

# Q1 2013 Earnings Call – NCC

Dt-9 Aug'12

## Operator

Ladies and gentlemen, good day and welcome to the Q3 FY13 Earnings Conference Call for Nagarjuna Construction hosted by Motilal Oswal Securities Limited. As a reminder, for the duration of this conference, all participants lines are in the listen-only mode, and there will be an opportunity for you to ask questions at the end of today's discussion. Please note that this conference is being recorded. At this time, I would like to hand the conference over to Mr. Satyam Agrawal. Thank you, and over to you, sir.

## Satyam Agarwal

Thank you. Good evening everyone, we thank you for joining us today evening, we have with us Mr. Y. D. Murthy, Executive Vice President, Finance; and Mr. R.S Raju, Senior Vice President Finance and Accounts from NCC. We would first have a briefing from management and then open for Q&A. Over to you Mr. Murthy.

## Y. D. Murthy, Executive Vice President, Finance

Hello, thank you Satyam, good evening participants. I will briefly talk about the first quarter performance of the company, after that we can have a question-and-answer session. And due to -- of time we would restrict it to maximum In the first quarter in the current year, on a standalone basis, the company has reported a top line of 1,495.5 crores, that is a growth of about 28% in the top line, as far as the EBITDA is concerned, it is more or less same at 116.6 crores, the same level of a first quarter of last year. So at net profit level we achieved a level of 16.6 crores as compared to 23.3 crores in the first quarter of last year.

The EPS in the first quarter is 0.65 as compared to 0.91 in the first quarter of last year. The EBITDA was in 7.8% for the quarter and the PAT margin 1.1%. On a consolidated basis, the company has reported a top line of 1,816.5 crores, EBITDA of 244.2crores and PAT of 20.4 crores. The EBITDA margins were 11.2% and the PAT margin is 1.12%. The company has procured 2001 crore in the first quarter and the order book of the company at the end of the first quarter is 20,520 crores. The fresh orders have been booked in the buildings, roads and oil and gas verticals.

For the clarification of the participants, looking to the business environment what we have done is we have clubbed building, roads and oil and gas under one Director. So it is grouped under one head as a division.

I do not have the sectoral bifurcation of roads and oil and gas they are very small compared to what the buildings are doing. Likewise the water and environment and railways division, the newly started railways division have been clubbed together and put under one Director. So accordingly, the figures that I am giving will be for the combined divisions.

So first of all, the buildings roads and oil and gas division have fresh orders of 624 crores and the water and environment and railways division has fresh orders of 827 crores. Electrical division, 37 crores; irrigation, nil; metals, nil; power, seven; mining, nil; international, 506. Total orders booked is 2000 crores.

The order book at the end of the first quarter again, buidings, roads and oil & gas put together, 6409 crores that is 31%. Water and environment and railways put together, 3030 crores is 15%; electrical, 411 crores that is 2%; irrigation, 1993 crores that is 10%; metals, 309 crores that is 2%; power, 6079 crores that is 30%; mining, 463 crores that is 2%; international is 1,826 crores that is 9%. Total is 20,520 crores.

The construction business of the company, because we have two international subsidiaries doing only construction business and the international division is also finding a place in the order book of the company, as international order. So if you club them also into the execution into the top-line, the company has done a turnover of 1,679 crores in the current year up to June 2012.

EBITDA of 134 crores, PAT of 22.2 crore and PAT percentage is 1.3%. Now as far as the subsidiaries are concern, NCC International our Muscat subsidiary has done a top line of 206.9 crores and a PAT of 3.7 crores. Our Dubai subsidiary that is Nagarjuna Construction Company & Partners LLC has done a top line of 5.5 crores and a PAT of 1.7 crores.

Then the domestic subsidiary that is NCC Urban Infrastructure Limited, our real estate subsidiary has done a top line of 54.4 crores and a PAT of 0.8 crores. Our infrastructure is a subsidiary, there are BOT holding company has done a turnover of 0.16 crores and a PAT of minus 2.3 crores.

Our Mauritius subsidiary NCC Infra Mauritius, they have done a top line of 6 crores and a PAT Of 2 crores. OB Infra our 64% subsidiary which has implemented the OB, road project has done a turnover of 22.5 crores and a PAT of 0.5 crores. Western UP Tollway Limited has done a top line of 22.4 crores and a loss of 1.1 crores. Brindavan Infra has done a turnover of 5 crores and PAT of 1.4 crores. Bangalore Elevated Tollway 7.9 crores top line and a loss of 3.2 crores. Pondichery Tindivanam top line is 1.48 crores and PAT is loss of 2.2 crores.

