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National Stock Exchange of India Ltd

Exchange Plaza, C-1, Block G

Bandra – Kurla Complex, Bandra (E)

Mumbai - 400 051

Symbol: NCC

BSE Limited

Phiroze Jeejeebhoy Towers

Dalal Street, Fort

Mumbai – 400 001

Code: 500294

Dear Sir,

Sub: Submission of Transcript of the audio conference call held on February 6, 2025

Pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed herewith the transcript of the earnings audio conference call held on February 6, 2025, with analysts discussing the performance & financial results of Q3 of the FY 2024-25. The transcript is also available on the Company's website at <https://www.ncclimited.com/analyst-column.html>

Kindly take the above information on record.

Thanking you,

Yours faithfully

For NCC Limited

Sisir K Mishra

Company Secretary

Encl: as above



“NCC Limited Q3 FY25 Earnings Conference Call”

February 06, 2025



MANAGEMENT: **MR. R. S. RAJU – DIRECTOR OF PROJECTS, NCC LIMITED**
MR. SANJAY PUSARLA – EXECUTIVE VICE PRESIDENT, FINANCE AND ACCOUNTS, NCC LIMITED
MR. NEERAD SHARMA – HEAD, STRATEGY & INVESTOR RELATIONS, NCC LIMITED

MODERATOR: **MR. VAIBHAV SHAH – JM FINANCIAL**

Moderator: Ladies and gentlemen, good day and welcome to the NCC Limited Q3 FY25 Earnings Conference Call hosted by JM Financial Institutional Securities Limited.

As a reminder, all participant lines will be in the listen only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing ‘*’, then ‘0’ on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Vaibhav Shah from JM Financial Institutional Securities. Thank you and over to you, sir.

Vaibhav Shah: Thank you. On behalf of JM Financial, I welcome everybody to 3Q FY25 Earnings Conference Call of NCC Limited.

We have from the Management today, Shri R. S. Raju – Director of Projects; Shri Sanjay Pusarla – Executive Vice President and Shri Neerad Sharma – Head, Strategy and Investor Relations.

Now, I hand over the call to the Management for “Opening Remarks” which will be followed by a Q&A session. Over to you, sir.

Neerad Sharma: Good evening, everyone. At the very outset, I thank each of you for taking time to attend this interactive meeting.

I have with me my colleague, Mr. R. S. Raju - Director of Projects and Mr. Sanjay Pusarla - CFO. Today, we have declared our Results for the 3rd Quarter of the Financial Year ‘25. Hope you had an opportunity to download and study the results and the investor presentation uploaded on our website and shared with the stock exchanges.

Before I begin this interactive meeting, I will read out the disclaimer:

The Presentation may contain certain forward-looking statements concerning NCC’s future business prospects and business profitability, which are subject to a number of risks and uncertainties and the actual results could materially differ from those in such forward-looking statements. The risks and uncertainties related to these statements include but are not limited to risks and uncertainties regarding fluctuations in earning our ability to manage growth, competition, both domestic and international, economy growth in India and ability to attract and retain highly skilled professionals, time and cost overruns on contracts, our ability to manage operations, government policy and actions with respect to investments, fiscal deficits, regulations, geopolitical risks, interest and other fiscal costs generally prevailing in the economy. The past performance of the Company may not be indicative of future performance.

This interaction is broadly divided into 3 parts. In the first part, I will talk about a brief overview of the business environment and prospects for our Company. In the second part, our CFO will give a brief about the financial performance of the Company for the second quarter. In the third part, we will attempt to answer any questions and clarifications that you might have. To give you a brief wrap up of the Indian economy, according to the Economic Survey 2024-25, the pace of the Union Government's capital expenditure in major infrastructure sectors was affected during first quarter of the current financial year, largely due to the model code of conduct during the general elections. Further, the unusual pattern of the last monsoon season also slowed down the progress of work.

The Union Budget for FY26, which was presented recently, has continued its thrust on increasing CAPEX. The budgeted CAPEX has increased by 10.1% from Rs. 10.20 lakh crore in FY25, which is a revised estimate to Rs. 11.2 lakh crore in FY26. The grants in adds for creation of capital asset has increased from Rs. 3 lakh crore in FY25 early to Rs. 4.3 lakh crore in FY26. The CAPEX of central public sector enterprises has increased from Rs. 3.8 lakh crore in FY25 to Rs. 4.3 lakh crores in FY26. Therefore, if we take all these factors into account, the total CAPEX has increased from Rs. 17 lakh crore in FY25 to Rs. 19.8 lakh crore in FY26, which is an increase of 16.4%.

On the performance of our Company:

We are seeing a healthy pipeline for future projects. We had a prospective project pipeline of more than Rs. 2.4 lakh crore. We are currently sitting at an order book of Rs. 55,548 crores. We take this opportunity to share with you the fact that we have decided to revise the guidance earlier shared with you. Earlier, we had shared with you an order inflow guidance of Rs. 20,000-Rs. 22,000 crore which we decided to retain. But we are revising the revenue growth downwards to around 5% and EBITDA margin around 9.25% for the current financial year. We have witnessed the slow pace of execution due to general elections and elections in some of the states. Additionally, some of our projects have seen elongated billing and payment cycles, leading to a slowdown in execution.

