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**National Stock Exchange of India Ltd**

Exchange Plaza, C-1, Block G

Bandra – Kurla Complex

Bandra (E)

**MUMBAI - 400 051.**

**Symbol: NCC**

**BSE Limited**

Phiroze Jeejeebhoy Towers

Dalal Street,

Fort

**M U M B A I – 400 001.**

**Code: 500294**

**Dear Sir(s),**

**Sub: Submission of Transcript of the 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 February 08, 2024 with analysts discussing the performance & financial results of Q3 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Please note that no unpublished price sensitive information was shared in the earnings call.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**

**M V Srinivasa Murthy**  
**Company Secretary & Sr.EVP(Legal)**  
Encl : As above



**NCC Limited**

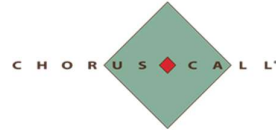
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“NCC Limited  
Q3 FY '24 Earnings Conference Call”  
February 08, 2024



**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 the NCC Limited Q3 FY '24 Earnings Conference Call hosted by JM Financial. As a reminder, all participant lines will be in the listen-only mode, and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star then zero on your touchtone phone. Please note that this conference is being recorded.

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

**Vaibhav Shah:** Thank you, Rio. On behalf of JM Financial, I welcome everybody to Q3 and 9-month 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 of Strategy and Investor Relations. So I hand over the call to the management now for the opening remarks. After which, we will take up the question-and-answer session. Thank you, and over to you, sir.

**Management:** Thank you, Mr. Vaibhav Shah. Good evening, ladies and gentlemen. A warm welcome to all of you into the Q3 FY '24 Investors Earning Call of NCC Limited. The presentation containing the performance of 9 months and Q3 FY '24 was uploaded on the stock exchange website and to our website. Now I will take you through the key highlights of the third quarter, and thereafter, we will take you question and answers.

So before my briefing, the usual disclaimer of the presentation that we have uploaded on the stock exchange and our website yesterday, including the discussions that we will have in this call contains or may contain certain forward-looking statements relating to NCCL 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 before going to the company's results, just I want to touch to the -- only 1-minute on the performance. All of you know that the elections were held and in some of the states, governments are also changed at Telangana, Rajasthan, Chhattisgarh, Madhya Pradesh, etcetera.

So here, the impact of the change of the governments, if you look at in that angle, the impact on order booking slightly would be there, some delay in the process would be there, generally change of government, change of the departments, those things happens. And -- but our focus is not there much in the Rajasthan, Chhattisgarh and Madhya Pradesh.

Telangana, of course, we are already earlier -- in the early of this year and the last year, we have slowed down in terms of order booking and also in terms of execution. So in terms of execution, since we don't have much orders in the states, we are not foreseeing any major impact on account of elections and changes in the government. But the elections which we are going to get for general elections in this -- another -- in another few months, definitely, we'll have an impact on the order bookings and slowness in the process of the orders.

And of this election code, no other new tenders or new awarding as major policy changes and other things won't happen. As a result, some delay would be there as far as order booking is concerned. But as far as NCC is concerned, already, we built a good amount of orders in our order book. As such, we are not foreseeing any impact in terms of revenue booking in the coming '24-'25.

The Finance Minister in the budget already a few days back vote-on-account budget given in the parliament where the Finance Minister announced a boost in existing states, including the preservation of government run self-help groups and said that government will built 20 million affordable houses in the next 5 years, actually 30 million houses built already.

Over the last 3 years, the government has stepped up spending on roads, bridges and other infrastructure as a way to boost the economy and create jobs. The budget foresees an increase in capital expenditure on such long-term projects by another 11% from last year to INR11.1 trillion, even as the government's overall spending rises at a slow of 6%. The pace of increase in capital spending is lower than in the previous year.

This -- with this, I want to brief the NCC's third quarter performance. First of all, I want to explain about the orders. Before that, the special orders what we received in the second quarter, first quarter and what the status of those orders progress. 2 SPVs were created in terms of the contract for the execution of the electrical smart meter projects. 1 SPV called as NCC Amisp Ray Private Limited created for Nashik zone of Maharashtra and another SPV called NCC Amisp Marathwada Private limited for Aurangabad zone.

In these orders, there is a mobilization advance facilitating about INR987 crores for 2 projects of Maharashtra and 1 project of Bihar. And another third project we received from Bihar government, but for which no SPVs required to create. So the financial tie-up and the financial project is in progress, and we expect that financial project complete by March '24. For both equity and debt, the institutions have been identified and they've shown interest to invest.

