



Hindustan Construction Co Ltd

Investor / Analyst Presentation

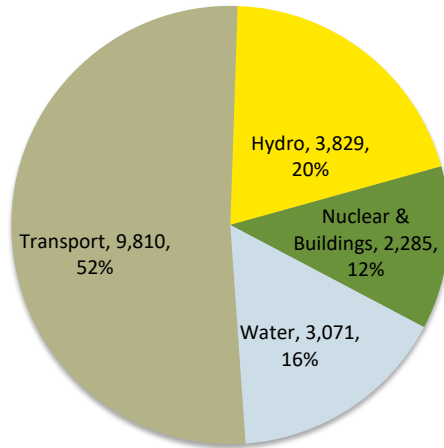
Q2 FY 2020-21

Presentation Flow

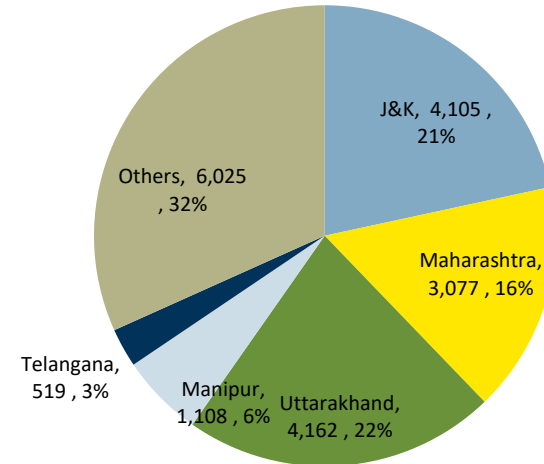
- HCC** - **Key Highlights and Financial Results Q2 FY21**
- HCC Infrastructure** - **Updates**
- Steiner AG** - **Updates**

Order Backlog Q2 FY21 – Rs 18995 Cr

Order Backlog Business Line wise Breakup



Order Backlog - Geographic Breakup



Balanced portfolio having geographical spread across the country

1. 7 bids submitted in FY 19-20 under evaluation: Rs. 8,135 Crs (HCC share: Rs. 4,695 Crs)
2. 2 bids submitted in Q1 FY21 under evaluation: Rs. 6,836 Crs (HCC share: Rs. 3,643 Crs)
3. 3 orders awarded in Q2 FY21: Rs. 7,402 Cr, HCC share: Rs. 3,337 Crs.
 - i. Shahibganj Bypass, Bihar : Rs. 1,900 Crs (26% JV, HCC share: Rs. 494 Crs)
 - ii. Bhadbut Barrage, Gujarat : Rs. 4,168 Crs (49% JV, HCC share: Rs. 2,042 Crs)
 - iii. RVNL Pkg. 9, Uttarakhand : Rs. 1,335 Crs (60% JV, HCC share: Rs. 801 Crs)
4. L1 in 2 projects: Rs. 236 Cr, HCC share: Rs. 130 Cr
 - Construction of New BG Railway Line Bairabi-Sairang (Mizoram) - subsection 14A: Rs. 156 Cr (HCC share: Rs. 86 Cr); subsection 15A: Rs. 80 Cr (HCC share: Rs. 44 Cr)

HCC continues to deliver projects of national importance **HCC**

Key Highlights (Projects): Q2 FY21

1. **Vishnugad Pipalkoti HEP** – Tunnel Boring Machine (9.8m diameter) commissioned



2. **Coastal Road**: Coral permissions approved by National Board for Wildlife
3. **Sawrakuddu HEP**- Completion certificate received (29 September 2020)

