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National Stock Exchange of India Ltd

Exchange Plaza, C-1, Block G

Bandra – Kurla Complex

Bandra (E)

MUMBAI - 400 051.

Symbol: NCC

BSE Limited

Phiroze Jeejeebhoy Towers

Dalal Street,

Fort

M U M B A I – 400 001.

Code: 500294

Dear Sir(s),

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

Please find enclosed herewith the transcript of the earnings conference call that took place virtually on May 29, 2023 with analysts discussing the performance & financial results of Q4& Financial year ended March 31,2023. 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Please note that no unpublished price sensitive information was shared/discussed in the earnings call.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.

M V Srinivasa Murthy

Company Secretary & Sr.EVP (Legal)

Encl : As above



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(Formerly Nagarjuna Construction company Limited)

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“NCC Limited
Q4 FY '23 Earnings Conference Call”
May 29, 2023



MANAGEMENT: **SHRI. R.S. RAJU – DIRECTOR PROJECTS – NCC LIMITED**
SHRI. SANJAY PUSARLA – EXECUTIVE VICE PRESIDENT, FINANCE AND ACCOUNTS – NCC LIMITED
SHRI. K KRISHNA RAO – EXECUTIVE VICE PRESIDENT, FINANCE AND ACCOUNTS – NCC LIMITED
SHRI. P. V. VIJAY KUMAR – VICE PRESIDENT, FINANCE – NCC LIMITED
SHRI. NEERAD SHARMA – HEAD, STRATEGY AND INVESTOR RELATIONS – NCC LIMITED
SHRI. M. SRINIVASA RAO – CHIEF GENERAL MANAGER, FINANCE AND ACCOUNTS – NCC LIMITED
SHRI. SMVSR RAJU – DEPUTY GENERAL MANAGER, FINANCE AND ACCOUNTS – NCC LIMITED
SHRI. P. SURENDER RAO – ASSISTANT GENERAL MANAGER, FINANCE – NCC LIMITED

MODERATOR: **MR. VAIBHAV SHAH – JM FINANCIAL**

Moderator: Ladies and gentlemen, good day and welcome to the NCC Limited Q4 and FY'23 Earnings 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 star then zero on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Vaibhav Shah from JM Financial. Thank you and over to you, sir.

Vaibhav Shah: Yes, thanks, Faizan. On behalf of JM Financial Institution Securities, I welcome everyone to Q4 and FY'23 earnings conference call of NCC Limited. Today, we have from the management, Shri. R.S. Raju, our Director of Projects; Shri. A. Vishnu Varma, Director, Projects; Shri. Sanjay Pusarla, Executive Vice President, Finance and Accounts; Shri. K Krishna Rao, Executive Vice President, Finance and Accounts; Shri. P. V. Vijay Kumar, Vice President, Finance; Shri. Neerad Sharma, Head, Strategy & Investor Relations; Shri. M. Srinivasa Rao, Chief General Manager, Finance and Accounts; Shri. SMVSR Raju, Deputy General Manager, Finance and Accounts; and Shri. P. Surender Rao, Assistant General Manager, Finance.

We will begin with opening remarks from the management, after which we will have the Q&A session. Over to you, sir.

P.V. Vijay Kumar: Thank you, Vaibhav. Good afternoon everyone and welcome to NCC Q4 FY'23 earnings investors call. I thank you all for taking time to attend this. Before we start, I'll read out a small disclaimer and we shall go into the subject.

P.V. Vijay Kumar: So I may continue now. So the statements made here or in the presentations uploaded by the company are to our best of knowledge are true and any forward-looking statements are subject to certain factors beyond control of the Company Officials and Management, and hence the audience are advised to use their discretion in their own analysis accordingly.

Now we shall go into the performance of the company. For this Q4 into account. I'll briefly start with certain opening remarks followed by Q&A. Prior to announcing My colleagues who are present here, I am happy to introduce that Mr. Sanjay Pusarla, who has taken over as new CFO and he is also present here.

Sanjay Pusarla: Hi, everyone. This is Sanjay Pusarla.

P.V. Vijay Kumar: Now, let us start. Barely the pandemic preceded, the war in Ukraine broke out in February 2022. Price of food, fuel and fertilizer rose sharply. As inflation rates accelerated, central banks of advanced countries scrambled to respond the monetary policy tightening.

Many developing countries, particularly in the South Asian region, faced severe economic stress as a combination of weaker currencies, higher import prices and the rising cost of living and a strong dollar making debt servicing more expensive too much to handle.

In the second half of 2022, there was a spike for governments and households. Commodity prices peaked and then declined. In the near-term, the acute pressure was released, although the prices

of some commodities remain well-above their pre-pandemic levels. The capital expenditure program of the central government, which increased 63.4% in the first eight months of FY'23 was another growth driver of the Indian economy in the current year, crowding in the private capex since the January-March quarter of 2022.

