Ref. No.: NCCL/ Regulation 30/2022
Date : May 18, 2022

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

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

Please find enclosed herewith the transcript of the earnings conference call that took place on May 11, 2022 with analysts discussing the performance & financial results of Q4 and year ended March 31, 2022. The transcript is also available on the Company's website at https://ncclimited.com/analysts.html.

Kindly take the above information on record.

Thanking you,

Yours faithfully
For NCC LIMITED.

18-05-2022
M V Srinivasa Murthy
Company Secretary & EVP (Legal)
Encl : As above

"NCC Limited
Q4 FY2022 Earnings Conference Call"

May 11, 2022

ANALYST: **MR. MOHIT KUMAR – DAM CAPITAL ADVISORS LIMITED**

MANAGEMENT: **MR. Y.D. MURTHY – EXECUTIVE VICE PRESIDENT – FINANCE – NCC LIMITED**
MR. KRISHNA RAO – EXECUTIVE VICE PRESIDENT – FINANCE & ACCOUNTS – NCC LIMITED
MR. P. V. VIJAY KUMAR – VICE PRESIDENT – FINANCE – NCC LIMITED
MR. K. DURGA PRASAD – GENERAL MANAGER – FINANCE – NCC LIMITED

Moderator: Ladies and gentlemen, good day and welcome to the Q4 FY2022 Earnings Conference Call of NCC Limited hosted by DAM Capital Advisors 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. Mohit Kumar. Thank you and over to you Sir!

Mohit Kumar: Thank you Rutuja. On behalf of DAM Capital, I welcome you to Q4 FY2022 Earnings Conference Call of NCC Limited. Today, we have from the management, Mr. Y. D. Murthy, Executive Vice President, Finance, Mr. Krishna Rao, Executive Vice President, Finance and Accounts, Mr. P. V. Vijay Kumar, Vice President Finance, Mr. K. Durga Prasad, t General Manager, Finance. Without much delay, I will hand over the call to the management for their opening remarks, which will be followed by Q&A session. Over to you Sir!

Y. D. Murthy: Thank you Mohit. I am Y. D. Murthy, Executive Vice President, Finance, NCC. I welcome you all for this Q4 results conference call of our Company. Our Board has met today and we declared the audited annual numbers as well as Q4 numbers, which are already flashed on the screens at the stock exchanges I hope you are all aware of that. I will start the management discussion with a brief review of the macro environment followed by our Q4 results.

The world was returning back to normalcy from COVID-19 and the people have started breathing easy, but the problem is the Omicron has not completely gone and particularly in Shanghai in China they are reporting as much as 40000 cases a day and Shanghai is the biggest industrial and commercial hub of China having about 25 million people that is about 2.5 Crores people and because China has got a zero COVID policy all these people are being tested and the entire Shanghai City has been locked down for more than a month or so things are yet to improve there and because of that the supply chain disruption and availability of raw material for various companies in various countries across the globe is creating difficulties. Added to that the problem of Russia and Ukraine War which has erupted in the month of February now it is already 78 days old, this war is also creating tremendous difficulties for all concerns mainly because of lot of sanctions imposed on Russia and Russian oil, Russia supplies more than 10% of the global crude oil and lot of edible oil is coming from Ukraine, all these have put in difficulties and also the commodity prices have started increasing across the globe and petrol and diesel prices have gone up very high for fuelling India even elsewhere also that is also creating difficulties for companies like us for our construction business. It is creating supply chain disruptions, non-availability of raw material and also the cost of material has gone up, steel prices have gone up, diesel prices have gone up and now inflation is catching up. US has reported inflation rate of 8.5%, Euro zone has reported inflation of 8%, UK 7%, and India also 7%. Now the global central banks have started tightening the screws by increasing the policy rates. US Fed has increased the policy rate by about 50 bps and Bank of England has increased the interest rates by about four times during the last 12 months and back home in India our Reserve Bank has increased the policy rate by about 40 bps, which is bound to increase the lending rates of banks and also they wanted to bring down the liquidity in the system so the CRR rate has been increased by about 50 bps, that has sucked out about Rs.87000 Crores of liquidity from the market and now FII in India they started exiting the Indian equity markets because the US Fed rates are going up they have also taken away a lot of money during the month of May and this is creating difficulties. The stock markets have come down substantially. The rupee has depreciated beyond 77 is reporting at 77.40 or so which is a very high rate, so all these things put together are creating difficulties for most of the companies not only in construction but also in automobiles particularly the chips are not available. The cars manufacturing have slowed down and intake has slowed down, so these are all very difficult situations. Added to that our neighboring countries like Sri Lanka and Pakistan and Afghanistan having tremendous economic problems. Sri Lanka is burning and Pakistan is almost bankrupt the same is the case with Afghanistan, these are all very wrong signals that are coming from across the globe and definitely we also have to tighten our belts to see that we are able to cope up with the situation. As far as India is concerned, things are more or less under control though inflation has gone up and interest rates are now going up because of the Reserve Bank action, but going forward we are looking at stable operations and because India is a large country and we do not have the kind of economic problems that our neighboring countries are having. We have a stable economy. We have a thriving economy. In fact the GDP growth rates are also looking southward. There is a downward trend expected. Indian economy is also expected to grow only around 8.5% to 9% in FY2022 the numbers are yet to come in and they are actually predicating acceleration in the GDP growth rate of the entire world so these are some of the macro headwinds that we have to face but nevertheless our Company has been doing reasonably well in terms of topline and bottomline, while the Indian economy is growing at less than 10% we are reporting about 36% growth in the topline for the year as a whole, which is very commendable. Now I request Mr. Krishna Rao, my colleague to talk about the Q4 results and also the annual results.

