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Date : 26-08-2020

The Secretary
National Stock Exchange of India Ltd
5th Floor, Exchange Plaza
Bandra – Kurla Complex
Bandra (E)
MUMBAI - 500 051.

The Secretary
BSE Limited,
Rotunda Building, P J Towers
Dalal Street, Fort
MUMBAI – 400 001.

Dear Sir(s),

Scrip Code : NSE: NCC & BSE : 500294

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

Please find enclosed herewith the transcript of the earnings conference call that took place on 12th August, 2020 with analysts discussing about the performance & Financial Results of Q1 of the F.Y.2020-21. Kindly take the above information on record.

Thanking you,

Yours faithfully

For NCC LIMITED.

26-08-2020
M V Srinivasa Murthy
Company Secretary & EVP (Legal)
Encl : As above



NCC Limited

(Formerly Nagarjuna Construction Company Limited)

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NCC

NCC Limited

“NCC Limited

Q1 FY2021 Earnings Conference Call”

August 12, 2020



ANALYST: MR. ROHIT NATARAJAN – ANTIQUE STOCK BROKING LIMITED

MANAGEMENT: SHRI R S RAJU – ASSOCIATE DIRECTOR – FINANCE & ACCOUNTS – NCC LIMITED
SHRI Y D MURTHY – EXECUTIVE VICE PRESIDENT – FINANCE – NCC LIMITED
SHRI K DURGA PRASAD – JOINT GENERAL MANAGER – FINANCE – NCC LIMITED

Moderator: Ladies and gentlemen, good day and welcome to the NCC Limited Q1 FY2021 Earnings Conference Call hosted by Antique Stock Broking Limited. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing '*' then '0' on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Rohit Natarajan from Antique Stock Broking Limited. Thank you and over to you Sir!

Rohit Natarajan: Thank you Faizan. Good afternoon everyone. On behalf of Antique Stock Broking, I welcome you all NCC conference call. We thank the management for giving us the opportunity to host the call. From the management side, we have with us Shri R S Raju, Associate Director - Finance and Accounts, Shri Y.D Murthy, Executive Vice President - Finance, and Shri K Durga Prasad, Joint General Manager - Finance. I would now hand over the call to the management for their opening remarks post which we can commence the Q&A session.

Y D Murthy: Good evening to all the participants. I am Y D Murthy from NCC. We will briefly tell about Q1 results for about 10 to 15 minutes and after that there will be question and answer session. I request Mr. R S Raju our Associate Director and CFO to give his comments.

R S Raju: Good evening to all of you. Before going to the numbers just I want to say about the COVID-19. All of you know its impact at Global Level and I and on the construction industries its impact is very significant. The pandemic impacted operations of NCC too, but NCC has taken special measures i.e right from the top to the bottom, the entire team working to overcome this situation and to see that progress has happened at the projects. So accordingly after the relaxation of lockdown norms, there is a good improvement seen in the projects and the results we received more than what we planned in Q1 FY21 affected by COVID-19. We expect the same strength in Q2 or the same feel, so in some places there is an improvement in containing the COVID-19, and the management team as a whole rose to the situation in containing the spread and carrying on the work.

So first of all I start on the order book in Q1 the company secured orders of Rs.2592 Crores as against our internal target of Rs.2062 Crores. So despite this COVID-19 good order booking has happened in Q1 so with this the order book now stands at Rs. 27916 Crores as of June 30, 2020.

So I will read out how the division movement happened in Q1. Building division had an order book of Rs.13241 Crores at the beginning of the quarter, which constitutes 50% of the total company's order book. Now it has come down to Rs.13009 Crores that is 47%. The

Road segment has 10% to orders at the beginning now it has come down to 9% of the total company order book.

