



**Hindustan Construction Co Ltd**

# **Investor / Analyst Presentation**

**Q2 FY2016-17**

# Presentation Flow

<b>HCC</b>	<b>-</b>	<b>Performance Highlights &amp; Financial Results</b>
<b>HCC E&amp;C</b>	<b>-</b>	<b>Updates</b>
<b>Steiner AG</b>	<b>-</b>	<b>Updates</b>
<b>HCC Infrastructure</b>	<b>-</b>	<b>Updates</b>
<b>Lavasa</b>	<b>-</b>	<b>Updates</b>

# Key Financial Highlights: Q2 & H1 FY2016-17

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

➤ **As compared to the same quarter of the previous year (YoY)**

- Income from operations is at Rs. 911.13 Cr v/s Rs. 961.79 Cr
- EBITDA margin at 21.42% V/s 19.42%
- Net Profit (Total comprehensive income) of Rs. 25.19 Cr v/s Rs. 41.35 Cr

➤ **As compared to 6 months of the previous year (YoY)**

- Income from operations is at Rs. 1,893.58 Cr v/s Rs. 1,936.86 Cr
- EBITDA margin at 19.45% V/s 18.89%
- Net Profit (Total comprehensive income) of Rs. 37.18 Cr v/s Rs. 51.46 Cr

➤ Order backlog as on 30<sup>th</sup> September 2016 at Rs. 21,309 Cr excluding L1 contracts worth Rs. 3,014 Cr

➤ Orders bagged till date Rs. 4,818 Cr

# Financial Performance : Q2 FY 2016-17 (3 mth YoY)



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

For the quarter ended	Q2 FY17 30 Sept'16	Q2 FY16 30 Sept'15	Q1 FY17 30 June'16	YoY	QoQ
	Rs. Cr	Rs. Cr	Rs. Cr	%	%
<b>Total Income from operations</b>	<b>911.13</b>	<b>961.79</b>	<b>982.45</b>	<b>(5.3)</b>	<b>(7.3)</b>
Other Income & Exchange gain/loss	<b>60.88</b>	<b>48.64</b>	58.81		
Construction Cost (incl. material) / other exp.	<b>618.68</b>	<b>682.57</b>	714.60	<b>(9.4)</b>	<b>(13.4)</b>
Employee Cost	<b>97.32</b>	<b>92.43</b>	94.71	<b>5.3</b>	<b>2.8</b>
<b>EBITDA (excluding other income)</b>	<b>195.13</b>	<b>186.79</b>	<b>173.15</b>	<b>4.5</b>	<b>12.7</b>
<b>EBITDA Margins</b>	<b>21.42%</b>	<b>19.42%</b>	<b>17.62%</b>		
Interest	<b>189.99</b>	<b>176.98</b>	179.64	7.4	5.8
Depreciation	<b>33.36</b>	<b>40.28</b>	32.76	<b>(17.2)</b>	<b>1.8</b>
<b>Profit / (Loss) Before Tax (incl exceptional item)</b>	<b>32.66</b>	<b>63.40</b>	<b>19.55</b>	<b>(48.5)</b>	<b>67.1</b>
Tax	<b>9.58</b>	<b>23.05</b>	8.67		
<b>Profit / (Loss) After Tax</b>	<b>23.08</b>	<b>40.35</b>	<b>10.88</b>	<b>(42.8)</b>	<b>112.1</b>
Other comprehensive income (after tax)	<b>2.11</b>	<b>1.00</b>	1.11		
<b>Total Comprehensive Income (after Tax)</b>	<b>25.19</b>	<b>41.35</b>	<b>11.99</b>	<b>(39.1)</b>	<b>110.1</b>

# Financial Performance : H1 FY 2016-17 (6 mth YoY)

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

For the quarter ended	H1 FY17 30 Sept'16	H1 FY16 30 Sept'15	YoY
	Rs. Cr	Rs. Cr	%
<b>Total Income from operations</b>	<b>1,893.58</b>	<b>1,936.86</b>	<b>(2.2)</b>
Other Income & Exchange gain/loss	<b>119.69</b>	<b>105.58</b>	
Construction Cost (incl. material) / other exp.	<b>1,333.27</b>	<b>1,384.73</b>	<b>(3.7)</b>
Employee Cost	<b>192.03</b>	<b>186.34</b>	<b>3.1</b>
<b>EBITDA (excluding other income)</b>	<b>368.28</b>	<b>365.79</b>	<b>0.7</b>
<b>EBITDA Margins</b>	<b>19.45%</b>	<b>18.89%</b>	
Interest	<b>369.64</b>	<b>348.54</b>	<b>6.1</b>
Depreciation	<b>66.12</b>	<b>88.47</b>	<b>(25.3)</b>
<b>Profit / (Loss) Before Tax (incl exceptional item)</b>	<b>52.21</b>	<b>79.59</b>	<b>(34.4)</b>
Tax	<b>18.25</b>	<b>29.99</b>	
<b>Profit / (Loss) After Tax</b>	<b>33.96</b>	<b>49.60</b>	<b>(31.5)</b>
Other comprehensive income (after tax)	<b>3.22</b>	<b>1.86</b>	
<b>Total Comprehensive Income (after Tax)</b>	<b>37.18</b>	<b>51.46</b>	<b>(27.7)</b>