Now, coming back to the performance of our business divisions:

In our two large divisions, that is buildings and transportation division, we continue to see a very good traction and healthy pipeline of project. We have an order book of Rs. 21,085 crore, which is about 38% of our total order book in buildings and Rs. 10,800 crores which is 19% of our total order book in the Transportation division. Our Water division has an order book of Rs. 5,450 crore, which is about 10% of our total order book. In our electrical T&D business, we have an order book of Rs. 10,633 crore as of 31st December 2024 which is about 19% of our order book. The order book in the Irrigation division is Rs. 4,496 crore as of December end, which is about

8% of our order book. The order book of the Mining division at the end of 9 months is Rs. 3,050 crore, which is about 5% of our total order book.

Now, I will hand over to our CFO – Mr. Sanjay Pusarla with a request to cover the detailed financial performance of the Company.

Sanjay Pusarla:

Good evening to all of you. I am pleased to announce the “Financial Results” of Q3 of Financial Year ‘25.

My announcement will be in the order of order book, revenue, profitability, debt movement and some of the important balance sheet items. To start with the order book, our order book stands at Rs. 55,548 as at the end of December 2024. You are aware that the order book at the beginning of the year is Rs. 57,536 crores and order received during the 9 months is Rs. 13,608 crores, of which in Q3 we received Rs. 8,440 crores. So, we have executed Rs. 15,590 crores of work during the first 9 months and the order book stands at Rs. 55,548 crores.

Coming to the Revenue:

On the standalone, turnover reported in Q3 FY25 is Rs. 4,720 crores as against turnover of Rs. 4,773 crores in the previous year. During the 9 months, the cumulative turnover is Rs. 13,947 crores as against Rs. 12,951 crores reported in the previous year 9 months.

Coming to the Consolidated:

The turnover reported in Q3 FY25 is Rs. 5,383 crores as against turnover of Rs. 5,288 crores in the previous year. During the 9 months turnover, it is Rs. 16,166 crores as against Rs. 14,441 crores reported in the previous year 9 months.

Next, coming to the Profitability at the Standalone level:

We achieved EBITDA of 8.77% for Q3 as against 10.1% of the corresponding quarter of the previous year and for 9 months, current year we achieved EBITDA of 9.04% as against 8.84% in the 9 months of the previous year. Profit before tax at the standalone level is 5.18% and PAT is 3.91% in the current quarter as against PBT of 6.24% and PAT of 4.46% earlier. At a consolidated level we have achieved EBITDA of 8.25% and PBT of 5.02% and PAT of 3.59% in the current quarter that is Q3 as against EBITDA of 9.61%, PBT of 6.15%, and PAT of 4.17% of the previous period. The main reason for the reduction in Q3 of FY25 compared to FY24 is on account of low budgeted turnover and because of the lower turnover, lower absorption of fixed costs what had resulted in lower EBITDA and lower profit.

Coming to the Debt moment:

The debt at the beginning of the year stood at Rs. 1,005 crores and net debt after cash and cash equivalent is Rs. 517 crores at the end of Q2 which stood at Rs. 1,733 crores and net debt of Rs. 1,624 crores. And at the end of Q3 that is at the end of December 24, the same was at Rs. 2,415 crores and net debt is Rs. 2,343 crores. There is an increase in debt by Rs. 680 crores compared to Q2. The debt equity ratio stands at 0.33 at the end of Q3 as against 0.25 at the end of Q2.

Coming to the Working Capital:

Working capital at the end of Q3 stands at Rs. 5,488 crores which is 32% of the turnover. In terms of working capital days, it is 95 days. These working capital days were calculated excluding cash and margin money deposits.

So, coming to the Debtors:

Debtors outstanding at the end of Q3 has increased from Rs. 2,793 crores to Rs. 3,142 crores and the number of days also increased from 65 days to 74 days in the current quarter. And unbilled revenue stands at Rs. 6,151 crores, which is 33% of the revenue for Q3 as against Rs. 5,221 crores, which is 29% Q2.

Coming to the Mobilization Advances:

Mobilization advances stand at Rs. 1,977 crores as against Rs. 2,096 crores showing a reduction in the mob advances and recovery by the clients by Rs. 119 crores. This is also one of the reasons for our debt levels increase. And it is standing at 4% of turnover. Of these mobilization advances, we have 78% of these advances are interest pairing and the average interest rate comes to 9.57%.

Next coming to CAPEX:

We have incurred a CAPEX of Rs. 253 crores in the current financial year as against the budgeted CAPEX of Rs. 250 crores for regular projects.

So, coming to the Ratios:

The RoCE stands at 13.13 as against 14.04 at FY24 end. Return on net worth against PBT is 13.87 as against 13.88. EPS stands at 8.70 as at the end of Q3. For March, it is 10.10.

With this, I conclude the announcement of the “Financial Results” for Q3 FY25. Thank you.

