Ref. No.: NCCL/ Regulation 30/2023
Date : November 14, 2023

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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 November 10, 2023 with analysts discussing the performance & financial results of Q2 of the FY 2023-24. The transcript is also available on the Company's website at https://ncclimited.com/analyst-column.html.

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

Please note that no unpublished price sensitive information was shared/discussed in the earnings call.

Kindly take the above information on record.

Thanking you,

Yours faithfully
For NCC Limited

Mallela Venkata Srinivasa Murthy
Digitally signed by Mallela Venkata Srinivasa Murthy
Date: 2023.11.14 15:45:38 +05'30'

M V Srinivasa Murthy
Company Secretary & Sr.EVP(Legal)
Encl : As above

"NCC Limited
Q2 FY2024 Results Conference Call"

November 10, 2023

ANALYST: MR. ASHISH SHAH – JM FINANCIAL

MANAGEMENT: SHRI. R. S. RAJU – DIRECTOR (PROJECTS) – NCC LIMITED
SHRI. SANJAY PUSARLA – EXECUTIVE VICE PRESIDENT (FINANCE & ACCOUNTS) – NCC LIMITED
SHRI. NEERAD SHARMA – HEAD STRATEGY & INVESTOR RELATIONS – NCC LIMITED
SHRI. SRINIVAS RAO – CHIEF GENERAL MANAGER (ACCOUNTS) – NCC LIMITED

Moderator: Ladies and gentlemen, good day and welcome to NCC Limited Q2 FY2024 Results Conference Call hosted by JM Financial. As a reminder all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing "*" then "0" on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Ashish Shah. Thank you and over to you Mr. Ashish Shah!

Ashish Shah: Thank you Malcolm. On behalf of JM Financial I welcome everybody to the Q2 FY2024 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 so I hand over the call to the management now for their opening remarks after which we can have the Q&A. Thank you.

R. S. Raju: Thank you Mr. Ashish Shah. Good morning ladies and gentlemen. A warm welcome to all of you into the Q2 FY2024 investors earnings conference call of NCC Limited. First of all we are thankful to JM Financial Services for organizing this concall. The presentation containing the performance of six months and Q2 FY2024 was uploaded on the stock exchange and in our website at around 11 p.m. yesterday. Now I will take you through the key highlights of the Q2 and six months. Thereafter we will take you to the question and answer session.

Disclaimer before my briefing on the Q2 the usual disclaimer of the presentation that we have uploaded on the stock change and our website yesterday including the discussions that we will have in this call contains or may contain certain forward looking statements relating to NCCL business prospects and profitability which are subject to several risks and uncertainties and actual results may materially differ from those in such forward looking statements. Now about to Indian economy or infra construction that I do not want to touch on that one because to give more time for the question and answers, if any questions on that one we will answer it at proper time.

Now before going to the operating performance I would like to brief on the key matters taken place in Q2 which were participated in this Q2 finances. The first one is Sembcorp's arbitration Award. In this quarter this arbitration award is received in September 2023. All of you know that this arbitration award process took more than five years time and the award was not in line as expected by NCCL. NCCL noticed that some of the claims not properly addressed by the arbitration tribunal as such, the matter was referred to outside legal firm to identify the grounds if any available to ascertain further legal proceedings. However a matter of prudent accounting principles NCCL has given effect for the difference amount of Rs.351 Crores in books of accounts after adjusting the existing presence of Rs.57 Crores there is an impact on P&L by Rs.351 Crores but cash flow concern there would not be any cash outflow there would be a cash inflow of Rs.198 Crores. In fact this award is given as Rs.198 Crores payable to NCCL by Sembcorp so as a result there would be a cash inflow would be there in the coming months but at the same time in the same quarter we have received a positive settlement agreement with NHAI for one of the road projects for Rs.152 Crores which given effect in the results of the Q2 and this transaction has a positive impact in the P&L account but both the claims together impacted revenue by Rs.199 Crores and PAT by Rs.149 Crores. Because of this impact at PAT level of Rs.149 Crores a significant amount all the margins gross profit margin, EBITDA margin and net profit margin all the margins related from that of a normal course and going to the other big aspects taking place in the Q2 NCCL secured four major orders. One tunneling project and three electrical smart meter projects totaling to Rs.11293 Crores which would further fuel the growth of the company going forward and SPVs out of these four projects we require to create special purpose vehicles for three projects for two smart meter projects and one for tunneling projects so we have incorporate SPVs as per the terms of the contract and the further proceedings including finance closure are in good progress. NCC Vizag Urban we have received Rs.20 Crores out of Rs.50 Crores in September 2023 installment from GRPL toward sale consideration of NCC Vizag urban. The balance Rs.30 Crores they promised to pay before November 15, 2023. The balance to installment December 2023 and March 2024 they issue to pay within due date. As far as guidance is concerned we have given 20% growth guidance for topline for the year 2023 and 2024. In the first half year we have exceeded the guidance to what the target basing on the guidance of 20% be internally stipulated for six months exceeded this by 5% and the management is confident to achieve the guidance given for FY2023-FY2024.

