Ref. No.: NCCL/ Regulation 30/2024
Date : May 20, 2024

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 audio conference call under Regulation 30&46 of the SEBI (LODR) Regulations, 2015

Please find enclosed herewith the transcript of the earnings audio conference call that took place on May 15, 2024 with analysts discussing the performance & financial results of Q4 of the FY 2023-24. The transcript is also available on the Company's website at https://ncclimited.com/analyst-column.html.

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

Please note that no unpublished price sensitive information was shared in the earnings call.

Kindly take the above information on record.

Thanking you,

Yours faithfully
For NCC Limited
Mallela Venkata Srinivasa Murthy
Digitally signed by Mallela Venkata Srinivasa Murthy
Date: 2024.05.20 15:18:14 +05'30'
M V Srinivasa Murthy
Company Secretary & Sr.EVP (Legal)
Encl : As above

"NCC Limited

Q4 FY '24 Earnings Conference Call"

May 15, 2024

MANAGEMENT:	**MR. R.S. RAJU – DIRECTOR PROJECTS – NCC LIMITED** **MR. SANJAY PUSARLA - EXECUTIVE VICE PRESIDENT, FINANCE AND ACCOUNTS – NCC LIMITED** **MR. NEERAD SHARMA – HEAD STRATEGY AND INVESTOR RELATIONS – NCC LIMITED**
MODERATOR:	**MR. VAIBHAV SHAH - JM FINANCIAL**

Moderator: Ladies and gentlemen, good day and welcome to Q4 and FY 24 Results Conference Call of NCC Limited, 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 touch-tone 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, Mr. Shah.

Vaibhav Shah: Yeah, thank you, Manav. On behalf of JM Financial, I welcome everybody to the Q4 and FY 24 Earnings Conference Call of NCC Limited. We have from the management today, Shri R.S. Raju, Director Projects, Shri Sanjay Pusarla, Executive Vice President, Finance and Accounts, and Shri Neerad Sharma, Head Strategy, and Investor Relations. So I hand over the call to the management now for their opening remarks, after which we can begin the Q&A. Over to you, sir.

Neerad Sharma: Hi, good evening, everyone. At the very outset, I thank each of you for taking out time to attend this interactive meeting. As you are already aware, I have with me my colleagues, Mr. R. S. Raju, Director Projects, and our CFO, Mr. Sanjay Pusarla. About 15-20 minutes back, we have uploaded the results on the Stock Exchange website and one investor's presentation as well.

Hope you have been able to download the presentation and go through the numbers. As you are aware, we have declared an excellent set of numbers for the fourth quarter and for the financial year 2024. I will hand over to Mr. R. S. Raju.

R.S Raju: Good evening to all of you. Thank you, Mr. Vaibhav Shah. Before we read about the financial results of the company for the Q4 and the 12-month period of the FY24, I want to give the introductory remarks. Thank you, Mr. Vaibhav Shah. Good evening, ladies, and gentlemen.

A warm welcome to all of you into the Q4 and the 12-month period of the FY24 Investor Earnings Call of NCC Limited. The presentation containing the performance of Q4FY24 and 12-months was uploaded on the Stock Exchange website and in our website. Now, I will take you through the key highlights of the fourth quarter and thereafter, we will take you to the questions and answers.

Before my briefing on the Q4, the usual disclaimer of the presentation that we have uploaded on the Stock Exchange and our website, including the discussions that we will have in this call, contains, or may contain certain forward-looking statements relating to an official business prospects and profitability, which are subject to several risks and uncertainties, and actual results may materially differ from those in such forward-looking statements. Now, coming to the current period, all of you are aware that this is the general election year and lots of elections are completed in some parts of the country, and the remaining parts, the elections are going to be held in a couple of days.

These elections, followed by some state-listed elections in the year 2024, may have an impact on order booking, but little impact on the progress of the NCCL business. Before going to the results, just I want to mention about the significant matters which have taken place in the 12-months period, and more specifically in the fourth quarter. The SPVs, smart meters.

You are aware that the company has secured three smart meter projects value of INR7,403 crores. Out of three, two projects we require to incorporate SPVs, and accordingly we have incorporated two SPVs for two projects, valuing INR5,756 crores. The work-sharing between SPVs and NCCL, the SPVs have given contract value of INR 3,660 crores by retaining at SPV level INR 2,095 crores.

The equity tie-up for these two projects is in good progress, and investment bankers show an interest to invest, and the management will decide the modalities in a couple of weeks. As far as debt tie-up is concerned, we have already approached banks, and SBI Caps has recommended our debt application to SBI, and we expect the sanction in a couple of days from the SBI.

As far as Bihar smart meter project is concerned, NCCL doing on its own, already started the work, and erection is done for some sample testing meters. The sample testing is in progress by the client. And other major projects which NCCL doing is UP, Jal Jeevan, Nigam projects. There is a good progress in execution of these Jal Jeevan projects in UP, and these projects contributed significantly in Q4 and 12 months in the topline. Out of the total orders of INR16,900 crores, we have executed up to March 24, about 53%.

It may take another one year to complete the major part of Jal Jeevan projects, second phase and third phase. And Malad project, you know that we received a larger size project valuing INR3,802 crores a year back, we received, but now we received the environmental clearance to proceed further for execution of the project.

So, already other facilities are mobilized, and in 24-25 this project expected to report a good progress. NCCL Vizag Urban, we have received INR52 crores in 23-24, and another INR65 crores we received in the April-May 24, and aggregating to INR119 crores, the receipts happened. The balance of INR35 crores against equity consideration, we expect to receive in 24-25. And apart from that one, we also expect to receive another INR50 crores against the loan from the buyer of the project.

