HCC Ltd

Analyst Call Transcript to discuss HCC Q1 FY27 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

Moderator: Soubhik Mitra, General Manager - Corporate Communications

Transcript:

Soubhik Mitra: Good evening, everyone. Welcome to the HCC analyst call of quarter one financial year 2027. Before we begin, I would like to request all participants to kindly limit their questions to two at a time so that everyone gets an opportunity to participate.

Joining us from the HCC management today are Mr. Arjun Dhawan, our Vice Chairman and Managing Director, Mr. Rahul Shukla, Chief Financial Officer, and Mr. Santosh Rai, Head of Business Development and Chief Business Officer.

Santosh Rai: Thank you, Soubhik. I'll take you through the presentation. Santosh Rai here. Just a minute, please.

All right, so highlights of the quarter.

- Standalone turnover of Rs. 982 crores and Rs. 37 crores of net profit for Q1 FY27.
- Consol PAT improved margin to Rs. 51 crores on revenue of Rs. 993 crores.
- EBITDA margin for Q1 FY27 is at 10.7% versus 14.9% in Q1 FY26.
- Pre-payment of Rs. 100 crores of debt planned in August 2026 with substantial payments to follow.
- We have secured one order in Bhutan for Rs. 127 crores and we are lowest bidder on bids worth Rs. 1,671 crores.
- We have also submitted bids around Rs. 10,000 crores in which actually share is nearly Rs. 7,750 crores and we are actively working on the bid pipeline for North of Rs. 86,000 crores.
- This is the order backlog position as of ending quarter FY27.
- You can see the order backlog is spread widely into transport sector followed by hydro, water and nuclear and buildings and again geographically spread over different parts of the country.

Some of the project updates,

- What you're seeing on the screen is **Indore Metro**, where the TBM deployment is in a very advanced stages. We are also in advanced stages of ring preparation for the tunnels. And out of all the stations, the excavation work and other ground protection work are in full swing at this job site.
- **Patna Metro**, the job site, is progressing well in terms of mobilization. Client has provided us the requisite workspaces very recently and we are working on traffic diversion of the schemes but in the meanwhile segment casting facilities and other infrastructure are being put into place for both the packages of PC05 and PC06
- **Agardanda project -** lot of foundation works in marine conditions and as well as on land are in full swing, we are also producing the segments for the bridge erection and statutory clearance for the jobs are expected to be available by November 2026. There are some policy clearances still awaited on key portions of the project, and we expect them to be coming soon.
- What you see here is **Bhivpuri**. In Bhivpuri, the left picture is about the powerhouse excavation where the works are going on in full swing and so are the works going on at the upper intake. Soon we'll be also starting the HRT, and surge shaft works at the upper intake area.
- What you see on the screen is the **Vishnugad Pipalkoti** where the machine halls, unit number two and three are in advanced days of construction; so is the surge shaft; dam is nearly 85% complete. TRT is also in advanced stages now. So overall project has reached almost 85% here.
- This is the breakthrough of phase 2 and phase 3 at **Tapovan Vishnugad** project of NTPC. Here also works are going on all the fronts.
- This is the picture of the project which we are doing for **Aditya Aluminium** and we are making here pot shells and pot superstructure for an aluminum smelting process. The bulk fabrication of these process units has already started.
- Coming to financials, the numbers are here on the screen, and we can discuss them once we go forward. I hope all of you have been able to go through them.
- These are the console numbers for Q1 FY27.

Thank you and now we will take questions.

Siddhant Lodaya: Yeah, just wanted to understand the reason behind decline in EBITDA margin. Lower revenue we understand because of order completion stages, but what was the reason behind the costs running up significantly?

Rahul Shukla: So, Siddhant, we have got many projects which are at various stages of mobilization. Almost Rs. 8,000 crores in our order book are projects which we have acquired during last 15-month period. So, while they are being mobilized, we are making expenses. However, their contribution in our EBITDA is yet to come, which will be realized in subsequent quarters. So, when that comes, our EBITDA will subsequently improve and we will continue to strive for maintaining our EBITDA to the level of 13-14% what we have been doing in the past.

