

## Hindustan Construction Company Limited (Revised)

April 08, 2026

Facilities/Instruments	Amount (₹ crore)	Rating <sup>1</sup>	Rating Action
Long-term bank facilities	98.72 (Reduced from 121.12)	CARE BBB-; Stable	Reaffirmed
Long-term / Short-term bank facilities	7,313.28	CARE BBB-; Stable / CARE A3	Reaffirmed
Non-convertible debentures	457.90 (Reduced from 753.00)	CARE BBB-; Stable	Reaffirmed
Optionally fully convertible debentures	275.37 (Reduced from 863.88)	CARE BBB-; Stable	Reaffirmed

Details of instruments/facilities in Annexure-1.

### Rationale and key rating drivers

Reaffirmation of ratings assigned to instruments and bank facilities of Hindustan Construction Company Limited (HCC) factors in the continued improvement in the company's financial risk profile, led by fructification of its fund-raising plans in line with company's articulation. HCC raised capital of ₹1,000 crore via Rights Issue in December 2025 and has also recovered arbitration proceeds via issuance of arbitration bank guarantees amounting to ₹720 crore in FY26 (FY refers to April 01 to March 31). Funds were utilised to support working capital requirements and repayment/prepayment of debt. With the repayment of debt, the debt level has reduced from ₹3,279 crore as on March 31, 2025, to ₹2,016 crore as on March 31, 2026, which augmented its financial risk profile.

Ratings also factor in reduction in corporate guarantee extended by HCC to its special purpose vehicle (SPV), Prolific Resolution Private Limited (PRPL), towards debt transferred to it as part of implementation of RP, from 100% of the carved-out debt to 20% of that value. Accordingly, HCC's exposure to PRPL's debt is limited to ₹571 crore, materially reducing HCC's contingent liability risk. Debt repayment in PRPL will commence from September 2026, however the SPV prepaid the September 2026 instalment through inter-corporate deposit (ICD) extended by HCC, funded from the proceeds of the rights issue and qualified institutional placements (QIP).

The order book of HCC as on December 31, 2025, stood at ₹13,148 crore, providing medium term revenue visibility. CARE Ratings Limited (CareEdge Ratings) expects these order book additions, and timely conversion of projects where HCC is the lowest bidder (L1), to support business growth in the medium term. Ratings also consider the company's satisfactory financial performance in FY25 and 9MFY26. Although revenue moderated in FY25 to ₹4,526 crore (FY24: ₹4,888 crore), due to delays in the award of new projects amid general and state elections in FY25, profit before interest, lease rentals, depreciation, and taxation (PBILDT) margins improved to 13.43% in FY25 (FY24: 10.16%) driven by lower legal expenses, completion of legacy projects and execution of high margin projects. In 9MFY26, revenue moderated to ₹2,857 crore (9MFY25: ₹3,362 crore) as several newly awarded projects were in the early mobilisation stage and are expected to gradually translate into revenue in the next two years as execution ramps up. The company's PBILDT margin remained at 11.36% in 9MFY26 (10.63% in 9MFY25). CareEdge Ratings expect the margin to remain satisfactory above 10% in the medium term.

Ratings continue to consider HCC's long-established track record, demonstrated project execution capabilities, experienced management, and diversified order book position, which are expected to support timely project execution and sustain business stability in the medium term. Going forward, materially reduced debt levels and satisfactory operational performance are expected to support improved financial flexibility.

However, rating is tempered by slower-than-envisaged recovery from disputed debtors and sizeable arbitration debtors in the books leading to elevated gross current asset days. Receivable and gross current asset (GCA) days have been at 389 days and 448 days respectively in FY25. CareEdge Ratings understands that the HCC and its SPV (PRPL) are at an advanced stage of resolving arbitration claims/settlement of awards aggregating ~₹700 crore – ₹1000 crore in FY27 and reduction in disputed debtors via recoveries shall aid the liquidity profile.

<sup>1</sup>Complete definition of ratings assigned are available at [www.careratings.com](http://www.careratings.com) and other CARE Ratings Limited's publications.

