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| National Stock Exchange of India Ltd. Exchange Plaza, 5 th Floor, Plot no. C/1,G Block Bandra –Kurla Complex Bandra (E),Mumbai-400051 NSE Symbol: NBCC/EQ | BSE Limited, Floor 25 ,Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai-400001 Scrip Code: 534309 |
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Sub: Transcript of Earning Conference Call dated February 20, 2023 (Financial Results for the quarter ended December 31, 2022

Sir,

With reference to our letter dated February 17, 2023 in respect of conference call dated February 20, 2023, please find enclosed herewith the transcript of discussion held during the said conference call.

The aforesaid information is also available on the website of the company at <https://www.nbccindia.com/webEnglish/announcementNotices>

This is for information, please.

Thanking you,

Yours Faithfully,
For NBCC (India) Limited




Deepti Gambhir
Company Secretary
FCS-4984



एनबीसीसी (इंडिया) लिमिटेड
(भारत सरकार का उद्यम)

“NBCC (India) Limited
Q3 FY '23 Earnings Conference Call”
February 20, 2023



एनबीसीसी (इंडिया) लिमिटेड
(भारत सरकार का उद्यम)



MANAGEMENT: **MR. P.K. GUPTA – CHAIRMAN CUM 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. RAJENDRA CHAUDHARI – SENIOR EXECUTIVE,
DIRECTOR ENGINEERING – NBCC (INDIA) LIMITED**
**MRS. RESHMA DUDANI – EXECUTIVE DIRECTOR,
ENGINEERING – NBCC (INDIA) LIMITED**
**MR. BALKISHAN SINGLA – INVESTOR
RELATIONS NBCC (INDIA) LIMITED**

MODERATOR: **MR. ANSHUMAN ASHIT – ICICI SECURITIES**

Moderator: Ladies and gentlemen, good day, and welcome to the Q3 FY '23 Earnings Conference Call of NBCC (India) Limited, hosted by ICICI Securities. 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. Anshuman Ashit from ICICI Securities. Thank you, and over to you, sir.

Anshuman Ashit: Thank you, Rutuja. Good afternoon, everyone. On behalf of ICICI Securities, I would like to welcome you all to the Q3 FY '23 Post Results Conference Call of NBCC (India) Limited. Today, we are very pleased to host the senior management of the company, represented by Mr. P.K. Gupta, Chairman cum Managing Director; Shrimati B.K. Sokhey, Director, Finance; Shri K.P. Mahadeva Swamy, Director, Commercial; Shri Rajendra Chaudhari, Senior Executive Director Engineering and Mrs. Reshma Dudani, Executive Director Engineering.

The call will begin with brief remarks from the management, after which we will open the floor for the Q&A session. I would now like to hand over the call to CMD sir for his opening remarks. Thank you, and over to you, sir.

P.K. Gupta: Good afternoon to all the investors present. I'll briefly delve in the positive developments that have taken place recently, and then I'll hand over the mic to my Director of Finance to brief you about the results of the last quarter. So recently, we have received all the statutory approval for our biggest project that is redevelopment of Sarojini Nagar. And three contracts are already underway in this project, and we'll be floating further five contracts.

So five tenders will be floating worth around INR 2,000 crores very shortly, maybe within a week or 10 days. And this project will be now on the fast track. Apart from that, we have recently floated the tender for University of Delhi worth INR 283 crores, and another tender will be floating within two, three days, worth INR 180 crores.

Our flagship project, which is the tallest tower in Delhi that is East Delhi Hub Karkardooma, that is going on in fast speed. And we'll be floating another tender worth INR 100 crores for external development of this area. As far as the business development part is concerned, we have received confirmed order of INR 2,000 crores.

During the year-end, orders worth INR 4,000 crores are in pipeline, some of which are in almost final stage. Number one is the work of NIT Allahabad worth INR 300 crores. Then industrial estate in J&K, INR 530 crores: Institute of Chemical Technology, INR 300 crores: then IIFT Kakinada, INR 150 crores. We are in talks with the Government of Zambia for their mass housing project for which they are receiving a huge amount of funding.