Krishna Rao: Thank you. Good evening and welcome to the conference call. I wish to brief about the order book summary. Orders on hand at the beginning of the financial year Rs.37928 Crores, new orders received during the year 12158 Crores, value of the work executed during the year Rs. 10725 Crores, closing order book at 31st March , 2022 was Rs. 39361 Crores.

We will take you to the division wise. Buildings are the major vertical. At the beginning of the financial year Rs.21157 Crores works out to 56% and closing is Rs. 22542 Crores 57% of the order books. Roads Rs. 1954 Crores at the beginning represents 5% and closing Rs. 1122 Crores 3%. Water and railways at the beginning Rs. 7078 Crores works to 19% and at the closure Rs. 7192 Crores it is 18%. Electrical it was 6% at Rs. 2438 Crores closing at Rs. 2816 Crores 7%. Irrigation stands at 6% Rs, 2442 Crores closing at Rs. 1205 Crores 3%. Mining was 7% to Rs. 2592 Crores closing at 11% Rs. 4240 Crores. Others Rs.251 Crores at the beginning 1% closure is also 1% to Rs. 29 and together Rs. 39361 Crores at the closure.

We have the state wise. When we analyze revenue stands at Rs. 3179 Crores as against standalone corresponding previous year quarter of Rs. 2639 Crores a growth of 20% and gross profit is 455 Crores represents 14.5% as against Rs. 442 Crores that was 16.9%. I will brief about the reasons for the difference. EBITDA Rs. 267 Crores works out to 8.5% as against the corresponding quarter Rs. 290 Crores. PBT Rs. 278 Crores 8.7% and PAT for the quarter Rs. 243 Crores works out to 11.6%. The reasons for the gross profit there is a dip compared to the corresponding quarter at 2.4%. There are two reasons one is in the previous last year quarter we have accounted for the claims, claims are of two one is NCC DIC and ORR works out to Rs. 121 Crores represents 1.40% and current quarter material prices have gone up substantially that works out to 1.1% that is a main difference for the dip in gross profit as well as EBITDA and there is a reason for increase of the PBT. One of the companies NCC Vizag Infrastructure Limited where we have the equity of Rs.50 Crores that has been disposed off and the company got Rs.199.50 Crores is the total out of that we have received Rs.47.5 Crores as of March 31, 2022 balance is going to be received in three tranches by September, December and March 2023. The loan is to the tune of Rs.308 Crores will be realized 50% in 2022-2023 and balance 50% in the next 2023-2024 but carries interest at 10%.

Now I will take up the standalone for the full year. Full year revenue is Rs. 10038 Crores as against the corresponding last year 2021 Rs.7372 Crores revenue recorded a growth of 36%. Gross profit for the year 1658 Crores and EBITDA Rs. 996 Crores at 10%, PBT Rs. 608 Crores 6.1%, PAT Rs. 490 Crores 4.9% as against the last year Rs. 261 Crores that is 3.5%. PAT growth for the current year is 87%. I will take up the consolidated numbers for Q4. Revenue is Rs. 3492 Crores as against the corresponding year Rs. 2842 Crores growth of 23%. Gross profit Rs. Rs. 472 Crores at 13.6%, EBITDA Rs. 270 Crores works out to 7.8%, PBT 284 Crores is 8.1%, PAT attributable to shareholders Rs. 242 Crores 6.9%, a growth compared to the previous year of Rs. 117 Crores 107% is the growth. The consolidated number for the full year revenue Rs. 11209 Crores as against the corresponding 2021 of Rs. 8065 Crores a growth of 39%, gross profit Rs. 1733 Crores represents 15.6%, EBITDA Rs. 1024 Crores, 9.2%, PBT Rs. 636 Crores 5.7%. PAT attributable to shareholders Rs. 482 Crores is 4.3%.