The water and railway it has Rs.4660 Crores at the beginning 18% and now it has Rs.6813 Crores, its share increased to 24% now. Electrical order book was 6% beginning and also has closing order book of 6%. Irrigation had 8% of orders in the beginning and at the end of the quarter 7%. Mining it has 7% too and now it has come down to 6% so this is the combination or ratio of the orders in various divisions of the company so the total orders as of June 30 stands at Rs.27916 Crores. Besides these orders, the company also participated in new tenders but because of COVID-19 the orders in the month of March, April, May and June the progress in some places and also delay. However, we have several orders amounting to about Rs.2000 Crores in L1 at this moment and also submitted various tender so for this Rs.2000 Crores we expect the LOA shortly. so that order book line in general is comparatively better than the previous year in the current year.

So now come to the revenues in Q1 the company reported standalone turnover of Rs.1179 Crores excluding other income and including other income Rs 1211 Crore as against Rs.2213 Crores of the previous year, which shows that there is a decline by about 45% over the corresponding quarter of the previous year. So other income we reported about Rs.33 Crores, which comprised Rs.17 Crores interest income on loans and Rs.9 Crores on deposits and some IT refund happened in Q1 the others comprised rental income and other miscellaneous income totaling Rs.32 Crores in this quarter of the company..

Now coming to the gross margins and the standalone so in the first quarter the company reported a gross margin of 19.87% against 20.52% recording in last year. As far as gross margins are concerned though the COVID-19 impacted to some extent in some projects, which roughly would be there about 1% to 1.5%, but still the gross margins in the company reported at normal level without much variation at gross money level. The company EBITDA margins there is a decline in EBITDA margins from the previous year by about 2.4% so the decline particularly on account of fixed expenses such as salaries and administrative cost so in this mainly the salaries impacted the difference between the previous year EBITDA margin and the current quarter margins .

Coming to the PBT level, PBT level, there is no leftover PBT in the Q1 because of the cost like interest cost and depreciation. These two elements put together about difference in terms of percentage they are about 6% so thereby there is no there is no PBT reported in this quarter, but at the PAT level, we have about Rs.16.9 Crores, which resulted on account of interest from some income tax credit, which was happened in Q1. We have received orders relating to the 2017-2018, so 2018-2019 assessment year wherein Section 80IA

benefits given by the income tax department, which we claimed which the department allowed, amounts into Rs.32 Crores, which we recognized in Q1. This results in the net profit of Rs.16.9 Crores for this quarter.

The interest cost or salary cost or administrative cost in absolute terms there is a reduction happened in this quarter because of the certain measures taken by the company and also because of the low turnover happening for the last year so the company has taken certain measure and the company also reduced the headcount of the employee and also made some exercise on the employee salaries and so as a result the decline of 50% in salary cost in this quarter and administrative cost there is a steep decline happened in the administrative cost and interest also improvement happened, which supported again the quarter at least to certain extent and going forward it definitely will help the company to improve and to make profit margins.

Coming to the debt, the debt of the company has increased by Rs.141 Crores in this quarter so normally it is the general feature of the construction industry about increasing working gap in the first quarter so compared to the earlier periods. If you see that there is no much increase in the working capital in this quarter because the collections are good in this quarter compared to the normal level. The collections are good and particularly the company received about Rs.120 Crores income tax refund which relates to the two to three refunds because of the special measures taken by the government to IT refunds, so we received Rs.124 Crores so far, which helped the company and as a result there is no much increase in the debt of the company at the end of this quarter.

Now the debt of the standalone is standing at Rs.2051 Crores. There is not much capex, only we have spent about Rs.11 Crores in first quarter for the capex and managed defensively level of business operations. The cash flows are concerned for Q1 on standalone basis, cash flow from operations were Rs.13 Crores. we have invested about Rs.33 Crores and partly for deposits and partly a loan to be subsidiary of Rs.18 Crores.

Now we generated from the financing activities to meet the above two-line items about Rs.42 Crores we made and paid our working capital limits. From the working capital limits we come down. The working capital we increased it by about Rs.176 Crores in Q1, which I explained already, which was supported the lower. The company trade receivables, there is a decline slightly in the trade receivables in this quarter about Rs.350 Crores or so is there in decline from the previous level. Though the liquidity of the company is concerned, there is COVID-19, which has had some disruption and resulted in some delays in the passing of bills from the client the company somehow could manage and have not seen any stress in managing these payments in the COVID-19 time and maintain the liquidity.