So we want to capture that one. And we also are interested in rebuilding in Turkey, which was been devastated by earthquake recently. So we have approached Government of Turkey for assisting in their rebuilding work. In Amrapali also, some FAR is vacant, and we are trying that we should be doing the construction rather than selling the FAR. That also decision may be taken shortly. So these are the developments regarding business development front. My

Director of Finance will talk about the results of the last quarter and results of 9 months for the company.

B.K. Sokhey:

Good afternoon to all the participants. The company is able to achieve the growth of 6.41% on quarter-to-quarter basis on year-on-year quarter, and 21% growth on a 9-month basis. And we have been able to achieve the EBITDA margin of 4.94% on quarter to previous quarter basis. And similar is the case for the 9 months also, 4.68% with regard to the 2.459%, which we had achieved in the last year's 9 months' quarters. The company is able to even achieve these results in spite of providing some provisions towards the homebuyers to the extent of INR 54.36 crores.

And now the total provision whatever is payable to the home buyers has been provided for and the revised offer has also been made to the homebuyers, and we are hopeful that this settlement will be done with them and some of the homebuyers are also showing inclination for these settlements. The company on consolidated basis has also achieved the EBITDA margin of 4.46% on the quarter-to-quarter basis and 3.97% to 2.51% on a 9-month basis.

So now we will open the floor for the questions and answers for the participants, and we will answer their queries accordingly.

Moderator:

The first question is from the line of Rohit Natarajan from Antique Stock Broking.

Rohit Natarajan:

Yes, Madam, this Gurugram project, is the provisioning completely done or do we expect further provisioning to be made in the subsequent quarters?

B.K. Sokhey:

Good afternoon, Rohit. We have done the complete provisioning now. And we are hopeful that no further provisioning is now required to them. We have given a very good offer to the home buyers, which is at par to the current market rate at Gurugram.

Rohit Natarajan:

So is that out-of-court settlement completely done? Or like are they like asking for further more amount or yet to come back with their reply?

B.K. Sokhey:

There are certain home buyers who are just reluctant. But definitely, in case they would want more, they will have to go through the court. But the company has made their final offer. Yes. And it is at par with the market rate, the main thing is that.

Rohit Natarajan:

Okay. The second part is, ma'am, in case sir can highlight about the projects. I mean, this year, he made his opening remarks about some projects to be awarded. What will be the total amount awarded for 9 months, the next -- this full complete year? And the next year, what is the target like?

P.K. Gupta:

You mean the tenders that have been awarded?

Rohit Natarajan:

Yes, exactly, sir.

P.K. Gupta:

We have awarded tenders worth INR 3,500 crores.

- Rohit Natarajan:** Okay. And how much to be ordered in the next few months, 1 month as such? And maybe in the next fiscal, if you are looking at some big numbers?
- P.K. Gupta:** No. During the current year itself, tenders worth INR 2,000 crores more will be awarded. And for the tenders that we are floating for an amount of INR 3,000 crores, that will be awarded in the first quarter of next financial year. But next financial year, we'll be taking up a number of projects in the 7 GPRA colonies. So next financial year, we'll be awarding the worth around INR 8,000 to INR 10,000 crores on standalone basis in NBCC.
- Rohit Natarajan:** Okay. Sir, any tree cutting projects that you're planning in this particular 3,000 tenders that is in the next few months?
- P.K. Gupta:** For Tree transplantation, we have received the approval with Sarojini Nagar project and we have received the approval for transplantation.
- Rohit Natarajan:** So there is no such risks that you see, right, from the civil society?
- P.K. Gupta:** No.
- Rohit Natarajan:** Okay. Sir, in terms of monetization of the redevelopment project, what is the progress made till date? And what is the number you expect in next few quarters or maybe the next year as such?
- P.K. Gupta:** In our World Trade Center, Nauroji Nagar, we have already sold about 50% of the project worth INR 5,900 crores, and another INR 3,000 to INR 4,000 crores worth of deals are in pipeline. They are under discussion. And we expect to wind up this project by September. And the sale, we are expecting that sale of INR 12,000 to INR 13,000 crores will be completed by September.
- Rohit Natarajan:** Okay. Sir, my 1 more question is in terms of the Amrapali project, which is significantly contributing to your current execution as such. I mean, when do we expect that particular project to be concluded, as in it's completely over, out of your order backlog? And going forward, what will be the similar big projects that can fill the void?
- P.K. Gupta:** By end of 2024, we expect Amrapali, current project, to be completed. We are selling the houses in that project. We have sold around 1,650 houses, and houses are being sold at a fast pace for getting money. So by end of 2024, we expect that this project, around 46,000 houses that we're going to sign, they will be completed.
- Rohit Natarajan:** How much will be the local value of the residual portion of this Amrapali project in 2024?
- P.K. Gupta:** Around INR 4,000 crores.
- Rohit Natarajan:** So next year, INR 4,000 crores literally will be coming from this Amrapali project?
- P.K. Gupta:** Not exactly. By end of '24, I told December '24. So maybe next year, we should have around INR 2,700 to INR 2,800 crores worth from Amrapali.

