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Date : August 16, 2023

**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

**M U M B A I – 400 001.**

**Code: 500294**

**Dear Sir(s),**

**Sub: Submission of Transcript of the audio conference call under Regulation 30&46 of the SEBI (LODR) Regulations, 2015**

Please find enclosed herewith the transcript of the earnings audio conference call that took place on August 11, 2023 with analysts discussing the performance & financial results of Q1 of the FY 2023-24. The transcript is also available on the Company's website at <https://ncclimited.com/analyst-column.html>.

The Transcript includes list of management attendees and the Q&A's, any assents/dissents and open points.

Please note that no unpublished price sensitive information was shared/discussed in the earnings call.

Kindly take the above information on record.

Thanking you,

Yours faithfully

**For NCC LIMITED.**

**Sisir K Mishra**

**Joint Company Secretary**

Encl : As above





## “NCC Limited Q1 FY '24 Earnings Conference Call”

**August 11, 2023**



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

**MODERATOR:** **MR. ASHISH SHAH – JM FINANCIAL INSTITUTIONAL SECURITIES LIMITED**

**Moderator:** Ladies and gentlemen, good day, and welcome to the NCC Limited Q1 FY '24 Earnings Conference Call hosted by JM Financial Institutional Securities Limited.

As a reminder, all participant lines will be in the listen-only mode. 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 '\*' and then '0' on your touchtone phone. Please note that this conference is being recorded.

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

**Ashish Shah:** Thank you, Darwin. A very good evening to everyone. On behalf of JM Financial, I welcome all of you to the 1st Quarter FY '24 Earnings Conference Call of NCC Limited.

Today, we have from the management Shri. R.S. Raju, Director of Projects; Shri. Sanjay Pusarla, Executive Vice President, Finance and Accounts; Shri. Neerad Sharma, Head, Strategy & Investor Relations.

So, over to the management for opening remarks and we will follow-up by a Q&A after that. Thank you.

**R.S. Raju:** Thank you, Mr. Ashish Shah. Good evening, ladies and gentlemen. A warm welcome to all of you into the Q1 financial year '24 Investors Conference Call of NCC Limited.

The presentation containing the performance of Q1 FY '24 was uploaded on the stock exchange and in our website at around 11 a.m. today. Now, I will take you through the key highlights of the quarters and thereafter we will take you to the questions and answers.

So, as usual, the disclaimer before briefing on the Q1. The presentation that we have uploaded on the stock exchange and our website yesterday including the discussions that we will have in this call contains or may contain certain forward-looking statements relating to NCCL business prospects and profitability which are subject to several risk and uncertainties and actual results could materially differ from those in such forward-looking statements.

So, before going to the Q1 results, just I will touch about two lines about Indian economy. All of you aware about global economy passing through difficulties, particularly severe inflation, but India has remains as stable despite the global impacts.

In the 1st Quarter key performance indicators indicating the sustainable experience in Indian economy, the growth momentum is likely to continue on stable ready crop production, expected normal monsoon, softening of cost of materials and services. So, as seen from the reports, the

healthy balance sheet of all banks and corporate, supply chain normalization followed by declining in uncertainties conditions and favorable for a continued CAPEX cycle in sectors like infrastructure, power, defense etc.

So, now I will brief the operating and finance performance of NCCL for the Q1 FY '24. This quarter, we believe that the company performed well in major performance parameters. So, as far as order book is concerned, the company secured good amount of orders Rs. 8,054 crores, a growth of 83% over the corresponding quarter the previous year.

The major orders received in this quarter are given in the presentation uploaded in the website. Among those, an order from Haryana International Horticultural Marketing Corporation Limited, an EPC mode value of Rs. 2,199 crores. Second one, State Water and Sanitation Mission, Govt of Uttar Pradesh. So, another one is from Adani, a value of Rs. 1,144 crores, Navi Mumbai International Airport.

So, the order book as of 30th June '23 stands at Rs. 54,110 crores, highest ever recorded. Our order book is well diversified and spread across various states. Right now, we have 31% of orders from UP where both UP and the Central Government given priorities with adequate fund allocations.

So, coming to the operating performance of consol. So, first, I will brief you on the consol performance of Q1 FY '24. This quarter reported a turnover of Rs. 4,407 crores as against 3,351 crores, achieved a growth of 32% over the corresponding quarter previous year.

The gross profit reported as Rs. 626 crores as against 501 crores, a growth of 25%. The GPM reported 14.3% as against 15.1%. The EBITDA reported Rs. 409 crores as against 308 crores, a margin of 9.84% against same margin of 9.27%. The PAT reported as 174 crores against 130 crores, an increase of 34% over the corresponding quarter of the previous year.

