Santosh Rai: Welcome everyone to the financial results for the Q4 ending March 2023 and also for the financial year ending March 2023. We will start with the order back log position as on the financial year end is 14,772 crores. With transport having the maximum share followed by Hydro, Water and Nuclear. We are well spread out across the geographies where the company is traditionally working. With the leading share again coming from our Hydro projects based in Uttarakhand, followed by Transportation projects in Maharashtra and some water projects and other things from other states. Our bid strategy will continue to be focus on the projects in Urban Infrastructure spaces and also with the trust of the government on the sustainable and renewables, we will be focusing more on the Hydro Power sector. Key highlights for FY23, consolidated group revenue is at 9,857 crores for FY23 vs 10,668 in FY22. Consolidated loss at 89.1 crore in FY23 vs net profit of 637.3 in FY 22. We are happy to announce that HCC E&C Standalone turnover is highest ever recorded in the company in FY23 at 5,222 crores vs 4,666 crores in FY22. Also, we have done a net profit of Rs.253.4 crores in the financial year FY23 vs a net loss of 153.1 crores in FY22. EBITDA margin excluding other income is 14% in FY23 vs 17% in FY22. The results are clear testimonies of strong operational performances and the organizational efficiencies which have been brought through lot of organizational restructuring and a complete focus on performance driven organisation. Strategic divestments of our BOT assets are strengthening the balance sheet and cash flow. The company has completed the debt carve-out process and we have also made the payment of 308 crores for our debt repayment in FY23. For the coming year we have planned major bid submissions totalling around 11,000 to 15,000 crores in the areas where the company does businesses, mainly urban infra and hydro power space and we have also achieved the project completion certificates for our Hydro project in Arunachal, Pare and also for some railway tunnels in Mizoram. Some operational updates on ongoing projects, what you see is the Anjikhad bridge, which is the longest cable-stayed bridge being constructed for Indian Railways. The bridge is nearing completion. Out of 47 segments we have completed 46 segments and now the preparations are going on for the last segment lifting; that is a slightly tedious technical process. We will be completing that in a month's time followed by all the other preparatory works. In Delhi Metro, we are in the final stages, plus station base slab is now being completed, cut & cover roof slab is done and project is progressing well. We intend to commission this project by October or November this year. Imphal Ring Road is also progressing, the job is completed around 73% and we are progressing well with all the activities on the project. Another road project in Assam is nearing completion now with almost 90% of the job being completed and what you see on the screen is the completion of Toll Plaza and other structural works at sight. Tehri PSP which is one of the country's largest pumped storage project, these are the pictures showing the progress at the Penstock and Surge Shaft Lining works, so these are now the finishing works going on for commissioning the project of the first unit. Vishnugad Pipalkoti, the project has a big HRT and now the TBM which was stuck has been freed and we expect to start the TBM tunnel driving by July 2023. On the left-hand side what you see is the lining of the head race tunnel which is being done by drill and blast method. Nikachhu, this is the project in Bhutan and the river you can see is diverted through the radial gates. Project is largely commissioned and very few works are left now. This is the railway tunnel in Jammu and Kashmir which is a part of the Udhampur-Srinagar Baramulla Rail Link and it is in the final stage of completion. What you see on the screen is the finishing works going on with the track laying and there are some Escape tunnels where the final water proofing and concreting will be done very soon. In this month end we expect to close all these jobs. What you see here is also Sawalkote tunnel, this is a tunnel leading to Sawalkote Hydro-electric power plant, the invert and over lining is completed and now the MEP works have started at the project site. This project is also progressing at a good speed and we expect to achieve major completion in this calendar year. This is the Parwan Dam it's an irrigation project in Rajasthan progressing very well and you can see on the screen the work site where the projects are progressing in full swing. Lot of progress has been made after receiving the drawings and all the details from clients. Mumbai Metro, we have completed 90% work at the CST station. We are intending to handover the station by September-October this year. Kalbadevi again 75% of the work is completed and now you can see the work above the underground structure are being undertaken that is ancillary building work. Girgaum station is almost 50% complete, lot of structural work is ongoing, including the tunnels and other things. Grand Road is 62% complete. The tunnels for this whole project are commissioned almost two years ago. This is the Mumbai Coastal Road; we have started the launching of segments for the main bridge which is connected to the existing Bandra-Worli sea link and these are the other marine erections which are ongoing. Coming to the financial performance, the numbers are self-explanatory. We will be covering any questions on that in the later part of the presentation. Financial performance for FY23 these is year-on-year. The updates on concession business for the Q4 FY23, what you seen on the screen is some of the progress photographs of the structural work which is being undertaken at BFHL site. That is the Bhagirathi Bridge super structure works going on in full swing, soon these bridges will be connected. Also, HCC concessions closed its sale of BFHL to Cube Highways at the end of March 2023 at an enterprise value of 1323 crores, including SPV debt of 646 crores. We can witness a minor growth in the average daily PCUs in this quarter. Construction is expected to be completed by December 2024. This will lead to an increase in the toll rates by 45%. Since most of our assets are sold, the concession business is looking to develop new opportunities in transport sector and we are also evaluating opportunities in Ropeways and PRT projects.

Steiner AG, the performance for FY22 is the closing order backlog as on 30th March, 2023 is 8,572 crores. Order intake during FY23 is 3,963 crores and turnover for FY23 is at 4,379.4 crores vs 5,947 crores for FY22. With a loss of 352 crores vs a profit of 312 crores in FY22.

Thank you and I would like to inform you that Mr. Arjun Dhawan our Vice Chairman and our Managing Director, Mr. Jaspreet Bhuller has joined us on this call along with the senior management staff of HCC and we are now open to questions. Thank you very much.

Mahesh: I just wanted to understand the Baharampore-Farakka Highway sale from cash flow basis. So, the buyer will be assuming our debt what will be the cash inflow.

