** Sir my first question on the CPPIB. So, as you said we have raised Rs. 700 crores so far and we have the option of raising around almost 995 to 1000 crore. So, where are we in this. Are we going to raise any more money fully or we are not going to read anything other than this so far.
- Management:** Further drawdown is at the discretion of the company. So, most of them are like we had explained drawdown is linked to the equity investment in the underlying subsidiary so at that point of time the request for the agreed LTV we had already made the drawdown. So, now, in the coming financial year if we feel that if there is a requirement that it will draw otherwise it is at our discretion to draw or not to draw.
- Jiten Rushi:** Okay, so, now, we as of now is Rs. 702 crores and we are closing at it as of now, which was the criteria as per the agreement.
- Management:** It is not the closure but it is I am saying it is open, but it is subject to the company's discretion.
- Jiten Rushi:** We have the option but subject to and sir on the Cube deal be so, the assets which we have. So, when are we expecting the final closure of the Cube deal.
- Management:** In the month of June because now we will be completing six months from the COD of each of the projects. Yes, so, that threshold is being met and now the final closure is in the process in one of the SPVs in fact, we have already received the NACA approval also for the transfer of remaining equity and in other 2 SPVs we are in the process of receiving the energy of approval. So, once that is received, so we will be transferring the balance 51% equity in each of SPVs.
- Jiten Rushi:** So, now, what is the balance left from Cube. You said 150 crores, right?
- Management:** Definitely between 145 to 150 crores.

- Jiten Rushi:** So, that is the final balance and sir on the irrigation project of Gujarat and so, we are still lagging in terms of execution. So, what is stopping us from ramping up the execution in the irrigation project, the Bharuch project
- Management:** It is progressing well now there is no problem. So, it has taken well in this quarter end Q4 and it is progressing well in this current quarter also Q1 FY23. There is nothing holding. It was basically lagging because of excessive rainfall. So, that situation is now over. So, in during the current quarter the operations have ramped up
- Jiten Rushi:** Rainfall can come again also means that is not in our control actually.
- Management:** So, the rainfall thing is beyond control of anybody, so, last year rainy season extended till November even the end of November. So, that was the primary reason that we could not clock revenue in this particular project, but for starting Q4 the revenue have like normalized and in Q1 also the situation is expected to normalize and steadily it is rising.
- Jiten Rushi:** And sir based on the presentation which I can see that we are expecting appointment date for five projects, as per time when mentioned. So, if we get the appointment as per the timeline mentioned what kind of revenue contribution we can expect from these in FY23 in terms of percentage
- Management:** Individual projectwise guidance is very difficult actually.
- Jiten Rushi:** I understand that broadly in like 200 crores, 500 crores like that way.
- Management:** Five projects also put together it is very difficult, Rs. 10,000 crores guidance we have given for the FY23 which we will met as we are confident. Okay based on the current situation. So, giving the project groupwise, it is very difficult.
- Jiten Rushi:** And sir last question on current outstanding bid pipeline in terms of NHAI project where we bid for expecting any opening of the bid soon can you highlight that sir
- Management:** Right now, the Rs. 40,000 crore is in the pipeline and 50% HAM project and 50% EPC project
- Jiten Rushi:** Any bids made by us are in this.
- Management:** Yes, we are there in all Rs. 40000.
- Jiten Rushi:** So, these bids are already closed we already participated in this 40,000 right sir?
- Management:** It is not closed it has been floated
- Jiten Rushi:** So, anything which has already been submitted.

- Management:** Right now nothing is pending for the opening.
- Jiten Rushi:** Okay. So, that is it from on my side, thank you and all the best for the new financial year. Thanks a lot.
- Moderator:** Thank you. The next question is from the line of Parikshit Kandpal from HDFC Securities. Please go ahead
- Parikshit Kandpal:** So, first question is on you said that first and second quarter will also be related. We just wanted to understand out of the total order book, how much the balance order book of the legacy project is which you won in 2018
- Management:** It is in the range of Rs. 700 to Rs. 800 crores.
- Parikshit Kandpal:** So, sir what will be the margin?
- Management:** So, sir there was no guidance on quarter-on-quarter. We are giving a guidance of year-on-year how I cannot. It is very difficult to break up and say quarter-on-quarter how is goes. It will not work
- Parikshit Kandpal:** But sir in the cost of completion how much 700 crores project is left how much assessment you have done on cost of completion, how much shortfall is there? Just to understand like, from which quarter we will start seeing that 15% margin coming back. First question is by when the Rs. 700 crores project will be completed and what is the shortfall in terms of cost competition at current commodity prices in this orderbook.
- Management:** Sir see, till now how much project need to be completed, I think it will take at least 2-3 months that is why I told you first or second quarter it will be impacted. As per you are asking material prices has been very volatile, right now before the recent government intervention prices were going through the roof so for me to give you an accurate idea right now is a little difficult but and also like I said we cannot say quarter-on-quarter how it will come or it will not be able to come. Neither we have commented in the past nor do we have that those numbers available right now. I can say off the copy tell you how it goes, but I am telling you I have given you a broad range but because of the legacy projects there will be obviously till they complete our slate will not clean up. This challenge will always be there. Those challenges that we mentioned in what we are talking about. If you want to understand something in detail we will be more than happy to take you.
- Parikshit Kandpal:** Sir wanted to ask you the last thing. So, from third quarter we can expect a normal execution and profitability quarter historically how we have done. So, the third quarter at least this impact will go away of legacy. This should be more of a normal quarter for us.
- Moderator:** Yes, 100%.