Then we go to the order book. As far as order book is concerned the company secured good amount of orders Rs.12289 Crores in Q2 a growth of 362% over corresponding quarter of the previous year. The major orders received in this quarter are given in the presentation uploaded in the website. Among them four are big orders one is the Thane metro project that is tunneling project, two from Maharashtra State Electricity Distribution Company Limited and one from Bihar Distribution Company Limited and another one is another tunneling project as I said. Now the order book as of September 30, 2023 stands at Rs.61796 Crores highest ever order book. This Rs.61796 Crores is after eliminating the O&M part of those four orders about Rs.2600 Crores or so. These three orders of Electro Smart Meters project given for a duration of 10 years and out of 10 years first two to three years primarily execution, erection of this smart meters and completion of the project order scope would happen but then in seven years the contractor requires to kind of operate, maintain and hand over the asset to the client so what we done is in the order book the first three years whatever revenue comes that to that extent we include in the book and the balance seven years mainly of operational maintenance that we kept aside. Only we take that part when the fourth year comes into the start of that O&M period. Our order book is well diversified and spread across various states. Right now we have 28% of orders from UP where both UP and central government have given priorities for the presumed projects and with adequate fund allocation. So far the payments are good as a result the progress of those products going well.

Now come to the NCCL Q2 operating performance. First of all I will brief the numbers relating to the standalone Q2. In this quarter the company performed well in majority of the performance parameters. On standalone basis the company reported revenue of Rs.4283 Crores against Rs.2950 Crores in a year a growth of 45% on year-on-year basis. The revenue primarily driven by buildings and electrical divisions which in turn due to good progress achieved in the UP Jal Jeevan Mission Projects. The gross profit reported as Rs.503 Crores against Rs.483 Crores a growth of 4%. The company has posted an EBITDA growth of Rs.279 Crores against Rs.289 Crores. In terms of percentage the EBITDA reported as 6.5% against as 9.61% of the corresponding quarter of previous year. The PAT reported as Rs.69 Crores against Rs.122 Crores so here you might have observed about the decline in the profit margins which primarily as I said we have given an impact of two, one positive claim and one negative claim together impacted the margins by Rs.149 Crores.

Now I would like to just inform how the margins when we exclude these two non-routine items. So in this quarter non-routine items were accounted that is Sembcorp arbitration award an adverse impact of Rs.51 Crores and a normal claim from road projects Rs.150 Crores. The net impact of these two items Rs.100 Crores impact at revenue level and gross profit margin level, EBITDA and at net profit level it is affected Rs.149 Crores. Once we exclude this negative impact of Rs.149 Crores the net profit works out to Rs.218 Crores for the Q2 as against Rs.122 Crores reported in the corresponding quarter previous year showing a growth of 79% over corresponding quarter, so this type of adjustments and impacts are also there on the Q2 of consolidated results and also this impact either is six months results of both standalone and consolidation so in this quarter the other income reported as Rs.27.7 Crores as against Rs.31 Crores of the corresponding quarter of the previous year. This is about Q2. Now I move to the six months standalone operating results.

On standalone basis the company reported revenue of Rs.8121 Crores against Rs.5908 Crores a growth of 36% year-on-year. The revenue increased primarily due to more revenue from buildings division which in turn due to good progress in UP Jal Jeevan Mission Projects. The gross profit reported as Rs.1091 Crores against Rs.948 Crores a growth of 15%. The gross profit margin in six months is 13.44% against 15.90%. The company has posted an EBITDA of Rs.659 Crores against Rs.570 Crores registering a growth of 16%. The EBITDA margin is reported as 8.12% against 9.56% of the corresponding period of previous year. PAT reported as Rs.231 Crores against to Rs.242 Crores. Now I move to the consolidated financials Q2.

This quarter reported turnover of Rs.4720 Crores as against Rs.3820 Crores achieved a growth of 40% over corresponding quarter of previous year. The gross profit reported as Rs.539 Crores against Rs.518 Crores a growth of 4.10%. The GPM reported 11.4% as 15.2%. The EBITDA reported Rs.304 Crores against Rs.310 Crores a negative growth of 2%. The PAT reported as Rs.85 Crores against Rs.138 Crores a decline by about 37% over the corresponding quarter of previous year. The six months consolidated results this quarter reported a turnover of Rs.9100 Crores against Rs.6695 Crores achieved a growth of 36% over corresponding period of the previous year. The gross profit reported as Rs.1165 Crores as against Rs.1019 Crores a growth of 14%. The EBITDA reported Rs.713 Crores against Rs.618 Crores a growth of 15%. The PAT reported Rs.271 Crores against Rs.275 Crores a decline of 1.5% on year-on-year basis. Next I will brief you about the group companies, individual companies performance.

