Ref. No.: NCCL/Regulation 30&46/ 2018
Date : 23-11-2018

The Secretary
National Stock Exchange of India Ltd
5th Floor, Exchange Plaza
Bandra – Kurla Complex
Bandra (E)
MUMBAI - 500 051.

The Secretary
BSE Limited,
Rotunda Building, P J Towers
Dalal Street, Fort
M U M B A I – 400 001.

Dear Sir(s),

Scrip Code : NSE: NCC & BSE : 500294

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

Please find enclosed herewith the transcript of the earnings conference call that took place on 13th November, 2018 for discussing about the performance & Financial results of Q2 of the F.Y.2018-19 of the Company. Kindly take the above information on record.

Thanking you,

Yours faithfully

For NCC LIMITED.

K Ramakanth
Dy. Company Secretary
Encl : As above

"NCC Limited
Q2 FY2019 Results Conference Call"

November 13, 2018

ANALYST: **MR. SHRAVAN SHAH - DOLAT CAPITAL MARKETS PRIVATE LIMITED**
MR. MAULIK SHAH - DOLAT CAPITAL MARKETS PRIVATE LIMITED

MANAGEMENT: **MR. Y.D. MURTHY - EXECUTIVE VICE PRESIDENT (FINANCE) - NCC LIMITED**
MR. S.V.N. BHANOJI RAO - VICE PRESIDENT (FINANCE) - NCC LIMITED
MR. RS RAJU – ASSOCIATE DIRECTOR (FINANCE AND ACCOUNTS) - NCC LIMITED
MR. P. SURENDER RAO – CHIEF MANAGER - FINANCE - NCC LIMITED

Moderator: Good day ladies and gentlemen and welcome to the NCC Limited Q2 FY2019 Earnings Conference Call hosted by Dolat Capital Markets. As a reminder all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the call, please signal for an operator by pressing "*" then '0" on your touchtone phone. Please note that this conference is being recorded. I would now hand the conference over to Mr. Shravan Shah from Dolat Capital. Thank you and over to you Sir!

Shravan Shah: Thank you. Good afternoon everyone. My colleague Maulik and I would like to welcome you all for Q2 FY2019 Results Conference Call of NCC Limited. We thank the management for giving us the opportunity to host the call. From the management, we have Mr. Y.D. Murthy - Executive Vice President - Finance, Mr. S.V.N. Bhanoji Rao - Vice President - Finance, and Mr. R.S. Raju – Associate Director Finance and Accounts and Mr. P. Surender Rao – Chief Manager - Finance. Without wasting much time, I would now handover the floor to the management for their opening remarks and then we can have Q&A session. Over to you Sir!

Y.D. Murthy: Thank you Shravan. We will give the brief introduction of the company's performance in the second quarter and after that we will have a question and answer session.

We have reported a net income of Rs. 3103.9 Crores in the second quarter. Other operating income is

Rs.0.9 Crores. The total revenue from operation is Rs. 3104.8 Crores. Other income is Rs. 33 Crores, so the total revenue is Rs. 3137.9 Crores, which is 134% higher than the second quarter income of FY2018 last year and for the half the year period, the revenue from operation is Rs. 5464 Crores other than the income is Rs. 62.6 Crores and the total revenue is Rs. 5527 Crores.

Average operating EBITDA for the second quarter is Rs. 365 Crores that is 11.8% and the operating EBITDA for the half year for the six months is Rs. 632.8 Crores that is 11.6%. The PAT margin is 4% for the quarter where the PAT reported in Rs. 125.7 Crores and for the half-year, the PAT margins is 4.1% and the PAT is Rs. 229.3 Crores. The finance cost is about Rs. 108.2 Crores for the quarter and Rs. 209.7 Crores for the half year. Depreciation is Rs. 35.7 Crores for the quarter and Rs. 70 Crores for the half year. Now I will tell you about the order book.

RS Raju: About the order in the second quarter the company secured about Rs. 4189 Crores so in the total six months period of the current the company secured Rs. 8359 Crores, so in the six months period again we have reviewed the old order and where we notice old order where there is no active movement and thereby we have given adjustment to the order book to an extent of Rs. 1039 Crores, so as the result of these new orders and that is the order book now stands at Rs. 32955 Crores as of September 30, 2018. Of course in the October we have secured some more orders about Rs. 1350 Crores, so when year of that one roughly Rs. 34000 Crores plus order book as on date is available.

