

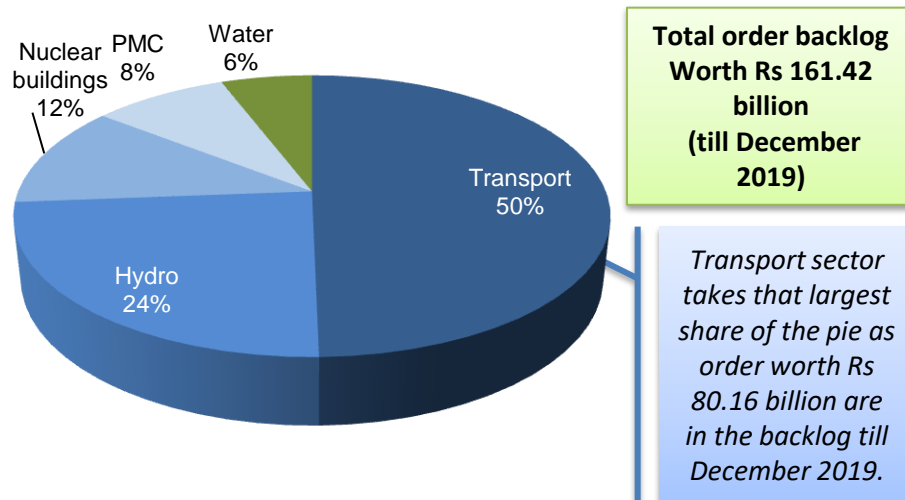
Hindustan Construction Company Limited



Company Overview

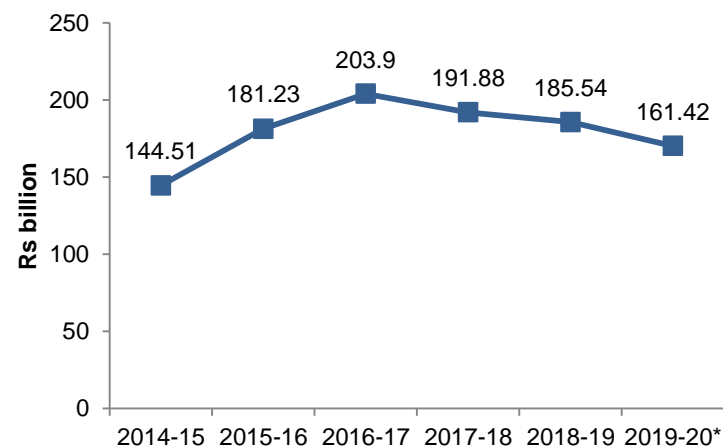
Parameters	Details
Company name	Hindustan Construction Company limited
Headquarters	Maharashtra
Year of Incorporation	1926
Order backlog (As of December 2019)	Rs 80.16 billion (Transport sector)
Details	<ul style="list-style-type: none"> The HCC Group with a turnover of Rs 103.22 billion (2018-19) comprise of HCC Limited, HCC Infrastructure and Steiner AG in Switzerland. Over the years, the company has built more than 3,900 lane km of highways in the form of expressways, national highways, state highways and port approach systems. These road projects have been developed under PPP/ BOT formats as well as under EPC contracts and also executes elevated road corridors and bridges on design-build basis

Sector-wise HCC's Order Backlog (As of December 2019)



