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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

**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 6, 2024 with analysts discussing the performance & financial results of Q1 of the FY 2024-25. 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Please note that no unpublished price sensitive information was shared/discussed in the earnings call.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.**

**M V Srinivasa Murthy**

**Company Secretary & Sr.EVP (Legal)**

Encl : As above



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## “NCC Limited Q1 FY25 Earnings Conference Call”

**August 06, 2024**



**MANAGEMENT:** **MR. R. S. RAJU – DIRECTOR (PROJECTS), NCC LIMITED**  
**MR. SANJAY PUSARLA – EXECUTIVE VICE PRESIDENT (FINANCE & 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 NCC Limited Q1 FY25 Earnings Conference Call hosted by JM Financial.

As a reminder, all participant line 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. Thank you and over to you, sir.

**Vaibhav Shah:** Thank you. On behalf of JM Financial, I welcome everybody to 1Q FY25 Earnings Conference Call of NCC Limited.

We have from the Management today Shri R. S. Raju - Director (Projects), Shri Sanjay Pusarla - Executive Vice President (Finance & Accounts) and Shri Neerad Sharma - Head (Strategy & Investor Relations).

I hand over the call to the Management now for their Opening Remarks. Over to you, sir.

**R. S. Raju:** Thank you, Mr. Vaibhav Shah. Good evening, ladies and gentlemen, a warm welcome to all of you into the Q1 FY25 Investors Earning Call of NCC Limited. The Presentation containing the performance of Q1 FY25 was uploaded on the Stock Exchange website and to our website.

Now, I will take you through the key highlights of the 1st Quarter and thereafter we will take you to question and answers. The interaction is broadly divided into three following sections. 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 brief about the financial performance of the Company for the 1st Quarter. In the third part, we will attempt to answer all your questions and clarifications.

Before going into the details, the usual disclaimer of the Presentation that we have uploaded on the Stock Exchange and our website today, including the discussions that we will have in this call, contains or may contain certain or forward-looking statements relating to NCCL business prospects and profitability, which are subject to several risks and uncertainties and actual results may materially differ from those in such forward-looking statements.

Now, when you come to the guidance, we have given a guidance for order booking in the range of Rs. 20,000-Rs. 22,000 crores for FY24-25. The other pipeline of NCCL is very strong at this moment and we expect that the Company will achieve the given guidance for the order booking. We have given a guidance of 15% growth in invoice booking against which in 1st

Quarter, we achieved 23% despite the elections and steep high temperatures at various places. Therefore, we are confident to achieve guidance given for FY25 for invoice booking.

With respect to the margins, the Company achieved 9.3% EBITDA margin in Q1 as against guidance given for the range of 9.5%-10% for the year as a whole. So, going forward, we expect to reach 9.5% EBITDA margins.

Coming to the earlier visit to discuss AP projects, now all of you are aware that there is a change in the Government in AP. So, NDA-led Government is there now and particularly the earlier Telugu Desam Party, it is a pro-development or pro-infra development nature of government. So, when you take how the prospects in the AP now, so there is a positive outlook with respect to the AP projects now. The orders relating to Capital City abandoned 4 years back, now there is a chance to restart of those orders. Further, the pending payments relating to the projects awarded by 2019 are going to materialize in a couple of months. With this, there is an overall positive outlook with respect to AP projects for the Company from the growth perspective.

Further in the recent budget, all of you are aware that about Rs. 15,000 crores specific allocation made for the development of the Capital City projects. And further other allocations were also given for the infra development across Andhra Pradesh. So, with this, the NCC Company have good opportunity to again restart the works and to realize the whole pending amounts. Similarly, in the Union budget is a special allocation of funds given by Rs. 26,000 crores for infra development and Rs. 22,000 crores funds for Bihar state. In Bihar state, NCC is doing already several works. So, here also we have the chance to get the orders besides the orders from all over India.

About the debt of the Company as far as debt is concerned, there is an increase in debt from that of the previous year by about Rs. 815 crores. So, there are two primary reasons for increase in the debt. The first one is generally in construction industry, the debt increase in the first and second quarters and comes down in third and fourth quarters. The second reason is because of elections, there is a slow process in releasing bills and allocation of funds by the clients. But in subsequent month in July 24, the Company received nearly about Rs. 500 crores, the payment pending in the 1st Quarter. With this, the debt position also now comes down.

As far as NCC Vizag Urban is concern, in the 1st Quarter we received an amount of Rs. 67.25 crores relating to the sale of our equity investment and a balance investment of Rs. 33 crores we expect to receive in 2-3 months period.

Now, I will hand over this mike to Mr. Sanjay – our CFO, to take up the second part detailed brief on the operating and financial performance of the Company.

**Sanjay Pusarla:**

Good afternoon, everyone. This is Sanjay Pusarla - EVP and CFO of NCC Limited. I am going to give you a brief on the performance of the Company at the standalone level and the consolidated level.