So all the subsidiaries put together have contributed to the top line of 320.9 crores and PAT of 3.8 crores.

The loans and advances of the company at the end of the -- sorry the loans for the company, the borrowings of the company at the end of the current quarter, stood at a total of 2,455.8 crores, there were some reductions in the short term loans compared to the earlier -- but the cash and the working capital loans have gone up because of the enhanced consortium banks.

Machinery loans have come down from 126 crores to 115 crores, the total loans of the company at the end of the first quarter is 2,571 crores. As far as the business environment is concerned, we are seeing some improvement in the current financial year and based on our order book and based on the expected orders in the remaining quarters of the current year, we are confident we will be able to generate a top-line of at least 10% to 15% in the current year. This is as far as the management of our briefing for the investors and the analysts.

Now, I'll request the participants to ask their questions.

## Questions And Answers

### Operator

Thank you very much. We will now begin with the question-and-answer session. [Operator Instructions]. And ladies and gentlemen, in order to ensure that the management is able to address questions from all participants in the conference please limit your questions to two per participants. We have the first question from the line of Devang Patel from Avendus Securities, please go ahead.

### Devang Patel

Hi, sir. The first question is on NCC power project. Where are we progressed on the execution of that project have we started revenue booking and is that reflected in the first quarter results?

### Y. D. Murthy, Executive Vice President, Finance

Yeah. We already started the civil works as you know the EPC contract is awarded to NCC the vertical of the parent company and in the first quarter, we have reported a turnover of about 82 crore on account of the power project.

### Devang Patel

Okay. Sir, second question is on the debt. I think in the march quarter the debt had reduced to around 21,000 crores, you can correct me if I am wrong. That seems to have again up to 2,500 to 2,600 crores. Is that correct and is that because of working capital?

### Y. D. Murthy, Executive Vice President, Finance

In march quarter because of the project division whereas new projects we got. So, thereby some inflow was happened generally in construction company in the March months, since -- month of the year normally the collection generally will be good. Thereby with those collections, now from the working capital, loans what we have in the banks have down by 200 crores to 250 crores.

Thereby the -- has come down by normal level of 2,400 to 2,200. So knowing the first quarter, generally, again, the payments from the this department particularly government departments, generally a little slackness would be there because of their budget sanctions and other things. And whatever money received in the last quarter of the last year, again we have pumped back into the projects to start the deposits, the projects particularly.

So these 250 crores to 300 crores again gone into the projects to pick up the progress. Again, when you take the activity of the this construction of the parent company, there is about 25% to 30% increase happened in the activity. So thereby the working capital, again the requirement to support the activity also is a -- because of these reasons so again the debt position has come back to 2,500 crores.

### Devang Patel

Sir, if you can just give the inventory and receivables numbers and that will be all from my side.

### R. Subba Raju, Senior Vice President Finance and Accounts

Inventory and receivables, just a minute. Inventories stands at 2,355 crores, receivables 1,427 crores, cash and bank balances 64 crores,

other current assets some 14 crores, loans and advances about 2,681crores and then advances and loans to subsidiary companies 880crores. The total current assets altogether about 6,424 crores. You want by current liabilities also?

## **Devang Patel**

Yes sir, please.

## **R. Subba Raju, Senior Vice President Finance and Accounts**

The current liabilities all put together is 3,386 crores, current liabilities. And the provisions are 69 crores but the total current levels and the provisions 3,455 crores. Our net current assets are 2,969 crores.

## **Devang Patel**

Thank you so much for the detail. That's all from my side.

## **Operator**

Thank you. The next question from the line of Vaishnavi G. from Citigroup. Please go ahead.

## **Deepal Delivala**

Hello.

## **Y. D. Murthy, Executive Vice President, Finance**

Yes.

## **Deepal Delivala**

Hello, sir. Deepal here.

## **Y. D. Murthy, Executive Vice President, Finance**

Yeah, yeah, tell me.

Sir one question I had was if you actually see the quarter numbers out of the PBT of 24 crores almost 23 crores is because of other income. So what is the 23 crores of other incomes sir we booked in the quarter?

## **Y. D. Murthy, Executive Vice President, Finance**

That is mostly because of the accounting norm issued by the Institute of Chartered Accountants, any interest received is -- other income. However earlier we're showing it at netting out of the interest paid net figure is even.

## **Deepal Delivala**

Correct.

## **Y. D. Murthy, Executive Vice President, Finance**

Out of this 24 crores, at least 20 crores is on account of interest received from all subsidiary companies.

## **Deepal Delivala**

Interest received from subsidiary companies, on the loans and advances that we give them?