Ratings also continue to remain constrained by modest order book addition, relatively high debt level, despite repayment/prepayments, exposure in the form guarantees, absence of working capital lines to complement the growing scale of operation and presence in highly competitive and fragmented industry. Ability to raise working capital finance to support the business growth shall also be important from credit perspective. Though guaranteed amounts reduced, the quantum of guarantee remains sizable.

### **Rating sensitivities: Factors likely to lead to rating actions**

#### **Positive factors**

- Continued addition of work orders scaling up of operation while maintaining profitability.
- Rationalisation of debt level with improvement in total debt/EBITDA to 4x
- Improvement in the collection period with resolution of debtors under arbitration.

#### **Negative factors**

- Slowdown in work execution with impact on profitability and liquidity.
- Elongation of operating cycle with collection days remaining above 320 days.
- Non fructification of recoveries envisaged stretching the liquidity profile

**Analytical approach:** Standalone

#### **Outlook:** Stable

HCC is expected to maintain stable risk profile backed by favourable sector outlook and strong order book aiding healthy growth prospects and steady improvement in the liquidity.

### **Detailed description of key rating drivers:**

#### **Key strengths**

##### **Significant Debt Reduction**

The company has witnessed significant debt reduction and improvement in its liquidity position, supported by growth in business operations and profitability, satisfactory cashflow from operations and fructification of the fund-raising plans. Over the last two years ending FY26, the company raised ₹1,950 through rights issue and QIP. Proceeds and recovery of certain arbitration claims, monetisation of assets and issuance of bank guarantees were used for debt repayment of HCC/associates/JVs, funding working capital requirements and general corporate purposes. In FY26, the company raised capital of ₹1,000 crore via Rights Issue and recovered ₹720 crore from arbitration awards through issuance of bank guarantees, which were primarily utilised towards debt servicing in the year. Overall debt reduced from ₹3,279 crore as on March 31, 2025, to ₹2,016 crore as on March 25, 2026, with the company repaying ₹1,537 crore of debt obligation (principal and yield) in FY26 against scheduled debt repayment obligation of ₹935 crore. CareEdge Ratings understands that HCC and its SPV (PRPL) are at an advanced stage of resolving arbitration claims/settlement of awards aggregating ~₹700 crore – ₹1000 crore in FY27. Fructification of these recoveries is expected to further augment liquidity position.

##### **Satisfactory order book position**

HCC's total order book position remained satisfactory at ₹13,148 crore as on December 31, 2025 (₹11,852 crore as on March 31, 2025) which is ~2.9x the total operating income of FY25, providing medium-term revenue visibility in the company. Of the total order book, 65% of orders pertain to Transportation Segment followed by Hydro (19%), Water works (12%) and Nuclear and Special segment (4%). The order book is geographically well-diversified with orders spread across over eight states.

In FY25 and 9MFY26, the company has added orders worth ₹5,714 crore and ₹3,547 crore respectively. HCC has secured orders at L1 of ~₹1,894 crore as on December 31, 2025. Continued addition of new work orders, providing long-term revenue visibility and improving cashflows from operation is important from credit perspective.

##### **Improvement in financial performance, despite moderation in revenue**

The company's total operating income (TOI) moderated in FY25 to ₹4,526 crore (FY24: ₹4,888 crore) primarily due to completion of several old projects, delay in the award of new projects, and slowdown in project execution due to general and state elections in few project sites in FY25. In 9MFY26, TOI moderated by ~15% to ₹2,857 crore (9MFY25: ₹3,362 crore) as several newly

awarded projects were in the early mobilisation stage and their revenue contribution remains limited. These projects are expected to gradually translate into revenue in the next two years as execution ramps up. Delays in project mobilisation due to environmental approvals and regulatory permissions also contributed to slower revenue growth. However, on the profitability front, the company has reported improvement, with PBILDT margin at 13.43% in FY25 (FY24: 10.16%) driven by lower legal expenses, completion of legacy projects and execution of high margin projects. In 9MFY26, margins stood at 11.36% against 10.62% in 9MFY25.

