

## Hindustan Construction Company Limited

### September 30, 2022

#### Rating

Instruments	Amount (₹ crore)	Rating <sup>1</sup>	Rating Action
Non Convertible Debentures (I)	41.18	CARE D (Single D)	Reaffirmed
Non Convertible Debentures (II)	7.66	CARE D (Single D)	Reaffirmed
Non Convertible Debentures (III)	-	-	Withdrawn
<b>Total Long Term Instruments</b>	<b>48.84</b> <b>(₹ Forty-Eight Crore and Eighty-Four Lakhs Only)</b>		

Details of instruments/facilities in Annexure-1

#### Detailed rationale and key rating drivers

The ratings assigned to the NCD (I and II above) is on account of delays in debt servicing obligations of the said debt instrument in the recent past. CARE Ratings is in receipt of communication from the Debenture Trustee on their understanding of refinancing of the said instrument post approval accorded by the sole investor Life Insurance Corporation of India (LIC). However, the closure of the debt instrument including extinguishment of ISIN is pending.

CARE Ratings Ltd. has withdrawn the rating assigned to NCD (III) with immediate effect, as the company has repaid the aforementioned NCD issue in full and there is no amount outstanding under the issue as on date.

#### Rating Sensitivities

##### Positive Factors - Factors that could lead to positive rating action/upgrade:

Improvement in the liquidity profile with regularization of debt servicing.

Turnaround in business operation with improvement in revenue and profitability

#### Detailed description of the key rating drivers

##### Key Rating Weaknesses

##### Delays in debt servicing:

The company has been reporting subdued financial performance with net loss and cash loss reported in FY22. The elevated debt level has resulted in high interest obligation and hence despite improved EBITDA in FY22, the company continued to report loss. Consequently, the liquidity has been stretched resulting in delays in debt servicing obligation.

The company has announced completion of debt resolution plan on September 26, 2022 which is expected to improve the liquidity profile going forward.

#### Liquidity: Stretched

The high debt repayment obligation and cash loss has resulted in weak liquidity position.

#### Analytical approach: Standalone

#### Applicable Criteria

[Criteria on assigning Outlook to Credit Ratings](#)

[CARE's Policy on Default Recognition](#)

[Rating Methodology-Construction Sector](#)

[Financial Ratios-Non-Financial Sector](#)

[Liquidity Analysis – Non-Financial Sector](#)

[Policy on Withdrawal of Ratings](#)

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

### About the Company

Hindustan Construction Company Limited (HCC) was promoted by the late Mr. Walchand Hirachand in 1926 and is presently spearheaded by Mr. Ajit Gulabchand, Chairman and Managing Director. HCC is one of the large 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 various complex industries including hydel power, water solution systems, nuclear power and process plants and transportation.

HCC group of companies comprises mainly of HCC Infrastructure Company Limited (HICL), HCC Real Estate Limited (HREL), Steiner AG, Zurich (SAG), and Highbar Technologies Limited (HTL). HICL is engaged in construction and management of assets in the areas of transportation. HREL develops and executes high-value real estate projects including Integrated Urban Development and Management, IT Parks and Commercial Offices, Township Development, and Urban Renewal projects. SAG specializes in turnkey development of new buildings and refurbishments and offers services in all facets of real estate development and construction. HTL provides IT solutions to the infrastructure industry. As on June 2022, HCC had an order book of Rs.14,785 crore.

Brief Financials (Rs. crore)	31-03-2021 (A)	31-03-2022 (A)	Q1FY23 (U/A)
<b>Total operating income</b>	2,621	4,759	984
<b>PBILDT</b>	314	857	113
<b>PAT</b>	(566)	(153)	(150)
<b>Overall gearing (times)</b>	9.32	11.39	NA
<b>Interest coverage (times)</b>	0.38	0.90	0.47

A: Audited; U/A: Unaudited; NA: Not Available

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

**Any other information:** Not Applicable

**Rating history for the last three years:** Please refer Annexure-2

**Covenants of the rated instruments/facilities:** Detailed explanation of covenants of the rated instruments/facilities is given in Annexure-3

**Complexity level of various instruments rated for this company:** Annexure-4

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

Name of the Instrument	ISIN	Date of Issuance	Coupon Rate (%)	Maturity Date	Size of the Issue (₹ crore)	Rating Assigned along with Rating Outlook
Debentures-Non Convertible Debentures	INE549A07130	04-06-2014	10%	October 15, 2021	0.00	Withdrawn
Debentures-Non Convertible Debentures	INE549A07148	04-06-2014	10%	October 15, 2021	41.18	CARE D
Debentures-Non Convertible Debentures	INE549A07148	17-07-2014	10%	October 15, 2021	7.66	CARE D

**Annexure-2: Rating history for the 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 2022-2023	Date(s) and Rating(s) assigned in 2021-2022	Date(s) and Rating(s) assigned in 2020-2021	Date(s) and Rating(s) assigned in 2019-2020
1	Debentures-Non Convertible Debentures	LT	-	-	-	1)CARE D (01-Oct-21)	1)CARE D (08-Oct-20)	1)CARE D (27-Mar-20) 2)CARE D (01-Apr-19)
2	Debentures-Non Convertible Debentures	LT	41.18	CARE D	-	1)CARE D (01-Oct-21)	1)CARE D (08-Oct-20)	1)CARE D (27-Mar-20) 2)CARE D (01-Apr-19)
3	Term Loan-Long Term	LT	180.43	CARE D	-	1)CARE D (01-Oct-21)	1)CARE D (08-Oct-20)	1)CARE D (27-Mar-20) 2)CARE D (01-Apr-19)
4	Fund-based/Non-fund-based-LT/ST	LT/ST*	6367.37	CARE D / CARE D	-	1)CARE D / CARE D (01-Oct-21)	1)CARE D / CARE D (08-Oct-20)	1)CARE D / CARE D (27-Mar-20) 2)CARE D / CARE D (01-Apr-19)
5	Fund-based - LT-Cash Credit	LT	1101.65	CARE D	-	1)CARE D (01-Oct-21)	1)CARE D (08-Oct-20)	1)CARE D (27-Mar-20) 2)CARE D (01-Apr-19)
6	Debentures-Non Convertible Debentures	LT	7.66	CARE D	-	1)CARE D (01-Oct-21)	1)CARE D (08-Oct-20)	1)CARE D (27-Mar-20) 2)CARE D (01-Apr-19)
7	Fund-based - LT-Term Loan	LT	389.22	CARE D	-	1)CARE D (01-Oct-21)	1)CARE D (08-Oct-20)	1)CARE D (27-Mar-20) 2)CARE D (01-Apr-19)

\*Long term/Short term

**Annexure-3: Detailed explanation of the covenants of the rated instruments/facilities:** Not Applicable**Annexure-4: Complexity level of various instruments rated for this company**

Sr. No.	Name of Instrument	Complexity Level
1	Debentures-Non Convertible Debentures	Simple

**Annexure-5: Bank lender details for this company**To view the lender wise details of bank facilities please [click here](#)

**Note on complexity levels of the rated instruments:** CARE Ratings has classified instruments rated by it on the basis of complexity. Investors/market intermediaries/regulators or others are welcome to write to [care@careedge.in](mailto:care@careedge.in) for any clarifications.

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### About us:

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### Disclaimer:

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