As far as debt part is concerned, SBI Caps recommended to SBI, and it is under process. These projects require an equity investment of around INR500 crores, this INR500 crores is for the totalling to 3 projects. And out of INR500 crores, NCC required to increase this equity investment or offload the equity investment. So NCC proposed to offload 50% of the equity with the premium of INR8 to INR10 per share, with which NCC requirement to increase come down to around INR100 crores to INR150 crores.

So several banks -- industrial banks showing interest to invest in equity and discussions are in advanced stage, and we are confident to close both the equity and debt mobilization before the end of March '24. And another group of projects where NCC now getting good progress and a good volume of turnover is UP Jal Jeevan projects. So there is a good progress in execution of the Jal Jeevan projects in UP, and these projects contributed significantly in Q3 and 9 months top line for increasing the turnover of the 9-month period of current year.

Out of the total amount of INR16,900 crores, we have executed up to December '23 about 43%. In the next quarter, we expect to complete another 10%. So it may take another 1 year to complete the total Jal Jeevan projects, both second phase and third phase.

So now I come to the order book on a consolidated basis. So we have order book at the beginning of the quarter on a consolidated basis of INR61,786 crores. Orders received in Q3 is INR796 crores. Orders executed, INR5,151 crores in third quarter. So the balance orders on 31/12/2023 is INR57,440 crores. The target orders for the current year is INR26,000 crores, against which the company secured in 9-month period about INR21,238 crores.

Now balance orders to get -- to achieve the target is about INR4,762 crores. So basically, the orders what we tender submitted has also where L1 declared and the management is confident to achieve its guidance order book of INR26,000 crores. And we have a loan order for about INR4,000 crores. And today, we got INR1,250 crores LOA. So based on which, the management is confident now to achieve the INR26,000 crores order book.

Our Q3 operating performance, first, I will brief the stand-alone Q3. In this quarter, the company performed well in majority of the performance parameters. On a stand-alone basis, the company reported a revenue of INR4,747 crores against INR3,373 crores, a growth of 41% on year-on-year basis. The revenue primarily driven by buildings and electrical divisions, which in turns driven by UP Jal Jeevan Mission projects. The gross profit reported as INR727.60 crores against INR587.40 crores, a growth of 24%.

The company has posted an EBITDA of INR479.33 crores against INR348.80 crores, an increase of 37.42% against corresponding quarter of previous year. Now PAT reported as -- at INR212.82 crores against 149.88 crores, an increase of 42% of the corresponding quarter. The other income reported as INR26.27 crores as against INR57.41 crores of the corresponding quarter.

Now I come to the 9 months stand-alone. The company reported a revenue of INR12,868.39 crores against INR9,335 crores, a growth of 39% on a year-on-year basis. The revenue increase primarily due to more revenue from buildings division, which in turn due to good progress in UP Jal Jeevan Mission projects.

Our gross profit reported as INR1,819 crores against INR1,435 crores, a growth of 18.47%. The gross profit margin in 9 months is 14% against 16% in the previous year. The company has posted an EBITDA of INR1,138.44 crores against INR918.68 crores, registering a growth of 24%. The EBITDA margins reported as 8.85% against 9.84% of the corresponding period. PAT reported as INR444.12 crores against INR391.54 crores.

As far as cash flows are concerned on a stand-alone, in third quarter, the cash flows of INR114 crores generated from the operating activities as against INR220 crores on a year-on-year. The net cash flows used in the investing activity is INR67 crores against INR25 crores year-on-year. The net cash flows used in financial activity is INR159 crores against INR195 crores. That is about the stand-alone.

Now I move to the consolidated operating performance. This quarter reported a turnover of INR5,250 crores as against INR3,909 crores, achieved a growth of 34.5% of corresponding quarter of previous year. The gross profit reported as INR764.85 crores as against INR626.16 crores, a growth of 26.15%. The gross profit margin reported 14.54% as against 15.8%. The EBITDA reported INR505 crores as against INR376 crores, a growth of 34%. The PAT reported as INR230.96 crores against INR168 crores, a growth of 37.2% of the corresponding quarter of previous year.

Similarly, for 9 months period, the reported turnover of INR14,350 crores against INR10,604 crores, a growth of 35.4% of the corresponding. The gross profit reported a growth of 17.31%, the EBITDA reported a growth of 22.5% and PAT reported a growth of 13.2%. In terms of group company's performance is concerned, the PCML, that is Pachhara Coal Mining Private Limited doing the mining business, reported a turnover of INR445 crores as against 468.12 crores in the corresponding quarter of previous year. NCC Urban has reported a turnover of INR66 crores as against to the same figure of INR66 crores in the corresponding quarter of previous year.

