

HCC Ltd

Analyst Call Transcript to discuss HCC Q1 FY26 Results

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Company Representatives

- Arjun Dhawan - Vice Chairman & Managing Director
- Rahul Shukla - Chief Financial Officer
- Santosh Rai - Operations Director & Chief Business Officer
- Girish Gangal - Senior Advisor
- Ravi Jain - Deputy Chief Financial Officer

Moderator: Sandeep Sawant, General Manager - Corporate Communications

Transcript:

Rahul Shukla: Good evening, everyone. Welcome you all to today's meeting of Analysts and joining us from HCC side are our Vice Chairman & Managing Director Mr. Arjun Dhawan, our Chief Business Officer & Operations Director, Mr. Santosh Rai and Mr. Girish Gangal, who is our Ex CFO and Senior Advisor to the company currently. So, we will take you through this quarterly presentation.

So, just a quick refresher, HCC with 100-year-old legacy, this year we are celebrating our centenary year, and we have completed 4,000 length kms of highways, almost 400 kms of handling including in complex geographical region of Himalayas, 60% of India's nuclear capacity has been contributed by HCC and 26% of India's hydro for capacity is done by us.

This is our order backlog, a robust order book of ₹11,188 crores and dominated by transport sector followed by hydro, nuclear and water and very well diversified geographically as well with Maharashtra leading the pie.

Coming to key performance highlights, for this quarter our standalone turnover was ₹1,069 crores, viz-a-viz ₹1,265 crore during the same quarter last year. Our standalone profits stood at ₹38 crores, almost 50% up of the previous year. Standalone EBITDA is at 14.9%, again there is improvement with the previous year. We have received ₹250 crores through Vivad se Vishwas settlement of one of our awards, which has given good liquidity to the company's this quarter. In terms of business development, we are lowest bidder in projects worth ₹6,000 crore HCC share and we have got a very robust order pipeline, a Bid pipeline of ₹40,000 crore, which will be reflecting in our order book going forward.

Some of the key operation updates, Anji Khad Cable Stayed Bridge in J&K has been inaugurated by Prime Minister on 6th of June. In another project, Tehri Pumped Storage Scheme, the commercial

operation of unit 5 & 6 has been achieved in this quarter. Vishnugad Pipalkoti Project which is another large hydro project, which we are doing for Tehri hydroelectric development. There the Tunnel Boring Machine (TBM), which is key aspect of the project. We have completed 6.5 kms out of total 12 kms of that. In Sone Bridge, DLP has been completed, so we have received a certificate, which updates the scheme of the complete from that project. And the three new projects, which we had acquired, their mobilization is moving on quite well. The projects are Agardanda Cable stayed bridge, the Bhivpuri Pumped Storage Project and the Indore Metro Project. In addition to that, we have in this quarter, we have received a very strong claim to award conversion of almost ₹450 crores. So, these are financial summaries. Now we will move to operational highlights and I'll request Santosh Rai to take over.

[Santosh Rai:](#) What you see in the screen is inauguration of Anji Khad Cable Stayed Bridge. This bridge being the country's first cable stayed bridge for Indian railways and happens to be the second longest cable stayed bridge in the world for railways. This bridge also houses the tallest pylon in the country at 193 m. And it's one-of-a-kind engineering structure bridge for the railway projects. Tehri PSP, what we see here is the powerhouse where the unit number 5 is also now put into the commercial operation and all the other works are progressing well.

Vishnugad Pipalkoti, this is the main HRT, which we are doing by Tunnel Boring Machine. We are already 50% through into the tunnel and the works are steadily progressing into these challenging mountain conditions.

Parwan Dam is an irrigation dam, which is almost completion and by December, this project will be again put to use for irrigating large parts of Rajasthan.

Mumbai Metro Line 3, almost you can say 95% project is overall done. On the screen is the pictures of all these stations which are there, and these pictures are at the platform level where all the platform safety doors are already put into place. System checks are in progress now to make the train running smooth in just we can say a couple of weeks from now.

Mumbai Coastal Road, fully operational, very minor works left like car park etc, which are going to get completed in this month.

Rahul will take you through these financials now.

[Rahul Shukla:](#) So, key numbers we have already discussed in the previous slide. Again, just to reflect in ₹1,000 crores of turnover and EBITDA margin of 15% with ₹159 crores of number. PAT is at ₹39 crores. Consolidated level will be ₹1,100 crores of income. This has reduced from the previous year because last year we had Steiner. So, the impact is only that and that's the reduction over there. And then, EBITDA again, very robust EBITDA, how almost 16.5% that we have

achieved. And at PAT level, we are at ₹50 crores. Thank you so much. This ends our presentation. Now, we are open for question and answer.

Sandeep Sawant: (A) I request you to raise the hand so that I can allow you to into the discussions. Sourav, You can go ahead.

Sourav: (Q) So, I just wanted to ask the question. So, what is the current order book? And is this ₹6,000 crore order included in the ₹11,000 crore?

Rahul Shukla: (A) No, no, Saurabh it's not included. So, our current order book is ₹11,800 crores close to that.

Santosh Rai: (A) Almost true, yeah.

Rahul Shukla: (A) So, these ₹6,000 crores in addition to ₹11,200 crores that we have shown is order.

Sourav: (Q) Okay. And so, it's from which, sir, hydropower or something? Any?

Santosh Rai: (A) Yeah, there are transportation jobs, two metro jobs, one is a hydropower plant, another is a bridge project where we have the lowest positions.

Sourav: (Q) Okay. So, when it will be signed?

Santosh Rai: (A) We are expecting over next, you know, we can say, one month to 45 days, these all orders should be signed largely.

Sourav: (Q) Okay. Okay. Thank you. I will come back again.

Santosh Rai: Thank you.

Sandeep Sawant: (A) Pratik Bohra, you may please unmute and start.

Pratik Bohra: (Q) Yeah, the congratulations for a good set of number? So, I just want to know the level of debt, we are having right now. And what's the future number? And we are going to state it.