Further, FY'23 we have seen RBI tightening its monetary policy increasing repo rate couple of times from 4% to 6.5%. I may share here that we have seen to the extent of average 8.5% to 9.3% increase in the interest rates of the borrowings of the company. Anyway these forecasts including the advanced estimates released by NSO, now broadly lie in the range of 6.5% to 7%. Despite the downward region, the growth estimates for the FY'23 is higher than the almost all major economies even slightly above the average growth of the Indian economy in the decade leading up to the pandemic.

IMF estimates India to be one of the top two fast-growing significant economies in 2022. Despite strong global headwinds, tight domestic monetary policy, India is still expected to grow between 6.5% to 7%, and that too without a base effect. It is a reflection of India's underlying economic resilience and its ability to recoup, renew, and reenergize the growth diverse in the economy.

While that is so, NCC is well-placed in terms of diversified execution capabilities. It has presently the orders on hand worth of INR50,244 crores, having accretion of INR25,895 crores of orders in FY 2023. I'm happy to share with you that this is the highest ever order book achieved by the company. Also, I'm sure you will appreciate that we touched INR13,503 crores of revenue on a standalone basis and INR15,701 crores on a console basis. This is growth of nearly 35%. Our console EPS stands at INR9.77, as against INR7.91 previous year. The numbers and details of the same are already furnished in the presentations uploaded in the website.

Coming to the last part of my briefing, while my other colleagues will go into detailing of the numbers, I may share with you that we are set to encash opportunities in all the spaces we are present and have plans to enter into new segments like defense, railways, under the ground, tunneling, etc. Our management felt that we should be able to grow by 20% in FY 2024 with more or less same EBITDA margin and PAT margins going up by 50 basis.

So with this conclusion with the opening remarks, I will now pass on to my colleague Mr. R.S. Raju, Director, to bring out salient features of financial performance to you. As I said, please consider the chance to others too and choose and limit your questions without repetitions.

R.S. Raju:

Hi, good afternoon to all of you. Thank you to my colleague, Mr. Vijay Kumar. He has already briefed about the macro environment around surrounding the construction industry. And all of you aware that the environment is not that much favorable to the companies, and we expect a positive environment going forward.

Now we have uploaded the quarterly and yearly results to our company's website. And, thereby, we avoid the reading of the detailed numbers here to save the time, or otherwise to give more time to you for asking more questions and thereby answers.

Company, already the pointed out by this, some of the analysts that the good results were given by the company. So I believe that the performance of the company this quarter and for the year is almost too high in all aspects.

So I want to touch the key highlights of the performance for the fourth quarter as well as for the year as a whole. The highest ever annual order inflow of INR25,895 crores for the year as a whole. Similarly the order book crosses INR50,000 crores mark first time ever. Now stands at INR50,244 crores and reported highest ever annual console revenue INR15,553 crores. Similarly, reported highest ever consolidated tax of INR609 crores.

The brought down debt, the debt level below INR1,000 crores mark, the lowest in the last one and a half decades, INR974 crores. It is almost the first time the value addition by the group companies to the bottom line by about INR40 crores, highest ever dividend 110% for the FY'23. The lowest trade receivables collection days in last five years is 87 days, then the lowest working capital days in the last five years is 107 days, and efficient conversion of order book into execution registering lower book-to-bill ratio of 2.98 times.

This is about some brief highlights of the performance of the company. And now going to the order book. In the year as a whole, the order book grown by 113%. Order book grown from INR39,361 crores to INR50,244 crores is the growth of the order book, about 28%. The order secured by the company excluding in the fourth quarter of the year about INR13,283 crores. It is also an ever higher in a particular quarter.

The average order book size, if you see, is also highest ever, about INR4,578 crores. So it gives that a strong book on hand with diversified portfolio and increased order value -- average order value. So we believe that it gives a good momentum going forward and to report good volume of revenues in the years to come.

The order book composition division-wise, the order book revenues division-wise are given in the website. So, thereby, the reading of the numbers division wise I am not giving. But if anyone requirement after seeing the website, just we will read out basing on the questions raised from the investors.

Now, operating performance if you take about the console level, the revenue reported for the fourth quarter is about INR4,981 crores as against INR3,492 crores, a 43% growth. Similarly, EBITDA reported 72% growth in the fourth quarter, INR465 crores against INR270 crores. PAT excluding exceptional items, if you take that one, it is reported INR217 crores against INR61 crores, about a growth of INR156 crores.

