



Ref. No.: NCCL/ Regulation 30&46/2020

Date : 23-11-2020

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 10th November, 2020 with analysts discussing about the performance & Financial Results of Q2 of the F.Y.2020-21. Kindly take the above information on record.

Thanking you,

Yours faithfully

For NCC LIMITED.

23-11-2020
M V Srinivasa Murthy
Company Secretary & EVP (Legal)
Encl : As above

NCC Limited

(Formerly Nagarjuna Construction Company Limited)

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“NCC Ltd Q2FY21 EarningsConference Call”

November 10, 2020



MANAGEMENT: SHRI R S RAJU – ASSOCIATE DIRECTOR, FINANCE AND
ACCOUNTS, NCC LIMITED
MR. YD MURTHY – EXECUTIVE VICE PRESIDENT,
FINANCE, NCC LIMITED
SHRI S K DURGA PRASAD – JOINT GENERAL
MANAGER FINANCE, NCC LIMITED

MODERATOR: MR. VIBHOR SINGHAL – PHILLIPCAPITAL (INDIA)
PRIVATE LIMITED

Moderator: Ladies and gentlemen, good day and welcome to the NCC Limited Q2 FY'20 Earnings Conference Call hosted by PhillipCapital India Private Limited. 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 telephone. I now hand the conference over to Vibhor Singhal from PhillipCapital India Private Limited. Thank you and over to you sir.

Vibhor Singhal: Thanks, Karuna. Good evening, everyone. Welcome to NCC Q2 FY'21 Earnings Conference Call hosted by PhillipCapital. Today, we have with us the management of the NCC represented by Shri R S Raju -- Associate Director, Finance and Accounts; Shri Y D Murthy -- Executive Vice President, Finance and Shri S.K. Durga Prasad -- Joint General Manager, Finance.

As the norm is, we will first have small opening comments by the management, after that we will open the floor to Q&A. Over to you, sir.

Shri Y D Murthy: Yes, thank you, Vibhor. Good afternoon all the participants. I am Y D Murthy from NCC. We will give you the "Opening Remarks for the Second Quarter Performance of the Company." I request my colleague Shri R S Raju to give his "Opening Comments", thereafter, we can take up the "Q&A Session."

Shri R S Raju: Okay, thank you Mr. Murthy. And good evening to all of you. So, first, let me give the opening remarks about the Q2, thereafter, the questions and also if any other matters, Mr. Y D Murthy will supplement those matters.

First, I will explain about the "Order Book." The company has secured orders in the second quarter Rs.2,962 crores, and also, we have some increase/decrease in the order of Rs.86 crores. If we add that Rs.86 crores also, the total orders available for execution is Rs.3,048 crores as against company's planned order book of Rs.3,500 crores for this quarter stipulated, so the orders secured are about Rs.3,048 crores.

I will explain the Segment Wise how the Order Book at the end of the Second Quarter: The Building division, we have at the beginning of the quarter was Rs.13,241 crores and now stands at Rs.13,625 crores, 46% of the total order book. Roads stands at Rs.2,644 crores in the beginning and now stands at Rs.2,220 crores of the order book. Water and Railways stands at Rs.4,660 crores at the beginning, now stands at Rs.7,373 crores, 25% of the order book. Electrical Division at the beginning was Rs.1,711 crores, 6% and at the end of the quarter was Rs.1,808 crores, 6% of the order book. Irrigation Rs.2,054 crores and Rs.2,402 crores. Mining Rs.1,912 and Rs.1,666. International Rs.95 crores, now the closing balance at the end of September is Rs.15 crores of the order book. **The Order Book** at the beginning of the quarter is Rs.26,572 crores and at the end of the quarter Rs.29,362 crores.

The order book movement in the first six months is more or less close to whatever we targeted and thereafter, about the orders there are a good number of order in pipeline and the company is confident about the booking of the orders in this current year about 40% to 50% more than what received in the last year.

As far as the revenue and the loan, in the second quarter reported turnover of Rs.1,541 crores excluding other income and Rs.1,578 crores including other income as against Rs.1,802 crores reported in corresponding quarter of the previous year, a decrease of 12% On quarter-on-quarter, there is an increase of about 30% in the second quarter compared to the recent quarter, an increase happened by 30%. And because of the COVID-19 you know that first quarter our progress is about 55% to 60% and now gradually an increase is happening in the progress and we observed about 75% to 80% momentum is there, and we expect to reach further momentum in third quarter 85% to 90% and it will reach 100% of the pre-COVID normal subject to the COVID-19 behavior. Now, there is a decline happened in the last month, but again now for the last one week, 10-days, there is an increase in the positive cases. And again because of increase in COVID-19 in the local agencies or the state government or central government takes any measures like lockdown and other things, there will be an impact, otherwise, if the same trend is there pretty, continuous, certainly we will reach 100% in pre-COVID normal in March in the final quarter of the current year.