Atul Kumar: So, as we have mentioned in our press release the cash inflow is about 677 crores in the first March and then there are subsequent payments in terms of earn outs and revenue share for additional revenue which the project will be collecting over a certain threshold.

Mahesh: So basically, the debt moves off our books but of the cash that is coming in, some part of it we still have to spend it on construction right.

Atul Kumar: Right. So, the SPV already has cash flows to complete the project. There is a delta of some amount which is being funded through these cash flows.

Mahesh: So, what is the net cash flow that will come into the company?

Atul Kumar: The delta in cash flows is around 40 to 50 crores which will be required for the completion of the project and the balance will be coming to the company.

Mahesh: And by when would all the money be in?

Atul Kumar: So as and when the project is getting completed that money will be in, other monies are in, the earn outs are due in the month of November 2023 and May 2024. And the revenue shares will continue on an ongoing basis till the end of the concession period.

Mahesh: Significant money is already in, is that the correct assumption?

Atul Kumar: Yes

Mahesh: So, whatever our March balance sheet is, it is already reflective of the inflow

Atul Kumar: Yes

Mahesh: Ok, Thank you

Sourav: What is the current order book of your company?

Santosh Rai: That is around 14,700 crores.

Sourav: Have you done the bidding right now for a fresh order?

Santosh Rai: Yes

Sourav: For which project? Can I know

Santosh Rai: There are couple of projects in Transport segment and some in Hydro.

Sourav: And when the Bandra-Kurla complex project will be starting

Santosh Rai: The construction has already started.

Sourav: What is the current debt right now?

Santosh Rai: Post carve-out the standalone debt with HCC would be around 1,900 crores. Rahul you can please correct me on the number.

Rahul Shukla: Standalone is 3,500 crores.

Sourav: What is the performance of your subsidiary company, Steiner AG in this quarter?

Santosh Rai: I have covered this part in the presentation and will be very happy to share that with you. In terms of the turnover and profit and everything related to the subsidiary. This is reported in this presentation.

Sourav: Ok thanks. I will be coming again after sometime

Mohit Kumar: On one of the slides, it is mentioned 11,000 crores bid submitted for FY23.

Santosh Rai: So that is a typo, actually we have submitted bids worth 9,600 crores in FY23 and the identified pipeline for the bidding for FY24 is 11,000 crores in core strategic sectors. Of course, we will be adding few more identified bids for bidding as we go along.

Mohit Kumar: This means we have tenders that are open and where you have most likely submitted the bids. Is that a right assumption?

Santosh Rai: Your right, these are tenders that are identified, we are working on them and we will be submitting .

Mohit Kumar: How much is the top line expected in FY24 on the standalone company from EPC business and the kind of margin if possible?

Santosh Rai: We are definitely aiming to do better than what we have done this year. This year we have reported a turnover of 5,222 crores and our effort would be to make our turnover better than what we have achieved this year that is at the best. Margins, normally we won't comment so specifically but all I can say that the overall mix would be such that we are within the industry practices. Of our 12-13% kind of number what you see in industry average. That's the kind of blended EBITDA we can expect.

Mohit Kumar: What is the debt at end of FY23 if the standalone in books is 3,500 crores? How much is the obligation to pay in FY24-25? Any repayment?

Rahul Shukla: As per our resolution plan we are basically not required to pay anything till March 2024. And next repayment will come in March 2024, which will be around 400 crores?

Mohit Kumar: In March 2024, right?

Rahul Shukla: Right

Mohit Kumar: Ok understood. Thank you

Chetan Cholera: I think we have become took conservative in taking orders, I see the announcement from other Infra companies, they are getting large orders. Are we becoming too conservative in taking orders?

Santosh Rai: No

Chetan Cholera: I find so many announcements coming from other infra companies, they are getting large orders.

Santosh Rai: No, so I think we are moving well in line with our strategy of consolidating all our operations first and then we are only looking at projects which are well suited to the capability, number one, the kind of margins we are looking to build and with the kind of quality clients whom we would like to work with. So, with all these factors, I think we are moving well as per the plan.

Chetan Cholera: What steps are we going to take in current year to bring down the debt further?

Santosh Rai: The growth of the organization, as you have seen, what kind of operational performances we are bringing. Our objective would be to generate substantial cash flows out of that, so that we can repay the debts to a large extent. All these obligations, I think that's one straight philosophy with which we are working.

Chetan Cholera: I think Arjun can add something, if he is there.

Arjun Dhawan: No No... happy to, so wherever questions are being asked and the answers are not comprehensive I will jump in at the end and compliment, but regard to debt reduction, we clearly have a substantial amount of our receivables with our clients, some of which are arbitration awards and claims. Our settlement process is something that we are always working on with our clients. We have achieved a certain benchmark every year in terms of what we want to settle. We are talking about matters that are sensible for us to do without leaving too much on the table. We also have a lot of our banks interested in putting down guarantees against which we would take out execution petition monies that are lying in court that way it allows us to prepay substantial amount of debt and I don't think you should be surprised to see material debt reductions with savings happened in that route as well which would not only prepay a portion of our fiscal 24 obligations but perhaps even future years obligations. We will evaluate, obviously refinancing proposals because the goal is to actually look at lower cost of finance and refinancing that might also actually generate equity shares and that is something that we will evaluate as a third point. So, a combination of all those three and at the same time you have our operational cash flow which will generate substantial amount of surpluses probably not in this but perhaps next year onwards. I think would actually round out, at least our plan to ensure that we are debt free as early as possible, I mean the resolution plan with our lenders allows for a fairly long elongated debt repayment period, I mean we want to actually be well ahead of that in terms of our strategy.