## **Y. D. Murthy, Executive Vice President, Finance**

Yes, yes, absolutely.

## **Deepal Delivala**

Sir second question I had was going, you mentioned about 10% to 15% revenue growth for the year. so what is the EBITDA margin that once should look forward on a sustainable basis in the three quarters.

## **Y. D. Murthy, Executive Vice President, Finance**

We cannot give you any guidance on EBITDA margins. Because we normally we are not giving. But looking to the first quarter the performance and the EBITDA margins of 7.8%. It is around 8% to 9% EBITDA margin we will be able to deliver.

## **Deepal Delivala**

We'll able to deliver 8% to 9% margin. Okay, sir and what is the scene on the order inflow outlook sir?

## **Y. D. Murthy, Executive Vice President, Finance**

Seriously speaking up things should improve from now onwards particularly the 12th Five Year Plan is in place and a lot of physical infrastructure development is likely to take place and the Prime Minister is also concerned that the physical infrastructure improvement should come. Already in the road sector we are seeing lot of ordering that is taking

## **Deepal Delivala**

Would you be bidding for the EPC contract of 3,000 crores which is..

## **Y. D. Murthy, Executive Vice President, Finance**

We already asked more than four questions. You have to excuse me.

## **Deepal Delivala**

I'm just..fine. If you can answer the last question I'll be happier otherwise I'll come back in the queue.

## **Y. D. Murthy, Executive Vice President, Finance**

participant. Thank you

## **Deepal Delivala**

Okay. Thank you.

## **Operator**

Thank you. The next question is from the line of Deepal Delivala from Citi. Please go ahead.

## **Deepal Delivala**

Sir fine. My questions have been answered thanks.

## **Operator**

Thank you. The next question is from the line of Chhavi Agarwal from Ambit Capital. Please go ahead.

## **Chhavi Agarwal**

Good evening sir.

## **Y. D. Murthy, Executive Vice President, Finance**

Good evening Sir I have two questions. One is that given that your debt is very high right now. What steps is the company taking to reduce this debt by the year end. In FY13 where do you see your debt number going?

## **Y. D. Murthy, Executive Vice President, Finance**

Debt is not very high. We are still below 1:1 debt equity. And of course that is the, perhaps the outer limit that we have set ourselves for the debt equity. And compared to a number of other construction companies, we are far better debt wise. But nevertheless, the Board is also very keen and the management is also very keen to bring down the debt levels to below 2,000 crores by the end of the current financial year and we are looking at monetizing some of our BOT assets and real estate assets to achieve this goal.

## **Deepal Delivala**

Sir, how much money do you have to invest this year and the next year in your BOT project?

## **Y. D. Murthy, Executive Vice President, Finance**

Nil.

## **Deepal Delivala**

Which is mainly power?

## **Y. D. Murthy, Executive Vice President, Finance**

See power, we already invested 35% of the equity that is nearly 370 crores and that is a requirement by the lenders for declaring financial closure. So having invested 35%, till we draw 35% of debt, further equity is not required from our side which means it may take about one year to 18 months to draw 35% of debt.

In the meantime, the management is also looking at a possible stake sale in favor of a strategic investor and whatever money have generated will take care of the future equity requirements of the SPV that is NCC power. And as such, there cannot be much equity infusion by the parent company into NCC power.

## **Deepal Delivala**

So you are looking at divesting your stake in NCC power itself?

## **Y. D. Murthy, Executive Vice President, Finance**

Yes, yes.

## **Deepal Delivala**

Okay, sir. That's it from my side.

Thank you. Next question is from the line of Mangesh Bhadang from Quant Broking. Please go ahead.

## **Mangesh Bhadang**

Good evening, sir. And thanks for taking my question. Sir firstly, I just wanted to know the status on signing the PPA's for the power plant because I guess that's the condition for achieving -- from the third lender?

## **Y. D. Murthy, Executive Vice President, Finance**

No, third lender has also joined hands and given us the disbursal. See the lending consortium what they said is within one year of the date of financial closure, you tie up up to 75% of the power that is going to be generated with PPS.

## **Mangesh Bhadang**

Right.

## **Y. D. Murthy, Executive Vice President, Finance**

But it is what we are planning to do, earlier in Karnataka were for about 400 megawatts. But because of variety of reasons, the building process itself has canceled. So now, we are not getting that. But in AP, out of 200 megawatts we have shortlisted for about 500 megawatts. And most likely we are getting that.