There are no defaults anywhere. All the payments are met in time. There is a timely repayment of the loans and timely meeting the interest servicing and the banks also asked us whether we are interested to avail any deferment of the interest and other things so but in here now we have not seen but subsequently and there is another claims is received our colleague, Mr. Y D Murthy will explain about that aspect at appropriate time but in general the company has not opted much for the deferment of those things and nowhere also the other ones also we have not taken any deferment though some banks offered. The deferment is only coming temporally for three months or six months, but not for the longer period. There will not be any good benefit for the company that we want to pay so we have not seen any financial difficulties in this period and also for the next three to four months also the company do not see any problem in meetings it financial commitments. This is in general about the company and specific two items about any other aspects if anybody has, we will answer.

Y D Murthy:

I will give you a few points. The loans and advances to subsidiaries and associates stood at Rs.582.88 Crores, which is more or less the same like Q1 of last year and the investments in associates and subsidiaries at Rs.889.25 Crores as compared to Rs.919.27 Crores in the previous year so the exposure to group companies remains more or less same at Rs.1472.13 Crores.

Mobilization advances stood at Rs.1262 Crores as compared to Rs.1487 Crores in the last year and the retention money is Rs.2280 Crores as compared to Rs.2249 Crores in the last year. Cash balances at Rs.334 Crores as compared to Rs.196 Crores last year. The company is very carefully managing the liquidity position and we are seeing to it that enough surplus is available in our books of accounts and we are able to take care of all the payments without much difficulty at any point in time.

we have taken COVID-19 loan nearly about Rs.152 Crores from Consortium Banking system as per the guidelines given by the Reserve Bank of India. The COVID-19 loans were given up to 10% of the fund-based limits of the company and that too at attractive rate of just one year MCLR and because of no markup so these loans also have helped us to maintain as liquidity in the books of accounts and also the Reserve Bank has come out with a circular saying that moratorium can be given for interest payment for the first three months initially and later on made it into six months.

The first initial three months we have not taken because what it means is at the end of three months period that is in the fourth month not only the first three month interest but also the fourth month put together four months interest you have to pay in one go that is going to be very taxing for the company at that point in time, so we preferred to pay the interest every

month so that the pressure on the company will be minimized but later on Reserve Bank has come out with a further moratorium for another three months up to August 2020 and also they said these interest can be converted into FITL, funded interest term loan. So looking on all these aspects we have requested about four banks in the consortium to permit us the moratorium and also convert into FITL at the end of August.

One more thing that I would like to bring to notice is the Finance Minister has given some relaxation to construction companies in the sense that if the project progress is going on based on the progress of projects the performance guarantees can be brought down on a pro rata basis that means if the project is say for Rs.100 Crores and we have given a performance guarantee about 10% that is Rs.10 Crores and if the project is already completed Rs.50 Crores. So the performance guarantee will be reduced to Rs.5 Crores so that is a big relief to us by giving a letter and asking for a reduction in the bank guarantee value we have got back about Rs.157 Crores of bank guarantee that is available to us. That is number one and also the bank guarantee commission on that portion of the bank guarantee will not be paid. That we have taken full advantage of this facility extended by the Finance Ministry.

Cash and bank balances Rs.334 Crores. I think I have told already. The inventories raw material Rs.469 Crores as compared to Rs.495 Crores previous year and trade receivables my colleague has already covered. We are taking a lot of measures to see that the COVID-19 impact is minimized in our operations and that philosophy will continue.

Q2 we are definitely going to do better than Q1 and as things stand now, we are at around 50% to 60% of our rated capacity and because of the shortage of labour at various project sites works have been hampered to some extent. Now Q2 against rains are also there. Slowly the workers are coming back to the project sites. We are confident, we will be able to reach 90% capacity by September are so and so Q3 and Q4 are going to give a substantial top line for the company, but based on the uncertainties involved with the COVID-19 despite having a good order book of about Rs.27000 Crores the management felt that we cannot give any guidance for FY2021.