Sembcorp, you are aware that the arbitration tribunal has given an award for a total amount of INR198 crores, out of which we received INR151 crores, and balance INR45 crores pending. And both the companies went to the, again, court under Section 34, and the outcome, it takes some more months to know. As far as AP projects are concerned, there is not any major change, and we have about INR701 crores at the beginning, and now the order, the value has come down to INR598 crores, related to the capital city projects.

As far as BGs are concerned, we have INR267 crores value of business at the beginning of the year. Now it has come down significantly to INR67 crores, a decline of nearly INR200 crores in the 12-month period of the year under review. So, similarly, the outstandings have come down from INR 157 crores to INR 147 crores. And another significant matter taken place is settlement of TAQA. All these quarters, we use it to tell about the status of the TAQA, and in the last meeting also we expressed that amicable settlements are in progress.

Now, the settlement, amicable settlement is reached between the two parties. According to the settlement, we require to pay INR175 crores on installment basis, out of which INR90 crores was made in March 24, and balance INR85 crores payable in two instalments in 24-25. On account of this settlement, there is an impact on P&L of NCCIHL about INR55 crores and same is observed in the Q4. In the PTTL, another case pending related to the PTTL or associate company, the lenders of PTTL made a claim in NCLT against PTTL. In Q4, we have received a settlement award from NHAI, and they deposited in the Consortium Bank account for further distribution to all the lenders.

All the lenders have given no objection certificate, and accordingly the PTTL pending case is now closed. And another transaction is NCCIHL vs. GEVPL. All of you are aware that GEVPL has invested 37% in NCCIHL, and at the same time NCCIHL has invested its money equivalent to that in the form of Debentures in GEVPL. So, in Q4, NCCL has acquired the investment from GEVPL. As a result, NCCIHL now has become 100% subsidiary of NCCL.

GEVPL, in turn, uses the sale consideration to redeem its OCDs held by NCCIHL. So, these are the major significant transactions taking place in 12 months as well as in the fourth quarter. Now, coming to the fourth quarter performance the first I will discuss on the order book. So, order book at the beginning of the year we have INR50,244 crores, and in fourth quarter we received INR6,044 crores and in fourth quarter we have executed INR5,949 crores.

As a result, the closing order book now stands at INR57,536 crores, as against INR50,244 crores, showing a growth of 15%. So, we targeted for the year the new orders about INR26,000 crores, but company received orders INR27,283 crores, a little more than its plan. So, the orders executed in 12 months period is INR17,891 crores. Similarly, the order size increased significantly from INR578 crores of last year to INR780 crores.

In the year 23-24, we secured 35 number of orders. So, this is about the order book. Now, I want to brief the operating and financial performance of NCCL from the Q4. On stand-alone basis, the company reported a revenue of INR5,487 crores against INR4,047 crores, a growth of 36%. The revenue primarily driven by the buildings division and electrical divisions, which in turn driven by the UP Jal Jeevan Mission project mostly. The gross profit reported as INR771 crores against INR634 crores, a growth of 22%. Similarly, the gross profit margin reported is 14.2% against 15.8%, a decline by 1.7%.

The company has posted an EBITDA of INR510 crores against INR424 crores, an increase of 20% against the corresponding quarter of the previous year. The PAT reported INR188 crores against INR178 crores, an increase of 6% over the corresponding quarter. The EBITDA margin reported is 9.4% against 10%. The other income reported for this quarter is INR42 crores against INR31 crores.

Coming to the cash flows, stand-alone Q4. On stand-alone basis, the fourth quarter, the cash flows of INR1,146 crores generated from the operating activities, as against INR1,123 crores year-on-year. The net cash flows used in investing activities INR148 crores against cash flows generated INR55 crores. The net cash flows used in financial activities INR615 crores against INR1,082 crores.

Coming to the 12-month stand-alone operating results the company reported a revenue of INR18,459 crores against INR13,504 crores, a growth of 37%. The revenue increase is primarily due to more revenue from building and electrical divisions, again good progress from the Jal Jeevan Mission project. The gross profit reported as INR2,590 crores against INR2,170 crores, a growth of 19%. The gross profit margin in 12 months is 14.14% against 16.25%. The adjusted gross profit margin for 12 months period is 15.7% as against an adjusted margin of 15.52% of the previous year.

We know that in the second quarter some major impact happened on account of Sembcorp settlement. As a result, we have worked out adjusted margins. So, the adjusted gross profit margin when compared to the previous year, there is a decline, but the decline is only to the extent of 0.45% over the previous year. The company has posted an EBITDA of INR1,648 crores against INR1,343 crores, a growth of 23%.

The EBITDA margins reported as 9%, adjusted EBITDA is 10% as against same 10.06% of the corresponding period of previous year. It means there is not any big change in EBITDA margin on apple to apple comparison. PAT reported as INR631 crores against INR569 crores, PAT margin 3.4% but adjusted PAT margin is 4.57% as against 4.2% of the previous year. Cash flows for 12 months on standalone basis, nearly INR1,248 crores generated from the operating activities as against INR873 crores of the previous year.

Net cash flows used in investing activity is INR333 crores against INR132 crores. Net cash flows used in financial activity is INR707 crores against INR749 crores. The above cash flows indicate that there is a significant increase in the operating cash flows from INR873 crores to INR1,298 crores in 2023-2024, which shows the kind of collections and the kind of working capital management done by the company.