Source: HCC Construction Company Limited

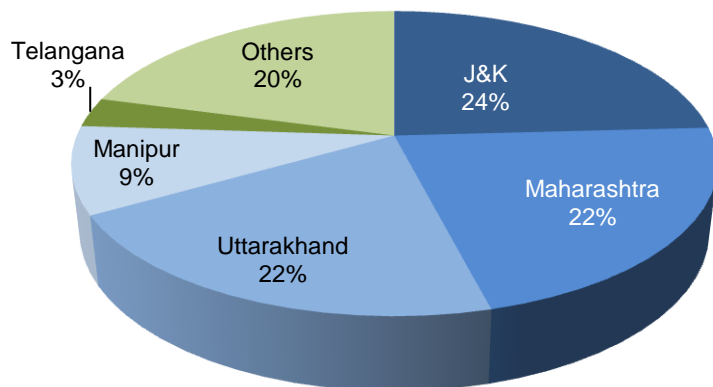
Trend in Order Backlog



*upto December 2019

Order Book

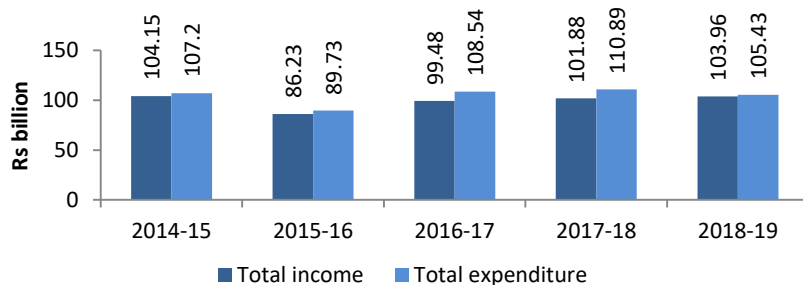
State-wise HCC's Order Backlog



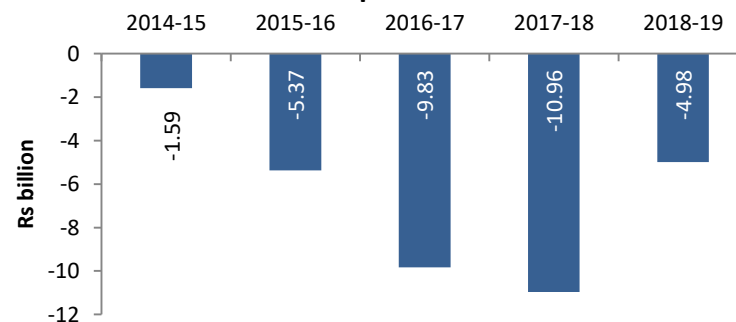
Source: HCC Limited

- As of December 2019, the overall order book of the company stands at Rs 161.42 billion.
- During the five-year period from 2014-15 to 2018-19, the order book of the company has grown at a CAGR of ~6%. It has witnessed an increasing trend till 2016-17, following which the order book value declined to Rs 185.54 billion in 2018-19.
- A state-wise analysis of the order book reveals that Jammu and Kashmir has the largest share at 24%, followed by Maharashtra (22%) and Uttarakhand (22%).

Total Consolidated Income and Expenditure



Net profit



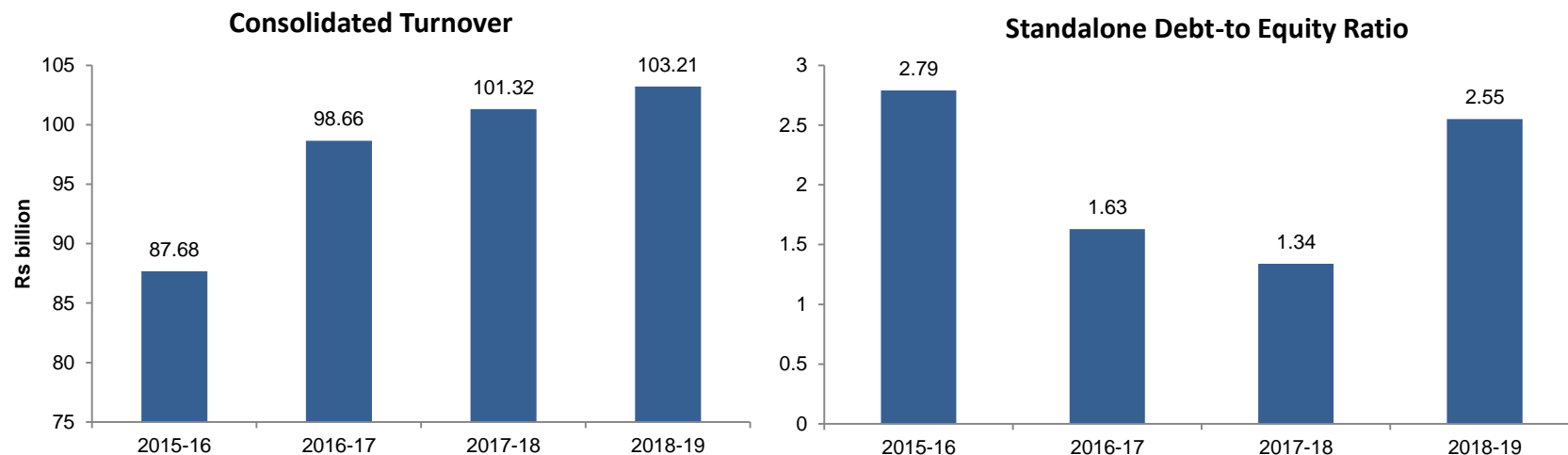
- During 2019-20 (as of December 2019), the company has recorded a consolidated income of Rs 71.24 billion and a standalone expenditure of Rs 70.92 billion.
- In the year 2019-20, consolidated loss after tax stood at Rs 425.9 million (upto December 2019).