Chetan Cholera: Finally, I have one more suggestion, as per my understanding we need to raise roughly around 200 crores to fulfil our commitment of resolution plan but if we look at our stock price currently it's not appropriate time to raise capital. What I want to convey to the board or specifically to Ajit Sir, please use this opportunity to raise promoter stake or I have one more suggestion for the same thing, in the interest of all shareholders please issues shares on preferential basis to any strategic investor who can bring industry expertise and also enhance our credibility so it will increase our market position. This is only suggestion.

Arjun Dhawan: So, Chetan, this is any Analysist call, where we are answering questions, appreciate your feedback, feedback is more appropriately given independently to our investor relations and we are happy to always learn more, understand how we can do things better. So, if we can kindly keep that outside of our investor calls, I think we would appreciate that and certainly I think that we are well situated at this point and time with our management team and our expertise to achieve the goals that we have set before us.

Chetan Cholera: Thank you, this was just a suggestion.

Neeraj Mansingka: Can you tell me how the debt for the consolidate entity has flowed from the beginning of the year to the end of the year like the starting date and how much repayment and how much is the final consolidated debt.

Girish Gangal: You're asking about the consolidated debt what is at the beginning and at the end right?

Girish Gangal: We have a group debt of consolidated 4,900 crores at the beginning of the year and at the end of the year it is 5,200.

Neeraj Mansingka: And this does not include the SPV debt?

Girish Gangal: No, it includes

Neeraj Mansingka: Does the exit debt of 5,200 crores include the Baharampore SPV debt?

Girish Gangal: Yes, it includes SPV debt.

Neeraj Mansingka: So, after the closure of that deal, I am assuming the deal is closed but when will the deal close and this debt go out of your balance sheet?

Girish Gangal: No debt on account of BFHL pending as on 31st March, doesn't included BFHL debt anymore.

Neeraj Mansingka: So then effectively your debt has gone up from? Do not include?

Girish Gangal: Debt has not gone up, what has happened at the beginning of the year, the restructuring had not happened?

Neeraj Mansingka: That I understood

Girish Gangal: So, when restructuring happened, even the interest which was outstanding got converted into loan for issue of NCDs, ok?

Neeraj Mansingka: OK

Girish Gangal: So that's why the debt has gone up. It's not because of any fresh debt we have taken, it is only conversion of interest accrued into a debt because of the resolution plan.

Neeraj Mansingka: Understood. Now how do you see this debt tapering down to the next one year?

Girish Gangal: First of all, this is a group debt. So, a general answer for a group debt would not be appropriate, one has to see individually. So individual companies have their respective plans to repay those debts. If you are asking especially for HCC and the SPV which will be formed on resolution plan they have a structure for repayment of this debt for a period and Rahul has informed sometime back 31st March 2023 we have repaid around 320 crores of debt, so there is an obligation of 400 crores ok. So as and when this obligation comes which is due as per the resolution plan, we are going to pay that and as our Vice Chairman has suggested that whenever we have additional cash, we will try to repay something.

Neeraj Mansingka: Got it. Just wanted to confirm again, sorry for repetition, there are two SPVs we are talking about, one is the BFHL which is sold to Cube, does this 5,200 crores does it include the 646 crores of that SPV debt?

Girish Gangal: That is already taken over by Cube….

Neeraj Mansingka: Got it, got clarity, number two is on the SPV carve-out that you are planning to do, what is the status and when can we expect the closure of that SPV debt transaction?

Girish Gangal: So, the transfer of SPV debt has already happened

Neeraj Mansingka: I am not talking about the BFHL

Girish Gangal: I am talking about SPV formed under resolution plan only, that transfer has already happened, that has happened effective 1st July, 2022 itself. The only change that is going to come in there, is that post approval from lender, the investor is going to take over the majority of the portion of the equity, that is yet to happen.

Neeraj Mansingka: So, when is that expected to happen?

Girish Gangal: It will happen in the first, at the most second quarter of the current year.

Neeraj Mansingka: The reason I asked is because the last 3 quarters we have been talking about it and it is not completed.

Girish Gangal: You have to appreciate that this is a subject to the approval of lenders, we 25+ lenders who are subject to approval from respective boards. So, it's a process, we can pursue the process, however we cannot guarantee the outcome or date as such.

Arjun Dhawan: I just want to quickly add as to why this was not done alongside the closure of the resolution plan, so the lenders require a process whereby they have a public bidding for the process of the investor. Once they conclude that process, they then actually do a painstaking KYC of that investor because you're looking at considerable assets and debts that are moving, am I happy at the pace at which they are moving, absolutely not. I mean frankly speaking, I would very much like for this process to have been completed before. I respect the fact that they have their process, but we should have actually, to be very honest, we should have got this done earlier to give you comfort. Have we received approvals from a majority, a substantial amount of our consortium already for the SPV investor that's been shortlisted, we have, we are waiting for the balance approvals to come through, post which we will end up closing this transaction as we have envisaged in communicating to our shareholders.

Neeraj Mansingka: Ok and that SPV debt would be how much?

Arjun Dhawan: And by the way, if I may just answer one point, the approval process unfortunately for the investor could not be, so you don't have a qualification process where you actually first shortlist qualified bidders and then you take their bid. You take their bid and then only once the person, the selected bidder, that massive KYC process begins and I think it is a function, frankly if you ask me, since the IBC is come in and since there is auctioning of assets and the banks want to just ensure that the party that comes in is completely above board, that's the reason why I think that their going through this painstaking process. I am completely confident that they will actually get to the finish line, it's just unfortunately taking longer than we would have liked.

Neeraj Mansingka: Got it, and how much would that carve-out debt be today, the value of that debt today.

Girish Gangal: It is around 3,100 crores**.**

Neeraj Mansingka: So, in all practical purpose if we have to today assume that, that SPV doesn't, obviously I am sure it will go through because we have been tracking it. So, the debt would be 8,300 crores today, right? Including that SPV debt? The consolidated right?