All of you know that we have only at this minute three companies which are reporting the revenues. One is Pachhwara Coal Mining Private Limited which is doing the mining project and other was NCC Urban doing the real estate business and the third one is **(inaudible) 15:32** road annuity project. In the group companies PCM has reported turnover of Rs.338 Crores as against Rs.280 Crores in the corresponding quarter of previous year and NCC Urban has reported a turnover of Rs.95 Crores as against Rs.82 Crores in corresponding quarter of previous year. The total group companies together reported a turnover in this quarter as Rs.435 Crores against Rs.368 Crores a growth of 18% on year-on-year basis. This increase is mainly driven by mining project being executed by PCMPL. The group companies performance in six months. The first six months where the group companies reported Rs.804 Crores as against Rs.645 Crores on year-on-year basis. NCC Urban has reported a turnover Rs.169 Crores as against Rs.170 Crores. The total group companies reported turnover in the six months as Rs.975 Crores as against Rs.730 Crores a growth of 33.56% on a year-on-year basis. As far as cash flows are concerned, the cash flows generated in the operating activities is Rs.159.54 Crores taken as Rs.53.20 Crores. This is one of the best quarter reported a significant amount of cash inflows from the operating activities. Despite the expansion taking place at the project and despite the 40% increase in the volume of operations at project level. The net cash flows used in the investing activity is Rs.79 Crores against Rs.53 Crores. Similarly the net cash flows used in financial activity is Rs.135 Crores against a trial of Rs.50 Crores in the corresponding quarter of the previous year.

Now moving on to balance sheet. The first one is the capex increase in this quarter by Rs.43 Crores. The company has not spent any big amounts on capex in the Q2. In first six months period of the capex is Rs.90 Crores, inventories increased by Rs.19 Crores from the previous quarter which in line with the increased volume of construction activities. In the first six months period inventories increased by Rs.268 Crores, as a percentage there is no big increase in the inventories comparing to the kind of progress what the projects are doing. Trade receivables, the trade receivables increased only by Rs.61 Crores as against 43% growth in turnover which reflects an improved collections from the clients. In the six month period the trade receivables increased only by Rs.179 Crores as against 36% growth in turnover. The trade receivable days significantly came down to 70 days is almost it is the lowest in the last seven to eight years. Unbilled revenue the unbilled revenue stands at Rs.3646 Crores as against Rs.3679 Crores. There is a slight decline despite increase in construction activities. There is a decline on unbilled revenue from the previous quarter. Overall there is a decline in the unbilled revenue from a peak level of 24% to 22%.

Now coming to the working capital, there is a phenomenal improvement happen in working capital in the current six months period of the year. The working capital is increased by about 11% as against 39% growth in the turnover. You know that there is a big order book and the company needs to wrap up the progress but despite all these things the working capital increased happened only 11%. The working capital as a percentage turnover recorded as 26% as against a peak of 55% in FY2021. Earlier it almost touched 50% of the turnover of the working capital level now it has come down to 26%. In working capital, similarly working capital plays a lot of improvement reported a decline from 194 days in FY2021 to 89 days this half year FY2024 first half year; this is the ever lowest in the last five years period.

Coming to the liability side, the debt has increased from Rs.1306 Crores from first quarter ending to Rs.1470 Crores by September 2023 an increase of Rs.164 Crores. Generally in the construction industry the collections are lower in the first six months as a result the debt increases in the six months of every year but the quantum of increase in Q3 is much lower than the normal increase happened in the last couple of years. The mobilization advance is decreased in the Q2 from Rs.3320 Crores to Rs.3224 Crores a decline of Rs.90 Crores. Coming to investment there is no change in the investments in the half year or in the Q2. Now I request the JM Financial Services to continue further from the concall. Here we have my colleagues Mr. Sanjay Pusarla, and Mr. Neerad Sharma and Mr. Srinivas Rao and we will answer the questions.

Ashish Shah: Malcolm you can open for Q&A.

Moderator: Thank you very much. We will now begin the question and answer session. Ladies and gentlemen we will wait for a moment while the question queue assembles. The first question is from the line of Shravan Shah from Dolat Capital. Please go ahead.

Shravan Shah: Thank you very much Sir and first congratulations on great set of numbers particularly on the execution and the order info front Sir, so I understand we are not giving any guidance or upgrading the guidance on the execution but roughly trying on the directionally front trying to understand that normally the second half is relatively much better on the execution front versus the first half so last year also was the case, so broadly looking at the current run rate 36% kind of a topline growth that we have seen in this first half is it fair to assume that we should be having at least 30% plus kind of a growth this year and the way the order inflow is that definitely you can update how much more are we expecting the order inflow so considering that even the next year also one can see a 20% plus kind of a revenue growth so that is directionally I am correct?

