

Press Release

HCC Q3 Net Profit jumps to Rs 27.1 crore Turnover up 29% to Rs 1,123.6 crore

Mumbai: January 29, 2015: HCC has registered a substantial growth in the Net Profit for the Q3 of FY 2014-15. The net profit stood at Rs 27.1 crore compared to Rs 5.4 crore in the corresponding period last year. The turnover in Q3 registered 29% growth at Rs 1,123.6 crore compared to Rs 870.4 crore in the previous year.

This is the seventh consecutive quarter when the company has shown positive results, validating that its strategy of efficient project management, cost control and focus on claim management, is yielding consistent results. This quarter also witnessed additional arbitration awards in favour, and being realised by HCC. The total arbitration awards received by the company is Rs 1,994 crore, (since going to CDR) from various government agencies with collection of around Rs 370 crore, as on date. In addition to this, currently we have cases worth Rs 1372 crore in arbitration.

Financial highlights - HCC unaudited results for the quarter ended December 31, 2014

- Turnover at Rs 1,123.6 crore against Rs 870.4 crore on YOY basis
- Operating Profit at Rs 205.7 crore compared to Rs 175.3 crore on YOY basis
- EBIDTA margins at 18.8%
- Net Profit of Rs 27.1 crore compared to Rs 5.4 crore on YOY basis
- Current order book at Rs 14,307 crore, excluding L1 contracts worth Rs 1,176 crore
- Total arbitration awarded = Rs 1,994 crore; Payment received = Rs 370 crore

Commenting on the company's performance, **Praveen Sood, Group CFO** said, "For the past 2 years, the company has been focusing on two revenue streams - project execution in most efficient cost effective way, and time efficient management of claim process for realising arbitration awards in its favour. Q3 has been the most successful period for both our approaches. We are looking forward to quick release of payments against claims and arbitrations from various government agencies to reduce our debt burden. The economic optimism and positive investment climate is expected to translate into more orders in the coming quarters and HCC is fully geared to secure these additional projects and further improve its financial parameters in the coming quarters"

Performance of HCC subsidiaries:

Steiner AG: The company has registered a revenue of CHF 675.6 million (Rs 4,446.1 crore) in the 9 months of FY2014-15 compared to CHF 796.7 million (Rs 5,242.8 crore) in the previous year. The company has registered profit of CHF 4.4 million (Rs 29 crore) compared to CHF 8.2 million (Rs 53.6 crore). The order backlog was CHF 1004.3 million (Rs 6,358.2 crore) at the end of December 31, 2014. In addition to this, the company has secured orders for more than CHF 339 million (Rs. 2,146.2 crore), where the contracts are yet to be signed.

Lavasa Corporation Limited (LCL): Construction activity in Lavasa city is progressing with over 2,500 workers on ground. The first town of Dasve has additional 8 lakh sq ft of residential, commercial and social infrastructure under development. In the current quarter 4 new residential buildings offering 200 apartments were launched. In the second town of Mugaon, one million square feet, comprising 29 residential buildings is under development. The customers have booked around 300 apartments in last 9 months. Lavasa continues to attract significant number of tourists, with close to 7.5 lakh visiting the city in the last 9 months. Lavasa city was awarded as the “Best Eco-Tourism Destination”, the “Best Convention Centre Western India” and the “Best Tourist Attraction” at the Today’s Traveller Awards. Fun Square Miniplex has commenced operations. In December, Lavasa City hosted the ‘World Fest’ event featuring performers from 10 nations displaying their art, culture, food and handicrafts.

HCC Infrastructure Co Limited: Construction activity picked up on NH-34 in the last quarter with the end of monsoons and the Farakka Raiganj Highway project (102km, Rs. 1,378 crore) is expected to commence operations by Q2 FY16. The Baharampore Farakka Highway (101 km, Rs. 1,169 crore), commissioned in May 2014, averaged toll collection of ~Rs.30 lakhs daily in the last quarter. The Company signed definitive agreements with IDFC for the sale of its Nirmal Annuity project in December. Further, the NH-34 SPVs have filed claims for Rs. 883 crore as compensation from the NHAI for delays faced by the Company, primarily due to tardy land acquisition.

Lavasa Corporation Limited is proposing, subject to receipt of requisite approvals, market conditions and other considerations, to make an initial public offer of its Equity Shares and has filed a draft red herring prospectus, (“DRHP”) with the Securities and Exchange Board of India, (“SEBI”). The DRHP is available on the SEBI website at www.sebi.gov.in as well as the respective websites of the BRLMs at www.axiscapital.co.in, <http://investmentbank.kotak.com>, www.icicisecurities.com. Investors should note that investment in equity shares involves a high degree of risk and for details relating to the same, see the section “Risk Factors” on page 19 of the DRHP.