And now, Karnataka and Tamil Nadu are also likely to come for Case 1 building in the near future, maybe in the next nine months to twelve months. And we will definitely participate there, we have tie up about 990 megawatts of power with PPA. And we are going in the right direction.

## **Mangesh Bhadang**

So in the meanwhile, before we signed the PPA will the construction work will be going slower or will it continue?

## **Y. D. Murthy, Executive Vice President, Finance**

No, no. I told you, they gave us one year time and within one year, we are confident we'll achieve that and the disbursal's are going on from the lending consortium there is no problem. They will review the situation at the end of one year that means by March 2013 or so.

## **Mangesh Bhadang**

And sir, what would be the time-line for completing this, will it be at the same as the original or are there any changes to it?

## **Y. D. Murthy, Executive Vice President, Finance**

The time-line is the same because of the shifting of the projects from Somapeta to Krishnapatnam and again fresh financial closures for the new location. Now, we are likely to declare a commercial operation of the 60 megawatt by

## **Mangesh Bhadang**

Okay, sir. Thank you, sir. Just one last one. Any provisions were there for doubtful advances in this quarter?

## **Corporate Participant**

Yes, we have made a provision about 6 crores in this quarter.

## **Mangesh Bhadang**

Okay, sir. Thanks. That's it from my side.

## **Operator**

Thank you. Next question is from the line of Devang Patel from Avendus Securities. Please go ahead.

## **Devang Patel**

Sir, on the power project there was originally 210 crores of advance we gave to BTG suppliers. Would there be any further advances

going out from our balance sheet to other sub-contractors and what would be that quantum overtime?

**Y. D. Murthy, Executive Vice President, Finance**

No. As far as the BTG is concerned, only 10% advance cash advance is given, for the balance 90% the project company that is NCC power is opening the letters or credit for supply of BTG.

**Corporate Participant**

But local, the other works to carry out that indigenous wages some small advances already dispersed to the agencies.

**Devang Patel**

So largely all the 500 crore net advance should be residing with NCC Limited?

**Corporate Participant**

500, more or less.

**Devang Patel**

Okay. Sir and are there any ForEx items in this quarter?  
ForEx items?

**Devang Patel**

Any ForEx gain or loss in this quarter?

**Corporate Participant**

No, we don't have any derivative transactions, we don't have any -- FCCB loans or ACB loans nothing of this sort, absolutely nothing is there as far as the formation is concerned.

**Devang Patel**

Okay. Sir on the irrigation segment, our execution was the slowest among the various verticals. Are we seeing that now reverting to normal levels?

**Y. D. Murthy, Executive Vice President, Finance**

Our irrigation, you see, we are doing a project of about 450 crores in Bihar, that is progressing as per schedule. Earlier we had some more delays in payment of our bills by various clients but byenlarge things have improved, and the irrigation constitutes only about 6% to 7% of the order book. The ramp up is definitely going to happen in terms of execution.

**Devang Patel**

So what would be the average execution cycle for our irrigation order book?

**Y. D. Murthy, Executive Vice President, Finance**

36 months.

**Devang Patel**

Right sir. Thank you so much for taking my question.

## **Operator**

Okay. Thank you. The next question from the line of Ashish Shah from IDFC Securities. Please go ahead.

## **Ashish Shah**

Good evening sir.

## **Y. D. Murthy, Executive Vice President, Finance**

Good evening

## **Ashish Shah**

Sir on your Himachal Sorang project just wanted to check how is the construction work going on and when is it likely to be commissioned.

## **Y. D. Murthy, Executive Vice President, Finance**

Work is progressing as per schedule and by December 2012 we are likely to declare commercial operations

## **Ashish Shah**

Sir any major hindrance that you have in this project any obstacle or it's...

## **Y. D. Murthy, Executive Vice President, Finance**

Yeah. We had some problems with these local people some agitation and things like that. That's why the project got delayed, was important we complete the project in three years. But if you see the record of hydropower projects in the country. They usually take five years. And that is what we are also taking.

So despite some delay and all that compare to what was originally planned, we believe we are on target if you are able to complete by December 2012.

## **Ashish Shah**

So has the project cost increased because of the delay?

## **Y. D. Murthy, Executive Vice President, Finance**

Some -- and credit cost escalation is there and that is being taken care.

## **Ashish Shah**

Okay. But is it like a substantial increase or what number should we take for the project cost now?

## **R. Subba Raju, Senior Vice President Finance and Accounts**

20% of original cost would be there.

## **Ashish Shah**

Okay. Sir secondly on your working capital side again. So this quarter we've seen that execution has gone up. But at the same time



working capital intensity is also going up. So, is there any I would say, improvement in the business In the fourth quarter we reported debt collection period of 91days. It was a improvement compared to about 120 days in September 2011.