At the standalone level, the Company has achieved a turnover of Rs. 4,747 crores which is 23% higher when compared to the same quarter of the last year. Similarly, in the case of EBITDA also, there is an improvement and the EBITDA for this year 1st Quarter is Rs. 439 crores as against Rs. 380 crores in the previous year.

Similarly, same PAT also, there is an increase of about Rs. 38 crores, that is Rs. 200.74 crores in the 1st Quarter of 24-25 as against Rs. 162 crores of the last year. There is an increase of about 24% in the PAT level. For the consolidated level, the turnover at the consolidated level is Rs. 5,558 crores as against Rs. 4,407 crores showing an increase of 26% and at EBITDA level, the increase is 21%. Current year, it is Rs. 478 crores as against the previous year, Rs. 409 crores. At PAT level attributable to the shareholders, the current year it is Rs. 209.92 crores precisely against Rs. 173.54 crores, which is a 21% increase.

And the order book position as on the beginning of the year, the order book was Rs. 57,536 crores and we have received an order of Rs. 408 crores in the 1st Quarter. After eliminating the exhibition in the 1st Quarter, the order book stands at Rs. 52,626 crores as at the end of June '24.

And coming to the trade receivables, as it was explained earlier, the debt position has little bit increased because of the 1st Quarter. As it is in the nature of the construction industry, the 1st Quarter debt levels will be little higher. Besides that because of this election the corrections were little hampered and realizations were slowed down. So, the debtors stand at Rs. 3,654 crores as against Rs. 3,063 crores as on same date of the previous year and compared to the 31st March, it was almost like Rs. 900 crores higher when compared to 31st March.

The debtors collection period as at June '24 stand at 86 days as against 57 days of 31st March, but when you compare with the same period of the previous year, it was 82 days. That means it is 86 days in the current quarter as against the 82 days are the same period of the last year.

Coming to the advances like mobilization advances, there is an increase by Rs. 100 crores and it stands at Rs. 2,425 crores as at the end of March '24 and the interest-bearing advances, of which 72% of the advances will be interest bearing, about 1,751 crores and the average interest works out to 9.5%, which is less than what it was there as on March '24 which is 9.72% and a year before, it was 10.72%. The average interest rate has come down by almost like 22 basis points when compared to March '24.

And I will be explaining about the unbilled revenue. Unbilled revenue as on 30th June is Rs. 4,719 crores as against Rs. 3,859 crores in the March '24 which is 25% of the turnover. When compared to the previous year, previous year it was 21% and this year it was 25%. The increase in the unbilled revenue is due to the reasons which we have explained before. There was slowdown in the billing process, but all these things were cleared in the month of July.

So, as regards debt position, I think Mr. Raju has already explained to you that the debt as on 30th June '24 is Rs. 1,819 crores as against Rs. 1,005 crores as at the end of March '24, showing an increase in debt utilization by Rs. 814 crores. So, the finance cost when we compared with the last year, the finance costs have come down from 3.45% to 3.25%. The gross finance cost is Rs. 153 crores and the net finance costs after eliminating the income and in terms of interest is coming to Rs. 132 crores, which is 2.8% in the 1st Quarter of this year and compared to the same period of the last year at 3.03%. The interest cost is coming down to this extent.

So, now, the session is open for question and answers.

**Moderator:** Thank you very much. We will now begin the question and answer session. The first question is from the line of Mohit Kumar from ICICI Securities. Please go ahead, sir.

**Mohit Kumar:** My question is, sir, on the new government, do you think the old projects can be revived meaningfully if I remember correctly, I think orders worth 100 billion was got cancelled last time in 2019?

**R. S. Raju:** Now, there are three parts we can discuss in the AP projects. In 2019, the government has cancelled certain orders. And at the same time, they abandoned certain orders. They have not cancelled those orders, but they are in the force. And certain orders, they asked us to continue and that we are being continuing those others. About the Capital City projects, which are there in the ports now, but only the amounts are outstanding from the client. Works are abundant, but they have not cancelled those orders. So, those orders since the Capital City now coming up, we have every chance and the government also asked us to restart those works, but whether we take up those projects at the given rates and other things is a big question to see. So, therefore, lot of discussions takes place between the client and the NCC. And basing on the conclusions, so roughly at this moment we can say about Rs. 5,000 crores those orders may restart. About the orders cancel, that is again a different outlook, the government again will come up with a new step or they may revive those others and how they are at this moment, we cannot talk on that one, but we have to wait for some time to have more clarity about the government's conclusion on that one.

**Mohit Kumar:** Sir, my second question is on the order inflow. We started with a very soft quarter in Q1 in terms of order inflow. While you are seeing that some of your competitors have received a

decent amount of order inflow especially post June. How do you think about the order prospects for the balance of the year and which are the segments where you are more positive compared to last year?

**R. S. Raju:** In the 1st Quarter, yes, about order pipeline concern, we have a strong order pipeline and we have some orders waiting for the LOS orders. So, once those LOS comes, then in the first half year, whatever the guidance we have given and mostly we achieve that guidance for even first half year also. So, for the year, as a whole at this moment, Company is confident to achieve whatever guidance given for the order booking.