Siddhant Lodaya: Understood. Thank you. That's my question.

Soubhik Mitra: Mr. Agarwal, please go ahead.

Kapil Aggarwal: So, my question is regarding that our current order book is approximately Rs. 13,000 crores. So, can you please share the average remaining execution period of this and expected EBITDA on this order book?

Rahul Shukla: So, as I mentioned, significant portion of this order book is something that we have recently acquired within last 15 months. So, on average, we can say that next three and a half years is the timeline that we look forward to completing this entire order book. However, with our pipeline, we will continue to acquire new orders and that is how continuity will be maintained in terms of pipeline and order execution.

Kapil Aggarwal: And what kind of EBITDA on these new projects we are expecting?

Rahul Shukla: Same 13-14 percent.

Kapil Aggarwal: Okay. And we have given target of around Rs. 15,000 crores of new orders in this financial year. So, in this quarter seems like our order intake seems like low. So, how are we confident to achieve this target or any revision in that?

Santosh Rai: No Kapil, I think we are confident of achieving this target and as you might have noticed there is already almost bids worth Rs. 10,000 crores which are under evaluation and there is substantial pipeline which is under submission. Some of this has got delayed but we believe that they will be seeing the light of the day in coming quarters and therefore we want to maintain our guidance with what we have said.

Kapil Aggarwal: And actually, the company has proved itself to execute highly complex infrastructure projects and in this segment we compete with industry leaders like L&T successfully which we have seen, but our turnover in comparison to industry leaders is just 2% right now so what is our plan to fill this gap. I am not saying that we will achieve that target in a near term or so. So, what kind of hurdle we are facing to grow fast like? Earlier we understand that financial issue was there, but now I think that financial issue is past. I think now company is technically and financially in both terms capable to execute these kind of projects and to compete with industry leader. So, what is our thought on this?

Rahul Shukla: Kapil, there is no hurdle to that. It is a function of order intake. We have done, as I mentioned, Rs. 8000 crores orders have been acquired recently and there is a strong pipeline. So, as this order buildup continues, that will start translating into turnover also. So, turnover is not a worry, order intake is something that we need to focus on as of now.

Kapil Aggarwal: So, in comparison to industry, like in order intake for our these big competitors, I think our order intake is slightly we can say less. So, any particular hurdle or something we are facing in that front, what can be the reason for this lower in order intakes and all that.

Santosh Rai: Yeah, Kapil look I think this is this is bit historical as you have seen some of this is legacy. But you can definitely see that from the bid pipeline that we are targeting and the number of bids which are already under evaluation at this stage in this financial year, I believe gives you an indication that what is that we are looking at. And if we see it from that perspective, I believe, let's keep past the site, but there will be substantial numbers before us to be seen.

Kapil Aggarwal: Okay.

Soubhik Mitra: And thank you, Mr. Agarwal. You may, you know, come back. There are others in the queue. Thank you.

Soubhik Mitra: Mr. Saurav Bhutra, please go ahead. Saurav, are you able to hear me?

Saurav Bhutra: Yes, yes, yes. So, my question is to Rahul. So, what is the when can we expect this order which are under the L1 which you have shared in the presentation?

Rahul Shukla: So, we can expect somewhere by end of Q2 to get it converted. That's what we are targeting.

Santosh Rai: These are for the L1 positions. Yes. For the L1 positions and of course new orders conversion we will see more of them towards the end of Q3 and Q4.

Saurav Bhutra: Okay. So, I think the estimate is roughly about, I think the Rs. 10,000 crores order is under the L1, if I am correct.

Santosh Rai: No, that is under evaluation. Our L1 position is for Rs. 2,241 in which our share is Rs. 1,672 crores.

Saurav Bhutra: Okay. So, second question is in this, what the hurdle going on, why we are securing the order less?

Rahul Shukla: Sir, your voice is not clear. Can you please repeat?