All of you know that last year in the fourth quarter, company reported an exceptional gain on the sale of the NCC Vizag Urban property. As a result, the exceptional item is more in the fourth quarter of the last year. If you consider that exceptional item in the fourth quarter, the net profit is INR242 crores against which current quarter is INR191 crores. If you compare that one, again, a negative growth is there. But once you exclude that one, there's a positive growth of about 200% or so.

If you come to the 12-month period of the console, it is reported, including other income, about INR15,701 crores against INR11,000-odd crores, a growth of 40% per year as a whole. We observe that there is a continuous growth in the last two years, as well as in third year. The three consecutive years, the growth has shown first year, 30%, last year, 40%, now again, 40%. On average in the three years, I believe that one company has reached almost 100% growth levels.

Now come to the EBITDA, reported 43% growth for the year as a whole. Similarly, PAT, excluding exceptional item, reported 127%. Is it correct?

P.V. Vijay Kumar: 127% considering the...

R. S. Raju: After excluding the exceptional item of the earlier years. So that is the performance of the console, both for fourth quarter and 12 months.

And come to the standalone, the fourth quarter reported a revenue of INR4,047 crores against INR3,179, a growth of 27%. The revenue primarily driven by the buildings division and the water division in this particular quarter, EBITDA increased by 15% EBITDA increased by 15% and EBITDA margin increased from 8.52% to 10.55% in this quarter, primarily the increase on account of lower input prices in Q4 comparing to the Q4 of the previous year, and the receipt of INR41 crores claim from one of the BOT, SPV, it is Western UP Tollway Limited that company has received certain claims from NHI in turn and NCC also earlier made a claim with SPV for its EPC contract.

Overall INR41 crores in this quarter, the company received that amount. The PAT also reported INR178 crores against INR109 crores represents 64% growth over the corresponding year.

See this growth again due to increased turnover decides the reasons what we indicated for the EBITDA. This is post-quarter performance. Now come to the 12 months performance on standalone basis reported a revenue of INR13,504 crores, a growth of 35%. Similarly EBITDA also reported a growth of 35% and PAT is 16% growth before excluding the exceptional item and after excluding the exceptional item.

And after excluding the exceptional item, the growth in the PAT is 65%, a PAT of INR569 crores against INR344 crores. The revenue increased by 35%, primarily driven by the buildings division, particularly Jal Jeevan projects of UP, ITC in Nauroji Nagar of New Delhi and Lucknow Airport, were some of the projects which have contributed more into the top line.

When we come to the other income, in this year, the other income is increased from INR108 crores to INR152 crores, an increase of INR44 crores, which mainly represents by the profit or the gain on sale of investment property. There are 2 elements in this investment property. One is the land what we sold in Q3 and other one is Tellapur flats, the sale of those investment property, both together contributed INR44 crores gained for this year as a whole. That is only the reasons for increase in the other income for the year FY '23.

When we come to this balance sheet, just I will read through the highlights of the balance sheet rather than reading the numbers. In the year financial year '23, the company has built up capex

by about INR232 crores for executing its larger size metro projects and the high rise buildings. Reported fixed assets turnover as high as 9.6 times of financial year '23 and exhibited an efficient working cap management by reporting working capital days as low as 107 days.

Basing on overall improvement of balance sheet, already basing on H1 finances, the credit rating, we got enhanced credit rating from IND A to IND A+. But now again, basing on the annual results, we expect a further improvement in credit rating listing IND A+. The reported gross on its core business, that is after excluding the investment group companies, as high as 15.3% for FY '23. So only the debt equity ratio further improved to 0.15 times.

When come to the cash flows, our standalone, continuous positive cash flows from the operating activities, now reported INR873 crores against INR1,296 crores of the previous year. And net cash flows used in investing activities is INR132 crores against INR131 crores. And as a result, the free cash flow is INR741 crores as against INR1,165 crores of the previous year. The net cash flows used in financing activities is INR749 crores against INR1,099 crores. The balance sheet, both the sides, both assets and the liabilities side reported good numbers, good improvement. And the balance sheet, ultimately result into to the lower debt of INR900 crores odd. And when you come to the net debt after adjusting the cash balances, it has come down to INR182 crores.

Now I would come to the other significant matters. AP projects, there is no any big change and the outstanding from AP Capital City projects have come down from INR264 crores to INR157 crores. So the exposure towards the AP Capital City project at this moment stands at only INR157 crores, and bank guarantees stands at INR267 crores. There is a further decline from INR346 crores of the opening value to INR267 crores in this year.

As far as Sembcorp is concerned, we inform you that the arbitration proceedings are over and the arbitration we believe that order is under preparation, and we expect between June to September 23, the arbitration award. Similarly, the Taqa on the stands, current year, we made a provision of INR14 crores for Taqa liability towards interest in place, settlement is yet to take in place. And management is trying for amicable settlement, and we hope that in a couple of months the settlement may arise.