Rahul Shukla: (A) So, Pratik, currently we have, we are at the debt level of almost ₹3,200 crores. And that is mentioned earlier also, we are working towards accelerated deleveraging. And our target is that in next 15-18 months, they should come below ₹2,000 crores. And for that, we had described core BG mechanism through which we are availing BG's from lenders. And we're withdrawing money against our awards and repaying them. So, that is one way apart from that, we are also working on the normal routes through our own cash flows as always, capital raising that we plan to

do. That will give additional boost to our deleveraging exercise. And that is how I am saying that in next 15-18 months, we should be sub ₹2,000 crore level.

Rahul Shukla: (A) Pratik your voice is not very clear. Can you please repeat your question, there is background noise.

Pratik Bohra: (Q) In last quarter there was a claim that is told we will be getting ₹250 crore. What is the status of that?

Rahul Shukla: (A) So, the same thing which I mentioned, Vivad Se Vishwas we have received that cash ₹250 crore, which we had applied for settlement under the scheme. So, we have received the money.

Pratik Bohra: (Q) Okay, so thank you sir.

Sandeep Sawant: (A) Harish Shiyad if you can please start.

Harish Shiyad: (Q) Yeah, hello. Thank you for the opportunity given. Congratulations on the good set of number? What is the order inflow during the quarter?

Santosh Rai: (A) No, we haven't booked any order. We only have the L1 positions.

Harish Shiyad: (Q) Okay, can you give some update on your book? BKC railway station of the Bullet Train.

Santosh Rai: (A) Yeah, so the bullet train terminal is going on. The majority of excavation works are over. We have already started the concreting of the base slab and even at the other shaft location, the concreting has started. So, work is, work is progressing. Just to just to give you a feel, you know, that that station is, I mean the one station is equivalent to 10 metro stations. It's like almost a kilometre long, so the excavation normally takes long time in this congested area and we have successfully completed that.

Harish Shiyad: (Q) But there is no hold on that project because of environmental or anything of that.

Santosh Rai: (A) No, no such thing, no such thing.

Harish Shiyad: (Q) You have started booking the revenue of this project in our books?

Santosh Rai: (A) Yes,

Harish Shiyad: (Q) okay, okay, okay, thank you and all the best.

Santosh Rai: Thank you.

Sandeep Sawant: Kunal Tukas, you may please start.

Kunal Tokas: (Q) Okay, my first question is about your debt repayments in March 26, if you can quantify our interest, principle, plus accrued interest.

Rahul Shukla: (A) So, total almost ₹900 crore is something that we have to pay in March.

Kunal Tokas: (Q) And the repayments for PRPL will also come in second from September of next year,

Rahul Shukla: (A) right, right.

Kunal Tokas: (Q) March 26 payment, do you expect it to be needed using your existing cash and general accounts, or will you have to raise some equity

Rahul Shukla: (A) for PRPL or HCC

Kunal Tokas: (Q) for March 26 repayment.

Rahul Shukla: (A) So, March 26 repayment, there are three ways of doing it. One, we are in any case executing certain core BG transaction through which it will come down by some amount. Then we have got our cash flow from operations and then we will have to certainly work towards raising capital also. So, a combination of these three will be used for making these repayments. And this March, as you must be aware, is the largest repayment that HCC has to make after that these repayments are coming down. So, this ₹900 this year will go down to say almost ₹700 crore next year and it will keep on be at the level of almost ₹650 crore after.

Kunal Tokas: (Q) How much will you reckon you would need to raise in equity?

Rahul Shukla: (A) So, debt repayment is one thing in addition to that, as you know that we are now accelerating our new order intake. So, we also want to have a decent amount of cash in our books for this quarter, it is almost ₹500 crore is something that we have. But still almost ₹200-300 crore we would certainly like to have in our books as a cushion. So, some part will be kept for that and ₹700-800 crore something we can plan to raise depending upon situation in the market and naturally promoters will have to underwrite that. So, that also is one factor that we will consider. But comfortably, we are looking at somewhere around ₹700-900 crore that we can target during next quarter.

Kunal Tokas: (Q) Also, just mechanism that we use today's funds using Bank Guarantees against awards. So, if there is some cost associated to it right, do we show it as part of your finance cost?

Rahul Shukla: (A) So, Krunal if I have understood your questions correctly, the cost of raising capital whether we treat is a finance cost or not. Is that the question?

Kunal Tokas: (Q) The cost of using Bank Guarantees.

Rahul Shukla: Okay, that is a part of our finance cost. BG commission you are talking about.

Rahul Shukla: (A) Yeah, that is a part of finance cost.

Kunal Tokas: (Q) Who do you able to quantify; how much is it?

Rahul Shukla: (A) So, annually we have; BG commission you are talking about, right?

Kunal Tokas: (Q) Yes, yes.

Rahul Shukla: (A) So, almost ₹45-50 crore is something that goes on annual basis for this.

Kunal Tokas: (Q) I mean how much have you, how much BG have you raised?

Rahul Shukla: (A) Total BG exposure of the company is to the tune up almost ₹5,500 crores.

Kunal Tokas: (Q) Yeah, and just hypothetically this might be too farfetched, but what happens if the award goes against HCC in case, you have raised the BG against that award?

Rahul Shukla: (A) Sorry, can you please repeat your question?

Kunal Tokas: (Q) What happens if an award against which you have raised the BG goes against HCC?

Rahul Shukla: (A) So, you are going into methodology. I think this is a little detailed discussion, but I'll just answer this particular question. So, if in the eventuality of say 1% situation it goes against the award against HCC that BG will get encashed and it will become HCC's debt. It is today also HCC debt, right? So, the situation does not become worse. It just reverses to the current situation where we are today, but in the meantime, we get the benefit of lower repayment and reduce deduction in rate of interest all those things that are there.

Kunal Tokas: (Q) Okay, but does the BG become payable immediately or do you get some time from here?