So coming to the division wise orders in the beginning of the year in the building division we have Rs. 14580 Crores, now the building division now stands as at September 30, 2018 is Rs. 15201Crores. So the new orders secured by the building division is Rs. 3478 Crores and orders executed by building division is Rs. 2439 Crores, so as the result the orders stands at Rs. 15201 Crores of the building division. Roads division they have Rs. 4247 Crores in the beginning and the Rs. 2896 Crores receive executed Rs. 210 Crores and net balance is Rs. 6795 Crores. Water and railways, at the beginning they have Rs. 6277 Crores and in the current six months period they did not received any significant orders. Now the value apart is executed is Rs. 1440 Crores and the orders stands at Rs. 4245 Crores.

Electrical division, they have Rs. 1926 Crores receive Rs. 1333 Crores and executed at Rs. 864 Crores and balance Rs. 2394 Crores. Irrigation opening Rs. 2521 Crores and their executed order is Rs. 240 Crores and advance is Rs. 1836 Crores, so others and mining there are no significant change and international we have Rs. 941 Crores at beginning. No new orders executed Rs. 194 Crores and the balance is Rs. 600 Crores. Last time also we have explained whatever work in progress that we call unbilled revenue as an account of this IND-AS-115 that working progress also we are adjusting or reducing from the order book, thereby the order now stands at Rs. 32955 Crores. The unbilled revenue is Rs. 1343 Crores while reconciling your number revenue also need to consider rather in the figure of Rs. 32955 Crores.

About to the gross margin of the company, so in the second quarter the gross margins reported is 17.5% and recognized overall gross margin for the year as a whole is reported around 18.9% gross margin reported. EBITDA margin in second quarter reported 11.63% as compared 9.26% of the corresponding quarter of the previous year.

Coming to the net profit, in second quarter it is reported 4% as against 1.51%, so about margins the company already explained and taken placed at EBITDA level, so similarly in the current year results the experiences seems an evidence, so the company is confident about to sustainability of the EBITDA margins at 11.5% level even going forward also.

As far as gross margins are concerned company has taken a strategy to expand the topline, so to expand the topline again gross margin expansion would not take place, there should be some compromising of the gross margin level to secure more orders, so thereby the gross margins will be around 17.5% that level would be there, but at EBITDA level there is a chance of increase at the moment the volumes are increase, so both EBITDA and net profit level, the company wants to see an expansion quarter-on-quarter. On a consolidated level, there is an increase in turnover by about 112% and if you see the consolidated results there is a significant improvement at both EBITDA level and at net profit level.

Net profit reported as Rs. 122.55 Crores as against Rs. 2.89 Crores last reported in the corresponding quarter of the previous year. All the subsidiary companies together reported a loss Rs. 3.09 Crores for the current second quarter as against a loss reported of Rs. 23.20 Crores, so there is a significant improvement at group company levels also earlier already we have indicated that how the company is going forward about to loss and disposition assessed in the major subsidiary companies and also we are closing the division at international since there is good opportunity, market potential is there in India, so gradually they are bringing down the business in

the international and the will need to two orders left over to execute and that also one order going to be completed in another three to six months and another order takes one year plus.

So with that international business losses would not be there, so in the current quarter in international, there are two companies, one is Dubai Company, number one is International Oman Company. In Dubai Company where the last project is the terminal, there is a dispute with the owner and NCC LLC Company, so the matter went to the arbitration. In the arbitration, the arbitration award was issued and it has some adverse impact whatever what we estimated about that award, so as a result about to Rs. 55 Crores, an impact is there on the operational workings and thereby, the Dubai Company recognized the loss after assessing all the issues and at parent company also we made a provision of Rs. 40 Crores to offset for the loss going to be incurred to Dubai Company.

So the total award amount is about Rs. 95 Crores or so out of Rs. 95 Crores again the company went to appeal for about Rs. 59 Crores and the difference for the Rs. 40 Crores whatever is there is admitted and accordingly also recognized in the half-year or second quarter accounts, so that means we have take care in the results or the operations about the difference amount, whatever has happened.

When coming to the interest cost, in the second quarter, the interest cost in terms of absolute terms has increased from Rs. 108 Crores to Rs. 88 Crores; however, in terms of percent base there is a significant improvement and there is a significant decline from 6.61% to 3.4% of the turnover. The decline is mainly on an account the reduction in debt. Reduction in debt also happened by Rs. 37 Crores despite the increase happened in the sales despite the increase happened in the volume operations across the various projects.