Saurav Bhutra: I am saying you that what is the hurdle going on? Why we are securing the next order?

Santosh Rai: No, I think we answered the same question. Sorry, I think this is a very repeat question. We just, the previous, you know, and it's all the same question.

Look, I think the hurdle, I mean, there is no hurdle as such, as, you know, we explained, there is no hurdle. We are Yeah, you know, we are in a stage where some of the bids have got rescheduled, but we are very confident the pipeline which we are working upon will lead us to the target what we have set for ourselves.

Saurav Bhutra: Okay, so what is the targeting? We are targeting for the FI 26 and 27?

Santosh Rai: Yeah, I think in the last quarter, we gave a guidance of nearly around Rs. 15,000 crores is what we are looking for.

Saurav Bhutra: Okay, understood. And what is the status of the update of the nuclear power, which the government has announced?

Santosh Rai: You mean to say the bids?

Saurav Bhutra: Yes, on the nuclear power side.

Santosh Rai: So nuclear power, there is a lot of action happening. Already the joint venture of NTPC and NPCIL has brought out their first tender. That is there. We are also seeing a lot of traction in the private sector space.

Saurav Bhutra: Okay.

Santosh Rai: Of course, most of this will move once the rules to the SHANTI Act are published, which we believe may happen either at the end of this session of the Parliament or the winter session.

Saurav Bhutra: Okay.

Santosh Rai: But we are definitely seeing a lot of traction there.

Saurav Bhutra: Okay.

Soubhik Mitra: Mr. Lokesh, you may go ahead, please.

Lokesh Kashikar: Yeah, hi, sir. One question from my side. Basically, starting with, you know, some clarifications. So, we have won an order in April, basically from Serco, worth rupees Rs.1,100 crores. So, that project is basically, has been considered under order book or still is it under the L1 position?

Rahul Shukla: Under order book. It is under order book.

Lokesh Kashikar: Okay. So, the L1 position you have mentioned, this is a new project, correct?

Rahul Shukla: Yes, yes. That is excluding that. Correct.

Lokesh Kashikar: Secondly, sir, can you just give some highlight on which segment the pipeline is basically screwed into? I believe you have Rs. 85,000-86,000 crores of project and around Rs.10,000 crores under evolution. But where are the tractions you are seeing more under, you know, currently? And what is the competitive intensity on those projects?

Santosh Rai: So we are largely seeing this traction for the, I can say, hydropower space, which definitely the government is prioritizing. That is one space. Underground metro and other urban transit systems continue to be the second space where there is a good traction. Other than that, there are also orders in the industrial and metal sectors where, again, we are seeing some action. So, I can say these are the, and then, of course, nuclear is there. For nuclear, as I said, it will move once the, you know, rules are published, though there are going to be some government orders on the PHWR program, but private orders, sorry, private inquiries will also start flowing in maybe after six to eight months or so.

Lokesh Kashikar: Okay. But do you think that this Rs.85,000-86,000 crores of pipeline will be bided during this year or it will, you know,

Santosh Rai: I think this will get bided this year. Because of some of the delays, you know, what we're anticipating on some large bids to happen early, they seem to be delayed by almost two months, I will say. But we believe we hope that, you know, they will get realized. The bids will get submitted in next two to three months, max.

Lokesh Kashikar: Sure, sure. And sir, just, you know, on the... CFO sir has basically mentioned that around Rs. 8,500 crores of projects are basically under mobilization stage. So, is my understanding is correct that around you know Rs. 4,000-5,000 crores worth of projects are only contributing to the revenue currently?

Rahul Shukla: Largely correct, but these projects have also contributed to some extent. However, margins will come subsequently because initial stages there are less margin subsequently when turnover picks up margins improve.

Lokesh Kashikar: Thank you.

Soubhik Mitra: Next Mr. Rusmik Mr.Rusmik Oza please go ahead. Mr.Oza are you able to hear me?

Rusmik Oza: Hello. Am I audible, sir?