- Moderator:** The next question is from the line of Vasudev from Nuvama Wealth.
- Vasudev:** So I was asking that this INR 2,000 crores of confirmed orders that we've received in 9 months, so that is on a standalone basis or consolidated basis?
- P.K. Gupta:** That is on standalone basis.
- Vasudev:** Okay, standalone. And what would be that number on a consolidated basis?
- P.K. Gupta:** That is around INR 3,400 crores.
- Vasudev:** INR 3,400 crores. Okay, sir. And what would be our consolidated order book? And if you can give the split between PMC and redevelopment projects?
- P.K. Gupta:** All these new orders are on a PMC basis only. The new orders that we have received, INR 3,400 crores, they are on PMC basis. There are no redevelopment projects in this.
- Vasudev:** Okay. And what is our total order book?
- P.K. Gupta:** Total order book of NBCC is around INR 45,000 crores. Half of that is PMC projects and roughly half is redevelopment projects. And on a consolidated basis, the total order book is around INR 54,000 crores.
- Vasudev:** Okay. INR 64,000 crores, right?
- P.K. Gupta:** 54, 5-4.
- Vasudev:** Okay, 54, sorry. And if you can give the split -- any rough split between PMC and redevelopment?
- P.K. Gupta:** For redevelopment, total is INR 22,000 crores. And rest INR 32,000 crores on consolidated basis is PMC.
- Vasudev:** Okay. Okay. Got it. And out of this order book, how much work is currently going on?
- P.K. Gupta:** Total value of the running projects is around INR 19,500 crores on consolidated basis. For NBCC, it is a little more than INR 16,000 crores.
- Vasudev:** Okay. INR 16,000 crores. And sir, if you can give the cash balance amount also, as on December.
- P.K. Gupta:** My Director of Financial...
- B.K. Sokhey:** The total cash and bank balance unconsolidated basis including all the subsidiaries is around INR 5,000 crores, out of which the client deposits in the separate accounts are to the tune of INR 3,750 crores. Yes. Any other information you would like to have?
- Vasudev:** The same on standalone also if you can provide?