R. S. Raju: As far as guidance is concerned what we have given the 20% growth on the topline and the first six months our achievement is almost close to or that one whatever guidance we have given and going forward in the next six months as you observed earlier the percentage of execution generally good in the second half than the first half but here because of certain nature of projects, the execution increases happen in Q2, so earlier the type of increase not there in the Q2 but in this year in the Q2 more because of the various projects big size of projects are in the good position to execute and in the second half as you said that there is a good amount of order book and order value is increasing but whatever orders we received in the first half year or in the Q4 of the previous year they are big size orders are there like this Malad project, now tunneling project and these smart meter projects but these projects require certain pre-execution proceedings including the finance closure so January takes some time to really turn out the report and in FY2024-FY2025 good visibility is there to report good turnover from these projects and in the second half generally basing on the first half year performance, we believe that and definitely some execution would be good and thereby I mentioned in my marks that management is confident to achieve the 20% guidance so thereafter there may be some increase could be there but we are not going to increase or change any guidance at this moment.

Shravan Shah: In terms of the margin level so if we adjust the claim so full 1H is 10.3% kind of an EBITDA margin so that number is sustainable and previously we were talking in terms of the further debt reduction also so from here on obviously if we fight and we will get the cash flow maybe at later stage but broadly considering whatever we have so how much more we can see the debt reduction and accordingly the finance cost reduction?

R. S. Raju: As far as now margins are concerned, the main company philosophy is since there is a competition in the market now we at the gross profit margin level there a compromise is there where bidding the projects but at the bottom level from EBITDA level onwards improvement is is looking by the management were reporting by increasing the the topline that is the philosophy in such way we are moving. So now in the second half whatever normal margins now the first half Q2 got impacted because of this one time in the transactions but Q2 and Q3 remains as we reported in the Q1 so in normal course excluding those transactions for the year as a whole we expect an EBITDA and we given guidance as 10% but it may go 10.1% to 10.2% so there would be a growth over the previous year in the EBITDA percentage and similarly in the net profit also increase would be there. We reported last year 4.2% and current year there is a chance of reporting 4.5% plus at net profit level.

Shravan Shah: Sir I was asking in terms of the order inflow so further how much are we looking at to get the more orders so how much we are planning to bid by March end and to get?

R. S. Raju: As of now we already secured Rs.20000 Crores orders as against Rs.26000 Crores mandate guidance we have given. So now we are confident that we definitely achieve the Rs.26000 Crores order book basing on the present flow of orders and there is some chance to exceed that one so it may go another 2000, 3000 and 4000 plus of what guidance we have given.

Shravan Shah: Got it and lastly on the data point Sir so you have mentioned the mobilization advance if you can repeat the retention money and unbilled revenue number and the investment is I hope the subsidiary, JV loans and investment is the amount the same Rs.1230 Crores which was there in the previous quarter?

R. S. Raju: You are not giving chance to the others. Total questions appear that you are asking. JM Financial, Mr. Ashish Shah just you tell me whether to proceed further to answer.

Shravan Shah: This was data point so it can help everybody.

Moderator: Thank you. The next question is from the line of Mohit Kumar from ICICI Securities. Please go ahead.

Mohit Kumar: Good afternoon Sir and thanks for the opportunity. My question is in the slide number 32 you are saying that there is a need to enter into new verticals to grow at 20% does it mean that we are expecting a slower growth in the existing verticals in the near term and hence there is need to enter into a new segments and if you can help us with the new segment which you are trying to enter into?

Neerad Sharma: Mr. Mohit the fact of the matter is it is not that we do not see lot of visibility in the existing verticals. The infrastructure market in India is evolving at a very fast pace. For example if you talk about the tunnel projects it was not an active market about a decade back so smart meter I am just giving you an example to answer your question in totality. We are always looking at what are the new avenues for growth, what are the new projects which are coming up for bidding and accordingly we try to have the competence, the qualification and then decide to bid for the projects. So the pipeline of the project continues to be very healthy in the existing vertical as well as the new ones but we are not going whole-hog we are a bit selective in these new verticals. As we have already shared with you we have just started with a big tunnel project in the City of Mumbai we have taken three smart meter projects so this is what we intend to do so as and when the new opportunities come in the newer verticals, we will try to see what kind of projects are those, what is the competence required to do that, what kind of investments if any is required, and what kind of you know competence is required in terms of people skill, then we decide to bid for those projects.

Mohit Kumar: Sir my second question is smart meter opportunity right? We have not done I think electrical or smart metering ever in our history so do you think that how will you go on bringing those competencies and building those capabilities so that we execute at reasonable profit margin especially big orders?

Neerad Sharma: Mr. Mohit I agree with you that this is a new market but this is an emerging area really and we have done lot of distribution projects. This is a kind of project that we are doing in the Jal Jeevan Mission. What is the Jal Jeevan Mission essentially is all about? It is about giving the retail connection and retail tap connection to the households. In the smart meters we are trying to do the same thing. What is required to be done here is to provide these smart meter connections to all the households and we have done lot of distribution projects and we know the clients. In fact we have been active in this vertical. We have been working with this State Electricity Board for about two decades now and all these projects are promoted by them so we understand the space and we believe what it takes to succeed in this space.