Girish Gangal: No, this 5,200 includes that debt.

Neeraj Mansingka: Ok, so that's what I wanted to clarify, it's, so after the SPV carve-out happens it will be 2,100 and 3,100.

Girish Gangal: You have asked a question about consolidated debt?

Neeraj Mansingka: Ya

Girish Gangal: Now till the time we get an investor the SPV remains to be HCC subsidiary.

Neeraj Mansingka: Yes

Girish Gangal: 100%, so all debts get consolidated into this 5,200. So, this 5,200, includes 3,100 crores of SPV debt.

Neeraj Mansingka: It is clear now, I just wanted to again make the statement that if the SPV is approved today, we would have an SPV debt of 3,100 crores and remaining debt of 2,100 crores? Am I right, on the group?

Girish Gangal: Right

Neeraj Mansingka: Last question is on your order book that you have been talking about, you have applied for 11,000 crores that's an expectation that you will be applying in FY24? Is it right?

Santosh Rai: That's right Neeraj

Neeraj Mansingka: And that amount that you have bid for 9,600 crores in FY23 that decision for those contracts are yet to be announced?

Santosh Rai: Out of that you know, only one is pending and the high-speed rail is already out right, which we have won, so the decision is pending only on one job which is approximately 1,000 crores.

Neeraj Mansingka: And out of those 9,600, 8,600 is gone from there and you got the high-speed rail of 3,600 crores or so on JV?

Santosh Rai: That's right

Neeraj Mansingka: Got it, thank you very much.

Vinay Chaudhary: Good evening, so out of this Consolidated revenue, what would be the interest on arbitration like the other operating income what we report?

Girish Gangal: Those kinds of details are generally not discussed in this meet, dissecting the revenue into that level or a cost into that level. So kindly excuse.

Vinay Chaudhary: Because it was a little significant amount, so this year like what would be the cash received out of the arbitration which were ongoing, the collections basically?

Girish Gangal: This year, you're talking about last year or are you referring to the current year?

Vinay Chaudhary: So FY23 and what are expecting this year as well?

Girish Gangal: So, expectations are that these are matters with the court, so we can expect that all matters will get settled, that is our wish, but you never know how matter progresses in the court, how the hearing happens and how the orders come in? And how fast the clients, who are again government clients, how much amount they want to pay and how much they want to further appeal and so forth. It is a difficult decision, though we have our internal estimate, ok, but that is a pure futuristic statement, frankly, I would not be able to estimate or comment on that.

Vinay Chaudhary: Understood. So, for the current year it was roughly 5,523?

Girish Gangal: For current year, I can give a guidance it was 200 crores**.**

Vinay Chaudhary: Ok, right. So, the other thing like in the net debt, in the annual report, we have cash and cash equivalent so the bank balance other that cash and cash equivalent was not taken into consideration while calculating net debt, so does that imply that all the money lying in that bank is attached to margin money as such for BG?

Girish Gangal: Not really, something could be a margin money plus the cash and cash equivalent balance also consist of few of our project money. That is to be used for that project only. So, unless you point out to me exactly what you are referring to, I will not be able to give a generalized comment on that.

Vinay Chaudhary: So, we have net debt calculation like 821 crores, we have the bank balance in consolidated, 304 in standalone which is other than cash and cash equivalent? Now these amounts in the net debt calculation, we have not reduced for our net debt basically, so maybe this is somewhere which is not a liquid fund available to us, this is what I am trying to understand?

Girish Gangal: Ok, so this being a consolidated cash balances what you are referring to, there are certain restrictions especially in case of our foreign subsidiary wherein these monies which are lying in my bank account to be used for the project only and cannot be reduced from the debt asset because that is only to be used when we go further construction of a particular project. Sort of a security deposit you can say If I use a simple language, that you cannot reduce from the debt.

Vinay Chaudhary: Ok. Project specific. Ok got it. The other thing is regarding the subsidiary, the real estate Arm and Swiss, for both FY22 and 23 in the third quarter as well, we could see a big loss, maybe owing to a reversal of some revenue in profits, so what were these exactly? Can you throw some light on this?

Girish Gangal: I think last quarter, when we had this meeting, it was explained, 2022 there was no loss, 2022 the Swiss subsidiary has made a considerable amount of profit rather, the losses have come mainly only in the year 2023 and most specifically in quarter 3 which we discussed in last quarter. This is owing to two situations; one is a normal operational loss due to the slowing down of the economy in Europe due to the Ukraine war and there are certain settlements what we have done in this Swiss subsidiary to get a better cash flow from the project. We have settled some of the legal matter for which we have taken some right down so that's why the loss is appearing in the 3rd quarter. This quarter no such loss.

Vinay Chaudhary: Ok and with respect to the JV projects what would be the rough working capital requirement in days?

Girish Gangal: JV projects are different, I can't generalize the JV projects as there two types of JV projects, sort of three types of JV, a JV wherein like we have the coastal road, wherein they have their own working capital, they have to manage their own working capital, the other type of JV is wherein two partners come together and it's a past through entity where individual partner does its own work, for which the individual companies will take care of their own working capital. So, it will be very difficult to generalize, how much working capital, it depends on the type of work as well.

Vinay Chaudhary: Right, for the orders intake what we have right now, are we comfortable on the non-fund limits what we have or do we need to avail some more sanctions.

Girish Gangal: Not right now. Right now, they are sufficient.

Vinay Chaudhary: Ok for FY24 at least

Girish Gangal: Right

Vinay Chaudhary: Ok thank you very much for the answers

Arjun Dhawan: On the limits front there is a substantial amount of limits that we have, so in the last two years, Covid is behind us but there was obviously certain delays and certain projects due to Covid. There is substantial amount of our order back log that is now going to start getting completed, so there is a huge amount of our limits that we are going to be getting back as well that will be redeployed to new jobs.