Now we have only consolidated one exceptional item that is NCC Vizag Urban Infra equity that exceptionally is the capital gain Rs. 176 Crores and we have also accounted for the interest 16 Crores and there is some knock off provisions are required to the tune of Rs. 18 Crores the net is Rs. 173.7 Crores is the exceptional item in the current year on a consolidated basis and there is one exception item in the previous year 2021 Rs. 12.6 Crores that is provisioned for the Taqa the case which was going on. These are only the exceptions. Turnover is excluding other income 9930 Crores, debtors outstanding as of March 31, 2022 Rs. 2492 Crores, debtors collection period stands at 92 days as against last year 2021 134 days. There is a good improvement and sizeable amount of the old outstanding have been collected from AP. AP during the year 2021-2022 Rs. 328 Crores we were able to collect and the current quarter 45 days Rs. 56 Crores totaling to Rs. 384 Crores. Similarly in electrical and other divisions Rs. 335 Crores and Rs. 189 Crores totaling to Rs. 908 Crores we were able to collect. When we have the bucket wise analysis of debt fund movement debt at the beginning of the financial year is Rs. 2036 Crores, there is no new debt during the year, but we have discharged the total working capital and CC to the tune of Rs. 975 Crores, machinery other loans Rs. 20 Crores, long term loans Rs. 37 Crores totaling to

Rs. 852 Crores and now the loan outstanding as March 31, 2022 was Rs. 1184 Crores the reduction is 42%. On a consolidated basis the debt is NCC Rs. 1184 Crores only one company NCC Urban we have Rs. 113 Crores totaling to Rs.1302 Crores. The finance cost for the quarter is Rs. 123 Crores and for the year as a whole the finance cost is about Rs. 459.6 Crores, which is approximately 4.5% of the turnover of the company. Last year also we had reported similar finance cost that is about Rs. 457 Crores for the year as a whole, but this year the turnover has gone up substantially from Rs. 7300 Crores to Rs. 10000 Crores so the finance cost as a percentage of the turnover has come down to about 4.5%. It is also our aim to see that the finance cost is below 5% that we were able to achieve as far as the year as a whole is concerned and also if you look at the debt my colleague has already covered cash credit is about Rs. 1007 Crores, commission advance is Rs. 172 Crores. Total debt on a standalone basis is Rs. 1184 Crores, which is a substantial reduction, compared to the previous year. We are able to bring down the debt levels substantially mainly because of the large payments that we have received receivable payments from various government clients and we hope to continue the same in the current year also and loans and advances to group companies stand at about Rs. 401.08 Crores, investment in associated subsidiary companies is Rs. 893 Crores. Our group exposure, exposure to group companies either by way of loans and advances or by way of investments in those companies stood at Rs. 1294 Crores. There is a small reduction compared to the previous year. Mobilization advance stood at Rs. 2055 Crores, retention money is about Rs. 2006 Crores and cash on bank balance is about Rs. 558 Crores are there, so if you net off the cash and bank balances out of the loans that we have taken the net debt is coming down further to the extent of about Rs. 600 Crores or so, which is a remarkable achievement and also I would like to bring to your notice the Board has recommended 100% dividend payment to the shareholders so that is Rs.2 per share of Rs.2 as compared to 50% last year that is a big jump in the dividend payment, of course the shareholders approval, AGM, etc., will be required for getting that.

Y D Murthy Finally on a personal note I would like to bring to the notice of all the participants that I am retiring from the Company as an Executive Vice President, Finance by the end of this month. This maybe the last investor call that I am attending, and I thank all the investors and all the brokerages who have supported especially the DAM Capital who was very close to us. We know them for the past 20 years because they were earlier IDFC Securities Limited, and Mr. Shirish Rane is a good friend of mine he used to conduct the proceedings. Nevertheless, we are getting good support from Mohit and his associates in DAM Capital Advisors. Likewise, we got similar support from various brokerages, various investors, various mutual funds and also lot of foreign institutions investors in the last 15 years. I thank them all for the support they have extended to this Company and also to me in my personal capacity and with this I request the participants to ask their questions and I request each participant not to ask more than two questions and the number of questions that will be addressed will be around 20 or so. Thank you. Please start the question-and-answer session.