And now in the first quarter of current year it has improved from 91 to 88 days, that's a good improvement and that is able to release substantial working capital for our on going projects and if the trend continues like for the rest of the year also. We will be able to show substantial improvement in the working capital management.

## **Ashish Shah**

Okay. Fine, sir. Thank you.

## **Operator**

Thank you. The next question is from the line of Naveen Jain from JM Financial. Please go ahead.

## **Naveen Jain**

Yeah, thank you sir. My question is related to your order inflow during the quarter. Could you please give us detail of which all I mean what orders you have won during the quarter?

## **Y. D. Murthy, Executive Vice President, Finance**

See the division wise order bifurcation we have given you. But if you want a list of major orders won by us, my colleague Mr. R. Subba will tell.

## **R. Subba Raju, Senior Vice President Finance and Accounts**

We have secured some three orders in the water division. About three major orders, so aggregate into some 800 crores plus.

## **Naveen Jain**

Okay.

## **R. Subba Raju, Senior Vice President Finance and Accounts**

And these orders are basically water supply in Rajasthan state.

## **Naveen Jain**

Okay.

## **R. Subba Raju, Senior Vice President Finance and Accounts Naveen Jain**

Okay.

## **R. Subba Raju, Senior Vice President Finance and Accounts**

And two orders in -- one order is in Muscat about 179 crores and other one is Qatar Petroleum about 325 crores.

## **Naveen Jain**

What are these orders sir? Muscat order is for what?

## **R. Subba Raju, Senior Vice President Finance and Accounts**

Muscat order is about 179 crores.

## **Naveen Jain**

For road project.

## **Y. D. Murthy, Executive Vice President, Finance**

It is for advance et at Oman. The project is called Saraya Bandar Jissah Development.

## **Naveen Jain**

Okay, okay. And the size of the three orders in water how much would that be?

## **Corporate Participant**

800 crores.

## **Naveen Jain**

About 800 crores, okay. And sir in your BOT projects, I think the numbers that you shared about the top-line that's for the proportionate share of the company right?

## **Y. D. Murthy, Executive Vice President, Finance**

No, if they had all subsidiaries we would have taken full and if it is less than 50%. We have taken the proportionate to save in our consolidation.

Sure. Okay, sir. Thanks a lot.

## **Operator**

Okay. Thank you. The next question is from the line of Yogesh Taneja from PUG Securities. Please go ahead.

## **Yogesh Taneja**

Good evening, sir.

## **Y. D. Murthy, Executive Vice President, Finance**

Good, evening.

## **Yogesh Taneja**

Sir, firstly can you share breakup for revenue within various segments?

## **Corporate Participant**

For the first quarter, yeah we will give you. In the first quarter. In the first quarter, we have construction turnover of 1676 crores out of which 641 crores has come from buildings; 357 is water and environment; electrical is 81 crores; irrigation is 71 crores; metals is 39 crores; power is 261 crores; mining is 20 crores; international is 207 crores.

## **Yogesh Taneja**

Okay. And sir, secondly, on toll collection for various BOT projects, if you can give numbers for different projects and also in western

UP project, like last quarter, we had seen some slowdown in traffic due to ban on mining activity. So is that ban been taken away or that is still continuing?

## **Corporate Participant**

Ban is still continuing, but some improvement...

## **Y. D. Murthy, Executive Vice President, Finance**

Without the toll road projects, one is Bangalore Elevated Tollway at Bangalore City. There -- when we started the toll collection operations in the April 2010, we were getting about 14 lakhs to 14.5 lakhs per day now it has gone up to about 23 lakhs, 24 lakhs per day there is substantial improvement and the project is likely to break even very shortly.

The second one is Western UP Tollway where because of Supreme Court ban we are losing revenues of about 3 lakhs to 4 lakhs per day. The collections have gone up to 24 lakhs earlier now they have come down to about 21 lakhs. But the project is breaking event without any problem. The third is BOT projects toll based BOT project is Pondicherry Tindivanam where the collections are not commensurate with the size of the project and the expected toll collection.

## **Yogesh Taneja**

Okay, sir. That's it from my side. Thanks.

## **Y. D. Murthy, Executive Vice President, Finance**

Thank you.

## **Operator**

Thank you. You have the next question from the line of Parvez Akhtar from Edelweiss. Please go ahead.

## **Parvez Akhtar Qazi**

Good afternoon, sir. Just one question from my side. You have won some order from the Bangalore Development Authority, I guess for some commercial complex, so just wanted to check is that a BOT order or is that an EPC order?