So that is about the standalone. Now I want to brief Consol Q4. This quarter reported a turnover of INR6,530 crores against INR4,980 crores at a growth of 31%. The Gross Profit reported as INR851 crores against INR692 crores at a growth of 23%. The Gross Profit Margin reported as 31.1% against 13.8%. The EBITDA reported INR554 crores against INR462 crores at a growth of 20%.

Now the PAT reported as INR210 crores against INR185 crores at a growth of 14% over the corresponding quarter of previous year. Now I will go to the 12-month consol. This 12-month period reported turnover of INR20,971 crores against INR15,701 crores at an increase of 34%. The Gross Profit reported INR2,780 crores against INR2,336 crores at a growth of 19%. The EBITDA reported INR1,983 crores against INR1,459 crores at a growth of 22%. The PAT reported INR711 crores against INR609 crores at a growth of 17%.

Next, I will briefly touch about the group companies. There are two companies actively reporting the top line and the profits. One is Pachhwara Coal Mining Private Limited. Another one is NCC Urban. So in this 12-month period, the Pachhwara Coal Mining Private Limited has reported turnover of INR1,829 crores against INR1,780 crores of the previous year.

Similarly, NCC Urban has reported turnover of INR389 crores as against INR370 crores in the corresponding 12 months of the previous year. So the total group companies reported a turnover in this 12-month period is about INR2,533 crores as against INR2,199.78 crores a growth of 15%.

So the standalone company reported growth of 37% and this group companies reported a topline growth of 15%. Coming to the balance sheet in this investment. The investments in this quarter increased from INR875 crores to INR1,033 crores which on account of the acquisition of the NCCIHL from the GEVPL.

Next capex in fourth quarter we have spent INR114 crores and in the 12-month period we have spent about INR249 crores. The inventories slightly increased in the 12-month period from INR1,078 crores to INR1,434 crores about INR356 crores and this increase in this period is in line with the increase in the volume of activities.

As trade receivables, the trade receivables declined by INR150 crores in the 12-month period from INR2,945 crores to INR2,791 crores though there is an increase in the top line. The trade receivable days for the year under review significantly come down to 57 days from 87 days almost the lowest in the decade.

Retention money also significantly has come down from INR1,930 crores to INR1,595 crores. It declined by about INR435 crores which in turn due to receipt of settlement amount from Sembcorp. The unbilled revenue increased from INR3,225crores to INR3,859 crores an increase of 20% as against an increase of 37% in the top line. The UBR in terms of percentage of turnover has come down from 24% to 21%.

The next item is working capital. There is a significant improvement in working capital days from 102 days to 76 days, lowest in the decade. As a percentage of turnover it is reported 20% of sales or revenue as against 29% of the previous year.

In terms of value the kind of working capital has come down from INR3,870 crores to INR3,700 crores despite increase in activity by 36%. The debt has come down from third quarter to fourth quarter by about INR400 plus crores and stands now at INR1,005 crores. Compared to the opening debt of the year there is a slight increase of INR25 crores in the debt. In the previous investors call meeting we said that the debt may stand at INR1,300 crores or so by the year-end, but now it stands at INR1,000 crores because of the good collections that happened from the clients in March-24.

The mobilization advance is decreased from INR2,755 crores to INR2,311 crores a decline of about INR440 crores. So, there is no increase in debt, but there is a decrease in mobilization advance which shows companies' working capital management.

Next, we come to the ratios. The RoCE reported for FY24 is 14.04% as against 13.41% of the previous year. Similarly, the return net worth i.e. PBT by net worth reported 13.56% as against 12.95%. On a consolidated basis, the RoCE reported is 15.77% as against 14.41%. Another significant matter taking place here is the credit rating.

We received an enhanced credit rating AA minus from the Care Ratings. So, with this, we expect further improvement in our term loans, our working capital loans, our BGs, LCs, costs we are expecting some improvement in the cost point of view. The last but not least item is about the guidance.

We have given guidance for order booking for FY23-24 as INR26,000 crores whereas we have achieved INR27,283 crores and top line we have given a growth of 20%, but we achieved 37%. So, for the year 24-25 we give a guidance on order booking about 20,000 to 22,000 considering the present market environment particularly the general elections, followed by some state assembly elections. And the top line growth guidance about 15% plus as against 20% guidance given in the last year.

Similarly for the EBITDA margins we have already seen about the margins how the margins. So we expect the EBITDA margin 9.5% to 10%. However, these numbers are subject to impact of the elections, if any. Now, this is about the brief on the NCCL Q4 and 12 months operating results. Now, the session is open for the participants for their questions, and we answer the questions.

Moderator: Thank you, sir. We will now begin the question-and-answer session. We have our first question from the line of Mohit Kumar from ICICI Securities. Please go ahead.

Mohit Kumar: Good evening, sir. Congratulations on a good set of numbers. My first question is on these margins. Our margins used to be 12% it has been declining from 12% to 10%. When you're guiding against a softer margin against 50 basis point correction. Given the outlook, do you think any chance of margin surprise in FY25 and are we targeting a slightly higher number as we go forward, maybe a couple of years henceforth? Can we expect a better margin more than 10%?

R.S Raju: As now I have got the margins. Now the company's focus is on to secure more orders and other size orders and in the market, there is a competition and to get the orders we have to compromise at 1% or 2% at the gross profit margin level. So this has been the experience for the last two, three years. As a result, the company decided on its philosophy to quote, to get more orders and do more turnover.

And as a result, 35% each year, 35% growth, company reported on the top line. And though the gross margins are lower, but ultimately maintain the bottom-level margins at PBT-PAT level, improve the margins at that level. That is the focus we are making. But the company's plan, we are making an improvement in the net profit margins year-on-year, at least by 50 base points every year. So like that, the company management philosophy is there. So accordingly, the business model is there.