If you come to the Group company's performance besides the NCCL, the parent company, in the Group companies, PCMPL has reported more turnover of Rs. 466 crores as against 265 crores in the corresponding quarter. And NCC Urban has reported a turnover 74 crores as against 88 crores. The quarter Group companies turnover reports in this quarter Rs. 541 crores as against 361 crores, a growth of 50% on a year-on-year basis.

PCMPL, this is one company doing the MDO type of business, mine development and operation along with BGR where we have 51% stake, and this company started about five years ago, and it achieved almost whatever required milestones to achieve by this time, all are in place, and accordingly, the production also going smoothly.

But now some other important milestones like clearances from the forest land and getting the forest land into the cooperation, these are the milestones, and 90% of these milestones were completed and 10% still remaining, and we expect the handing over of the forest Land by the forest department takes place in couple of months. Once that forest land comes to this one and the total land which are required for the operational project up to 30 years will be in the control of the MDO.

Now come to the standalone financials. On standalone basis, the company reported a revenue of 3,866 crores against 2,990 crores, a growth of 29%. The revenue increased primarily due to more revenue from the Buildings and Electrical division which had done good progress in UP Jal Jeevan Mission projects.

The gross profit reported as Rs. 588 crores as against 465 crores, a growth of 27%. Now the gross profit margin this quarter is 15.3% against 15.7%. But here, there is a dip of 0.4% in the GPM, but effectively, there is no change in GPM in Q1 compared to the corresponding quarter previous year. Once we exclude the one-time item of claim, Rs. 11 crores accounted in the Q1 of previous year.

The company has posted an EBITDA of 381 crores against 281 crores registering a growth of 35%. In terms of percentage, the EBITDA is 9.9% against 9.5% of the corresponding quarter previous year. So, there is a 0.4% increase is reported, the increase in EBITDA primarily on account of the increase in revenue.

PAT reported as Rs. 162 crores against 120 crores, an increase of 35% over the corresponding quarter of the previous year. So, the net profit margin reported is 4.2% against 4%, and EPS reported as 2.58% against 1.97%. So, as far as gross margin is concerned, the input prices, if you see in the Q1, it is observed that there is a reduction in some of the input prices, but still some of the products, the decline is not happen and some products, some input prices like aggregates, sand, and this cement and this ready mix concrete, some increase still is there in those projects, and we believe that the decline whatever happened can be seen more in the Q2 since the decline gradually happen, not at the beginning of the quarter.

Just come to the cash flows, on standalone basis, the cash flows used in the operating activities is Rs. 123 crores against 521 crores on year-on-year basis. The net cash flows used in the investing activity is 37 crores against 111 crores on year-on-year. So, the net cash flows from financial activity is 203 crores against 478 crores year-on-year.

You may have observed that there is significant improvement in both operating cash flows and investing cash flows, which results in a reduction in debt year-on-year and the reduction in working capital days. So, that is about operating performance.

Now, moving on to balance sheet. Some of the items I will touch upon. So, the CAPEX increased in this quarter shortly 27 crores. The inventory is increased by Rs. 168 crores from the previous quarter which in line with increased volume of construction activity.

Trade receivables increased only by 82 crores, which hardly as against 29% growth in turnover, which reflects improved collections from the clients. The unbilled revenue stands at Rs. 3,679 crores as against 3,225 crores. So, the increase is in line with the increase in construction activity.

Coming to liability side, the debt is increased from Rs.980 crores to Rs.1,306 crores, an increase of Rs.326 crores. Generally, in the construction industry, the collections are lower in the 1st Quarter. As a result, the debt increases in the 1st Quarter of every year, but the quantum of increase in Q1 is much lower than the normal increase happen in the last couple of years.

Mobilization advance is increased from Rs 2,755 crores to Rs 3,323 crores.

So, about segment results, I want to touch. Now, the management of NCCL and Board decided to provide segment results from the 1st Quarter onwards of FY '24. So, in order to disclose more information to the investors about the focus of NCC in long term on construction and real estate businesses, the segment results are uploaded in our website and put in the stock exchange portals.

We have broadly classified the total business into three segments. Main segment is construction represents 98%. The second segment is real estate represent 1.6%. And the third segment is others, like BOT projects. It represents 0.3% of the total revenue.

So, in the segment results, the assets used in the core construction business works out to Rs. 15,484 crores, represents 87%. So, basing on the segment results, the ROEs in construction works out some around 18%, which is higher than the normal ROEs what we report from the financial statements of the NCC standalone balance sheet.

So, coming to the future outlook of the company. So, the order book of 54,110 crores contains larger side projects than what we have in earlier years. Now in the current 1st Quarter, we have received 12 numbers projects value 8,154 crores, average ticket size of 679 crores.