So, the average interest cost has also come down in the current year, last year the average interest cost is about 10.76% that has come down to 10.02%, so it has also contributed a part for the reduction in the interest cost. So for the first-half year the results for the 6 six months is reported a turnover of that is already our colleague explained and about balance sheet the group company investments have come down from Rs. 1024 Crores to Rs. 956 Crores with the exception of Rs. 68 Crores and group company loans have increased by about Rs. 10 Crores. It is clearly about interest cost and other things what we are adding back. Group company debt, it has come down from Rs. 761 Crores as of March 2018 to Rs. 720 Crores as of September 30, 2018. There is a decline in group company debt about Rs. 41 Crores.

So, at consolidated level, the company reported an EBITDA of Rs.400 Crores and net profit Rs. 205.5 Crores already explained by Mr. Y.D. Murthy. So about balance sheet, the networth has increased from Rs. 4241 Crores to Rs. 4426 Crores and the capex in the current six months period, there is an increase in capex by about Rs.175 Crores. The cash flows in the six months, the cash generated from operations by about Rs. 307 Crores this is almost biggest number in the rest of company generated per operations by this much amount.

Cash investing activities about 14 Crores and cash issued for financing activity is Rs. 281 Crores, so as far as working capital is concerned, the working capital has increased from Rs. 3507 Crores to Rs. 3875 Crores in the second quarter resulting an increase of Rs. 368 Crores.

The trade receivables also increase, so both working capital and trade receivables have increased but they are not in the proportionate of the increase in the volume of operations. As a result, there is a significant improvement in networking capital days, so the networking capital days now stands at about 100 days, earlier it went up to 140 days. Similarly, the return on capital employed and the return on networth also there is a significant improvement. The return on capital employed has increased from 12% last year to 14.43% and the return on equity increase from 8.67% of March 2018 to 16.64%. There is almost double improvement in the return on networth. So these are the numbers that we have, if you have any just we will clarify on the question and answer session.

Y.D. Murthy: Just few more points before we throw it to open for the discussion with the investors. The mobilization advance in the books of the company at the end of the second quarter is 1535 Crores, the retention money is 1996.5 Crores, cash on hand is Rs. 97.5 Crores, inventory raw material is Rs. 445.6 Crores plus to this which is Rs. 2758.1 Crores and the company has shown substantial improvement in all the parameters and we have definitely on the very good growth path and as investors are aware we have given a guidance of Rs. 11000 Crores for the FY2019 and we are very confident we will be able to achieve that and particularly the second quarter current year. If you look at the first quarter results announcement, we said we are looking at doubling the turnover in second quarter of FY2019 that is in FY2018 second quarter we did Rs. 1300 Crores, so we said we will do Rs. 2600 Crores where we actually ended up doing Rs. 3000 plus Crores, so execution is picking up very nicely and that trend is likely to continue and the targeted topline growth of Rs. 11000 Crores we are very confident of achieving.

Order book wise we are comfortably placed where we have given guidance of Rs. 14000 Crores for the year FY2019 out of that already Rs. 8300 Crores is received in the first six months and some more orders are received in October. We are confident that the target for order accretion also is likely to exceed the guidance given by us.

Now, we request our participants to ask their questions and I also request the participants not to ask more than two questions and we can take a maximum of 25 questions. Thank you.

Moderator: Thank you very much Sir. The first question is from Abinav Bhandri from Reliance Mutual Fund. Please go ahead.

Abinav Bhandri: Congratulations to the entire team for a very strong quarter. Sir, I had couple of questions on the balance sheet front, if you could help, one is on the receivable increase, which has happened during the quarter. Last time around I think you have given some guidance of collecting some of the receivables and in media we have been hearing some issues the contract in terms of regular payments from the apical and government, so if you could just guide on that front?

RS Raju: Now, I will tell about trade receivables, there is an increase happened in the trade receivables and this is not as of the non-collection primary reason is because of the increase in turnover the trade

receivables also increased. About the long pending issues with this one is primarily at this moment is about the GST. It is newly launched last year and you should have declined of the state government, so gradually getting settled and some of the space the matter got little and we received the payments, but some of states it is still in process particularly in Telangana and the AP where the governments in principle agreed there the committee is formed and matter understanding of this one and ultimately payment to what as the payment like that the issues are resolved, DUs are also issued and in AP also they have decided to give on account payment or part of the amount and the difference again there the committee want to review like that it is there nearly 100 to 150 Crores on an account of GST payment of different states are there, so that is the only matter for that one probably the contractors meeting with the some authorities including the Chief Minister like that it is happening. In Telangana, as we do not have any long pending payment is pending, so at the most one to two months and pending one or two sites three months pending is there, but not be any long pending receivables in Telangana.

Y.D. Murthy: I am coming to that, you came to Rajahmundry and saw the affordable housing projects you know?

Abinav Bhandri: Yes, Sir.