So the EBITDA margins, as a result, last year reported 10%. Now, again, 9.5% to 10% we have given as guidance. So as far as order booking is concerned, this year is an election period. And definitely, five to six months period, every company loses in getting the orders. We don't know how the things take place. But we have given 20,000 to 22,000 as the minimum benchmark to secure. So if there is no impact -- good impact on the front of the elections, so we may get more orders. But a minimum of 20,000 to 22,000 is the benchmark the company has kept.

Neerad Sharma: Mohit Kumar if I may add a couple of things. Firstly, this is also a function of the competition prevailing in the space. As the space gets more competitive, generally, the price levels tend to go down. But I think it is better to look at the profits, the PAT or PBT, whatever that you prefer in terms of absolute numbers, I mean in rupees crores. Then you will see a clear direction that we are moving northwards always. And going forward, the guidance that we have shared with you, that is 9.5% to 10% is for the current year, that is FY' 24, '25. Going forward, next couple of years, our intention is always to keep the needle moving.

Mohit Kumar: My second question is, what are the capex and equity invested for FY '24? And what is the guidance for capex and equity investment in FY '25?

R.S Raju: In FY '24, we spent about INR285 crores. And for FY '25, we are targeting to spend about INR250 crores.

Mohit Kumar: This is on the capex side. On the equity side, sir? Equity investment in the subsidiaries?

R.S Raju: As equity investment, it varies between INR100 to INR175 crores. Depends upon the requirement and progress of the recently received smart meter projects.

Mohit Kumar: So the total number will be below less than INR2 billion for FY '25. For everything. Am I right, sir?

R.S Raju: Yes.

Mohit Kumar: Understood, sir. Thank you and all the best, sir. Thank you.

Moderator: Thank you. We have our next question from the line of Shravan Shah from Dolat Capital. Please go ahead.

Shravan Shah: Sir, I need data points on retention money as of March, mobilization advance, and loans to associates and subsidiaries?

R.S Raju: Please note down. The retention money is INR1,505 crores. The mobilization advance is INR2,311 crores. The other item you asked is UBR, right?

Shravan Shah: Sir, loans to subsidiaries and associates?

R.S Raju: He is standing at INR 509 crores.

Shravan Shah: 2509.

Sanjay Pusarla: No, no. 509. I think we will repeat again for your benefit. Retention money has gone down from INR1,930 crores in the last year to INR1,505 crores. And mobilization advance, it has gone down from INR2,755 crores to INR2,311 crores. The loans, it has come down from INR549 crores to INR509 crores.

Shravan Shah: So total investment in subsidiaries and associates including investment and loans now is INR1,544 crores?

R.S Raju: Yes, you are right.

Shravan Shah: Okay. And couple of clarification, you mentioned the TAQA settlement. So in this fourth quarter how much we have INR55 crores you mentioned this is booked in other expense or where it has been booked?

Sanjay Pusarla: It was shown as an exceptional item.

Shravan shah: And the prior year tax of INR36.82 crores in FY '24, is the entirely in the fourth quarter or?

R.S Raju: It is not entirely in the fourth quarter. It is over a period of 12 months.

Shravan shah: And sir, now how do we look at in terms of the debt level and in terms of the finance cost for FY '25?

R.S Raju: Yes, finance cost now for the current year in terms of percentage works out to about 3.23% is the interest cost for the year '23, '24. And for next year we expect some 30 to 40 base points reduction.

Shravan shah: So as a percentage of revenue we are seeing some reduction. So does that mean on absolute level also INR595 crores finance cost will reduce in FY '25?

R.S Raju: The same level about INR10, INR20 crores in that level will be there. There won't be any significant change.

Shravan shah: And on the working capital and the debt level, how it will look by end of FY '25?

R.S Raju: So we are targeting now we have INR 1005 crores, and we are targeting to reach INR500 crores by end of FY '25.

Shravan shah: And working capital any further improvement possible?

R.S Raju: Working capital in terms of working capital days, yes still two, three days reduction would be there. But in absolute terms for some amounts get increased for 15% plus growth. But in terms of days or in terms of percentage a little reduction we expect.

Shravan shah: Okay, thank you sir and all the best.

Sanjay Pusarla: Thank you.

Moderator: We have our next question from the line of Parikshit Kandpal from HDFC Securities. Please go ahead.

Parikshit Kandpal: Yes sir, hi. Congratulations on a good quarter. So my first question is on the stake purchase of 37% for INR240 crores. So we can understand the rationale behind this and how did you arrive at INR240 crores of consideration? And what are the assets, balance assets in this entity?

R.S Raju: This is an old transaction. Originally the transaction taken place some six, seven years back. At that time there is a pre-understanding are there. At that time the GEVPL is a partner in our NCC

Power Company. So at that time basing on the restrictions or conditions we used the GEVPL shares to transfer to the Sembcorp. And in turn we have given a stake in our NCCIHL equivalent to that amount. The rights we have given to GEVPL, 37% stake in the NCCIHL. The same time the NCCIHL has invested the similar amount in the form of CCDs or Optional Control Debentures in GEVPL. So in all the books the transactions are continuing for the last 5-6 years.

We are waiting for the swapping of this transaction for a period of time. Now in the current year we have taken up this exercise and exchanged the same thing. It is nothing but a swapping of the transaction, cancelling or closing of the transaction. So, we reacquired the stake of 37% from GEVPL at a predetermined price.

