



Hindustan Construction Co Ltd

Presentation to Investors

December 2016

Executive Summary

Turning point for HCC with deleveraged balance sheet, strong order book and lean operating structure

- Near term receipt of Rs.2,100 cr against Arbitration Awards to materially deleverage HCC
 - Cabinet policy mandating 75% payment against Rs.3,400 in Awards a watershed moment for the Company
 - Public Authorities to now release funds against BG based on Niti Aayog Standard Operating Procedure
 - Reduction in stand-alone debt by approx. 40% to ~Rs.3,000 cr, resulting in material earnings boost due to annual interest savings of ~Rs.240 cr
 - Additional Rs.4,800 cr currently under Arbitration to be fully adjudicated in FY18 and FY19
 - New Arbitration Amendment mandates time bound 12-18th mth process with no automatic stay on Awards
- Strong order book of Rs.21,300 cr (30% yoy growth)
- EBITDA margins at 21% & 17% in Q1 & Q2, FY17 reflect efficiencies & improved productivity
- Monetization of operational highway assets will further unlock value for shareholders

Material deleveraging implies tremendous upside in HCC earnings

3,400 cr in Arbitration Awards; further 4,800 cr under Arbitration

(Rs. Cr)	Arbitration Awards	Immediate Receipt (75%)#	In Arbitration (Nov 30, 2016)
NHPC	878	659	844
Other Hydro	234	176	586
Total Hydro	1,112	834	1,430
NHAI	1,950	1,463	2,137
Other Transport	280	210	536
Total Transport	2,230	1,672	2,674
Water	118	89	94
Nuclear & Special	-	-	602
Total	3,461	2,595	4,800

Rs.388 cr already received; immediate net receipt of ~2,100 cr expected.

- Immediate EPS impact of ~Rs.2.50 per share on receipt of 75% of Arbitration Awards
- Annual interest savings of ~Rs.240 cr

~2,100 cr to be received immediately in FY17

Further awards concluded in FY18 & FY19

Amended Arbitration & Conciliation Act and recent Cabinet Policy (75% payment) will ensure swift time bound awards & visible impact on cash flow and earnings

S4A implementation update

- Overseeing Committee (OC) approval for S4A received on Nov 4, 2016
- S4A implementation planned for Jan 2017 with Rs.5,100 cr of HCC debt to be split into 2,700 cr Part A (Sustainable debt) with balance (Part B) being converted to combination of equity / OCDs
 - Debt of Rs.800-1,000 cr to be converted to equity post S4A implementation
- Near term receipt of 75% (Rs.2,100 cr) to be applied toward reduction of debt / effectively resulting in eradication of Part B debt
 - Significant impact on cash flows with savings of ~240 cr in annual interest
 - Awards against 4,800 cr currently in Arbitration to be concluded in FY18 and FY19

HCC to strategically unlock value from material subsidiaries

HCC Concessions

- Planned monetization of Farakka Raiganj & Baharampore Farakka nearer to final completion to generate maximum premium
 - Current daily toll collection of ~80 lakhs on NH-34 to increase to ~145 lakhs at final completion resulting in annual turnover increase from ~Rs.300 cr to ~Rs.510 cr (total debt of Rs.1,715 cr at completion)
 - Both Baharampore Farakka & Farakka Raiganj currently free cash flow positive with only ~55% (PCOD) of their potential turnover at FCOD (final completion)

Steiner AG (Switzerland)

- Steiner AG successfully turned around after acquisition in 2010
- Current turnover of ~Rs.2,900 cr in H1 with strong order backlog of ~Rs.11,000 cr

HCC Group Summary

HCC Ltd	HCC Infrastructure	Steiner AG	Lavasa Corporation
			
Engineering and Construction (E&C)	Infrastructure Concessions in PPP / BOT	Real Estate Development, Total Services Contractor	Urban Development and Management

Leading engineering, construction and infrastructure development conglomerate

90 years track record of successful execution of large & complex infrastructure projects of national importance.
Well Diversified E&C Order Book – INR 21,309 crore

Over Rs 4,900 crore (US\$ 736 mn) of Transportation concessions assets

Acquired & turned around **Steiner AG**, Switzerland’s one of the largest total services contracting and real estate development company, ~10% market share in Switzerland