About the gross margins in the second quarter we reported 21.72% as compared to 19.87% in the first quarter. So, there is an increase by about 1.34% in gross margin in this quarter.

And EBITDA standalone also increased by 0.16% from 13.45% to 13.62%, this is compared to corresponding quarter of the second quarter.

I indicate the quarter-on-quarter increase is by about 3.8% from 9.81% to 13.62%. So the net profit in the second quarter reported 3.7% as against 1.4% of the first quarter. EPS reported 0.96 as against 0.28 in first quarter. As far as interest cost is concerned, there is a decline in the second quarter as compared to the corresponding quarter previous year by about Rs.13 crores, so from Rs.130 crores to Rs.117 crores. So, the decrease in interest rate and the reason for the decline in interest cost is primarily there is a decline in the interest cost of the borrowing made by the company.

In employee cost, also there is a good decline happened because some special measures taken by the management considering the volume of the business and also this COVID-19 So, as a result, employee cost decreased by Rs.32.65 crores from Rs.115.27 crores of the corresponding quarter of the previous year to Rs.82.62 crores in this quarter. So certain savings were happened in the employee cost in this quarter, which helped the company to at least report a moderate level in the margins.

Now, I will read out the consolidated performance of the company: The revenue increased from Rs.1,298 crores to Rs.1,798 crores on quarter-on-quarter basis, and the increase is about 32%.

The gross margin also increased from 19.76% to 21.76%, about 2%. EBIDTA increased in absolute terms Rs.125 crores to Rs.232 crores quarter-on-quarter. The net profit increased from Rs.15.68 crores of first quarter to Rs.64.60 cross, in terms of percentage from 1.2% to 3.7%. The EPS increased from 0.26 to 1.06.

So, about the balance sheet, the major numbers is the debt; the debt in the books has come down by about Rs.47 crores in the second quarter from Rs.2,051 crores to Rs.2,003 crores.

On the CAPEX of the company, in the second quarter hardly we spent about Rs.17 crores.

So, about the cash flow, the cash flow generated from operations about Rs.110 crores, the cash flow generated from investing activities was Rs.47 crores and cash flow utilized in financing activities was about Rs.181 crores. So, there are positive cash flows from the operations as well as investing, and the same thing we have used for repayment of the loans and also to service the interest on such loans.

Trade receivables are concerned, there is a little decline happened; Rs.2,618 crores to Rs.2,536 crores.

This is about the results.

Shri Y D Murthy:

I will add one or two points to what Mr. Subba Raju has stated. He has already talked about the order book. In the first six months, we got orders of about Rs.5,640 crores, in the month of October we received one more order of about Rs.833 crores in the mining division. So, the total fresh order accretion in the first seven months of the current year up to October, is about Rs.6,327 crores. We have given a guidance of about Rs.10,000 crores for fresh order accretion in FY'21. And we are confident we will not only achieve that, we are likely to surpass that also because the order flow is likely to improve in the third and fourth quarters because the government is planning a lot of infrastructure projects to kick start the economy and flow of orders is likely to increase, so, there could be a positive variance as far as the order booking for FY'21 is concerned. Right now we are sitting on a comfortable order book.

And also, if you look at the second quarter performance in comparison to the first quarter, already the sequential growth in the top line is more than 30%, and the sequential growth in the bottom line, that is second quarter profit as compared to first quarter profit, we have about 245%, then Rs.17 crores in first quarter we reached the level of Rs.58 crores in the second quarter. These are clear indications that the company is recouping the losses that was suffered in the first quarter in terms of turnover and less profit, things are slowly but steadily falling in place. We are already looking at execution level of about 80% in the month of October, and

that is likely to go up to beyond 90% of normal levels by the fourth quarter. So we believe we are on track as far as the top line is concerned.

On a standalone basis, we have already done a total income of Rs.2,789.5 crores in the first six months. And the balance was six months, the second half, is definitely going to be far better than the first half. And we are confident we will be able to achieve the targeted turnover of Rs.7,700 crores for FY'21.