It is not the market driven price and other things. And the same amount they used for redeeming the debentures issued by them to the NCCIHL. This among the three companies this transaction has taken place. It is nothing more or less a paper type transaction. The transaction entries are closed in the books of accounts. As a result, now NCCIHL has become a 100% subsidiary of NCC. There is no profit, there is no loss in the transaction.

Neerad Sharma: Mr. Parikshit, this is not really a new transaction. This is something that we have just affected. This was an agreement that we entered into several years back.

Parikshit Kandpal: Is it a cash item or a non-cash item? Non-cash item.

Neerad Sharma: Non-cash item, the fact of the matter is you are aware that long back we had one power asset. And we wanted to sell that power asset to Sembcorp, the acquirer. But due to some permissions we could not sell. Because we had to transfer all the coal linkages and everything. That is the reason this arrangement was made between us and Gayatri. In other words, this is just the unwinding of the pre-agreed milestone. So, this is just a sort of paper transaction if you prefer that word. There is no cash involved in this.

Parikshit Kandpal: That is, what I wanted to check if it is cash or non-cash item.

Neerad Sharma: I hope that answers your question.

Parikshit Kandpal: Yes, Secondly, on the order pipeline, given that almost half of this year will go around elections, government formation, so ordering is expected to get delayed. But which sectors? Are you looking at new sectors to compensate for the shortfall? Are you looking at solar projects? So, to build up the order book, are you open to take subcontracting works or beauty toll projects from other dealing developers? Because I think you don't invest in equity intensive projects in both segments. So, any sense on how do you intend to make up for the shortfall?

Neerad Sharma: Yes. But see, the prospective pipeline of the projects which we expect to come up for bidding, post the elections, we continue to see a very healthy pipeline. And at least in 3, 4 major verticals in which we are present in a major way, such as our buildings division, our transport division, the water division, electrical T&D, we continue to see a very healthy pipeline of projects.

So, in light of that fact, you must have noticed that we have sort of toned down our order inflow guidance for the current financial year. These two verticals that you are talking about, solar EPC and doing plain vanilla kind of contract for the BOT players, we have looked at this space in the past.

But it doesn't really make sense for a company of our size, our cost structure, to really get into those kind of businesses. But if a suitable opportunity presents itself in front of us, we are open to look at this possibility. But not to say that these 4, 5 verticals in which we have a lot of exposure, we expect a healthy pipeline of projects to come up for bidding.

There may be a delay, quarter here or quarter there. But we think this award should pick up post the elections, July, August. And that said, we have one of the highest order books that is already available with us. That gives us a good visibility. Even if there is a delay, let us say a quarter here or there, we have more than sufficient amount of orders already available with us to execute. All that we need to do is to go out and execute.

Parikshit Kandpal: Okay. And just the last question. Now we have settled a lot of historical claims dating back like 7 years, 8 years, 10 years. Now, I think you did mention about having Pondicherry project, PTTL. I think you mentioned about NCLT claims. So any more, further write-offs or diminution in value or exceptional item expected in FY'25? So, if you can quantify anything more coming in from future settlements. Any last ticket item pending to be issued?

Sanjay Pusarla: At the moment, we do not foresee anything which is material. Even if it is there, small things may be there. But nothing material we are foreseeing now for the year FY'25.

Neerad Sharma: In fact, this last year, that is FY'23, FY'24, has been a year of clean-up. If you are a person that tracks the company closely, last 5-6 years whenever we got an opportunity to interact either with an investor or an analyst, we got asked this question, what is happening to Sembcorp? What is happening to TAQA? What is happening to this Vizag real estate divestment? We are happy to report that in a single year, we have cleaned all these things. We have put all these demons to rest. So, we are sort of starting with a relatively clean slate now.

Parikshit Kandpal: And this Pondicherry project, nothing is to be written of, right? NCLT settlement which you spoke about in Q1.

Sanjay Pusarla: Nothing more. Our settlement we reached with NHAI, that is the settlement which has been agreed with the Consortium of Lenders also. And this has been received from NHAI and paid to the lenders. And the case is completely settled now.

Parikshit Kandpal: And this from the Vizag, how much is pending to be received, both as equity and both as part of debt repayment?

Neerad Sharma: INR33 crores is the equity part that we have to receive. The debt would be about Close to INR350 crores debt.

Parikshit Kandpal: When will the debt come? When will the debt get paid off?

Neerad Sharma: In the next two years. That is, our target is March 26.

Parikshit Kandpal: Thank you.

Moderator: Thank you. We have our next question from the line of Ketan Jain from Avendus Spark. Please go ahead, Ketan Jain.

Ketan Jain: Good evening, sir. Am I audible?

Sanjay Pusarla: You are audible. Yes.

Ketan Jain: Yes, sir, what is the rate of interest are you seeing at financing smart meter projects?

Sanjay Pusarla: It is between 9.5%, to 10%. And the term sheets are now under discussion with the lenders.

Ketan Jain: Thank you, sir. That was my question. Thank you.

Moderator: Thank you. We have our next question from the line of Prem Khurana from Anand Rathi Shares & Stock Broker. Please go ahead.

Prem Khurana: Yes. Thank you for taking my question, sir. And congratulations on a good set of numbers. Sir, I joined a little late. In terms of the smart metering orders, we were supposed to have a partner in place which would have reduced capital intensity. So, any progress there? Have you been able to find any partner? Where are we in terms of stage of discussion with the partner?

R.S Raju: Equity investment in smart meters. Now, according to our calculations, the equity investment requirement for those projects is INR500 crores. For the two projects which are being handled by the SPVs and other project anyhow, it is doing by NCC on its own.

