

No. NBCC/NSEBSE/2023-24

June 2, 2023

<p>नेशनल स्टॉक एक्सचेंज ऑफ़ इंडिया लिमिटेड एक्सचेंज प्लाजा, प्लॉट नंबर सी/1, जी ब्लॉक, बांद्रा-कुर्ला कॉम्प्लेक्स बांद्रा (ई) मुंबई 400051 एनएसई प्रतीक: एनबीसीसी/EQ</p> <p>National Stock Exchange of India Ltd. Exchange Plaza, Plot No C/1, G Block, Bandra -Kurla Complex Bandra (E) Mumbai-400051</p> <p>NSE Symbol: NBCC/EQ</p>	<p>बीएसई लिमिटेड फिरोज जीजीभोय टॉवर, दलाल स्ट्रीट, मुंबई -400001</p> <p>स्क्रिप कोड: 534309</p> <p>BSE Ltd. Phiroze Jeejeebhoy Tower, Dalal Street , Mumbai-400001</p> <p>Scrip code:534309</p>
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Subject (विषय): Transcript of Conference Call dated May 31, 2023 (31 मई, 2023 के कॉन्फ्रेंस कॉल का ट्रांसक्रिप्ट)

Sir,

With reference to our letter dated May 28, 2023 in respect of Investor's conference call dated May 31, 2023, please find enclosed herewith the transcript of discussion held during the said conference call.

The aforesaid information is also disclosed on the website of the company <https://www.nbccindia.in/webEnglish/investorPresentation>

This is for your information and record. Kindly acknowledge the receipt.

Thanking you,

Yours Sincerely,
For NBCC (India) Limited

Deepti Gambhir
(Company Secretary)
F-4984

Encl: As above



एन बी सी सी (इंडिया) लिमिटेड
(भारत सरकार का उद्यम)



“NBCC (India) Limited
Q4 FY '23 Earnings Conference Call”
May 31, 2023



एन बी सी सी (इंडिया) लिमिटेड
(भारत सरकार का उद्यम)



NOMURA



MANAGEMENT: **MR. P. K. GUPTA – CHAIRMAN, MANAGING DIRECTOR – NBCC (INDIA) LIMITED**
MRS. B. K. SOKHEY – DIRECTOR OF FINANCE – NBCC (INDIA) LIMITED
MR. K. P. MAHADEVA SWAMY – DIRECTOR, COMMERCIAL – NBCC (INDIA) LIMITED
MR. SALEEM AHMAD – DIRECTOR OF PROJECTS – NBCC (INDIA) LIMITED
MR. RAJENDRA CHAUDHARI – SENIOR EXECUTIVE, DIRECTOR ENGINEERING – NBCC (INDIA) LIMITED
MS. RESHMA DUDANI – EXECUTIVE DIRECTOR, ENGINEERING – NBCC (INDIA) LIMITED
MR. BALKISHAN SINGLA, INVESTOR RELATIONS, NBCC (INDIA) LIMITED

MODERATOR: **MR. PRIYANKAR BISWAS – NOMURA**

Moderator:

Ladies and gentlemen, good day, and welcome to NBCC (India) Limited Q4 FY '23 Earnings Conference Call hosted by Nomura. 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. Priyankar Biswas from Nomura. Thank you, and over to you, Mr. Biswas.

Priyankar Biswas:

Thank you, Neerav. So good afternoon, ladies, and gentlemen. So we welcome everyone to the fourth quarter FY '23 results call for NBCC, so NBCC is a leader in project management, engineering, and consultancy services. So we have the management here today represented by Mr. P. K. Gupta, the CMD; Ms. B. K. Sokhey, Director of Finance; Mr. K. P. Mahadeva Swamy, Director of Commercial; Mr. Saleem Ahmad, Director of Projects; Mr. Rajendra Chaudhari, Senior Executive Director of Engineering; Ms. Reshma Dudani, Executive Director of Engineering, and Investor Relations.