Debt levels are under control. Already, Mr. Raju has told you above the debt levels. And the interest costs have come down substantially based on various measures taken by us, and the banks also supported us. The WCL rates have come down substantially with number of banks in the consortium and over and above that we have got COVID loans about Rs.152 crores at concessional rates linked to MCLR without any spread. That also helped us to bring down the interest costs. And at the end of second quarter, the blended interest costs of the bank borrowings, is around 9.3% which is one of the best in the industry, and we hope that will continue.

Likewise, we are expecting the BG commission and LC commission charges also to come down in the next round of appraisal and sanction by our consortium banks.

And as far as the loans and advances are concerned, they stood at about Rs.558.8 crores at the end of the second quarter, not much change.

And investments also stood at Rs.889.25 crores, a slight reduction compared to the first quarter. The group exposure was about Rs.1,448.1 crores at the end of the second quarter. We are planning to bring it down progressively as we go forward and bring it down to below Rs.1,000 crores by the end of two years time from now.

And the mobilization advance is about Rs.1,271.5 crores. Retention money is about Rs.2,308.9 crores. Cash and bank balance are about Rs.322.3 crores. Inventory is Rs.464 crores.

As far as the cash balance are concerned, some banks are asking us to provide cash margin for bank guarantees, about 5% or so. So there is a buildup of a margin money lying with the banks. So, that has boosted the cash on the bank balances as on 30th September.

As far as the debt collection period is concerned, we have reported 170-days at the end of the second quarter, which is pretty high, but going forward, the debt collection period is likely to come down. What has happened is a number of state governments are focusing their attention on COVID measures, on health care measures, welfare measures, with the result the payments to contractors are getting delayed, that is one cause for concern. We are putting our best efforts to see that payments are received. But as far as the central government agencies are concerned, like the Airport Authority of India, All India Institute of Medical Sciences, defense projects,

there are no delays, payments are coming well in time, and even the Nagpur-Mumbai Expressway, payment cycle is pretty good and the execution is also picking up there.

So, we are happy to inform the investors that the company is on track in terms of coming back to normal operations. And as far as the liquidity is concerned, absolutely, there is no problem. We are able to manage our affairs very nicely without any working capital tightness.

In fact, the moratorium granted by Reserve Bank, we have not taken for interest payment, and also the deferment of installments for term loans also we have not taken, but all the interest payments to the banks we have paid in time. Of course, the banks also supported us with the COVID loans at a concessional rate of Interest. All these measures helped the company to see that the liquidity position is maintained at a comfortable level, and the company is able to take care of all its obligations, with the lenders, with the suppliers, with the subcontractors well in time without any difficulty.

These are the some comments I wanted to make. And as we go forward, other information also will give you.

Now I request the participants to ask their questions. And my request is no participant should ask more than two questions. And the total number of the participants we handle is about 20 because of the time constraints. Please go ahead.

Moderator: Thank you very much, sir. Ladies and gentlemen, we will now begin the question-and-answer session. The first question is from the line of Mohit Kumar from Dam Capital. Please go ahead.

Mohit Kumar: Two questions from my side; the first is if the second half as per our projections, as per our guidance. I think we are building a decent amount of growth for H2. Will you comment what kind of labor availability you have achieved and are you facing any issues in terms of labor or execution at any of the sites?

Shri Y D Murthy: Labor availability has improved. We are talking of 80% execution. Two things are involved; one is the material and the manpower. Earlier we suffered because the supply chains have been disrupted because of the lockdown, particularly in the month of April, even raw materials supply at project sites was a problem, but that is totally behind us. Supply chains were restored, national highways are open, supplies are coming well in time. The other issue was that of labor not being available. Many of the labor have gone to their native places. They were held back at the relief camps at the state borders, that created a big issue. And the labor was neither coming to the project site nor going to the native places for some time. And once the lockdown is removed, many of the labor preferred to go to their native places. Understandably so. They are under stress. And many people walked miles and miles to reach their native places. But all those things are again coming back to normalcy. We are also proactively seeing that labor comes back in time and participate in the execution process. That

is how 30% execution in the month of May, has now become about 80% in the month of October. And going forward, we are very confident particularly after festive season is over, after Deepavali, all the labors is likely to come back to the project sites and the normal working. And the rains are also behind us. And so the normal working start from middle of November till the end of the year.

Mohit Kumar: Are we confident of achieving the H2 numbers of growth compared to last year H2, am I right?

Shri Y D Murthy: No, no, I am not saying that. That is difficult. What I am saying is the Q3 and Q4 together, we are likely to achieve a top line of about Rs.5,000 crores which means for the year as a whole, we will be able to achieve a top line of about Rs.7,700 crores.