Key Highlights: Q2 FY21

1. Turnover: Rs. 466.2 Cr in Q2 FY21 vs. Rs. 946 Cr in Q2 FY20
2. EBITDA margin (excluding Other Income): 8.2% in Q2 FY21 vs. 18.6% in Q2 FY20
3. Net Loss of Rs. 179.8 Cr after exceptional loss of Rs. 84.5 Cr on conciliation of an award with NHAI; compared to loss of Rs. 173.7 Cr in Q2 FY20
4. Conciliations of Awards/Claims underway with NHAI for E&C and BOT
 - i. Closed one conciliation of Nirmal BOT Ltd. with NHAI
 - ii. Other conciliations underway and delayed due to Covid-19; closure expected in Q3 and Q4 of FY21
5. Robust performance of BOT assets
6. Debt carve-out resolution plan with lenders expected to conclude in Q4 FY21; plan received in-principle approval by lenders, effectively resulting in zero debt service obligations for next ~3 years and interest cost savings to the tune of Rs. 250 Cr p.a. Investor shortlisted.
7. Return process of Interest Top-up BGs in process (~ Rs. 850 Cr)

Impact of COVID19

1. Revenue impacted by lockdown and gradual restarting of operations
2. 80% of manpower mobilised in all projects post COVID (Transport and Nuclear projects).
Remobilisation of manpower in progress in Hydro projects
3. All 42 sites resumed operations while observing prescribed norms
 - a) Work progress suboptimal due to shortage of labour, supply chain disruption, working capital cycle disruption and following of safety norms
 - b) Nikachu and Punatsangchu projects impacted by National lockdown in Bhutan in Aug 2020
4. Working with clients for improving working capital flow such as waiver of interest, deferment of advance recoveries, reduction of interest rates on advances, support against corporate agreements)
5. Additional cost impact due to COVID; company to recover from clients through EoT arbitration claims and Force majeure clause
6. Continuing advocacy by Construction Industry for Government support

Awards status as on Sept 30, 2020

Rs. Cr

Post Arbitration Award Stage			
High Court Single Judge (S/34)	High Court Division Bench (S/37)	Supreme Court (SLP)	Total
4,879	641	835	6,356

Award Status as on Sept 30, 2020	(Rs. Cr)
Total Awards as on June 30, 2020	6,356
Less: Collected through Court against BG	1,031
Less: Collected through CCEA mechanism (75%)	1,570
Balance to be Collected	3,755

Update on Debt Resolution Plan

1. ~3142 Cr/ 50% exposure (TL + Cash Credit + Overdues) carved out to new SPV
2. SPV to be majority owned by third party investor; 49% by HCC
3. HCC recourse limited to only 20% of principal (~600 Cr)
4. Carved-out Debt restructured as 10-year NCD, payable from 6th year onwards
5. Awards and Claims cover to be assigned to 2.2x (1x awards and 1.2x claims) of debt transferred up to ~2900 Cr, subsequent increase in debt to be covered by 2.5x claims; upside from realisations to be shared with investor and 49% foldback to HCC. Investor to have a cap on return on equity
6. Monetization proceeds up to Rs. 1250 Cr to be prioritised for operations
7. Additional moratorium on repayment of remaining debt in HCC till FY29
8. Investor shortlisted for Equity and Debt
9. Ratings in process, plan expected to be presented to the OC shortly.

In-principle approval received from majority of lenders; closure by Q4 FY21, subject to OC and timely Lender Board approvals

HCC Debt Resolution Plan

Particulars (Est. as on 31 Dec 2020) Rs. Cr	Existing	After Carve out	
	HCC	Claims Co.	HCC
Awards & Claims	12,172	6,998	5,102
Awards	4,086	2,917 (0.9x)	1,169*
Claims	8,086	4,081 (1.35x)	4,005*
Total fund based debt	6,011	3,142	2,869
Term Loan	776	776	-
Cash Credit	1,165	1,165	-
OCD (Principal)	1,196	-	1,196
Yield on OCD	750	-	750
Est. interest overdues & BG Commissions	435	435	-
Est. NFB Devolvement	766	766	-
LCL with yield	923	-	923
Total non fund based debt	6,370	-	6,370

**Includes awards of ~INR 74 Cr and claims of ~INR 500 charged to LCL lenders*

Financial Performance : Q2 FY 2020-21 (y-o-y & q-o-q)