Every quarter, we will be appraising our investors and our brokerages and other bankers and others as far as the progress of the company is concerned, but we are confident things are moving for us and in fact we are able to manage our liquidity very nicely. As you could see, the debt has gone up by only about Rs.140 Crores compared to the previous quarter, which is a very substantially improvement whereas in Q1 of last year the debt is as high as Rs.2330 Crores so all efforts are being made to conserve cash and see that we will be able to take care of the problems associated with the pandemic.

Now I give below the details of the finance cost. The finance cost for the quarter is about Rs.115.85 Crores. In this interest on term loans is Rs.8.95 Crores. Interest on cash credit WCL is Rs.45.63 Crores. Interest on mobilized advance is Rs.30.26 Crores and interest on others is Rs.0.87 Crores so total interest outgoing is about Rs.85.71 Crores. BG commission is Rs.25 Crores. LC commission Rs.3.42 Crores. Other bank charges Rs.1.7 Crores. Total is Rs.115.85 Crores.

That is all from my side. Now we can take up questions from the participants. I request the participants to not ask more than two questions per participant and also, we will close the discussion after 20 questions are asked. Thank you.

Moderator: Thank you very much. We will now begin the question and answer session. Ladies and gentlemen, we will wait for a moment while the question queue assembles. The first question is from the line of Mohit Kumar from IDFC. Please go ahead.

Mohit Kumar: Good evening Sir. Thanks for the opportunity. Sir my first question is that are all the sites are opened up and work at all the sites are moving or are there significant portion where there is no slow orders and where work is not possible during the COVID time and they are taking time to start?

R S Raju: Almost all the sites are opened up and some very minimum number of sites where the client or the local forces based on the situation of the COVID-19 if any restrictions are there they are very meagre and now we have announces on that one so clear or projects more than 70% to what we are having in operation of their about 20 projects and 50% to 70% level of operations there are about 23 projects and in 30% to 50% level of operation that are starting and 0% to 30% level 45 projects are there. So compared to Q1, May and June in this July month, what I explained for the July month and there is an increase from the previous month of May and June. So completely not happened, some three to five projects more are there of the small sized project may be there, but in general there is a work momentum in all the sites but wherever the more manpower workforce is there, there because of some lack of manpower, some low level operations are going on.

Mohit Kumar: My second question is there is a significant amount of networking capital was stuck in AP can you please update on it and was the numbers it is Rs.10 billion roughly?

R S Raju: Now the working capital now stuck in AP projects about Rs.898 Crores including the projects, which are running in AP.

Mohit Kumar: I believe it will be December 31, 2019 Q3 Rs.650 Crores and the revenue Rs.688 Crores receivable, Rs.306 Crores retention money pending from and against that we received

Rs.481 Crores of mobilization advance? Now do we have similar number for this quarter and in the similar lines?

R S Raju: In the similar lines, tell me what numbers?

Mohit Kumar: Sir we had Rs.650 Crores of unbilled revenues, Rs.688 Crores of receivables, Rs.307 Crores of retention money and against which we have Rs.481 Crores mobilization advance so networking capital by roughly around Rs.10 billion which was done?

R S Raju: Networking capital how much?.

Mohit Kumar: Rs.11 billion?

R S Raju: Now I read the numbers what the figures we have. The trade receivables now we have outstanding of about Rs.552 Crores. Retention money about Rs.296 Crores, Withheld amount about Rs.52 Crores, work in progress Rs.505 Crores and mobilization advance Rs.196 Crores, and Net exposure is 1209 Crores is in new AP..

Mohit Kumar: Understood. Thank you, Sir.

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

Shravan Shah: Thank you. Sir I understand that we cannot give guidance and broadly you have explained in terms of the improvement in the labor and utilization at all the sites, so broadly just trying to understand in terms of whatever revenue and the EBITDA margin what we did in this quarter, all the next three quarters can we see the sequential improvement on the topline and the margin front broader number I am not asking any guidance on that front, but it will be a sequentially it will be improvement should be there?

RS Raju: As far as topline is concerned we expect improvement on the first quarter number, topline so as far as margins are concerned we expect the same level of margins of gross margin, but because of the increase in topline, EBITDA margins will be improved from the first quarter so once the EBITDA margins improve, the PBT and the PAT we expect in positive manner so certainly the second quarter we will report more than what we reported for the first quarter in the margins front.