Arjun Dhawan: (A) So, let me just jump in here just let's be clear. if in court theoretically speaking, if a matter basically is not upheld in our favour for whatever reason and we're not discussing the merits of basically our awards and our receivables etc which; in that situation the court would naturally effectively give the company the option to pay the amount into the court or it would basically then in the worst case situation at the encashment BG. Now, we don't like encashment of BG's. So, we would then effectively the court would give us some time. I imagine for that amount to be paid and deposited. Now, please note that there are appeals that everybody has all the way up to

Supreme Court. In all our matters, as I've said, multiple times before our claims and our awards are relatively boring because all of them are very, very similar in nature for projects that have been completed many, many years ago and these are very very technically quantified in the amount of the escalation, the idling, the loss of profit, etc. But to answer your question logistically, there would obviously be a reasonable discussion with the court should basically award not be upheld and the company would have the opportunity to deposit that money and in the eventuality it does not then would theoretically have basically a BG encashment if that money is already been withdrawn and a BG has been submitted.

[Kunal Tokas:](#) (Q) Thank you very much. Very clear and just another question if I can ask. Of all the subsidies you have, I reckon only at HCC Infra is the material one, right?

[Rahul Shukla:](#) (A) Right, currently only HCC Infra is the major subsidiary.

[Arjun Dhawan:](#) (A) So, our main operating subsidiary, HCC infrastructure which is a natural basically part of our overall EPC business and as our business grows and we actually take on selective BOT projects whether they happen to be ourselves or with strategic and financial partners. There is a growing importance for PPP in the country and so we will selectively look to take on a certain amount of BOT projects which will contribute potentially up to maybe 10% of our order backlog at any point in time and this operating subsidiary will continue to be a natural part of our EPC basically strategy. The other subsidiary that we have as a function of our exit from the divestment of the Steiner Group is "H56 IMO". It is a subsidiary that carries a substantial amount of receivables that we will be winding down and over the next few years and this vehicle that will be in receipt of our various earnouts and claims and receivables that we have as a function of our exit from the Steiner Group.

[Kunal Tokas:](#) (Q) And about your job, it is joint operations that you have, we are going to have a L&T or Samsung, Alpine.

[Arjun Dhawan:](#) (A) I am sorry could you repeat that your joint operations with,

[Kunal Tokas:](#) (Q) Joint operating entities with L&T or Alpine or Samsung.

[Arjun Dhawan:](#) (A) We don't have any, we don't have any JVs with L&T at this point.

[Santosh Rai:](#) (A) There is a very old one. It's a close project, Paradip.

[Arjun Dhawan:](#) (A) That's a very old one. I mean I think we will, I mean just. Does the team want to basically elaborate on why that's currently in our report?.

[Ravi Jain:](#) (A) Because that's not fully closed as well. There are some assets that would be there. so you know, so assessments of the tax are pending.

Arjun Dhawan: (A) But I mean there's as far as the commercial impact of this potential project, Paradip that you refer to, there is only no minimal, no material commercial impact. We will, if you like, get back to you with regard to the logistical reason as to why it's still basically, you know, mentioned in our accounts, but really there's no material impact.

Kunal Tokas: (Q) So, the only material joint operations will be the one with the two you recently signed?

Santosh Rai: (A) Coastal.

Arjun Dhawan: (A) In the environment, we've got, we've got three active JVs. Coastal road is closing right now with a Hyundai Development where the lead partner. Also, in our Indore Metro project we are in a JV in that along with in a Bhivpuri Pumped Storage Project where we have two JVs with Tata projects.

Kunal Tokas: (Q) Okay. Thank you. Thank you.

Sandeep Sawant: Sourav, you have any additional questions?

Sourav: Yes sir, I have two more questions just.

Sourav: (Q) So why the L1 order is getting delayed sir? Can you explain me this? And in the last annual report, you have also mentioned that ₹40,000 crore order book will be getting served. Can you explain me when your order book will be getting this of a ₹40,000 crore?

Santosh Rai: (A) So, Saurav, you had two questions. Your first part of the why this conversion of L1 to LOA getting delayed. These are very largely, these are very bureaucratic procedures. In the sense, once an entity has become the lowest bidder. I think we have some background noise. Can we request you to mute your line? Please Saurav, I think it will be clear for everybody.

Sourav: (Q) Yes sir. Go on. Yeah.

Santosh Rai: (A) So, they have these government departments, they have their own internal procedures and also sometimes it involves taking the approval of the financing agency. So, for example, our job in Metro where we are lowest, the funding agency is JICA. There are a lot of forth and back communications between the client and the funding agency, which they have to close as a procedure. And these are procedural delays because we have put a very competitive offer. So, it's a routine matter, but I think normally our experience has been once you have become L1 within four max, let's say three to four months, you should be getting the order and we expect that to happen in that way. Some Bids take long time because of you know, unique situations like one job we are lowest that is in Jammu in Kashmir and that's going through its own, you know, bureaucratic procedure.

On the ₹40,000 crore, that's what is a bid pipeline. I don't expect to win the entire ₹40,000 crore. I mean, we are working with a very good hit ratio, and we believe, you know, we should be able to secure around 25-30% of that. That's our target. But we do, we have identified a lot of jobs which are for real, which are in the sectors where we have core capabilities and that's the Bid pipeline on which we are very confident that we'll be able to secure, you know, good amount of orders from that. Is that clear Sourav?

Sourav: (Q) Yes sir, yes sir. Yes sir.

Santosh Rai: Okay. Thank you.

Sandeep Sawant: S.K. Damani, if you can please start unmute your mic. S.K. Damani, please start.

S.K. Damani: (Q) Am I audible sir. Yeah, yeah, now it is. Yes sir, really, Congratulations for construction of Anji Khad Cable Stayed Bridge. Such a beautiful construction you have done sir. So, very happy about it. I have few questions sir. You have received ₹250 crore through settlement of an award under VSV2. So, can I know whether this money has come into Hindustan Construction or into a company which was created with liability transferred. So, can you please tell me about this?

Rahul Shukla: (A) So, it has not gone to the company which has created for liability transfer. And, however, money was received by the concessioner who had got the award which is HCC Infrastructure and then subsequently got transferred to HCC after deducting taxes and all. So, it has been received by HCC.

S.K. Damani: (Q) So, it will help us in our working capital and all. Right. One more thing is written here as achieved claims to award conversion amounting to ₹453 crore in presentation. Can you explain I could not understand. Sorry about it?