Mohit Kumar: Sir, my second question is on the working capital on the Andhra Pradesh side. Have you seen movement, can you please comment on that?

Shri R.S. Raju: As far as working capital is concerned, in general, it is good and we are not seeing any good blockages or major amount blockages across India, but in general, the collections are good from the clients and one or two states, then there are some collection delay is there, particularly the AP state you are asking, also there is a movement of the collections. And some of the work-in progress earlier what we have done, they certified and released payments in some of the projects, and in AP some projects are related to capital city and some projects are not related to the capital city, they are in different locations. So, there is an execution, but not at a speed, the execution to the extent the funds releasing by the government. So, in the second quarter, we received almost Rs.120 crores and another Rs.37 crores in the October and about Rs.157 or Rs.160 crores we received from the AP government despite the COVID-19 and despite the state government's budget problems. So, like that, there is a movement in the AP and continuous dialogues are happening about how much they pay. And in this November and December also, we expect another Rs.200 crores from the AP government. So apart from that one, we have certain collections lacking in Telangana, which also now we expect some payment in November and December. But in the rest of the states, the collections are good, there is no any big pain on the working capital, in fact working everyone has come down a little compared to the first quarter, in the second quarter some collection happened, and particularly some payments also NHAI payment which is long pending we received in the second quarter, and similarly some payment in the form of claim relates to the Hyderabad corridor, amicable settlement was reached, that payment is also collected. Like that some old payments also, collection is happening, as a result at this moment, the liquidity problem or the working capital problem or existing working capital will not be there. But going forward, third quarter, and fourth quarter once the volumes are increased, then the working capital days and other things will come down certainly. So that is about the AP progress and working capital.

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

- Shravan Shah:** Sir, just a brief clarification more in Rs.5,000 crores revenue that we are expecting in the second half.will kind of Rs.2,300,Rs.2,400 crores kind of a revenue can be expected from the third quarter or the most of the pickup would be happening in the fourth quarter, and at the same time, now, we are doing a much better on the EBIDTA margin front; 13.6%, can we expect the same kind of a margin in the second half?
- Shri R.S. Raju:** Now, we expect about Rs.2,200 crores to Rs.2,300 crores in the third quarter, and the balance about Rs.2,600, Rs.2,700crores in the fourth quarter. As far as margins are concerned,it depends upon the mix of the projects.Generally, we are not foreseeing any sudden drop or sudden increase; it will maintain between 12% to 12.5% EBIDTA margins.
- Shravan Shah:** And on the debt front considering simultaneously if we can or whatever we are saying that the group exposure to reduce from 1400 crores plus 2,000 crores in two years,if you can help me by end of this March, what kind of reduction we are expecting and how we are looking at a standalone debt from 2,000 crores by end of March?
- Shri Y D Murthy:** First of all, about the investments, NCC Urban has got a business plan, they want to repay Rs.100 crores every year from the loan that they have taken from the parent company.The current outstanding is about Rs.415 crores. So, about two months, back they already paid about Rs.45 crores. The balance Rs.55 crores also we are expecting before the end of the current financial year as far as NCC Urban is concerned.And likewise, as we are exiting from the international business, our investments and our loans and advances given to our international subsidiaries are going to come back.And likewise, the NCC Infrastructure at Mauritius, they are also likely to repay some of the loans taken from the parent company, because that money was invested in Harmony project and those monies are going to come back. So, management is confident.You may recall the loans and advances and the investments in group companies was as high as Rs.2,500 crores way back in 2015-16. But we have monetized BOT assets, we have monetized power assets and the exposure to group companies has come down to a level of Rs.1,400 crores now. Now, we are focusing on how to monetize the residential investments. One is NCC Urban which I already explained to you. Other one is we are looking at the Jubilee Check Post project, the landmark project where we are sending a GPA, and we are getting the developed area of nearly 70,000 sq.ft. with the developer.And on sale of that maybe 1.5-to-2-years from now, we are likely to get back our investment of nearly Rs.100 crores in that project. Likewise, we already exited Tallapur Techno City and got back all the money that we invested. And one more investment we are looking at is the NCC Vizag Urban where we already got G.O., agreeing to convert that land into a freehold land provided some revenue share is paid to them for determining the revenue share,they formed consultants and they have given their report and sooner or later all those things will fall in place. And once the government agrees to convert the land into a freehold land, we will be able to sell part of the land and generate revenues at the project level. So, all these measures put together definitely going to help us to bring down the investment and loans and advances in group companies combined from the current level of Rs.1,400 crores to less than Rs.1,000 crores in the next two years.