So we thank the management for providing us with this opportunity and without any further delay, I am handing over the floor to Mr. P. K. Gupta, the CMD, for his opening remarks. Over to you, sir.

P. K. Gupta:

Good afternoon, and a very warm welcome to all the investors of NBCC. I'd like to share a few highlights of the financial year 2022-23, major happenings of this year. Our most important projects and the largest value projects of Amrapali Housing, which has been awarded by Honorable Supreme Court, which is costing around INR8,200 crores. So in this project, we have achieved a turnover of INR1,750 crores, that is about 25% of the total turnover of the company. We have successfully sold around 2600 number units already and the sale value of these units is INR1,500 crores. Work on all the houses are going on, and by the end of Calendar year 2024, we plan to complete these works.

During the year and before that, we got the loan from SBICAP (on Amrapali project) and a consortium of seven banks, and they have disbursed the money, and homebuyers are paying the amount successfully and some money is coming from the sold and unsold inventory. And as of now, project is running smoothly. In this project, we plan to get an additional business of INR7,000 crores to INR8,000 crores that is construction of additional FAR that is lying vacant in these projects, that is 1 highlight.

And second is that our trademark project, World Trade Center in Nauroji Nagar. In this, we have sold inventory of INR2,100 crores during the financial year '22, '23, that is the largest value sold in 1 financial year. And we hope that during the current financial year, complete inventory will be sold out. And this project is nearing completion, and by September, we hope that this project will be completed.

As far as financial highlights are concerned, the turnover that we have achieved is 21% more than the last year, on a year-to-year basis, and it's close to INR7,000 crores. And profit before tax, there is an increase of 31%. Profit before tax is INR312 crores and 31% more than the previous financial year. EBITDA margin has also improved substantially as compared to 2.8% during FY21-22, we have achieved an EBITDA margin of 4.5%.

Consolidated profit before exceptional items, there is an increase of 40% increase, while after exceptional item is 31% increase. The order book of NBCC stands at INR45,000 crores, which is roughly 50% is redevelopment projects and 50% is other PMC and EPC projects. And in the coming financial year, we are targeting a business development of INR12,000 crores to INR15,000 crores.

And we are in discussions with various state governments and Central Government and PSU for award of works. Already signed an MOU with Zambia for construction of mass housing units, and we hope that this order will fructify shortly.

Now I open the floor for questions. Our directors and myself, we are ready to answer the question.

- Moderator:** The first question is from the line of Rohit Natarajan from Antique Stockbroking.
- Rohit Natarajan:** So my first question is to do with the monetization part of the redevelopment projects. From what we know last time, it's not more than INR6,000 crores of the total target of INR22,500-odd crores. What is that position looking like at this point in time?
- P. K. Gupta:** Regarding redevelopment projects, two properties are in sell, that is World Trade Center and Downtown Sarojini Nagar. In World Trade Center, like, already told that we have sold INR2,100 crores worth of property during the last financial year. And this year, we plan to end up this property, around INR5,000 crores worth of property still to be sold, and we hope that this complete property will be sold within the current financial year.
- As far as the sale of Downtown Sarojini Nagar is concerned, we are launching a bulk sale for this property for which the required approval has been obtained. The sale has already been launched. Only thing is that some conditions have to be modified, and we hope that if this bulk sale is successful, total property worth INR1,350 crores will be sold.
- Rohit Natarajan:** So if I add up together, INR1,350 crores and maybe World Trade Center, INR2,100-odd crores.
- P. K. Gupta:** INR2,100 crores is the value of the property sold during last financial year. Total value of this property is around INR12,000 crores.
- Rohit Natarajan:** And how much do you have realized till date for World Trade Center?
- P. K. Gupta:** For World Trade, INR6,300 crores worth of property has been sold.
- Rohit Natarajan:** Okay, okay. Sir, in terms of Amrapali project, how many -- what are the remaining tenders to be done in FY '24?
- P. K. Gupta:** No. In Amrapali, we have done all the tenders, only 1 tender of INR100 crores approximately for the remaining work -- some additional works were required in some of the projects, only that is to be done. Otherwise, all the tenders have been finalized and work is going on all the projects -- one tender of around INR82 crores for some additional work in some of the projects.
- Rohit Natarajan:** And when is this project expected to be fully completed and how much is you're expected...
- P. K. Gupta:** By the end of '24, this project is likely to be completed.
- Rohit Natarajan:** How much would be the contribution to the stand-alone revenue, sir, from Amrapali?
- P. K. Gupta:** Stand-alone revenue will be around INR8,000 crores since the time it started 2021, 21-22, 22-23.