Mohit Kumar: Thank you.

Moderator: Thank you. The next question is from the line of Nikhil Abhyankar from ICICI Securities. Please go ahead.

Nikhil Abhyankar: Thanks for the opportunity. Sir my question is regarding we will be entering into the election season in the next six months so do you see that any order for the final arbitration will be hit say after January or February so whatever the orders come in should happen till December and January?

Neerad Sharma: Yes you have asked a very good question. We are entering into this very exciting festival of elections. The state elections followed by central elections but we already have the buffers in place as my colleague Mr. Raju has already shared with you we are already sitting at the highest order book in our history that is about Rs.61797 Crores so close to Rs.62000 Crores so even if though I do not agree with this view that after the elections are announced there will not be any project but even if theoretically let us say that the proposition that you are trying to make is correct. In that eventuality also we have sufficient orders on our books to continue to execute till the new pipeline of projects are announced and awarded.

Nikhil Abhyankar: Right Sir understood and Sir also what is the status for Dhaka arbitration and what is the total claims for that arbitration?

R. S. Raju: Dhaka certain developments are there. Now already we explained about the legal status earlier. In this quarter there are some amicable settlement proceedings are going on so there are good chances to get resolved through mutual discussions and other things. That process is almost 70% to 72% is over and we expect some amicable settlement between the two parties so as a result the pending legal proceedings and other things gets closed so there will not be any and we are not expecting any big amount over what provision we made in the books of accounts to happen.

Nikhil Abhyankar: How much are the provisions?

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

Deepak Poddar: Thank you very much Sir for this opportunity. Sir just a clarification, you mentioned PAT margin of 5% plus in this year right that is what you mentioned to one of the participant earlier?

R. S. Raju: 4.8%.

Deepak Poddar: 4.8%?

R. S. Raju: 4.5% we mention in my initial answer.

Neerad Sharma: But what your question is.

R. S. Raju: 4.5% plus.

Deepak Poddar: 4.5% plus okay fair enough and I think our adjusted EBITDA margin in this quarter was around 10.8% right so ideally second half is generally much better than your first half I think so ideally this a margin of 10.1% to 10 2% is not that on the conservative side?

R. S. Raju: For the year as a whole you are asking?

Deepak Poddar: Yes that is what you mentioned right 10.1% to 10.2% EBITDA margin?

R. S. Raju: It depends upon the mix of several divisions we have and several efforts are there. It depends upon the mix. Generally the band 0.25% in between it will vary so we are confident to at least report 10.2% level for the year as a whole.

Deepak Poddar: I understood and my second question is on your debt outlook I think we have seen increase in debt and I think we had earlier guided that FY2024 and debt on a Y-o-Y basis from FY2023 base it would be lower by about Rs.100 Crores to Rs.200 Crores so where do we stand in that front and how do we see the interest cost because our interest cost has always been on the increasing trend so some understanding on interest and debt would be helpful?

R. S. Raju: Now as far as interest cost is concerned there are two parts so one is the interest on mobilization advance and other one is interest on our loans. As far as the loans are concerned there is no any good increase in terms of interest because mobilization advance is increasing and mobilization advance also the mix of the advances. One is interest bearing advances the other one is non-interest bearing advances and that mix moves that is where most more interest bearing advances are there then as well as the interest cost goes but always we should see with reference to the topline. If you see with reference topline there is a decline in the interest cost from the previous year and any year decline is happening in terms of percentage. When the company grows about 30% to 40% actually the debt also supposed to grow but somehow the debt is under control so in this year since the more orders have come and big orders have come where the smart meter projects is a different type of semi and UTR hybrid nature of annuity projects that one it requires the initial investment by the company. Only the payment will come over a period of 10 years from those projects as a result some part of investment or infusion of the capital into the three projects required. As a result going forward there would be some increase in the debt level increases but it is in correspondence to the growth in the topline. In terms of turnover the interest cost we expect a decline but not in the absolute terms. So as far as the Q3 also in the Q3 we are anticipating any big increase in debt but Q4 and and thereafter in FY2025 the debt increase maybe there.

Deepak Poddar: So what is the debt level we are targeting in FY2024?

R. S. Raju: In FY2024 the debt level is around Rs.1500 Crores to Rs.1600 Crores another Rs.200 Crores to Rs.300 Crores level.

Deepak Poddar: Rs.1500 Crores to Rs.1600 Crores of FY2024 end?

R. S. Raju: Yes.

Deepak Poddar: That is it from my side. Thank you so much. All the very best.

Moderator: Thank you. The next question is from the line of Deepika Bhandari from PhillipCapital. Please go ahead.

Deepika Bhandari: Sir thank you for taking my question. Just two questions from my my end that in the first half we have taken significant amount of orders so do we see our capex to increase next year than the usual range?