## **Corporate Participant**

That is regular cash contract.

## **Parvez Akhtar Qazi**

About 253 odd crores?

## **Corporate Participant**

Yes.

## **Parvez Akhtar Qazi**

Okay. And sir, if you could give us the figure for investment gross block and net block also, would be great.

## **Corporate Participant**

Okay. Gross block is about 1,073crores. And then investments, no change, 1052 crores. Okay?

## **Parvez Akhtar Qazi**

Net block, sir if possible?

## **Corporate Participant Parvez Akhtar Qazi**

Okay, sir. Thank you. That's it from my side.

## **Corporate Participant**

Okay.

## **Operator**

Thank you. Next question is from the line of Shailesh Kanani from Violet Arch Securities. Please go ahead.

## **Shailesh Kanani**

Couple of questions from my side sir. One one the real estate project in Dubai any latest update on that project?

## **Y. D. Murthy, Executive Vice President, Finance**

The Harmony project in Dubai, we have already completed nine floors of Tower I and we have requested the investors to make us the next amount of milestone payments and some people have paid in some are yet to pay. We are carefully examining that and we also expect the real estate market in Dubai to improve as we go forward.

And may be it will take another year or so for us to turn around the corner.

## **Shailesh Kanani**

And I believe the work is on stand still as of now, right?

## **Y. D. Murthy, Executive Vice President, Finance**

See we have promptly and we see around 43 crores from India to support the construction activity in Dubai.

## **Shailesh Kanani**

Okay.

## **Y. D. Murthy, Executive Vice President, Finance**

And with that about eight floors and now I think it's about 9 floors cover one has been constructed. So for further construction the monies have to come from the investors for which we already made a capital call, we are waiting for that.

## **Shailesh Kanani Y. D. Murthy, Executive Vice President, Finance**

No, the investment for construction from here is about 43 crores.

## **Shailesh Kanani**

Okay. And what will be the total deferred as of now?

## **Y. D. Murthy, Executive Vice President, Finance**

Total capital required will be in the region of about 120 crores.

**Shailesh Kanani**

120 crores and debt equity in that would be?

**Y. D. Murthy, Executive Vice President, Finance**

Yeah.

**Shailesh Kanani**

Okay. Sir last question from my side on the captive power plant what we are executing, we've booked 82 crores you said for this quarter. So what do you expect for the complete year? And what kind of margins we are booking in this order?

**R. Subba Raju, Senior Vice President Finance and Accounts**

Normal gross margins 14% to 15% would be there.

**Shailesh Kanani**

Okay.

**R. Subba Raju, Senior Vice President Finance and Accounts**

And the current year about 300 crores to 350 crores we expect the turnover.

**Shailesh Kanani**

Okay, sir. Thank you sir. That's all from my side.

Thank you. The next question is from the line of Abhinav Bhandari from Elara Capital. Please go ahead.

**Abhinav Bhandari**

Good evening sir. Couple of questions. One is if you could provide some update on the fuel tie-up on the power plant?

**Y. D. Murthy, Executive Vice President, Finance**

Fuel tie-up. Okay. We have a fuel supply agreement, I mean we have got a letter of from Mahanadi Coalfields for our earlier location that is Sonapat. Now that has been transferred to our new location that is Krishnapatnam guaranteeing 70% of the fuel requirement of the project. And the FSA we will be signing maybe it will take another six to nine months time. Our lenders have given us the time up to one year.

For the balance 30% we identified some mines some in Indonesia. And some investment also has taken place. And the mines have to be developed they are greenfield mines and by the time the project is up and running the imported coals from Indonesia is also expected to be available at the plant site.

**Abhinav Bhandari**

So total requirement would be how much for you?

**Y. D. Murthy, Executive Vice President, Finance**

If we had numbers, I don't have but for the Indonesian think I think it's about 1.77 million tonnes per annum. I think that the domestic will be about 4 million or something like that. 3.5 to 4, exact numbers I don't remember.

## **Abhinav Bhandari**

Okay and how much investment you would have made in that mines you were talking about.

## **Y. D. Murthy, Executive Vice President, Finance**

See the mines there are about 10 million is the total investment we won about 50% of that mine and our share is about 5 million out of which about 2 million we already invested. Balance money also we'll be sending as and when required.

## **Abhinav Bhandari**

So, that gives you right to get about 1.75 million tonnes per annum.

## **Y. D. Murthy, Executive Vice President, Finance**

Yeah. For about 10 year.

## **Abhinav Bhandari Y. D. Murthy, Executive Vice President, Finance**

So we are also in the process of identifying some other mines in Indonesia.