And in terms of Group companies loans and advances, in the current year FY '23, the investment we received back from NCC International assuming about INR41 crores. Similarly, the loan what we've given NCC Urban also entire loan balance of INR22.31 crores we received back. As a result, some inflows happened from the group companies in the FY '23, and also the mobilization advance when you see that there is a good amount of mobilization advance received in this year about INR750 crores.

All these aspects primarily driven to bringing down my debt level to below INR1,000 crores and net adjusted debt level to INR182 crores. If you take the trade receivables, there is also an improvement in the trade receivables, which on a macro level showing that there is a reduction in the trade receivable days from 97 days to 87 days. And in terms of space, there is an improvement in trade receivables in the Telangana state, A.P. state and in U.P. state, also improvement is there, but because of more work done in the U.P. that trade receivable stands

higher than other states as of 1st March '23. And there is a significant improvement happened in the realization of the world trade receivables more than 3 years. So there is an improvement from that figure.

So overall, I can say there is an improvement and also the current year's some of the claims also be received with the whole long one. And the company unbilled revenue, unbilled revenue, in fact, is a little increase, that is only a 1% increase over the financial year '22, happened in the current year because of the more of EPC nature projects. But there is no any significant increase when you compare to the percentage of UBR to turnover in the last 4 years. It is ranging from 21% to 24%. In the year, FY '20, it is 21%, in FY '21, it is 24%, In FY '22 it is 23% and in FY '23, again, 24%, more or less in the same range in terms of UBR in proportion to turnover.

This is in general about the company's performance. If any left over areas basing on the questions, if you ask by, we will clarify those things. Now I'll pass on...

P.V. Vijay Kumar: Thank you, my colleague, R.S. Raju for detailing the numbers. If anybody has questions they can go ahead now. As I said, please consider the chance for others too and choose and limit your questions without repetitions. Yes, please go ahead. We'll take the questions.

Moderator: Thank you very much. The first question is from the line of Shravan Shah from Dolat Capital. Please go ahead.

Shravan Shah: First of all, congratulations on robust performance...

Shravan Shah: Yes. So first of all, congratulations on robust performance and historic performance on across all the parameters. First, just wanted to clarify, in opening remarks, we said in terms of the guidance of 20% revenue growth for FY '24, same EBITDA margin, does that mean the EBITDA margin for FY '23, which was around 10.1% or fourth quarter 10.6% and MPM improvement by 50 bps, it is from FY '23 and also the order inflow, how much are we looking at for this year FY '24?

R. S. Raju: Yes. Now the guidance we've given on the top line increase about 20%. Similarly, the order inflow also we're expecting the similar level. And come to the margin level, we expect at the bottom line net profit level, about 50 basis points, roughly 40% to nearly 40% growth from the previous year.

Shravan Shah: Sorry, sir, you said 40% growth in profit that you are looking at in FY '24.

R. S. Raju: No, the top line growth is 20%.

Shravan Shah: Yes, that I got last line, you said a 40% growth. So at net profit margin, we are looking at 50 bps increase in the net profit margin or we are saying that 40% growth in PAT?

R. S. Raju: Yes, yes, 50 basis points or 40% similar to that roughly, at the net profit level.

Shravan Shah: Okay. Got it. And second, in terms of the days that we have reduced now significantly, so how are we looking at the levels and also in terms of the finance cost, which is around INR500-odd

crores for this year, so INR510 crores. So how one can look at in terms of the finance costs for this year?

R. S. Raju: In terms of debt, we further expect to reduce by another INR100 crores or INR200 crores since the company had the 20% growth plans. And again, here, 2 important subjects to talk on the debt. One is the Sembcorp, another one is NCC Vizag Urban. So if these 2 positive aspects or outcomes are declared in FY '24, the debt will come down drastically another INR500 crores, INR600 crores, INR700 crores.

So it depends upon the outcome of these 2 major elements. And the NCC Vizag Urban in the current year as per the terms, we didn't receive the amounts and basing on the latest status review with the buyer in FY '24, the equity portion of INR150 crores expect to release, and the loan part is there. That too they are asking for another 2 years, that is '24-'25 and '25-'26. This is at this moment, the schedule of realization of this NCC Vizag Urban.

Shravan Shah: Okay. And then in terms of the finance costs...

R. S. Raju: Finance cost in terms of percentage, it comes down to 3.9% to 4% from the top the 4.6%. And in terms of absolute terms, it could be there around INR500 crores to INR520 crores.