So, the order what we received from Brihanmumbai Municipal Corporation waste water treatment project, OM is 3,833 crores received a year back, and now it requires lot of permissions before starting out the project.

So, almost all the permissions were obtained, and these permissions as per the contractual conditions of the under conditions, we are required to submit to the High Court or Supreme Court and take the clearance from that court. So, in a week's time, it is going to be submitted. All these documents are ready.

So, we expect the permissions in a month's time and therefore, the work can be taken up in two months period. But already the mobilization works like mobilization of the equipment, manpower and other things are in place. So, the big project may be started in November or December and thereafter this project to start to post the revenue into the results.

The next biggest project is the UP Jal Jeevan Mission project, 16,500 crores now picked up the progress and report a substantial turnover, nearly 30% in 1st Quarter of financial year '24. We believe that this project reports substantial turnover going forward which ultimately helps the company to reach its guidance of 20% growth given for the year '23-'24. The management is also very confident to achieve its revenue guidance of 20% for FY '24.

As far as cost of construction margins are concerned, we believe that we have seen the softening of the majority of input prices in the 1st Quarter, and we expect the softening continues basing on the global inflation and Indian inflation decline trend. There is a latest news that there is a cooling in inflation U.S. in the month of July '23.

So, there is a good amount of orders in the pipeline, and the company also secured about 1,919 crore since July month, the details of which we have uploaded into the website. So, basing on the strong order book, we believe that the company going forward maintains it to the growth journey in the years to come.

So, this is all about from the company side, and rest of the things like NCC Vizag Urban, Sembcorp, Tata, Investment Group Companies, AP projects, during the question-and-answer session, we will address whatever the required clarifications so as to save the time at this moment.

So, now over to Mr. Ashish.

**Moderator:** Thank you very much, sir. We will now begin with the question-and-answer session. The first question is from the line of Shравan Shah from Dolat Capital. Please go ahead.

**Shравan Shah:** Sir, my first question is, now considering the, including the L1 of GMLR and July 1,900 order inflow, we have received close to 13,160 odd crore inflow. So, by year end, how much more are we looking at? Can it be a 20,000 crore plus kind of an order inflow? And will it also lead to what we are guiding a 20% revenue growth? Can it be a more than 25% kind of a revenue growth for this year?

**R.S. Raju:** Yes, Mr. Shah. About this order book, the opening in the quarter one is very encouraging and the pipeline now looks also good. So, based on the momentum what we have, definitely the 20,000 crores plus orders we expect to receive in this year '23-'24. And about the guidance, management is confident to achieve the 20% whatever guidance is given and further increase

from 20%. That is depends upon by how much time the new orders really report the revenue after completing the beginning formalities, permissions, approvals and other things, since they are the big number size of orders are coming.

**Shravan Shah:** And in terms of the, now the margin also can we start seeing improvement in margin? And for full year, can we see a 10.5% kind of a margin? Or will it remain at this kind of a 10% margin, EBITDA margin?

**R.S. Raju:** Yes, about the EBITDA margin, about the new projects, we have that facility to enhance the margin, but the order book what we have, it contains, there are two parts of orders. One is pre-COVID orders and the post-COVID orders. So, pre-COVID orders are concerned, there is a pressure on the margins because the time overrun, and as a result the expenditure whatever now incurring, so it is not getting fully observed. As a result, some pressure margin is there for the pre-COVID projects. So, as a result, the margins, there is a possibility, a little 0.2% or so at EBITDA level and at the net profit level, last time we said that one, we expect about 0.5% improvement over the previous net profit margin.

**Shravan Shah:** And then last two, one data point. What is the retention money? And in terms of the, if the momentum continues, can we see the same 15%, 20% kind of revenue growth next year also FY '25?

**R.S. Raju:** Yes, the company plans to maintain that 15% plus the growth in the turnover, and since we have the strong order book at this moment, it is possible to achieve that kind of growth.

**Shravan Shah:** And retention money as on June?

**R.S. Raju:** The June, there is no difference in the returns money in the 1st Quarter also, whatever figure we have as of 31st March, within the same level except some 10 crore to 20 crore change.

**Moderator:** Thank you. The next question is from the line of Faisal Zubair Hawa from HG Hawa & Company. Please go ahead.

**Faisal Zubair Hawa:** Sir, do we have any kind of expectations from Telangana government for any irrigation orders going forward? That's one. And secondly, sir, how do you see, you know, HAM projects coming up in irrigation also? Because there are some states which are talking about having HAM projects in irrigation? And third is, how do you see the NHAI pipeline going forward? Will we also participate in BOT projects apart from HAM projects in NHAI?