### **Reduction in corporate guarantee**

As part of RP implementation, HCC has transferred ₹2,854 crore of debt, and specified awards and claims of ₹6,508 crore, to its SPV, PRPL. HCC furnished corporate guarantee towards the debt transferred to PRPL. Subsequently, on obtaining approval from lenders, HCC's guaranteed exposure in PRPL has been reduced from 100% of the carved-out debt to 20%. Accordingly, HCC's exposure to PRPL's debt is limited to ₹571 crore, materially reducing HCC's contingent liability risk and strengthening its standalone credit profile. Debt repayment in PRPL will commence from September 2026, however the SPV has prepaid the September 2026 instalment through ICD extended by HCC, funded from the proceeds of the rights issue and QIP.

### **Extensive experience in the construction industry**

HCC was founded by Seth Walchand Hirachand in 1926 and is one of the oldest infrastructure development companies in the country. HCC has its forte in undertaking complex engineering projects high rise bridges, hydel power plans, and nuclear power works, among others. The company is spearheaded by Ajit Gulabchand, Chairman, who has extensive experience in the infrastructure industry and demonstrated capabilities in executing relatively complex projects in civil, hydro and transportation segments. Arjun Dhawan, Vice Chairman and Managing Director of HCC, is an active member of World Economic Forum and has experience of working as investment banker. The management is supported by a team of experienced and qualified professionals.

### **Key weaknesses**

#### **Continued high leverage, despite rationalisation of debt**

In the last few years, HCC repaid a significant quantum of debt; however, leverage levels remain elevated. Overall gearing stood at 1.23x as on December 31, 2025, and is expected to improve going forward. Post implementation of the Resolution Plan (RP), HCC's debt has been restructured such that the principal amount, including interest, is repayable annually in March. This structure provides the company adequate time to mobilise funds over the years, mitigating short-term asset-liability mismatches. In FY26, the company repaid ₹1,537 crore of debt obligations (principal and yield). Despite prepayment of debt in FY26, absolute debt levels remain high. Total debt to PBILDT remained high at 5.41x in FY25 and is expected to moderate but remain elevated at ~3.5x-4.0x in FY26. Leverage is expected to improve in the medium term, supported by growth in operating scale and continued debt reduction. The company's exposure in the form of corporate guarantees extended to PRPL remains high at ₹571 crore. While guaranteed amounts reduced over time, overall quantum of guarantees continues to remain sizeable, resulting in elevated contingent liability exposure.

#### **Extended GCA days**

HCC has been witnessing extended collection days mainly due to high unbilled revenue, disputed debtors under arbitration and retention proceeds. HCC completed some complex marquee projects for which there have been unapproved cost escalations, resulting in built up of debtors. While normal debtors and retention recovery is faster, disputed debtors (cost portion without profit) and unbilled comprise majority debtors, which largely are due to the ongoing arbitration claims with clients. Receivable days continue to remain on the higher side at 389 days in FY24 (337 days in FY24). While overall collection days remain on the higher side, excluding the disputed debtors which are considering arbitrations filed for completed projects, the collection days stood at 273 days in FY25 against 240 days in FY24. The company does not have fund-based working capital limits and relies on advances from customers and creditor funding.

#### **Presence in a highly fragmented and competitive construction industry**

HCC operates in the intensely competitive construction industry where projects are awarded basis relevant experience of the bidder, financial capability and most attractive bid price. High competition in the construction industry is due to the presence of large number of small and medium players, resulting in aggressive bidding, which exerts pressure on margins. However, HCC has rich experience in handling complex projects with national importance, long-standing track record in the construction industry and cordial relations with its clients which fares well against the peers in the industry.

### **Liquidity:** Adequate

HCC has high debt repayment obligations against cash accruals generated with the gap bridged through funds raised via equity. HCC's liquidity position has improved with fund raising in the year, which supported large debt repayments and working capital. The company's margins are improving to support the debt servicing going forward. It has sufficient cash and bank balances as March 31, 2026. Working capital requirement is funded via resorting to creditors and mobilisation advances.

**Assumptions/Covenants:** Not applicable

### **Environment, social, and governance (ESG) risks**

The factors of ESG affecting the sector are the environmental aspects, such as water usage, waste handling, emissions and construction practices; the social aspects like workforce safety and other occupational risk due to large labour force involvement and governance aspects such as stakeholder engagement and business ethics. Highlights of impact of the company's key ESG initiatives are as follows:

#### **Environment**

HCC implemented an Integrated Management System (IMS) including ISO 14001:2015 (Environment) and adoption of sustainable construction practices across projects. It is also focusing on water conservation, adoption of low-carbon materials, waste management and safe disposal of hazardous materials to minimise environmental impact.