Source: HCC limited

Financial Performance

Segment-wise Revenue (upto December 2019)

	Engineering and construction	Infrastructure	Real estate	Others
Revenue (Rs billion)	70.51	0.52	NA	0.1



- During the period 2015-16 to 2018-19, turnover has exhibited an increasing trend. It has increased from Rs 87.68 billion in 2015-16 to Rs 103.21 billion in 2018-19. It has increased at a CAGR of 5.59%
- HCC has recorded a turnover of Rs 12.32 billion during the third quarter of FY20.
- Meanwhile, HCC Limited's debt-equity ratio remained strong during 2015-16 to 2017-18 as it has witnessed a declining trend from 2.79 times in 2015-16 to 1.34 times in 2017-18.
- However, as of 2018-19, it has again increased to 2.55 times reflecting that the company is highly leveraged.

Source: HCC Limited

Project Portfolio

Road Contract Awards

Project	State	Value	Length	Status
Mumbai eight-lane coastal road project to connect Marine Drive to Borivali	Maharashtra	21.26	30	In October, 2018, the company entered into a joint venture contract with Hyundai Development Corporation (HDC), of worth Rs 21.26 billion from the Municipal Corporation of Greater Mumbai (MCGM) for design and construction of Package II of the Mumbai Coastal Road Project.

Ongoing Projects

Projects	State	Mode	Value	Length	Status
Four laning of Ramban to Banihal section of NH-1A	Jammu and kashmir	EPC	17.83	32.1	• The work on the project is almost complete and is expected to be commissioned along with Qatr-Banihal tunnel in March 2020
Mumbai eight-lane coastal road project to connect Marine Drive to Borivali	Maharashtra	EPC	21.26	30	• In July 2019, the Bombay high court had quashed the CRZ clearance accorded to the project. With this, work on the project has been stalled and contractors have decommissioned the machinery. Work will commence once the SC lifts the stay order.
Four laning of NH-37 from Numaligarh to Jorhat in upper Assam	Assam	EPC	4.54	50.5	• As of May 2019, the work on the project is progressing at slow pace. In Phase I, 39.72 km four-laning from Numaligarh to Jorhat, (excluding the 10.78 km of Dergaon) was sanctioned in May 2018 and was supposed to be completed by May 2018. However, as per NHIDCL, only 27.59 % physical progress along with 26.49 % financial progress was achieved on March 31, 2019. Further, a total of 13.5 km out of 25 km four lane has been completed in Golaghat district, while not a single kilometre of road out of 14 km part in Jorhat district was completed in the last four years. The earth works in 10 km of Golaghat district part and 5 km of Jorhat district part only are going on.

Source: HCC Limited

Project Portfolio

Projects Completed

Bogibeel Bridge Inaugurated

- In December 2018, HCC inaugurated 4.9 km-long Bogibeel Bridge built on the Brahmaputra river in Dibrugarh district of Assam,.
- It is the first fully welded steel bridge and the longest rail-cum-road bridge in India aimed to provide connectivity to nearly five million people residing in Upper Assam and Arunachal Pradesh.
- The project boasts of multiple benefits such as strategic and speedier access for Defence forces to the Indo-China border, seamless access for medical facilities to remote north-eastern states, and most importantly reducing by nearly 10 hours the transportation distance between NH-37 and NH-52, saving transportation cost, time and fuel.



Sone Bridge Inaugurated

- On February 16, 2019, Sone bridge was inaugurated. This 2.9 km 4 lane bridge connects Daudnagar on the southern bank with Nasriganj on the northern bank of the Sone River and is located around 105 km southwest of Patna.