R. S. Raju: Yes capex basing on the present nature of projects we are not forcing any significant increase in the capex. The next year we required to buy the tunneling machines and in SPV the tunneling project we are required to buy that again in the special purpose vehicle so how that company structure, whether the company borrows on its own and buys equipment and so when they equipment on consolidation that part again comes into the balance sheet like that. Some naturally it is a capital intensive project thereby some capex would be there. For electrical smart meter projects we are not expecting any significant capex for those projects so there may not be big increase unless we get any road projects or mining projects. When we get mining project a significant increase will be there in the capex. It depends upon the nature of projects so as on date whatever projects are there are, are secured and we are not any significant increase in the capacity. It would be the normal level of Rs.300 Crores or so.

Deepika Bhandari: My next question is because we have won recently so many orders which might be on the mobilization state so as on this September 31, 2023 what percentage of order book was not contributing into our revenue if you can just give us a rough percentage?

R. S. Raju: If you consider Rs.20000 Crores what we secured in the current year out of which 70% to 80% of others will not participate in the current year turnover. 15% to 20% orders participate in the second half.

Deepika Bhandari: Sir that means Rs.15000 Crores to Rs.16000 Crores of the total order book was not contributing as on September into our revenue?

R. S. Raju: Correct.

Neerad Sharma: But there will be some contribution in the second half.

Deepika Bhandari: That is it from my side. Thank you and all the best.

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

Prem Khurana: Thank you for taking my question Sir and congratulations for a very strong execution during the quarter. Sir my question was to understand our thought process with the way we are thinking about the business now so as I see it when I look at some of these orders that you have been able to manage in the recent past like the tunneling project which is very large for us and even the advanced metering systems seems as if you are willing to commit your balance sheet now right because the tunneling project you would need to kind of go and I understand it could be SPV level as well but either you are willing to take more debt or you would be required to infuse some money and go and buy a TBM and even with advanced metering system there will be some infusion from your side so does it mean we are open to kind of come in our balance sheet to kind of get some more orders where you feel this money would be able to generate and do great whatever it is, to what extent would you be willing to kind of take more such projects wherein you will be required to kind of commit your balance sheet?

R. S. Raju: As far as these projects execution are concerned there are two parts one is tunneling project you ask me the other one is this smart meter project. As far as smart meter projects are concerned already my project manager Neerad Sharma explained though they are big in size we have the earlier experience in the same segment that is electrical distribution works. This is nothing but again the type of nature but the payment terms a type of annuity and it is a big size order. Number of electric meters smart meters to erect in various places like water. In Jal Jeevan water parts how we are doing retail connection to each and house like that each and house we have to erect the new meters and additional thing is the supporting software system to link each and everyone to the central process so that is there, so as far as this process concerned management at this moment is not facing and the team is now they build up to take up to execute this projects and though it is a big platform problems would be there. It is a new but it is a managerial level at this moment the management is there. As far as tunneling project is concerned definitely it is a new vertical and earlier we do not have experience in tunneling but we have experience in the road. Only one tunneling operation of the tunneling is the one new item so we thereby we and secured this project with a joint venture of Vijay Kumar where they have the experience of execution of this type of projects earlier so jointly we will execute this project so thereby we do not foresee any big problems so certain challenges would be there but it is manageable with the help of the other partner.

Prem Khurana: No Sir basically I think I could not convey what I want to understand so I want to understand in these sort of projects right you would need to infuse some equity in the SPVs so internally is there any change in the thought process wherein you are are willing to invest money in some of these asset ownership businesses so let us say in advanced metering you would have to put in money, tomorrow you could go and decide I want to go bid for road hybrid wherein you would be required to put in money and to what extent would you be willing to commit your balance sheet towards such projects wherein you would be required to stay back with these project for some time?

R. S. Raju: Now these SPVs we created separate SPVs. These SPVs on SPV level making a finance model whereby to mobilize the funds partly through the debt and partly by equity so when our share of equity is required about for all the projects put together at this moment we expect about Rs.400 Crores to Rs.500 Crores equity infusion would be there that is over a period of two years or so. In a year about Rs.22 Crores to Rs.250 Crores equity NCC needs to invest to that extent our balance sheet gets adjusted or gets affected.

Prem Khurana: Just one bookkeeping could you please give me the breakup of order backlog in terms of how much is the Rs.61800 odd Crores how much is for the standalone entity and how much would be with the subsidiary like let us say for MDO and advanced metering system which would not reflect in the standalone operations and possibly if you could share that break up please?