#### **Social**

Strong emphasis on health and safety, supported by ISO 45001:2018 (Occupational Health & Safety), HIRAC (Hazard Identification and Risk Assessment), and structured safety programs with a target of zero reportable injuries. Regular EHS training and awareness programs for employees and contract labour across sites.

#### **Governance**

Established robust corporate governance framework with Board-level oversight, including risk management and sustainability monitoring. Enterprise Risk Management (ERM) framework ensuring continuous identification, monitoring, and mitigation of ESG-related risks.

### **Applicable criteria**

[Definition of Default](#)

[Liquidity Analysis of Non-financial sector entities](#)

[Rating Outlook and Rating Watch](#)

[Financial Ratios – Non financial Sector](#)

[Construction Sector](#)

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[Short Term Instruments](#)

### **About the company and industry**

#### **Industry classification**

Macroeconomic indicator	Sector	Industry	Basic industry
Industrials	Construction	Construction	Civil construction

HCC was promoted by late Walchand Hirachand in 1926 and is presently spearheaded by Ajit Gulabchand, Chairman and Managing Director. HCC is one of the largest construction companies in India, engaged in construction activities, which include roads, bridges, ports, power stations, water supply and irrigation projects. The company's construction capabilities include solutions for construction of projects in complex industries including hydel power, water solution systems, nuclear power and process plants and transportation.

Brief Financials (₹ crore)	March 31, 2024 (A)	March 31, 2025 (A)	9MFY26 (U/A)
Total operating income	4888	4526	2478
PBILDT*	497	608	324
Profit after tax (PAT)	179	85	161
Overall gearing (x)	4.98	2.17	1.23
Interest coverage# (x)	1.37	1.57	0.95

A: Audited UA: Unaudited; Note: these are latest available financial results

\*PBILDT: Profit before interest, lease rentals, depreciation and tax

#adjusted for actual cash interest paid

**Status of non-cooperation with previous CRA:** Not applicable

**Any other information:** Not applicable

**Rating history for last three years:** Annexure-2

**Detailed explanation of covenants of rated instrument / facility:** Annexure-3

**Complexity level of instruments rated:** Annexure-4

**Lender details:** Annexure-5

#### Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Debentures-Non Convertible Debentures	INE549A07213	26-Sep-2022	0.01	30-Jun-2029	98.70	CARE BBB-; Stable
Debentures-Non Convertible Debentures	INE549A08963	26-Sep-2022	0.01	31-Mar-2029	124.00	CARE BBB-; Stable
Debentures-Non Convertible Debentures	INE549A08971	26-Sep-2022	0.01	30-Jun-2031	185.10	CARE BBB-; Stable
Debentures-Non Convertible Debentures	INE549A07221	26-Sep-2022	0.01	31-Mar-2029	50.10	CARE BBB-; Stable
Debentures-Non Convertible Debentures	INE549A07239	26-Sep-2022	0.01	31-Mar-2026	0.00	CARE BBB-; Stable
Debentures-Optionally Fully Convertible Debenture	INE549A07247	06-Jan-2017	0.01	31-Mar-2029	79.02	CARE BBB-; Stable
Debentures-Optionally Fully	INE549A07254	06-Jan-2017	0.01	31-Mar-2029	15.64	CARE BBB-; Stable

Convertible Debenture						
Debentures-Optionally Fully Convertible Debenture	INE549A07262	06-Jan-2017	0.01	31-Mar-2029	51.62	CARE BBB-; Stable
Debentures-Optionally Fully Convertible Debenture	INE549A07270	06-Jan-2017	0.01	31-Mar-2029	122.91	CARE BBB-; Stable
Debentures-Optionally Fully Convertible Debenture	INE549A07288	06-Jan-2017	0.01	31-Mar-2029	6.18	CARE BBB-; Stable
Fund-based - LT-External Commercial Borrowings		-	-	March 31, 2029	98.72	CARE BBB-; Stable
Non-fund-based - LT/ ST-Bank Guarantee		-	-	-	7313.28	CARE BBB-; Stable / CARE A3