Vinay Chaudhary: So just coming back to one more point, the award thing, just to understand my level of understanding in terms of accounting recognition, so when the arbitration award is being received, we already have those sit in the receivables or the unbuilt revenue. As since we may have been recognizing those based on the percentage of completion method. Is my understanding correct?

Girish Gangal: See whenever one receives an award, at that time it gets recognized in the turnover in books of accounts before that it doesn't get recognized.

Vinay Chaudhary: Ok, say for example a 1,000 crore order, if 20% is being completed, so we would be recognizing based on the percentage of completion method, right?

Girish Gangal: That's right

Vinay Chaudhary: And for example, for that particular completion the arbitration is going on so that would already be sitting up in our top line and the receivables.

Girish Gangal: No, it will not be.

Vinay Chaudhary: Ok

Girish Gangal: It will not be sitting in the top line but indirectly it is sitting into receivables because whatever cost is incurred, see that requires a detailed discussion. There are two methods prescribed for this accounting, all the incomes are expenditure which is called input method and output method. It's an elaborate discussion if at all you want to understand it better, we can have it offline at some point of time instead of explaining it to you now as it is a lengthy process.

Vinay Chaudhary: Ok thanks.

Sandip Sabharwal: There are a couple of questions, one historically I have seen the company for a very long time, so the main issue which comes up with HCC is that you bid for projects may be aggressively, I am not sure. Then because of various issues, the project gets delayed or there are some disputes and in large number of projects you end up having arbitration issues which traps your cash flows and impacts your entire balance sheet. So, what steps have you taken over the last few years to avoid these things in the future.

Arjun Dhawan: I would like to address a couple of things here, so if you look at HCC's entire amount of arbitration awards that it has which is across the HCC as well the SPV, obviously the SPV, where a substantial shareholder even after the investor comes in we will own 49% and there is a lot of that money that needs to come back, that is a side point, but the fact is of that approximately nearly 6,000 to 7,000 crores of awards that we have, I think you would be surprised to know that half is actually accrued interest. That is a function of the fact that many of our awards, some of the older awards are nearly over 5 years old and from the time a claim is filed and the time the award is received then as it moves to the courts there is obviously the pre-award interest and post-award interest that accrues. So what I am trying to say here is that our claims issue, if you look at the size of our business as it was 5 years ago, it is not large, and yes we have not grown in the last 3 or 4 years because of issues yes, but the fact of the matter is this was not because of the fact that there was aggressive bidding on projects, I think it is the function of the fact that HCC has prided itself on actually doing projects of great complexity. Our DNA is that we have actually involved ourselves in certain projects of national importance that actually bring with them complexity. Now if you look at HCC's contribution to when the highway program began or effectively even in hydro-electric power, we have completed about 1/3 of India's hydro. From the time of I think I can go back to UPA 1 and UPA 2, you actually had at the fag end of UPA 2 a substantial slowdown in decision making, there was a number of things that happened at that stage, we had as an industry, a number of contractors across the industry, big, small, simple, more complex increased dramatically and at that stage you had a substantial amount of payments go straight into arbitration because nobody wanted to take a decision on payments. Now obviously that's continued to perhaps in some way be an issue in the industry because you know as opposed to just having 5 or 6 or 7 contractors, now you have 20, 50, 100. But there are clients and clients, I experience with certain clients that have continued to challenge matters, NHAI for example is a different client and some of our hydro clients and our nuclear clients. So there has been a learning all around, we have also been very careful about how we think about risk and where we want to bid, depending on the quality of the contract and the kind of client details that sits at the table and settles. Now I am not blaming one of our clients, NHAI but NHAI deals with 100 of contractors across the country. So, it faces an issue where it ends up having to settle, let's say for example, Sandeep's claim, then it should settle somebody else's and so you have a particular issue in terms of the way NHAI views matters versus somebody else. The long story short is this, that our, these were legacy issues that we actually had, they ballooned because those payments have actually not come, the interest on that has actually, dramatically increased and if you actually look at the size of the projects that we took on at that time and the claim today on those projects that were delayed, I think the infrastructure projects that were brought to market 15 -20 years ago were brought with poorer quality DPRs. They were brought with land acquisitions that were not complete, standards of which are much, much higher now for projects that the government brings to market. And so there has been a learning as India's infrastructure program has evolved in the last 20 years. So, I jumped in here simply because I want to imply that when we as HCC have actually entered into jobs, that we don't do simple 100 km blacktop jobs. Our jobs involve tunneling, they involve a substantial amount of underground work, they involve complexity where the independent engineer and the client needs to sit and end up taking very clear calls when an uncertainty hits a project, when environmental delays or certain disasters at remote areas happen. At that stage, the client has to jump in, take calls, make payments on time or then you actually have the problems that we face. Now is the government and our clients doing things very differently today than they did 10-15 years ago, they absolutely are and so I think that what you can certainly expect to see is that the proportion of claims that we will actually have, the dependency in terms of cash flow in terms of claims and awards is going to be less. One because the clients have actually learnt quite substantially as the infrastructure program has actually grown and evolved. This government is extremely proactive with regard to ensuring that performance gets rewarded and at the same time, we feel and we are very clear in terms of our pricing of risks. So, while I think that certainly there might be a little bit of complaint sometimes in the short run as to why we have not perhaps drawn our order book as fast as maybe somebody else. I think that when we actually grew our order book, we actually select those 4 or 5 projects for the year and we are looking at large projects, you will find that those are substantially high margin with excellent clients and where as far as we are concerned free cash flow not only in year one but at the end of the project is actually going to be very strong.

Santosh Rai: Sandeep, I hope it answers your question, I have nothing more to add to what Mr. Dhawan said.