- B.K. Sokhey:** NBCC is having INR 1,985 crores total funds cash and bank balance and towards the clients' deposits. And INR 611 crores in the other banks, out of which the own funds of NBCC are to the tune of INR 250 crores approximately.
- Vasudev:** Okay. Got it. Then in the EBITDA margins front, we've seen good improvement in the last 2 quarters. So any particular reason for that? And how should we look at the margin trajectory going ahead? Will it remain in the same range or what do we expect there?
- B.K. Sokhey:** The EBITDA margins will remain same. But this time, our real estate sector has contributed and the turnover of INR 140 crores, whereas our margins on that turnover are quite high. And main reason is the turnover in the PMC segment has also increased wherever our overheads remained fixed during this quarter. And during the 9 months also there is a slight increase only. And these are the basic 2 reasons.
- Vasudev:** Okay. So if you can give any guidance for FY '23 and '24 in terms of revenue, EBITDA margins, and PAT?
- P.K. Gupta:** '23, '24 total revenue we are planning is INR 10,000 crores on a consolidated basis.
- Vasudev:** Okay. And margins, and also if you can give this number on standalone, what are we targeting?
- P.K. Gupta:** Standalone will be around INR 7,500 crores, NBCC, and balance will be from subsidiaries, INR 2500 crores.
- B.K. Sokhey:** EBITDA margin will remain the same in this decade, more or less, right?
- Vasudev:** Okay. So around 4.5% range.
- B.K. Sokhey:** 4.5% to 5%, you can say, safely, yes.
- Vasudev:** Okay. And if you can give the total amount of real estate that we have sold in the quarter?
- B.K. Sokhey:** INR 140 crores.
- Vasudev:** Okay. INR 140 crores.
- B.K. Sokhey:** There are 2, 3 projects which have contributed. Like there is a Patna project, there is a Sector 89 project in Gurugram, then there is a project at Kolkata, and then some portion in the Bhubaneshwar project. These 4 projects have contributed, yes.
- Vasudev:** Okay. Okay. Got it. And what is the current status on the 7 GPRA societies work? So sir said about WTC, about Sarojini Nagar and Netaji Nagar, if you can say?
- P.K. Gupta:** As far as 7 GPRA is concerned, we have 3 running projects in Sarojini Nagar. Two are of quarters and one is of commercial complex. In Netaji Nagar, we have one running project that is of General Pool Office Accommodation and SAARTEC Hostel. And in Nauroji Nagar, we have running project of World Trade Center. So these are the running contracts, and we are

further floating 5 contracts in Sarojini Nagar recently, maybe another week or 10 days, we'll be floating the contracts. That is the position in 7 GPRA colonies.

Vasudev: Okay. Got it. And just on last 2 things. One is on the seed money. So how much is the seed money till now and interest that we've received and accrued on it?

B.K. Sokhey: Seed money is around INR 988 crores. And interest accrued as on December 31 is INR 229 crores. Rather, I will say that out of the total interest accrued of INR 550 crores, the company is able to realize INR 330 crores. And only this INR 220 crores is now accrued and unfilled, rest we have received.

Vasudev: Okay. Okay. Got it. And the projects awarded figures. So I think sir said INR 3,500 crores that was on standalone basis, right? And what was on the consolidated basis, you can give?

B.K. Sokhey: Please repeat your question.

Vasudev: The project awarded till date in 9 months FY '23? Yes.

P.K. Gupta: On a consolidated basis, we have awarded INR 4,500 crores worth of contracts during the current financial year. And on a standalone basis, in NBCC, around INR 3,500 crores.

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

Prem Khurana: Sir, just want to understand this inventory that we're selling at 7 GPRA colonies redevelopment projects in there. I think you said INR 5,900 crores worth we have sold at Nauroji Nagar. How much would we have sold at Sarojini Nagar? I think we started selling Sarojini Nagar last quarter, right?

P.K. Gupta: We have sold property worth INR 48 crores in Sarojini Nagar.

Prem Khurana: Okay. So there is no progress -- I mean, when we had our Q2 con call and we've given somewhat similar number only. So does it mean I mean there has not been any incremental sales versus last quarter con call?

P.K. Gupta: Sarojini Nagar, in fact, we'll be trying to make a bulk sale of that property. We have some buyers in pipeline. We want to sell that property in one go, so that one person can purchase it and manage it and further lease it out. So that is why we have not held further auction for that property. We'll be taking out bulk sales only.

Prem Khuran: Sure. And sir, possible to get a breakdown of the 2 locations in terms of how much is unsold inventory, value of unsold inventory at Nauroji, and how much would be the total potential at Sarojini in terms of -- let's say, whenever you get to sell it, how much would you be able to realize?

P.K. Gupta: In Nauroji Nagar, it's around INR 6,500 crores. Because that we cannot -- the total cost of project is around INR 12,500 crores, INR 6,000 crores worth of property we have sold. So another INR 6,500 crores worth of property in Nauroji Nagar. And in Sarojini Nagar, the total

cost of that property is around INR 1,500 crores. So INR 1,450 crores, we can say it is unsold, though this is under construction, we can sell when constructed fully.