**Neerad Sharma:** Yes. So, you have asked three questions. Firstly, we are already executing a project in irrigation sector for the Telangana government. The project is already very much live. Going forward, you know, the HAM projects are not only coming in irrigation. They are now becoming more popular



in other segments of the infrastructure market as well, but we continue to be very selective, you know, on HAM projects. We do bid for a few projects on HAM model in roads. And going forward, you know, we see a lot of opportunities coming up, about 50% of the market size from NHAI and MoRTH which is expected to be get awarded on HAM or BOT mode. So, we are alive to the opportunities, and as and when we are able to identify a good project, we will definitely decide to bet.

**Faisal Zubair Hawa:** Sir, my specific question with regards to irrigation was whether we will get more orders from Telangana government?

**Neerad Sharma:** We have to see. See, irrigation otherwise also, irrigation continues to be a relatively small division for us. So, we are a bit selective in irrigation projects.

**R.S. Raju:** See, generally, not much focused in irrigation projects in Telangana. Earlier also we don't have any big projects or occupying any good amount of orders of Telangana. And NCC is not particular to go for the irrigation because at this moment, NCC have a good order book. So, it is looking at different type of projects and irrigation we are not focusing that much because seeing how the budget allocation, other things. Generally for irrigation projects, the budget allocation, there uncertainty is there. So, as a result, generally, we are not that much focused or keen to quote the irrigation projects.

**Neerad Sharma:** Irrigation continues to be a state subject, you know, talking specifically, though there is a new scheme that is launched by the Central Government Pradhanmantri Gramin Sichai Yojana, but the allocation continues to be very small. So, you know, we are very selective. This is not really a focused division for us. We are very much, you know, interested in other verticals where so many good, you know, high value big projects are coming up for bidding. So, we are more focused in that segment of the market.

**Moderator:** Thank you. The next question is from the line of Ramanan from MK Ventures. Please go ahead.

**Ramanan:** Couple of questions from my side. One is, you know, as you left it to us to ask the question, you know, where are we on Sembcorp and also on the receivables from the Vizag subsidiary land sale? That's one. And second is, you know, what would be our overall L1? How much would we be L1 in how many projects like or what quantum of projects?

**R.S. Raju:** Now about first question about Sembcorp, earlier also we have expressed about the status. Now Sembcorp arbitration process is over and the order is under dictation, and according to the timeline given to them is September 30th. Before that, they are supposed to issue the order. So, we expect the order anytime in the September month.

About Vizag Urban, now the amounts, we have not received any amount in the 1st Quarter. The amounts which they agreed to pay is one installment in September and a second installment in December and a third installment in March. So, at this moment, since already last time we expressed certain **(Inaudible 00:25:27)** after what happened to the new party, because of the delays, some process, they also seen certain difficulties to take forward the business. As a result, some slippage is there in releasing the payments. So, as on date, about 500 crores outstanding is there both for the equity and as well as the loan payment. So, these are the three installments they agreed to pay.

**Ramanan:** Will we get interest on this? Will we get interest on the delays?

**R.S. Raju:** Yes, along with interest they pay. Along with interest.

**Ramanan:** And is there any risk of, you know, this getting more further delayed or the deal not going through? Any risk is there?

**R.S. Raju:** Yes, at this moment, yes. As originally scheduled, that was not taken place. So, now they are asking extension of time. So, we agreed only in this September, December and March. So, we hope that in those times they pay, but there is uncertainty also there. We can't say that 100% to takes place that one basing seeing the retested momentum in that particular location. It is a real estate business. Generally, it depends upon several factors.

As far as L1 orders are concerned, yes, we have number of L1 authors, but L1 and pipeline orders are there, but we will not disclose the value and other things before getting the LOIs and before putting into the website.

**Moderator:** Thank you. The next question is from the line of Ankita Shah from Elara Capital. Please go ahead.

**Ankita Shah:** Sir, could you highlight some of the key projects which we have bid and where the awarding is yet to get completed or L1 is yet to be announced? So, some of the big projects that we are looking which are a part of our pipeline.

**Neerad Sharma:** Ankita, good afternoon. This is Neerad. See, firstly, you were already aware about the, you know, this project in which we are L1, this mobile project, right? GMLR.

**Ankita Shah:** Yes.

**Neerad Sharma:** So, that project, you know, we are just L1. And it's a sort of, you know, very forward looking kind of a statement to talk about the projects in which we are planning to bid or we are L1 or we are targeting. It's a sort of forward looking statement, but let me add a color. So, in a normal

course of business, you know, whenever we have the qualification, whenever we have the risk appetite, we will bid for all big projects, but it would be a little premature to talk about which projects we are targeting, you know, whether we are going to win those projects or not.

**Ankita Shah:** No, I completely understand whether we win or not, but just to understand how big is the pipeline and which are the key projects which are in the pipeline. We may, may not get it. That is a different thing, but I just want to know which are the projects in the pipeline for this financial year, given that we are not very sure whether, you know, how many projects will come out for bidding in this year given that is also, you know, we have enough upcoming election. So, that was the thought process I asked.