Results are in accordance with the Indian Accounting Standards (Ind AS) notified by the Ministry of Corporate Affairs

	Q2 FY21	Q2 FY20	y-o-y	Q1 FY21
	Rs. Cr	Rs. Cr	%	Rs. Cr
Total Income	466.2	946.0	(50.7)	462.3
Construction Cost (incl. material) / other exp.	340.3	649.1		259.0
Employee Cost	76.5	112.1		81.6
EBITDA (excluding Other Income)	37.3	174.4	(78.6)	113.1
EBITDA margins (%) (excluding Other Income)	8.2%	18.6%		24.9%
Finance Cost	195.1	184.0		197.0
Depreciation	23.9	30.0		19.9
Exceptional Items – Gain / (Loss)	(84.5)	-		(242.4)
Profit / (Loss) Before Tax	(169.7)	(29.2)		(95.3)
Profit / (Loss) Before Tax after Exceptional items	(254.1)	(29.2)		(337.7)
Tax	(74.2)	144.4		(120.3)
Profit / (Loss) After Tax	(179.9)	(173.7)		(217.4)
Other comprehensive income after tax	0.1	(8.1)		1.4
Total Comprehensive Income (after Tax)	(179.8)	(181.7)		(216.0)



HCC Concessions

Business Update (Q2 FY21)

Baharampore–Farakka–Raiganj (NH-34 Packages 3 & 4)

1. Baharampore-Farakka (Pkg 3):

- Revenue Rs. 40.9 Crs in Q2 FY21 vs Rs. 31.8 Crs in Q2 FY20; increase of 28.6% yoy.

2. Farakka-Raiganj (Pkg 4):

- Revenue Rs. 31.1 Crs in Q2 FY21 vs Rs. 30 Crs in Q2 FY20, increase of 14% yoy

3. Sale of Farakka-Raiganj to Cube Highways and Infrastructure II Pte. Ltd. completed



Farakka Raiganj Highway: Toll Plaza



Farakka Raiganj Highway

Farakka Raiganj (FRHL) – Stake Sale Update

FRHL stake sale transaction has been completed on 22nd September 2020.

Particulars	Time	Amount (Rs. Cr)	Remarks
Events Completed:			
Equity Purchase Price	22-Sep-20	184	Receipt by HCon: 104 Cr Vendors and Lenders: 80 Cr
EPC Payment		86	For project completion
Future Events:			
Holdback Amount	Mar-21	217	To be released after Conciliation of Disputes with NHAI
EPC Holdback	Sep-21	15	On achieving Final Completion Certificate.
Earnout	May-23	100	Max amount of 100 cr on achieving Revenue Thresholds
Total Value		603	

1. Additionally, HCC Concessions to receive Revenue Share from FRHL post resolution of disputes with NHAI
2. Claims including Barrage to be passed on to Sellers by FRHL post resolution with NHAI



Steiner AG

Steiner AG Q2 FY21 Highlights

- Steiner AG, Headquartered in Zurich, is a leading Real Estate Developer and Total Services Contractor in the Swiss real estate market. Specializes in turnkey development of new buildings and renovation of existing properties
- Closing order backlog as of Sept 30, 2020: CHF 1.35 billion (Rs. 10,691.1 Cr)
- Order intake during Q2 FY 21 was CHF 154.9 million (Rs. 1230.4 Cr) as against CHF 115.2 million (Rs. 813.3 Cr) in Q2 FY20; company has further secured orders worth CHF 303 million (Rs. 2,406.7 Cr) where contracts are yet to be signed

Key financials

As per IGAAP	Q2 FY 2020-21	Q2 FY 2020-21	Q2 FY 2019-20	Q2 FY 2019-20
	CHF Million	Rs. Cr	CHF Million	Rs. Cr
Turnover	168.4	1,355.2	139.8	1,009.6
PAT/ (Loss)	(9.5)	(77.4)	(22.3)	(156.7)



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