Shravan Shah: Okay. Lastly, sir, the data points on the balance front, returns on money, mobilization advance, unbilled revenue and group exposure. So also, if you can split into the loans and investment to group companies.

R. S. Raju: That we will read out to those numbers after the call.

Shravan Shah: Sorry sir, you said you will read out at the end of the call.

R. S. Raju: Yes, the end of the call.

Moderator: The next question is from the line of Prem Khurana from Anand Rathi.

Prem Khurana: Congratulations on good set of numbers this quarter. Sir, so what I want to understand was, so it's been an extraordinary year in terms of order inflows. But if you can help us reconcile the number because when I look at the announcement that you made on the stock exchanges, the number that I get is lower than what you reported in your presentation or in the press release for the results. So what would explain this difference? Because as far as I know I think the announcement that you made on the stock exchange for Q4, the number works out to be almost INR6,000-odd crores. And if I were to look at our press release for the results and adjust for the first 9-month number, it was probably more than INR13,000-odd crores. So if you could help us understand the gap, please?

R. S. Raju: And now that issue is there primarily 2 odds represent that difference, JJ and MDO, the 2 projects, one is MDO project, in MDO project too. we got 30 years project, that is INR30,000 crores at that time. So including INR30,000 crores at a time into the order book does not reflect the performance, that's why internal management taken a call equal to 3 years part of value we are including in the order book.

But every year, we are adding at the year-end basing on the progress of the project. So that contributed about INR3,000 crores in the order book now, that is one aspect. The second aspect is the Jal Jeevan projects. The Phase 2 we got and Phase 3 projects also they have given. So Phase 3 projects, initial also Phase 2 projects when they given, the order value on a tentative basis they mentioned, they cancelled that value and subsequently they crystallized basing on the number of villages and the number of bore wells to erect basing on that they are giving.

And as a result, after DPS prepared for the villages identified. So basing on that, the DPR, the values they're arriving and entering the contract on a piecemeal basis for various districts for various villages, where this is running into hundreds.

So in the fourth quarter, from February '23 to March '23, in these 2 months, the agreements they concluded that value is roughly about INR4,200 crores or so. And further to that on some increase decrease in scope in various projects are there. All this put together, around INR6,000 crores whatever difference you are asking that represents.

Prem Khurana: And sir, when I look at the order backlog, how much would be from our own subsidiary companies, Pachhwara, how much would that number be?

R. S. Raju: Pachhwara Coal Mining is about INR4,393 crores order book backlog, what we consider order book of INR50,000 crores.

Prem Khurana: Sure. And the second was, I mean, we've seen significant drop in our debt number, but I'm assuming a part of this is also because Q4 generally tends to be very strong in terms of receipts most of these government agencies authorities really payments to ignore their budgets, fair to assume at least in H1, we will get to see that go up again because January H1 tends to be a little slower in terms of payments, right, to understand I mean we could have similar situation wherein you will be able to receive significant amount and that would come down. But H1, is it fair to assume that the number could go up?

R. S. Raju: That is the working capital cycle of the construction industry. If you see the last 2, 3 years, what we observed is correct, coming down in the fourth quarter at the March month, particularly going up again in the Q1 and Q2. The trend would be continued, but how much is it in the same level or not, that is different thing, but the trend continues, particularly for the coming down the debt in this year is, the more orders the company secured in the terminal part of the last year?

As a result, more mobilization advances are received, and also more collections were happened in the fourth quarter, particularly in the UP projects, where Jal Jeevan projects we are executing, all this, again, helped to bring down this debt. Again, the Q1, Q2, the debt will go up and again will come down. That scenario would be continued.

P.V. Vijay Kumar: As a matter of principle, you need to compare the same number at the end of Q4 of last year and Q4 of this year. If you do that, it's INR1,184 crores was the bank balance outstanding at the end of Q4 FY 2022, compared to the same quarter this year, the debt has been come down to INR980 crores. Even that way, you can see the significant decrease in the debt.