Moderator: Thank you very much Sir. We will now begin the question-and-answer session. Ladies and gentlemen, we will wait for a moment while the question queue assembles. The first question is from the line of Ankur Sharma from HDFC Standard Life Insurance. Please go ahead.

Ankur Sharma: Good afternoon and thanks for your time Sir. I just have two questions. One when I look at your order inflows for Q4 is weak so just trying to understand what has led to this, typically Q4 is the strongest in terms of the orders finalization I think we were also looking at upwards of Rs. 14000 Crores of orders for the full year so what led to this weakness, is it delays in finalization, do you think that will pick up in the coming quarters and also what kind of orders are you looking at in FY2023 and which sectors please?

Y. D. Murthy: For the year as a whole for FY2022 bagged about Rs. 9900 Crores of fresh orders they are slightly less than what our expectation is which is at Rs.14000 Crores. You are right in the Q4 we could not get some orders which we were expecting. This order award is like a game some you win some you lose, so we had a sort of a temporary setback as far as Q4 is concerned, but as far as FY2023 is concerned we are very confident order execution will be pretty strong and some of the orders we missed out in the Q4 they should be coming back to us in the Q1 of the current year as well as in the remaining quarters as well and also as you know we are focusing on Jal Jeevan mission projects, we are focusing on metro projects, we are focusing on expressways, we have started bidding for hybrid annuity projects. Right now we have an order book of Rs. 40000 Crores so all these are big positives as far as the company and its business is concerned. Q4 we had a setback I fully agree with you, you have asked the right question, but I want to assure you it is only a temporary setback as far as Q4 is concerned and order increase is likely to pickup in the current financial year.

Ankur Sharma: Is this an industry wide deferral that you see that orders have not been finalized or is it that the loss of some large orders or projects?

Y. D. Murthy: No, with these sorts of projects some will win some will lose. Some big orders we expect in the Q4 could not materialize because other competing construction companies have bidded better rates or lower rates than us and as you know we always see that we maintain proper margins and we never bid aggressively that also could be one of the reasons, but as I told you it is only a temporary blip in our long journey and we will bounce back in the current financial year.

Ankur Sharma: Just one more any guidance on topline and margins for 2022, I do not think you mentioned the number, but any numbers you can share topline margins and order inflow for 2023?

Y. D. Murthy: We have not yet decided. The Board has not yet decided the topline and turnover numbers of shorter attrition so at this stage we will not be able to say with you anything on those lines. Maybe once the Board approval is there in place and the management thinking is clear we can share it with you, but give us some time, right now I cannot give you any topline number as far as FY2023 is concerned.

Ankur Sharma: Thank you and all the best.

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

Shravan Shah: Thank you. Sir just continuing the previous participant's question I understand the Board has not finalized but last time we were looking at the Rs. 36000 Crores order book at standalone, the broad range what can be expected in terms of the topline and in order inflow as you mentioned that we will bounce back so can we expect on Rs. 15000 Crores plus kind of inflow for FY2023?

Y. D. Murthy: That is very much possible definitely. For example, if you go back a little. In FY2021 for example we bagged Rs. 18000 Crores of orders. FY2022 it is only about Rs. 10000 Crores, but I am very sure but anyway let the Board to decide and communicate. We will be able to share it with you definitely Rs. 14000 Crores, Rs. 15000 Crores in FY2023 should not be a problem according to me.

Shravan Shah: On the revenue front 15% to 20% growth given the kind of order book that is feasible though I understand a formal guidance is not there.

Y. D. Murthy: That is very much possible. We have done 10% to 15% growth in current financial year FY2023 is very much possible.

Shravan Shah: Sir the main question is on the margin so I understand given the kind of commodity pressure so far this quarter we have seen a significant contraction in the EBITDA margins to 8.5% because previously we were looking at 11%, 12% so do you think this pressure will continue at least for the next couple of quarters and broadly how do you see for FY2023 the broad range in terms of the EBITDA margin?

Krishna Rao: EBITDA margin because of this exceptional price spiraling in Q4 as well as 2021-2022 there is a dip. Apart from that last year as I mentioned there was a special exceptional item but we aim to have that around 10% which is quite possible.