R. S. Raju: Now from these two SPVs we secured the electric smart meters. Out of three one is directly received by the NCC, no SPVs required and NCC execute the project that is Rs.2400 Crores or so and other two projects which appear in the first of all which appear in the SPV books of accounts. Now we are structuring that SPV again award that EPC content to the NCC so whatever EPC contract to be done in the first two to three years to complete the project to that extent they give to the NCC. That value is about Rs.3660 Crores that appears in the NCC books of accounts and some part appears in the SPV and that SPV part is about Rs.927 Crores. Again totally the subsidiary companies the order book as on this date basing on the structure stands at Rs.7732 Crores and NCC stands at Rs.54000 Crores. Together Rs.61796 Crores and further another point to be noted here is the O&M part of these three electro smart meters project totaling to Rs.2690 Crores is kept aside out of the order book. This we consider into the order book only when the O&M date starts that is roughly in the fourth year of the project starting.

Prem Khurana: I have a few more but I will come back in the queue. Thank you and all the very best for future.

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

Parvez Qazi: Good afternoon. Thanks for taking my question and congrats for great order intake. Sir two questions from my side one if you could provide us what is the total exposure to subsidiaries JVs, etc., that we have and second what is the status of payment on the Andhra project percentage and the state is also going to go to election soon? Thank you.

R. S. Raju: You are asking about the Andhra projects. As far as Andhra projects exposure is concerned there are two parts one is the capital city projects and other one is other than the capital city projects so in the capital city projects the exposure in terms of fund based and non-fund based. As far as bank guarantees are concerned there is a significant decline happened from the level of 300 and

300 to 200. Now it comes to nearly Rs.120 Crores. As far as capital city exposure at the beginning of the year we have Rs.157 Crores now it has come down to Rs.147 Crores. For the running projects there may not be any big change in the running projects. Whatever we have there every month we put the bills and every month bills we are getting. Whatever outstanding is there as of March 31, 2023 the same level is there now and as far as further exposure is concerned we are not taking any new orders from AP State and also the execution of the projects what projects are there wherever fund allocation is there only we are doing such projects to bring down or to control the exposure till the fund position of the government improves. Any further clarification you need?

Parvez Qazi: No Sir just the exposure to subsidiary as such?

R. S. Raju: As far as subsidiaries there is no change in the first six month period. In the first six months we did the investments weighing Rs.875 Crores at the beginning of the year the same level is also there. Same level is also there as of September 2023.

Parvez Qazi: Sure Sir. Thank you.

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

Ash Shah: Sir can you provide the standalone and subsidiary order book for Q2 FY2023 outstanding one?

R. S. Raju: Now the order book as of September 30, 2023 for standalone stands at Rs.54000 Crores and subsidiary companies is Rs.7700 Crores totaling to Rs.61796 Crores.

Ash Shah: I was asking for Q2 FY2023 that is September 30, 2022?

R. S. Raju: In comparison?

Ash Shah: Yes.

R. S. Raju: Same quarter previous year.

Ash Shah: Now we have about Rs.7700 in subsidiary companies at this moment corresponding to the same September 2022 that would be around Rs.3500 Crores or so.

R. S. Raju: Also second question would be could you throw some light on the pipeline that we are seeing right now if you could quantify it sector wise or the overall pipeline or something like that if possible?

Neerad Sharma: We continue to see very healthy pipeline of project coming up for bidding. For example in our biggest division buildings and housing, the transportation we get to see lot of elevated corridors and lot of bridges kind of structure. The same way the Jal Jeevan Mission, the water supply, rural as well as bulk water supply projects continues to be very interesting space and we continue to see lot of lot of opportunities and lot of bids coming up. The same is true for the electrical division when we speak about the smart meter projects or the distribution side we continue to see lot of healthy projects but it is not really helpful to put a number why because these projects may not get decided in next six months or 12 months. An infrastructure project takes lot of time to develop, to get permissions, to get the funding, get all the permissions in one place and then they bid out so even if let us say that that number is X that number X may not get decided in next six months or 12 months so that is the reason, we do not really wish to share that number because that is not something that gives you a meaningful information to estimate our performance for the next few years.

Ash Shah: That is all from my side. Thank you.

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

Saket Kapoor: Thank you Sir for the opportunity. Sir first due to paucity of time we are having only two questions so Neerad what is the best way to get in touch with you post the call? You also elaborate on that and secondly Sir on the MDO business I think so some mine development SPV we have done earlier that was about to yield results now so what is the update on the same?

Neerad Sharma: Surely firstly I will answer your first question first. You please note down my number and email. If you are ready then we will talk about the MDO project so that you can reach out.

Saket Kapoor: Yes Sir please.

Neerad Sharma: Otherwise in the presentation and on the website the email IDs and numbers are already given so you please note down my number 9000326123.

Saket Kapoor: Thank you Sir.

Neerad Sharma: To connect with you. Now your next question was about this MDO project this mine development project right?

Saket Kapoor: Yes.