Rusmik Oza: Thanks for the opportunity. Sir, as you said, there are some Rs. 8,000 worth of projects which got mobilized now. What could be the conversion in this fiscal year from these orders? That's one.

And subsequently, we did around close to Rs. 4,000 crores of console revenue last year. So whatever execution we do this year, what could be the annual growth in revenue basis that? That is my first question.

Rahul Shukla: So, Rusmik, I think quarterly we give update on these aspects and we have already mentioned that investors need to be patient for one more year with us while we are building our order book. So, certainly we are seeing the same kind of turnover as we have done in the last year. However, there could be some positive surprise of 15-20%, say Rs. 400-500 crore on the positive side. That will depend on how certain aspects of your projects mobilize. We will not like to put the exact number here. But we are working on positively surprising you all. So, for the time being, you can say that we will remain at the level we have been last year.

Rusmik Oza: Okay, okay. And my second question, sir, though, as you said, the margins will improve, but last year we had almost operating margins of 16%. Any exit run rate or probably what could be the full year EBITDA margin or the operating profit margin for this year?

Rahul Shukla: Yes, so we answered this question earlier. So, we will, by end of the year, maintain this run rate of 13-14% EBITDA that we do. And current reduction in EBITDA is just a function of various stages of the project that they are in. So yes, bottom line. And at the same time, we are also working on deleveraging of the company, which at the bottom-line level will give us improvements.

Arjun Dhawan: So, I just want to add, Arjun Dhawan, I certainly believe that we could have done better on the order booking by now, right? Let's be very clear about this. That said, I'm expecting that to exponentially pick up. And I think that, you know, we hope we basically surprise you all on the upside, certainly by the time we get to the end of this fiscal year. And the impact, obviously, as far as our top line and bottom line are concerned, the order booking and the revenues and cash flows that basically come as a result of that, but more importantly, the deleveraging that we will continue to focus on in getting HCC to be nearly debt-free as early as possible is going to have a substantial, basically, impact on our bottom line, our credit ratings, our growth prospects as well, right? So, I think the effort that we're making is twofold. And I think that what we perhaps have not achieved as fast on the top line, you know, very frankly this year, is something that we will certainly make up for in spades with regard to the bottom line. So, we intend to keep our EBITDA and PAT margins well intact. And the growth you'll see from that bottom line, I think, will hopefully make up for some of the shortfall that we've seen on the top line. But that said, I think some of the mix of projects that we're looking at and the sense of success that we believe that we will achieve on the evaluation of bids that are yet to be opened, as well as what we have planned for the next couple of quarters, we remain quite confident.

Rusmik Oza: Sir, a subsequent question. Even though we might end up with a flat revenue, but a lot of the switches, when they gain traction, what kind of top-line growth we can expect next year in FY28, sir?

Arjun Dhawan: I mean, look, we've tended not to give this guidance. I know that from an analyst community perspective, that's an important number that you need to model in. We have to make up for lost time, right? I mean, I think that these questions have been asked before. We certainly need to execute to our potential. We're still such a small percentage of the market share in our industry relative to our pedigree. And so, I think that that's the only good thing is that there's a much, much larger, more addressable market for us to chase. That said, we're going to be very selective as far as risk management is concerned, the pricing of our projects, and the quality of our clients. And I think that it would be fair to say that we would be in that sort of 20% to 25% range. I mean, you know, anywhere from 15% to 25%, depending on which basically period you're talking about. But, you know, certainly 20% plus is certainly what we would be targeting, given the low base that we're functioning in.

Rusmik Oza: Thanks. And the last question was regarding the deleveraging you said in Q1, the interest cost was around Rs. 87 crores. Any color or any guidance on how this number can pan out in the coming quarters?

Rahul Shukla: So next few days, we are prepaying Rs. 100 crores to another lender. So that again will help. We are working on large deleveraging like last year we reduced our debt by almost Rs. 1,500 crores payment was made to lenders. This year also I am not giving a number but we are working on a considerable prepayment. It will not be fair on me to give you a number unless we are at final stage of closing that so maybe by next quarter, we should be able to give you precise answer to your question.