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

**Shravan Shah:** Sir, just to clarify in the sense that we are saying that 15% revenue growth for this year and 23% we have already done. So, is there a possibility that this number or growth of 15% can even go up to 18%-20% for this year?

**R. S. Raju:** Yes, that one basing on the present, whatever progress taken place in the 1st Quarter, there are chances, but in the third and fourth quarter, the invoice booking out of the new orders to secure in the year 24-25 is to be seen, is not it? We have not got any orders into our books of accounts, only we are waiting for the LOS. So, bearing that one, definitely 15% plus would be there in the invoice booking in the remaining quarters. In the second-half year, at that time, we can comment on that one about how the third and fourth quarter progress. At that time again, we will confirm you on that one.

**Shravan Shah:** And on the margin front, in the presentation, we said that 9.5%-10%, but in your opening remarks, you said 9.5%, so slightly on the lower band of the margin, so that is what we are seeing, whatever the orders that we have won and we are about to execute where we are likely to see a slightly lower margin and that is what we are saying, maybe we can achieve a lower band of 9.5% of EBITDA margin?

**R. S. Raju:** Yes, in the guidance, what we given 9.5%-10% the range we have given, so the 1st Quarter we achieved about 9.33%. So, as a result at this moment, the minimum range band whatever is there 9.5%, we are confident to achieve 9.5% level and again more and above 9.5%, we have to wait and see about third and fourth quarter results.

**Shravan Shah:** And sir, L1 orders are two MSRDC and one another project or the values are close to Rs. 8,700 odd crores, if you can reconfirm?

**Sanjay Pusarla:** About that number only, yes.

- Shravan Shah:** And, sir, just a couple of data points on the balance sheet front, so inventory, data, retention money and loans and investment to your subsidiary and associate?
- Sanjay Pusarla:** Can you please recall what you are looking for?
- Shravan Shah:** Yes, inventory, trade payable, retention money and total investment in subsidiary and associates?
- Sanjay Pusarla:** Inventories as on 31st March is Rs. 1,400 and as on 30<sup>th</sup> June is Rs. 1,300. Retention money is Rs. 1,500 as on 31st March and it is Rs. 1,532 as on 30th of June. And investments are Rs. 1,033 as at the end of March '24 and it is same level even as of the 30th June.
- Shravan Shah:** So, what was the loan numbers which was Rs. 509 odd crores as of March to subsidiary and associates?
- Sanjay Pusarla:** Rs. 509 at the end of March and that was Rs. 473 at the end of the 1st Quarter now. There is a reduction.
- Shravan Shah:** And trade payable as on June?
- Sanjay Pusarla:** Trade payable as on June Rs. 5,481 as against Rs. 4,966 as at March.
- Shravan Shah:** And lastly, possible the CAPEX, how much we have done and for full year, how much we are looking at?
- Sanjay Pusarla:** Full year, we were budgeting around Rs. 250 crores and we have done around Rs. 51 crores at the end of the 1st Quarter.
- Shravan Shah:** So, this does not include that J Kumar JV TBM?
- Sanjay Pusarla:** We have already told in the last year itself that when it is coming, it will be added in the CAPEX additionally.
- Moderator:** Thank you very much. The next question is from the line of Parvez Qazi from Nuvama Group. Please go ahead, sir.
- Parvez Qazi:** Sir, you mentioned that on certain projects in Andhra, the payment is still pending. So, what would be the quantum of such payments which we are still yet to receive?
- R. S. Raju:** Now, two-three parts are there. The first part is about the funds blocked on account of the Capital City projects are about Rs. 150 crores. And the running projects are about Rs. 350 or



Rs. 400 crores are there. So, now, already the dialogues are taking place with the government and we expect nearly Rs. 300 crores to materialize in couple of weeks out of that one. Thereafter, some clarity will be known about the continuation of the projects. Some of the products are already running, there is change in the government and what the priorities of this government from that of the earlier government, what works they ask us to continue, what works they give the priority basing on that clarity, some of that will come. But as far as the pending payments are concerned, we expect about Rs. 300 crores to materialize in a couple of weeks.

**Parvez Qazi:** So, when we say that Rs. 350-Rs. 400 crore is on account of running projects, these are also in Amravati and running or these are projects in the rest of the state?

**R. S. Raju:** In the rest of the place, these are the projects which are running in the rest of the places, other than if it required in the Amravati projects. They are medical colleges and FPS MIDC projects.

**Sanjay Pusarla:** Water supply projects are there.

**Parvez Qazi:** What would be the cash level at the end of June?

**R. S. Raju:** Rs. 140 crores.

**Parvez Qazi:** And last question would be great if you could update us about the status of the Jal Jeevan Mission project and also the Smart Meter project?