- Rohit Natarajan:** No, in '24, how much will be recognized?
- P. K. Gupta:** FY24, it should be around INR2,000 crores, maybe a little more than that.
- Rohit Natarajan:** Okay. Sir, if I can ask you on the subsidiary part, how much is the HSCC revenue and Hindustan Steelworks revenue? Similarly, the EBITDA and net profit for this full year FY '23?
- Baldev Sokhey:** HSCC has achieved a turnover of INR1,100 crores, and their PAT is INR23 crores. HSCL has achieved the turnover of INR791 crores, and their PAT is also around INR23 crores. And one of our more subsidiary, NSL, INR177 crores turnover has been achieved, and they have achieved the PAT of INR7 crores.
- Rohit Natarajan:** Sure. My final question from my side, what is the total projects awarded at this point in time in the cumulative order backlog of INR45,000 crores?
- P. K. Gupta:** Pardon me, you want to know the...
- Rohit Natarajan:** The projects awarded -- total projects awarded from INR45,000 crores order backlog that you have in hand?
- P. K. Gupta:** There are running projects of INR20,000 crores, out of INR45,000 crores.
- Rohit Natarajan:** Okay. Okay. And sir, how much you plan to award it in FY '24?
- P. K. Gupta:** INR10,000 crores to INR12,000 crores.
- Moderator:** Next question is from the line of Nalin Shah from NVS Brokerage.
- Nalin Shah:** Very good afternoon to everybody. I have 2 questions, sir, overall broad questions that in spite of having a turnover, I mean, total, I would say, the revenue at something like almost INR8,000 crores, INR9,000 crores, why is in last 3 years, I have been seeing that our PAT level margin is hardly above 3%? There is all the -- last about 2 to 2.5 years, all the real estate companies are doing extremely well. Even if I see your return on net worth, it is hardly anything which we are earning, so what is the reason for such a pathetic, I think, performance?
- P. K. Gupta:** PBT margin is 7.25%.
- Nalin Shah:** PBT margin, I'm seeing the 2023, our PAT is at INR238 crores. Am I right? On the top line of INR7,884 crores which is hardly 3%. Again, in the previous year also, I see it is 3%.
- Baldev Sokhey:** I mean last year actually, in these 2 years, we have to book some exceptional items due to which PAT has been remains at the same level. Otherwise, if you will see our EBITDA margins, there is a drastic change in our EBITDA margin from 2.82% to now we have achieved the 4.47%.
- Nalin Shah:** Correct. But I think in the overall context of the volumes, there is hardly any profitability like if I see 3% margins, if you see, in many projects in Mumbai. I'm talking of Mumbai because I'm more this thing conversant with Mumbai. I mean the real estate companies pay even 2% and 3% brokerages to the brokers, whereas we are earning hardly about 3%. What is the, I think, reason for such a poor

profitability. It is because of the -- I think the tender system in which we are growing at a very, very cheap rate we are quoting that is the reason or what is the reason?

Baldev Sokhey:

NBCC's total revenue is from the project management consultancy work, it constitutes around 95% of the total turnover, right? Our real estate portion is hardly 2% to 3% and rest is EPC, so if you are comparing our turnover with the other developers in the Mumbai that is not the case. But definitely, our real estate projects have contributed this time a huge margin, we see a sale of INR195 crores. There is a gross margin of INR68 crores in the real estate projects, but that constitute a very small portion of our total revenue.