So, for these two projects, the equity investment is about INR500 crores. So, at this moment, the NCC is looking partly to increase from its own and partly from the others. And the discussions are also taking place, are taking place already with the investment bankers. And investment bankers show interest to invest. But we have not decided the modalities, how much amount, or what is the premium. Those modalities will take place in another couple of weeks.

Prem Khurana: But then, we want to do it. It is not that we would be very particular about the valuation, or we want to have certain premiums.

R.S Raju: All the discussions, interactions went with the investment bankers. We also prepared the models and the paperwork, everything we have done. But the modalities, the management decided in a couple of days, based on the requirement.

Prem Khurana: Sir, in the second, if you could help me reconcile the cash flows, I was looking to understand the non-core-parts little better. So, this quarter, if I am not mistaken, you said you have paid INR90 odd crores to TAQA, right? And the balance would go next year. INR85 odd crores would go to TAQA next year.

R.S Raju: Yes.

Prem Khurana: And how about the NHAI? NHAI amount came and then went to the lenders, right? So, we did not benefit or lose out on any cash because of that settlement or the claim.

R.S Raju: Yes, there is no any benefit of that one. Only some expenses we incurred with the banks that are already absorbed in the year 2023-24.

Prem Khurana: Sure. And the Sembcorp money came in Q3 or Q4, sir?

R.S Raju: In Q3, we received that money.

Prem Khurana: Okay. And how about Vizag, sir? Was there any money which was received during Q4, or it came after Q4? I mean, April or May, I think you said in your opening remarks, you received some INR65 odd crores.

R.S Raju: Vizag. Vizag real estate money, we received some part in March 2024 and some amount we received in April and May 2024. INR65 crores we received in – INR67 crores we received in April and May 2024.

Neerad Sharma: Mr. Khurana, all the equity payments that we had to receive from them has come but INR33 crores. So, about INR200 odd crores equity that we had to get from the buyer, we have already received minus INR33 crores.

Prem Khurana: Sure. And the loan amount that is due, I mean, it still continues to carry that…

Neerad Sharma: But that is something that is expected to come back to us in next two years' time on March 26th. In this year also, they promised to pay INR50 crores against the loan besides this equity amount. The other thing is, the agreement that we have signed with the buyer has a clause that says that there is an Escrow account that is going to get opened. Whatever real estate sales which are done for this project comes to this account. So, in the kind of secured payment for us.

Prem Khurana: Sure. But I am not sure how would this work. I will speak to you on this offline because I thought the money needs to go into an Escrow account which would be held through the RERA account and then only…

Neerad Sharma: No, sure. Mr. Khurana, we have made a full proof agreement. I would be happy to discuss this with you post this call.

Prem Khurana: Sure, sir. No problem. Can you help me with the UBR number, please? I mean, I miss that number.

Neerad Sharma: 21% of the revenue is the UBR number he is asking. It is 21% of the revenue.….

R.S Raju: The INR3,800 crores is there in the books as of 31st March 2024 and it works out 21% of the turnover and there is a decline from 24% to 21% in this year.

Prem Khurana: Sure, sir. Thank you and that's it from my side. All the very best.

Moderator: Thank you. We have our next question from the line of Anupam Gupta from IIFL Securities. Please go ahead.

Anupam Gupta: Yes, thanks for the opportunity, sir. Just one question on the execution guidance which you have said 15% revenue growth. So, far during the election period have you seen any impact on execution till date?

Neerad Sharma: Mr. Gupta, it's a forward-looking kind of a statement. We have not really finalized the numbers for the quarter.

Anupam Gupta: I am not asking for the quarter, sir. I am asking for the year only. I am asking for the year only, sir. For your guidance, if 15% that is fine but given the order book, it ideally can be higher. So, I was just checking the election part of it. Has it so far had any impact on execution at all?

Sanjay Pusarla: Yes, there is some kind of impact because of the elections in the last one, 1.5 month. The activity is - because you know, primarily NCC has got all the government projects only. The activity was going on and the payments and all were not being released on time, okay. So, there is definitely an impact because of this.

Anupam Gupta: Okay, okay. I understand.

Neerad Sharma: But elections are still midway, Mr. Gupta still it will take time for us to thoroughly assess because we are not really working on 10, 15, 20, 30 sites. We have lot of sites to really work that number out. But there would be some impact. But whether that impact is minus 20%, 10% or minus 30%, that is difficult to assess at this point of time. I would be happy to answer that question at the time of the first quarter call.

Anupam Gupta: Sure. And sir, one question related to the equity investment review said which can be up till INR175 crores for this year. So, will this number change once you have a partner for the smart meter projects or is this your share which you will put definitely in this year?

R.S Raju: At this stage, we cannot say. There is a real possibility. Once the partner joins again, the understanding between the partner…

Neerad Sharma: Mr. Gupta, it is not really a call that we can take on our own. Whenever we are talking about a partnership, partner will also come to the table with some preconditions he would also - there are people who want to have, only 26%, there are people who are wanting to have 50%, there are people who are wanting to have 76%. So, its' really finally boils down to the partner that we really decide to get into an agreement with and what are the terms and conditions who is going to take this console level of debt on his balance sheet. So, this is something that we have to really negotiate and decide. And we have still not reached that milestone. Once we are close to that milestone, we would be happy to share that with you.

Anupam Gupta: Sure. And just one final clarification, capex you said for this year would be INR220 crores, right?

Sanjay Pusarla: 250.

Anupam Gupta: 250, okay.

Sanjay Pusarla: It is INR250 crores. And there is one more project which we are executing, which is a GMLR project. In that GMLR project, also there is a requirement for TBM machine, but that is expected to come only in March 25 and April 25. That is the reason we have not kept that in the current year.

