Press Release

Hindustan Construction Company Limited

July 01, 2025

Ratings

Instrument / Facility	Amount (Rs. crore)	Current Ratings	Previous Ratings	Rating Action	Complexity Indicator
Non-Convertible Debentures (NCD)	700.50 (Reduced from Rs.753.00 crore)	IVR BBB-/Stable (IVR Triple B Minus with Stable Outlook)	IVR BBB-/Stable (IVR Triple B Minus with Stable Outlook)	Rating reaffirmed	[Simple]
Total NCD	**700.50 (Rupees Seven hundred crore and fifty lakh only)**				
Optionally Convertibles Debentures (OCD)	701.90 (Reduced from Rs.863.88 crore)	IVR BBB-/Stable (IVR Triple B Minus with Stable Outlook)	IVR BBB-/Stable (IVR Triple B Minus with Stable Outlook)	Rating reaffirmed	[Complex]
Total OCD	**701.90 (Rupees Seven hundred and one crore and ninety lakh only)**				
Long Term Facilities	112.22 (Reduced from Rs.121.12 crore)	IVR BBB-/Stable (IVR Triple B Minus with Stable Outlook)	IVR BBB-/Stable (IVR Triple B Minus with Stable Outlook)	Rating reaffirmed	[Simple]
Long Term /Short Term Facilities (incl. proposed)	7313.28	IVR BBB-/Stable/IVR A3 (IVR Triple B Minus with Stable Outlook/IVR A Three)	IVR BBB-/Stable/IVR A3 (IVR Triple B Minus with Stable Outlook/IVR A Three)	Rating reaffirmed	[Simple]
Total facilities	**7425.50 (Rupees Seven thousand four hundred and twenty-five crore and fifty lakh only)**				

Details of Facilities/Instruments are in Annexure 1. Facility wise lender details are at Annexure 2. Detailed explanation of covenants is at Annexure 3.

Detailed Rationale

Infomerics Ratings has reaffirmed its ratings for the NCDs, OCDs and the long-term and short-term facilities of Hindustan Construction Company Limited (HCC). The reaffirmation continues to factor in the extensive experience of management and established track record of the company in civil construction industry, healthy order book position providing adequate revenue visibility, stable operational and financial performance, and infusion of funds in FY25 (refers to the period April 01 to March 31) through rights issues and qualified institutional placement (QIP). The rating strengths are however tempered by high debt levels along with high debt repayment obligations, elongated receivable days, volatile input prices and highly fragmented & competitive industry.

The Stable outlook reflects the adequate revenue visibility backed by healthy order book and stable operating performance.

Key Rating Sensitivities:

Upward Factors:

- Significant growth in scale of operations along with improvement in profitability on a sustained basis.
- Realization of debtors under arbitration resulting in improvement in collection days thereby liquidity position of the company.
- Faster than envisaged reduction in debt levels resulting in improved liquidity and debt coverage metrics.

Downward Factors

- Decline in scale of operations and profitability impacting cash flows and debt protection metrics of the company.
- Stretch in working capital cycle impacting the liquidity of the company.
- Delays in realization of awards and monetization of non-core assets impacting the liquidity position.

List of Key Rating Drivers with Detailed Description

Key Rating Strengths

Extensive experience of management and established track record in civil construction industry

HCC was founded by Mr Walchand Hirachand in 1926 and has an established track record of operations of over nine decades. Mr. Ajit Gulabchand, Chairman has extensive experience in the infrastructure industry. Mr. Arjun Dhawan, Vice Chairman and Managing director of HCC, and son in law of Mr Ajit Gulabchand, is an active member of World Economic Forum and has experience of working as investment banker. The management is well supported by a team of experienced and qualified professionals. The company has a proven track record of executing relatively complex hydro and tunnelling projects at geographically diverse locations. Project execution is further supported by a fleet of well-maintained specialised equipment and technical collaborations.