So the total group company's turnover reported in this quarter is INR514 crores as against INR533.67 crores, a little lower than the previous corresponding quarter. So 9 months performance as a group company is PCML has reported INR1,249 crores as against INR1,013 crores in year-on-year. NCC Urban reported INR235 crores against INR236 crores. And the total group company's reported turnover of -- turnover in this 9 month is INR1,490 crores against INR1,163 crores, a growth of 18%. So this is about the operating performance of both stand-alone and the consol.

Now I move to the balance sheet items. The first item was balance sheet investments. There is no change in the investments -- in the capex. In third quarter, we had spent about INR36 crores on capex. And in the 9-month period, we spent INR135 crores. In Q4, we expect gross capex. And so that the year would be below INR200 crores. Inventories increased by INR115 crores in this quarter on the -- which is in line with increased volume of construction activities.

In the 9-month period also, there is an increase by about INR382 crores from INR1,078 crores to INR1,460 crores. So since the top line growing between 35% to 40%, it is inventory requirement purchasing, keeping stock to augment the progress – the stock is increased. As far as trade receivables are concerned, no increase in trade receivables in third quarter as against 12% growth in turnover, which reflects improved collections from the clients.

In the 9-month period, also the trade receivables increased only by INR177 crores, but the increase is about 6% as against 35% growth in turnover. So the trade receivables days significantly come down to 61 days, lowest in the decade. In third quarter, there is no increase in trade receivables.

Retention money has come down from INR1,930 crores to INR1,420 crores an opening balance of FY '23 reduction. Unbilled revenue now stands at INR3,953 crores as against INR3,647 crores quarter before. The unbilled revenue as percentage of turnover is 23% as against 24% recorded in FY '23.

And come to working capital, there is a phenomenal improvement in working capital in the current 9 months period of the year. The working capital has increased by about 22% as against 38% growth in the turnover. The working capital as a percent of turnover recorded as 70% as against a peak of 55% in FY '21. Just 2 years back, our working capital gone up to 55% of the turnover, gradually coming down. Now it comes to 29%.

Similarly, in working capital, a lot of improvement have been reported. It declined from 194 days in FY '21 at peak level to 92 days in 9 months by end of December '23. This is the lowest in the last 5 years period. Now come to debt. There is not any change much in the debt position in the third quarter comparing to second quarter. We expect that debt stands around INR1,300 crores to INR1,500 crores by this year-end...

**Vaibhav Shah:**

Sir, I'm sorry to interrupt you, but may we request you to speak a little closer to the mic.

**Management:**

Okay. Thank you. Now other significant matters of the company. NCC Vizag Urban, you are aware that the transaction was closed some years back, 2, 3 years back. So in this quarter, we have received the instalment of INR52 crores from GRPL that is second instalment. And third and fourth instalments are due by December '23 and March '24. So the buyer confirmed that they're organizing the payments, both instalments before 31 March '24. But we hope to get at least 1 instalment before March '24 and another one in April or mid-May '24.

Sembcorp. You are aware that the Arbitration Tribunal has given an award for a total amount of INR187 crores payable by Sembcorp to NCC. Sembcorp has paid INR146.81 crores, pending balance amount of INR51 crores. Sembcorp has challenging the award under Section 34 of the Act before Commercial Court and we came to understand that they are challenging the award in respect of awarding interest of INR35.87 crores on the settlement amount.

And on the cost of -- another one is cost of arbitration of INR20 crores. We understand that for this INR50 crores, they're challenging in the court. But at the same time, we know that NCC has filed an application under the Section 34 of Act before Commercial Court Hyderabad. Challenging the award to the extent of NCC claims rejected by the Tribunal and also the claims of Sembcorp allowed by the Tribunal. So we are at that stage now.

And another major legal issue pending is TAQA. So there is a good progress settlement. Discussions are going on, and we have worked out a scheme of payments to be made if the scheme is accepted by both the senior top-level management.

And we are not foreseeing any major further liability. Only whatever liability -- interest liability is there for this current year, and we hope that with that one and whatever already provided in the books of accounts, plus the interest for the current year. To that extent, we expect the matter gets closed.

[Inaudible] concerned, orders at the beginning of the year, INR684 crores. New orders received, INR3,190 crores. Total orders, INR3,875 crores. The outstanding of these capital city projects have come down from INR157 crores to INR147 crores by December 31, '23. BGs of total projects outstanding at the beginning of the year, we have got INR244.29 crores relating

to capital city projects. BGs collected in third quarter, INR80 crores. BGs collected in 9-month period, INR278 crores. And BGs outstanding is INR68 crores of the capital city.

Our trade receivables outstanding of the -- for all the projects together, INR270 crores. Working progress outstanding, INR204 crores. Total current assets outstanding of all AP projects, both old and new, INR672 crores. Mobilization advance, INR47 crores. So persisting mobilization advance, roughly, we have INR630 crores for all trade receivables, working progress, retention money, all figures put together.