- Shravan Shah:** Sir, continuing on that, just a brief idea at least for next six months by March, can we expect another Rs.100, 150 crores reduction and how we are looking at debt level?
- Shri R.S. Raju:** Already some Rs.30 crores we received from NCC Urban. The plan is to get Rs.50 to 60 crores by March so that Rs.100 crores is the plan for the current year to pay by the NCC Urban. So, apart from that one, what my colleague explained, other proposals are also there if it happens before March some other amount may come. In the year '21-22 there would be a good inflow on account of the investments and loans from the group companies. For the current year, only up to Rs.50, 60 crores is the visibility at this moment. And on debt level, we expect that will further come down and we are not foreseeing any further increase in debt level. How in the third quarter and fourth quarter, what the consequential impacts because of COVID-19, the state government funds allocation to these projects, also a factor at this moment. And the order book also is another point now. So if there is any good flow of orders and the turnover exceeding 30%, 40% level from the pre-COVID level, then again some working capital requirement would be there, and again depends upon the mix of the projects which have the facility of mobilization advance, then natural the debt will come down and if loan mobilization facility is there, we have to increase the debt and carry the increased business. But basing on the present operations internal, these things and all, but we are not foreseeing to increase and some, either 100 or 200, 300 crores chances are there to bring down the debt from the present level.
- Shri Y D Murthy:** Just to add one point to what my colleague has said, we enjoy cash credit limits, that is working capital limits from the consortium banks, totaling to about Rs.2,088 crores whereas the utilization at the end of the second quarter as on 30th September 2020, is only Rs.1,557.8 crores, that means there is a headroom of about Rs.400 crores or Rs.450 crores if required, we can use it. But we will be very judicious in utilizing these limits. And also, as my colleague has mentioned, in the month of March most of the time, many government agencies because their budget allocation is coming to an end, all the outstanding payments they release. So the payment cycle improves in the month of March, particularly the second part of the March month that is the annual closing month. Those monies when received, we will park in our cash accounts once again in the banking system. So there is a good possibility. Despite increase in order booking, despite requirement of more working capital, by the end of March, the current debt level of Rs.2,000 crores may come down to about Rs.1,800 crores or so.
- Moderator:** Thank you. Next question is from the line of Vikas from Natwarlal Stock. Please go ahead.
- Vikas:** So, sir, my question is related to the order book. What are the verticals from which we are expecting the maximum amount of orders?
- Shri R.S. Raju:** In this year, we feel that there is a momentum almost in all the segments. One is water segment getting good orders and electrical also they submitted a number of tenders and they are expecting some good number of orders and they are in pipeline, and similarly, the irrigation we received the orders already, and the roads is another one, they are also expecting one

order, mining already received a big order in this October Rs.833 crores. So the major orders which are in pipeline now mostly relates to the building division and some relates to other divisions. More or less in the way in which earlier the order book composition is there how will come basing on the orders in pipeline.

Shri Y D Murthy:

Just to add to what my colleague has said, buildings is a major vertical for us and about 46% of the order book in the buildings vertical about Rs.13,625 crores, we are one of the top builders in the country at par with L&T and Shapoorji Pallonji and particularly building packages of Rs.1,000 crores and above, relatively the competition levels are less there, we are able to compete and we are able to bag substantial orders in that particular segment. Likewise, roads also contribute nicely for us. But right now, we are focusing on expressways. Buildings, water and roads put together constitute about 75% to 80% of the order book. And in all the three verticals we have a leadership position. It keeps varying. Right now, we have got substantial orders in water projects. Building projects will continue. Roads also we are likely to get some more orders. And because of the general economic activity and also the government intention to develop physical infrastructure, substantial order accretion is going to be there for our company because we are one of the frontline companies in the construction sector.

Moderator:

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

Prem Khurana:

Sir, two questions from my side; one was essentially on our AP exercise. I think in your opening remarks, you said that more than Rs.100-odd payments have been released to you. So just want to understand whether these Rs.100-crores payment that you have been able to realize, these were against the old bills which were due or this is a new work that you have carried out and you have been released payments against a new bill that you have raised?

Shri R.S. Raju:

This is mostly 90% of the amount relates to the old ones

Prem Khurana:

And how much of work would we have carried out in Andhra in this quarter? Why I am asking you is essentially I want to understand how much is our exposure to Andhra? I think, at the end of the last quarter, we had almost around Rs.1,200-odd crores of money due from Andhra. So, has that number come down or is it still the same?

