HC/SEC/ 2016

July 13, 2016

National Stock Exchange of India Ltd,
Exchange Plaza,
Bandra-Kurla Complex,
Bandra (East),
Mumbai-400 051

Dear Sir,

Sub: **Reference Date for Scheme for Sustainable Structuring of Stressed Assets (S4A)**

The Joint Lender's Forum meeting of HCC 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)'.

Further we also enclose herewith a copy of Press Release that is being issued by the Company today in connection with the above.

We request you take the note of the same.

Thanking you,

Yours faithfully,

For **Hindustan Construction Co. Ltd**

**Sangameshwar Iyer**
**Company Secretary**

Cc: BSE Limited,
The Corporate Relationship Dept,
1st floor, Phiroze Jeejeebhoy Towers,
Dalal Street,
Mumbai-400 001

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**Press Release**

# RBI's S4A route for HCC

**Mumbai, July 13, 2016:** The Joint Lender's Forum meeting of HCC 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)'.

The recommendation by leading consulting firm, EY, appointed by lenders, to opt for the RBI's new tool was adopted at the Joint Lender's Forum meeting of HCC held on 12th July, 2016. This will help the company bridge the gap of "Cashflow Timing Mismatch" between claims realization (including its interest) and debt servicing.

Under S4A scheme, the debt of the company will be bifurcated into two parts—sustainable debt, which cannot be less than 50% of existing debt and will have to be serviced over the same terms as that of existing facilities. The other unsustainable part of the loan can either be converted into Equity\ Redeemable Optionally Convertible Preference Share\ Optionally Convertible Debentures, with clearly spelt out terms. Lenders get 90 days from 'Reference Date' to formulate the resolution plan and implement the same, along with necessary internal approvals.

HCC feels that it's a positive move from the lenders and resolution will surely support towards sustained long term solution for the company.

The move comes at an opportune time as HCC is on recovery path with order book growth of 35% in last 15 months with the government's focus on Infrastructure.

HCC faced a challenging period due to slowdown of sector in the past and delay in payment of its legitimate dues by the government agencies of arbitration awards over Rs 3000 crore.

However, in the last 10 quarters, HCC has emerged as one of the best performing companies in infrastructure sector with EBITDA margins of 16-18% through a series of initiatives aimed at improving operational efficiencies, cost rationalization, strict adherence of Dispute Resolution process and monetization of certain assets at fair value.

HCC, which approached CDR in January 2012, has made all efforts to remain standard with the banks, while many other companies from the sector who got referred to CDR failed to take off and had to exit CDR for default.

In last couple of years, HCC took up recovery of its dues amounting to Rs 11,000 crore from the government agencies through arbitration proceedings or contractual procedure. HCC already got arbitration awards in its favor worth Rs 3041 crore up to March 31, 2016.

However payment of these awards remain a challenge and only Rs 373 crore could be collected as the clients keep on appealing up to Supreme Court without paying the dues.

"Cashflow Timing Mismatch" during last couple of years between claims realization (including its interest) and debt servicing is main issue faced by 90 year old HCC. The payment of its legitimate arbitration awarded claims of over Rs 3000 crore by the government agencies can dramatically alter the scenario with outstanding funded debt of Rs 5000 crore reducing to less than 50 per cent and yearly payout would stand reduced to company's current paying capacity.

**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 Hydel Power generation and over 65% of India's Nuclear Power generation capacities, over 3,600 lane km of Expressways and Highways, more than 300 km of complex Tunneling and over 350 Bridges. Today, HCC Ltd. serves the infrastructure sectors of Transportation, Power and Water. HCC is also developing Lavasa City, a planned hill city and one of India's largest urban development and management initiatives. The HCC Group, with a group turnover of Rs 8,768 crore, comprises of HCC Ltd, HCC Infrastructure Co. Ltd, Lavasa Corporation Ltd and Steiner AG in Switzerland.

**For further information:**

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