The last item is credit rating. We have received a handful credit rating from India rating as IND A1+ positive for short-term loans. So this is about brief of the NCC's third quarter financial performance. Now we will open for the questions and answers. And we request that each participant to limit and try to stick to two questions to allow the time for the other participants.

**Moderator:** First question is from Shravan Shah from Dolat Capital.

**Shravan Shah:** Congratulations on another robust quarter. Sir, before asking a question, it's a humble request. If you can assign someone else to speak for the opening remarks because your voice is not clear. We have missed so many numbers. So that's the humble request if it can be done.

My first question is in terms of the now for the 9 months, we have seen a 38% kind of revenue growth. So when we were looking at 20%. So obviously, the numbers will be on the higher side. So if you can help us for the fourth quarter or maybe full year how much we are looking at? And at the same time, on the order inflow, if you can re-announce or re-state in terms of the Q1 order and that you have received and is it at the stand-alone level or at the consol level?

**Management:** Okay. As far as this revenue is concerned, in the first 9 months period, we achieved about 35% growth over the previous year. Now for the fourth quarter also, we expect a growth of 25% to 30%. But year as a whole around 32%, 33% growth at this moment are there. As far as order inflow is concerned, already, we have provided details for the 9 months. And for the fourth quarter, we have on hand the L1 order about INR4,000 crores. And just today, we received 1 LOA about INR1,250 crores. So both put together INR4,000 crores, plus INR1,250 crores put together INR5,250 crores.

So once we -- these LOAs materialize -- 80% to 90% of the LOAs, we expect to materialize by before March. So thereby, the INR26,000 crores figure we touch, those are the circumstances. And in these orders, there are no any SPV orders -- SPV order on a stand-alone basis. Only 1 order is there, that is INR2,500 crores, we got under the joint venture. 50% related to the NCC, that is INR1,250 crores. And I think no need to create any SPV. As such, there is no any subsidiary company orders we explained in the INR5,000 crores.

**Shravan Shah:** Okay. Okay. Got it. And obviously, we don't provide the guidance for the next year. I understand once the Board approves. But directionally, in terms of the -- given the size of the order book, the momentum will continue for FY '25?



- Management:** Yes. That is in next 20 days, next 20 days, all the divisional-wise senior management people sitting to work out the SPV program, SPV, understanding the elections impact in various states and also understanding the -- what the orders available in the market. So basing on that, we will arrive about -- next year's targeted order book.
- Shravan Shah:** Okay. Okay. And on the margin, it will be on the 10% plus kind of a margin that will continue at EBITDA level for the next year also? Or will there a chance for an improvement?
- Management:** But now for the fourth quarter, we expect to continue these margins. And sometimes 10 base points also increase may happen in this fourth quarter. But for the next year, also, the same margins or some improvement we expect, but not be lower than these margins.
- Shravan Shah:** Okay. And the request, if you can repeat all the balance sheet numbers, sir, inventory, trade receivables, trade payable, mobilization advance, retention money, unbilled revenue, investment in the group exposure because we were not able to understand the numbers spoken by you. So that's my request.
- Management:** Okay. In brief, I will tell you the numbers. Now if you take the property, plant and equipment, the INR1,162 crores; investment property, INR212 crores; investments, INR875 crores. There is no change in the mix or combination of the investments in various companies. And inventory is INR1,460 crores; and trade receivables, INR3,122 crores; retention money, INR1,423 crores; unbilled revenue, INR3,953 crores.
- Mobilization advance is INR2,907 crores. There is a decline from INR2,755 crores -- no, no, there's decline from the previous quarter figure of INR3,224 crores to INR2,907 crores. So these are the balance sheet numbers. Do you want any other numbers on the balance sheet?
- Shravan Shah:** Trade payable, sir. Trade payable.
- Management:** INR4,442 crores.
- Moderator:** Next question is from Deepak Poddar from Sapphire Capital.
- Deepak Poddar:** So first up, I missed the point on the debt side. So what did you mention? So what's the outlook on the debt for this year as well as the next year?
- Management:** Yes. As far debt is concerned, now standing as on 31 December '23, that is third quarter ended, is INR1,473 crores. And second quarter end, you know that same level is there. Now by fourth quarter end, that is this year-end, we expect this figure around, again, INR1,300 crores to INR1,500 crores this year.
- Deepak Poddar:** How much
- Management:** INR1,500 crores.
- Deepak Poddar:** One second, please.
- Management:** It is between INR1,300 crores to INR1,500 crores.