**R. S. Raju:** About the Jal Jeevan projects, by end of June '24 we have completed 60% of the projects. And the balance we have about Rs. 6,000 crores as on this date and by March 2025, we expect to complete about 95% of these projects. About the Smart Meter projects, Bihar project is one already we issued the orders for supply for meters and supplied the meters, about 80,000 meters supplied and 55,000 meters we installed and also the software system is also installed into that one. Now, the client is verifying the system as a properly synchronized with the IT system and communication system. The checking is over and our department, our division is expecting this clearance from the client in a month's time. So, thereafter, once the clearance comes, there on they continue to install the meters. That is about this Bihar Road project. We have also drawn the mobilization advances for the first lot to spend for the project. And about the Maharashtra state, two packages are concerned. Now the client changed, priorities changed that one and they given priority to install the meters at the offices rather than at the total remote villages. Installation at the office means, it is in a scatter place, the progress of the installation will be low. So, in the first 2-3 months, the progress would be low and once the government gives the clearance to install in the total village, then the progress will pick up. So, thereby we expect that Q2 and Q3 may not be there good progress and in Q4, we expect to pick up the progress on that run.

- Parvez Qazi:** Sir, but you expect any impact of the Maharashtra election on this approval sector?
- R. S. Raju:** Certainly, we were also cautiously moving on that one, we are not aggressively moving keeping the elections ahead. And thereby we will also want to do as per the client go in the slow pace because if severe uncertainty would be there when elections are there, even if I done as far as bill process, payments are concerned, there are some uncertainties. So, we are going a little bit slow as far as Maharashtra projects are concerned and the rest of the things, whatever requirements are there that we are doing except buying and installing the meters.
- Moderator:** Thank you very much. The next question is from the line of Prem Khurana from Anand Rathi Shares. Please go ahead, sir.
- Prem Khurana:** Sir, two questions. One was with respect to TAQA settlement that we had achieved some time back, I think Rs. 175 crore was the number that we are supposed to pay to TAQA and 90 was paid last quarter itself. So, what is the status on the balance amount, has it been paid or it is still to go?
- R. S. Raju:** We have paid the second installment of Rs. 45 crores.
- Sanjay Pusarla:** Rs. 45 crores which is due in June and the third last installment, is due in December and we expect to pay on time as scheduled.
- Prem Khurana:** And sir, second I am not sure, if you in your opening remarks as I joined a little late, so please pardon me, if it is already answered, but if you are looking to have a partner for our Smart Meter business, any progress that you could share with us? The two SPV projects we want to open a partner, right, wherein we were willing to enough gave away 50% sort of economic interest. So, have we been able to identify any partner and what sort of dilution would be willing to enough go with them?
- Neerad Sharma:** I think my colleague, Mr. Raju has already brought to your attention to the fact that for the Maharashtra project, which is in SPV, we have decided to go a bit slow. That said, we have initiated discussions with couple of potential investors. So, as and when the pace of the project picks up, we should be in a position to finalize the partner.
- Prem Khurana:** So, the plan stays, but then obviously, you would want to make some progress before you go ahead with the plan?
- Neerad Sharma:** That is right because at the end of the day, there is a mobilization advance and we have to raise the equity when we have to really procure those meters in bulk. For that we need the money. So, currently as Mr. Raju brought to your attention, we are going a bit slow. As and when this picks up pace, we will have partner on board.

**Prem Khurana:** Any thoughts on, how many vendors are we dealing with kind of procure meters, given the fact that there were many orders of the same nature, I am not sure if the industry has that sort of capacity to be able to kind of produce those many meters. So, how is the situation? I am sure you have already assessed the situation and which is how you would have taken the orders, but if you could just share your thoughts on how easy or difficult is it to be able to find the vendor?

**R. S. Raju:** And this is a big question. Now, vendors are there in the market and it is not a big challenge for the Company to procure the meters identifying this one, but a lot of work is going on in that front. Ultimately, what we look for is a reliable quality and lower price. We have the primary objectives. So, on that front, lot of exercise is going on. And currently to keep the progress, hardware enterprise and the suppliers supplying the meters, but going forward it go in a different manner, not depend on one supplier. So, like that, the exercise is going on at this moment. So, it is not correct to detailed vendors names and other things.

**Neerad Sharma:** Mr. Khurana, if I may add my sense to your question in this project, the ownership rests with us for about a decade or so. So, at the end of the day, we are responsible for the performance of the meters for a decade, and in most of the tender, the conditions talk about some kind of technology platform, not a name of the vendor XYZ, ABC or so. So, if there are plenty of vendors available in the market, we have to also keep in mind the fact that to how long these vendors should be in a position to support these maintenance of these meters, operations of these meters for about a decade's time. So, the technology platform is available and there are a lot of people who should be able to qualify for the SLAs which are required for the performance of these meters. So, we will decide at the right point of time, but I don't think that is going to be a challenge for us.

**Prem Khurana:** And just one last book keeping question, if you could help me with the bank balance number, you gave the cash number, but if possible the bank balance number, please?

**R. S. Raju:** Rs. 140 crores cash and cash equivalents as of 30th June '24 as against Rs. 489 crores of March '24.

**Prem Khurana:** As for margin money deposits, how much would that amount be if you could share, please?

**R. S. Raju:** Rs. 694 crores now.

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

**Parikshit Kandpal:** Sir, I am talking about AP in the peak of your order book, AP was contributing about Rs. 18,000 crores to the total overall order book, so just wanted to understand from the point of view of next 3-4 years, how do you think it would be? As in the last 3-4 years, nothing has

happened from ordering point of view. Could there be a catch-up? How substantial can this opportunity be for you?