Anupam Gupta: Okay, fine, sir.

Moderator: Thank you. We have our next question from the line of Vaibhav Shah from JM Financial. Please go ahead.

Vaibhav Shah: Sir, out of the total cash of INR1044 crores, what would be the margin money?

R.S Raju: INR630 crores - INR660 crores. Margin money.

Sanjay Pusarla: You are asking about margin money with the banks?

Vaibhav Shah: Yes.

Sanjay Pusarla: What is your question, Mr. Shah?

Vaibhav Shah: What is the margin money out of the total cash of INR1,044 crores?

R.S Raju: INR625 crores - INR660 crores.

Neerad Sharma: Yes. INR660 crores.

Vaibhav Shah: Okay. And sir, out of the guidance of INR250 crores for capex, it includes the smart meter, which is on our books, right?

R.S Raju: Generally, the smart meter process does not require any significant amount of capex.

Vaibhav Shah: So, the equity investment would be in terms of capex, right? For that particular project which is on our books.

R.S Raju: Yes. In the capex, there is not any significant requirement only hardly INR5 crores INR10 crores or INR20 crores only would be there for the smart meter projects, the missionary kind of a requirement.

Vaibhav Shah: I am talking about the equity investment that we have to do in the project, which is on our books, the Bihar smart meter project.

Neerad Sharma: You are talking about the equity investment, or you are talking about the capex?

Vaibhav Shah: No, no, equity investment for the Bihar project. So that should come in capex, right, which is on our books directly.

R.S Raju: Okay. Okay. That normally we call it as a working capital. So, for Bihar project, generally we pump the working capital. So, we consider it as any further to money required, we draw in the form of working capital from our routine banks.

Vaibhav Shah: Okay. So could you tell the amount, ballpark number that would be required over the lifetime for that project?

Sanjay Pusarla: In this year, I don't think we require much amount because we have got the mobilization advance also. Okay. So in the initial year, we may not require because even we have to install that initial 25,000 meters, test it, then we have to start installing the balance work. So probably in this year, we may not require much of the amount.

Vaibhav Shah: Okay. Thank you, sir. That is it from my side.

Moderator: Thank you. We have a follow-up question from the line of Shravan Shah from Dolat Capital. Please go ahead.

Shravan Shah: Sir, my question has been answered. Thank you.

Moderator: Thank you. We have our next question from the line of Saket Kapoor from Kapoor Co. Please go ahead.

Saket Kapoor: Yes. Namaskar to the team and congratulations on very steady set of reported numbers. If we take the other items.

R.S Raju: Thank you.

Saket Kapoor: Sir, when we look at the note number seven, we find that revenue from operations for the current year have a negative impact of INR199 crores. So, taking this into account, the total impact is around INR240 crores for this quarter? The exceptional item, line item should be taken as.

Neerad Sharma: Could you please repeat your question?

Saket Kapoor: Sir, when we look at the consolidated notes to accounts, note number seven, it speaks about revenue from operations for the current year is a negative of INR199 crores.

Sanjay Pusarla: Yes.

Saket Kapoor: Okay. For the year as a whole, it is INR199. Okay. I got my answer.

Sanjay Pusarla: That's right. That happened in quarter two.

Neerad Sharma: Mr. Kapoor, if you recall, this relates to the Sembcorp settlement. We had made this announcement in the second quarter. And the presentation in the investor presentation, if you go to the slide number 16, that explains, without this adjustment, how the numbers look like.

Saket Kapoor: Correct. Sir, you spoke about this UP SWSM project, execution gaining speed. That is, we executed around INR6,000 crores for this year. So, what is the pending size, pending order size, and how are the receivables for this project? And Q4 number if you could give in the absolute number terms.

R.S Raju: Okay. INR4,000 crores. Now, the total order size is INR16,900 crores. By March '24, we executed 53% of the value of the orders, and 47% remains out of the INR16,700 crores. And roughly about INR8,000 crores, or INR7,500 crores will be there.

Saket Kapoor: For the March quarter, sir, can you give the execution number for this project only, the absolute number?

Management: By the March quarter, it is INR1,555 crores.

Saket Kapoor: And the preceding quarter, the December quarter was?

R.S Raju: So in each quarter, roughly INR1,500 crores is going on. So roughly we may be able to complete by March '25. If any, another INR1,500 crores may fall into the '25, '26. It depends upon the how the movement declined because the general election is there and also the state election is also there in UP. These are the two big obstacles. So if no obstacle is there, certainly 90% of the project should be completed by March '25.

Saket Kapoor: Why is the different payout lower this time, sir, even after improved numbers and improved cash flows?

Sanjay Pusarla: Repeat, repeat us.

Saket Kapoor: The different payout as a percentage of profitability has been maintained at last year's level. Although the profitability has improved, the cash flows have improved significantly, why has the different payout been kept at the same level as it was last year?

R.S Raju: Based on the various strategies, management and the board decided to go for 100%.

Sanjay Pusarla: To maintain the same dividend.

R.S Raju: There is a good payout ratio, 20% to 22% payout ratio.

Neerad Sharma: And wait for the next couple of years. We have still a lot of things to do, very excellent set of numbers next year, and who knows, we might have some very interesting plans for the shareholders in the next couple of years.

Moderator: Thank you, sir. We have a next question from the line of Parikshit Kandpal from HDFC Securities, please go ahead.

Parikshit Kandpal: Just one clarification, these three smart metering projects, two are under SPV in the equity investment mode and the Bihar one is under the EPC mode, right?