- Management:** It's a ballpark number. It's an estimate at this point of time.
- Deepak Poddar:** Yes, yes. So INR1,500 crores is what we expect, right?
- Management:** Yes. For the next year, you know that some new projects, large-sized projects we've taken up. There -- for those projects, the equity investment, which required to increase by NCCL, we estimated to invest next year is about to INR100 crores or less, not beyond INR100 crores. As per debt is concerned for these 2 SPV part, we have tied up with the -- tying up with the investment bankers or financial institutions, and there won't be any debt outflow from the NCC into these SPV companies.
- And as far as power project is concerned, further debt tie-up is being made. As a result, there won't be any much significant debt except for INR50 crores to INR100 crores for the next year. So as a result, on account of these big projects, SPVs, there won't be any cash outflow from the NCCL in the coming year in a significant manner, except INR100 crores to INR200 crores. So as a result, we expect the debt still would be there below INR1,000 crores or so, possibilities are below INR1,000 crores bearing any exceptional items for those further.
- Deepak Poddar:** Okay. So what I understood is FY '25, we are targeting our debt to be less than INR1,000 crores, right?
- Management:** Yes.
- Deepak Poddar:** Okay. Okay. Understood. And that is driven by, I mean, lesser investment in SPVs and minimal capex that might be required, right? And the cash flows that you are getting will kind of help in reducing your debt, correct?
- Management:** Yes.
- Deepak Poddar:** Fair enough. And for the next year, FY '25, I mean, what can be the growth range we can look at? I mean, is there any kind of range that you can indicate for
- Management:** This, we will able to tell you after the budget approved by the Board of -- the Board in the next Board meeting.
- Deepak Poddar:** Okay. So that's in 20 days after the fourth quarter, you're saying?
- Management:** After fourth -- not after four quarter or along with the fourth quarter.
- Management:** In the May, when we announce the results, we will...
- Moderator:** Next question is from Pranav Furia from Antique Stock Broking.
- Pranav Furia:** Thank you for the opportunity and congratulations, sir, on the good set of numbers. My question is from the order book, how much is executable in the next, say, 2 to 3 years?
- Management:** Repeat this?

- Management:** He is asking out of the total order book, how much in next 2 to 3 years?
- Management:** Now about for the next year how much we execute, that figure we will get in the couple of days. And if you ask us in general question, 80% to 85% is executable in the next 2 to 3 years - in 3 years.
- Moderator:** Next question is from Parvez Qazi from Nuvama Group.
- Parvez Qazi:** Congratulations for a great set of numbers. I'm sorry if you've mentioned these numbers earlier. I just wanted the total borrowings and the cash at the stand-alone level?
- Management:** What figure we've given is on a stand-alone level and without considering the cash balances.
- Management:** Today, as on date, the borrowings is INR1,473 crores.
- Management:** After considering the cash balances.
- Management:** If you take the cash equivalents, it is around INR1,370 crores.
- Moderator:** Next question is from Parikshit Kandpal from HDFC Securities.
- Parikshit Kandpal:** Sir, my first question is on this equity, you were talking about what are these SPVs you are investing in equity and I couldn't understand that.
- Management:** No clarity on the equity investment in the SPVs.
- Management:** Now -- you want more clarity on the investment by NCC into the smart meter SPVs?
- Parikshit Kandpal:** So how much is the investment in smart meter SPVs? You said INR100 crores or so I missed that number?
- Management:** The investment would be INR100 crores to INR150 crores in the smart meter SPVs by NCC. That is also takes place in 2 years' time, need not be at a time.
- Parikshit Kandpal:** Okay. So INR100 crores to INR150 crores on NCC stand-alone, we put the investment in the smart metering SPV over.
- Management:** That's it.
- Parikshit Kandpal:** And you said that you will dilute some stake at the premium of INR8. So what is that? Total requirement was how much only?
- Management:** Total requirement.
- Parikshit Kandpal:** You was talking about some premium, right, INR8 premium, you will dilute.
- Management:** Yes, yes. Now the requirement to -- for the 2 projects relating to the SPVs is basing on the primary estimation is about INR400 crores equity requirement. Out of which 50% NCC proposed to offload and 50%, it wants to invest. Out of 50%, again, some premium also NCC

is expecting. So about INR100 crores or so we may get in terms of premium also. So INR300 crores coming from outsiders, another INR100 crores only required to invest by the NCC, which may -- maybe in 2 years or 3 years.

**Parikshit Kandpal:** Okay. Got it, sir. And both these SPVs are the smart metering SPVs?

**Management:** Yes, both are smart meter SPVs. And actually, we got 3 projects, 2 are on the SPVs, and 1 project is executed by NCC directly.