Healthy order book with geographical and segmental diversification

As of March 31, 2025, HCC's total order book stood at Rs.11,852.40 crore, which is approximately 2.47 times its FY25 total operating income, providing medium term revenue visibility. The order book is well-diversified across segments, with 53% in transportation, 29% in hydro, 14% in water works, and 4% in nuclear projects. Geographically, HCC has a pan-India presence across 13 states along with an international project in Bhutan. Key states contributing to the order book include Maharashtra (32%), Uttarakhand (22%), Manipur (11%), Gujarat (10%), and Madhya Pradesh (10%). Notably, the top five projects account for approximately 54% of the unexecuted order book as on March 31, 2025. In FY25, the company secured new orders worth Rs.7,312 crore, compared to no new orders in FY24. Of these, two orders totalling Rs.3,420 crore are currently at L1 stage, and Letters of Intent (LOIs) are awaited; hence, they are not included in the order book as of March-end. Additionally, in Q1FY26, the company has been declared L1 for the Patna Metro Package 5 and 6, valued at Rs. 2,630 crore, for which the LOI is also pending. Including these L1 orders, the company's total order book as of June 20, 2025, stands at Rs.17,902.40 crore, which is around 3.73 times the FY25 operating income.

Stable operational and financial performance:

The total operating income of the company has moderated slightly by ~5% from Rs.5042.78 crore in FY24 to Rs.4801.05 crore in FY25. The company successfully completed many projects during FY25 like Tarapore BARC, major completion in Mumbai coastal project which left company with limited work front to achieve accelerated execution. Also, there was delay in the award of new projects due to general and state elections. However, EBITDA has improved from Rs.686.66 crore in FY24 to Rs.932.98 crore in FY25. EBITDA margin improved from 13.62% in FY24 to 19.43% in FY25. HCC has adopted a change in tax regime in FY25 which has impacted PAT and it has declined from Rs.178.57 crore in FY24 to Rs.84.92 crore in FY25. Accordingly, the PAT margin declined to 1.73% in FY25 against 3.46% in FY24.

Infusion of funds in FY25

The company has raised funds of Rs.950 crore in FY25 which has supported the liquidity position of the company. During April 2024, the company raised equity of Rs.350 crore through rights issue towards funding working capital requirements and general corporate purposes. Further, during December 2024, the company raised Rs.600 crore through QIP, proceeds used towards debt repayment, funding working capital requirements and general corporate purposes. The tangible networth thus improved to Rs. 1711.14 crore as on March 31, 2025, from Rs. 308.01 crore as on March 31, 2024. Management has articulated additional fund-raising plans in FY26 to support debt repayment obligations and working capital requirements.

Key Rating Weaknesses

High debt levels and high debt repayment obligations

The company has successfully implemented Resolution Plan (RP) as on September 30, 2022, effective from July 01, 2022. The RP implementation has resulted in reduction in debt and extension of repayment terms which would provide buffer to the cashflows. As part of RP implementation, HCC has transferred Rs.2854 crore of debt along with awards and claims of Rs.6500 crore to Prolific Resolution Private Limited (PRPL). HCC has also given corporate guarantee towards the debt transferred to PRPL, whose repayments would commence from September 2026 thus providing cushion to realize the awards and claims before debt repayments start. HCC is in the process of reducing the guaranteed exposure to 20% for which lender’s approval is awaited.

Total debt of HCC stood at Rs.2846.97 crore as on March 31, 2025. Total debt also includes interest bearing advances from contractees amounting to Rs.847.60 crore as on March 31, 2025. The company also has huge investments of Rs.1588.65 crore in various group companies which results in negative adjusted tangible networth.

The debt is restructured such that the principal amount including interest will be repaid annually in the month of March. The same is thus expected to give time for the company to mobilize funds by the end of the year preventing short term asset liability mismatches during the year. The company has repaid its debt obligations (principal along with yield) of Rs.522 crore in March 2025. The company has made the repayments through internal accruals and fund raise. The company has a significant debt repayment obligation in FY26 of ~Rs.1000 crore which includes principal repayment and yields accrued. This is planned to be funded through fund raise, internal accruals, and recovery of the arbitration awards via issuance of bank guarantees. Thus, there is a high dependence on timely fund raise and award monetisation to meet debt repayment obligations.