- Prem Khurana:** And sir, just one last one is, Vizag Urban, we have taken some trying to get our payments in place we have received only one tranche. Is there any risk of this deal not going through? Or it will only be extension that you would have to extend and the payments will come for sure and also it could help us understand whether the land has been put to use by the buyer or it is still lying idle with the buyer?
- R. S. Raju:** There are 2, 3 aspects are there. One is particularly the real estate market in Andhra Pradesh, since it is a big pocket of land. The market is not that much favour to them to sell as they plan as they committed to pay out of the proceeds. And the loan, what they committed is to pay by using the proceeds from the further sale by them. And the initial also some time, more time taken for documentation or digitalization or survey or identification or any small, small issues. But prima facie, there is no any big issue as far as the land or legality and other are concerned, only it is market perception.
- P.V. Vijay Kumar:** You see, in the equity portion, we expect that it should flow within this year itself. However, the debt portion of INR300 crores plus interest, it will flow in another next 2 years.
- Moderator:** The next question is from the line of Mohit Kumar from ICICI Securities. Please go ahead.
- Mohit Kumar:** And congratulations on a very good set of numbers and strong work on balance sheet. My first question is on the, is it possible to provide us the order.
- P.V. Vijay Kumar:** Can you just be louder please?
- Mohit Kumar:** Is it possible to provide the order book breakup between central government, state government and private agencies? And how much is exposed to Karnataka state government, that's the first question.
- R. S. Raju:** Just we will tell you in a couple of minutes, those numbers. Now the macro, the classification of the order book is, the central government to orders funding-wise, we break down into the funding wise. The central government funded projects are INR15,600 crores, state government funded projects are INR22,600 crores, PSUs INR7,000 crores, totalling to about INR50,000 crores.
- Mohit Kumar:** Understood, sir. So are you classified AGRO into central government funded? Is the right understanding?
- R. S. Raju:** To now ADB and AIIB banks funding also there. And the central government funding, the UP projects, 51% by the central government, that alone is there now about INR1,000 crores or so on orders..
- Mohit Kumar:** Direct exposure to Karnataka state government.
- R. S. Raju:** Now if we take the central government, to the Karwar projects, Seabird projects, create INR2000 crores plus orders are there that is from the central government. Like that, all we added wherever the central government to be the major driver for the payments.
- Mohit Kumar:** Understood sir. Any exposure to the Karnataka state government funding?

- R. S. Raju:** Exposure is about INR4,000 crores.
- P.V. Vijay Kumar:** It represents 8% of the total order book.
- Mohit Kumar:** And have you seen any slowdown in this after the government taking over these any slowdown in the execution.
- R. S. Raju:** Less than a month is over, isn't it? But the orders what we have INR4,000 crores, they were received primarily 3 years back, 2 years back, 1 year back. The orders what we received in the year '22, '23 hardly about to INR1,097 crores, which represents 2% of the total order book. And my team when we reviewed with the team, they are not anticipating any stoppage or this one for this even recent four projects.
- And our exposure is not there in the last projects of four numbers of INR1,097 crores. In fact, we received mobilization advance so from two projects and the money of the government probably has given us about INR26 crores, which we analysed in the mid. So as far as exposure of all the projects put together INR4,000 crores is not that much in the books of accounts in terms of trade receivables, in terms of UBI or retention money etcetera.
- So we are not foreseeing any impacts or any effects going forward on this one. And we have to wait and see about the latest 4 projects. In that 4 projects also, what we received about 4, 5 months back, and 2 projects we received 2 months back like that of the year.
- Mohit Kumar:** Understood, sir. My second question is, sir, is it possible for you to lay out the order outlook segment-wise for FY '24? And are you targeting a flat order inflow? Or are you targeting 20% higher order inflow than FY '23?
- R. S. Raju:** Flat to increase inflow of projects. Yes.
- Moderator:** We'll take the next question from the line of Parikshit Kandpal from HDFC Securities. Please go ahead.
- Parikshit Kandpal:** Sir, congratulations on a good quarter and the year. My first question is on international business. So can you help us like any update on the international business because we're planning to shut it down, focus on domestic, can help us with that.
- R. S. Raju:** Yes, already, international business for the last 2, 3 years, people are working on the closing and almost reached 95%, 96% to close the transactions. All the projects are over, only one project is in execution. There is a lot of people expecting another 3, 4 months, they reach the final phase of that project. As far as the collections are concerned, also happened in the year FY '23. And they paid back about INR41 crores. Now the investments outstanding to get back from International Oman is about INR38 crores.
- Parikshit Kandpal:** Okay. So net exposure in international market is only about INR38 crores now?
- R. S. Raju:** INR38 crores is Oman. And another exposure INR220 crores is there, NCC Infrastructure Holding Mauritius Limited where one asset is there, that the Harmony Dubai project asset like

basing on the asset realization, the balance net exposure comes down, INR224 crores is there as of 31st March '23 in the books of accounts.

Parikshit Kandpal: My second question is on debt reduction. So you said that there has been a big jump, only INR750 crores left.

P.V. Vijay Kumar: Your voice is very low. You need to be little louder.

Parikshit Kandpal: Okay. So you said that the debt has reduced significantly, but it is on the back of also a large part of mobilization advance, increase in mobilization advance. So I think you received INR750 crores of mobilization advance in this year. I just wanted to get a sense how much was the mobilization advance standing as of third quarter and as the fourth quarter? And are these interest bearing?