**Neerad Sharma:** See, Ankita, I would like to then answer this question little differently. I would like to talk about these schemes. For example, you know, the bid signature schemes of the Government of India like RDSS, so a lot of projects are coming in different states. If you want I can identify six, seven big states in which these projects are expected to roll out. The JJ Mission continues to be a very active, you know, pipeline of projects. So, as and when the opportunities come up for bidding, we try to see the projects, try to understand what the project is all about, where is the project, you know, those kind of risk analysis we will do, and then we will decide to bid for the project. It is really not right platform to talk about all the future projects that we are planning to target.

**Moderator:** The next question is from the line of Chandra Mauli, an individual investor. Please go ahead.

**Chandra Mauli:** Sir, Sembcorp, you said that by September you will come to know. So, what is the likely amount that we receive, sir, if things goes fine?

**Neerad Sharma:** I will answer this question. See, Mr. Chandra Mauli, this is really a judicial process, you know, and we should not be really sitting in judgment as to what the possible judgment is going to be or I think it is sufficient to say that we have put forward our arguments. We have submitted all the documents that we thought are helpful. Now let us leave it to the judges, you know, the wise panel to take a final call and let us wait for a couple of months. We expect a final decision by September end.

**Chandra Mauli:** What about the other one, Tata?

**Neerad Sharma:** Sub judicially, my dear friend, you know, it is not the right platform to talk about it or rather sit in judgment on a possible judgment, you know.

**Chandra Mauli:** No, I am not asking. I am not asking about this. You clearly answered. I am talking about the other one which is pending.

**R.S. Raju:** Mr. Chandra Mauli, let's not discuss about the Tata. A long pending case is there, but in the recent past, there is some progress on the Tata discussions. So, there are two, three line of discussions held with the Tata, and there we are trying for a amicable settlement, and we hope that amicable settlement will be reached in two to three months' time. There is a good progress on the Tata issue, and also in a positive manner to the NCCL. We will let you know once the next progress happens.

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

**Shravan Shah:** Sir, but in both the cases, Sembcorp and Tata, net-net we will not be having any cash outgo. Rather whatever the amount, though we will not mention the amount, but at least we will get some cash amount. That's the way one can look at.

**R.S. Raju:** Yes, in case of Sembcorp, we will definitely get some cash amount.

**Shravan Shah:** And for Tata, do we have to pay some cash amount?

**R.S. Raju:** In Tata, some payment requirement would be there, but there would not be, it will not affect any, the financials. The enough adequate provision whatever we made and we expect that the case gets settled within that amount.

**Shravan Shah:** Second is in terms of the date level though we mentioned that it has increased 1300 crore, but by yearend, will it be lower than 800 crore?

**R.S. Raju:** Yes. Now there are several issues to determine at this moment. So, basing on the normal, in the normal course of business, yes, there is a possibility, but there are several issues which required to take place like Sembcorp. If Sembcorp and Vizag Urban, beyond the normal course of business, certain issues are there, which really gives an inflow, but we don't have any such uncertain outflows are there. But at the same time, the company is looking for growth, so looking for the bigger size of projects. So, when it is looking for a bigger size of project, generally, some type of initial investment may require. So, it depends upon the kind of orders and other things, but in principle, basing on the normal business, yes, certainly, some more amount by the yearend comes down.

**Shravan Shah:** And then for NCC Urban Vizag, 500 crore we need to receive, but this year how much if everything goes as per plan, three installments, how much are you planning to get?