Moderator:

Thank you very much, sir. We will now begin with the question-and-answer session. Anyone who wishes to ask a question may press ‘*’ and 1 on their touchtone telephone. If you wish to remove yourself from the question queue, you may press ‘*’ and 2. Participants are requested to

use handsets while asking a question. Ladies and gentlemen, we will wait for a moment while the question queue assembles. The first question comes from the line of Shravan Shah from Dolat Capital. Please go ahead.

Shravan Shah: Thank you, sir. Sir, a couple of things. So, first, just trying to even if let us say 5% of the revenue guidance that we have reduced from 15% plus to 5%. So, that also if I broadly calculating it means that in the 4th Quarter also we are looking at kind of 1% kind of a degrowth, so if you can clarify that? And in terms of the margin when we are saying 9.25% for full year, so 9 months we have 9%, so in 4th Quarter, are we now again looking at 9.5%-10% kind of a margin and is that margin sustainable going forward?

Sanjay Pusarla: So, this margin, whatever we gave the guidance now revised to 9.25% as you said, we are expecting the margin should be around 9.5% in this quarter 4, so that the reason we thought it will be around 9.25%. So, this at the moment it is sustainable.

R. S. Raju: As far as revenue growth, the first question, what you asked is the degrowth in the 4th Quarter as against what we given the guidance in 4th Quarter about some -1% or 2% will be there in the revenue so that it is close to the 5% growth in the year as a whole.

Shravan Shah: What I am trying to understand is that are we seeing across the board kind of a slowdown in the execution and that is why we are now significantly lowering the number. So, I understand we also don't give the guidance for FY26 now, but on the directionally front as now, we have reduced the growth for this year, can we see a kind of a 10% kind of a range plus kind of a growth at least in the FY26?

Neerad Sharma: Mr. Shravan Shah, FY26, we have not started, really working out the numbers. What happens is, by 31st March, generally we are able to close each of the projects that we are executing, which are quite a few about 150-160 odd. Then we are in a position to know how much is possible from each of these projects for FY26. And generally, we work out these numbers in the month of April and May. I think once when we announce our annual results in the month of May, we should be in a position to talk about the guidance for FY26. This is not possibly the right time to talk about FY26.

R. S. Raju: Now, you talked about across the board. Now, we have several projects across various states. It did not happen across all the projects the slow movement, but in some of the schemes, some of the projects only the slowness is experienced, so it is not so for all these things. Whatever new projects we pick up in the current year, what are projects we are going to pick up and in the Financial Year '25-26, the scenario again different, the trend indicates that in the last 3 years, we have continuously shown growth of around 25%. So, in this year, because of the specific, the general elections happen and also some elections in some of the states happened, we have seen two things now generally given the slow pace for this current year.

- Shravan Shah:** Got it. Sir, couple of data points for the balance it what is left if you can set and also in terms of the right now what is the value of the L1 projects and then I will spell out the balance numbers which I need? Hello sir, are you able to hear me?
- Sanjay Pusarla:** Yes, we can hear you. The L1 project in the pipeline is roughly about Rs. 9,000-Rs. 10,000 crores.
- Shravan Shah:** Got it. And what is the retention value and the exposure in terms of the investment in JVs and associates as on December. So, in September it was Rs. 1,411 odd crores, so what is the value as on December?
- R. S. Raju:** There is no change in the investments.
- Shravan Shah:** Also, the loans and advances, so that number Rs. 1,411 crores stands remains the same as on December also?
- R. S. Raju:** Rs. 1,411 crores and loans are Rs. 388 crores, about Rs. 7 crores increase is there in the 3rd Quarter.
- Shravan Shah:** And retention value is how much?
- R. S. Raju:** It was Rs. 1,757 crores.
- Shravan Shah:** Sir. Thank you. I will be in queue. Thank you.
- Moderator:** Thank you. The next question comes from the line of Prithvi Raj from Unifi Capital. Please go ahead.
- Prithvi Raj:** Yes. Sir, I just have a couple of questions. First question in the opening remarks, you have made a point that in some of the project you are seeing a delay in the payment cycle. Could you just explain a bit more on this, which are the kind of projects where you are seeing an issue on the receivable side?
- Sanjay Pusarla:** It is general in nature because of these elections at the central level and the state level, when there is change in the political parties, in the systems, and there is bound to be some delay in the release of payment. So, that is happening now we are going through that cycle. Probably, now the government has settled, improvements will be expected.
- Prithvi Raj:** And secondly, on the Maharashtra, you have a sizeable exposure there. How is ground level activity? I understand may be last quarter, it got impacted because of elections, but are we seeing an improvement on execution in this quarter? Or still there are issues going on there?