Y.D. Murthy: See, we are doing two types of projects in Andhra Pradesh, one is the affordable housing projects for the Government of Andhra Pradesh, which is under the Prime Minister Awas Yojana where one-third of the project cost is given as subsidy by the Central Government and the State Government is giving a matching subsidy of one-third and the balance one-third is arranged as a loan for the allottees and government is also very keen that these projects are completed and handed over to the beneficiary well before the elections, so all the payments are coming on time, absolutely there is no problem as far as affordable housing is concerned and the good pickup is there and in fact of that only the topline growth that we have reported in second quarter has happened. The second set of orders that we are executing for government of Andhra Pradesh, they settle to Capital City Formation comprising the roads and building that we are constructing for the Capital City, then again, the government has taken a proactive step of going for bond issue, the Amaravati Development Corporation has gone for a bond issue of nearly Rs. 2000 Crores, which they have placed successfully, the funds are available, the government is also keen to tell the people when they go for election at least the core Capital City Formation work is happening, so the work is also being speeded up, there are no delays in our payments except for monthly payment to one month delay or one and half month delay, so we believe we are very comfortably placed in terms of receivables from the government of Andhra Pradesh.

Abinav Bhandri: Sure, Sir. The other question was on this slightly changed balance sheet complexion in the sense that we are seeing a steep decline in inventory and steep increase in the other current assets and also there are new heads of investment property and investment property under construction, which combined put together is about Rs. 132 Crores, so if you could help us understand those two and three?

Y.D. Murthy: In the current year, IND-AS 115 has come from April 1, 2018, so facing on Ind-AS 115 we need to adopt the account of integrated recognizing prior, so in that one the major change in the policy 115 is about to work-in-progress, earlier there is a work-in-progress concept, now the Ind-AS 115 what it is stating is work-in-progress changed to the unbilled revenue, so that is to be shown as unbilled revenue and as a result in the first half-year results revenue also participates in the topline, so when the work-in-progress got changed in that manner, the presentation in the balance sheet also got changed, earlier it is there in inventories, now from the inventory it has become a financial assets, other current asset, amount is to be received from the client thereby according to the accounting standard we regrouped the Rs. 1300 Crores from inventories to other current asset that it is changed on an account of IND-AS 115. The other one what you are asking about to investment property under construction, so the property last year there was an agreement with related into the Jubilee Hills landmark on an account of for that change happened and an agreement was entered wherein developers have agreed to give a certain amount of property about 70000 square feet property, so it has shifted now from investment to the property under construction, so that is changed. Earlier it is called as investment, now it is not investment, it is a property under development, so that is a change.

Abinav Bhandri: Got it Sir. Just one last question if I may, the update on the arbitration cases that we were kind of I think?

RS Raju: See one is SEMCORP the arbitration is progressing as per schedule by June 2019 or so we are expecting the arbitration award and we believe we are very strong wicket, particularly because of our retention money and plus our bank guarantee money is lying with the client with interest it is going to be something like Rs. 900 Crores whereas they can put some liquid damages on NCC being the EPC contractor to the extent of some, we believe it should not be more than Rs. 150 Crores even if you go by the agreement it cannot be more than Rs. 200 to Rs. 250 Crores, so as far as SEMCORP is concerned the issue is how much money we are going to receive whereas anything else or any commitments on our side, the other one is Taqa, there we have contested the award in the high court there and might may be it is likely to be decided by March 2019 based on that we will see what is to be done. We have already made a provision of about Rs. 115 Crores in our book both in our subsidiary books as well as in the parent company books.

Abinav Bhandri: That is all. Thank you and all the best.

Moderator: Thank you. Next question is from Abhijit V from Sundaram Mutual Fund. Please go ahead.

Abhijit V: Thanks for taking my question. Sir, first question is base on the current momentum itself you will be in comfortable question to exceed Rs. 11000 Crores of topline, do you expect any slowdown in Q4, which is why you are still sticking to Rs. 11000 or you want to conservative?

Y.D. Murthy: See, we gave a guidance of Rs. 11000 Crores and we will be very happy to achieve that, second half things could be a bit dicey mainly because the fourth quarter is election year, how things will pan out, how clients will make the payments all these things are there, but even factoring the election quarter we are confident we will achieve Rs. 11000 Crores, if we exceed Rs. 11000 Crores that will be positive surprise to all of you to the investors and to the markets.

Abhijit V: My question was, are you expecting any slowdown in Q4?

Y.D. Murthy: No, we do not know. It is difficult to predict, but I can only say definitely say with certainty, our guidance will be achieved.