**R.S. Raju:** No, in NCC Urban, NCC Urban you are asking, isn't it? Vizag urban.

**Shravan Shah:** Vizag.

- R.S. Raju:** Vizag Urban 150 crores is the amount which to receive in the year '23-'24.
- Shravan Shah:** And in the presentation, sir, when we talk about the net debt, we have taken only 271 crore cash versus cash flow in the balance sheet. When we show in the other slide in the presentation, it is 804 crore.
- R.S. Raju:** No, there are certain deliberations and opinions on that one as we have another 500 this margin money deposits. But the margin money deposits we kept under the unencumbered deposits. So, for certain purposes we take them into account. For certain purposes, we eliminate. So, in such an analysis, the cash and bank surplus now it's excluding the margin money deposits. That figure what we consider now.
- Shravan Shah:** And any broad idea in terms of the just to reconnecting to the previous participant's question, broadly, how much amount of projects that we have bid and where the outcome has yet not come?
- R.S. Raju:** Outcome until that bids outcome?
- Shravan Shah:** Yes, where we have bid and the outcome has not come, where the final outcome has not been announced?
- R.S. Raju:** What kind of amount of bids, you are asking amount of bids?
- R.S. Raju:** Yes, how much value of projects we have bid? Let's say, 40,000 crore, 50,000 crore we have bid and still the outcome has not announced.
- R.S. Raju:** That would be there around 25,000 crores to 30,000 crores bid. It changes moment to moment that one.
- Moderator:** the next question is from the line of Nikhil Abhyankar from ICICI Securities. Please go ahead.
- Nikhil Abhyankar:** Sir, we were L2 and in Ahmedabad and Mumbai Railway Station redevelopment project, and I think Ahmedabad will get re-tendered. So, when should we expect the tender?
- Neerad Sharma:** You are talking about Ahmedabad. The Delhi tender is expected, you know, the pre-bid meeting is already done and the revised tender documents are expected to be issued shortly. The Ahmedabad I believe they are again trying to, you know, rework the estimate. As you are aware, the last time the tender had come and we did participate in that tender. That was subsequently canceled. So, that is also, you know, planned shortly in next, let us say, next about a quarter, in the next three months' time.

- Nikhil Abhyankar:** So, we will be participating alone, in a JV?
- Neerad Sharma:** We have the qualification in all these tenders. We participate on our own.
- Nikhil Abhyankar:** And these are the large railway stations. So, any opportunities in the smaller railway station redevelopment tenders?
- Neerad Sharma:** There are so many, you know. In fact, there are about 500 odd, you know, railway stations which are planned for the redevelopment. So, the pipeline is very healthy, very strong, but it takes time.
- Nikhil Abhyankar:** But when we look at the smaller ticket project...
- Neerad Sharma:** Yes, it takes time really. It takes time, and some projects, as you are aware, because you are tracking the sector, some projects are also coming on PPP mode, like Vijayawada and at couple of other locations. So, the pipeline continues to be very healthy, but it takes time for the client to really develop the project, approve the design, then issue the tender documents, but as and when reasonably size projects come up for bidding, we will definitely participate. We have the qualification, and we do have the expertise to execute these kind of projects.
- Nikhil Abhyankar:** And sir, the second question is regarding RDSS. So, we have pending orders as well for the infra development portion of it, but will we be participating in smart metering orders as well?
- Neerad Sharma:** Yes, we will be. We will be. You know, it's an inherent part of the RDSS scheme. If you really talk about the market size, there are about, you know, 25 crore meters which are expected to be installed. Only about couple of crores have been awarded. So, we will definitely participate in these projects as well.
- Nikhil Abhyankar:** So, have we then finalized from where will we source these meters and everything?
- Neerad Sharma:** We have to. We have to. There are so many, you know, there are so many meter manufacturers in the market in India, outside India. So, we will definitely, you know, finalize the agreement with them and then bid for these projects. Incidentally, we have participated in these projects in the past, but unfortunately, we are not successful, but we have participated in few bids in the past, last six months, let's say.
- Nikhil Abhyankar:** Sir, is it allowed to import smart meters for these projects?
- Neerad Sharma:** See, when we talk about smart meters, you know, we have to again look at these, there are three, four important parts of these smart meters, knock down meters, the smart part, the GSM part, you know, so some it depends. It depends. Whosoever is able to meet Indian standards, you

know, then those meters can be imported as well, but there are so many big manufacturers in India as well.

**R.S. Raju:** Make in India.

**Neerad Sharma:** Yes, Make in India. So, why to really look outside India when, you know, good quality meters at attractive price points are already available in India?

**Moderator:** Thank you. The next question is from the line of Parvez Qazi from Nuvama Group. Please go ahead.

**Parvez Qazi:** Sir, my first question is regarding our exposure your subsidiaries, what would it be at the end of the Q1?

**R.S. Raju:** The exposure in the subsidiary combination in the Q1, there is no any significant change, and there is no any increase in the investments bearing 1 crore or 2 crore change in the investments. So, at this moment, also there are not any loans to Group companies. Only the Vizag Urban, that is not a Group company now that amount to what we need to get from the new buyer of that company. But going forward, we have the plans and some part of the amount which supposed to get from International LLC. Some part of the amount we expect in the second quarter. And other than that one is another BOT project is there in the NCCIHL. That is going to be completed in a year's time. At that time again some capital buyback or some route they choose and at that time we expect some inflow from that company. So, by yearend, some 50 crores to 100 crores reduction we expect in the Group companies.

**Parvez Qazi:** And what is the kind of CAPEX that we envisage to incur in FY '24?

**R.S. Raju:** We plan, we given in the budget in our internal, we plan about 275 crores. So, in the 1st Quarter, hardly we spend about 27 crores or 28 crores. So, it depends upon the CAPEX, spending of CAPEX. It depends upon the quantum of kind of projects.