R. S. Raju: So now the MDO project basically it is given for 30 years time stand and we started the project. At the beginning the client is able to provide the land and other facilities to some extent. As a result the mine plan approval is taken for a period of five years and in place of 30 years so the five years period is almost over and for the balance 25 years whatever format is required that is procuring forest land, procuring stage two clearance and R&R this revised mining plan for 25 years, revised mining lease for balance this coal extraction all these things for the last one and half year are there, now they were completed and the WPD of the client, it is the obligation of the

WPD sale to procure all these things. Now the client completed those formalities and hand over the forest land and we started working in that one tree cutting and then starting mine other side and the shifting of villages and settlement of their R&R issues all are in progress and as a result the extraction of **(inaudible) 1:1:26** coal is continuing so last year we achieved the final milestone of achievement of **(inaudible) 1:1:35** 15 million tonnes per year that we have achieved. So as on this date whatever obligations are there or milestones are there for the MDO it is in place and within the time are in place. Similarly the WPD they are also putting lot of efforts whatever is come and whatever facility is required that they are also cooperating and they are providing. As a result we are able to report good amount of turnover on quarter-on-quarter. So for the current year we have given target of about Rs.1500 Crores or so and that we are confident to achieve to Rs.1500 Crores turnover and for the first half year the company reported turnover of Rs.804 Crores. So about transportation 100 is there transportation from mine mouth to the railway siding that is 55 km distance and as per the original document the WPDCL agreed to provide the railway siding up to the pit mouth in a period of five years but there is no good progress as far as railway siding is concerned. Still the transportation going by the trucks of this distance of 10 km. Now we and WBD as an alternative plan till the railway siding comes into the place worked out various options and identified another two routes to reach the railway siding, another two railway siding stations identified and the second one already we started transporting this one. More than 50% now we are transporting through the second road and also identified another road now and that strengthening of third route is going on and once this comes into operation to some extent the density in the transportation of the roads comes down but this is one problem at this moment of the transportation of the coal but of course this is an obligation of the WPDCL to provide the facility but as far as MDO is concerned it is performing whatever it requires to do so at this moment we can say that the project is going well.

Saket Kapoor: Sir a very small point I joined late so depending upon the the scalability of execution the last H2 the last year H2 and this year H2 what kind of growth are we looking in terms of the execution getting scaled up?

R. S. Raju: Last year H2 we accounted certain pending bills in the Q4 whatever they kept spending. The escalation bill dispute is there with the WPDCL. Earlier they had not escalation. There is a dispute between the two parties and the dispute is resolved and finally agreed by the client and they certified the bills in the Q4 as a result Rs.250 Crores or so happened in the previous year. The same Rs.250 Crores will not come in this year so as a result we stand at Rs.1500 Crores to Rs.1600 Crores and in the second half also Rs.800 Crores plus about Rs.850 Crores to Rs.900 Crores in the turnover may stand.

Saket Kapoor: No Sir I was looking at company as a whole, last year we clocked yes Sir it was my second question only if I would just complete it?

R. S. Raju: The company as a whole you are asking.

Saket Kapoor: The company as a whole Sir, we did topline on consolidated closer to Rs.6700 Crores for H1 and ended the year Rs.15500 Crores so how should this H2 look in terms of a comparison with last year that was my question and all the best to the team?

R. S. Raju: As comparing to the last half year, last year consol about Rs.7000 Crores. Roughly Rs.6700 Crores topline we reported and on that one 20% growth would be there Rs.8200 Crores to Rs.8300 Crores.

Saket Kapoor: So H2 will be lower than H1 Sir in that case?

R. S. Raju: No.

Saket Kapoor: H1 we have done Rs.9100 Crores so if we are looking for Rs.8200 Crores for H2 that means sequentially it will be lower?

R. S. Raju: So it is not low.

Neerad Sharma: It will be more or less in the same range. Maybe it is Rs.9150 Crores in the first half and it may lead to Rs.9300 Crores or Rs.9000 Crores.

R. S. Raju: Now last time say Rs.6000 Crores to Rs.7000 Crores or so we have given the topline for second off and this 20% comes to about Rs.8500 Crores or so, so another Rs.600 Crores is difference there so the same level would be there.

Neerad Sharma: I would answer your question little differently. We have already given guidance for 20% growth and we continue to stick to that target so we will hopefully surpass that number.

Moderator: Right thank you. I hope that has answered your question.

Saket Kapoor: Yes it is answered. Thanks.

Moderator: Thank you. As there are no further questions from the participants I now hand the conference over to Mr. Ashish Shah from JM Financial for the closing comments. Please go ahead Sir.

Ashish Shah: Yes on behalf of JM Financial I would like to thank everybody for participating in this call. Also a big thank you to the management for allowing us to host the call. Sir any closing remarks from your side that you would like to make.

P. S. Raju: I thank you very much JM Financial Services for organizing the call and I thank all the participants and I also thank for the questions that were asked by you and we hope that we clarified all the questions and whatever questions we have not answered and if any further clarifiactions required you may please contact our strategic plan head Mr. Neerad Sharma. His phone numbers are available in the investors' presentation. Thank you all.

Moderator: Thank you very much. On behalf of JM Financial that concludes this conference. Thank you for joining us. You may now disconnect your lines.