Sri R.S. Raju:

Now, the work we done in Andhra in second quarter is about Rs.32 crores. The amount outstanding also, earlier Rs.1200 crores was there, now has come down to Rs.1028 crores, Rs.1,000 crores is received, come down to Rs.991 crores. In the Rs.991 crores, about Rs.303 crores is the retention money which is not a due at this moment. So that will be paid by the government as per the terms of the contract. Once you remove the Rs.303 crores which is not currently due, the outstanding is coming down to Rs.688 crores. Out of Rs.688 crores, Rs.494 crores relates to the work in execution. And some Rs.194 crores relates to the capital city projects where the problem is there, where based on government policy, they stopped the projects in the capital city, where our money stuck by about Rs.194 crores.

- Prem Khurana:** And sir, second question was on our arbitration with Sembcorp and TAQA where are we with both these arbitrations now?
- Shri Y D Murthy:** Sembcorp arbitration because of COVID-19 it got delayed and they got the approval from the high court for the arguments to continue till March 2021 and most likely by June '21 or so, the arbitration award is likely to be given by the arbitrator. So, we have to wait for some more time for that. As far as the TAQA is concerned, we are discussing for out of court settlement with the TAQA officials. The matter is still pending in the Singapore High Court and we are confident we will be able to close the matter with out of court settlement with TAQA. Our discussions are going on.
- Prem Khurana:** And we do not see any incremental provisions toward TAQA, right, whatever...?
- Shri Y D Murthy:** No, it is not required. Within the provisions that we already made, we are likely to close the deal with TAQA.
- Moderator:** Thank you. Next question is from the line of Ashish Shah from Centrum Broking. Please go ahead.
- Ashish Shah:** Sir, just two questions; one, on some of the major projects, could you just brief us on the status of them; so NBCC, Metro Bhawan, the water projects we got in UP, Telangana, the metro projects, Pune, Nagpur and the AIIMS projects?
- Shri R.S. Raju:** About the major projects, one of the major projects is Rs.2,800 crores of Nagpur to Mumbai Expressway. That project is doing well. Only in rainy season because of rains and also the COVID-19 during that period some labor problem, some halt has happened, some low progress has happened. Now it has picked up. Pre-COVID in the January, February month, about 2,500 manpower they engaged at the time. Now, the number reached 2,800. The company's core team is focusing completely on that one, already come to the normal position and they want to complete ahead of the time schedule in order to capture the bonus. As a result, the progress is moving well and they are not seeing any constraints to further their progress and plan. So, other big projects are AIIMS, about three to four projects are there. Due to rain and also COVID, some progress is impacted. Now, those projects also gaining back. And in another one, two months they will come to the normal. So in the water division, in Telangana, the major projects are there, all projects completed, 70%, 80%, some three, four projects are there. And payment slowly they are doing. They got the good number of projects in Odisha in the water division where the payments are good. So, there is no any payment pending in that state thereby they are doing in all the projects. Those water projects also, they have to complete within the time. So, another big project is there in the Karnataka, Seabird Karwar. So, in the beginning because of COVID-19 some slow was there, but now gradually that about 1400, 1500 crores size project is also eating up now. So, airport projects, okay, there is not that much good progress but moderately the works are also going. In mining there is Rs.750 crores project. That project is doing well; it is almost 110% ahead of the schedule. So,

like that some projects are in momentum. So, once the new orders picked up, then the momentum will come to again the level of '18-19 like that would be there.

- Ashish Shah:** Sir, specifically Metro Bhawan and NBCC, what is the status there?
- Shri R S Raju:** That project has come to the good position now. So in the second quarter, good amount of turnover they reported. Now, the management is confident to report the good turnover. Progress is good, they released the payments also. We have already purchased the equipment and the materials are available, now the manpower available, the progress going forward will be good.
- Shri Y D Murthy:** On Metro Bhawan, there is likely to be a change there. But in Metro Bhawan in October what has happened is, we have already got the mobilization advance from the client having given the bank guarantees. But work has not commenced, because there is likely to be a change of location. But we are sitting pretty because client has already paid the mobilization advance to us. As soon as they finalize about the location, work will start.
- Ashish Shah:** Can you just tell us what is the total L1 position and the main projects in that L1?
- Shri Y D Murthy:** We are getting some orders in the pipeline. We have not yet got the letter of intent from the client. So they are L1 positions. About Rs. 2,000 crores is L1 at this time. They are pertaining to water division, Buildings division and electrical division. Beyond that I cannot give any information. But order accretion is picking up nicely, and strong inflow of orders is going to be there in the remaining months of the current financial year.
- Moderator:** Thank you. The next question is from the line of Parvez Akhtar from Edelweiss Securities. Please go ahead.
- Parvez Akhtar:** Sir, a couple of questions from my side. I am sorry I missed the labor figure that you gave. So how much of laborers are currently exercised, I mean, in terms of percentage?
- Shri Y D Murthy:** Earlier, it was 30% in May, April it was zero, because all the sites were closed, and now it is 80%. We are confident it will go beyond 90% from next month onwards.
- Parvez Akhtar:** And the second question is of our total order book how much orders pertain to the state government?
- Shri Y D Murthy:** See, first of all, we do not have any private orders, that is private people giving orders to construction companies, we took a decision and we are now focusing only on government orders, both central government, its agencies and also with the state governments and their agencies. So about 99% of the order book is coming from the government sector. Out of that 60% will be state governments approximately and the rest is with the central government.
- Parvez Akhtar:** And Andhra remains more or less at the same number?