Developing Planned Hill City – Lavasa
 23,014 acres notified area – 10,868 acres land available for development

Strong Shareholder Base – Stable Investor Profile

HCC Ltd – History & Vision

HCC committed to deliver world-class engineering & construction services with focus on quality, precision & innovation

- 90 year heritage of serving India on projects of national importance
- One of the most respected Infrastructure majors in India
- Unmatched technical skills evident in several marquee projects executed over the years
- Evolvement of a construction company into a diversified Infrastructure Group
- Focus on large, turnkey projects with global technology partners
- Robust Order backlog (Rs.21,300 cr) across diversified projects

Vision

To be the Industry Leader and a Market-Driven Engineering Construction Company renowned for excellence, quality, performance and reliability in all types of construction

HCC has built

> **65%**
of India's Nuclear Power
Plants,

> **25%**
of India's Hydel Power Plants,

> **360** Bridges,

> **3800** lane kms of
Expressways / Highways,

> **320** km of Tunnels.

HCC Ltd – Landmark Projects



Tala Hydel Power Project, Bhutan



Bandra Worli Sea Link, Mumbai



Pir Panjal Rail Tunnel, J&K



Bhandup Water Treatment Plant, Mumbai



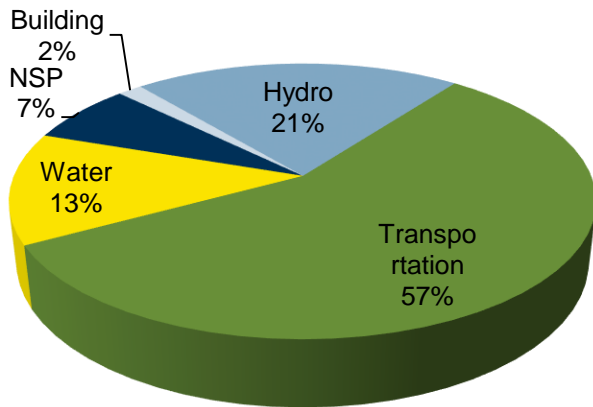
Kudankulam Nuclear Power Plant



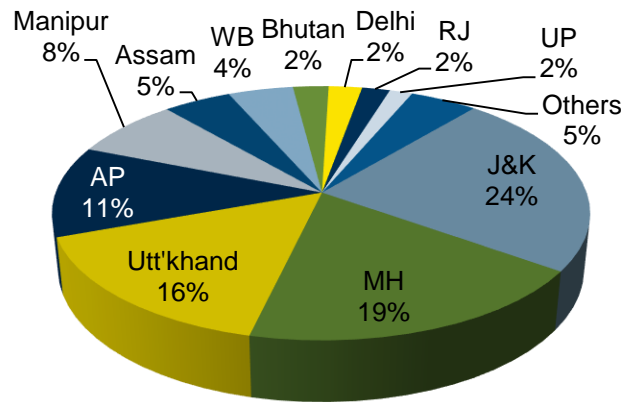
Uran Gas based Power Plant, Trombay

Robust Order intake of 7,669 cr in the last 12 months

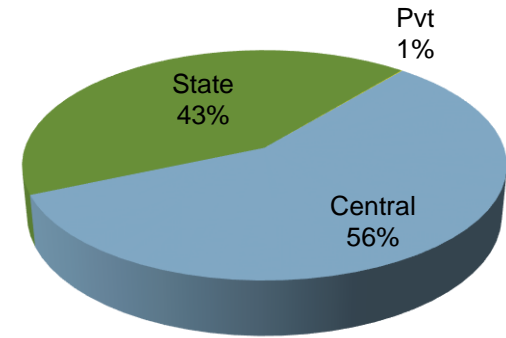
Business Line Wise



Geographical Spread



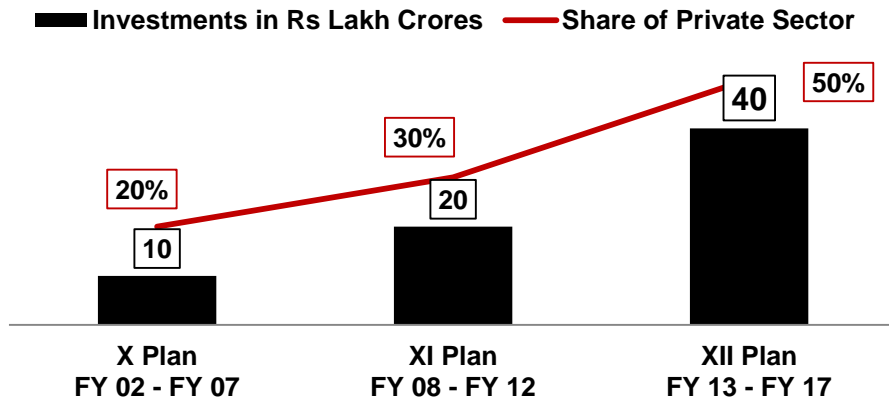
Clientele



- Robust order backlog of Rs 21,309 crore (as on 30-9-16) well diversified across sectors and geography
- Encouraging order intake of Rs. 5,000 Cr in current financial year. Lowest bidder in orders worth 2,805 Cr.
- Order Book comprises of predominantly public sector clients, leading to high degree of revenue assurance
- Larger value Hydro Power, Nuclear Power & Transport projects which are technically complex, allowing for greater value addition
- Transportation focus is now on MRTS, large roads & bridges

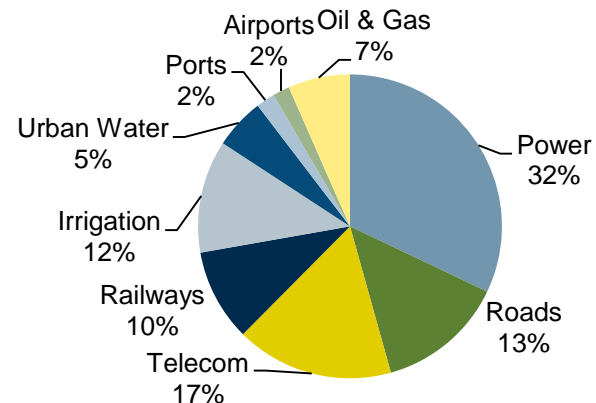