Rahul Shukla: (A) No problem. So, whenever there is dispute with client, it has to follow dispute resolution mechanism and the claim goes through the arbitration tribunal process. And the arbitration tribunal after assessing the claim tells that this is the money that HCC or company should be getting. So, this is the award that we have received from the tribunal of this value.

S.K. Damani: (Q) Okay. Got it sir. And, in fact, I forgot that lot of our project has seen completion certificate and all that. So, very happy about all these things and lot of projects have been inaugurated also. So, now my question is about the three months that is July, August, September. Would we be able to make some progress in some of the pending work or this is going to be a lean period because of rains and all that. And in north where our project may be there, I don't remember, but can we make some progress in any of the project that we have during these three months?

Santosh Rai: (A) So, see I think some of our hydro projects where we are working inside the mountains, we are not affected that much by these rains. But of course, on surface level projects

wherever the rains are heavy and all that, that disrupts, and it brings down turnover to almost 50% for the period. But we don't see a very large effect of this. We will be continuing to work on our existing projects by every method and also the new projects are in good stage of mobilization. In fact, you know, sometime from now they should also start contributing to turnover very efficiently.

[S.K. Damani:](#) (Q) So, my last question is that how much worth of projects that are ongoing now as on 30th of June? How much is already awarded to us and we are progressing on them? Can you give amount?

[Santosh Rai:](#) (A) So, that number will be our order backlog position as on 30th June. So, that is ₹11,188 crores, that is the existing position which is balanced for us to execute. And whatever conversions happen during this quarter, they will get added to this order backlog position.

[S.K. Damani:](#) (Q) So, when you say how Bhivpuri PSP and Indore Metro Project are progressing well, so will they start in next one months or full-fledged?

[Santosh Rai:](#) (A) So, both the jobs are under mobilization stage. They have sufficient mobilization has been done. And in fact, from next one, we should be able to see some good revenue booking coming from them these projects.

[S.K. Damani:](#) (Q) Okay. So, can I know the total amount of the project estimated for these two projects Indore Metro and Bhivpuri PSP?

[Santosh Rai:](#) (A) You are asking Indore project is a ₹2,500 crore contract. The total content is ₹2,500 and today is JV level. And our share is, our share is 55 % of that. Similarly, Bhivpuri is a ₹2,500 crore contract and our share is 50 % in that.

[S.K. Damani:](#) (Q) Okay. So, sir, like you know coastal road that we have created, some more work is to start for making some roads and bridges in the sea. So, have we bided for them or what is the stage of those whether tenders have been issued or not? Can I know from?

[Santosh Rai:](#) (A) Those tenders are not issued. We are, we are, you know, tracking those projects. The tenders are not issued.

[S.K. Damani:](#) (Q) Okay. Thank you very much, sir, for answering me and all the best for coming.

[Santosh Rai:](#) (A) Thank you. Thank you for all your compliments too. Thank you.

[Sandeep Sawant:](#) Rusmik. Can you please start?

[Rusmik:](#) (Q) Yeah. Am I audible? Yeah. Thanks for the opportunity, sir. just based on the ₹11,000 crore auto and the ₹6,000 L1 beta. What could be the revenue run rate we would end up in FY26 as

compared to last year we did around ₹5,600 crores. And secondly, what kind of any margin guidance would give for the full year FY26, sir?

Rahul Shukla: (A) So, Rusmik, as we had mentioned earlier, also this year we are not expecting increase in our turnover. We are just trying to come closer to their because as you know, our order, we have executed very quickly in the last three, four years and now we have reached to the levels that these projects only can give us this much turnover. So, we will be somewhere closer to what we did last year. In terms of margin also, maybe whatever, 13-14 % EBITDA margin is we have been maintaining. We will be on that range only because most of our turnover is still coming from old projects. The new one which are picking up will start contributing subsequently, maybe then we will see some changes.

Arjun Dhawan: (A) We've had what we've told basically investors is to have your patience with regard to this particular year. I think that's the takeaway. The margins in our business will not change the kind of projects we do in the selective nature of the works that we execute. We will always be basically in the no-to-mid teams margins where our competitive intensity is lower, where our technical capabilities are very high. And what we'd like effectively you to do is to observe the order booking that we will now start to ramp up in a very, very dramatic fashion in the coming months, which will start to effectively deliver cash flows and turn over by the end of the fiscal. So, it will perhaps not as much impact fiscal 26 as much as it is. You will see the dramatic impact of that as we grow fairly exponentially in fiscal, basically 27, 28 onwards. So, there has the lag. And certainly, this is where we have already showed the lag that we've actually had in the conversion of our L1 positions to awards. And the build-up of our order backlogs that's not happened basically in the last three to six months, we will be looking to very aggressively make that up in the next basically 6-12 months.

Rusmik: (Q) Thanks. Subsequent follow-up, since we have around ₹40,000 crores of order bidding also and the ₹6,000 L1 orders will also come in. So, can we look at a substantial ramp up in execution in FY27? Can we see a 15-20% revenue?

Arjun Dhawan: (A) That would be that's very fair. That's a very fair comment.

Rusmik: (Q) And Sir, can we just give us a little break up of what kind of segment orders will be this ₹40,000 crore of orders bidding which is there. How much could be Hydel, Dams, Roads some colour on that.

Santosh Rai: (A) You can expect, you know, kind of let's say 40% of this would be from hydro and another 35-40% from urban infra which is like metros, elevated structures. Remaining, you know, 15% or 20% could be from other sectors where we operate in that is water and nuclear sector.

Arjun Dhawan: (A) And the one thing I'll add is that given the fact that this is the leanest we've been in our order backlog, certainly this is the lowest we will be, is our expectation in the many years to come. You might see some lumpiness in terms of how the sectoral allocation shift. I mean, you know, some of the hydro jobs that are coming up and some of the mega projects that are coming up, when and if they come into our kitty, fortunately you will see the mix change temporarily. But I think in the long run you'll probably see the mix be reflecting effectively what way we currently are. Okay.