**Neerad Sharma:** So, I would answer this question in two parts. Firstly, it is premature to talk about what kind of projects are really coming for bidding. What is the competition? What is the size of the project? And who are the people who are finally going to qualify? So, there are lot of, so we will cross the bridge when we get to it. At this point of time, it is really difficult to even estimate what kind of projects are coming? What is the size, nature, vertical? So, we will cross the bridge when we get to it. That said, the second thing that I wish to bring to your attention is we are not a Company that is currently dependent on only one state, AP or X, Y or Z, you must have seen in the investor presentation that we have uploaded on our website, we are a Pan India Company. We have projects from almost all the states and we are quite confident to go to any state of the country wherever good projects are available, to bid for the projects, bag the projects and execute the projects. Specifically, coming back to the AP, once the projects are announced, then we should be in a position to really talk about a possible number, whether that may be the top contributing state or the second top contributing state or the fifth. That time hasn't come as we speak.

**Parikshit Kandpal:** But given your current, I think, if you can just help repeat what is the current inflow guidance? I think you spoke about Rs. 20,000 to 25,000 crores for inflows of this year, right?

**Neerad Sharma:** Yes, let me repeat, the inflow that we have shared with street is a band this time for a change that is Rs. 20,000 to 22,000 crores.

**Praikshit Kandpal:** And you are not expecting any meaningful contribution in this to come in from AP?

**Neerad Sharma:** May come, may not come. The kind of media reports which are coming out that the government itself is trying to study, which are the right projects to start, but when.

**Parikshit Kandpal:** That I understand, sir, your assumptions, you are not building a big order inflow from the AP in this number of 20, so if anything comes from AP, could be positive surprise on this number, right?

**Neerad Sharma:** Of course, when we shared these numbers with you way back in mid-May, we did not have all these development available with us. So, the guidance that we have shared with street is all these states minus AP if you prefer you could say that.

**Parikshit Kandpal:** Sir, my second question is on the entire transmission and distribution opportunity. So, what is the play for us there? Do you think now with Power Grid giving large orders on HVDC side, do you think we will participate in that or we will focus on lower voltage segment and maybe

more on RDSS opportunity and state utility side. So, if you can highlight the opportunity and the play for us there?

**Neerad Sharma:** See, there are all three kinds of opportunities which are coming, though we have done lot of projects on the HT side also. We have the qualification for 400 KV transmission line even higher transmission line. We have also done 220 KV, but those kinds of projects which are really coming for bidding are some kind of BOOT kind of model in which you have to invest some equity, coming to some debt. So, we are actively looking at those projects, but I think the prime activity currently is happening in the LV space that is RDSS scheme. RDSS scheme is a signature project of the Government of India, well-funded. The total outlay available is more than Rs. 3,00,000 crores, the funding is already in place largely by PFC and REC. So, I think that is the main chunk of the market that we are currently focusing upon.

**Parikshit Kandpal:** And one last question sir, now most of the Indian players similar size like KEC, Kalpataru and all. So, my question was more on the opportunity which they are playing in T&D 400 KV and above, 400-760-5800 KV that was there and related to that, are you revisiting your international strategy? Do you think that now it is time to revisit and start also looking at opportunities in international market or you think that India is self-sufficient wherein you can still grow with domestic orders?

**Neerad Sharma:** Currently, we are not focusing any international market. We think this market is sufficiently large for us to give us the inflows that we really need for short to medium term. So, currently our focus continues to be the construction market in India.

**Parikshit Kandpal:** And just last thing, if you can help me understand what is the pending real estate payments on the land we have sold in Vizag?

**Neerad Sharma:** That is Rs. 33 crores. That is the equity part and there would be the loan part that is expected to come to us in next couple of years. I repeat the equity portion, the pending payment from the client is about Rs. 33 crores and then we are expecting to get the loan back in next couple of years.