Shravan Shah: Okay and in terms of the debt level right now, what we have Rs.2050 Crores by end of the year should we expect some reduction, should be there on that front and lastly on the update on the Sembcorp and the TAQA that it is from my side?

RS Raju: On the debt front, we expect a reduction from the debt front 2050 crore level and we have certain proposals apart from the operation, so if those proposals get, some significant reduction will be there in the debt and otherwise also there will be some reduction at the end of the year., we expect at least Rs 1800 crore levels debt at the year end. Since we have received claims last year and we expect one or two claims in this year too, so about Sembcorp and TAQA my colleague Y.D. Murthy will explain.

Y.D. Murthy: As far as Sembcorp is concerned, the matter is in the arbitration, the arbitrators wanted additional time with the approval of the High Court now the arbitration is likely to be concluded by September 2020 that means another two months from now and the award is likely to be given. We believe we are in a strong wicket because our retention moneys and our final bills and our bank guarantee amounts encashed by the client are lying with them and the maximum leviabale penalty on the EPC contractor as per the EPC contract signed by us is about Rs.292 Crores, so the moneys that are payable to us are about Rs.700 Crores plus the interest it will come to Rs.1000 Crores assuming the maximum penalties levied on us with interest, we should get on a net basis we should get over Rs.600 Crores to Rs.650 Crores, so we believe we are in a strong wicket, we are also eagerly waiting for the arbitration award to be declared by September. As far as TAQA is concerned already the arbitration award is there, we have contested that in the Singapore Court not much progress even the other party TAQA also contested both the things have been dismissed and now we have opened a communication channel with TAQA for out of court settlement and the discussions are going on we have already made a provision of nearly Rs.100 Crores for this arbitration award. We are confident it will be closed within that provision that made which means no additional provision will be required.

Moderator: Thank you. We will take the next question from the line of Ashish Shah from Centrum Broking. Please go ahead.

Ashish Shah: Good evening Sir. Just wanted to check first whether the debt number includes the interest, which has been default under the FITL arrangement that is over and above, and what is the interest, which has been deferred so far?

Y D Murthy: You see initially we have given for three months that is for the month of March, April and May and we did not take that deferment mainly because of the reasons that I already explained, in the fourth month we have to pay four months of interest so all these three months all the interest has been already paid by us, later on when the Reserve Bank came out with another extension period of three months covering June, July and August and also linked with the FITL what we have done is smaller banks where the monthly interest outgo is only about Rs.1 Crores or Rs.2 Crores we decided to pay cff, our bigger banks where the

bigger loans are there and interest outgo is higher that is about Rs.1200 Crores for limits compared to our total limits of about Rs.2000 Crores who have given the letters saying that we would like to avail the benefit of moratorium and also subsequent conversion of that moratorium the interest amount into FITL that is funded interest term loan so by end of August, banks will come out with some proposals for converting these amounts into FITL we are waiting for that.

Ashish Shah: I am saying for the month of July and August we would not have paid and instead have given them the letters for deferment?

Y.D. Murthy: For June also, June, July, five banks out of all the consortium banks, the bigger bank.

Ashish Shah: Amount of interest on Rs1200 Crores worth of FBWC limits is where we have approached the banks for deferment starting June?

RS Raju: Yes that is right.

Ashish Shah: Second question, just wanted to have a sense of breakup of the order book in terms of the AP and non-AP order book and within AP, what has been the progress in terms of the projects and the outstanding order book and what is the view of the government now on the residual orders that is it from my side?

R S Raju: About the breakup of the order book about Rs.400 Crores relates to the AP and the balance relates to other states, As far as AP 4400 Crores and some are roughly about Rs.1,01 Crores are active projects and which are in execution and some projects which are related APTIDCO, those projects trying to asking to do, but we are waiting for the payment, so once they release the payment that will start those APTIDCO project so like that Rs.4442 Crores orders are there which is related to AP, about other projects for other states were moving and they do not have any major concern for major issues movement on this.