Shravan Shah: Lastly on the debt front I wanted to congratulate that we have reduced our debt significantly to close to Rs. 1200 odd Crores so how do you see this number by end of FY2023 so has this number also increased by April and May now or is it remains at the same level?

Y. D. Murthy: It is difficult to give a number right now. What I can say is FY2023 year end numbers if you are targeting the management is very keen to see that this number remains between Rs. 1200 Crores to Rs. 1500 Crores. Other than that in the meantime because of our work pressures and working capital requirements the working capital limits utilization may go up that always happens but there is nothing to be alarmed about. In our kind of business these things happen as my colleague was mentioning in the month of March we received nearly Rs.375 Crores of payments so naturally we park them in our cash credit accounts in the banks so that the debt at the end of the year is minimized, but later on when the work is progressing and requirement of funds is there we will start drawing those funds, there should not be cause for worry at all.

Shravan Shah: So accordingly we can see the sizeable reduction in finance cost as a full year business FY2023?

Y. D. Murthy: Yes. That is the aim.

Shravan Shah: Thank you Sir.

Moderator: Thank you. The next question is from the line of Parikshit Panchal from HDFC Securities. Please go ahead.

Parikshit Panchal: Sir the first question is on the AP receivables so if you can tell us what was the total AP opening net exposure and what is the total AP closing exposure of FY2022?

Krishna Rao: AP we have categorized into two one is that the old orders, old orders we have at the beginning Rs. 2903 Crores and we have executed Rs. 214 Crores there is a scope change to the tune of Rs.1584 Crores. Closing order book with regard to the old project is Rs. 1104 Crores and exclusive new projects at the beginning of the financial year Rs.1268 Crores and we secured another Rs. 1900 Crores, executed Rs. 62 Crores, and closing order book Rs. 3106 Crores. Old and the new together AP as a whole at the end of the financial year order book stands at Rs. 4211 Crores.

Parikshit Panchal: What will be the receivable positions and net exposure in April now old and new orders?

Krishna Rao: Receivables stands at, there is a sizeable reduction as I was mentioning to you considering that the value of the orders executed to the tune of Rs. 250 Crores there is a reduction in the total receivables as well as the unbilled revenue total Rs. 149 Crores there is a reduction. Now the receivables stand at Rs. 510 Crores.

Parikshit Panchal: On the old capital city projects which we have removed from the order book on that if you can quantify on that project where we had done some work so start of the year net position and closing year net position if you can give that number?

Krishna Rao: Those projects we have not removed, whatever we are doing the government has given the permission one by one project and where we are able to complete and there is a specific directions to go ahead to complete and we have also received as I mentioned to the tune in AP Rs. 384 Crores so far so we are taking up as per the directions of the government like APTIDCO, MLA, IAS quarters, those are in the final stage of completion.

Parikshit Panchal: The projects to the tune of Rs. 12000 Crores to Rs. 13000 Crores which we had canceled earlier removed from the order book including everything I think about Rs. 16000 Crores we had removed on that order we had executed some work so have we realized any payments on those projects especially the ones which were removed from the order book?

Krishna Rao: Nothing outstanding from these because there is no movement in these orders only we canceled. They have not started and stalled. They are only without any movement these projects they have been removed.

Moderator: Thank you. The next question is from the line of Ashish Shah from Centrum Broking. Please go ahead.

Ashish Shah: Good evening and thank you for the opportunity. Sir one is that if I look at the consolidated numbers and the standalone numbers in Q4 there is a negative difference of around Rs. 30 Crores so what could have been the reason why the consolidated profit was lower than the standalone profit?

Krishna Rao: You mean to say that the difference between consolidated PAT and standalone?

Ashish Shah: Yes Sir.

Krishna Rao: Where in standalone we need to provide the provision for the investment if there is a loss in any company whereas in consolidated it gets knocked off only in NCC Vizag Urban as I was mentioning the equity disposal our share is Rs. 199.50 Crores whereas the same in standalone books it is Rs. 149 Crores whereas only Rs. 7 Crores was knocked off in consolidated that is the main difference.

Ashish Shah: But even if I am looking at pre-exceptional numbers the standalone Q4 pre-exceptional and pretax profit was Rs. 143 Crores and if I look at the consolidated I think it was about Rs. 111 Crores or so, so even prior to considering any of the exceptional items there is a negative difference?

Krishna Rao: No we have other companies where there are some companies there is a profit and some companies definitely there will be a loss.