Rusmik Oza: Thanks, sir. I'll come in the queue again.

Soubhik Mitra: Thank you so much. Mr. Antariksh Paul, you may go in next, please.

Antariksh Paul: Yes, am I audible? Sir, my question was that the results which are here in this quarter are mixed. However, we have certainly a good order book. And as per your clarification, everything is supposed to go all right. The only thing which concerns me as an investor at this point is that the promoters are reducing their stakes and high pledges. So, I'm a bit concerned about it. Could you please brief me further?

Rahul Shukla: So Antariksh, promoters have been maintaining their stake by infusing money whenever there is rights issue, couple of rights issue. They did subscribe and in fact oversubscribed. So that whenever there is an opportunity, they will keep on trying to do that. However, Sorry, what was your first question?

Antariksh Paul: Sir, regarding the promoters stake only as it has been reducing in the last two.

Rahul Shukla: The other question was with regard to pledge.

Antariksh Paul: Yeah, yes.

Rahul Shukla: The pledge is essentially to HCC lenders. However, since we are now prepaying their debt, hopefully in very short period of time when we achieve our deleveraging, those pledges will also be removed. That's what our target is.

Arjun Dhawan: And then just a question on the promoter stake. I think that as a family, we remain entirely committed to the success of this company. I mean, this is now, you know, a 100-year-old basically business, you know, within the family. And as far as the stake is concerned, I think it comes down to us not only fulfilling our obligations with regard to whatever growth capital this company needs, but at the right time, we will take basically and evaluate all the options for increasing our stake as well.

Antariksh Paul: I totally understand and I wish you good luck. It's a great company with a long way ahead.

Arjun Dhawan: Thank you so much.

Soubhik Mitra: Thank you. Mr. Shashi Kant, please go ahead.

Shashi Kant: Hi, sir. Good evening. Thank you for the opportunity. So, my question is regarding the nuclear segment. So, in this quarter presentation, there is very little disclosure on the nuclear side. So, can you elaborate something on that?

Santosh Rai: Shashi, look, as I said earlier also, nuclear sector is being played into two parts. There are projects which are being promoted by government-owned entities. And at the same time, there has been a considerable interest in the private sector entities who are examining a lot of new investment opportunities using existing as well as some new technologies. So, what I can definitely tell you, we are engaged with all these entities in discussing how HCC can render its services to these developers. Once the rules and everything is clear, a lot of action is going on, and we as a company are actively working with our potential clients. At the same time, we are completing some of our own internal formations, which allows us to take on larger role into this space. Yeah, and you will hear them as we go ahead, because many of these matters are under development at this stage. But for sure, a lot of activities are going on.

Shashi Kant: So, sir, what is the reasonable expectation that you sense from having your ear on the ground that the rules come from the government that will enable us to engage better?

Santosh Rai: I think the industry is hopeful. The industry is hopeful maybe by end of this parliament session or the winter session. That's what the expectation is.

Shashi Kant: Okay. And what is the reason, I mean, should we expect a significant, you know, order in FY28?

Santosh Rai: Yeah, yeah, I think yes.

Arjun Dhawan: Certainly, certainly.

Yes, yes, yes.

Santosh Rai: And I will also add certain thing. I mean, please keep this in mind that when HCC is saying nuclear, for us, this is basically nuclear and industrial sector. And we are making a lot of inroads even in the industrial sector. Wherein we are talking about some process units, process plants and we are trying to take the capabilities what HCC has with the existing plus some additional capabilities. We are addressing that sector too, which allows us to be into space like aluminum, steel and other businesses.

Shashi Kant: Okay, sir. Okay. Thanks a lot.

Soubhik Mitra: Mr. Bharat Gupta, please go ahead.

Bharat Gupta: Hello, am I audible? Yes, please. Sir, a couple of questions. So, one is in regard to the arbitration. So, I think we have a sizable amount of receivables outstanding. Can you just provide the expected timelines for monetizing these schemes and with respect to the conversion into cash, how much we anticipate over the next two to three years?