R. S. Raju: Now the fourth quarter, the 31st March '23, standing INR2,755 crores. And by third quarter ending, it stands at INR2,100 crores.

Parikshit Kandpal: Not much change. So INR2,075 crores you are saying as of fourth quarter end.

R. S. Raju: INR750 crores change is there.

Parikshit Kandpal: Okay INR750 crores is change. that is a big jump in. Yes, that has gone to a reduction in your basically bank borrowing, sir. And these mobilization advance are interest-bearing, all these incremental INR750 crores?

R. S. Raju: Majority of these are interest-free advances. But if you take the company's core, almost 50%, 50% level are the interest-bearing and non-interest bearing.

Parikshit Kandpal: Okay. 50% is interest bearing, rest is.

P.V. Vijay Kumar: What I'm going to say to the stage is please restrict your questions and give chance to others. We'll conclude the call.

Moderator: We'll take the next question from the line of Rohit Natarajan from Antique Stockbroking. Please go ahead.

Rohit Natarajan: Sir, if I understand it correctly, you are looking at flat order inflow this year, FY '24. Can you help us understand which are the big ticket projects that you're looking in, then you're looking at the high-speed rail package C3 in your assumptions? Or are you looking at the UP-based water projects. Can you give us some colour on those pictures?

P.V. Vijay Kumar: In the heretical, my colleague, Mr. Neerad Sharma will explain about this.

Neerad Sharma: Right. See, essentially, our business is a play on the opportunities available in the market. So high-speed railway, when new packages come up for bidding, we definitely do participate. We have participated in the past as well. Other than this, there are a couple of other big opportunities. JJM we have already touched upon in the morning.

We have substantial order book from this space and a lot of projects are coming up for bidding. And we have a big division devoted to electrical projects. So I hope you are aware about this RDSS scheme of the government. So a lot of projects are coming up there as well. So it's really a play whenever the projects are ready for bidding as and when they are announced, we definitely intend to bid for those projects.

Rohit Natarajan: I appreciate that part, sir. My second question will be more on the non-fund-based limits, which we were planning to enhance it to INR15,000 crores plus some fund base limits we have almost like INR2,200-odd crores. What is that position looking like at this point in time?

P.V. Vijay Kumar: Now, the total limits available with the company is INR15,200 crores now including non-fund-based limits of INR13,000 crores and INR2,200 crores of fund-based limits. This is spread over 14-bank consortium led by SBI. And as of now, we are comfortably pleased with the meeting our BG requirement and LC requirement and all that. So now based on this financial performance of this year and outlook for this year, we are going to seek additional limits from the banker's consortium very soon.

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

Parvez Qazi: Congratulations for the great performance and also thanks for uploading the presentation before the call. Sir, 2 questions from my side. First, what would be our pending order book in Andhra Pradesh? And also what would be our overall receivables from these projects? And the second is what is the kind of capex that we expect to incur in FY '24?

R. S. Raju: As far as AP art book is concerned, there are two parts. One part is about the old project which we secured prior to the change of the bond means. The old projects now add to a due date of transit of only INR700 crores and subsequently, we secured some other new projects, those projects stand at INR2,709 crores totalling to INR3,400 crores on the orders of Andhra Pradesh state, which represents about 1.5% to 1.6% of the order book.

As per exposure is concerned, we have an exposure now about INR157 crores relating to A.P. Capital City projects. earlier it was INR264 crores. Similarly, the bank guarantees, earlier or at the end of the previous year, we have INR346 crores. Now it has come down to INR257 crores. These are the numbers about the A.P projects.

Parvez Qazi: On the capex guidance, sir?

R. S. Raju: Capex for the year '23-'24 you are asking. So about INR275 crores or so planning. It depends upon how we receive the new projects. We cannot give the exact figure, only in case estimate for what we consider in the business plan. If you get any new verticals in the projects like tunnelling, we will let to speed time projects, again, the capex gets increased.

Parvez Qazi: Sir, lastly, what was the execution in the international this year?