- Shri Y D Murthy:** Andhra outstanding orders are about Rs.4,339 crores at this point in time as all these orders are under the execution.
- Moderator:** Thank you. The next question is from the line of Vibhor Singhal from PhillipCapital. Please go ahead.
- Vibhor Singhal:** Just one question from my side. Just wanted to check on the pipeline that we have. Recently, we have seen two large projects of bullet train projects between Mumbai and Ahmedabad have been awarded and we basically were into those projects. So in terms of these large projects, what is the other pipeline that we are looking at, not just for this year, but let us say for the next two to three quarters?
- Shri Y D Murthy:** We are looking at affordable housing projects. The CIDCO is planning to call for tenders. Last time we missed out as we discussed. But now we see a pretty good chance of getting some orders there. Likewise, in water pipelines also, supply of drinking water. Earlier, we have done Mission Bhagirathain the State of Telangana. Similar orders we are expecting from other states also. And also any marquee building projects, we can definitely participate and win the projects like the Central Vista project in New Delhi, nearly 20,000 crores, the parliament building I think it has gone to Shapoorji Pallonji. Anyway, we did not participate because there was some pre-qualification issue. But the remaining Rs.90,000 crores of Central Vista projects, most of them are building projects are likely to be called for tendering, and definitely, we have a fairly good chance of getting some of those projects
- Vibhor Singhal:** And sir, in terms of the high-speed rail project, are there any more packages that we are going to bid now?
- Shri Y D Murthy:** Right now they are not calling any other packages as far as I understand. We were expecting one package, but somehow it did not happen. Now, it does not matter. We have to move on. If they call for packages in high speed rail, we will definitely participate. Already we have a very strong presence in metro rail projects. We are executing a number of metro packages in Pune, Nagpur, Mumbai, Bangalore, earlier, we have done in Chennai, Patna Metro also we got an order recently. All these projects would be delayed.
- Moderator:** Thank you. The next question is from the line of Jiten Rushi from Axis Capital. Please go ahead.
- Jiten Rushi:** Sir, my question is on the high-speed rail. I just wanted to understand the land availability. We know that on the Gujarat side we have got more than 80% land. But sir what is the status on the side of the Maharashtra because that is something which is important in terms of building up, can you just throw some light on that?
- Shri Y D Murthy:** I think that will take some time. Actually, the state government is not in favor of high speed rail, but eventually the central government will prevail upon them, that is our understanding.

So, maybe it will take a little while. But the three packages they announced recently, and they got awarded all have gone to L&T. Beyond that, I cannot say anything. Future high-speed rail projects, our consortium is there, and we will definitely participate. See, unless land is available, they will not be calling for the tenders.