- Management:** Sir last question I want to ask year. As right now our execution because of several reasons have been in that range of nine to 10,000 crores. The inventory has increased slight marginally, it has come under control, it is not increasing significantly now, but next year it seems that there will be 3300 and 3400 inventory will decrease because that could play a big leverage on our debt.
- Management:** Parikshitji we are also trying, so in the quantity terms we have reduce the quantity but in the average price of it is around Rs. 3400 crores and our target is to reduce the inventory by the financial year and is around Rs. 2900 to 3000 crores so we are we are making our best efforts to reduce the inventory.
- Parikshit Kandpal:** Great. Thank you and all the better hope we come back soon on better path to margins and profitability. I look forward to it. Thank you.
- Moderator:** Thank you. The next question is from the line of Bhupendra Purohit, an individual investor. Please go ahead.
- Bhupendra Purohit:** I had 2 questions. First question was quarter-on-quarter loss I understood it is because of inventory. So, till when it will normalize.
- Management:** So, Bhupendraji in Quarter 2 we had incurred a loss for due to the legacy projects. In Q4 now we have ramped up and this has come to the almost 0 to Rs. 3 crores profit we have made. Now, there is a legacy of Rs. 700 to 800 crores of the order book for this old project. So, this now, it will end in the coming two to three months. From the Q3 onwards you will see that no normal execution in the normal market.
- Bhupendra Purohit:** And the second question is on debt reduction are you planning something.
- Management:** Bhupendraji we have already done the we have done the non binding agreement where we will be getting the InvIT around Rs. 1800 crore. So, we will always have the opportunity so that we can sell them in the market if we want to.
- Bhupendra Purohit:** You have done that already.
- Management:** We have already done the agreement with the SREI and we will get the unit of around Rs. 1800 crores. So, at any time if you want to reduce the debt you can sell them because 1800 is like the cash.
- Moderator:** Thank you. The next question is from the line of Raja Natrajan, an individual investor. Please go ahead.
- Raja Natrajan:** Sir a couple of questions regarding Bangalore to Mysore project. Is there any roadblock in closing this as we have recently seen some land acquisition kind of issues.

- Management :** Sir the land acquisition issue in our India is there in every project, but almost there is two packages of Bangalore to Mysore. The first package of which is called Bangalore to Nidaghatta and the project progresses is around 98 and the progress of its second part is around 85%. There are land acquisition which media person give it because of that project is not held it is going to finish.
- Raja Natrajan:** Okay, thank you and one more question, sir. Now for the last two financial year, we have seen, especially South India projects, right, we have seen couple of our projects are impacted because of the rainy season. Right. So, do we have any special provision on the contract? Or is it in our purview to ask for special permission?
- Management:** Rajaji, we are not able to understand your question it is impacted by what you're saying weather, rain?
- Raja Natrajan:** Yes.
- Management:** There is no special condition as per the NHAI in the contract for the rain, okay.
- Raja Natrajan:** You know, because we have seen this scenario, and it is also impacting most of our South India projects. So, there is nothing we can.
- Management:** NHAI does not account for this actually, whatever they do for the other projects, other projects in the other region of India, that the same conditions are applied to projected sorted by the NHAI.
- Moderator:** Thank you, ladies and gentlemen, that was the last question for today. I now hand the conference over to Mr. Jiten Rushi for closing comments.
- Jiten Rushi:** Yes, we thank the participants for joining the earnings call, we thank the management on giving us this opportunity. Thank you, sir and over to you for any closing remarks?
- Management:** Thank you all the participants, our investors and partners to coming on call and asking these questions. As always, we are always available. Please feel free to reach out to us. If you have any more questions, Finance Team will be more than happy to help you out. I look forward to seeing you for our next quarter call.
- 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.