Nalin Shah:

Exactly. So my point is that only that company is, if I see your net worth, your net worth today, what you are using is almost about maybe INR2,000 crores. So we are hardly earning maybe even a little over 10% on that.

P. K. Gupta:

No, our net worth is not INR2,000 crores.

Baldev Sokhey:

Our net worth is INR1,900 crores...

Nalin Shah:

Approximately INR2,000 crores, I'm saying -- INR2,000 crores.

Baldev Sokhey:

We are having completed real estate inventory of INR674 crores out of which we are focusing on that. Our net worth mainly constitutes that real estate, that is...

Nalin Shah:

Consultancy.

Baldev Sokhey:

Yes, right. So we still have the land banks of INR619 crores, which will be developed in the coming years. We have the plans for that, and we are going to rather develop at Patna initially and then at Coimbatore and then might be at Jaipur.

Nalin Shah:

Okay. And current year, I think you mentioned, if I remember correctly, the order book stands at around INR45,000 crores. Am I right?

P. K. Gupta:

Yes.

Baldev Sokhey:

Yes, yes.

Nalin Shah:

Total order book, so what is the likely, I think the execution part, which will give, I mean, reflect into the top line approximately?

P. K. Gupta:

In the current financial year '24, top line will be around, stand-alone basis, INR9,000 crores, that is what we are targeting.

Nalin Shah:

Around INR9,000 crores. Okay. Okay. And do you see some improvement in margin, sir on that?

P. K. Gupta:

I guess with improvement in top line because some of the expenditures are constant when improvement.

Nalin Shah:

Right, economies of scale will follow.

P. K. Gupta:

Yes.

- Moderator:** The next question is from the line of Vasudev from Nuvama Wealth.
- Vasudev:** Sir, for this INR45,000 crores of order book, which you said that is on stand-alone or consolidated basis?
- Baldev Sokhey:** That is on stand-alone basis.
- Vasudev:** So then on consolidated, what would be this figure?
- Baldev Sokhey:** Consolidated is INR54,200 crores.
- Vasudev:** Okay. And the split between PMC and redevelopment would be same 50-50?
- Baldev Sokhey:** Yes, for stand-alone, yes, right.
- Vasudev:** And for the consolidated it would be?
- P. K. Gupta:** Rest of the companies are having only PMC. They are not having any redevelopment projects; you can say around 40% on consolidated basis is redevelopment and 60% is PMC.
- Vasudev:** Okay. Got it. Then what would be your order intakes and ongoing works on consolidated basis for FY '23?
- Baldev Sokhey:** Please repeat your question.
- Vasudev:** What will be your order intake on consolidated basis for FY '23? And as on March, how much is our ongoing work?
- Balkishan:** Sir, your voice is not coming clearly. So can you please repeat your question again?
- Moderator:** Vasudev, can you speak through the handset.
- Vasudev:** Yes. So I was asking that what is our order intake on a consolidated basis for FY '23? And as on March '23, how much is our ongoing work?
- P. K. Gupta:** Our ongoing works are INR20,000 crores for NBCC. And as far as the inflow of orders is concerned, on a consolidated basis, we received an order of INR6,500 crores in the financial year '23.
- Vasudev:** Okay. And sir, for stand-alone, you guided for INR9,000 crores of revenue. So for consolidated basis, what would be your guidance for FY '24 for revenue and EBITDA and PAT margins?
- P. K. Gupta:** It will be around INR11,500 consolidated revenue will be INR11,500 crores. And the EBITDA will be around 5%.
- Vasudev:** Okay. And PAT margins?
- Baldev Sokhey:** That will also improve at the same ratio, you can say approximately 4% to 4.15% or so.
- Vasudev:** Okay. Okay. Then next is how much have we sold in Sarojini Nagar in total in FY '23?