- Neerad Sharma:** I think things should pick up now. The elections are very much behind us and there is a new government in place. So, we expect things to pick up now.
- Prithvi Raj:** And finally on the order flow, you maintain the guidance, but what kind of pipeline are you witnessing? Which are the sectors, which are the geographies, where you are seeing an order flow or project pending that is happening that gives you confidence that you will achieve the guidance number?
- Neerad Sharma:** Yes, I have shared at the very start, we have a prospective pipeline of project. It is not there in one state, across the states and across the verticals and I am happy to share with you this prospective pipeline of project the value is about Rs. 2.45 lakh crore. It is in all the verticals, all the seven verticals in which we operate and it is in almost all the states, large states at least.
- Prithvi Raj:** I will join in the queue.
- Moderator:** Thank you. The next question comes from the line of Jainam Jain from ICICI Securities. Please go ahead.
- Jainam Jain:** Sir, thank you for the opportunity. Sir, we have guided the order inflow guidance of Rs. 20,000 crores, but in the 9 months FY25, we have only received the contracts worth Rs. 13,600 crores. So, are there any specific contracts in which we are expecting L1 in the coming quarter which would help us make the order inflow guidance for this year?
- Sanjay Pusarla:** Just before this question, someone was asking us about the L1 orders. We said somewhere Rs. 8,000-Rs. 10,000 crores, we are in the L1 position. So, we are expecting those orders to get materialized in the quarter.
- Neerad Sharma:** That is what makes us confident to achieve the number. This is not one project or two projects. There are multiple projects, so the value would be in that range.
- Jainam Jain:** So, sir, what are the projects included in the L1 amount and like we expect all the LOAs to be received in the Q4 FY25?
- Neerad Sharma:** It is difficult. See, at the end of the day, it is a client's call. When the client finally decides to award the contract is something difficult. But as we speak, we are confident, and we are reasonably hopeful that this L1 should get converted into LOAs.
- Jainam Jain:** So, what are the projects included in that amount?

Neerad Sharma: I think all that we do is we share the bracket of the projects. We don't really spell out the list of all the projects because it is difficult, there are cases where the L1s do not really get converted into LOAs. So, as a matter of policy, we only talk about a specific project when LOA is received.

Jainam Jain: And sir, we have seen a huge increase in debt levels in this year to Rs. 2,415 crores from Rs. 1,000 crores in FY24. So, what will be the reason for that? Also, the reason for spike in working capital days?

Neerad Sharma: Could you repeat your question please? I couldn't understand, could you please repeat your question? Yes, is there some echo?

Jainam Jain: Am I audible right now?

Neerad Sharma: Yes. Please tell me. There was some echo earlier, so we couldn't understand your question.

Jainam Jain: Sir, we have seen a huge increase in debt levels compared to previous year, so what is the reason for that?

Sanjay Pusarla: Debt level increase. We have already explained you that there is a slowdown in the payment mechanism because of these elections and all that is the reason if you see the debt level has increased. At the same time, my unbilled revenue also got increased. So, whatever money we are spending today, it is waiting for the certification from the authorities once that is done and now we expect that the government is settled at all the places, we expect that conversion will happen and it will help us in reducing our debt levels shortly.

Jainam Jain: Alright. That answers my question. Thank you and all the best.

Moderator: Thank you. The next question comes from the line of Deepak Poddar from Sapphire Capital. Please go ahead.

Deepak Poddar: Thank you very much for this opportunity. So, just I wanted to take this debt level point forward. So, you mentioned about reduction in debt levels, so what sort of debt target we would have by FY26 end and overall FY26 as well?

Sanjay Pusarla: Today, I will not be able to tell you what it can be, because we are waiting for the government to act on that and once the payment positions improve then we will be able to fairly estimate and come back to you.

R. S. Raju: So, generally in the construction industry, the inflows that collections from the clients happen in the 4th Quarter, particularly in the March month. So, thereby whatever debt level is there at this moment, we expect that comes down. And moreover, we have a lot of amount to receive from

the clients what we explained already that there is a slow mechanism of billing, certification happening in various projects. So, already persuasion is made with various clients across various states, thereby there is a good chance to collect more amount as a result the debt from investment in water is there that comes down, but we can't exactly tell the figure, it may be Rs. 1,500 crores or it may be Rs. 1,000 crores also. So, at this moment, we cannot tell, but there will be some decline in the present level of debt we are expecting.

Deepak Poddar: Rs. 1,350 crores, right. That is the debt level we have?

Sanjay Pusarla: We have the debt level today at Rs. 2,415 crores.

Deepak Poddar: Rs. 2,415 crores is what our current gross debt levels are?

Sanjay Pusarla: Yes.

Deepak Poddar: Understood. And the point you mentioned about slowness because of which your FY25, we are underperforming, right? Earlier we were quite confident of 15% kind of a growth and now we have revised down to 5% kind of a growth.

Sanjay Pusarla: Exactly. That is the purpose where we are restating our expectations.

Deepak Poddar: But things have settled down and you are seeing improvement at the ground in terms of activities and so some comment on that would be helpful, sir?

Sanjay Pusarla: Touchwood, today, we could see there is an improvement that is can be seen physically on the ground.

Deepak Poddar: And just one last query on the margins. So, 4th Quarter, we are targeting around 9.5% kind of an EBITDA margin, right as per your guidance that you have given. So, what will drive margin improvement?

