

**Press Release**

## **HCC's Supreme Court win strengthens course of Arbitration in Country**

### **Government addresses key industry demand on payout of Awards**

**Mumbai, November 29, 2019:** In a significant victory for the Arbitration Process in the country, and for the Construction Sector in particular, Hindustan Construction Co. Ltd. (HCC) won a challenge in the Supreme Court of India for setting aside Section 87 of the Arbitration and Conciliation Act. Section 87 was a recent amendment to the Arbitration and Conciliation Act, passed by Parliament in the last monsoon session and was notified on August 9, 2019. In HCC's case, the Company will now be in a position to execute Awards amounting to about Rs.1,584 crore which were impacted by Section 87.

The EPC sector has been plagued by non-payment of arbitration awards, which mainly comprise delay damages on account of overstays at site. HCC has 56 arbitration awards outstanding totaling Rs.6,419 crore. Of this amount, Rs.2,532 crore has been withdrawn against bank guarantees. The remaining Rs.3,887 crore is yet to be received as the matters are currently at various stages of challenge by Government Agencies in Court.

The Cabinet Committee on Economic Affairs has on November 20, 2019, also recognized the crisis faced by the construction sector on timely receipt of arbitration award monies. Government Entities will take the decision to initiate proceedings for setting aside of the award, and any appeals thereto, with the opinion of a Law Officer (Attorney-General for India etc), in consultation with Department of Legal Affairs. Where a challenge to an Award is made, 75% of the money will be paid out against a bank guarantee pending final adjudication.

We anticipate that both the Supreme Court order and the Cabinet Order will provide much needed relief to the industry.

#### **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.