- Jiten Rushi:** On the fund limit and non-fund limit, can you please throw some light on the utilization level?
- Shri Y D Murthy:** Recently the appraisal and assessment has been finalized by the leader of the consortium, that is State Bank of India. We are getting 13,200 crores of funded and non-funded limits. Out of that, fund-based limits are about Rs.2,200 crores and bank guarantee limits are about Rs.10,000 crores, LC limits are about Rs.1,000 crores. Out of that 1,000 LC limits are fully tied up. In bank guarantee, some gap is there, nearly 1,000 crores is there. And the fund-based limits also about Rs.112 crores gap is there. We are talking to some of the banks in the consortium. And maybe in the next two to three months, we will be able to get those limits also sanctioned to us. As far as the utilization is concerned, in LC, utilization is hardly 50% which means out of Rs.1,000 crores of LC limits available to us, we are utilizing at present about Rs.500 crores to Rs.550 crores. It could be because of COVID impact, etc., but likely it is going to go up. And as far as bank guarantees are concerned, our utilization is about 88% at this point in time, which means there is a headroom of about Rs.1,000 available to us for any new projects to take care of the immediate requirements.
- Jiten Rushi:** Who is the lead banker in the consortium sir?
- Shri Y D Murthy:** SBI.
- Moderator:** Thank you. The next question is from the line of Deepak Poddar from Spark Capital. Please go ahead.
- Deepak Poddar:** Sir, just wanted to understand any kind of outlook for top line for the next year?
- Shri Y D Murthy:** Yes, that we normally work with the business plan in the month of March and should present it to the board and share it with the investor. So at this point in time, I will not be able to tell anything about the business plan, but we have seen the order book; we are already at Rs.30,000 crores despite cancellation of orders from the State of Andhra Pradesh and current year order accretion is also picking up nicely. So definitely a good set of numbers could be there for FY'22, but right now I cannot give any estimate because we have not done that.
- Deepak Poddar:** Anything on the debt as well for the next year?
- Shri Y D Murthy:** End of the year we are keeping a band of 1,800 to 2,000 crores. Next year, again, you have to see how the working capital cycle operates, how many orders are coming, more orders coming, more working capital. So, debt levels may go up which I cannot give any number unless I do the business planning.

- Moderator:** Thank you. The next question is from the line of Shravan Shah from Dolat Capital. Please go ahead.
- Shravan Shah:** Trade payables in current liabilities has reduced by about 450 crores versus March. Any specific reason?
- Shri R.S. Raju:** Not a specific reason, but generally we receive the payments from the client in the month of March the last few days. The outgo would happen in the April first week, second week, and third week to our liabilities. And other part is in the AP also whatever payables are there, they are also pending for want of payments from the client. Whatever payments we are getting, again, also some part we utilize for clearing the toll projects. The volume also has come down. The new liabilities is not in the same proportion because of the reduction in the volume of operations and the volume of operations coming down, generally, all the balance sheet items; current assets, current liabilities gradually come down, that is one reason.
- Shravan Shah:** Is it possible to give a breakup of finance cost for this quarter?
- Shri Y D Murthy:** Total finance cost for the quarter was Rs.117.72 crores and the interest on term loans is about Rs.10 crores, interest on cash credit in WCDL is Rs.41.17 crores, interest on mobilization advance is Rs.29.72 crores and other interest is about Rs.1 crore, the interest competent is coming to Rs.81.9 crores, BG commission Rs.29.2 crores, LC commission Rs.3.03 crores and the bank and other finance charges was Rs.3.52 crores. Total was Rs.117.72 crores.
- Shravan Shah:** So sir this BG and LC charges close to 30 to 35 crores, can we expect a sizable decline in the third and fourth quarter?
- Shri Y D Murthy:** The bank guarantees given by banks to companies like us are contingent liabilities for them, and earlier Reserve Bank mandated on those contingent liabilities, they have to provide 50% capital, but from 2016 onwards the Reserve Bank directed the banks to provide 100% capital on contingent liabilities also. So, they are looking at the return on capital employed. And so, the bank guarantee charges are inching up, for example, till 2015-16 we were getting BG commission at 0.5% from all the banks in the consortium, which is one of the best rates, but now it has slowly moved up to about 1% or so on the average. So, it may be difficult to bring it down further and they are applying those charges across the board for all construction companies and we will be loading it in our project cost while bidding.
- Moderator:** Thank you. Ladies and gentlemen with this I now hand the conference over to Vibhor Singhal from PhillipCapital. Over to you, sir.
- Vibhor Singhal:** Thanks, Karuna. Thank you everybody for participating in this call. And thank you so much to be NCC management for giving us the opportunity to host this call. I Wish You A Very Happy Diwali Sir. Thanks a lot, sir.

Shri Y D Murthy: Thank you, Vibhor Singhal.

Shri R.S. Raju: Thank you.

Shri Y D Murthy: We thank Phillip Capital for hosting the conference call. And also, thank all the participants for participating in this call enthusiastically. If any participant has got any questions, you can send us an e-mail, either to me or to my colleague, Mr. Durga Prasad and seek the answer. I promise that within 24-hours we will be giving the reply. Otherwise, you can call us also occasionally.No issue. I wish a Happy Diwali to all the participants and thank you very much.

Shri R.S. Raju: Happy Diwali to all of you.

Moderator: Thank you members of the management. Ladies and gentlemen, that does conclude today's conference call. Thank you for joining us and you may now disconnect your lines.