Y D Murthy : Just to add to what Mr. Subba Raju is telling, the projects in AP Rs.4400 Crores we can put them in three buckets that is affordable housing, capital city and projects other than these two that these ADB funded projects and some Amrut projects. As far as ADB and Amrut projects are concerned, there is no problem. Work is going on, payments are coming. As far as the affordable housing is concerned, the work has been stopped a long time back mainly because the government is not making payment of our dues at that point in time in fact they called for the discussion, all the affected contractors that is the L&T, Shapoorji and NCC and we had a discussion and we made it clear to the government, you pay our outstanding bills and we start the work. They made some payments about Rs.100 Crores we received in the month of March and the work has commenced. Now the real problem is coming as far

as the capital city is concerned. In capital city, the projects pertaining to the legislative capital given to us the Amaravati are continuing so we are constructing MLA quarters at Amaravati though that work is almost 90% complete, but we are doing one secretarial building in Amaravati that is likely to be cancelled, because the administrative capital is going to be in Visakhapatnam that is about Rs.470 Crores order we have done about 10% to 15% the payments have to be received by us once the order is cancelled, all our bank guarantee should be returned to us.

Moderator: Thank you. We will take the next question from the line of Vibhor Singhal from Phillip Capital. Please go ahead.

Vibhor Singhal: Good evening Sir. Thanks for taking my question. Two questions from my side. So just wanted to basically get a broad number as to currently that we are standing in the month of August, what will be our execution level in terms of the percentage of pre-COVID activity so are we at 50%, 60%, 70% and similarly what will be the labor availability at this point of time as a percentage of pre-COVID levels?

RS Raju: As far as the labour movement is concerned, compared to the pre-COVID-19 lockdown period, there is a movement in the labour, now the labour is turning to the project, there is a movement from and we are also gathering wherever the labour acquired to come from far off states and we are searching for the local labour, now we are trying to deploy the local labour in case of the far of places in alternative, so in that way about 50% to 90% level, the labour which are required in the percentage labour, now the labour is available, but after coming the projects some again COVID, some positive, some local restriction some interactions are there but despite that one will be good momentum particularly in the Maharashtra though Maharashtra is more the COVID-19, but still the project progress the moment of the labour is good in the Maharashtra, so people are managing the works in Maharashtra state, in the other metro works. As far as percentage of work is concerned, we expect for second quarter about 70% to 80% to level of normal operations, but the same time in some places, in some projects, some rain impact also would be there, so considering all these things about we expect 70% to 80% level of operations compared to the same quarter of the previous year.

Vibhor Singhal: So you mentioned labour has 70% to 80% in labour? How much in labour availability right now?

RS Raju: Most of the industries the total project wise, we see the labour, in terms of percentage we can 70% to 80% available on average, there may be full labour available where we require only 70% or 80%, some projects required 1000, some projects required 2000 labour would be there.

Vibhor Singhal:

My second question is you mentioned that basically I mean just wanted to understand on the overall payment cycle, you mentioned that of course around Rs.890 Crores of our payment is there with the AP government but other than that are we getting payments on time from Maharashtra government or from other projects other states that we have projects in and if we are getting payments on time then I wanted to ask that do we see any liquidity problem that we are trying to avail this moratorium because if we are not facing any liquidity problem and the other payments have been get on time then why do we want to avail the moratorium at all?

RS Raju:

While we are availing moratorium there are two benefits, one is the loan what we avail from the moratorium carries a lower rate of interest that is about 7.5% which it can be used recreationally high rated loans that is WCL loans so once you put those things at least 2% to 3% saving would be there in the interest cost. That is number one number two is we do not know about the next six months or nine months the position. The things are uncertain days and days, so keeping always some reserve is not good, so using of that loan that is the management goes on with so many precautions in such a way that would be there and the other point from your end.

Vibhor Singhal:

Earlier question was how is the payment from other government bodies apart from AP, Maharashtra, UP, Bihar and any other projects that we are doing, how are the payment from those bodies?