**Moderator:** Thank you. The next question is from the line of Parikshit Kandpal from HDFC Securities. Please go ahead.

**Parikshit Kandpal:** So, my question is on your exposure to Karnataka project. So, if you remember, there was a media item where they had said that all the works will be stopped and Karnataka, so did we face any impact on account of that? Is there any of our work stopped because of that?

**R.S. Raju:** Now in Karnataka, you know that we have three major projects among the others about this Metro from City to airport, the Metro projects. All the three projects put together about 2,150 crores are there. These projects are going on and other projects after the post elections, some

slowness is happened because of the new department and the new Ministries and verifying the priorities and other things, but in a weeks back, they issued a GO canceling the orders whatever issued earlier. So, thereby, now the normal position again coming to the normal position.

So, during these three months period, there is a slow, but not completely stopped the works. There is slow momentum. Because of this, certain payments not happen. So, going forward, we hope that things go as usual. Moreover, these three Metro projects represent more amount in the Karnataka projects.

**Parikshit Kandpal:** So, what will be the works' value of the works where they have been impacted because of this decision of the government?

**R.S. Raju:** The total value of projects would be around 4,000 crores. Out of this, 2,000 crores these Metro projects and other projects, seven to eight projects, in which, again, some three projects we received about on the fourth quarter and third quarter of the last year. So, those works we also received the mobilization advances.

**Parikshit Kandpal:** So, when do you expect the LoA for the GMLR project? The GMLR project which you won on JV with J Kumar, so when do you expect to get the letter of award and when do you expect the work to start?

**R.S. Raju:** That is more normal. That is generally in a month's time before a month generally they takes place. We cannot precisely tell one week or 10 days, but a normal course generally, so basing on the priority of the work by the client, so we can expect 15 days to one month time that LOA.

**Neerad Sharma:** And the work is expected to start in October this year. So, you know, as Mr. RS Raju says in about a month's time or so, we should be able to get the LoA.

**Moderator:** We will continue with the next question which will be from the line of Vaibhav Shah from JM Financial. Please go ahead.

**Vaibhav Shah:** Sir, our mobilization advance of 3,300 crores, so what is the interest-bearing portion? What is the rate of interest?

**R.S. Raju:** Now in this moment 50 to 50 ratio is there interest bearing and non-interest bearing.

**Vaibhav Shah:** And the rate of interest?

**R.S. Raju:** Average 10% is there for all the projects. Weighted average.



- Vaibhav Shah:** And sir, our CAPEX guidance of 265 crores, 270 crores, does it include the CAPEX for the tunneling project?
- R.S. Raju:** No, no, this is excluding tunneling project what CAPEX we generally budgeted or planned for this year, excluding that type of major missionary oriented projects.
- Neerad Sharma:** And you have said that. Mr. Shah, I take back to, you know, the last call that we had in May when Mr. R.S. Raju had commented specifically that, you know, this is generally, this is a general CAPEX. If we are able to get some high big ticket, you know, this kind of project tunneling, we will have to consider extra CAPEX. So, this statement was categorically made at that point of time also in the last week of May, and I think that was made very clear that, you know, this would be over and extra this CAPEX of 275 crore.
- Vaibhav Shah:** And sir, how would be your accounting for this project? So, it would be a one-line item or line-to-line basis?
- Neerad Sharma:** I have not understood your question. Are you talking about the JV?
- Vaibhav Shah:** Yes.
- Neerad Sharma:** Yes. Our share would be approximately 50%. So, if you want to talk in terms of value, it would be close to 3,000 crore.
- Vaibhav Shah:** No, so accounting in P&L, how will it be? It is line-to-line consolidation or?
- R.S. Raju:** Generally, that modalities not yet reached. It depends upon after getting the LoA and the formation of joint venture and after reaching the understanding, work sharing understandings. Generally, according to my pre-understandings, the work gets shared about 50:50. So, you know, when they get to work shared, only to the extent of 3,000 crores, the revenue recognition takes place.
- Vaibhav Shah:** Sir, what was our JJM revenue in 1st Quarter? And what is the annual guidance for FY '24?
- R.S. Raju:** Which project?
- Neerad Sharma:** JJM.
- Vaibhav Shah:** JJM.
- R.S. Raju:** Jal Jeevan Mission projects, in the 1st Quarter, those projects reported about 1,200 crores, only 30% of the Q1 turnover. And in the rest of the quarters also, they report around 4,500 crores to

4,600 crores. And for the year as a whole, about 5,800 crores to 6,000 crores we expect the revenue from those projects.

**Vaibhav Shah:** Sir, lastly, are we qualified for the Pump Hydro projects? And are we looking to bid for such projects in future?