Prem Khurana: Sure. And for Nauroji, I mean, the payments would be milestone linked, right? I mean, INR 5,900 crores that you have sold, how much would we have realized by now?

P.K. Gupta: In Nauroji Nagar, we have realized around INR 3,800 crores.

Prem Khurana: Okay. And this entire money has been used to kind of construct the quarters and the commercial development.

P.K. Gupta: Yes.

Prem Khurana: Sure. And sir, on -- I mean, possible to kind of give us breakup in terms of which project would have contributed how much in this quarter? For instance, I mean, Amrapali last quarter had given us almost INR 400-odd crores and H1 was INR 700 crores. So how much would be the contribution in 9 months or, let's say, in Q3 from Amrapali?

P.K. Gupta: Amrapali, during the complete financial year, 9 months, till now it has contributed around INR 1,100 crores, out of which INR 400 crores has been contributed in the last quarter.

Prem Khurana: Sure. And how much are we targeting for the full year from this project, sir?

P.K. Gupta: Another INR 500 crores we are targeting.

Prem Khurana: Another INR 500 crores this quarter, and then you said INR 2,600 crores, INR 2,700 crores.

P.K. Gupta: Yes.

Prem Khurana: Okay. Okay. Sure. And how about these colony redevelopment projects, how much would these projects would have contributed during Q3 and, let's say, how much are we targeting in Q4?

P.K. Gupta: Seven GPRA also contributed, I think, around INR 400 crores only. It's the same. So these 2 projects have contributed to the maximum -- 7 GPRA has contributed INR 700 crores.

Prem Khurana: Okay. INR 700 crores in Q3?

P.K. Gupta: 9 months. INR 700 crores during 9 months.

Prem Khurana: So Q3 would be how much out of the INR 700 crores?

P.K. Gupta: INR 700 crores during the 9 months.

Prem Khurana: How much would be the Q3, sir, in this INR 700 crores?

P.K. Gupta: About INR 300 crores has been contributed during the last quarter.

- Prem Khurana:** Sure. And sir, just 1 last question from my side. I mean, when I look at our order backlog, we have INR 45,000-odd crores, but the tenders or the potential which is already given out is only on INR 16,500 crores. And even for the next year, we're looking to give out INR 10,000 odd crores only. So when do you see the balance chunk kind of to get tendered out, because I mean, some of these projects have been with us for a very long period of time, but somehow, for some reason, we've not been able to kind of get these projects out for execution. So by when do you think, I mean, a large part of this would be under construction and we would be able to realize our true potential in terms of revenue recognition and EBITDA?
- P.K. Gupta:** A large amount of these projects are redevelopment projects, which depends upon the sale of property. That is why all the projects cannot be taken up simultaneously. But next year and next to next year, we can see a major chunk of these being winded up.
- Prem Khurana:** Okay. So just to clarify on this. When you say INR 16,500 crores is under construction, how much would be redevelopment and how much would be PMC?
- P.K. Gupta:** Redevelopment running projects are INR 3,500 crores and PMC are INR 12,500 crores.
- Prem Khurana:** Okay. And just 1 last from my side, if I may, please. I mean what is the revenue guidance for FY '23 on a standalone basis?
- P.K. Gupta:** FY '22, '23 total or '23, '24?
- Prem Khurana:** No, no, no. '22 to '23, sir, this year, the current year.
- P.K. Gupta:** '22, '23, INR 6,500 on standalone basis and roughly INR 9,000 crores on consolidated.
- Prem Khurana:** Sure. And INR 6,500 crores, you said, would move to almost INR 7,500 crores next year: INR 9,000 would move to INR 10,000 crores next year, right?
- P.K. Gupta:** Yes.
- Moderator:** The next question is from the line of Anshuman Ashit from ICICI Securities.
- Anshuman Ashit:** Sir, in your initial remarks, you had mentioned that there are around INR 4,000 crores worth of projects which are in pipeline. So how much can we expect to be confirmed within FY '23 itself, in the next 1.5 months?
- P.K. Gupta:** We are expecting that about INR 3,000 crores worth of orders will be finalized during the current financial year, '22, '23.
- Anshuman Ashit:** And sir, you had mentioned a few foreign projects, one in Zambia, and you had also mentioned on Turkey rebuilding that you are in discussion. So can you please give some more details on the Zambia project? And how are you approaching the Turkey government in this?
- P.K. Gupta:** Zambia is mass housing project. There is a huge shortage of housing for general public in Zambia. And they are getting funding from international organizations. And they have approached us to join as the project management consultancy. We have given our verbal go

ahead and discussions are going ahead. We'll be visiting shortly Zambia, our GM will be visiting shortly to have discussions with Government of Zambia.

