

## Press Release

### **HCC Q2FY19 EBITDA margins at 19%; Monetizes BOT asset Company announces Rights issue; Writes off Lavasa exposure**

**Mumbai: November 1, 2018:** Hindustan Construction Company Ltd. (HCC) reported turnover of Rs.984 crore and net profit before tax and exceptional items of Rs.5.6 crore in Q2 FY19 versus Rs.971 crore and Rs.17.5 crore, respectively, in the same quarter last year. Gross debt reduced to Rs.3,616 crore as of September 30, 2018, from Rs.4,072 crore as on September 30, 2017. The Company, in a joint venture with Hyundai Development Corporation (HDC), has been awarded a Rs.2,126 crore contract by the Municipal Corporation of Greater Mumbai (MCGM) to build the Coastal Road. HCC's order book currently stands at Rs.19,114 crore.

HCC's Board of Directors has approved a rights issue of up to Rs.500 crore to strengthen the company's financial profile and to refocus the company's efforts on its core E&C business.

**Exceptional Items:** HCC has written off its entire investment of Rs.1,046 cr in Lavasa Corporation as a matter of prudence pursuant to the admission of its 68.7%-owned subsidiary into NCLT under IBC. The write-off has no impact on HCC cash flows. Furthermore, HCC has fully accounted for all of its contingent liability obligations given to Lavasa lenders, including Corporate Guarantees and Put options. A substantial majority of these obligations amounting to Rs.943 crore have been restructured for Rs.514 crore at benign, non-cash interest rates, repayable at the end of March 2023, thereby resulting in immediate savings to the company. The sum total impact of all write-offs in the quarter, adjusted for tax, is Rs.1,531 crore. Having comprehensively accounted for its entire exposure to Lavasa, HCC expects no further impact on account of its erstwhile subsidiary.

#### **Financial highlights:**

##### **Unaudited standalone results for Q2 FY 2018-19 vs. Q2 FY 2017-18:**

- Turnover at Rs.984 crore vs. Rs.971 crore
- Net Profit before tax and exceptional items of Rs.5.6 crore vs. Rs.17.5 crore
- EBITDA at Rs.190 crore vs. Rs.149 crore; EBITDA Margin at 19.3% vs. 15.3%
- Gross Debt reduced by Rs.456 crore y-o-y and by Rs.110 crore year-to-date
- New order of Rs.2,126 crore from MCGM (HCC's share Rs.1,169 crore)

**Mr. Arjun Dhawan, Director & Group Chief Executive Officer,** said, "It was a busy quarter in which we sold a material BOT asset, ring-fenced HCC from the potentially adverse consequences of Lavasa's insolvency, kick-started our rights issue process, drew down our fresh operational bank guarantee limits, further deleveraged, and won a marquee contract. We do not intend to rest here and remain resolutely committed to further enhancing the company's financial profile and stakeholder value. The outlook for infrastructure spending in the country is robust and HCC will endeavour to maintain its legacy as India's pre-eminent Engineering and Construction Company."

## **Performance of HCC subsidiaries:**

**Steiner AG:** In Q2 FY2018-19, Steiner AG reported a Net Profit of CHF14.9 million (Rs.104 crore) as against CHF2.9 million (Rs.19 crore) in the same quarter last year. Revenues came in at CHF199 million (Rs.1,392 crore) during the quarter, as compared to CHF197 million (Rs.1,307 crore) in the prior year. Steiner secured fresh orders worth CHF177 million (Rs.1,319 crore) during the quarter. Order backlog stood at CHF1.29 billion (Rs.9,600 crore). Further, the company has secured orders for over CHF350 million (Rs.2,609 crore), where contracts are yet to be signed.

**HCC Concessions Ltd.:** HCC Concessions Ltd., an 85.45% subsidiary of the company's HCC Infrastructure Co. Ltd. unit, entered into definitive agreements with Cube Highways and Infrastructure II Pte. Ltd. to sell 100% of Farakka-Raiganj Highways Ltd. for an equity consideration of Rs.372 crores. Additional sums may be received based on certain contingencies, resolution of certain disputes, and earn-outs which individually or in aggregate may have a significant impact on the final consideration. The transaction is expected to close in Q3 post receipt of requisite lender and NHAI approvals. Q2 traffic growth on both the Baharampore-Farakka and Farakka-Raiganj highways was exceptionally strong at 15.6% and 42.7% yoy, respectively, with FRHL growth being extraordinarily impacted due to a low base effect caused by flooding in Q2 2018.

## **About HCC:**

HCC is a business group of global scale developing and building responsible infrastructure through next practices. With an engineering heritage of nearly 100 years, HCC has executed a majority of India's landmark infrastructure projects, having constructed 25% of India's Hydro Power generation and over 65% of India's Nuclear Power generation capacities, over 3,800 lane km of Expressways and Highways, more than 335 km of complex Tunnelling and over 365 Bridges. Today, HCC Ltd. serves the infrastructure sectors of Transportation, Power and Water. The HCC Group, with a group turnover of Rs.10,132 crore, comprises of HCC Ltd., HCC Infrastructure Co. Ltd. and Steiner AG in Switzerland.

## **For further information:**

Sandeep Sawant  
Hindustan Construction Company Ltd  
+91 22 2575 1000, Mobile: +91 98339 92874  
Email: [sandeep.sawant@hccindia.com](mailto:sandeep.sawant@hccindia.com)