



Ref. No.: NCCL/ Regulation 30&46/2020  
Date : 26-08-2020

**The Secretary**  
**National Stock Exchange of India Ltd**  
5<sup>th</sup> 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 12<sup>th</sup> August, 2020 with analysts discussing about the performance & Financial Results of Q1 of the F.Y.2020-21. Kindly take the above information on record.

Thanking you,

Yours faithfully

For NCC LIMITED.

26-08-2020  
M V Srinivasa Murthy  
Company Secretary & EVP (Legal)  
Encl : As above

**NCC Limited**

(Formerly Nagarjuna Construction Company Limited)

CIN: L72200TG1990PLC011146

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**“NCC Limited**

**Q1 FY2021 Earnings Conference Call”**

**August 12, 2020**



**ANALYST: MR. ROHIT NATARAJAN – ANTIQUE STOCK BROKING LIMITED**

**MANAGEMENT: SHRI R S RAJU – ASSOCIATE DIRECTOR – FINANCE & ACCOUNTS – NCC LIMITED  
SHRI Y D MURTHY – EXECUTIVE VICE PRESIDENT – FINANCE – NCC LIMITED  
SHRI K DURGA PRASAD – JOINT GENERAL MANAGER – FINANCE – NCC LIMITED**

**Moderator:** Ladies and gentlemen, good day and welcome to the NCC Limited Q1 FY2021 Earnings Conference Call hosted by Antique Stock Broking 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 phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Rohit Natarajan from Antique Stock Broking Limited. Thank you and over to you Sir!

**Rohit Natarajan:** Thank you Faizan. Good afternoon everyone. On behalf of Antique Stock Broking, I welcome you all NCC conference call. We thank the management for giving us the opportunity to host the call. From the management side, we have with us Shri R S Raju, Associate Director - Finance and Accounts, Shri Y.D Murthy, Executive Vice President - Finance, and Shri K Durga Prasad, Joint General Manager - Finance. I would now hand over the call to the management for their opening remarks post which we can commence the Q&A session.

**Y D Murthy:** Good evening to all the participants. I am Y D Murthy from NCC. We will briefly tell about Q1 results for about 10 to 15 minutes and after that there will be question and answer session. I request Mr. R S Raju our Associate I Director and CFO to give his comments.

**R S Raju:** Good evening to all of you. Before going to the numbers just I want to say about the COVID-19. All of you know its impact at Global Level and I and on the construction industries its impact is very significant. The pandemic impacted operations of NCC too, but NCC has taken special measures i.e right from the top to the bottom, the entire team working to overcome this situation and to see that progress has happened at the projects. , So accordingly after the relaxation of lockdown norms, there is a good improvement seen in the projects and the results we received more than what we planned in Q1 FY21 affected by COVID-19. We expect the same strength in Q2 or the same feel, so in some places there is an improvement in containing the COVID-19, and the management team as a whole rose to the situation in containing the spread and carrying on the work.

So first of all I start on the order book in Q1 the company secured orders of Rs.2592 Crores as against our internal target of Rs.2062 Crores. So despite this COVID-19 good order booking has happened in Q1 so with this the order book now stands at Rs. 27916 Crores as of June 30, 2020.

So I will read out how the division movement happened in Q1. Building division had an order book of Rs.13241 Crores at the beginning of the quarter, which constitutes 50% of the total company's order book. Now it has come down to Rs.13009 Crores that is 47%. The

Road segment has 10% to orders at the beginning now it has come down to 9% of the total company order book.

The water and railway it has Rs.4660 Crores at the beginning 18% and now it has Rs.6813 Crores, its share increased to 24% now. Electrical order book was 6% beginning and also has closing order book of 6%. Irrigation had 8% of orders in the beginning and at the end of the quarter 7%. Mining it has 7% too and now it has come down to 6% so this is the combination or ratio of the orders in various divisions of the company so the total orders as of June 30 stands at Rs.27916 Crores. Besides these orders, the company also participated in new tenders but because of COVID-19 the orders in the month of March, April, May and June the progress in some places and also delay. However, we have several orders amounting to about Rs.2000 Crores in L1 at this moment and also submitted various tender so for this Rs.2000 Crores we expect the LOA shortly. so that order book line in general is comparatively better than the previous year in the current year.