Elongated receivable days

The average collection period of the company stands elongated at around 218 days in FY25 and 193 days in FY24. The receivables are elongated on account of disputed debtors under arbitration and retention money. In addition, it has large unbilled revenue due to which gross current days stand high at 495 days in FY25 and 387 days in FY24. The company does not have working capital lines and relies on advances from customers and extended credit period from suppliers and sub-contractors. HCC has monetized assets, raised funds, settled some of the arbitration claims through Vivad Se Vishwaas (VSV) scheme/issuance of bank guarantees etc as required under RP to infuse funds for working capital requirements of the company. Going forward, any sharp changes in the working capital cycle will be a key rating sensitivity.

Volatile input prices impact profitability

Major raw materials used in construction activities are steel and cement. Historically, the cost of these raw materials has been volatile in nature and hence, profitability margins of the company are susceptible to fluctuation in raw material prices and/or finished products. However, there is an inherent cost escalation clause added in most of the contracts which helps mitigate the risk to some extent. EBITDA margin has improved from 13.62% in FY24 to 19.43% in FY25.

Highly fragmented & competitive industry

The construction sector is highly fragmented with the presence of many mid-to large sized players and where orders are tender based. The company being an EPC contractor thus faces significant pricing competition. While the competition is perceived to be healthy, significant price cuts by few players during the bidding process are a matter of concern as the same can impact margins. However, HCC is one of the established players in the sector with experience of handling complex projects. Further, HCC is also exposed to regulatory risks, which can affect its ability to complete projects in a timely manner and to secure new projects from time to time.

Analytical Approach: Standalone

Applicable Criteria:

Criteria of assigning Rating Outlook

Rating Methodology for Infrastructure Companies.

Financial Ratios & Interpretation (Non-Financial Sector)

Policy on Default Recognition

Complexity Level of Rated Instruments/Facilities

Liquidity –Stretched

In FY25 HCC has made debt repayments partly through internal accruals and through QIP proceeds. Company continues to have a high repayment obligation as compared to its expected gross cash accruals in FY26 which is expected to be funded through equity, asset monetisation and recovery of debtors under arbitration. Thus, there is a dependence on timely asset and award monetisation to meet repayment obligations. Further, in the absence of fund based working capital lines the company relies on advances from customers and extended credit period from suppliers/ sub-contractors. As on March 31,2025 company had a free cash and cash equivalents of Rs.656.10 crore. The current ratio stood modest at 1.45x as on March 31, 2025. In June 2025 company has received Rs. 180 crore as part of Raiganj Dalkhola Highways Ltd extension of time settlement, under VSV scheme.

About the Company

Incorporated in 1926, Hindustan Construction Company Limited is one of the oldest infrastructure development companies in India, founded by Mr. Walchand Hirachand. The company's registered office is at Mumbai. HCC undertakes engineering & construction projects in transport, hydropower, nuclear power and water supply/irrigation segments.

Financials (Standalone): **(Rs. Crore)**

For the year ended/ As on*	31-03-2024	31-03-2025
	(Audited)	(Audited)
Total Operating Income	5042.78	4801.05
EBITDA	686.66	932.98
PAT	178.57	84.92
Total Debt	2846.97	2353.34
Tangible Net Worth	308.01	1711.14
EBITDA Margin (%)	13.62	19.43
PAT Margin (%)	3.46	1.73
Overall Gearing Ratio (x)	9.24	1.38
Interest Coverage (x)	1.27	1.84

** Classification as per Infomerics' standards.*

Note:
a) Total operating income, EBITDA and PAT in FY24 have changed in comparison to the previous press release dated July 03, 2024, on account of regrouping of revenue by the issuer.

Status of non-cooperation with previous CRA: Nil

Any other information: Nil

Rating History for last three years:

Sr. No.	Name of Security/ Facilities	Current Ratings (Year 2025-26)			Rating History for the past 3 years		
		Type (Long Term/ Short Term)	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2024-25	Date(s) & Rating(s) assigned in 2023-24	Date(s) & Rating(s) assigned in in 2022-23
					July 03,2024	-	-
1.	Non-Convertible Debentures	Long Term	700.50	IVR BBB-/Stable	IVR BBB-/Stable	-	-
2.	Optionally Convertible Debentures	Long Term	701.90	IVR BBB-/Stable	IVR BBB-/Stable	-	-
3.	Fund based facilities- Term loan	Long Term	112.22	IVR BBB-/Stable	IVR BBB-/Stable	-	-