## **Abhinav Bhandari**

Right. And this 70% fuel, you said would be available at what PLF to you?

## **Y. D. Murthy, Executive Vice President, Finance**

You mean, calorific value or PLF?

## **Abhinav Bhandari**

PLF.

## **Y. D. Murthy, Executive Vice President, Finance**

PLF I don't know. The domestic coal calorific value is about 3,200 kilo-calories per tonne.

## **Abhinav Bhandari**

And just one other question, was the CapEx guidance for the year and the standalone entity?

## **R. Subba Raju, Senior Vice President Finance and Accounts**

For the current year about 90 to 100 crores is the CapEx plan.

## **Abhinav Bhandari**

That's it from my side. Thanks and all the best.

## **Operator**

Thank you. The next question from the line of Vaibhav Jain from Religare Capital Market. Please go ahead. Mr. Jain, please go ahead. Hello. Mr. Jain?

**Y. D. Murthy, Executive Vice President, Finance**

It seems Mr. Jain is not there, maybe we will move to the next participant.

**Operator Manish Valecha**

Good evening sir.

**Y. D. Murthy, Executive Vice President, Finance**

Good evening.

**Manish Valecha**

Sir my question was related to the Himachal Sorang project, how much investment have we done till now? Equity investment?

**Y. D. Murthy, Executive Vice President, Finance**

126 croes.

**Manish Valecha**

And the same figure for Himalayan Green also?

**Y. D. Murthy, Executive Vice President, Finance**

Himalayan Green is much less, it is hardly of about 30 croes the project is actually at a very initial stage and in fact the DPR is yet to be prepared for that project.

**Manish Valecha**

Okay. And NCC power sir you mentioned about 375 croes, right.

**Y. D. Murthy, Executive Vice President, Finance**

Yeah.

**Manish Valecha**

Okay. And how much is the advance that we have received from NCC Power?

**Y. D. Murthy, Executive Vice President, Finance**

650 croes or so advance we received.

Okay. And sir in your quarterly results, there was slight reduction in the labor charges or the job work charges that you call it as. Any particular reason that's a significant drop from...?

**Y. D. Murthy, Executive Vice President, Finance**

It is a nature of the projects, mix of the projects and some of the EPC contracts -- supplier for both indigenus and imported -- mostly in this quarter thereby reduction in the double charges happened.

**Manish Valecha**

So, no one-off there is what I wanted to ask?

**Y. D. Murthy, Executive Vice President, Finance**

Now you want to know the project name?

**Manish Valecha**

No, there is no one-off item there, right?

**Y. D. Murthy, Executive Vice President, Finance**

No.

**Manish Valecha**

Okay, sir. Thank you so much. That's it from my side.

**Operator**

Thank you. We have a next follow-up question from the line of Shailesh Kanani from Violet Arch Securities. Please go ahead.

**Shailesh Kanani**

Sir my question is with respect to the BTG equipments for the power plant. I guess we are buying it from Chinese manufacturers. Right sir?

**Y. D. Murthy, Executive Vice President, Finance**

Yeah.

**Shailesh Kanani Y. D. Murthy, Executive Vice President, Finance**

It is -- there is some other sister concern is there that group is supplying it.

**Shailesh Kanani**

And with respect to this latest change in import duty structure, are we going to be impacted by that? Any Idea on that.

**Y. D. Murthy, Executive Vice President, Finance**

No, we have made already the 10% payment to the supplier.

**Shailesh Kanani**

Okay.

**Y. D. Murthy, Executive Vice President, Finance**

So we are exempted from the import duties that is levied by the government of India.

**Shailesh Kanani**



So are you sure of that or if there is an increase how much...

**Y. D. Murthy, Executive Vice President, Finance**

Absolutely, I think there should not be problem there.

**Shailesh Kanani**

Okay sir. Thank you.

**Operator**

Thank you. The next followup question is from the line of Naveen Jain from JM Financial. Please go ahead.

**Naveen Jain**

Sir, just following up on this BTG question, given the fact that the way rupee has depreciated in the last two-three quarters, would our -- the cost of importing this BTG would it have gone up significantly in this period?

**Y. D. Murthy, Executive Vice President, Finance Naveen Jain**

Okay, okay. So as of now no impact on project cost?

**Y. D. Murthy, Executive Vice President, Finance**

No, no. There is no problem.

**Naveen Jain**

Okay. And sir, Himalayan Green, there was some news suggesting that the State Government is looking to cancel the project, is that true and what is the status really?