Rahul Shukla: So, While arbitration tribunal has given this money decree in our favor naturally clients have challenged it in court now different arbitrations are at different level of court and we have been realizing some monies on and off and will continue to do that however out of almost Rs.1,700 crores of arbitration awards which are there currently in our favor if i have to put a timeline by when all of this will get realized I'll say almost three to four years is something we should be able to realize all of the Rs.1,700 crores.

Arjun Dhawan: I just want to add one more thing. I think that what we are seeing is a lot of positivity within the government and our clients to also settle matters. Now that does involve in some cases a haircut. You all observed the Vivad-se-Vishwas circulars that have come from the government of India which have a settlement anywhere between 65% to 85% of the arbitral abroad amounts. Now, for us, we have to be very thoughtful about when we avail of these opportunities because they imply leaving considerable capital on the table. We have to consider the cash flow, P&L, etc., security, and the strength of our matter and how far and how mature it is in court. But these are opportunities along the way that we would consider from time to time, depending on the opportunities before us from a growth perspective, the value of sort of our equity and so on and so forth.

I mean, the entire point of actually having approached shareholders in the way we have in this last year and a half is that we reward shareholders at the end with some disaster. Now, highly speaking, most of these awards and claims Should have been realized and that capital should have been used for our growth. So, if it's going to be the reverse, then we want to be able to reward our shareholders and the company with the benefit of actually being this patient. So we are, depending on the vintage of the matter, fairly in advanced stages in some cases we're in early stages. As Rahul said, broadly speaking, few to four years is a fairly reasonable expectation. And so, I think this is as much information as you can appreciate that we can give you. But yes, it is a material asset on our books and it will basically certainly within some reasonable period of time be monitored.

Bharat Gupta: Sure, really helpful. My second question pertains to the government, like with respect to the rail corridors, high speed rail corridors which the government is planning to come up. So how does HCC position itself to participate across these opportunities and given out your expertise with respect to tunneling bridges? So, do you think high speed rail corridor can become a meaningful contributor to the order inflows in the next three to five years?

Santosh Rai: In next three to five years, yes. And I can tell you we do have the relevant credentials of elevated metro and other things which are necessary for such projects. Naturally, it will also depend upon the project sizing, the nature of the project. But we definitely see that if we are saying a three to five years horizon, this will form a material opportunity pipeline.

Bharat Gupta: So, that's it from my side, sir. Thank you so much.

Soubhik Mitra: Thank you, Bharat. Darshika? Darshika Khemka, please go ahead.

Darshika Khemka: Everyone, can you hear me? All right. Thank you for this opportunity. I'm actually trying to understand the nuclear opportunity for HCC much better, both in terms of our TAM and the scope, the revenue that we can generate from there. The kind of margins that we can have and also the working capital position and what is the kind of investment that will go into this business in total and how much have we done till now? I'm sorry if you may have answered a part of this question.

Santosh Rai: No, no. So, Darshika, I mean, let's take it at a very broad level. Nuclear power plants by nature will cost you somewhere between Rs.18 to 22 crores per megawatt of what is built okay and it can in some things can go even more depending on the type of technology which is being used for it. The type of technologies available definitely are PHWR, LWR, VVER, EPR, AP1000 all these technologies are available and it is going to be on to the developers what they choose as a right fit for them okay So, let's take it like this. The existing capacity is 9 gigawatts, which is planned to be taken to 1,000 gigawatts by 2047, right?

Darshika Khemka: Right.

Santosh Rai: For the sake of calculation purpose, I mean, you can apply your factors that out of this, what can happen and that can throw different scenarios. But if we take this number, this alone multiplied by, you know, the per megawatt cost can give you whatever time available.

Darshika Khemka: Perfect.