Sr. No.	Name of Security/ Facilities	Current Ratings (Year 2025-26)			Rating History for the past 3 years		
		Type (Long Term/ Short Term)	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2024-25	Date(s) & Rating(s) assigned in 2023-24	Date(s) & Rating(s) assigned in in 2022-23
					July 03,2024	-	-
4.	Non-Fund based facilities- Bank Guarantees/ Arbitration Bank Guarantees	Long Term/ Short Term	7152.01	IVR BBB- /Stable/ IVR A3	IVR BBB- /Stable/ IVR A3	-	-
5.	Proposed Bank Guarantees	Long Term/ Short Term	161.27	IVR BBB- /Stable/ IVR A3	IVR BBB- /Stable/ IVR A3	-	-

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About Infomerics:

Infomerics Valuation and Rating Ltd (Infomerics) [Formerly Infomerics Valuation and Rating Pvt. Ltd] was founded in the year 1986 by a team of highly experienced finance professionals for research and risk evaluation. Infomerics commenced its activities as External Credit Assessment Institution after obtaining registration from Securities Exchange Board of India (SEBI) and accreditation from Reserve Bank of India (RBI).

Adhering to best international practices and maintaining high degree of ethics, the team of analysts at Infomerics deliver quality credit ratings. Infomerics evaluates wide range of debt instruments which helps corporates access to financial markets and provides investors credit ratings backed by in-depth research. The transparent, robust, and credible ratings have gained the confidence of investors and the banks.

Infomerics has a pan India presence with Head Office in Delhi and Corporate Office at Mumbai, with branches in major cities and representatives in several locations.

Infomerics also has international presence with credit rating operations in Nepal through its JV subsidiary.

For more information and definition of ratings please visit www.infomerics.com.

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Annexure 1: Instrument/Facility Details

Name of Facility	ISIN	Date of Issuance	Coupon Rate	Maturity Date	Size of Facility (Rs. crore)	Rating Assigned / Outlook
Non- Convertible Debentures	INE549A07221	September 26,2022	0.01%	March 31,2029	65.40	IVR BBB-/Stable
Non- Convertible Debentures	INE549A08963	September 26,2022	0.01%	March 31,2029	161.20	IVR BBB-/Stable
Non- Convertible Debentures	INE549A07213	September 26,2022	0.01%	June 30,2029	266.90	IVR BBB-/Stable
Non- Convertible Debentures	INE549A07239	September 26,2022	0.01%	March 31,2026	1.60	IVR BBB-/Stable
Non- Convertible Debentures	INE549A08971	September 26,2022	0.01%	June 30,2031	205.40	IVR BBB-/Stable
Optionally Convertible Debentures	INE549A07262	January 06,2017	0.01%	March 31,2029	101.00	IVR BBB-/Stable
Optionally Convertible Debentures	INE549A07247	January 06,2017	0.01%	March 31,2029	240.58	IVR BBB-/Stable
Optionally Convertible Debentures	INE549A07254	January 06,2017	0.01%	March 31,2029	39.86	IVR BBB-/Stable
Optionally Convertible Debentures	INE549A07270	January 06,2017	0.01%	March 31,2029	312.43	IVR BBB-/Stable
Optionally Convertible Debentures	INE549A07288	January 06,2017	0.01%	March 31,2029	8.03	IVR BBB-/Stable
Long Term Fund Based Facilities- Term Loan	-	-	-	March 31,2029	52.88	IVR BBB-/Stable

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Name of Facility	ISIN	Date of Issuance	Coupon Rate	Maturity Date	Size of Facility (Rs. crore)	Rating Assigned / Outlook
Long Term Fund Based Facilities-Term Loan	-	-	-	December 31,2030	59.34	IVR BBB-/Stable
Long Term/Short Term Non-Fund Based Facilities-Bank Guarantees	-	-	-	-	3697.38	IVR BBB-/Stable/ IVR A3
Long Term/Short Term Non-Fund Based Facilities-Arbitration Bank Guarantees	-	-	-	-	3454.63	IVR BBB-/Stable/ IVR A3
Long Term/Short Term Non-Fund Based Facilities-Proposed Bank Guarantees	-	-	-	-	161.27	IVR BBB-/Stable/ IVR A3

Annexure 2: Facility wise lender details:
https://www.infomerics.com/admin/prfiles/Len-Hindustan-Construction-1july25.pdf