- R. S. Raju:** Well, terminal part, very small part is there that was over, balance of INR5 crores to INR6 crores or INR7 crores is there. So last year, execution is -- so including what we got the claims about INR245 crores, in the top line INR45 crores is participated from the international.
- Moderator:** The next question is from the line of Vishal Periwal from IDBI Capital. Please go ahead.
- Vishal Periwal:** One clarification, but the guidance on revenue growth and margin that has been given, that's for standalone or console, sir?
- R. S. Raju:** Standalone.
- Vishal Periwal:** Okay, fine sir. And one another question is on the credit rating, I think you did mention briefly that a couple of factors that are probably the improvement that we have seen in financials. So can you guide what exactly goes into the improvement of credit rating and when this review is expected, sir?
- P.V. Vijay Kumar:** See, the general surveillance is due sometime down. The last time, if you see, the rating was taken in mid time review and was enhanced from A to A+. This time also we are requesting them because of the substantial performance posted by the company, and there is a tremendous change in the numbers in terms of ratios. So we're asking them for the midterm review. Hopefully, let us see how the things will move.
- Vishal Periwal:** Okay. And maybe one last question. Karnataka government, you mentioned that the total order book is around INR4,000-odd crores, so is this the macro work?
- P.V. Vijay Kumar:** You see, this question is already explained. What I request is people should restrict their questions and then give a chance to others in looking to the limited time we have. All right. Okay. Anyway, what's your question?
- Vishal Periwal:** No, my question was like Karnataka state government order is INR4,000-odd crores. So this includes the Bangalore metro rail works?
- R. S. Raju:** Yes, includes the Bangalore metro rail works.
- P.V. Vijay Kumar:** That itself represents INR2,000 crores in it now.
- R. S. Raju:** Which is jointly funded by central government.
- Moderator:** We'll take the next question from the line of Deepika Bhandari from PhillipCapital. Please go ahead.
- Deepika Bhandari:** Congratulations on great set of numbers. I just see the 2 questions from my side. Sir, any comment on Sembcorp arbitration and Taqa?
- R. S. Raju:** That already we have explained that one on the arbitration process is over and arbitration order is under preparation, we are talking about Taqa, there is no any significant improvement over the Taqa

, we are trying for amicable settlement with Taqa, that may take some time.

- Deepika Bhandari:** Okay. Sir, another last question from my side. The order book and order inflow does not include the April orders that you have received, is my understanding correct?
- R. S. Raju:** You're right.
- P.V. Vijay Kumar:** We may take one or two questions now, and we are at the close of the session, please.
- Moderator:** We'll take the next question from the line of Jiten Rushi from Axis Capital. Please go ahead.
- Jiten Rushi:** Congratulations on good set of numbers. Sir, my question would be on order inflow and the revenue -- you've given.
- Moderator:** Mr. Rushi, sorry to interrupt you, please use the handset mode, the audio is.
- Jiten Rushi:** Can you hear me now?
- Moderator:** Yes, sir.
- Jiten Rushi:** So in terms of the revenue guidance, we are giving 20% top line growth. Sir, my question would be, what would be the contribution this year some newer projects or the projects like almost INR13,000 crores plus we have 1 in Q4. So we are expecting the INR16,000 crores of revenue only from the old order backlog? Or we can expect something from the newer projects in FY '24 as a contribution to revenue.
- R. S. Raju:** So 85% to 90% from the existing orders and 10% to 15% to participate from the new projects.
- Jiten Rushi:** This new project, which are won in Q4, right, sir?
- R. S. Raju:** Yes, yes. New projects means new projects, which are going to get in the year '23, '24.
- Jiten Rushi:** Sir, any L1 projects as of now? Can you highlight L1 projects in terms of value and segment?
- R. S. Raju:** We will not disclose L1 projects. But you know that in April, we received about INR3,000 crores. And in a couple of days, the company also put in website the orders received in the May month.
- Jiten Rushi:** Sir, just last thing, you are expecting INR26,000 crores of income this year, but considering being an election year and from December, you're expecting code of conduct, do you feel that this INR26,000 crores inflows we can achieve this year with only now 7, 8 months remaining, how confident are you from this, particularly which segments can broadly drive, you've explained electrical division, but not in terms of value, but in terms of value which sectors, how confident we are from which government agency, we can get more orders in terms of value and this year being election year. Can you please highlight on that, sir?
- R. S. Raju:** All verticals are working on that one and more of electrical division, the biggest orders opportunity in the market was there. So company is continuously working on those things.

Similarly, the company also working on the new verticals like tunnelling, bullet proof trains. So the major broad opportunities are there in the market. People are working accordingly and the business plan is there. But whether we receive or not, that is a different thing again. What is the plan of the company is we explained.

Moderator: Thank you. Ladies and gentlemen, that was the last question for today. I now hand the conference over to Mr. Vaibhav Shah for closing comments. Thank you, and over to you, sir.

Vaibhav Shah: Thank you sir for giving us the opportunity to host the call. Any closing remarks from your end.

P.V. Vijay Kumar: Yes, I think this is all right. Now we'll close the call. Thank you, everyone, for taking the time. I thank Vaibhav from JM Financials for arranging this call successfully. Thank you. Thank you, each and everyone.

Vaibhav Shah: Thank you, sir.

Moderator: Thank you. Ladies and gentlemen, on behalf of JM Financials, that concludes this conference. Thank you for joining us, and you may now disconnect your lines.