Santosh Rai: Right? Of this time, if you ask me, then we have been largely a predominant player into construction of the main plant building and the ancillary plant buildings on the civil side. And some structure and fabrication works. We are teaming up with right kind of entities that we can take little larger scopes also. Scopes which allows us to be in a better position to deal with private developers when they are looking at one-stop solution. Of course, there are a lot of inclusions and exclusions into that. Some may make some free supplies, some may not make some free supplies. So that's how margin part I would not like to comment right now because these projects are, as I said, heavily regulated projects and we need to understand what kind of scenarios are before us. But they are labor-intensive jobs, and we definitely intend to make margins in a similar line what we intend to make margins on our routine business, right? That would be our expectation from this. So, the value chain, as you said, we are right now on the civil side, but we definitely see good enough room for us to expand on the adjacencies, maybe a little more also by teaming up with right people. That's what the plan for us is.

Darshika Khemka: Got it. And any investment that we have already done for this business and if you could help us quantify this.

Santosh Rai: No, you will appreciate HCC has built, you know, almost 55-60% of the existing power plants.

Darshika Khemka: Okay.

Santosh Rai: So, we do have considerable in-house knowledge of how to deal with that.

Darshika Khemka: And capability.

Santosh Rai: And we will expand on the need based.

Darshika Khemka: Got it. Okay.

Soubhik Mitra: Okay thank you. Harish, please go ahead

Harish Shiyad: Good evening thanks for the opportunity. My first question is in response to your reasoning for the downfall in the margin, that is probably because of the Rs. 8,000 crores of orders under mobilization where the revenue and the cost has not matching. That's why the EBITDA is down. So, my question is in two parts. What is the amount quantifiable that? Or is there any accounting statement available by which we can keep this money into the inventory till the proper revenue is booked from that project?

Rahul Shukla: So, these specific accounting related things we can discuss separately, Harish. I think this is important for this. We can take your ideas separately.

Arjun Dhawan: But look, I think the point is that we continue to maintain the fundamental guidance that our margins on average across the year will continue to be sort of in the mid-teens. You will see in some cases, depending on the mix, the kind of projects we're excluding, EPC versus item rate, milestones have been met or not, in certain cases they gave some mobilization or not, you will see in some quarters, you will see a below-average margin. I mean, in most quarters in the past, for example, you've noticed 15% to 18%. Now, when we've achieved an 18% margin in the past, we've certainly not told you that that is something that is, on average, what we are going to do. So, just commensurate to that, there will be certain quarters where you will basically see something below average. So, I think that's the simple explanation we can give at this point. But very, very happy to basically hear whatever suggestions you have to the finance team as well.

Harish Shiyad: Okay, okay. My second question is in the last conference call, we talked about the fund mobilization to the extent of Rs. 600 crores by of right or any other means of that thing. Any update on that?

Rahul Shukla: So, we have taken approval from board for that. However, we have not yet decided about doing that and we will come back at the right time depending on our growth capital requirement and new order intake. So, we will take a call accordingly.

Harish Shiyad: Okay, there is no further question, but my suggestion, why I asked my first question is because, you know, the market reacts very negatively to the down in the EBITDA margin. So, some way of some explanation or note to the account would have helped the larger investor rather than only people who are joining the call. Thank you. Thank you and all the best.

Soubhik Mitra: Thank you. Mr. Abhishek Lekha.

Abhishek Lekha: Yes, thank you for the opportunity. Yes, the order book has not been to the extent that we expected. And that is one part. And one other part is I keep writing to investor relations, though it's not connected to the quarterly call, but I hardly get any revert whatsoever.

Rahul Shukla: Okay. We will look into it. He is mentioning that he writes to investor relations, but he has not got response. We will look into it, Abhishek.

Abhishek Lekha: Thank you. The order run rate and order booking, this has to be like anything on Middle East, probably you are expecting some order flow from there or expanding to that area because L&T is getting a lot of orders there. What's your take on that?

Santosh Rai: Abhishek, we are, I can say, very selectively focused on some regions, but our 90% focus is on India. Yeah, and we don't have any current pipeline in that region.