HCC well positioned to capture India Infrastructure Opportunity

Share of Private Sector growing in Infrastructure



Power & Transportation to lead growth

Infrastructure Investments – XII Plan



- HCC has a strong presence in all major infrastructure sectors
- Past track record of undertaking and successfully executing complex projects helps HCC meet pre-qualification criteria
- Experience in niche areas like Nuclear Power plant, mountain tunneling, metro rail will help garner additional market share in high margin projects

Financial Snapshot (HCC Standalone)

Profit & Loss (Rs Cr)	FY 12	FY 13	FY 14	FY 15	FY 16
Turnover	4,003	3,837	4,040	4,127	4,191
Total Operating Expenses	3,548	3,453	3,399	3,353	3,254
EBITDA	443	383	641	774	812
EBITDA Margin	11.1%	10.0%	15.9%	18.7%	19.4%
Finance Cost	543	530	608	651	690
Depreciation	162	163	145	150	136
PBT	-318	-194	91	127	133
Profit / (Loss)	-222	-138	81	82	85

Balance Sheet (Rs Cr)	FY 12	FY 13	FY 14	FY 15	FY 16
Shareholders' funds	1,295	1,163	1,263	1,387	1,863
Borrowings	4,457	4,628	4,817	5,011	4,904
Non Current Liabilities	184	141	159	107	154
Current Liabilities	2,879	2,598	2,695	3,121	3,029
Total Liabilities	8,814	8,529	8,935	9,626	9,950
Fixed Assets	1,150	1,023	920	791	671
Non Current Assets	2,511	2,482	3,042	3,759	4,725
Current Assets	5,153	5,025	4,973	5,076	4,555
Total Assets	8,814	8,529	8,935	9,626	9,950

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Disclaimer

This presentation contains certain forward looking statements concerning future business prospects and profitability of HCC, which are subject to a number of risks and uncertainties and actual results could materially differ from those in such forward looking statements, important developments that could affect the company's operations include a downtrend in the infrastructure sector, significant changes in political and economic environment in India, tax laws, labour relations, litigation etc. The company does not undertake to make any announcement in case any of these forward looking statements become materially incorrect in future or update any forward looking statements made from time to time by or on behalf of the company.