Ashish Shah: Right so which entities would have reported a loss Sir in the subsidiaries?

Krishna Rao: Subsidiaries it is only we are at the closure of that international and some of the companies which were required to make a provision for investment only two companies. Infrastructure Holdings with regard to the Taqa interest there is a provision and PDTL there is a provision. Only these two provisions have been made in the books of accounts.

Ashish Shah: Sure Sir. Also in terms of the interest cost if you can just give us a breakup of the total interest cost we have reported and the capex requirement for 2023?

Y.D Murthy: The interest cost breakup for the Q4 is like this. Interest on term loans Rs. 1.10 Crores. Interest on cash rate and WCDL is Rs. 38.89 Crores. Interest on mobilization advance Rs. 27.31 Crores, interest on others is Rs. 16.37 Crores, total is Rs. 83.67 Crores. BG commission Rs. 27.39 Crores, LC commission Rs. 8.39 Crores and bank and other finance charges in the Q4 Rs. 3.68 Crores, total for the quarter Rs. 123.13 Crores. The numbers for the year as a whole is Rs 459.6 Crores the total finance cost for FY2022.

Ashish Shah: Just to confirm the numbers, the outstanding net exposure from AP in terms of working capital is 510 Crores correct?

Y. D. Murthy: Yes.

Ashish Shah: Thank you and all the best to you Mr. Murthy. Have a great life ahead Sir. Thank you.

Moderator: Thank you. The next question is from the line of Nikhil Abhyankar from Dam Capital Advisors Limited. Please go ahead.

Nikhil Abhyankar: Good evening Sir and thank you for giving me this opportunity. I just had two questions. How will we use the money from the sale of NCC Vizag and do we have any more monetization plan ahead?

Y. D. Murthy: NCC Vizag Urban as my colleague was explaining as of now we have issued only Rs. 47 Crores the balance equity is coming in three quarterly installments so by FY2023 the balance amount of out of Rs. 199 Crores Rs. 47 Crores is received balance will come, that will be used for our working capital and also the reduction in the debt in the standalone balance sheet. Now the other thing is Rs. 308 Crores of loan is there that about 50% is expected to come in FY2023 and the balance 50% in FY2024. These moneys also as and when they come will be utilized for working capital purpose only. We have very little termed it on our books, which means we are moving towards a direction of becoming it debt free company and also, we have told you that cash on books is about Rs. 600 Crores and we are targeting and negotiating with the banks to reduce the cash margin on Rs. 558 Crores is cash and bank balances and if we succeed in convincing the banks and the cash balances lying with the banks on account of bank guarantee cash margin that money will also come back into the system. So the company is moving towards a situation of becoming a debt free company in maybe the next two to three years.

Nikhil Abhyankar: Understood Sir and one more question Sir. We are L1 in Mumbai for which project Malad I guess?

Y. D. Murthy: Yes.

Nikhil Abhyankar: How did we end up bidding for the same because earlier in the question we also said that we are focusing on JJ and metro and expressways so what was the thought behind it?

Durga Prasad: We have submitted our bids. It is under process. Now we cannot disclose any details with regard to this.

Y. D. Murthy: We have water and environment division; there are a lot of sewage treatment plants across the country we have done a number of projects and wherever opportunities are there we start bidding for them.

Nikhil Abhyankar: Understood. Thank you.

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

Vibhor Singhal: Good evening Sir. Thanks for taking my question and Murthy Sir congrats for retirement and wish you a very happy life ahead. Sir my question was basically two questions one is on the margin front and the other on the overall debt front, so on the margin front I think you mentioned that around 1.1% was the impact of commodity prices and there was no impact of the other exceptional items in the last year in the same quarter, but if I look at it on a quarter-on-quarter basis also our margins have kind of around 200 basis points so on a quarter-on-quarter basis if I compare it with the December quarter is the entire impact due to the commodity price inflation and if that is the case then how much of it do you expect to basically come into our margins in the next two quarters, I know for the full year you mentioned the margins are expecting maybe around 10%, but do you expect this pressure to be there in the next two quarters also on the margin?

Krishna Rao : You are aware that in April and May compared to the peak of the prices of 2021-2022 have come down so thereby we are confident we will be able to maintain the 10% Q1 and Q2 all the entire year.

Vibhor Singhal: Specifically in this quarter the margins came at 8.5% as compared to 10.8% in the last quarter so this entire drop was all because of commodity price is it?