Rusmik: (Q) There's one more question on capex because I think we haven't seen any jump in the gross block till now, but looking forward for FY27, you know, if you have a substantial execution, does the existing capex allow you to, you know, exhibit those orders or you need some substantial capex in the next two, three years?

Santosh Rai: (A) I think we will do, we will have to ramp up this CAPEX or an all-be-project by project.

Rahul Shukla: (A) So, it will be a gradual increase. And so when we get a project, we also get mobilization, advance, equipment, and so on. So that we will be using isn't needed to build up our CAPEX, gradually to meet the requirement of that project. And that will keep on getting added.

Rusmik: (Q) Okay. And the last question is what could be our cost of interest as of now? And would it remain the same going forward or do you see it going down?

Rahul Shukla: (A) So on average, we have almost 11% and it will remain same for some time till we really grow our business and deleverage.

Rusmik: (Q) Okay. Thank you so much. I'm very excited to see the future growth part now unfolding. Thank you so much, sir.

Arjun Dhawan: Thanks very much.

Sandeep Sawant: Ankita Shah, may please unmute and start.

Ankita Shah: (Q) Yeah. Hi. So Ex of Steiner, which is, which was there in revenues last time, on a like to like this is how much would have the execution revenues would have grown this quarter?

Rahul Shukla: (A) Ex of Steiner, you were talking about revenue growth this quarter.

Ankita Shah: (Q) Yeah, for the quarter on a like to like this. We are so that you can see in the standalone.

Ankita Shah: (Q) So, Standalone is a decline on a YY basis then?

[Rahul Shukla:](#) (A) That's correct. Revenue has declined YY basis. Profit has increased. PAT has increased.

[Ankita Shah:](#) (Q) And this would be due to?

[Arjun Dhawan:](#) (A) the answer there. It's not because of the underperformance of our current operations. It's actually simply because our accelerated execution and the frankly speaking, the lack of effectively new orders flowing through our books. Right. So, our new orders now is the project ramp up and as we continue to build our order backlog is going to then you're going to see that you're going to see that impact of that growth, you know, about 12 months from today. So what we're asking you to do is actually just, you know, for the next 2-3 quarters, I think what you will see is we continue to execute our current order backlog well and you will see the real growth in our business effectively start from, you know, from the start of the next fiscal year.

[Ankita Shah:](#) (Q) Got it. And what would be the quantum of awards which are already in our favour?

[Rahul Shukla:](#) (A) Almost ₹2,000 crores. Yeah, two thousand crores are in our favour in FCC which are not utilised yet available for regulation.

[Ankita Shah:](#) (Q) Okay. And apart from the three sources of income that you had highlighted which would be utilised for debt repayment, are there any other asset monetisation or previous monetisation proceeds which are pending which can also help this debt reduction?

[Arjun Dhawan:](#) (A) Yeah, when we have, as I said, we have earnouts and claims and receivables coming from our Swiss subsidiary. That's one we have sort of non core assets that we own which are effectively some of our land assets. But again, we don't, we will look very, if we look at that very opportune fashion, something could probably maybe expect something to probably happen in the coming months on that. It's largely effectively substantial amount of receivable settlements claims with our clients. And as many of our projects actually wind down and we've had superior execution, we're expecting some of these settlements and some of these closures of our final bills, variations, et cetera to happen in the coming months from which we could also see some potential upside. So when projects close out, that's also basically a time that you will potentially see some additional benefits from the closure of certain matters. Our goal is never to actually be in an arbitration with a client. I mean, some of these legacy arbitrations, yes, we will see through, but the goal is on many of the projects that we actually now continue to execute. The goal is to basically, you know, have our final settlements, you know, and close out those projects as early as possible.

[Ankita Shah:](#) (Q) Got it. And just one last one, although we have an L1 of ₹6,000 crores out of this ₹40,000 crores of Bid pipeline, are the bids already submitted, or it is yet to be submitted and how much do we think can get materialized in terms of interest for the full year FY26? Thank you.

Santosh Rai: (A) Yeah, the Bids are to be submitted because these are all identified Bids and I will say a very aggressive assumption would be that we are able to secure 30% of that.

Ankita Shah: Got it. Okay. Thank you. Thank you. Thank you.

Sandeep Sawant: Sampat, if you may please start, unmute and start.

Sampat: (Q) Yes, good evening, sir. Since you are projecting high growth from FY27 onwards. If you can just give some brief idea about what sort of growth we are looking, CAGR from that year onwards.

Rahul Shukla: (A) So, Sampat we are certainly looking at somewhere around 20-25% kind of growth and that you will start seeing from our order looking also. And based on that, you can make your estimates and we don't see that, don't see that achieving 20-25% is a very big target for us from where we are sitting today.

Sampat: (Q) Okay. So, for that, would we require any further capital for the same? Will you be raising capital from next year or so?

Rahul Shukla: (A) We are, anyways, we mentioned that some capital that we are raising this year, some part of that will be kept to fund these growth objectives as well. And EPC business per se is not something wherein we need to infuse capital if we are bidding rationally, which we are identification of project cash flow profile of that project. So, we don't really have to have significant capital with us. But yes, we will keep on assessing that requirement and we will do the needful as in when that requirement comes.

Sampat: (Q) Okay. And this growth will come at a good margin. We will be keeping margin sufficient margins for yourself. What sort of EBITDA margins for these projects you bid at generally?

Arjun Dhawan: (A) Our margins will continue to be in the 13-15% range and the kind of projects that we are looking at and some of the mega projects that we are now going to be participating in where we see a return of capital that is substantially higher. You know, is the reason why we will also be looking at very, very selectively the capital raising. And look, I think that, you know, where some amount of the capital raising that we do also goes to pre-paid debt. I think that, internally, the board and the management team is very, very keen that we deleverage and have our full fund-based debt basically paid down as early as possible. And, you know, I think that with the increase with investment-grade rating and then the goal to actually make that even higher, I think the fact is that we would prefer to have the free cash flows of the business build up as reserves rather than actually have fund-based debt on our books that is basically continuing to accrue. So, it's, I think, frankly speaking, it's a philosophical point having actually been through a debt restructuring before and having gone through the pains of the business opportunity that we've lost during that time. I think

that we simply just want to be a debt free company. And we would like to have at our disposal, we'd like to have very, very comfortable and substantial non-fund based limits for the growth and the substantial growth of our business. We'd like to have a credit facility which we will be very selective about drawing down upon when some of our projects require, you know, some working capital support. But really, I mean, you know, I think that when this question has been asked to me and we look, our equity and our share on the capital is the most valuable capital, right? It's the most expensive capital. But I think that the opportunities we see before us and are very to do that, the dearest fashion where we have no debt on our books is something that we we're thinking very strongly about and that balance for us is actually very important.