Munirka Rao Tula Ram (RTR) Marg flyover

- In July 2019, flyover linking existing Munirka flyover to Army RR Hospital has been inaugurated. The newly constructed 2.7 km flyover is running parallel to the operational Rao Tula Ram (RTR) flyover



Source: HCC Limited

Project Portfolio

Completed Projects

Project name	State
Brahmaputra Bridge	Assam
Maibang to Nimbanglo Highway (NH-54)	Assam
Ganga Bridge at Mokameh	Bihar
Munger Rail-cum-Road Bridge	Bihar
Mehsana to Palanpur Highway	Gujarat
Tapi Road Bridge	Gujarat
Road Bridge at Palwai	Haryana
Mughal Road	Jammu and Kashmir
Grand Trunk Road Improvement Project	Jharkhand
Karnataka State Highways Project	Karnataka
Road Bridge over Indravati River	Madhya Pradesh
Bandra-Worli Sea Link	Maharashtra
Mumbai-Pune Expressway	Maharashtra
MP/Maharashtra Border - Dhule Highway (NH-3)	Maharashtra
Satara Kolhapur Highway (NH-4)	Maharashtra
Pune Paud BOT Road	Maharashtra
Road Bridge across Mahanadi River	Odisha
Chambal Bridge at Dholpur	Rajasthan
East-West Corridor Project	Rajasthan
Chennai Bypass	Tamil Nadu
North-South Corridor NHDP Phase II (Package AP-8)	Telangana
Allahabad Bypass	Uttar Pradesh
Naini Cable Stayed Bridge	Uttar Pradesh
Lucknow Muzaffarpur Highway (NH-28)	Uttar Pradesh
Varanasi Bridge	Uttar Pradesh
Golden Quadrilateral Road Project - Kolaghat to Kharagpur	West Bengal
Kalyani Bridge	West Bengal
Delhi Faridabad Elevated Expressway	Delhi
Bahrapore - Farakka Highway (NH-34)	West Bengal
Farakka - Raiganj Highway (NH-34)	West Bengal

Source: HCC Limited

Recent Developments

- In November 2019, HCC won a challenge in Supreme Court for setting aside section 87 of Arbitration and Conciliation Act. With this, HCC will now be in a position to execute awards worth 15.84 billion rupees which were impacted by section 87

Asset Light Operational Model

- On January 10, 2020, the Company's lenders initiated a carve-out of about Rs 21 billion 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.
- In September 2018, HCC Concessions Limited, a step down subsidiary of HCC, executed a definitive agreement for 100% equity stake sale of Farakka-Raiganj Highways Limited (FRHL), special purpose vehicle for the project, to Cube Highways and Infrastructure II Pte. Limited, an entity based in Singapore.
- The transaction worth Rs 3.72 billion will have certain closing financial adjustments. As of September 2019, seven of the nine lenders to the project have given their no-objection certificate for the transaction. The final clearance for NHAI is also awaited.
- Apart from this, in November 2018, HCC began the process of selling its 100km-long Bahrapore-Farakka Highway project in West Bengal. The company is already in talks with investors for the sale, a move which will help to free up its balance sheet.

Outstanding Arbitration Award (As of September 30, 2019)

Arbitration awards	Amount (Rs billion)
High court Single Judge (S/34)	53.28
High court Division Bench (S/37)	3.59
Supreme Court (SLP)	7.32
Total	64.19
Collection through court against bank guarantees	10.01
Collection through CCEA mechanism	15.31

Remaining Arbitration Balance

Rs 38.91 billion

- In December 2018, HCC had received applications worth Rs 5.52 billion pursuant to its rights issue of equity shares.
- The issue was oversubscribed with 110.74% valid applications received for up to 497.56 million equity shares of face value of Rs 1 each at an issue price of Rs 10 per share.
- Consequent to the rights issue, the paid-up share capital of the company has increased from Rs 1.01 billion to Rs 1.51 billion.

- HCC has plans of raising Rs 17.50 billion through monetisation of claims for which it has signed terms with a consortium of investors, led by BlackRock.
- The investor will seek to monetise an identified pool of arbitration awards and claims for HCC. Under the terms of the transaction, HCC will transfer its beneficial interest and rights in an identified portfolio of arbitration awards and claims to a special purpose vehicle (SPV) controlled by a consortium of investors, including BlackRock.
- A consideration of Rs 17.50 billion will be received from the SPV, which will be utilised to prepay debt of Rs 12.50 billion, including its entire term loan of Rs 9.42 billion which is due in the next three years and Rs 3.08 billion of optionally convertible debentures (OCDs).
- The balance of Rs 5 billion will be made available to fund working capital and business growth.