ISIN INE549A07239 has been redeemed

#### Annexure-2: Rating history for last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2025-2026	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023
1	Debentures-Non Convertible Debentures	LT	-	-	-	-	-	1)Withdrawn (30-Sep-22)
2	Debentures-Non Convertible Debentures	LT	-	-	-	-	-	1)Withdrawn (07-Oct-22) 2)CARE D (30-Sep-22)
3	Term Loan-Long Term	LT	-	-	-	-	-	1)CARE B+; Stable (30-Dec-22) 2)Withdrawn (30-Dec-22)
4	Non-fund-based - LT/ ST-Bank Guarantee	LT/ST	7313.28	CARE BBB-; Stable / CARE A3	1)CARE BBB-; Stable / CARE A3 (09-Apr-25)	1)CARE BB+; Positive / CARE A4+ (30-Aug-24)	1)CARE BB; Stable / CARE A4 (20-Sep-23)	1)CARE B+; Stable / CARE A4 (30-Dec-22)
5	Fund-based - LT-Cash Credit	LT	-	-	-	-	-	1)CARE B+; Stable

								(30-Dec-22)
								2)Withdrawn (30-Dec-22)
6	Debentures-Non Convertible Debentures	LT	-	-	-	-	-	1)Withdrawn (07-Oct-22) 2)CARE D (30-Sep-22)
7	Fund-based - LT-Term Loan	LT	-	-	-	-	-	1)CARE B+; Stable (30-Dec-22) 2)Withdrawn (30-Dec-22)
8	Debentures-Non Convertible Debentures	LT	457.90	CARE BBB-; Stable	1)CARE BBB-; Stable (09-Apr-25)	1)CARE BB+; Positive (30-Aug-24)	1)CARE BB; Stable (06-Oct-23)	-
9	Debentures-Optionally Fully Convertible Debenture	LT	275.37	CARE BBB-; Stable	1)CARE BBB-; Stable (09-Apr-25)	1)CARE BB+; Positive (30-Aug-24)	1)CARE BB; Stable (06-Oct-23)	-
10	Fund-based - LT-External Commercial Borrowings	LT	98.72	CARE BBB-; Stable	1)CARE BBB-; Stable (09-Apr-25)	1)CARE BB+; Positive (30-Aug-24)	1)CARE BB; Stable (20-Sep-23)	-

LT: Long term; ST: Short term; LT/ST: Long term/Short term

**Annexure-3: Detailed explanation of covenants of rated instruments/facilities:** Not applicable

#### Annexure-4: Complexity level of instruments rated

Sr. No.	Name of the Instrument	Complexity Level
1	Debentures-Non-Convertible Debentures	Simple
2	Debentures-Optionally Fully Convertible Debenture	Highly Complex
3	Fund-based - LT-External Commercial Borrowings	Simple
4	Non-fund-based - LT/ ST-Bank Guarantee	Simple

#### Annexure-5: Lender details

To view lender-wise details of bank facilities please [click here](#)

**Note on complexity levels of rated instruments:** CareEdge Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for clarifications.

## Contact us

<p><b>Media Contact</b></p> <p>Mradul Mishra Director <b>CARE Ratings Limited</b> Phone: +91-22-6754 3596 E-mail: <a href="mailto:mradul.mishra@careedge.in">mradul.mishra@careedge.in</a></p> <p><b>Relationship Contact</b></p> <p>Saikat Roy Senior Director <b>CARE Ratings Limited</b> Phone: 912267543404 E-mail: <a href="mailto:saikat.roy@careedge.in">saikat.roy@careedge.in</a></p>	<p><b>Analytical Contacts</b></p> <p>Puja Jalan Director <b>CARE Ratings Limited</b> Phone: 914040020131 E-mail: <a href="mailto:puja.jalan@careedge.in">puja.jalan@careedge.in</a></p> <p>Tej Kiran Ghattamaneni Associate Director <b>CARE Ratings Limited</b> Phone: 914040020131 E-mail: <a href="mailto:tej.kiran@careedge.in">tej.kiran@careedge.in</a></p> <p>Kriti Desarla Rating Analyst <b>CARE Ratings Limited</b> E-mail: <a href="mailto:kriti.desarla@careedge.in">kriti.desarla@careedge.in</a></p>
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