**Parikshit Kandpal:** What is the loan amount, sir, total loan amount pending?

**Neerad Sharma:** Rs. 377 to be accurate as of 30th June.

**Parikshit Kandpal:** And this is expected by when Rs. 377 crores, any revised date or when is?

**Neerad Sharma:** Next two years.

**Parikshit Kandpal:** And this balance, Rs. 33 crores is expected when?

- Neerad Sharma:** In 2-3 months, this quarter.
- Moderator:** Thank you very much. The next question is from the line of Dhananjay Mishra from Sunidhi Securities. Please go ahead.
- Dhananjay Mishra:** All my questions are answered, just one question again on AP part. So, given the past experience we had, although you said that this incumbent government is through development and central is also supporting this year or maybe next 4-5 years going to support the state government and more projects will come, but in terms of our exposure, would you like to be selective and be given the past experience or you will be aggressive in bidding for just in AP?
- Neerad Sharma:** Let me answer your question a little differently. Being a listed Company, we have a committee of the Board ERM and we look at the state wise, vertical wise risk very carefully. So, not only for the AP, for any state or any vertical for that matter, we do not really believe in going aggressively, just bidding for the sake of bidding, bagging a project for the sake of bagging a project, we never have followed that strategy, and we continue to have the same stand as far as aggressive bidding is concerned.
- Moderator:** Thank you. The next question is from the line of Nidhi Shah from ICICI Securities. Please go ahead.
- Nidhi Shah:** I know that you have already answered a couple of questions on the order book, but I still wanted to know the LOS that you said you will be receiving, what is the amount of that is pending, number one? And how much do you think could be clear in this coming quarter from that? That is my first question.
- R. S. Raju:** One is that we have already explained you earlier that about Rs. 8,500 crores are the orders which are in the pipeline and we are expecting those orders to get matured maybe in this quarter.
- Nidhi Shah:** So, you are expecting the entire balance to be matured in this quarter?
- Sanjay Pusarla:** As on date, it is the expectation and we have to wait and see.
- R. S. Raju:** That said this is a prerogative of the client. When the client intends to award the order then only we get it. It doesn't really depend on the kind of effort that we make. We might prefer to have it tomorrow morning, but they may not be in a position to award. So, hopefully in this quarter or maybe next quarter, we are quite hopeful to get those projects.
- Nidhi Shah:** And you also of course PPT mentioned the order inflow for the 1st Quarter, but in the last two months since this quarter has started, have we received any new order?

- R. S. Raju:** You are talking about the second quarter?
- Nidhi Shah:** Yes, second quarter. Have you received any orders in the second quarter?
- R. S. Raju:** No, we have not received and even if we receive, we would first submit that to the Stock Exchange. As we speak, we have not received. All that we have is what we have shared in the PPT.
- Moderator:** Thank you. The next question is from the line of Vishal Periwal from Antique Stock Broking. Please go ahead.
- Vishal Periwal:** Sir, in this quarterly presentation, the order book has a composition of mining as one of the segment. So, is that fair to understand that your order book which is working will be executed within this year and then 12-month timeframe?
- R. S. Raju:** Yes, now the order book, whatever we have given in the order book is for a period of 3 years. So, that is executable in 3 years period. At this moment, the progress in that project is going well and whatever now, we consider in the budget of FY24-25 from that Company or from the project is achievable. And the order book may go on increase every year, since it is a long term project of 25 to 30 years. So, whatever value given in the book that represents 3 years value.
- Vishal Periwal:** So, 8% is 3 years?
- R. S. Raju:** Yes.
- Vishal Periwal:** And maybe one clarification, in the initial part of the commentary, you did mention that Andhra roughly like Rs. 5,000 odd crore worth of project could get ordered so this for the project they are part of the order book, or they have been dropped and then further they can come back as an order inflow for us?
- R. S. Raju:** It is not there in the present order book that we have dropped earlier.
- Moderator:** Thank you very much. The next question is from the line of Shravan Shah from Dolat Capital. Please go ahead.
- Shravan Shah:** So, to continuing, sir, if this Rs. 5,000 crore comes up, so our order inflow that we are looking at Rs. 20,000-Rs. 22,000 crore plus this Rs. 5,000 crore, if it comes back and plus if AP anything more comes up, so that is the way one can look at?
- R. S. Raju:** Already that part was explained by a colleague in the budget orders we consider from the Andhra Pradesh. So, now if any orders come generally participate in the order book. So, again

this Rs. 20,000-Rs. 22,000, there is no hard and fast rule. That figure also varies and downward may vary or upward may vary even without Andhra Pradesh. So, when Andhra Pradesh is there, there is a positive outlook to book more or less than what we give in the guidance.

**Shravan Shah:** And sir, in terms of the debt level which you have mentioned that it normally increases in the 1H and then it reduces so by end of FY25 how we look at in terms of the standalone gross debt level?

**R. S. Raju:** So, now according to our plan is to stand at Rs. 500 crores debt level by end of FY25.

**Shravan Shah:** And in terms of the Sembcorp, we were supposed to get Rs. 47 crores, have we received it?

**R. S. Raju:** No, it is not received and there are certain issues for which the Sembcorp went to the court, at the same time NCC also went to the court. Once the court proceedings are over, then only the result will come about that payment. It takes some time.

**Moderator:** Thank you very much. The next question is from the line of Vaibhav Shah from JM Financial. Please go ahead.

**Vaibhav Shah:** First, we mentioned that our exposure to AP, so receivables would be around Rs. 150 crores for Capital City and for running projects around Rs. 350 to Rs. 400 crores?

**R. S. Raju:** Yes

**Vaibhav Shah:** So, total amount is roughly Rs. 500-Rs. 550 odd crores. So, what was this amount as of March '24?

**R. S. Raju:** In the same level. There is no change in the 1st Quarter. Since elections have taken place in AP, no significant change taken place from date of March '24 to June '24.