Sanjay Pusarla: In general, because even earlier also we were expecting because the moment you have the turnover, say at the expected level, the margin will be at the guidance level of 9.5%. This is what we are expecting in the 4th Quarter. It should normalize. If it normalizes, I will be getting a margin of 9.5% which will help me to average it out to around 9.25%.

Deepak Poddar: And also because of leverage, you are expecting much higher revenue in 4th Quarter, right? That will give you some advantage in terms of higher scale of your revenue right?

Sanjay Pusarla: Generally, what happens in the 4th Quarter in any construction industry, 4th Quarter revenues are higher than all the earlier three quarter. So, the same expectation we are having even today.

- Deepak Poddar:** Great. And just one final thing. FY26, anything you can, some range you can throw some light, what sort of growth range we are looking at that would be helpful?
- Sanjay Pusarla:** Neerad already explained to you that we have our budget meeting somewhere in April and definitely, we will come back to you with our guidance at that point of time.
- Deepak Poddar:** Fair enough. That is very helpful. All the very best to you. Thank you so much.
- Moderator:** Thank you. The next question comes from the line of Shravan Shah from Dolat Capital. Please go ahead.
- Shravan Shah:** Thank you, sir. Sir, 2-3 data points, inventory and payable as on December is how much?
- Sanjay Pusarla:** Inventories is Rs. 1,442 crores which is almost Rs. 27 crores less than September 24. And coming to the payables, it is also Rs. 6,943 crores, retention payable also right?
- Shravan Shah:** Understood. Second, sir, now, in the 4th Quarter, in terms of the CAPEX, so Rs. 223 crores, we have done, so we will be doing the balance Rs. 25-Rs. 27 odd crores or it would be lower?
- Sanjay Pusarla:** It is for the regular project. As and when we require it we buy it. There are no further capital-intensive project maybe for the next one month, but this gap whatever is there the Rs. 27 crores, it is like any other year in a normal course, whenever there is a requirement that comes from the project that will be taken.
- Shravan Shah:** And for JJM projects, sir, how much now we would have executed and what is the left? So, just wanted to understand there also there is a decent slowdown in terms of the execution?
- Sanjay Pusarla:** Rs. 8,000 is at the beginning of the year, and Rs. 3,400 we have executed, and balance is somewhere around Rs. 4,700.
- Shravan Shah:** Got it. And sir, in terms of the employee cost also, last quarter we said there was some increment and everything was there, 8% increment was there, but even this quarter also if I look at the employee cost also, sir Q-o-Q has also it has gone up, so in second quarter it was Rs. 189 odd crores, now Rs. 193 crores, so can you help us?
- R. S. Raju:** There are two elements for an increase in the salary cost. The first one is there is an increase in the headcount. Already, we planned about 15%-20% growth for the current year. Accordingly, we appointed the people. So, we appointed the people, but the progress is not taking place. That is number one. Number two is already in July 1st onwards, we have enhanced the salaries about 9%-10% in two parts resulted into the higher percentage of salaries in this quarter.

- Shravan Shah:** Got it. Thank you.
- Moderator:** Thank you. The next question comes from the line of Parvez Qazi from Nuvama Group. Please go ahead.
- Parvez Qazi:** Hi, good afternoon. Thanks for taking my question. So, a couple of questions from our side, with regards to JJM project, have we seen any kind of payment slowdown, especially considering that there will central elections this year or are payments regular and in line with, let us say what you had seen in FY23 or FY24?
- Neerad Sharma:** Mr. Qazi, good afternoon. During the course of attempting to answer several questions, we have tried to make this point that there has been generally an impact on across the scheme, across the states and this project is not an exception. So, we have seen this kind of impact across this scheme, different projects of the government and elections have played a very important role in that.
- Parvez Qazi:** Sure. So, just to be clear on this point, the kind of payment slowdown obviously has been seen across industry. Is it restricted only to state government projects or the Central Government projects also seeing payment slowdown?
- Neerad Sharma:** Mr. Qazi, in most of the infrastructure projects barring a few, generally the Central Government and state governments partner with each other. In most of the projects, barring possibly NHAI Road project those kind of schemes. In multitude of the infrastructure projects, both these governments partner with each other and it is difficult to say for us, what really matters is the final payment, whether it is delayed by the state government or Central Government, the impact on us continues to be the same.
- Parvez Qazi:** Second, on the project that we have in Andhra Pradesh, two things on the existing project or let us say, let us forget about the payment part, but have we seen any activity in terms of new order award in Andhra Pradesh?
- Neerad Sharma:** We have seen two kinds of activities. The first one is, our clients are trying to close the projects which were awarded in the past. So, that is a clear direction. That is a clear thinking that we get to see. And our client, the state government is also planning to start the process of awarding the contracts for this capital city. So, we continue to see momentum.
- Parvez Qazi:** Sure. And lastly, any update on the Smart Meter project would be? Thank you.
- Sanjay Pusarla:** In the Smart Meter project, as far as the Maharashtra is concerned, earlier in our earlier con-calls, we have told that because of the directions in the government, we slowed down. But we expect that because the government now stabilized and we are getting the clearances also from

the government, we expect the projects will take off now. And as far as the Bihar project is concerned, we have already started, and the installation of the meters is going on there. About 3 lakh meters we have already installed.