Abhijit V: Second question is on EBITDA margin, the positive surprise in EBITDA margin where is it coming from and how sustainable is it? I know you are not changing your EBITDA margin guidance, but how sustainable is the current EBITDA margin?

RS Raju: The current EBITDA margin we have orders on hand and we are confident to such that for the present level except plus 0.3 or minus 0.3 like that, but here the important aspect here is in the mix of the orders the electrical division generally it has good margins, the division secured good order compared to the earlier years and also the progress what we are experiencing is also towards compared to the earlier year. There is a good response, good support from the clients particularly in completing the works, so thereby in the first six months or in the particular quarter the division reported good performance or good turnover, so this division has good margins thereby it helps the company as a whole to maintain that level of EBITDA margins.

Abhijit V: Sure Sir, just one last question, sorry for this, roads division is there any slowdown or rise execution on the lower side?

Y.D. Murthy: Roads division, the division secured the orders only the six months or nine months back, so generally in the initial period the mobilization of the equipment's and transporting the crushers and also preparation of the drawings, designs and the getting approval of those things, those things take some time and also followed by the rainy reason, these two things in the beginning we cannot expect from the road project and generally five to six months is a late period, but roads to report the turnover, so from third quarter onwards these projects will report on the progress, so quarter-on-quarter from the division an increase we can see.

RS Raju: Also the big order of Rs. 2850 Crores we received only in October and work is yet to start that is why the net balance of roads division order is Rs. 6795 Crores, which is one of the highest we achieved about 21% of the order book, but that execution once it starts now recently we signed the construction contract to the client, execution will start now, that will definitely add to the topline in the second half.

Abhijit V: Sure Sir, I will get back in the queue. Thank you.

Moderator: Thank you. Next question is from Ashish Shah from IDFC Securities. Please go ahead.

Ashish Shah: Sir, just two things, one in terms of the gross debt, can you help us with the number of gross debt include in the current majorities?

Y.D. Murthy: The gross debt is Rs. 2479 Crores at the end of second quarter.

Ashish Shah: Sir, any reason why the increase has been obviously the turnover has grown, but from Rs. 1800 Crores I think it has gone all the way to Rs. 2500 Crores?

Y.D. Murthy: Now last year the company secured good amount of order, so on hand good amount of orders are there, so the Rs. 3000 Crores is in line to the collections what we have made, so for the year as a whole Rs. 11000 Crores we have to achieve, so some of the divisions like what I have explained electrical division, there is good support from the clients to complete the work to deliver ahead of schedule for which they are also providing the necessary support, so like that in some of the areas some execution is taking place, so since we have more orders that is the major reason for achieving that one followed by some area where client also oppress to deliver things.

Ashish Shah: So, would you expect this to come down by the end of the year or it should remain somewhere in this level?

Y.D. Murthy: Yes, every quarter Rs. 3000 Crores plus would be there in the next three quarters or four quarters.

Ashish Shah: You are saying it will remain at about Rs. 3000 Crores?

Y.D. Murthy: Yes.

Ashish Shah: Sir, also on the Dubai, the arbitration award, which has gone against you, can you explain a bit about what exactly was a project and what was the nature of the dispute there because I was not very clear about this whole issue?

RS Raju: There one project in Dubai, so that is a whole building, so there is some about a year back some understanding reach between the owner and our NCC Dubai Company, so they have engaged some specialized agency, so whatever agency we engaged they have not sponsored or certified and there again they engaged to some specialized agency with some specialized works and some delay also is there from our part in Dubai because of the Gulf for the last two, three years because of oil slump there is a huge amounts held up with the client as a result with the liquidity problem is there and people slowed down the projects and there are some clients they are in agreement with our progress, but one or two client they are not in agreement with or about the progress, so the clients ultimately engaged with the specialized residency so that can be based that they will continue the balance works, so with an understanding that whatever they take approval from number corresponding to the extent to pay us today from our wills that is the understanding, but all of a sudden what happened some of the payments which they have not informed us and some of the payments, which not at all related to the project they claimed in the arbitration when we went for the arbitration, so in the arbitration, the arbitration award though has come as a surprise about Rs. 40 to Rs. 50 Crores what we did not expect from the client it has come as a result again we appealed in the high court, so that is the dispute between the owner and the our subsidiary company.

Moderator: Thank you Sir. Next question is from Parikshit Kandpal from HDFC Securities. Please go ahead.

Parikshit Kandpal: Sir, congrats on good set of number. Sir, can you just repeat the debt number, I am confused on that, what is the debt number?

Y.D. Murthy: Consolidated or standalone?

Parikshit Kandpal: Standalone Sir?