**HCC E&C**

- Joint Lender's Forum meeting held on July 12, 2016 (Reference Date) has passed to resolve the account under the recent RBI guidelines 'Scheme for Sustainable Structuring of Stressed Assets (S4A)'
- This will help the company to bridge the gap of "Cashflow Timing Mismatch" between claims realization (including its interest) and debt servicing
- Draft proposal as approved by the Joint Lender's Forum has been submitted to the Overseeing Committee on September 17, 2016 which is currently pending for approval



# Initiatives by CCEA for revival of the construction sector HCC

1. Meeting was held at PMO on July 30, 2016, attended by representatives from various government departments, NHAI, MoRTH, NBCC, Niti Aayog , Infra key players and key lenders (SBI & ICICI). Pursuant to this meeting, Niti Aayog had prepared a proposal and placed it before the Cabinet Committee for approval
2. A meeting of the Cabinet Committee on Economic Affairs (CCEA) was held on August 31, 2016, which was chaired by Prime Minister, Mr. Narendra Modi
3. On 5th September 2016, NITI Aayog issued an Office Memorandum to all concerned ministries, departments, PSUs and IBA. Key points same are as follows:
  - In case of claims where the PSU/ Department has challenged the Arbitral Award already announced, 75% of the award may be paid by the PSU/ Department to the contractor/ concessionaire against Bank Guarantee without prejudice to the final order of the Court in the matter under challenge.
  - The payment may be made into a designated Escrow, amount will be used first for payment of lenders' dues & second, for completion of the project
  - In case of contracts/ concessions where the process of arbitration was initiated under the pre-amended Arbitration Act, the PSUs/ Departments may seek the consent of the contractors/ concessionaires to transfer the pending cases under the amended Arbitration Act, wherever possible
4. Current status :
  - i. Client : in the process of forming Standard Operating Process (SOP) for release of money
  - ii. Company / banks : JLF in-principally agreed to sanction special BG limits

## **Immediate impact for HCC:**

- HCC has arbitration awards of around Rs. 3,400 Crs
- Expected cash realisation of around Rs. 2,500 Crs (75%)

# FY 2016-17 : Orders Won

(Rs in Cr)



S. No.	Business Line	Name of Project	Client	HCC Share (Rs Cr)
--------	---------------	-----------------	--------	-------------------

## Orders in Q1

1	Buildings	Residential towers at DAE Anushaktinagar	DAE	159
<b>Total – Orders Won in Q1</b>				<b>159</b>

## Orders in Q2

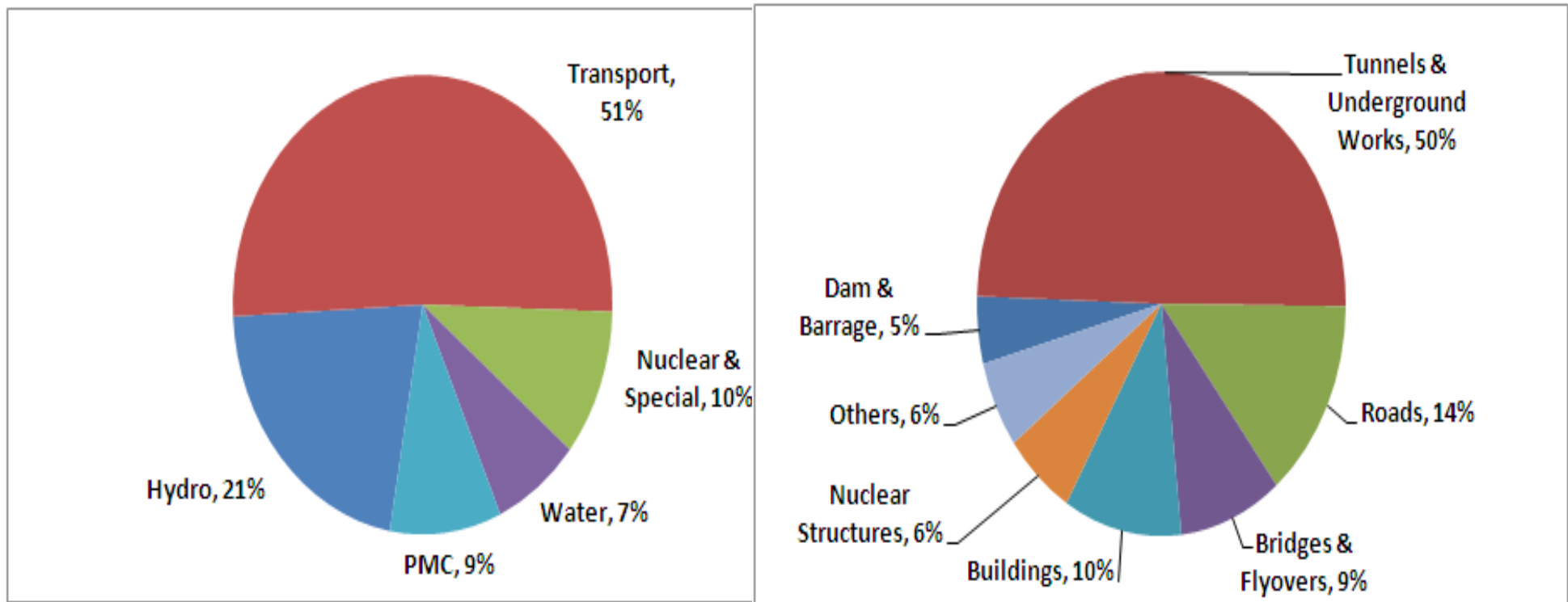
1	Transportation	Mumbai Metro Line 3- UGC-02	MMRC	2,523
2	Transportation	IRCON Tunnel, T-13_2nd Call, J&K	Ircon	1,750
3	Buildings	High rise buildings at Anupuram, Tamilnadu	DAE	182
<b>Total – Orders Won in Q2</b>				<b>4,455</b>