As far as Turkey rebuilding is concerned, we'll be approaching embassy of Turkey in India for taking up rebuilding of the destroyed portion. This is in very initial stage. This is the situation. Other orders that are in pipeline, I told in beginning. And 1 redevelopment project is also in pipeline that is Indian Agriculture Research Institute, Pusa. We have submitted the DPR for that work. And once that DPR is accepted, we hope to get that redevelopment order.

Anshuman Ashit: Sir, what will be the cost of the Zambia project?

P.K. Gupta: Zambia is a very big project. We have to see how much we get. But they plan to construct 1 lakh affordable housing for general public. It may not -- it's a very big project.

Anshuman Ashit: Okay. And any timelines for that project which you can share?

P.K. Gupta: The discussions are going on. I hope at least 1 order we get very shortly. So we'll get one by one. They will not finalize such a big order in one go.

Anshuman Ashit: Okay. Sir, so there was 1 project which we were developing, NBCC Plaza project. So there were some discussions which were pending. Can you please give us the status of that project?

P.K. Gupta: Plaza, you mean Pushp Vihar?

Anshuman Ashit: Yes.

B.K. Sokhey: You are talking about what we have mentioned in our notes or account?

Anshuman Ashit: The Pushp Vihar project, related to that.

B.K. Sokhey: Okay. What's your question?

Anshuman Ashit: So there were some issues which were pending. So can you give us the status of where is it?

B.K. Sokhey: Actually, we have to take the concept plan approval SDMC. But the payment was made to L&DO, Ministry of Housing and Urban Affairs. So now the Housing and Urban Affairs has also given a letter to SDMC that the money has been received by them. And no further funds will be remitted to SDMC, like South Delhi Municipal Corporation. So you please give the approvals of the building plans to NBCC, so that they can take it up further. So the matter is being pursued vigorously by NBCC. And we are hopeful that it will be sorted out shortly.

Anshuman Ashit: Okay. So can we expect -- because it has been pending for some time, so can we expect this to be resolved in FY '23 itself, or will it go any further?

B.K. Sokhey: We are doing all in this situation but we are hopeful, very hopeful. Yes.

Moderator: As there are no further questions, I would now like to hand the conference over to the management for closing comments. Management, would you like to give any closing remarks?



P.K. Gupta:

Yes, yes. Our effort now is to have more and more exposure in international market. That's why we are approaching Government of Zambia and Turkey. And in a few other countries also, we are approaching the government. And there are some projects of Ministry of External Affairs over, like in Jeddah, Saudi Arabia, and the construction of new parliament building in Swaziland, and infrastructure work in Burkina Faso, and Parliament and Ministerial Buildings in Burundi. So we want to have more and more exposure in foreign countries because the margins are better, and it brings foreign exchange to the company, it brings name to the company.

As far as redevelopment, our major redevelopment project of 7 GPRA is concerned, the problems are more or less over, and sales are also picking up. So we hope that this project will go on fast pace in the coming financial year. And our another focus is on the stressed assets of various builders, especially in Noida and Greater Noida, and some in Gurgaon also. The houses left in between by the builders.

So the balance works where the finances permit, we are willing to take up and discussions are going on with some homebuyers associations, and we are pursuing various authorities also for sending over these works to us. So that's all about -- the future is bright for the company. And next year, we hope that profit margins will substantially improve. Thank you so much.

Moderator:

Thank you. On behalf of ICICI Securities, that concludes this conference. Thank you for joining us, and you may now disconnect your lines.

Anshuman Ashit:

Thank you, sir.