Y.D. Murthy: Standalone is Rs.1661 Crores at the end of second quarter, at the end of the first quarter it is Rs. 1797.7 Crores, it has come down by about Rs. 130 Crores.

Parikshit Kandpal: And what is the consolidated debt?

Y.D. Murthy: Consolidated debt at the end of first quarter is Rs. 2479 Crores.

Parikshit Kandpal: Sir, my second question was with regards to the exposure in Dubai real estate, so what is the status of that project now and have we pumped any incremental money to that project?

Y.D. Murthy: No, we are not pumping, on the contrary, we found a buyer and with the consent of the regulatory authority there we have entered into to tripartite agreement and the incoming buyer will develop the project with his money and out of the developed project area of 160000 square feet will be given to us as project owners, so in about two years' time that is likely to happen and because the Real Estate Regulatory Authority also considered to that. Now the site is handed over to the investor who has come in and the work is likely to start, so we have to wait for about two years' time for this to happen and we have already have an exposure of about Rs. 225 Crores on the project based on our investments and all we did some write off total under IND-AS, now the area that is likely to come to us will have a market value of around Rs. 270 to Rs. 280 Crores, so there is likely to be a potential upside, but we have to wait for about two years' time.

Parikshit Kandpal: Sir, what is the update on the monetization of the real estate in the company?

Y.D. Murthy: Yes, as you are must be aware we have monetized the two roads and two power estates during last the four years and we have received the money also, now the focus is on monetizing our real estate assets and in fact there is a board direction not to invest further money in real estates, so no further investment. Monetization as far as concern we have already explained Jubilee Hills landmark projects we executed on the equity side and we have got entered into an AGPA whereby 70000 square feet of developed area will be coming to us in the next two years, the developer has already got the approval for construction of the buildings, the work has started and in fact the area sharing agreement is also signed. We are getting about 11 apartments, which will cost nearly Rs. 95 to Rs. 100 Crores. That will take care of our investment in the project, but we will have to wait for about one and half to two years to realize that investment. Likewise, in Tellapur Technocity also we are planning to exit. Now our two partners that is Krishnan Space and ICC Ventures have already existed for us because we are the original prompters of the company, there is a request from the authority so we are continuing in the project, but in the next one year we have also likely to exit on this project. Now, third one is our NCC Urban they have got land parcels, which are value accretion has taken place because of the market conditions, we told them to sell the land parcels and generate cash and repay the loan taken from the parent company. There is some progress on that. They already sold about Rs. 80 Crores worth of projects in the current year's property, so money has been reported in the second quarter, balance is likely to come in the third quarter and over and above that they have got a business plan, they want to repay about Rs. 100 Crores every year by monetizing their parcels and repay the loan taken from the parent company in the next four years.

Parikshit Kandpal: Lastly what will be the total real estate exposure as of now?

Y.D. Murthy: It is approximately about Rs. 1200 Crores, India and Dubai put together.

Parikshit Kandpal: Rs. 225 Crores in Dubai and Rs. 3000 Crores in India?

Y.D. Murthy: Yes.

Parikshit Kandpal: That is all from my side. Thank you.

Moderator: Thank you. The next question is from Nitin Arora from Axis Mutual Fund. Please go ahead.

Nitin Arora: Murthy Sir, just one clarification, you talked about unbilled revenue, which you have taken in revenue this time, correct me it I am not?

Y.D. Murthy: Yes, that is according to the accounting standard as Mr. Raju explained in fact we were one of the few construction companies not reporting unbilled revenue whereas the accounting authority needed this to show in the unbilled revenues, so we removed from WIP directly to our topline.

Nitin Arora: Can you tell which segment it has taken out from the balance sheet?

RS Raju: Balance sheet earlier it participated in the inventories, earlier March 2018 is there in inventories, now it is participating in other current assets in the balance sheet.

Y.D. Murthy: We have got unbilled revenue 1343 Rs. Crores in that building is Rs. 419 Crores, roads is Rs. 137 Crores, water and environment is Rs. 549 Crores, the irrigation is Rs. 35 Crores, others is Rs. 32 Crores and mining is Rs. 25 Crores, and international is Rs. 146 Crores.

Nitin Arora: Just lastly, on the total guidance of the Rs. 11000 Crores in your expectation what would be that number on unbilled revenue, which will be plugging in your numbers?

Y.D. Murthy: Repeat again?

Nitin Arora: On the total unbilled revenue this early started coming into the revenue because obviously of the IND-AS, how much in your expectation will it remain at this level only because ultimately the topline goes higher the accounting standards the unbilled because you have billed it altogether in the first half in this quarter, that will be not only for the Q2, so eventually it will come down in the second half, how is the accounting will happen, just wanted to understand that?