Sandip Sabharwal: Ya that was quite detailed. The second part is that if I look at your P&L accounts, I see the restructuring unfortunately obviously got delayed so much that a lot of interest got accrued which had to be added to your debt otherwise we would be in a much better position right. But still at an interest cost of 200 crores per quarter, given the magnitude and scale of your business, like viability becomes a question matter, like if you're paying 800 crores of interest every year and then your debt repayments also start, so how do you see this moving?

Girish Gangal: I would like to first correct you, that what you are seeing is only the current year's interest which consists of common, as the first point you raised that the RP got delayed, so some amount of interest is already sitting in my P&L account, prior to restructuring, which will not come in the current year.

Sandip Sabharwal: So then how does that impact the quarterly interest pay-outs?

Girish Gangal: So quarterly it can be anything between, I mean roughly I am saying around 550 to 600 not more than that. So, it is not 200, it is going to be less than 150 per quarter.

Sandip Sabharwal: Ok that's great. And in terms of Steiner which was traditionally did very well when HCC standalone was not doing very well and you explained the reasons why it went into losses. So how do you see the outlook for that going forward into this year.

Girish Gangal: I am a bit afraid of making any forward-looking statement, but of course we hope that things will improve during the year and they will be able to get to their normal level of good turnover and profitability during the year. As I said, there are difficulties with the European market having inflation trends, the Ukraine war that has put in a lot of difficulty, so things, we expect that during the second half of the year at least if not first immediate quarter, second quarter onwards things should improve.

Sandip Sabharwal: But at least you don't think it should be making a loss this year, right?

Girish Gangal: I wish, of course, as I said and have explained earlier also, that the loss last time, last quarter what we made was mainly because of some settlements we have done for cash flow purpose. Plus, it was not such a huge loss as otherwise expected. It is only a cash flow driven loss, majority of it.

Sandip Sabharwal: Alright, thank you very much

Saurabh: I would like to ask this question to Mr. Arjun, what I see from the historic statements, an opportunity to, we were on a loss on a standalone basis. Now in FY23 we are in loss on a consolidated basis. So, Arjun what's your guidance on when we will be profitable both on standalone and consolidated basis?

Arjun Dhawan: Again I, can't make forward looking statements but certainly I think some of the consolidated numbers that you see historically are a function of some of the legacy issues that we have now put behind us. I am not sure how far you have gone back on consolidated but Girish maybe you can give a sense as to whether there are sort of onetime non-recovering on historical. As far as this year, consolidated has been disappointing on account of the performance in Steiner which we have already talked about in a fair amount of detail. The situation in Europe, the rising rate environment and inflation, I think it all came as a bit of a storm and as far as the performance of our Swiss subsidiary is concerned, hopefully we will continue to, we will surprise you positively as we move forward. But I want to be a little cautious in terms of what I say on a call, that could imply one way or the other. Girish, do you want to comment on perhaps maybe what was driving the consolidated, you know losses before, I mean look I think that frankly we had a delay in RP, that hurt us during which time we could grow so that was pure interest sort of hitting our bottom-line and obviously our productivity was impacted there. I am not sure to what extent the last 2 to 3 years the impact of LAVASA basically flows into those numbers, I think that was squarely closed once we had taken the write-off a number of years ago. Anything further to add.

Girish Gangal: No, I think we have clearly stated the past 2 to 3 years especially for HCC because of the delay in resolution plan, the entire interest, finance cost was sitting with HCC, plus there were working capital issues because of the difficulties before RP, faced with the lenders or the general working capital situation, which delayed the projects and the cost was, there was an excess cost which was being incurred for a particular project. Now those things have improved, you can see from the current results of HCC with the increase in turnover and so also reduction in cost, things are looking better. Unfortunately, as you rightly pointed out, during the year Steiner, because of the situation at their end, they had some difficulties, but we are quite hopeful that both will run together this year to surprise you as what my Vice Chairman has said already.

Arjun Dhawan: You know I wanted to just by the way, one thing we should have started the call with, I should have started the call with, frankly was to, I mean I think you are all acquainted with and been introduced to Mr. Jaspreet Bhullar who joined us as our CEO over a year ago and he has completed now 13 months with the company, he was appointed the Managing Director of the business and as far as we are concerned, we have a very strong professional leadership led by somebody who lives, breathes construction 24/7. And I think that certainly my expectations are that as you get to know him and the team and look we have been having analyst calls on a quarterly basis and perhaps maybe on a semi-annual basis, we actually do something in person, so that I think the connect of people in person is able to communicate to you a little better than actually having a slightly more impersonal conference call. We will may be plan that on an annual basis if not a semi-annual basis.

Sandeep Sawant: Saurabh anything to add

Saurabh: We will look forward to the positive surprise thanks

Vishal: On the order book that is there of 15,000 odd crore is the mobilization advance received for the full 100% of the order or is there any slow-moving order which may not see light of the day?

Santosh Rai: No, I think the latest addition to our order back log is the bullet train station and there the advances are yet to be collected, remaining are our ongoing jobs in Mumbai and in Uttarakhand. So, where the advances have already been deployed into the project.

Vishal: Ok and then on arbitration award claim, what is the total amount that is there in the books like?

Rahul Shukla: So, excluding the carved-out portion in HCC as of now we have almost 1,700 crores of awards and almost slightly over 4,000 crores are claims, now all these don't come to our books specially claims because we don't bring claims into our books unless they get converted into awards. So, in books you will not see so many of receivables, but this is the value of awards and claims that we have in HCC.

Vishal: Ok, no but how it exactly works, in the sense if you mention like arbitration awards certain obligation has been done, that's how it will come in the books on a balance sheet side so why there is a difference of the amount that you mention?

Rahul Shukla: No, Vishal, claims and awards are two different things. When we initiate the dispute, we file claim on the client and then subsequently through dispute resolution mechanism where the claim reaches to arbitration tribunal which are generally in most of the cases, 3 arbitrator panels, they analyze those claims and after lot of deliberation they conclude, that ok this is the amount which is actually payable to HCC. Then they pass the award. Then it becomes an award that's why we differentiate be claim and awards and till the time this award is actually passed by arbitration tribunal, we keep it off our books once it is certain that this is the amount that is receivable by HCC we take it into our books.