**Parikshit Kandpal:** And are these -- EPC value of these contracts part of the order book and projects EPC part?

**Management:** EPC part is taken in NCC order book.

**Parikshit Kandpal:** Okay. It's already Just on the -- second question was on this Dubai real estate, what's the status there? What is the total exposure as of now? And is there any proof of monetizing or receiving that monies in the near future? Sir, what is the total exposure on the Dubai now on the landing sheet for the real estate project? And how do we intend to resolve or get that money? What could be the time period of receiving those monies?

**Management:** Which project?

**Parikshit Kandpal:** Dubai real estate.

**Management:** Dubai real estate, Harmony.

**Management:** The Dubai Harmony project, in fact, now the project, we are re-examining it, and we have already appointed some consultants that are taking up with RERA in Dubai. Likely that the project will become live, and there are some investors who are showing some interest. Probably in a couple of months, we'll be getting back the project into our hold. And new investors who are interested, they will be joining us in this project.

**Management:** The exposure of NCC as on maybe is about INR220 crores on the project.

**Parikshit Kandpal:** And what could be the realizable value after you launch? So potentially how much cash flow can this project generate for this?

**Management:** It is very early to tell about that. But one thing is sure that there is good development in Dubai market also. People were now showing a lot of and a lot of interest.

**Management:** Basing on the terms what we entered earlier, the share of the dollar per area 2 year supposed to get is much more INR220 crores.

**Parikshit Kandpal:** Okay. Because I understand earlier we used to have exposure of about INR600 crores on this project. So you said you sold a part of that project. That's why it's come down to INR220 crores? Okay. I'll take this offline.

**Moderator:** Next question is from Vishal Periwal from IDBI Capital.

- Vishal Periwal:** And sorry, I think I have to take a few numbers again. One is the total equity investment in smart meter, you mentioned -- one, you mentioned INR100 crores to INR150 crores. And then there is one more where we'll be diluting something and INR300 crores incremental. So can you just clarify like what is the total requirement that we've been doing in FY '25?
- Management:** Total requirement in FY '25. So the total equity infusion will be made by NCCL is around INR100 crores to INR150 crores in a period of 3 years. And in the first year, that is FY '25, it may be there about INR50 crores to some INR70 crores or INR80 crores.
- Vishal Periwal:** Okay. And then there's one more thing you mentioned like where will be diluting something and then probably incremental requirement is INR300-odd crores. What exactly is that?
- Management:** Repeat me, repeat me.
- Vishal Periwal:** Yes. No, no -- so basically, you mentioned on smart meter INR100 crores to INR150 crores one number. And then you mentioned one more number of INR400 crores to INR500-odd crores.
- Management:** That is -- total equity requirement is INR400 crores. And also, we -- when you -- when we consider Bihar, another INR120 crores when we decide, say, a different model. So since the Bihar is at this moment under NCCL, only it requires in the form of some working capital infusion them from the NCCL and it is not an equity or not a debt, number one.
- Number two, for these 2 projects, INR400 crores equity requirement is there. Out of INR400 crores, NCC is proposed to offload 50%, that is INR200 crores to the outsiders. So that also, we expect some premium. So if the premium is received, so that in place of INR200 crores, INR300 crores infusion will be happened from the outsiders, which ultimately reduce the equity increase the requirement of NCCL from INR200 crores to INR100 crores.
- Vishal Periwal:** Okay. And in the subsidiary one, which you mentioned, when the investors will come, so how the phasing is expected in terms of equity investments?
- Management:** What is that?
- Management:** It is already shared, 50%-50%?
- Vishal Periwal:** No, no. So is it like -- I mean, FY '25, what is the investment in this subsidiary and then '26 or anything number that you have?
- Management:** FY '25, that subsidiary company's requirement you're asking, or...
- Vishal Periwal:** Yes, sir. Yes, sir.
- Management:** Out of INR400 crores, about 50% to 60%, 70% requirement will be there in the first year and balance takes place in the second year.
- Vishal Periwal:** Okay. And then we would like to understand, eventually, we have to put in INR400 crores to INR500 crores and then like probably the value unlocking can happen after that.