- Parvez Qazi:** Thanks and all the best.
- Moderator:** Thank you. The next question comes from the line of Dhananjay Mishra from Sunidhi Securities. Please go ahead.
- Dhananjay Mishra:** Hello, sir. So, in terms of pipeline, you said Rs. 2.4 lakh crore. So, any big Expressway project we are expecting in this pipeline from the Maharashtra?
- Neerad Sharma:** Mr. Mishra, it is very difficult, whenever we talk about a very big prospective pipeline of project, there would be projects from different verticals. I am not really in a position to identify a particular project as I said with you these projects are prospective pipeline of projects. So, there are several projects there. So, I am not really in a position to identify a particular project.
- Dhananjay Mishra:** No, I just wanted to know because some big projects are awaited in Maharashtra to be announced in the next 12 months, so whether we have included in those projects in our pipeline, or it is not part of our pipeline?
- Neerad Sharma:** They would be. Whenever the projects are announced, generally it would be part of the prospective pipeline of projects.
- Dhananjay Mishra:** And secondly, on JJM project, the payment delay is because of this revised location for FY24, which was down from close to Rs. 70,000 crores to now Rs. 22,000 crores. And then again it has increased for FY26. So, that is the major reason the Central Government contribution not coming on time, and that is the reason we are facing delay?
- Neerad Sharma:** I think we have already answered this question that the impact has been across the schemes of the different infra projects across the State Governments. So, practically, we have seen the impact and aftereffects in almost all the verticals. It would not possibly be correct to identify a single project because we don't have a single project. We have a lot of projects, about 150-160 odd projects under execution.
- Dhananjay Mishra:** Got it, sir. That is all from my side.
- Moderator:** Thank you. The next question comes from the line of Vaibhav Shah from JM Financial Institutional Securities. Please go ahead.
- Vaibhav Shah:** Sir, how have been the recoveries in the 4th Quarter so far?

- Sanjay Pusarla:** Collections, you mean to say?
- Vaibhav Shah:** Yes.
- Sanjay Pusarla:** Collections are fairly good. There is a regular flow.
- Vaibhav Shah:** We have seen an improvement in a quarter-on-quarter basis?
- Sanjay Pusarla:** That we should see now because we just passed only 1.5 month and another 1.5 month is there, we need to see and generally, the government project, they will get funds released during the March month because by the time, their budget will get expired.
- Vaibhav Shah:** Sir, secondly, we are expecting the EBITDA margins to improve on the 4th Quarter to around 9.5% levels, so going forward, while we are not giving guidance, but is there a possibility that there would be an improvement further as well or these are at more sustainable levels, around 9.5%?
- R. S. Raju:** We work out on that one. It is not one particular process to work out to tell that one. We have several divisions and across several divisions and across divisions several projects are there. And particularly in the 3rd Quarter, we have received new orders and in 4th Quarter also, we are expecting several orders at present alone 16 for LOAs. So, basing on consolidating the totals and when we carry out the budget process, then only we will be able to arrive EBITDA percentage for the FY26.
- Vaibhav Shah:** And sir, another question was on, if you look at the quarterly interest cost, it is roughly around on an average Rs. 160 odd crores for the 9 months. So, do we expect the run rate to remain similar in Q4 as well?
- R. S. Raju:** Yes, in the similar line or a little, but we won't expect any much reduction because it is the already one, one month, one week over, but we have not seen any good collections from the pending amounts.
- Vaibhav Shah:** And sir, lastly, what would be our AP exposure as of now, the net number that we share every quarter?
- R. S. Raju:** So, AP exposure there are two parts, the first part about Capital City projects, we have pending of Rs. 1,150 crores that we expect to receive by end of March. There is a positive momentum happening and they assure us to pay before the March of this current financial year. That is part one. Part 2, we have around Rs. 400-Rs. 450 crores exposure in the running projects out of which we received nearly Rs. 230 crores in the 3rd Quarter itself. So, only balance amount Rs. 200-Rs. 250 crores exposure only is there in the other running projects.