Krishna Rao: I mentioned the two the expositional item of the previous corresponding quarter represents 1.4% and only 1.2% is the material impact.

Vibhor Singhal: That 1.4% you are mentioning is for the December quarter for last year Q4?

Krishna Rao: Corresponding previous quarter of the previous year I think.

Vibhor Singhal: So I am asking about Q3 December quarter?

Durga Prasad: Q4 FY2021 there was a claim of 121 Crores considered so which is equivalent to 1.4%. We do not have any claims accounted in Q4 FY2022 so that 1.4% and material cost impact of 1.2%, so all put together about 2.6% has come down when compared to previous year Q4.

Vibhor Singhal: I got that Sir. I was comparing Q3 FY2022 to Q4 FY2022, where the 200 basis points drop that is because of commodity price right?

Durga Prasad:: Yes right.

Vibhor Singhal: Because in Q3 there was also no exceptional item?

Y. D. Murthy: Yes.

Vibhor Singhal: Got it Sir. Thank you so much. My second question was on the debt front so could you take us through that we have reduced the debt by more than Rs. 600 Crores compared to last quarter itself so what is the kind of reduction in the overall interest expense that we can expect for next year, so as you rightly mentioned that this year we have kept our interest expense at the same number but as a percentage of sales it has come down so this Rs. 450 Crores number that we are looking at this year what could be the ballpark number that we could expect this to come down next year?

Y. D. Murthy: Vibhor now banks are increasing their interest rates. As you know Reserve Bank has increased the policy rate by 40 bps the MCLR rates are going up so the interest cost is likely to go up and I do not think the BG commission cost will come down so I think the finance cost for FY2023 will remain at say 4.5% of the turnover of the company. As a bank as I was mentioning 4.5% to 5% but we are confident we will close it at the lower end of the bank for FY2023 also.

Vibhor Singhal: Got it Sir. Thank you so much for taking my questions and wish you all the best Sir.

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

Prem Khurana: Thank you for taking my questions Sir. Sir two questions so to begin with I just want to get your sense on Jal Jeevan mission orders, if I remember correctly last call when we spoke I think Jal Jeevan mission order was a key contributor to the topline right so is the situation is the same in this quarter as well wherein these orders would have contributed a large chunk and also if you could share your thoughts on how has the payment cycle been with these orders of Uttar Pradesh?

Krishna Rao: There was a delay in finalization of the DPR and consequently the contract agreement. Now for all the projects the DPRs and the necessary approvals have been in place. Contract agreements have been entered. The diffusion has started. The last financial year there was a turnover to the tune of Rs. 205 Crores this year we have done about Rs. 1217 Crores and the payment the delay absolutely we are able to realize well in time.

Prem Khurana: Sir what proportion of the total Jal Jeevan mission orders would we kind of generally under construction as of now because you will take up these orders in phases you decide on the number of **(inaudible) 48:04** that you want to start with, go and get the details approved so how much or what proportion of the total order backlog would be operational or under construction as of now?

Krishna Rao: I mentioned as well **(audio cut) 48:15** this should be completed and which we are planning to complete as per the contract agreement.

Prem Khurana: Sure and Sir second question was I am sure the way your commodity price have moved up and you would have engaging with the clients wherever you have this price escalation clause is in place with these orders so how are the clients kind of responding to your request when we seek adjustment in the project cost?

Krishna Rao: It is ongoing. Wherever we have the price escalation clause in the contract and as per the contract terms we are raising our PV bills based on a monthly or quarterly, which the client is certifying and we are realizing it is a continuous process.

Prem Khurana: We are not facing any issues in terms of getting these escalations approved?

Krishna Rao: No issues. No problems.

Prem Khurana: The kind of reduction I am seeing in the debt I think a large part of it is also because of higher trade because if I remember my numbers correctly our trade payables at the end of this year are around 4300 odd Crores and last quarter these were at around 3800 Crores so would you be able to share why is this large jump on a sequentially base payables and is it fair to assume this is temporary and it will go down next quarter or a quarter after that?

Krishna Rao: The prime reason is you are aware that the material prices are increasing and in order to curtail the price increase the conscious decision was taken for some of the projects wherein we have procured steel and pipes it is more and compared to the previous year it is around Rs. 260 Crores inventory has increased so as a result this trade payable also has gone up.

Prem Khurana: Sure these are the questions from my side and Murthy Sir all the very best for the future. Thank you.

Moderator: Thank you. The next question is from the line of Parikshit Panchal from HDFC Securities. Please go ahead.