- P. K. Gupta:** In Sarojini Nagar, we sold property worth INR47 crores. We decided to go for bulk sale. So we have launched a bulk sale where entire property will be sold in 1 go and will receive a revenue of INR1,350 crores.
- Vasudev:** Okay. So total, what is the value of real estate that was sold in FY '23?
- P. K. Gupta:** Total real estate revenue was INR200 crores, turnover at least were INR200 crores of our own real estate and around INR2,200 crores of real estate of redevelopment projects that we are doing on behalf of the Ministry.
- Vasudev:** Okay. And what are we projecting for FY '24 then?
- P. K. Gupta:** FY '24, our real estate our own inventory is around INR250 crores projection. And Ministry's projects we are planning to wind up both the projects, and it will be around INR6,000 crores.
- Vasudev:** Okay. And sir, then what is our status of the Netaji Nagar project?
- P. K. Gupta:** Netaji Nagar, we have one contract is already awarded, construction of GPOA and Sartac Hostel, and for rest of the projects, we have received all clearances, including tree cutting permissions and other statutory approvals, and we are planning to launch those projects shortly.
- Vasudev:** So can we expect in H1...
- P. K. Gupta:** Two tenders for Sarojini Nagar. And after that, we'll be floating tender for construction of housing in Netaji Nagar.
- Vasudev:** Okay, okay. And lastly, sir, what is the seed money as on March and the interest on that?
- Baldev Sokhey:** The seed money as on today is INR969 crores and outstanding interest is INR259 crores. And during the financial year 22 - 23, we have received the payment for the MoHUA to the extent of INR50 crores.
- Moderator:** Next question is from the line of Pankaj Kumar from Kotak Securities.
- Pankaj Kumar:** Congratulations on good set of number in this quarter. The question is related to the international opportunity that we are looking at. So what kind of order book that we have as of now -- order backlog that we have as of now from there? And what all we are targeting? And how do you see international order book going ahead?
- P. K. Gupta:** Currently, we have a major project in Maldives, construction of 2,000 number of social housings. The total cost of this project is INR1,000 crores. And we have a few projects in Mauritius. Currently, work is going on in these two countries. And for future, we are tying up with the government of Zambia for construction of social housing, and other projects where the Ministry of External Affairs is taking up the work. One is Seychelles then Burundi is the for government of Burundi and Jeddah for Ministry of External Affairs Chancery Building, these projects are in pipeline.
- Pankaj Kumar:** Okay. And sir, if you can also help us with the domestic prospect pipeline. So which all tenders or projects we are targeting and especially on the redevelopment side, what is there on cards?

- P. K. Gupta:** A very big project that we are targeting is construction of balance FAR of Amrapali. And we are in touch with several other state government for redevelopment of their dilapidated properties.
- Pankaj Kumar:** So what would the value of this Amrapali...
- P. K. Gupta:** Amrapali will be INR7,000 crores to INR8,000 crores.
- Pankaj Kumar:** Of similar size that we are...
- P. K. Gupta:** Yes, a little less than that. This will all be new construction.
- Pankaj Kumar:** Okay, okay. And sir, out of this 7 GPRA Colony project, what is -- out of this INR25,000 crores total order book that we had, so out of that, how much we have awarded and what value of the real estate that we have sold till now?
- P. K. Gupta:** Total value was awarded is around INR5,000 crores. And total property that has been sold is around INR6,300 crores.
- Pankaj Kumar:** INR6,300 crores. And by when we are targeting to fully monetize this whole INR25,000 crores of...
- P. K. Gupta:** Two commercial projects we are targeting to monetize in the current financial year, financial year 2024. And then regarding the monetization of residential property, that will be taken up subsequently.
- Pankaj Kumar:** This two commercial project of value...
- P. K. Gupta:** Total value of these two commercial projects is INR13,300 crores.
- Pankaj Kumar:** And this we are targeting in the current year itself?
- P. K. Gupta:** Current year.
- Pankaj Kumar:** So how is the demand, like who all are going to be the investor in these...
- P. K. Gupta:** For Sarojini Nagar downtown, we have already launched bulk sales where any developer will purchase the property and further sell it. And for World Trade Center, both government sector, public sector, and some private sector companies, they are the targets customers.
- Pankaj Kumar:** So in Sarojini Nagar, we'll be basically selling out the land to the private developers, you are saying?
- P. K. Gupta:** No. It will not be land. It will be constructed property.
- Pankaj Kumar:** Okay. So right now, this is funded through what proceeds we are getting through Nauroji Nagar.
- P. K. Gupta:** Yes.
- Moderator:** The next question is from the line of Rohit Natarajan from Antique Stockbroking.
- Rohit Natarajan:** So my question is out of this INR25,000 crores of works that -- where the work is happening on ground, can you give us the top five projects value-wise?