## Orders in Q3

1	Transportation	Const of parallel safety tunnel of T-12	NF Railway	205
<b>Total – Orders Won in Q3</b>				<b>205</b>
<b>Total Orders Won till date</b>				<b>4,818</b>

**In addition to order book, Current L1 orders is aggregating to Rs. 3,014 Cr**

## Order Backlog (as on 30-September-2016): Rs 21,309 Cr



**Order book to cross Rs. 24,000 crs post conversion of L1 into orders**

**Balanced portfolio having geographical spread across the country**



## **Steiner updates**

- 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 at CHF 1,590 million (Rs.10,960 Cr) excluding contracts of CHF 350 million (Rs.2,412 Cr) yet to be signed
- Order intake during H1 FY 2016-17 CHF 678 million (Rs. 4,676 Cr)
- Cash balance is at CHF 97 million (Rs. 669 Cr)
- Key financials of Steiner AG:
 

(for P&L : exchange rate of 1 CHF = Rs 69.00 as of September 30, 2016)

(for BS : exchange rate of 1 CHF = Rs 68.93 as of September 30, 2016)

As per IGAAP	Q2 FY 2016-17	Q2 FY 2016-17	H1 FY 2015-16	H1 FY 2015-16
	CHF Million	Rs. Cr	CHF Million	Rs. Cr
Turnover	212.2	1,464.1	415.4	2,866.3
PAT/ (Loss)	2.00	13.8	6.9	47.3



## **HCC Infrastructure**

# Business Update

- Baharampore – Farakka – Raiganj – Dalkhola (NH-34 Packages 3, 4, 5)
  - Farakka-Raiganj (Pkg 4) COD achieved on Oct 19, 2016; Current daily revenue of Rs.40 lakhs to increase to Rs.70 lakhs at final completion
  - Pkg 3 daily revenue of Rs.39 lakhs with 15% yoy PCU growth YTD
  - Annualized revenue of ~Rs.300 cr for both Packages 3 & 4; to increase to ~Rs.510 cr at FCOD
  - Time bound arbitration process for Rs.1,250 cr claims underway (for land delays) per new Arbitration and Conciliation Act, 2015
  - Pkg 5: Revised financial closure underway for 5.5 year land delay
- Delhi-Faridabad (NH2)
  - Strategic Debt Restructuring record date established in Aug 2016
  - Rs.397 cr claims filed with NHAI for revenue loss due to diversions, including recent Supreme Court order impacting commercial vehicle traffic entry into Delhi via Environment Compensation Charge



Farakka Raiganj Highway: Toll Plaza at Km 297



Km 341 (Farakka Raiganj Highway)





# Lavasa Corporation Limited





# Aerial View



Aerial View of Dasve

# Operations – Highlights

- Labours on ground : ~500 Nos.
- Total units ready for possession : ~1209 units
  - Apartments : ~738 Units
  - Villas : ~ 471 Units
- Possession given till date : 1006 units
- Participated in MICE Travel Mart, in Mumbai
- Participated in Global Panorama Showcase - 2016 trade fare in four cities
- Television : Lavasa properties been featured on Magic Bricks Now
- 4th Convocation of Ecole and 1st Convocation of Christ conducted
- Verzon Hospitality – Block A of retail hostel leased out to Ecole (48 rooms) & Christ University (92 rooms) leading to revenue of Rs 1.97 Cr per annum

- Footfall in Q2 ~1.98 lacs
- Hotels average occupancy ~ 48%
- Pan Media Café operation - term sheet signed
- New operations commenced: Anna Dosa kiosk, Souvenir shop NOW & WOW
- Digital : Associated with Commonfloor.com and 7Vachan for leads & promotion as wedding destination
- Associated with MTDC to setup a tourism centre in Hinjewadi, to capture IT crowd for tourism





**Thank You**