RS Raju:

In this quarter, the payments are happening particularly from the Maharashtra payments are happening so that the government has an objective that the construction work should move faster and you should release the payment to the contractor, contractor himself should release the payment to all the down the level, AW, subcontractor or suppliers so that the activity, the economic activity should be there, so in the way that government has an objective in some places the government the client calling us and releasing the mobilization advance though the project is not placing work from and other things not a very, beside that one they are calling, you submit immediately bank guarantee, take the mobilization advance like that, the certain objectives from the client side also to move money into the system so which ultimately what we see is not our payments are not affected in this quarter. So similarly in the second quarter also the same thing would be there, how the government is giving priority, to which sector it is giving, if we take all those things, usually one sector providing employment, if the construction projects unless if this project run then the employment would not be there for the Indian people, so some priorities are there which have been ultimately about the law of the payment from the client to us and from our end to other levels, you can see that there is no any default from outside to any of our payables or

any of interest payment in this one, so the same level we expect and thereby the debt position may not rise from the present level to the end of this year.

YD Murthy:

Also the Finance Ministry as a part of the COVID-19 package directed various government agencies like National Highway Authority, Airport Authority of India and other All India Institute of Medical Sciences and various agencies to speed up the process of payment of bills to the contractors for the very reason that we should put money into the system, because when we pay the contractor, he will pay in turn to the suppliers, to the subcontractors, to labour and all that so the wheels of the economy will keep moving so that is also helping us to a large extent in terms of getting payments on time.

Moderator:

Thank you. We will take the next question from the line of Ankur Sharma from HDFC Life Insurance. Please go ahead.

Ankur Sharma:

Good evening. Few questions. One was on our targeted orders for FY2021 so while Q1 has been good I guess because of the Kaleshwaram irrigation project. I am just trying to understand a) if you would want to give a number in terms of your order target for this year and b) which are the bigger size, large sized projects which are targeting which could be ordered out over the next couple of quarters, is it one of the SIDCO projects, is it one of the Mumbai, Ahmedabad bullet train project. Just wanted to some sense on the larger size projects, which are targeting all the segments where you think you will be winning most of your orders?

YD Murthy:

We set a target for FY2021 for order acquisition about Rs.10000 Crores, in first quarter we already achieved Rs.2600 Crores, so we are on target despite COVID orders have come to us and the trend is likely to continue for the remaining quarters also. On the contrary in fact there could be some acceleration, because once the pandemic subsides or slowly comes down, the government is also very keen to kick start the economy and for that the infrastructure development that is the physical infrastructure development is going to be a major thrust of the government and definitely we are well positioned to take advantage of those opportunities coming our way. You have rightly mentioned already, the bullet train projects and also said SIDCO projects etc., we will definitely participate in that. We have tied up with other construction companies as far as the bullet train projects are concerned. They are big packages each package is about Rs.15000 Crores, Rs.20000 Crores like that and as and when they call for tendering, we will participate likewise we are seeing good opportunities in various verticals. We are a strong company with a good visibility and good execution capabilities in buildings, roads and water pipelines and as you know these three put together constitute about 75% to 80% of the order book of the company and more and more orders are likely to come. Now they are talking of the Central Vista Development

project in the Parliament house in New Delhi, we are already prequalified, we are participating in those orders also likewise wherever opportunities are there, and definitely we will participate.

RS Raju:

Another opportunity for NCC in the mining segment, so companies enter into the mining vertical and we are doing some works, earlier also we participated in the MDO projects at that time we do not have a qualification to participate on our own for the MDO mining projects. Now we got the qualification for a medium sized to the medium-sized projects, now the Coal India Company subsidiary companies are there and they are coming out with MDO projects nearly 40 projects are in the pipeline and some of the tenders we have floated already, so now we are concentrating on to participate in the MDO projects they are the bigger side and for the longer duration. The longer duration means 20 years, 25 years of the duration to develop the project and extract the coal and transport the coal up to the railway siding so this is from zero date to the end of date, the total activities the outsourcing this developer so here the NCC being a construction company has construction experience thereby it has an added advantage to develop the project, to develop the project initially we have to develop the infra facilities there, we have to construct if require the coal handling plan conveyor, bunker we have to erect the substations, we have to erect the workshops, we also construct the townships for 25 years to say by the employees and finance, so these developments NCC has well experienced thereby further increase it is the advantage to develop as a faster rate using its XMTs and rolling the cost such a very easy there so thereby we want to participate in the size of the project to Rs.10000 Crores, Rs.15000 Crores, Rs.20000 Crores, the projects, so every year about Rs.500 Crores, Rs.600 Crores turnover will come from each project, so that is one opportunity the company has, so now the company is doing work on such vertical to participate.

