

## Press Release

### **HCC reports Topline of Rs.1,075 cr in Q3; EBITDA margin 20.4% Debt to reduce by Rs.2,100 cr on carve-out plan**

**Mumbai: February 6, 2020:** Hindustan Construction Co. Ltd. (HCC) reported turnover of Rs.1,075 crore in Q3 FY20 as against Rs.1,102 crore in the same quarter last year, and an EBITDA margin of 20.4% as against 18.1%. The Company reported a net profit of Rs.234 crore in Q3 FY20 mainly on write-back of Rs.331 crore of provisions taken in Q4 FY19.

On January 10, 2020, the Company's lenders initiated a carve-out of about Rs.2,100 crore of debt to a third-party-controlled SPV along with certain Arbitration Awards and Claims in a move that will significantly deleverage the company and address its asset-liability mismatch. Pursuant to the plan, HCC will have no debt servicing obligations for the next 32 months and interest costs will reduce by at least Rs.240 crore per annum. Loss on completion of the debt/asset carve-out transaction is expected to be at least as large as the write-back taken during this quarter, subject to statutory audit. The transaction will be in the nature of a slump sale and is subject to lenders' final approvals. Lenders aim to seek their respective approvals and are targeting transaction closure by March 31, 2020.

Stakeholders including lenders have increasingly derived comfort from the recent strengthening of India's Arbitration framework towards international standards. During the quarter, the Company won a challenge in Supreme Court for setting aside Section 87 of the Arbitration and Conciliation Act. Further, during the quarter, the Cabinet Committee on Economic Affairs stipulated that Government Entities will take the decision to initiate proceedings for setting aside of an Arbitration Award, and any appeals thereto, with the opinion of a Law Officer, in consultation with Department of Legal Affairs. The Company believes both the Supreme Court order and the Cabinet Order will provide much needed relief to the industry over the medium term through settlement of legitimate dues.

**Mr. Arjun Dhawan, Director & Group Chief Executive Officer**, said, "We are endeavouring to permanently address HCC's asset-liability mismatch through the debt carve-out initiative plan and via conciliation efforts with our clients. The sale of non-core assets also remains a high priority for the company."

During the quarter, the Supreme Court permitted work on the Coastal Road Project in Mumbai to resume. HCC's share of work in the project is Rs.1,169 crore. In October 2019, HCC marked the completion of its sixth DMRC contract with the inauguration of the Dwarka-Najafgarh Corridor of the Grey Line.

#### **Financial highlights:**

##### **Un-audited Standalone results for Q3 FY20 vs. Q3 FY19**

- Turnover at Rs.1,075 crore vs. Rs.1,102 crore
- Net Profit of Rs.234 crore on write-back of Rs.331 crore of provisions taken in 4Q FY19 on signing of the monetization transaction vs. net profit of Rs.10 crore in Q3 FY19
- EBITDA at Rs.219 crore vs. Rs.199 crore; i.e. EBITDA Margin at 20.4% vs. 18.1%
- Order backlog stood at Rs.16,142 crore as on December 31, 2019

### **Performance of HCC subsidiaries:**

**Steiner AG:** In Q3 FY20, Steiner AG reported a profit of CHF0.5 million (Rs.3.8 crore) as compared to CHF0.4 million (Rs.2.8 crore) in the same quarter last year. The company reported revenues of CHF173 million (Rs.1,232 crore) in Q3 FY20 as against CHF221 million (Rs.1,562 crore) in the prior year quarter. The company secured fresh orders worth CHF209 million (Rs.1,489 crore) during the quarter. Order backlog stood at CHF1.29 billion (Rs.9,450 crore) as of December 31, 2019. Further, the company has secured orders for over CHF469 million (Rs.3,338 crore) for which contracts are yet to be signed.

**HCC Concessions Ltd.:** Average daily collections of Baharampore Farakka Highways Ltd. stood at Rs.43.0 lakh in Q3 FY20, with traffic rising 4% y-o-y. Farakka Raiganj Highways Ltd. reported average daily revenue of Rs.49.1 lakh, with traffic rising 43% y-o-y. Traffic had declined on both stretches in Q3 FY19 by 5% and 23% y-o-y, respectively, due to temporary diversion of traffic owing to comprehensive repairs to Farakka Barrage. Repairs were finally completed in April 2019. The sale of Farakka Raiganj Highways Ltd. to Cube Highways and Infrastructure II Pte. Ltd. has received NOC from NHAI. The company is in the process of conciliating matters with NHAI and lenders to its Badarpur Faridabad project, which was terminated due to force majeure, i.e. an order of the Supreme Court effectively preventing commercial vehicle traffic entering New Delhi along the project stretch.

### **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 27% of India's Hydro Power generation and 60% of India's Nuclear Power generation capacities, over 3,900 lane km of Expressways and Highways, more than 350 km of complex Tunnelling and 382 Bridges. Today, HCC Ltd. serves the infrastructure sectors of Transportation, Power and Water. The HCC Group, with a group turnover of Rs.10,322 crore, comprises of HCC Ltd., HCC Infrastructure Co. Ltd., and Steiner AG in Switzerland.