- P. K. Gupta:** Yes, our biggest project is Amrapali, total value of that project, INR8,000 crores.
- Rohit Natarajan:** No, sir, the outstanding work that is pending as in Amrapali only INR2,000 crores is work left, right?
- P. K. Gupta:** Amrapali is around INR3,000 crores worth of work is pending. 7 GPRA is the biggest project.
- Rohit Natarajan:** Okay. No, sir. In the INR25,000 crores works where the work is actually happening on ground, of which the unexecuted portion, how much that value is, which are the top five projects.
- P. K. Gupta:** I think the largest will be 7 GPRA, total value of works awarded is INR5,500 crores, out of which around INR2,500 crores worth of work has been executed. Little more than INR3,000 crores worth of work yet to be done. And second is Amrapali, out of INR8,000 crores, around INR5,000 worth of work has been done and INR3,000 crores worth of work is yet to be done. Then, East Delhi have Karkardooma, so around -- out of total INR1,200 crores worth of projects, around INR200 crores worth of work has been done and balance INR1,000 crores is pending. These are the major...
- Rohit Natarajan:** Sir, this is if I add up it's only INR7,000 crores and INR25,000 crores is the total work that is happening on ground. So there will be still big, bigger ticket items, right?
- K. P. M Swamy:** In 7 GPRA, we have currently 4 tenders on pipeline where we were to award, valuing around INR4,000 crores.
- Rohit Natarajan:** Additional in 7 GPRA.
- K. P. M Swamy:** Yes.
- Rohit Natarajan:** Okay. But sir, that is not yet included in the INR25,000 crores work, right?
- K. P. M Swamy:** Out of this INR25,000 only we will be going to
- P. K. Gupta:** The works which are going on are INR20,000 crores value, not INR25,000. And these 4 works for INR4,000 crores, they are not included in there.
- K. P. M Swamy:** Already, we have called 2 tenders, another 2 we will call.
- Rohit Natarajan:** Okay, okay. so these are the INR7,000 crores out of INR20,000 crores is known, the remaining, I can assume, it will be less than INR1,000 crores. Is that the way a fair assumption to be made?
- P. K. Gupta:** Yes.
- P. K. Gupta:** Yes, yes, yes.
- P. K. Gupta:** Definitely.
- Moderator:** Since there are no more questions, I now hand the conference over to Mr. Priyankar Biswas for closing comments.
- Priyankar Biswas:** Thank you, Neerav. And I'd thank all the participants and management for taking their time out to make this eventful call. So I will now hand it over back to the management for any further closing remarks.



P. K. Gupta:

We are looking for a very bright future in the current financial year and in further years to come with seven real estate markets coming to the fore and redevelopment projects, particularly state government and several central government departments are very keen to take up the redevelopment projects because they don't have to spend their money in these projects, so we are looking for a very bright future.

And the problem which we had in one of the projects is over, and we don't see any provision for any exceptional items in future. So the profit before tax and turnover will be substantially high as compared to the current financial year, and with pandemic also over, I don't think there is any problem with the company. So our investors can look for a very bright future.

Moderator:

Thank you very much.

Priyankar Biswas:

And just one minute. So just adding on, so in case any investors has any further queries, so we have **Mr. Balkishan Singla from the Investor Relations of NBCC** (investors@nbccindia.com) to address any further queries, so he will be available as well even after this call. So you can get direct in touch with him. So, Neerav, back to you.

Moderator:

Thank you very much. On behalf of Nomura, that concludes this conference. Thank you for joining us. You may now disconnect your lines. Thank you.