Sanjay Pusarla: No, no, Bihar is in NCC only.

Neerad Sharma: All these projects essentially, Mr. Parikshit, are similar kind of projects, more or less similar kind of arrangement for all the projects, similar kind of payout, similar kind of duration. The only difference is in the state of Maharashtra, they have, as per the contract conditions, we were expected to form two SPVs and these projects have been awarded in the SPV. The other state that is Bihar, it is a similar kind of project, but they have not asked us to really incorporate a separate SPV. This has been awarded to the listed parent company. That is the only difference. Otherwise, more, or less the projects are similar.

Parikshit Kandpal: So that means that while you are investing INR500 crores in equity in the two SPVs, so what Anupam was asking the same thing I wanted clarification. So what will be the investment or equity investment required for the Bihar projects?

R.S Raju: We are not talking about equity investment for Bihar.

Neerad Sharma: Why do you need equity investment in the first place, if its order is directly placed on a company? Why do you need equity investment in the first place? You need investment working capital. You have to procure meters, you have to test meters, you have to install meters and you have to demonstrate the successful connectivity and the billing cycle starts for each of the villages, their milestone payments. So, you don't really need equity investment that is the SPV.

R.S Raju: We increase the money in the form of working capital.

Parikshit Kandpal: Sir your returns and revenue come over the concession period and you are investing a short-term working capital to finance the purchase of the meter which shall give you revenues over the life of the project?

Neerad Sharma: Let me take couple of minutes of your time to explain how the project is getting to get financed. Firstly, there is a handsome amount of mobilization advance in all these projects. If you really consider the three projects it would be about INR1,000 crores advance. Secondly in this project you have to really test about 25,000 meters in the first 7 months. Once the meters are tested, once they are fully commissioned you start installing the remaining meters. And as and when you install the remaining meters, the revenue cycle starts. So what it essentially means is post 7 months in the next month let us say that we are able to install 10 lakh meters, 5 lakh meters or 2 lakh meters. The revenue cycle for those meters would start. It is not that we have to wait for 27 months and then the revenue cycle for all these meters would start.

R.S Raju: In the first 3 years nearly 60% of the order value gets completed and the revenue gets reported and also the margins also gets reported for the first 3 years. Balance 40% only relates to the O&M part. The rest from fourth year to ninth year takes place.

Neerad Sharma: I hope that answers your question.

Parikshit Kandpal: But how do you calculate IRR then because last time you mentioned about IRRs and equity investments. So it's a little bit confusing that two projects you are financing through equity structure one through working capital and the revenues accrue because these smart meters will sit in your gross block as capex.

Neerad Sharma: Could you please repeat your question?

Parikshit Kandpal: Will these smart meters sit on your gross block as your assets or especially the Bihar one? So will these sit on the gross block on your asset or how do you treat that on the asset side?

Sanjay Pusarla: This will not go to as a gross block. As per the IndAS we need to create this as a financial asset. It will not go to gross block. It will be in the financial asset.

Parikshit Kandpal: Got it. Okay, I'll separately discuss this with you. But I understood now.

Neerad Sharma: It's better to discuss separately.

Moderator: Thank you. We have our next question from the line of Mohit Kumar from ICICI Securities. Please go ahead.

Mohit Kumar: Sir, one more clarification, sir. Is this Bihar project is similar to the other smart meter project, is there a difference between the contracts?

Neerad Sharma: The only mode of award of the contract is different. Essentially all the three projects come under the same flagship scheme of the Government of India that is RDSS. The scheme gives the state the right how do they really intend to place the order. So that is the only difference. Essentially the nature of the project, the revenue model, everything remains the same. It's the part of the same scheme of the Government of India that is RDSS.

Mohit Kumar: Are the payment terms different for the Bihar project or is it similar?

Neerad Sharma: By and large similar.

Mohit Kumar: Understood, sir. Thank you. I'll take it offline.

R.S Raju: Mr. Vaibhav. Can you please restrict for the last two questions?

Moderator: Okay, sir. We have our last question from the line of Shravan Shah from Dolat Capital. Please go ahead.

Shravan Shah: Sir, out of this INR57,536 crores order book as on March what's the value of the SPV or the subsidiary? So what's the standalone order book as on March 24th?

Sanjay Pusarla: About 90% is standalone. About 9% is subsidiary.

Shravan Shah: Sorry, sir. Do you have any specific number?

Sanjay Pusarla: Yes, out of INR57,536, INR5,693 is towards the subsidiary.

Shravan Shah: INR5,695.

Sanjay Pusarla: Yes.

Shravan Shah: Okay. Thank you, sir.

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

Vaibhav Shah: Sir, one last question from my side. What is the profitability in the Pachhwara MDO project for FY24, PBT is INR71 crores?

R.S Raju: Now in Pachhwara coal mining the profitability is 4% of the project value at SPV level.

Vaibhav Shah: So for FY24, what would be the PAT?

R.S Raju: The PAT percentage is again 3.2. There won't be any expenses only the income tax and after removing 35% income tax 3% remains at the PAT level 2.9% or so. That means roughly about INR60 crores should be there at the PAT level and it is distributable in 51%-49% ratio to the two partners. We have 51%. We get the 51% of that PAT of INR60 crores.

Vaibhav Shah: Okay. So on behalf of JM Financial, I would like to thank everybody for participating in this call. Also a big thank you to the management for allowing us to host the call. Sir, any closing remarks from your side?

R.S Raju: Okay. Thank you, Mr. Vaibhav and also thanks to all the participants for this Investor's Call of the NCC for the Q4 and the 12 months. So good night to all of you.

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