Y.D. Murthy: In the second half because as long as the sales or volume increasing, the work-in-progress also increases proportionately and at this moment unbilled stands at Rs. 1300 Crores, so it generally follows the increase in trend of Rs. 1400, Crores Rs. 1500 Crores, Rs. 1600 crores like that, so when unbilled revenue increases by third quarter will stand Rs. 1400 Crores the difference of Rs. 1400 Crores, Rs. 1300 Crores Rs. 1000 Crores will participate in the topline. In the second quarter also Rs. 100 Crores roughly participate in the topline.

Nitin Arora: Thank you very much.

Moderator: Thank you. Next question is from Vibhor Singhal from PhillipCapital India Private Limited. Please go ahead.

Vibhor Singhal: Thank you Sir. Thanks for taking my question and congrats on great set of number. Just to harp a bit more on Nitin's question that was just asked, so what was the incremental revenue that we booked in Q1 and Q2 because of this new Ind-AS 115 standard because of which that unbilled revenue was booked in the revenues?

Y.D. Murthy: About Rs. 100 Crores in the second quarter and also more or less lies in the same level.

Vibhor Singhal: So around Rs. 200 Crores of revenue is what you have booked in the first two quarters, on an account of this accounting change?

Y.D. Murthy: Yes.

Vibhor Singhal: Sure Sir and other than this any other exceptional income that we would have had reported in this quarter of Rs. 3100 Crores revenue or this was all recurring revenues from functioning projects?

Y.D. Murthy: What is exceptional?

Vibhor Singhal: Any exceptional item in the Rs. 3100 Crores of revenue in this quarter?

Y.D. Murthy: There is no such exceptional revenue.

Vibhor Singhal: Nothing of that right?

Y.D. Murthy: Nothing like that.

Vibhor Singhal: Can I just get an idea as to what is the status our MDO project and the NBCC order as well, Nauroji Nagar?

RS Raju: Now, about MDO project from the project what we received from West Bengal Development Corporation Limited whereas approvals permissions including power to that mining lot of permission where things are required and almost all the permissions now received and constant to establish also they issued and constant to operate that is the final is there in a week's time that is also expected to receive, so already ground level work including railway siding, roads and camp erection of those things discussion went with the WBDL and 15 days back we had a meeting with the Chairman sorted out various issues, not the camp meeting is going on and dewatering in the mine, earlier the mine already exploited by some other contractor, some other company, now the dewatering we started, camp erection we started and local issues are there between the old company and the local, there was also the West Bengal Development including they sorting out one by one, so in all almost 80% to 90% to whatever paper work permissions are there they have cleared, so in another 20 to 25 days the ground work is expected to start towards the revenue likely to report.

Vibhor Singhal: What is the revenue will come in the subsidiary level. It would not come at a standalone level?

Y.D. Murthy: Yes, subsidiary levels come. It will come on consolidation.

Vibhor Singhal: Consolidation, yes sir sure.

Y.D. Murthy: About the NBCC, perhaps we must be aware what is happening about 7 projects some NGOs have gone to the High Court and they got stay order and work has stopped in all the projects, all the NBCC project is also included. The High Court order says further construction pertaining to tree cutting should be stopped. There is some ambiguity there whereas in our project the tree cutting was already done by the owner that is NBCC and vacant land is handed over to us and so they have gone back to the court requesting for the clearance and the project that we are executing is also a very prestigious project, the World Trade Centre so the government is throwing their weight, one round discussions have happened, now it is going for hearing once again on November 28, 2018 and based on that hopefully the clearance should be available, but as of now the project work has stopped.

Vibhor Singhal: Sir, assuming that let us say in the first case scenario if we are not able to work on this project for the remaining part of the year, we are still confident of the Rs. 11000 Crores of topline that we are guiding?

Y.D. Murthy: Yes, absolutely. We were aware of this. See actually in NBCC what has happened in the current year, we targeted topline of Rs. 750 Crores whereas now that is definitely not happening on the topline already booked in the first one or two months is hardly Rs. 27 or Rs. 28 Crores, now if we get the clearance on November 28 for us to mobilize and start the work will take one month, which means we will be left with only three months of the current financial year and also the execution also needs to be ramped up and done quickly. We may get hardly Rs. 100 or Rs. 150 Crores from NBCC for the year assuming high court clearance is available on November 28, if not no turnover will come, nevertheless management is aware of all these facts, so we speed up the work particularly the affordable housing projects in AP and other projects that we are executing and we are very happy to report to you that construction has picked up nevertheless in NBCC. We are very confident. We will be able to achieve the targeted turnover.