[Sampat: \(Q\)](#) Great, sir. Now, my last question, I assume that the growth that currently we project around 25-25% from FY27 onwards does not include the opportunity that may arise or may not arise from the nuclear point of view. So currently also that is an example, right?

[Arjun Dhawan: \(A\)](#) It's true, yeah, it's completely true. I can't just talk a little bit about that. Again, the fact that we've actually contributed more than 55% of the nuclear reactor construction, the building in the past just means that this ends up becoming a big, big option value for us. I mean, we are a choice partner for foreign strategics, but we also see tremendous basically opportunity with local players that either want to participate on the private side, but also basically with Department of Atomic Energy and the NPCIL with whom we actually have had a very, very long and fruitful relationship. But let's Santosh add to that.

[Santosh Rai: \(A\)](#) Fair enough, I think and nuclear anyway is a very, you know, not a very quick moving sector. You will obviously, you know, one or two projects coming in every two years or three years sometimes. Maybe the only change that may happen is going ahead if the small modular reactor and this BSMR program coupled with the clarity on the nuclear liability law and everything is clear. Then we can see some more traction in this sector.

[Sampat: \(Q\)](#) So, what is the best possible scenario in case of all nuclear liability also being passed by the cabinet and so what sort of an optionality value means you are looking at best case scenario

[Santosh Rai: \(A\)](#) you ask me, I think it will take two years to achieve.

[Sampat: \(Q\)](#) Okay, okay, but after two years also like what sort of project?

[Santosh Rai: \(A\)](#) No, so SMRs are not going to be very big opportunity in terms of in sizing, you know, an SMR reactor could be like ₹1,000 crore and it all depends upon where the developers were coming in for able to put into that. So, we may see couple of SMRs maybe four, five of them, you know, coming launched at one point of time. People will need to get their confidence on them, and I think it will be slow off take only.

Sampat: (Q) Okay, so in terms of a size of the market that the project execution will require, what could be the total size of that, sir?

Santosh Rai (A): Of which nuclear sector?

Sampat: (Q) Yes, sir.

Santosh Rai: (A) You know, I will say ₹10,000 crore yearly is a big number for nuclear sector.

Santosh Rai: (A) Yeah, ₹10,000 crores. Yes Yearly. Okay.

Sampat: (Q) Okay, got it, sir. Thank you, sir. Thanks a lot. Thank you. Thank you.

Sandeep Sawant: Kunal Tokas if you can start.

Kunal Tokas: (Q) First is on PRPL, can you update on the progress on claims in PRPL?

Rahul Shukla: (A) Yes, so there are many claims in PRPL. They are at various stages of arbitration, pre-arbitration, then there are more than ₹2,500 crores of awards. There are various stages of course, some are at final hearing level. So, very difficult to give you one answer in one statement, but yeah,

Kunal Tokas: (Q) when compared to the September 26, deadline or the start-off payments, do you think those will be fine?

Rahul Shukla: (A) Yes, those are fine. We will be able to make those payments. That's not a problem.

Kunal Tokas: (Q) Okay, and just another question apart onsite of HCC standalone in which are the entities do you have debt? Materials debt.

Rahul Shukla: (A) So, other than HCC, there is Mauritius subsidiary of HCC, there is some debt and for that we are working on a resolution and hopefully by September, that will be resolved.

Kunal Tokas: (Q) You have nothing in HCC Infra?

Rahul Shukla: No, no.

Arjun Dhawan: (A) This is the holding company that held the Steiner business and now that the Steiner business has been divested and the cash flows from that are basically expected. We are also expecting that in the coming couple of months that the full debt of that subsidiary will be repaid. So, I mean, I would expect certainly that, I mean, I don't like making follow-up statements, but you would certainly expect certainly by the end of this fiscal year that that full debt would be repaid. So, really, we're looking at as a group, our subsidiaries will all be effectively debt-free.

HCC standalone, as we have already talked about, our goal is that by the end of this fiscal to effectively maybe within the next 15 months or so that we should be well out of ₹2,000 crores of debt. So, substantially bringing down our debt burden and then continuing to actually move towards the path of getting to a debt-free position. So, a combination of effectively a lowering of that debt and a growth of our auto backlog in our free cash flow just means that a substantial amount of free cash flow will actually then go to the reserves of the business rather than actually going to address basically dead services.

Sandeep Sawant: Viraj you can please start.

Viraj: (Q) Hi, congratulations to Arjun and the management team seems like the turnaround is well underway. So, super job on that. A couple of questions from my side. For the existing orders that you're executing, which are long cycle orders, when do you expect them to hit maturity in terms of a billing where they can start flowing through the P&L? Is it more next year, which is why you allude to next year being a higher growth number? FY27.

Santosh Rai: (A) Yeah, I mean, FY27 would be a right option where they can start throwing their maximum output.

Viraj: (Q) Great. Secondly, sir, do you have the adequate working capital limits now through your bankers in terms of limits to go and bid for new projects aggressively? Is that all completely sorted or are there any bottlenecks left?

Arjun Dhawan: (A) We do have what we need at this point in time. And as far as our consortium is concerned, the feedback that we have received is that as and when we start to basically continue to ramp up our order booking and our current limits start to sort of get utilized, we will be very, very comfortable in approaching our lenders to provide for the limits. So, I think it's a process by which I think the projections that we're giving and the growth that we're expecting, I think that we're very, very comfortable of meeting those targets.

