

## Press Release

# HCC successfully deleverages through Debt Resolution Plan

**Mumbai, September 26, 2022:** Hindustan Construction Company Limited (HCC) has today announced the successful completion of its debt resolution plan, duly supported by 23 banks and financial institutions. The resolution plan has carved-out a significant portion of HCC's debt along with commensurate assets from its balance sheet. This event results in a long-awaited solution to the asset-liability mismatch faced by HCC on account of delayed realization of its arbitration awards and claims. The plan comes on the back of sustained operations momentum and the robust performance alongside return of capital by its concessions arm.

Under this debt resolution plan, HCC has transferred ₹2,854 crore of lenders' liability along with beneficial economic interest in arbitration awards & claims of ₹6,508 crore as consideration to a Special Purpose Vehicle (SPV). This SPV will have an external investor controlling at least 51% and HCC holding balance shares. The SPV debt is significantly over-collateralised and is expected to be fully serviced from its own receivables. The underlying arbitration awards also carry interest (income), which comfortably cover any accrued interest on SPV debt.

Upon repayment of SPV liabilities, HCC will in fact have the right to receive surplus cashflows as a separate transaction, from realisation of awards and claims (expected to be of significant value).

**Mr Arjun Dhawan, Vice Chairman, HCC,** said, "This milestone gives us the freedom to focus on building our business with renewed confidence, by addressing a fundamental legacy issue relating to delayed arbitration payments. The resolution plan not only addresses the debt availed by HCC but also provides for resolution of HCC's guarantee obligations in relation to Lavasa's debt. I want to thank our lenders for their unwavering support in helping HCC realise its true growth potential as an Indian infrastructure major."

This carve-out will reduce the debt on HCC's books to ₹3,575 crore, resulting in a significant reduction in interest burden to the tune of around ₹400 crore annually, besides a comfortable and back-ended principal repayment over 10 years. This structure will allow HCC to focus on growth by increasing its liquidity and internal cash flow generation. Another source of capital for its operations and growth are HCC's various non-core assets, which will be realised at the appropriate time and will further be used for prepayment of any remaining HCC debt. The delay in implementation of this plan, partly due to COVID19, resulted in the interim freezing of the Company's working capital limits for over two years, while the plan was under implementation.

Members of HCC approved the debt resolution plan at the Extra-ordinary General Meetings held on June 29, 2021, and March 23, 2022.

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There is no debt servicing obligation on the SPV for the next four years, and the repayments are back ended from FY27 to FY31, providing ample time to the SPV to realise cash from its overcollateralized awards & claims asset base.

**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 26% of India's Hydro Power generation and 60% of India's Nuclear Power generation capacities, over 4,036 lane km of Expressways and Highways, more than 360 km of complex Tunnelling and 395 Bridges. Today, HCC serves the infrastructure sectors of Transportation, Power, and Water. The HCC Group, with a group turnover of ₹10,669 crore, comprises of HCC, HCC Infrastructure Co. Ltd., and Steiner AG in Switzerland.