- Management:** No. If I explained to you very clearly that out of this INR500 crores, 50% we are trying to offload. Okay, new investors are going to come in. Out of this INR200 crores also, probably we'll be getting some premium on the -- from the investor that will reduce my equity component outflow to INR100 crores. That's what it is explained.
- Vishal Periwal:** Okay. Yes, sorry. Thanks for that. And can you also explain what is the nature of...
- Moderator:** Mr. Periwal, I'm really sorry to interrupt, but maybe request you to rejoin the queue as there are several participants waiting their turn.
- Thank you. The next question is from Saurav Gujral from ICICI Prudential Asset Management.
- Saurav Gujral:** Just on the smart metering part, are you open to more of such orders in terms of smart metering? And does the arrangement which you talked about in terms of raising money in the SPV level so that we don't have to lever our balance sheet. Is it an arrangement we are entering into with some or something or taking more orders?
- Management:** You have asked two questions. First question was about whether we are interested or keen to get more projects, right?
- Saurav Gujral:** Yes, on the smart metering fund.
- Management:** We expect a lot of fresh new projects to come off or bidding. So we will really evaluate all these projects whenever they come off for bidding. So we have to really assess the risk, what kind of funding commitment is required, and there is a learning curve. We have already taken 3 projects. So we will decide on case-to-case basis.
- Saurav Gujral:** on the balance sheet exposure or the equity investment, similar type of arrangement we will be looking at where we have to invest less and just focus on the execution of the EPC part?
- Management:** Yes, yes. All the options are open, so this project has got very good visibility. So when we -- the equity portion we have already explained in several questions that we have answered. The -- as far as debt is concerned, we are already in advanced stage of discussion with the SBI Caps and SBI. They are willing to take the whole exposure of the book. So debt is not a problem.
- Equity, we have already explained to you how do we intend to move forward for the equity investment.
- Management:** And in fact, we have mobilization advance also in this quarter.
- Management:** Correct.
- Management:** So that is also flowing in.
- Management:** So there are 2 mobilization advances also, 12% and 10.5%. So funding is not something that really bothers us. So we really look forward to execute the project.

- Saurav Gujral:** Okay. Just second question is on the recent announcements like we had this NHAI claim amount last quarter. Any update by when we are expecting that, along with the update on this Vizag land deal?
- Management:** Two things you were asking. One is on the NHAI claim. We have already received the money in our SPV and the documentation is in progress. And out of the money received also, partly, we have received some money, yes. And as regards to Vizag Urban, already Mr. Raju has explained. But I would like to reiterate out of INR152 crores investment, INR52 crores they have already received in the current quarter and expect that next 2 instalments, which are due before March '24, at least 1 instalment we'll get before March '24 and the second instalment, we expect somewhere in April.
- Moderator:** The next question is from the line of Vaibhav Shah from JM Financial.
- Vaibhav Shah:** Sir, what is our stand-alone order book as of the third quarter?
- Management:** Stand-alone order book third quarter is INR50,154 crores. I repeat INR50,154 crores.
- Vaibhav Shah:** Okay. And sir, what could be the value of smart meter orders that you have taken in this backlog?
- Management:** It is about...
- Management:** It is INR3,660 crores.
- Vaibhav Shah:** Is it pertains to all the 3 or the 2 of them?
- Management:** No, no, 2 of them because 1 is being executed in NCC, 2 are being executed in SPV. And wherever we are executing an SPV, we have taken the order back to NCC as equity contract that is valuing about INR3,650 crores.
- Vaibhav Shah:** Okay. Got it. And what about your third order?
- Management:** Third order will be executed in NCC itself.
- Vaibhav Shah:** So it is there in our current book, right?
- Management:** Yes. That's right.
- Management:** Right.
- Vaibhav Shah:** Entire value is there currently? Or the only the EPC part as of now?
- Management:** Generally O&M, we don't include. And rest of the things, it is there.
- Management:** Only EPC portion...
- Management:** Only EPC portion.

**Moderator:** The next question is from Saket Kapoor from Kapoor and Company.

**Saket Kapoor:** Sir, for the O&M part, can you please repeat the numbers, sir? What is the -- of the order book, the O&M constitute?.

**Management:** For the major?

**Saket Kapoor:** No, the entire order book -- out of the entire order book.

**Management:** Out of the entire order book if you are asking, INR8,000 crores, it will be there O&M, sir.

**Saket Kapoor:** Okay. And sir, for the 9 months, the revenue from operations, what portion is under the O&M? How much of the...

**Management:** So right now, I think, on hand, I don't have that number, but NCCL will help you out.

**Management:** No, I will explain, I will explain. -- question, repeat your question?

**Saket Kapoor:** Yes, sir. Sir, out of the total revenue booked for the 9 months, what is the proportion of O&M in the revenue booked?.

**Management:** If we you know O&M figure is there in the current 9-month figure, what O&M we are telling you is the O&M orders we have not included in the present order book that relates to the 10 years long O&M amount.

So the 10 years lifespan projects have not yet started. As a result, that O&M part is not there in this 9-month period. It only -- this part will come in the course of time. And some other O&Ms would be there. Some projects, 2 years O&M, 3 years O&M. But those shorter span O&M, we used to include in the order itself. So in the present 9 months period, this longer O&M period, turnout is not there.