Annexure 3: Detailed explanation of covenants of the rated Security:

Name of the Instrument		Detailed Explanation
Listed, secured, redeemable non-convertible debentures		**INE549A07221**
	Financial Covenants	
i	Yield to Maturity (YTM)	11.50%. p.a. compounded quarterly paid along with the principal instalment payment. In case of prepayment YTM to be calculated on the prepaid amount for the tenure from the date of allotment till date of prepayment.
	Non-financial Covenants	
i	Repayment schedule	31 March 23 -10% 31 March 24 -10% 31 March 25 -15% 31 March 26 -15% 31 March 27 -15% 31 March 28 -15% 31 March 29 -20%
ii	Prepayment option	The company can prepay the NCD with applicable yield anytime without any prepayment charges. Any upside from the company's shareholding of 49% in the claim company to be utilized for prepayment of NCD.

Name of the Instrument		Detailed Explanation
Listed, secured, redeemable non-convertible debentures		**INE549A08963, INE549A07213, INE549A07239**
	Financial Covenants	
i	IRR	9.50%. p.a. compounded quarterly. Interest shall be paid along with principal instalment. In case of prepayment the interest shall be calculated on the amount prepaid for the tenure from the date of allotment till the date of prepayment.
	Non-financial Covenants	
i	Repayment terms	ARCIL: Repayment to be done on every March 31 ACRE: 63% of the principal along with accrued yield on March 31,2026 and balance 37% of the principal along with accrued yield on June 30,2029 or from realisation of assigned claims whichever is earlier. Karnataka Bank: 100% of the principal amount along with accrued yield on March 31,2026 or from realisation of assigned claims whichever is earlier.
ii	Shortfall in cash	In case of shortfall in any particular year, HCC lenders (excluding guaranteed Lavasa Corporation Ltd (LCL) lenders) will be paid before any payment being made to guaranteed LCL lenders.
iii	Security	ARCIL: Unsecured ACRE: Specific pool of claims having pari passu share with HCC lenders with cover of 1.22x on Rs.267 crore. Karnataka Bak: Specific pool of claims having pari passu share with HCC lenders with cover of 1.0x on Rs. 116 crore.

Name of the Instrument		Detailed Explanation
Listed, secured, redeemable non-convertible debentures		**INE549A08971**
	Financial Covenants	
i	IRR	9.50%. p.a. compounded quarterly. Interest shall be paid along with principal instalment. In case of prepayment the interest shall be calculated on the amount prepaid for the tenure from the date of allotment till the date of prepayment.
	Non-financial Covenants	
i	Repayment terms	Repayment starting from June 2029 along with accrued yield. 30 June 2029 -15% 30 June 2029 -40% 30 June 2029 -45%
ii	Shortfall in cash	In case of shortfall in any particular year, HCC lenders (excluding guaranteed LCL lenders) will be paid before any payment being made to guaranteed LCL lenders.

Name of the Instrument		Detailed Explanation
iii	Security	Unsecured
iv	Payment mechanism	LCL lenders to be paid as per the escrow mechanism.

Name of the Instrument		Detailed Explanation
Optionally Convertible Debentures		**INE549A07262, INE549A07247, INE549A07254, INE549A07270, INE549A07288**
	Financial Covenants	
i	Yield to Maturity (YTM)	11.50%. p.a. compounded quarterly paid along with the principal instalment payment. In case of prepayment YTM to be calculated on the prepaid amount for the tenure from the date of allotment till date of prepayment.
	Non-financial Covenants	
i	Payment of coupon	Coupon of 0.01%. p.a. payable annually on March 31 each year.
ii	Repayment schedule	31 March 23 -10% 31 March 24 -10% 31 March 25 -15% 31 March 26 -15% 31 March 27 -15% 31 March 28 -15% 31 March 29 -20%
iii	Prepayment option	Any upside from the company's shareholding of 49% in the claim company to be utilized for prepayment of NCD.
iv	Conversion option	Conversion option to continue as per SEBI exemption

Annexure 4: List of companies considered for consolidated analysis: Not Applicable

Note on complexity levels of the rated instrument: Infomerics has classified instruments rated by it on the basis of complexity and a note thereon is available at www.infomerics.com.