**Vaibhav Shah:** So, we expect this Rs. 550 crores to come down to around Rs. 200 odd crores in next couple of weeks?

**R. S. Raju:** Yes, not couple of weeks totally, some progress is there gradually, first, they may release Rs. 100 crores, thereafter another Rs. 100 crores like that will be taken place. By end of second quarter, some clarity will come. By end of third quarter, some more amounts also may get released.

**Moderator:** Thank you very much. The next question is from the line of Saket Kapoor from Kapoor and Company. Please go ahead, sir.



**Saket Kapoor:** Firstly, when you mentioned about order intake of say Rs. 20,000-Rs. 22,000 crores, what is our bid pipeline out of which we are looking at the conversion rate of Rs. 20,000-Rs. 22,000 crores?

**Neerad Sharma:** Mr. Kapoor, we have a very healthy prospective pipeline of projects close to Rs. 2,00,000 crore. It is a prospective pipeline of projects, but it depends at what time client intends to award which project. So, this is a function of the time and the decision making cycle of the client. But we continue to have a very healthy pipeline of prospective projects for the next 12 to 15 months.

**Saket Kapoor:** And sir, what is our O&M component in the order book?

**R. S. Raju:** Now, in this order book, for all the major orders, what we secured in the last two years, particularly the Mallard water treatment project, the GMLR project, in electrical project, in all the projects whatever O&M part is there, that we have excluded in the present order book. That will only take into the order book as and when the project is completed, as and when we start the O&M. That is the policy of the Company. As such for all these major projects O&M content is not there in the present order book, but in some of the orders, small size of orders, Rs. 300, Rs. 400, Rs. 500 crores of orders, one year O&M, some Rs. 20 crores, Rs. 30 crores, small amounts, they will be there in the order book along with the main order value.

**Saket Kapoor:** But just to hop on it, so for revenue from operation or at a consol level, what is the O&M component there?

**R. S. Raju:** From the O&M content, we can take about 4%-5% of the major order book will be there.

**Saket Kapoor:** So, the revenue of Rs. 5,500 crore has O&M component of Rs. 550 crore to be precise?

**R. S. Raju:** Yes Rs. 400-Rs. 500 crores.

**Saket Kapoor:** Sir, when we look at the order book split up in the various verticals, irrigation part is very small, only 2%. So, can you allude to the factors? Is there not enough work in the irrigation sector or what is the reason for a very small order book?

**Neerad Sharma:** Yes, you are right. Unfortunately or fortunately, the irrigation continues to be a state subject. There have been few awards, but this is not a very focused business area for us. We have four large focus areas or divisions. Irrigation is a very small business for us and depending on the experience that we have had in this sector in the past, last two decades or so. So, we are very selective, let me say that we are very selective in bidding for irrigation projects. In the irrigation project, there are a lot of permissions, forest clearance, these projects are in very vast areas. This involves many times states, so we are very selective in this space. That said there

are four large divisions that I take this opportunity to share with you which are giving us the orders that we really need. The first one is the buildings division, the second one is the transportation division, the third one is water division and the fourth one is electrical T&D. So, these four businesses are the focus areas for us. And I have already shared with you that the fact that we have a very healthy prospective pipeline of projects and we are very happy to concentrate on the sectors that we think are profitable, sustainable for us in the long term. I hope that answers your question.

**Saket Kapoor:**

Small concluding point, I think so this time it is mentioned in the notes also that the Board has given principal approval for amalgamation of NCC Infrastructure Holding, so if you could just share your thought process on this procedure, although the rationale has been mentioned, but why have this timing been selected now? And if you can give some more color?

**R. S. Raju:**

NCCIHL is a wholly owned subsidiary. That is the reason we thought okay, we will merge that into this. Two things which we were thinking to achieve, one is on the tax benefits by getting the dividends into the main Company, so that they can get exempted because of the dividend declaration by the main Company, so the second one is on the administrative control and cutting down of the cost and also limiting the number of entities. These are the advantages we thought, okay, we will have it when we have the merger of these amalgamation of this NCCIHL with NCC.

**Saket Kapoor:**

Sir, concluding point on the major projects under execution, you alluded to the fact of UP project component having Rs. 6,000 crores of un-executable portion that will get executed by this financial year. However, in your presentation, slide number 23, you allude to the fact of Rs. 1,635 crores as survey design drawing and construction multi-group village schemes, water supply scheme in Agra. So, if you could explain my understanding where I am getting it wrong?

**Neerad Sharma:**

No, I will try to explain this question to you. We are executing Jal Jeevan Mission project, different kind of projects. There are two broad buckets of these Jal Jeevan Mission projects, the first bucket of projects is about the household, primarily rural portable water connections to the households. This is the first part. So, we are executing this project as well as we have bulk water supply projects. We have backed two large projects in the Agra, Firozabad, in these two places. So, in this slide, what we intend to do is to share with the investors and analyst community the broad span of projects that we are executing. This is not a total number. If you add these projects to all the value of the project, this is not Rs. 52,626 crore. What we intend to do here is to highlight what are these signature marquee projects that we are currently executing, just to give a sense of the span of the complexity, the different verticals, the projects that we are currently executing. That is what the intent is.