Ankur Sharma:

Great Sir, thank you. Second question on our current order book of close to about Rs.28000 Crores odd could you break this into how much is from states, how much would be what percentage would be from center/central agencies and how much would be private?

RS Raju:

Now the state government projects will be there according to the earlier calculation about 60% would be there and central government about 10% to 15% and balance would be government would be about 20%, 25% and any projects in any private 1% or 2% would be there and state government share is more in the order book.

Ankur Sharma:

Right and just to kind of clarify on Vibhor's question earlier was that payments from state have continued on a normalized level so you are not seeing any delays there, no unusual delays on the payments from the state, is that the right understanding Sir?

- YD Murthy:** Except AP, other states payments are coming more or less on time. One request who have been talking for the past 55 minutes and now we will take only two more questions so that we can close it by one hour.
- Moderator:** Thank you. We will take the next question from the line of Parvez Akhtar Qazi from Edelweiss Securities. Please go ahead.
- Parvez Akhtar Qazi:** Good afternoon. Sir just two questions from my side. First is what was the total execution in this quarter including the international subsidiaries that we have?
- RS Raju:** Execution amount?
- YD Murthy:** Total execution including international it is Rs.1249 Crores.
- Parvez Akhtar Qazi:** Sir just wanted to re-verify two numbers, our debt is Rs.2140 Crores is that right?
- RS Raju:** No, Rs.2050 Crores.
- Parvez Akhtar Qazi:** And out of the ACA orders of Rs.4400 Crores, Rs.1200 Crores orders are active currently, did I get the numbers right?
- RS Raju:** Rs 4400 Crore orders are active in AP. Rs.1200 Crores orders are of APTIDCO, more than that are there active project is Rs.3000 Crores.
- Parvez Akhtar Qazi:** Sure Sir. Thanks. That is it from my side and all the best.
- Moderator:** Thank you. Ladies and gentlemen, we will take the last question from the line of Chirag Singhal from First Water Fund. Please go ahead.
- Chirag Singhal:** Thank you for the opportunity Sir. I just wanted to confirm on the execution level so you mentioned that in Q2 execution level will be around 70% to 80% of the pre-COVID level or the last year, so you mean 70% to 80% of Q2 of last year or the normal run rate because Q2 is generally weak so if you state 70% of Q2 then we are near about let us say Rs.100 Crores, Rs.200 Crores plus Q1?
- RS Raju:** The same quarter of the previous year, 70%, 80% level also second quarter of this previous year.
- YD Murthy:** Q2 of this year is weak because of monsoon, Q2 of last year will also be weak, because of monsoon

- RS Raju:** That is it right
- Chirag Singhal:** Okay in turnover terms we will be like Rs.100 Crores, Rs.200 Crores plus the Q1 if we say 70%, 80% of the last year Q2?
- RS Raju:** Rs.300 Crores lost will be there.
- Chirag Singhal:** Thank you Sir. That is it from my side.
- Moderator:** Thank you ladies and gentlemen due to time constraint we will take that as a last question. I would now like to hand the conference over to the management for closing comments.
- YD Murthy:** We thank all the participants for their enthusiastic participation and we are also enriched by your very attentive participation in this and if any questions are not answered please send your queries by e-mail either to me or to my colleague, Mr Durga Prasad who will see that those questions are answered and I thank you one and all and also thank you Antique Broking for hosting this call.
- RS Raju:** Thank you all.
- Moderator:** Thank you. On behalf of Antique Stock Broking Limited that concludes this conference. Thank you for joining us. You may now disconnect your lines.