- Vaibhav Shah:** So, currently, as of December, it is Rs. 250 crore and we receive Rs. 200 crores in Q3. So, it was reduced to Rs. 250 crores in December.
- R. S. Raju:** Yes, totally Rs. 230 crores we received in Q3, but in the general month are also some Rs. 30-Rs. 40 crores payments we collected.
- Vaibhav Shah:** And sir, last time, you updated on the Vizag deal. So, when do we expect to receive the debt amount?
- Sanjay Pusarla:** So, as far as the investment is concerned completely that is received, equity is completely received, there is no due on that. And as far as the loan is concerned about Rs. 374 is the loan amount and in the current year, we received about Rs. 15 crores against the interest amount and this Rs. 374 crores also, we are expecting to get realized in the next couple of years.
- Vaibhav Shah:** I will come back in the queue.
- Moderator:** Thank you. The next question comes from the line of Dheeraj Ram from Ashika Institutional Equities. Please go ahead.
- Dheeraj Ram:** Hi, sir. Thank you for taking my question. Sir, we have recently received the project related to River Interlinking for Ken Betwa. So, how do we see the pipeline of the project in the river interlinking and what kind of opportunities can we expect going forward?
- Neerad Sharma:** We understand from the various media reports that this interlinking of river is a very important project for the Government of India and the respective state governments. We believe the action has just started. We have a lot of road to cover. We are hopeful that we will continue to see healthy pipeline of projects in the interlinking of rivers as well.
- Dheeraj Ram:** Sir, if you can put a figure to it, what is the maximum of opportunity that we can expect in the project?
- Neerad Sharma:** Sir, we don't really make any assessment of these kind of opportunities. At the end of the day, this is the call of the government and the respective agencies. What we try to do is to when this NIT what we call, notice for the bid is announced we try to study the final nuances of the project, look at the risk reward equation and then we have to decide, whether to participate or not, depending on the technical complexity of the project, depending on the permissions which might be required, depending on the funding that might be required, then we take a view.
- Dheeraj Ram:** Understood, sir. Last question, sir, have we started the execution for this product?
- Neerad Sharma:** Say it again. Could you please repeat your question?

Dheeraj Ram: Have we started the execution for the Ken Betwa project?

Neerad Sharma: No, we have not as of now.

Dheeraj Ram: So, we can expect it to start in Q1 FY26?

Neerad Sharma: Sorry, could you please repeat? Your voice is also not very clear. There is a lot of echo.

Dheeraj Ram: Sir, can you hear me now?

Neerad Sharma: Yes, please tell me.

Dheeraj Ram: Sir, can you expect the execution to start in Q1 FY26?

Neerad Sharma: It depends on the permissions, approval of the drawings and all, we are hopeful.

Dheeraj Ram: Thank you.

Neerad Sharma: Thank you.

Moderator: Thank you. The next question comes from the line of Parth Thakkar from JM Financial. Please go ahead.

Parth Thakkar: Sir, what would be the share of our smart meter orders in a standalone order backlog?

Sanjay Pusarla: Somewhere around 9%.

Parth Thakkar: And we were expecting to complete our JJM order book of Rs. 4,700 crores by June 2025, are we still on track for that?

Neerad Sharma: It would essentially depend on the permission, repayment, our ability to mobilize. It would depend on a lot of parameters.

Parth Thakkar: So, we cannot put a particular timeline on it, can we?

Neerad Sharma: No, we would hope to meet the guidance, but we have to wait and watch.

Parth Thakkar: And my last question, what would be your CAPEX guidance for this whole year? For the balancing 3 months?

Sanjay Pusarla: It was Rs. 250 crores and we have spent so far Rs. 223 crores. We expect that we will be spending up to that limit.

- Parth Thakkar:** Thanks. That is all from my side. Thank you.
- Sanjay Pusarla:** Thank you.
- Moderator:** Thank you. Ladies and gentlemen, a reminder, you may press ‘*’ and 1 to ask a question. The next question comes from the line of Prithvi Raj from Unifi Capital. Please go ahead.
- Prithvi Raj:** I just have one bookkeeping question. If you look at the tax rates for 9 months, it is almost at 25%-26%. Can we assume a similar tax rate even for Q4?
- Sanjay Pusarla:** So, the effective tax rate is lesser actually because we have received dividend which is a pass-through mechanism. It is not taxable. The recently effective tax rate is lesser.
- R. S. Raju:** He is asking for 4th Quarter.
- Prithvi Raj:** I didn't get you, even for Q4, is it going to be a similar number or will it be higher?
- R. S. Raju:** Similar percentage.
- Prithvi Raj:** Thanks.
- Moderator:** Thank you. The next question comes from the line of Vishal Periwal from Antique Stock Broking. Please go ahead.
- Vishal Periwal:** Yes, sir. Thanks for the opportunity. One data point, in terms of smart meter order that we have, we did mention Bihar we have executed 3 lakh odd meters, so what is the total size of it? And similarly, what is the total size of Maharashtra order?
- Neerad Sharma:** The total order value, I repeat the total order value that we have received for the Bihar project is approximately Rs. 2,300 crore. And for the state of Maharashtra, we have received 2 smart meter projects. The approximate value of these two orders, I repeat the word order value would be Rs. 5,700 crores.
- Vishal Periwal:** Sir. In terms of number of meters, will it be tantamount to work?
- Neerad Sharma:** It would run into millions, multiples of millions.
- Vishal Periwal:** Will it be fair to give some number, Bihar and Maharashtra strategy?
- Neerad Sharma:** Difficult at this stage to share any number.