**Neerad Sharma:** See, most of those, you know, pumped power storage projects are coming on PPP mode, most of them really. So, as of now, we are not really bidding for, you know, this kind of investment projects, but if we are able to tie up with a good partner and, you know, he is able to bring the equity, then we might decide to really bid for the project. We are just studying the sector as we speak.

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

**Prem Khurana:** When I look at the way we have been able to manage in terms of order addition over the last one and 15 odd months, it seems to have been very, very good for us. Just if you could talk about the competition that you witness these days? I mean, the kind of orders that we have been able to manage, would you say, I mean, this has come because your success ratio with these orders would have gone up or the opportunity size has gone up in a big way, which is, I mean, everyone and anyone is able to kind of share orders these days?

**Neerad Sharma:** See, Mr. Khurana, the infrastructure sector, you know, it has always been very, very competitive, and we cannot really talk about the competition in a generic manner. In different verticals, you know, there would be different competitors. And in some projects, we will have better qualification, you know, we are maybe in a better geared up to execute those kind of projects. So, we target those kind of projects. We delivered. Competition continues to be, you know, healthy. It is, I mean, but in different verticals. We are not only present in one vertical. In different verticals, generally, the competition would also vary.

**Prem Khurana:** But sir, any number that you would be able to share, like, three, four years, like, I mean, if your success ratio on an average, I mean, across the sector put together was let's say 10 odd percentage if you bid for 100, I mean, was able to find success with 10. What would that number be today, I mean, if you were to kind of give it a guess?

**R.S. Raju:** We then again need to dig down, you know, in each of these verticals, there are different players, you know, who are, for example, I mean, just to add some color to your question. If you talk about the highways, roads and highways, you know, the people who are active there are quite different from the people who are competing with us. We just touched upon JJM, Jal Jeevan Mission or water vertical. The people who really compete with us in our electrical T&D would be drastically different from the people who compete with us in, let us say, mining division. So,

we need to really dig down to each of these verticals and, you know, then talk about the competition. I would prefer to take this, Mr. Khurana, offline with you.

**Prem Khurana:** And sir, second question on, if you could share the Andhra Pradesh exposure with us, I mean, in terms of order backlog, how much is it **(Inaudible) 53:54** and the balance sheet exposure as well, please?

**R.S. Raju:** About the Andhra Pradesh, the order backlog is about some 3,000 odd crores.

**Neerad Sharma:** 3,400.

**R.S. Raju:** 3,400 crores is their order backlog.

**Prem Khurana:** And sir, how much of would this be just the old orders, I mean, which were moving little slow for us and we used to pace out as per the payments that we used to receive?

**R.S. Raju:** In this order book about some projects they have budget allocation and those projects are in progress, but some project they do not have any budget allocation. Payments are also pending quite some time. Thereby, we have also stopped those projects and waiting for the payment to progress on those projects.

As far as Capital City projects are concerned, there is an improvement as far as bank guarantees are concerned. We have collected 100 crores from the Capital City projects where some 200 crores plus pending is there earlier and the outstandings, you know, that one Capital City projects have come down to 150 crores, and in this quarter, there is not any further collection happened on the Capital City project. The same figure continues.

But we are pursuing with the AP government, and they are putting a proposal about the issue of the bonds for all the contractors to whom the government have the dues relating to the Capital City project, but as per the projects, we have brought down the exposure, and we are picking and bidding for the projects where 100% budget allocation is there. So, at this moment, the exposure is 3,350 crores in order book.

**Moderator:** Thank you. We will move to the next question, which will be from the line of Shravan Shah from Dolat Capital. Please go ahead.

**Shravan Shah:** Sir, fund-based, non-fund-based limit last time what we have talked about 15,200 odd crore, is it the same? And how much is utilized?

**R.S. Raju:** Non-fund-based limits we have about 1,000 crores or so are there limits availability, and fund-based limits hardly we have 2,200 crores and utilization is there about 1,200 crores, 1,300 crores.

**Moderator:** Thank you. Ladies and gentlemen, we have no further questions. I would now like to hand the conference over to Ashish Shah for closing comments. Over to you, sir.

**Ashish Shah:** Thank you, Darwin. On behalf of JM Financial, I would like to thank everybody for participating in this calls, and a special thank you to the management of NCC for giving us the opportunity to host this call. Sir, any closing remarks from your side? You may please go ahead.

**R.S. Raju:** Thank you all for eagerly participating in now earnings call and I thank you all once again. If you have any further questions or queries, you are welcome to contact Mr. Usurla Sanjay Neerad Sharma who is heading the investors and also CFO – Mr. Sanjay Pusarla. Thank you all.

**Moderator:** Thank you. On behalf of JM Financial Institutional Securities Limited, that concludes this conference. Thank you for joining us. You may now disconnect your line.