**Saket Kapoor:** And for the UP project, sir, can you give the number, what is the execution amount we have executed for Q1 and you have given Rs. 6,000 crores will be displayed over the coming three quarters, but how much have we done in terms of the billing?

**Neerad Sharma:** Let me answer your question, but we had total order value of about Rs. 17,000 crores from this mission. We have already executed about 60%-70% of the project. What remains to be executed in the next 3 quarters is about Rs. 6,000 crores of the project. To answer your question, how much have we done in the 1st Quarter Rs. 1,212, I repeat what we have done in the 1st Quarter is Rs. 1,212 crores.

**Saket Kapoor:** And for Q4, what was the number, sir?

**R. S. Raju:** The last year we have the number, last year we have done about Rs. 6,000 crores.

**Neerad Sharma:** Whole year, we have done Rs. 6,000 crore last year which is there in the investor presentation of the Q4.

**Saket Kapoor:** Quarter number do you have, sir, I want to just understand the scale of execution?

**Neerad Sharma:** That it would be close to Rs. 1,400-Rs. 1,500 per quarter. That is what makes it Rs. 6,000 for the whole year. So, in any quarter depending on the billing cycle, milestone of the project, execution of the project, so these factors, but broadly, it would be anywhere close to Rs. 1,200 to Rs. 1,600 every quarter.

**Moderator:** Thank you. The next question is from the line of Prachi, Business Standard. Please go ahead.

**Prachi:** Sir, this is regarding the real estate segment. I would like to know, would you like to comment on the reduction of assets? It was Rs. 743 crores in June 2023, the quarter ended in June 2023. And it was Rs. 716 crore in the recently concluded quarter. So, what would you say about it? And also I would like to know profit after tax consolidated in the real estate segment in comparison with the last year?

**R. S. Raju:** Repeat me the second part.

**Prachi:** The first part is, sir about the real estate segment assets which reduced on year-on-year basis? And second part is profit after tax consolidated in the real estate segment in comparison with the last year?

**R. S. Raju:** So, the current quarter reported a profit of Rs. 7.38 crores as against turnover of Rs. 75.35 crores, same time, the profit Rs. 7.38 crores against Rs. 10.08 crores of the last year. So, the change or the variation in the profitability depends upon the mix of the projects. There are two

parts of projects are going on. Again, in the second part real estate project, there are several projects. The profit margins vary from the project to project and also the profit margins vary from the other projects. They are also taking up on development on construction basis, some of the real estate projects from the others. So, it depends upon the mix of the projects on quarter-on-quarter and year-on-year. The other question is about the reduction in the real estate assets. So, as we develop the land pockets and as we book the income into the profit and loss account, the value of the investment also gradually comes down. So, you are asking investment by NCC?

**Prachi:** Yes, sir. I just wanted to know about segment assets, the reduction?

**R. S. Raju:** Last quarter investment by NCC, the buyback of the sales have taken place in the last part of the last year, the difference represent the buyback of shares. And we got the money on account of buyback of shares. As a result, the investment has come down from Rs. 240-Rs. 229 crores.

**Prachi:** Sir, your future outlook in this real estate segment, particularly in context with Amravati and the segments order book in the coming days?

**R. S. Raju:** There are two parts to your question. Firstly, the real estate business that we have reported in our investor's presentation is a very small business at the group level. That is less than about 1.5% of our revenue. So, that business is a real estate business. What we do here is we acquire land and we develop apartments, villas, commercial spaces and we sell these to our clients. So, that is a very small business. In Amravati, what we have tried to do in the past or what possibly we may get to do in the future is the contracting business. It has nothing really to do with the real estate business that we have reported. Our contracting business is our bread and butter. What we do really here is we get the contract from the clients and construct whatever is required to be constructed. So, in Amravati, we hope to get those construction contracts that may be a real estate business for the government or the ministries, not for us.

**Moderator:** Thank you very much. Ladies and gentlemen, that was the last question. I would now like to hand over the conference to Mr. Vaibhav Shah. Please go ahead, sir.

**Vaibhav Shah:** Sir, just one question from my end. Sir, out of our standalone order book of around Rs. 47,625 crores as of June, what would be the value of those smart meter contracts taken in the standalone book?

**R. S. Raju:** Two third of that smart meters where you participate in the standalone order book.

**Neerad Sharma:** Rs. 3,300 crores is considered in our standalone order book related to the smart meters.

**Vaibhav Shah:** And in consol, how much we have taken?

**R. S. Raju:** 927.

**Vaibhav Shah:** So, consol book is lower?

**R. S. Raju:** Yes.

**Vaibhav Shah:** So, thanks a lot for giving us the opportunity. Kindly closing remarks from your end.

**R. S. Raju:** Thank you very much Mr. Shah, for hosting this call for us. We take this opportunity to thank you and the investors and broad analyst community that participated in this discussion. Thank you very much. Thank you all.

**Moderator:** On behalf of JM Financial, that concludes this conference. Thank you for joining us and you may now disconnect your lines.