Vishal: And second, just a clarification, can you further clarify on the breakup of this debt which is there in the book of 5,200 crores, standalone is 3,500 remaining if you can just clarify?

Girish Gangal: Roughly 5,200 crores debt comprises of as far as HCC will have around 3,000 crores, SPV what we have transferred will also have around 2,500 crores and there is some debt for Steiner also, however whenever consolidation happens as you know that cross entries get eliminated so the net result is 5,200 crores roughly.

Vishal: Ok then in this, interest bearing is only the HCC standalone money?

Girish Gangal: No both are interest bearing, all are interest bearing.

Vishal: So, the 2,500 crores, that is the PRPL one, right?

Girish Gangal: That's right

Vishal: I think there was a comment that there is a timeline of equity raising for I think HCC level or PRPL level, can you just clarify on that front?

Rahul Shukla: No basically, obviously this equity raising is something that we will time it as per the requirement of the company. In this resolution plan we….

Arjun Dhawan: Rahul sorry, my apologies, can I just take that. As part of the resolution plan with lenders, we have discussed various options in terms of how to grow the company and how best to realize the potential of the business. Without going into the nitty-gritties of that, it is something that we are not able to share. HCC has a number of unrealized assets in terms of value whether it is arbitration awards, our claims, whether return of capital from our subsidiaries and so depending on the permutation and combination of how are cash flows evolve in the next few years, we will decide on whether it is necessary or not to actually raise capital and we will actually do that to time certain obligations, certain benefits that we will get, certain further concessions that we will get from our lenders or depending on when we actually require to take advantage of growth opportunities or timed along with the fact that our liquidity plan with regard to some of our various assets is how we basically think about our equity raising plans as well as our obligations.

Vishal: Thanks for the clarification, one last thing, though it may not be a right time to ask but Steiner AG has not been making profit at least in this year but going ahead, maybe whenever it becomes profitable, we want to have HCC standalone which is giving EPC in India as well as this entity which is in Swiss both together or is there any plan to be only focused on India? And we want to have only business focused in India going ahead?

Arjun Dhawan: So I think the answer is clear, our goal and our focus is to create value for shareholders, that shareholder value gets traded as a function of growing our business, growing earnings, paying dividends and that could happen as a function of realizing values from let's say for example a completed BOT concession assets at premiums and timing, when we want to sell that, it could be combination of receiving dividends from our subsidiaries, including our Swiss subsidiaries and it could also be a combination of even within our Swiss business, the company actually comprises of various parts. We have incubated a very strong digital platform in there and we have our development portfolio which today is nearing about 5 or 6 billion Swiss Francs in size which will generate a substantial net present value over the next let's say 6 to 7 years. So, a combination of how we think about a sale of assets or a diverse or a strategic capital raising in terms of, is how we think about it is, Steiner a construction company is it part of kind of our strategy to be a full services construction group? yes, it is. Is it quite distinct from HCC? yes, it is in terms of its product profile, yes that is also true. So, I think we have committed in the past that our subsidiaries need to generate value and I can understand the impatience our shareholders have in seeing how this value can be reflected in our share price ultimately right. And I think that our goal is very squarely focused on that. We have had a business cycle disruption in Europe in the last couple of years, which we have in the process of kind of correcting. Hopefully in the near future we will be able to achieve the goals that are just innumerable.

Vishal: Yes sure, thanks for this.

Chirag Shah: Thanks for the opportunity, I have some questions that need clarification, for the cube sale, you indicated that we have received some 670 odd crores but when I look at the cash flow statement it shows around 374 crores so how do we reconcile the two numbers?

Atul Kumar: So, Chirag 370 crores is the equity consideration, we can share the details of the other cash flows which are received in terms of payment of liabilities to the related parties and the payments to EPC contractor, those details we can share with you offline.

Chirag Shah: Ok because I was under the impression that 670 crores is the equity value that we are getting over and above the debt that is there in the…

Atul Kumar: The total amount receivable by the group is 677 crores which is divided into equity considerations, payment to related parties of the past liabilities and then the EPC payments which we discussed earlier.

Chirag Shah: Ok, so these 374 crores that we have received is complete right? The 50-crore funding that is required to be done to complete those balance projects, it will not go out of this money?

Atul Kumar: No no

Chirag Shah: Ok, that was one, the second question was on the interest cost, so it was indicated that the normalize interest cost would be around 150 crores a quarter but when I look at again what is the amount of interest booked in P&L, which is around 1,000 odd around crores, what is the interest outgo it is only around 300 odd crores? Ok, so why are we saying that our interest cost would be around 600 odd crores on annualized basis?

Girish Gangal: Which 1,000 crores are you referring to? If you have referred to the quarter results in the profit loss account for this March quarter December or whatever you will find this interest cost of around 145, 135 crores respective quarters. So, on that basis I said it is going to be around 600.

Chirag Shah: No sir I am referring to the cash flow statement, consolidated cash flow statement where we have shown 1,000 odd crores of finance cost but when I look at actual cash outgo which comes in financing activity it is only 300 odd crores. So, I presume actual finance cash outgo would be the actual cash that we are paying, and balance arose because of the arbitration right, that 1,000 crores include good amount of those arbitration interest that accumulates in our interest cost, sorry 400 crores, the cash outgo is 392 crores to be precise.

Girish Gangal: referring this number of 1000 crores from our consolidated accounts?

Chirag Shah: yes, I am referring to consolidated accounts.

Girish Gangal: Whereas I have told you the interest cost of standalone account because the query earlier was on standalone account. The earlier gentleman that asked the query whether HCC is having, how they can afford an interest cost of 200 crores per quarter going further. So, it was specific to that cost not to the consolidated cost, interest cost.