So now come to the revenues in Q1 the company reported standalone turnover of Rs.1179 Crores excluding other income and including other income Rs.1211 Crore as against Rs.2213 Crores of the previous year, which shows that there is a decline by about 45% over the corresponding quarter of the previous year. So other income we reported about Rs.33 Crores, which comprised Rs.17 Crores interest income on loans and Rs.9 Crores on deposits and some IT refund happened in Q1 the others comprised rental income and other miscellaneous income totaling Rs.32 Crores in this quarter of the company..

Now coming to the gross margins and the standalone so in the first quarter the company reported a gross margin of 19.87% against 20.52% recording in last year. As far as gross margins are concerned though the COVID-19 impacted to some extent in some projects, which roughly would be there about 1% to 1.5%, but still the gross margins in the company reported at normal level without much variation at gross money level. The company EBITDA margins there is a decline in EBITDA margins from the previous year by about 2.4% so the decline particularly on account of fixed expenses such as salaries and administrative cost so in this mainly the salaries impacted the difference between the previous year EBITDA margin and the current quarter margins .

Coming to the PBT level, PBT level, there is no leftover PBT in the Q1 because of the cost like interest cost and depreciation. These two elements put together about difference in terms of percentage they are about 6% so thereby there is no there is no PBT reported in this quarter, but at the PAT level, we have about Rs.16.9 Crores, which resulted on account of interest from some income tax credit, which was happened in Q1. We have received orders relating to the 2017-2018, so 2018-2019 assessment year wherein Section 80IA

benefits given by the income tax department, which we claimed which the department allowed, amounts into Rs.32 Crores, which we recognized in Q1. This results in the net profit of Rs.16.9 Crores for this quarter.

The interest cost or salary cost or administrative cost in absolute terms there is a reduction happened in this quarter because of the certain measures taken by the company and also because of the low turnover happening for the last year so the company has taken certain measure and the company also reduced the headcount of the employee and also made some exercise on the employee salaries and so as a result the decline of 50% in salary cost in this quarter and administrative cost there is a steep decline happened in the administrative cost and interest also improvement happened, which supported again the quarter at least to certain extent and going forward it definitely will help the company to improve and to make profit margins.

Coming to the debt, the debt of the company has increased by Rs.141 Crores in this quarter so normally it is the general feature of the construction industry about increasing working gap in the first quarter so compared to the earlier periods. If you see that there is no much increase in the working capital in this quarter because the collections are good in this quarter compared to the normal level. The collections are good and particularly the company received about Rs.120 Crores income tax refund which relates to the two to three refunds because of the special measures taken by the government to IT refunds, so we received Rs.124 Crores so far, which helped the company and as a result there is no much increase in the debt of the company at the end of this quarter.

Now the debt of the standalone is standing at Rs.2051 Crores. There is not much capex, only we have spent about Rs.11 Crores in first quarter for the capex and managed defensively level of business operations. The cash flows are concerned for Q1 on standalone basis, cash flow from operations were Rs.13 Crores. we have invested about Rs.33 Crores and partly for deposits and partly a loan to be subsidiary of Rs.18 Crores.

Now we generated from the financing activities to meet the above two-line items about Rs.42 Crores we made and paid our working capital limits. From the working capital limits we come down. The working capital we increased it by about Rs.176 Crores in Q1, which I explained already, which was supported the lower. The company trade receivables, there is a decline slightly in the trade receivables in this quarter about Rs.350 Crores or so there is decline from the previous level. Though the liquidity of the company is concerned, there is COVID-19, which has had some disruption and resulted in some delays in the passing of bills from the client the company somehow could manage and have not seen any stress in managing these payments in the COVID-19 time and maintain the liquidity.