Vibhor Singhal: Thank you very much Sir.

Moderator: Thank you. Next question is from Ankita Shah from Elara Capital. Please go ahead.

Ankita Shah: Sir, my question was regarding the adjustment of Rs. 1000 odd Crores the order book in terms of old orders, which were not moving could you explain, which are the orders are these and which segment and is there any further slow moving orders in the order book?

R.S. Raju : No, this is whatever orders, which are not moving actively from client end particularly because of their budget allocation problem or their work particular land problems or store problems, where it is not moving, so such type of orders now we removed. Generally, every year in the budget process normally we also carry out that one specifically again we carried out now because of considering various objectives of the management and we carried out that assessment, so this Rs. 1039 Crores or so it is related to about three to four divisions mostly relates to the building division and irrigation and water supply. There are number of will be not one or two, about 9 to 10 projects are there each project something Rs. 100 or Rs. Rs. 50 lakh that would be there, so some projects Rs. 300 Crores, Rs. 400 Crores where we received some years back 6 years, 7 years back, but not even 10% taken place or 20% taken place and some projects compete 70% balance work front is not available and for the last 2, 3 years no turnover, no progress in those, like that across divisions we discussed and identified and accordingly adjustment is given.

Y.D. Murthy: Just want to add what my colleague has said, Ankita you should be happy, the management is proactive and particularly when order accretion is pretty strong we should clean up the order book and non-moving orders proactively on our own where reduce from the order book, now I can say with confidence all our orders are fast moving orders and they are being executed as per schedule.

Ankita Shah: Sure, Sir appreciate.

RS Raju: Again client give clearance or some other things again, some of the orders may come back into the order book.

Ankita Shah: Sir, if you could highlight some of the key orders that we have received in the first half of the year and the pending order book on these projects?

Y.D. Murthy: Three orders received in the first half of the year particularly second quarter, the big order what we received from Maharashtra State Road Development Corporation about Rs. 2850 Crores, this is the six lane expressway from Mumbai to Nagpur, so about 15 packages or so, this is MRCDC call, one package biggest package NCC1, so this project received in the second quarter and this may report turnover from first quarter onwards, similarly from Government of India IIT Ropar about Rs. 350 Crores this is the construction of super academic blocks IIT. Similarly, from West Bengal Government 2 are there we received one for the construction of irrigation and other one about the water supply project and other project we received from Jharkhand about the supply and erection of overall electrification and other one is Institute of Management Bengaluru. These are the orders that we have received in the second quarter.

RS Raju: In the first quarter we received some good orders like Lucknow Airport and Patna Airport and two electrical projects.

Ankita Shah: Got it Sir and your Pune project that Pune metro some land was there that has also come through pending land approval?

Y.D. Murthy: No, we have not come across any issue like that. We have to check with our team there as far as we understand, we are doing two packages in Pune and both are going as per schedule.

RS Raju: About in the contract also there is a condition 90% of the land acquisition and other permissible experiences, then only they have issue appointment order, so that according to the clearances and other things what you are saying in another 15-20 days the MSRDC going to issue that means 90% of the clearances are over about our package, rest of the package we do not know.

Ankita Shah: That is all. Thank you.

Moderator: Thank you Sir. I now hand the conference to Shravan Shah of Dolat Capital. Please go ahead.

Shravan Shah: Sir, I have one or two questions. One is in terms of the debt level, how we are looking at the debt standalone from 1661 Crores by end of March, what level we expect?

Y.D. Murthy: The debt level we are not foreseeing any steep increase in the debt position, it may remain Rs.100 Crores minus or Rs. 100 Crores plus because of the huge orders now contemplated to execute, if any major order clients in two, three months pending are there, at that time 100, 200 again we post it to use, so it is about this way or that way about Rs. 300 Crores that range we have to consider at this moment.

Shravan Shah: Sir, capex first half we have done Rs. 175 Crores and for full year how much?

Y.D. Murthy: Rs. 175 Crores capex?

Shravan Shah: Capex?

Y.D. Murthy: Capex budget is about Rs. 250 Crores, so another Rs. 75 Crores will be there in the second half.

Shravan Shah: We thank the management for giving us the opportunity to host the call and thank you all the participant and Sir, do you have any closing comments?

Y.D. Murthy: I thank all the participants for their enthusiastic participation and I also thank you Dolat Capital for hosting the conference call. Thank you.

Moderator: Thank you Sir. Ladies and gentlemen, on behalf of Dolat Capital Markets that concludes this conference. Thank you for joining us. You may now disconnect your lines.