Viraj: (Q) Understood, and then just the last point, like some of the peers who have gone through this balance sheet fix journey, what would be helpful from the investor presentation point of view? Maybe you can articulate a slide around non-core assets or arbitration awards that are there and what amount can be available through them, even if you don't attach timelines, it'll just give us a better sense of sort of where can this deleveraging come from in addition to operating cash flows?

Arjun Dhawan: (A) So, what we said, and I think Rahul said this before is that currently, if you look at HCC's balance sheet besides our projects and our cash flow and cash on our books, we have ₹2,000 crore approximately of arbitration awards in our favour where we can at any point in time have those have those money deposit in court and have that money withdrawn against court bank entries. We have a number of our banks that are very, very supportive and are keen as we have

built up these arbitration award assets in the recent months to actually have a substantial deliberating done. So, as we've talked about, I mean, every quarter, I guess, we will keep you updated with regard to that, but we continue to have a substantial reserve through which we can either have settlements with our clients or we can actually execute the awards and take the money out if we don't want to leave any money on the table, but we will we will provide you with that same color every quarter.

[Viraj:](#) (Q) And noncore assets would be helpful as well.

[Arjun Dhawan:](#) (A) I just really, I don't think that there's much noncore to actually talk about. I mean, we have a substantial value in our land where our head office is basically sitting at Vikhroli. And besides that, we have some other land that is in Vikhroli as well as in Thane that is that has certain encroachments we have received offers for that from time to time. And we're waiting for the right opportunity to actually have a substantial value generation for that. But that's not something that you should hang your hat on. That's going to happen probably a few months to try a couple of quarters to try. I think it could happen as a surprise as I've tried, but it might take a little longer as well. Now, what I'm hoping off as Mumbai makes its way towards basically being slum free or actually starts to actually ramp up its slum we have efforts. We should probably see the substantial track the increase of land that we have that is encroached upon actually find some considerable value, but we're being a little patient to see the quality offers.

[Viraj:](#) (Q) understood all the way best. Thank you.

[Sandeep Sawant:](#) Kunal Tokas. You can please start. You have some additional questions. Kunal,

[Kunal Tokas:](#) I just forgot to lower my hand. Okay fine.

[Sandeep Sawant:](#) Then I'm going to Kapil Agarwal because he's not been asked any questions. Kapil Agarwal, if you can unmute and start. Yeah.

[Kapil Agarwal:](#) (Q) Good evening, sir. So, this is regarding an HCC Infra which is our subsidiary. We have investment in the approximately ₹1,300 crore at book value saying, you can't go to divestment or to say something like that.

[Arjun Dhawan:](#) (A) I am sorry. What is your question?

[Kapil Agarwal:](#) (Q) So, the question is regarding HCC Infra which is our subsidiary? Am I audible?

[Arjun Dhawan:](#) (A) Yes, you're audible. I didn't get the precise question.

[Kapil Agarwal:](#) (Q) Yeah. So, is there any plan to divest this and HCC Infra or how we can recover this ₹1,300 crore?

Arjun Dhawan: (A) So, there's no plan to so let me just say this without giving you sort of a forward-looking plan on a divestment or not, but I will just say that our BOT subsidiary has a tremendous amount of PQ. We have considerable assets in that company, form of awards. We have an ongoing business where we are ongoing BOT business. Yes, we may have divested a considerable sum of our assets there, but we're looking to have this company build up its asset base. In fact, we're actively basically sourcing projects for it in the coming weeks and months, you will positively hear our updates in this regard.

Kapil Agarwal: (Q) The second question is regarding is there any particular reason for a certain resign of our ex CEO and is there any impact of one hour we can say operational like that?

Arjun Dhawan: (A) No, there's nothing to basically be concerned about in that regard. He had served the company for over three years and there was a parting of ways which was very makeable. So, there's nothing really to say beyond that front. As far as the bench strength in the company is concerned and the quality of our team, it's absolutely 100% solid. You don't need not be concerned with regard to our execution capabilities of that matter any gaps in the business at all.

Kapil Agarwal: (Q) And is there any plan to increase the promoter's stake to write issue or something like that at all?

Arjun Dhawan: (A) Rahul talked about that. I think that when we talk about equity raising, what we're very, very clear about is respecting equity shareholder capital and the cost of that. And so, any equity that we would be looking to raise would be actually through a right issue where the promoter group would be looking to underwrite that and we stand behind the company, solidly. And our goal is to see how we can over a period of time ensure that the dry powder we have not only comes in at the right time to support the business and underwrite matters like right issues, but also potentially over a period of time entries has taken the company.

Kapil Agarwal: (Q) Okay. And the last question is regarding that Patna project, one of that we have been estimated for minus 22% and over that we are expecting that we will be maintaining 13-15% of margin. So are we sure, I know that we would have done proper assessment regarding that. So, this kind of margin was there in the estimated cost.

Arjun Dhawan: (A) So, one of the things that in fact, I'm glad you asked that question because you know the easiest thing for us to have done in the last one year is to have actually built up our auto backlog with failing on projects any which way we wanted, right? The one thing that we are very, very clear about and certainly I'm personally very clear about is the pricing of risk with our projects. We are very, very comfortable with the Bid that we've made. We don't get into the details with that of that on the investor course. What I will say is that generically speaking, it depends on the equipment base we have depended on the manpower and mobilization or we have been in that area. And it

also has happened to do with a substantial amount of planning that you do well in advance of that Bid coming up so that you are best positioned with regard to having procured all the resources including the capital equipment for that project. And that is what gives basically our edge. I don't believe that you happen to be accurate with regard to some of the figures that you mentioned. I certainly those numbers seem a bit off. We can probably offline you know continue this and to give you a little further detail in terms of where the positions were but we are very, very comfortable with our bed and as far as the property of the project is concerned in our margins we maintain our position on the side.

[Kapil Agarwal:](#) (Q) So, one more if I can ask; regarding last presentation we have given that submitted Bids was approximately ₹30,000 crore. So, in this presentation we are saying that we will be having pipeline of ₹40,000 crore. So, out of the ₹30,000 is there any some we can say beads were opened in the period or what is the status?