**Saket Kapoor:** Okay. So it is not actually for this year itself?

**Management:** Yes.

**Saket Kapoor:** Sir, for the Jal Jeevan projects, if you could just give again the numbers, how -- what portion of the order book we have executed? And also in terms of the receivable cycles, how are the receivables for this project in particular? And do you think -- do you find that there will be more addition to be made as the government is trying to add more districts under this or more package, have you -- are you receiving more interest in the project continuity of the same? Or is it done with the ordering?

**Management:** Do you want me to tell?

**Management:** Firstly, you give the numbers.

**Management:** Numbers. Okay. Now the total Jal Jeevan projects awarded to NCCL are about INR16,700 crores. Out of which 43% of the orders were executed by this December end. And another 5%,



we expect to complete that is about INR1,700 crores by March end. So the balance orders roughly 50%, that basing on the present schedule takes another 1 year to complete. By December, majority of the part will be completed. And by March, virtual completion takes, place.

**Moderator:** Next question is from Nikhil Abhyankar from ICICI Securities.

**Nikhil Abhyankar:** In continuation to the earlier question, sir, again, in this budget, there has been a substantial allocation to water department. So where do you exactly see the opportunities coming from for JJM going forward? And are we willing to participate in those?

**Management:** Yes, I fully agree with you that the locations are increasing year-on-year for this -- everything related to the whole value chain of the water, be it water supply, portable water supply or STP or WTP, all these kind of projects are coming up. And we already have a very healthy order book from this vertical.

In the last quarter, if you really see, we had announced a couple of orders that we have recently bagged from the state of UP. So we are really active in this space. In fact, it is our considered view that we are one of the very few players who have done all kinds of projects in the water space. So we continue to study the projects whichever are coming up for bidding. And accordingly, we decide to bid.

**Nikhil Abhyankar:** And sir, receivables are not a problem for these projects?

**Management:** The JJM project will -- this is not really a problem. The problem is to complete all the projects, provide the right connection, complete the documentation. And as and when these bills are certified, the payment is not really a problem.

**Nikhil Abhyankar:** Okay. Understood. Sir, you also mentioned about water treatment plants. So will we be sticking only to municipal contracts or government contracts? Or are we also looking to get into industrial water treatment?

**Management:** See most of the projects that are really coming up or that have really come up for bidding are from the municipal corporations only. The industrial water treatment plants -- yes, I mean, there are only a few projects. But if there are big projects or big size, we will definitely consider.

**Nikhil Abhyankar:** So something like a desalination, do you have capacities for desalination?

**Management:** Yes, yes, desalination is something that we are very much interested. We are studying this space. We have tried to participate also for new projects as far as desalination is concerned. The only issue here is mostly our focus is to execute EPC projects. Several projects in desalination space is coming up on both kind of model. So that is really a challenge. Not the execution of the project.

**Nikhil Abhyankar:** Understood. Sir, just a final question on smart metering. You will be doing 1 project on the stand-alone books. So from what I understand for smart metering is that once you execute,

after that we'll start getting the annuities. So the one which you're executing on stand-alone, how exactly will you start -- how exactly will you book the revenues for this?

**Management:** Now how -- in the beginning, how we structured the EPC part of work, the content awarded by the SPVs to the NCC's parent company. So the turnover gets booked in the parent company relating to the EPC content. And at the same time, the SPV companies also -- those amounts also get booked, but in the consolidation, that amount get eliminated. And the latter part about the annuities, primarily comprised the interest and other things that only gets booked in the SPV books of accounts. But that is about 40% of the total order value and 60% is about the EPC value.

**Nikhil Abhyankar:** Okay. 60% is the EPC. Sir -- and we are able to tie-up for the supply of meters over here? We don't have any problems over that?

**Management:** Right.

**Management:** We are being actively in touch with a lot of players who have this kind of offering. So as of now, as per the contract that we have signed with the client, we first need to demonstrate the successful connectivity of these meters with their billing system, that is the ERP system of the client. And in between, there is a lot of IT network, a lot of IT architecture, starting with the GSM radio frequency kind of connectivity.

So we are considering all the -- studying all those aspects. And maybe in the next couple of months, we should be able to finalize the vendor because it is not really a choice that we have to make. We have to also take the approval from the client. Once the client approves, then we have to start ramping up.

**Moderator:** We'll take that as the last question. I would now like to hand the conference back to Mr. Vaibhav Shah for closing comments.

**Vaibhav Shah:** On behalf of JM Financial, I would like to thank everybody for participating in the call. Also, a big thanks to the management for allowing us to host the call. Sir, any closing remarks from your end?

**Management:** First of all, on behalf of the company, thanks to the JM Financial Services for organizing this investors earnings call. And I also thank all the participants and their well participation in this earnings call. So thank you all. Good night to all.

**Moderator:** Thank you very much. On behalf of JM Financial, that concludes this conference. Thank you for joining us, ladies and gentlemen.