

# Business Standard

## NCC says good days have arrived

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**Prashanth Chintala | Hyderabad November 25, 2014** Last Updated at 20:44 IST



Hyderabad-based infrastructure development company NCC Limited (NCCL), which recently mobilised Rs 600 crore through a rights issue, said the worst was behind it. “Ache din aa chuke hai (good days have arrived),” company’s executive vice-president (finance), YD Murthy, told Business Standard.

Following the rights issue, the company’s outstanding debt declined from Rs 2,800 crore to Rs 2,200 crore. “The Rs 600 crore debt reduction will result in an interest saving of Rs 60-70 crore a year, which will add to our bottom line. The interest saving will be Rs 25-30 crore this year as only five months are left,” he said.

Murthy said the company’s cost of funds, which stood at 13.5 per cent, would also come down shortly as its rating would be improved by the end of next month. The company was currently holding discussions with rating agencies in this regard.

“In the next one year, we will come down to normal pricing and improved performance,” he said.

The company, which currently has an order book of Rs 20,000 crore, expects a 10-15 per cent growth in the top line this year. NCCL reported a turnover of Rs 6,117.30 crore and a net profit of Rs 40.15 crore in 2013-14.

Murthy said NCCL had decided to remain as an engineering, procurement and construction (EPC) company and would not undertake BOT (build, operate and transfer) projects hereafter. “We want to concentrate on our core competency, which is project execution (EPC),” he said.

The company has currently put on block two of its four BOT projects- Bengaluru elevated tollway and western Uttar Pradesh tollway- in which it had invested Rs 271 crore. The company was expecting to get back at least what it had invested by selling them.

NCC Infrastructure Holdings Limited, a subsidiary of NCC, had also sold its stake in the 1,320-Mw proposed power project near Krishnapatnam in Andhra Pradesh, to Sembcorp Utilities Pte Limited of Singapore. “We have invested Rs 572 crore in the project as equity. So far, we got back Rs 100 crore. The balance Rs 472 crore will come after coal ministry’s approval,” Murthy said.

On the real estate front, he said the luxury apartments project in the posh Jubilee Hills area of Hyderabad would be completed in a couple of years. The company also has plans to develop the 100-acre site it had secured in an auction at Madhurawada in Visakhapatnam.

Murthy said company’s subsidiaries, Nagarjuna Construction Company LLC and Nagarjuna Contracting Company LLC, which were operating in Muscat and Dubai respectively, have also garnered major construction contracts and were contributing Rs 900 crore a year to NCC’s turnover.