**Y. D. Murthy, Executive Vice President, Finance**

Yeah, we also heard from the news media, print and electronic media that all the hydro power projects on River Teesta in the state of Sikkim have been canceled by the government we are -- communication. Once we get it, based on that we will take up the matter for reconsideration. And as said the project is at a very initial stage so it will not intact as much, but definitely we will take up our case for revolving the project with the government of Sikkim.

**Naveen Jain**

Okay. But what is the nature of this 30 crores that we have invested in the project what kind of...

**Y. D. Murthy, Executive Vice President, Finance**

That is our stake we won about 54% in that for the 54% stake we paid the share capital and premium put together which it is about 30 crores.

**Naveen Jain**

Okay. So is this amount already spent by SPV.

**Y. D. Murthy, Executive Vice President, Finance**

No, no it is paid to the initial, the previous owner. It is a sale of stake.

**Naveen Jain**

Okay, okay.

**Y. D. Murthy, Executive Vice President, Finance Naveen Jain**

Okay, okay. So if the project is canceled then this is effective, this will have to be written off in the worst case?

**Y. D. Murthy, Executive Vice President, Finance**

Yeah, yeah we are shareholders, obviously the SPV is there other shareholder is also there. And in the worst case other equity is under question.

**Naveen Jain**

Okay. And as stake is at 54%?

**Y. D. Murthy, Executive Vice President, Finance**

Yeah.

**Naveen Jain**

Okay, sir. Thanks a lot.

**Operator**

Thank you. The next question is from the line of Chhavi Agarwal from Ambit Capital. Please go ahead.

**Chhavi Agarwal**

Sir, after number of quarters we have had such a high revenue growth of 29% can you tell me which were the key segments and or the projects driving this growth for this quarter?

**Y. D. Murthy, Executive Vice President, Finance**

Water environment division which got -- in the last year, particularly in the last quarter of the year, that segment some growth was happen.

**Chhavi Agarwal**

How much?

**Y. D. Murthy, Executive Vice President, Finance**

Segment on a quarterly basis nearly 70 crores to 80 crores. So in terms of percentage 30% growth was happened in the segment. And the power also there is a new segment started two years back in that segment also some growth was

**Chhavi Agarwal**

So how much the total revenues in the power segment including your 82 crores of the NCC Power.

## **R. Subba Raju, Senior Vice President Finance and Accounts**

Yes. Totally 250 crores is the segment turnover in which 82 crores was there.

## **Chhavi Agarwal**

Okay.

## **R. Subba Raju, Senior Vice President Finance and Accounts**

Similarly -- also some growth was happened in this quarter.

## **Chhavi Agarwal**

So these are the three segments which contributed both to your order flow and to your revenue growth?

## **R. Subba Raju, Senior Vice President Finance and Accounts**

Yes.

## **Chhavi Agarwal**

Okay, sir. That's it from my side.

## **Operator**

Thank you. Next question is from the line Ishant Sethi from Goldman Sachs. Please go ahead.

## **Pulkit Patni**

Yeah this is Pulkit Patni. Sir two questions. The first one was can you highlight why the interest cost on a quarter-on-quarter basis actually come down? It's gone down from 98 crores to about 93 crores, 5 crore reduction without any decrease in debt?

## **Y. D. Murthy, Executive Vice President, Finance**

You see the debt levels have come down as of March 2012, it is about 2,200 crores and so that has the interest payment on the reduced debt was less and the debt levels in the first quarter, it may be in the last month of the first quarter, they have gone up again. So in the intervening period, may be about 2.5 months or so, the debt levels was reduced by nearly

## **Pulkit Patni**

Sure sir. Secondly sir, any tangible progress you can discuss on the monetization of assets, because this has been discussed for some time that the company is trying to monetize some assets. Any tangible progress that you can share with the investors, sir?

## **Y. D. Murthy, Executive Vice President, Finance**

See, some progress is there. But I cannot share it in open forum like this. We are moving in the right direction.

## **Pulkit Patni**

Sure. Thanks a lot, sir. That's it from my side.

## **Operator**

Thank you. [Operator Instructions]. Ladies and gentlemen due to the time constraint, that was the last question. I now hand over the

conference to Mr. Satyam Agarwal for the closing comments.

## **Satyam Agarwal**

We thank the participants for joining in. We also thank the management for giving us the opportunity to host the conference call. Thank you everyone. Thank sir.

## **Y. D. Murthy, Executive Vice President, Finance**

Thank you all the participants.

## **Operator**

Thank you. On behalf of Motilal Oswal Securities Limited that concludes this conference. Thank for joining us. You may now disconnect your lines. Thank you gentlemen.