Abhishek Lekha: Okay, no issues. But in India also specifically, we would like the, it's such a long legacy and such a brand, such a history, but now, financials have been repaired completely. Almost done now. So, you would like more of like the consistency to return in terms of order booking and some which gives more confidence in the sales revenue booking, something like that.

Santosh Rai: Absolutely. I mean, I'm well appreciated and I think that's what we are working on.

Abhishek Lekha: Yeah. Thank you so much and please do take the suggestion of my reverts to start coming in.

Soubhik Mitra: Thank you so much. Any more questions?

Antariksh Paul: I had a query that is HCC interested in working with like wind turbines in the future like wind energy.

Santosh Rai: Antariksh, that's a very interesting question but you know, I will say on land, no. In marine, we will have to examine that.

Antariksh Paul: All right. Fine. Thank you.

Soubhik Mitra: Mr. Rajesh Bhandari, please go ahead.

Rajesh Bhandari: Yes, Mr. Bhandari, go ahead, please. Yeah, can you hear me, sir? Yeah, you just mentioned that by 2047, we will be having about 1,000 GW of nuclear power.

Santosh Rai: Rajesh ji, no. The government of India's plan is to take the nuclear power to 100 GW. Right now, it is 9 GW.

Rajesh Bhandari: Okay. So, 100 GW means it will be in 20 years. If we take, it is going to be about 1 lakh crores per year on average. As you mentioned, it is 20 to 22 crores per megawatt.

Santosh Rai: Absolutely. It's a big business.

Rajesh Bhandari: Yeah, it's a big. Because and for HCC, it is going to be a very big business if we see it from that longer point of view.

Santosh Rai: Absolutely.

Rajesh Bhandari: Sir, secondly, this railway is planning that from port to the terminal, there will be hyper loops. That is, they need not go through that material to the railway sliding and all that. There will be hyper loops with very high speed of the transportation system, and it will be all done through tunneling.

Santosh Rai: Rajeshji, that's, I think, to be honest, that's something in a very, very concept stage and we can't comment about it on this stage. We really don't.

Rajesh Bhandari: Yes. And sir, what you have told us, like we have a debt of Rs.1,700 crores, which is in arbitration and which we have a chance to get. That total amount, once we get, maybe in the next two to three years, then in our debt, can everything be cleared, sir?

Rahul Shukla: Of course, it can be cleared. We will do it without that. That's what the plan is. We don't have to just... hinge our hopes on that. But yes, when it comes, that will...

Arjun Dhawan: In fact, it is more likely. I think the conservative answer to give is that while these assets can completely basically match those liabilities, the coming of those asset realizations, like we said in the previous answer, could be three to four years. Before that, in any case, we will be looking to prepay the debt. And so, I certainly expect one way or the other within this timeline for HCC to be largely debt free.

Rajesh Bhandari: Oh, okay. How much debt do you have in total?

Rahul Shukla: Rs. 2,000 crores.

Rajesh Bhandari: Rs. 2,000 crores. That was my question.

Soubhik Mitra: Thank you, Rajesh. I believe there are no further questions.

Kapil Aggarwal: There is one question if I may ask.

Soubhik Mitra: Yeah, go ahead please.

Kapil Aggarwal: Yeah. So, we have transferred some awards to our one subsidiary, that is HCC contact solution of around Rs. 2000 crores. So, is there any we can say planning to reduce stake and reduce bank guarantee in this entity as we done in Prolific? Yes, please.

Rahul Shukla: See, transfer, that's a wholly owned subsidiary, right? Whatever award is being transferred, those continue to be our award. There is no debt in that entity. There is no liability in that entity. So, only reason for transferring those awards is there to have clear focus with regard to realizing and settling those awards rather than those awards continuing to be there in HCC books and your received balance sheet numbers looking much bigger. Other than that, there is no reason for that. So, I mean, not really to be giving too much of importance there.

Kapil Aggarwal: Okay. Thank you. That's it.

Soubhik Mitra: Thank you, Mr. Agarwal. With that, we would like to end this call. Thank you again for joining us.

Santosh Rai: Thank you, everyone. Thank you.