- Vishal Periwal:** And then, maybe one last thing, I think in terms of execution that we have seen in the pie chart that we have given, maybe just before that, so the JJM work is a part of irrigation, right? Is it fair to understand it is a part of water and railways?
- Neerad Sharma:** Which one? Could you repeat the name of the project?
- Vishal Periwal:** Yes, the JJM work that we do, is it a part of water plus railway segment in the execution, the pie that we have given it is a part of irrigation?
- Sanjay Pusarla:** Irrigation is separate, water and railways together.
- Vishal Periwal:** So, the JJM is part of which segment, sir?
- R. S. Raju:** You are asking about Jal Jeevan project, correct?
- Vishal Periwal:** Correct.
- R. S. Raju:** Since this projects have come at a time in at a level, we have 3 divisions are executing the Jal Jeevan project, water division, mainly executing that one plus some part of the work taken over basic building division and some part of the work taken over the electrical division, three divisions executed in different parts of the stage. And the turnover from these water projects also included in the respective divisional numbers.
- Moderator:** Thank you, sir. We will move to the next participant that is Saket Kapoor from Kapoor Company. Please go ahead.
- Saket Kapoor:** Namaskar sir, and thank you for the opportunity. Sir, firstly, if you could just reiterate our Q4 execution growth in percentage terms, as you have mentioned that Q4 is generally the largest of the preceding three quarters and last year, we did a revenue closer to Rs. 6,500 crore on a console level. So, when you were giving the growth number for the entire year, if you could just elaborate more on the same, I missed your comments on the same?
- R. S. Raju:** Now, the 4th Quarter, the execution would be on consolidated between Rs. 6,000-Rs. 6,400 crores, we are expecting.
- Saket Kapoor:** So, we are within the bank from Rs. 6,000-Rs. 6,400 crores for the 4th Quarter, so it will be a flattish quarter in that sense when you look at the year-on-year numbers in terms of execution.
- Sanjay Pusarla:** It will be similar, or it will be little less.

Saket Kapoor: And sir about the BharatNet project also, what is the current status on the same and I think so we were participant in quite of the circus, so any update on the same, sir?

Neerad Sharma: Mr. Kapoor, could you please repeat your question?

Saket Kapoor: Sir, I was looking at our order intake from the BharatNet Phase-3. Any update on the same? What are we in terms of? Where are we in terms of the order intake from this project?

Neerad Sharma: We have not received any order from them as of now and as a matter of policy, until and unless we get a confirm order from a client, we do not really talk about that. Because that is quite speculative in nature, until and unless we receive formal communication from the client which hasn't happened as we speak.

Saket Kapoor: And lastly, sir, for the month of January, in your press release, in the opening month very first date, you mentioned that we did not receive any order. Sir, if you could just articulate?

Sanjay Pusarla: It is like this. What happened is that there was news on the Money Control about received couple of projects, then there was enquiry like request from the Stock Exchange on what is that project? Why it was not announced? Generally, as a policy in a normal course of business, we give an announcement of the project only at the end of the month. That is the reason we did not announce it. Since they have watched us, so we have to reply to them saying that it has happened on somewhere 7th of January, so we had to reply to them saying that as this project is received, awarded to us, but we did not disclose it as a matter of policy, we disclose it at the end of the month. Since we have already told them, we said that we have not received any other project other than this. So, that is how it has come.

Saket Kapoor: Sorry to dwell on it, but when you read the notification, it is mentioned there, correct me there, but for the entire month of January, there was no order intake for the Company that was my point?

Sanjay Pusarla: It was like because there was no other project other than this which has been received during the month and we give at the end of the month the disclosure on the projects awarded we to avoid confusion, it was told very clearly because we have already disclosed it earlier and it was there on the website and informed the stock exchanges. To avoid confusion, it was told that. Other than that, nothing has been received.

Moderator: I am sorry to interrupt, Saket. I would request you to rejoin the queue if you have more questions.

Saket Kapoor: Yes. I will join, please give me an opportunity later.

- Moderator:** Thank you. The next question comes from the line of Vaibhav Shah from JM Financial Institutional Securities. Please go ahead.
- Vaibhav Shah:** Just a couple of data points. So, you mentioned the working capital number in terms of rupees crore. So, what was it as of December?
- Sanjay Pusarla:** As of December, so you wanted this December?
- Vaibhav Shah:** Yes, this December and September as well?
- Sanjay Pusarla:** September is 4,987. In December, it was 5,488.
- Vaibhav Shah:** So, secondly, what was retention money? Was it 1,757 if I heard it correctly?
- Sanjay Pusarla:** Yes.
- Vaibhav Shah:** And sir, what was the inventory number?
- Sanjay Pusarla:** Inventory is 1,442.
- Vaibhav Shah:** Thank you, sir.
- Moderator:** Thank you. Ladies and gentlemen, that brings us to the end of the question-and-answer session. I would now like to hand the conference over to Mr. Vaibhav Shah from JM Financial Institutes for the closing comments.
- Vaibhav Shah:** Thank you, sir for giving us the opportunity, any closing remarks from your end.
- Neerad Sharma:** Thank you very much. We appreciate your time and patience, and should you have any more questions about anything, we encourage you to get in touch with us. Thank you very much. Good night. Bye.
- Moderator:** Thank you. Ladies and gentlemen, on behalf of JM Financial Institutional Securities, that concludes this conference. You may now disconnect your lines.