[Santosh Rai:](#) (A) In fact, one of a large Bid which was a very large Bid the overall system it was almost ₹17-18,000 crore for that got cancelled and has been re-invited. Yeah. So, I think that's what is doing it but that's still there in the pipeline and we are ready for it.

[Kapil Agarwal:](#) (Q) Thank you.

[Santosh Rai:](#) (A) Thank you. Thank you Kapilji. Thank you.

[Sandeep Sawant:](#) Rusmik if you can please start if you have any additional questions unmute and start.

[Rusmik:](#) (Q) Yeah, I have time for the follow up opportunity. Sir, you have given a path for the daily bridging from year on. My question was on the interest cost. Last year interest costs were about ₹600 crore. First quarter it is ₹121 crore. So, should we assume that the interest cost for the earlier FY26 will be below ₹500 crore. And maybe should it go down by ₹100 crore per year for the next 2-3 years or some colour on this will help.

[Arjun Dhawan:](#) (A) Yeah, no, absolutely. Look, I think that I let Rahul go through the specific detail but based on where we intend to end the year in terms of a substantial debt reduction on a proforma annualized basis. Certainly, we would expect if you if you assume let's say Rahul correct me if I'm wrong but if you assume a sub ₹2,000 crore debt level of ₹1,800 crore you certainly expect basically ₹100 crore plus basically interest saving on an annual basis. So, that impact is what you start seeing through fiscal 27 flow through our books. The other benefits obviously we have talked about which is the higher investment grid rating, the greater access to capital, higher market cap, obviously having an EPC company that's no longer leveraged. I think that from a point of view of freedom of business I think is something that we look at from a very positive perspective. Rahul, do you want to quickly comment on the?

[Rahul Shukla:](#) (A) Yeah. So, interest reduction that number you are seeing going to be in this same trajectory and by year end we can see that it should be somewhere around ₹400 odd crores, ₹420 kind of number will be there for entire finance charges. This financial.

[Rusmik:](#) (Q) Thank you so much. Thank you very much.

[Harish Shiyad:](#) (Q) Yeah, actually I just missed out that part because in the earlier concall also you had mentioned about in the fundraise. So, how is it going to be planned in this quarter?

[Arjun Dhawan:](#) (A) Well, I mean look, I speaking very generically I think that once the board actually takes the decision, we will communicate that. I think that, you know, anything else would be irresponsible to say at this point in time. What we are saying is that there will be, there is a plan given our accelerated growth in the projects that we see that we will bank in the coming months along with the fact that we would like to have a substantial cash reserve as we de-leverage the business. We will be looking to do a rights issue which the promoter group will underwrite that precise timing of which we will basically communicate at the appropriate time.

[Harish Shiyad:](#) (Q) Can we expect it in next 3 months?

[Arjun Dhawan:](#) (A) I think it's I think it's fair to say that you could probably expect that for the simple reason that, you know, if we are going to raise capital or rather effectively see a prepayment or any, because we are sitting on some challenging cash in our books, I think that the conversion of certain orders that I think Satoshi has already talked about will happen very relatively soon and I think that we are expecting some of the larger Bids that we have also made to be open relatively soon. So I think it would be fair to say that we would like to be ready with all the ray powder available to us as well as actually take the benefit of using all the cash in our book to prepay debt because, you know, frankly speaking, I'd rather effectively use three cash flow to prepay debt and to really, you know, boost our PAT on an annual basis rather than to actually have that money lying around sitting in an FD.

[Harish Shiyad:](#) (Q) Any updates on the hydro project in Arunachal Pradesh? There was a big project which was...

[Santosh Rai:](#) (A) Yeah, that was a job which got cancelled and it will be invited again.

[Harish Shiyad:](#) (Q) Is it in August? Sometimes, of course.

[Arjun Dhawan:](#) (A) Yeah, so that Bid is due now. We remain, I mean, in fact, when it was basically bid out, there were three bidders, we remain, obviously, in the hydro sector, you know, we happen to be one of the few players that are capable of doing projects like that. So, we certainly basically are looking forward, you know, to some of these basic tenders now.

Harish Shiyad: (Q) Yeah, I mean, we were one of the strong contenders. So why was it cancelled? Any legals for that?

Arjun Dhawan: (A) I mean, we can't comment on that. I think that's the prerogative of the government of India and the client, NHPC, and they took a call for in their vision to do so. I think we can leave it at that.

Harish Shiyad: (Q) No, why I'm asking is because if there are only three people who have been were bidding and, in all likelihood, we have expertise also. So, shouldn't we contest? I mean, if there has been just cancelled without any justification?

Santosh Rai: (A) No, actually, all this tenders comes with a very crystal-clear condition that it is the client's right and he can cancel the bid at any point in the bid process.

Arjun Dhawan: (A) I mean, I think this is a, NHPC is a public company. In the question, you can ask them, there are clients. We are clients come first, and frankly speaking, the client is always right as far as we're concerned, at least mostly right. So, and I say that in the lighter way, but you know, this happens from time to time. I'm sure that they must have had their reasons. We have a view, but it would be very unfair for us to basically give a view on the subject, which would be somewhat speculative. I think it's like I said, the client prerogative.

Harish Shiyad: (Q) just on that fundraise part because we had done QIP also and rights also earlier. So, this time around, we are planning to do rights issue instead of QIP.

Arjun Dhawan: (A) That's right. I mean, the entire point is that we're not expecting our existing shareholder base to get diluted. In fact, rights would be done at an appropriate discount to have each of our shareholder's benefit considerably from it. And as a result of it, you would see, you know, you know, the reason for obviously doing it is a very positive reason. And so, as far as we're concerned, I think that we could look forward to our shareholder's all benefiting from it.

Harish Shiyad: (Q) Okay. Thank you. Thank you.

Sandeep Sawant: No more hands raised. we can conclude the call.

Rahul Shukla: Okay. Thank you, everyone. Thank you for joining this call and look forward to seeing you in the next quarter.

Arjun Dhawan: Thanks, everyone. We appreciate your support. Thank you