Chirag Shah: So how should we look at consolidated interest outgo, it should be in this 400 crore range plus minus depending upon how your debt plays out.

Girish Gangal: If you see even the consolidated interest numbers, it is in the range of 200+ crores it is not 400. When you refer to the cash flow, whatever transactions happen during the year also gets reflected, for example when this BFHL was sold, we have cleared all the lenders costs so that will be the cash flow. The impact of P&L and impact on cash flow are different things. So, if you are referring to P&L, I can say the interest cost will be, per quarter cost will be around 270 or so for consolidated account and 150 for standalone account.

Chirag Shah: I am trying to understand the interest cost excluding the arbitration amount? Because once the SPVs formed and it’s a noncash outgo for the point of time it is a noncash outgo because of the accounting, you have to account for it? The actual interest that you pay to the bank for borrowings that you have, I am trying to understand what that amount could be in a normal business scenario? That’s why I am not referring to the 1,000 crore interest booking, that expense booking that we are doing in P&L.

Girish Gangal: I think there is some confusion what we are referring to, because arbitration interest is my income whereas the finance cost is the charge for the lender's payment. So, I don't know from where you mixing these two numbers to arrive at some figures?

Chirag Shah: No but on the claims that are there you must be also accounting for interest, right?

Girish Gangal: That is an income, whereas this is a finance cost.

Chirag Shah: So, 1,000 odd crores of finance cost, because last year also for 2022 we had similar amount of interest cost, right?

Girish Gangal: Each year is a separate year, in 2022 we did not have a resolution plan ok. In 2023 part of the year, we had the resolution plan and part of the year it was the full interest sitting into HCC book. The interest sitting into HCC books prior to resolution plan was 200 and odd crores per quarter which has come down to 145 per quarter. As far as consolidation is concerned 3 things would happen in the consolidation, the reflection of reduction in interest cost for HCC post September quarter will be reflected. The repayment of BFHL debt on a receipt of concession of Cube to that extent will get reduced however this payment will be shown in the cash flow statement and the impact of the Steiner debt also be reflected in the cash flow statement of consolidation. So, it is very difficult to make a conclusion that why 2022 was 'X' and why 2023 was 'Y' unless we assess the individual instances that have happened during the year.

Chirag Shah: Sir, if possible, if you could take it offline, it would be helpful to improve my understanding. Lastly just one clarification, what is the quantum of new claims that we would have filed over last 12-15 months? Is there any major new claim that we have filed over last 12-15 months?

Girish Gangal: Normal business process and I don't think we can disclose those numbers as such because these are claims and I can say it is 1,000 or 2,000 it doesn't make sense unless the client accepts it. So, till the time it has some sanctity as far as acceptability by client and discussion and plan allot, dispute resolution, there is no point in discussing those numbers as of now.

Arjun Dhawan: What Girish is not implying that the claims that we file are frivolous, I think just from an analyst call perspective, we can't obviously give you a speculate as to what that is until obviously there is a completion of at least say quasi-judicial process if not a judicial process.

Chirag Shah: Sir let me reframe the question, the 4,000 crore claim that you indicated, 1700 crores awards that you have recognized and 4,000 worth of claims you have filed, these are all old claims or these also includes claims of the last 12-15 months.

Arjun Dhawan: It is a combination of both but I think what I will let you do which is something you do best, which is to look at the history of the company of this information of the company that has been given to you and then work out exactly what is it that we have actually filed on an annual basis or what is it that we have recognized. I think as I pointed out earlier, we will likely see the amount of claims that we will file have obviously reduced as a function quality of projects we take on and the kind of clients that we pick. Yes, I think there is a function of covid and some of the extra ordinary environment that we saw in the recent past will certainly have that kind of certain amount of claim filing but as Girish said it is ordinary course of business, I don't think that you should be worried about any ballooning of claims, it is certainly not going to be a driver of our asset value or our cash flows in the future in terms of fresh basically claims filed.

Chirag Shah: Just one clarification, what is the amount of bank guarantees, I am not looking at the amount that you have because in case you want to bid higher than 15,000 crores if the opportunity comes across, do you have the bank guarantees or funds available to go for bidding to qualify for those biddings?

Arjun Dhawan: First of all I think we are quite satisfied with the capital that we have today to grow one, second I am not sure historically whether we have shared that level of detail and I certainly don't believe we have but I think if you work backwards Chirag from, we started with an order back log of over nearly 20,000 crores a few years ago, we have not added much except for a few JVs that we have and I think that you seen the ones where we have providing our engineering services and support versus the ones that, so I think if you can work out, I mean the fact is that every job requires certain percent of guarantees. You can do the math very simply on exactly the number of guarantees that we already have and to be very honest, I think that we have enough on our plate is that, does that mean that we will not evaluate potential opportunities and consider having additional capital come towards future growth? absolutely we will. And today we have that flexibility, we have financial institutions that back us, we have financial institutions that are we are happy to have discussions within terms of further capital that we will need to grow further if required.

Chirag Shah: Thank you and one last request, if possible, the presentation that you upload on website if you can do before the result call would be helpful. We will have a time to go through that presentation.

Arjun Dhawan: A very reasonable request and I do believe it was uploaded but I don't think you had more that maybe half an hour to kind of review that along with the numbers so either that or we stagger the call or in fact it's the year end, so it was a slightly longer board meeting, but point noted.

Chirag Shah: Because I don't find it on BSE even now. Thank you and all the best.

Arjun Dhawan: Thanks so much

Santosh Rai: I think we have received most of the questions which are answered now and I would like to thank all the analyst who came for this year end presentation. Thank you for your faith in us, thank you for the support you have provided and look forward to see you very soon. We will close this call now. Thank you.