Parikshit Panchal: For FY2022 what is the total JJM revenue?

Krishna Rao: Jal Jeevan mission revenue for FY2022 is Rs. 1218 Crores.

Parikshit Panchal: What were the JJM revenues from Q4 because I remember in the last earrings call you had said that in Q3 we had almost 800 Crores of revenue from JJM?

Durga Prasad: No, Rs. 800 Crores for nine months. In last call we told that we have done about Rs. 850 Crores revenue in the first nine months, now for entire year it is Rs. 1218 Crores.

Parikshit Panchal: You have guided for FY2022 revenue of about Rs. 5000 Crores from JJM?

Y. D. Murthy: No this is in line with the contract agreement absolutely.

Parikshit Panchal: Last question Sir if you can update us on the SembCorp and the Taqa?

Y. D. Murthy: SembCorp basically the arbitration got delayed because of COVID and now the arbitration hearing is almost completed. They are likely to do their verdict. I think by June the final phasing will be done and by September we are expecting the final verdict by the arbitration panel.

Parikshit Panchal: Capital gains from the Vizag land sale anything booked in the standalone P&L?

Durga Prasad: Yes so capital gain of Rs. 68 Crores on account of sale of Vizag Urban.

Parikshit Panchal: It is under the taxation?

Krishna Rao: It does not attract any tax outflow on account of this capital gain.

Parikshit Panchal: Is it under standalone or it will be part of the subsidiary, it is not figuring in the standalone numbers?

Durga Prasad: Standalone.

Parikshit Panchal: Because the tax rate is 22% so I was just wondering if you are saying 68 Crores is the total tax so is there any tax or deferred tax in which we have taken in this quarter?

Y. D. Murthy: When we have the carry forward loss which we were able to set up for no cash outflow. These things you cannot discuss in the open discussion like this. If you have any queries like this you can send us an e-mail or talk to our colleagues like Mr. Vijay Kumar or Durga Prasad whose e-mails are available with you because unnecessarily lot of time is wasted, go deeper and deeper into it in a general discussion about the Company's business and its performance.

Parikshit Panchal: All the best to you Sir.

Moderator: Thank you. The next question is from the line of Parvez Akhtar Qazi from Edelweiss Securities. Please go ahead.

Parvez Akhtar Qazi: Good evening gentlemen. Couple of questions from my side so first I think in our press release we have mentioned that the standalone order book at the end of the year was about Rs. 36300 Crores and there is Rs. 3058 Crores order in the subsidiary so which subsidiary does this pertain to?

Y. D. Murthy: This is pertaining to the mining subsidiary MDO project, it is all MDO.

Parvez Akhtar Qazi: Great. The second question is have we made any provision for the Taqa case and are there any incremental provision that might be needed in future?

Y. D. Murthy: Taqa we have already made a provision of about Rs. 117 Crores. There is no further incremental provision required for that. On the other hand we are talking with the client for an out of court settlement, because of COVID it got delayed but we hope to close it may be in the next six months or so.

Parvez Akhtar Qazi: Was this entire Rs. 117 Crores made in this quarter or was it made throughout?

Y. D. Murthy: It was made about one year back in the books of NCC Infra Holdings this provision has been made because NCC Infra is holding the shares in that company that is Himachal Sorang. They are the investors. The provision was made long time back.

Parvez Akhtar Qazi: Lastly I think with regard to the BMC sewage project I think the Supreme Court has already asked BMC to award it so while you might not want to comment on the order type but is it fair to assume that maybe if everything goes well maybe sometime this quarter we can get that order?

Durga Prasad: I hope so. It is too early to comment so let us wait. Once we get official communication, we will communicate with you.

Parvez Akhtar Qazi: Fair enough Sir. Thanks for answering my questions and Mr Murthy all the best for your future.

Moderator: Thank you. Ladies and gentlemen, as this was the last question for today I would now like to hand the conference to the management for closing comments.

Y. D. Murthy: We thank all the participants for their enthusiastic participation. If we are unable to take up any of your questions kindly send us an e-mail or talk to my colleagues here Mr. Durga Prasad, General Manager who is already in touch with most of you and also Mr. Vijay Kumar, our Vice President Finance and we thank DAM Capital for hosting this conference call and we will hand over the thing to the organizers. Thank you all.

Moderator: Thank you. On behalf of DAM Capital Advisors Limited that concludes this conference. Thank you for joining us. You may now disconnect your lines.