

INVITATION FOR EXPRESSION OF INTEREST

TO SUBMIT BID FOR STRATEGIC INVESTMENT IN CARVED OUT ENTITY OF AN EPC COMPANY

A. BACKGROUND:

Consortium of Lenders (“Client”) have mandated Desai Saksena & Associates, Chartered Accountants to identify strategic investor in a carved-out entity (“Target Company”) of Hindustan Construction Company Limited (HCC).

Accordingly, *Expression of Interest* (“EOI”) from interested and eligible Potential Investors (“PI”) for the purposes of submission of bid in the Target Company are called for.

Any PI which is desirous of submitting a bid for the Target Company may submit its EOI along with the relevant documents either via email to contact@dsaca.co.in / hitesh@dsaca.co.in on or before 6.00 PM IST on 29th August 2020 .

SD/-
Dr. Shashank Desai
Partner
Desai Saksena & Associates
Chartered Accountants
FRN: 102358W
Date:19th August, 2020

A. ELIGIBILITY CRITERIA:

The eligibility criteria for PI as approved by the Consortium of Lenders is set out below-

- 1. For Individuals/Firms/LLP/Body Corporates:** Consolidated Net Worth should be at least INR 50.00 Crores at group level (including the promoter or Ultimate Beneficial Owner and the companies as part of the group) backed by CA certificate if recent unaudited is given. Net Worth of the Body Corporates will be the total of Equity Share Capital and Reserves & Surplus / Other Equity excluding any revaluation reserve as at the close of the preceding completed financial year and instruments which has equity like character like compulsorily convertible instruments. With regard to the Firms/LLP/Individuals, group net worth should be at least INR 50.00 Crores.
 - 2. For Financial Institutions/ PE Funds/ Asset Reconstruction Companies/ NBFCs/ Other Financial Investors:** Assets under management (AUM) / Loan Portfolio of at least INR 500.00 crores in the immediately preceding completed financial year with committed funds of INR 50.0 crores available for investment/ or deployment in Indian Companies or in India. While computing AUM/ Loan Portfolio, the said committed funds to be included.
- B.**
- 1. For Consortium of Investors:** The designated lead partner should meet any one of the above conditions (as applicable). Consortium of members may be upto 4 members, with each member, meeting at least 10% of each of the above conditions (as applicable)
 - 2. Other Terms and Conditions**
 - i. The prospective investor should not be in EPC business to avoid any prospective conflict with Hindustan Construction Company Limited.
 - ii. The prospective investor should be eligible as per section 29A of the Insolvency and Bankruptcy Code, 2016 and should furnish declaration for the same as per **Annexure C**. The provisions of Section 29A are set out in **Annexure A** for ease of reference
 - iii. The investor should be willing to acquire majority stake (51%) & Board and management control in the SPV, with lead member (in case of consortium) acquiring minimum 26% stake.
 - iv. Refundable Security Deposit of INR 25 lakhs is to be submitted as per details mentioned in Sub-clause 3 of Clause C, before getting access to the data room.
 - v. Potential Investor should agree to Material Terms and Conditions as presented in **Annexure E**.

C. INSTRUCTION FOR SUBMISSION OF EOI:

1. The Expression of Interest, conforming to the conditions of this Invitation shall be submitted either electronically or physically along with all annexure(s) duly filled in and all the supporting documents at the address provided above.
2. The EOI received after the appointed time and date will be rejected.

3. A fully refundable deposit of INR 25 lakhs is to be submitted in the form of a RTGS / at the time of submission of EOI. In the event, the potential investor is rejected by the Lenders or withdraws its EOI, then the refundable deposit will be returned to the potential investor within 7 working days of the receipt of request from the Potential Investor/ opening of the bid.. Details for RTGS shall be shared with Potential Investor on email as and when requested
4. The EOI should be unconditional and should be submitted in the format attached in 'Annexure B'. It should be accompanied with the following documents/ information:
 - (a) Executive Summary providing brief description of the PI and (where appropriate) of each member in the consortium and key managerial personnel.
 - (b) Contact information of the PI/ Consortium members including full name, address, telephone and facsimile numbers, e-mail address and the names and the titles of the persons who are the principal points of contact for each member and identifying lead member of the consortium (if any).
 - (c) Basic document pertaining to incorporation and commencement of business such as a copy of Certificate of Incorporation / Certificate of Commencement of Business / Constitution Documents / Partnership Deed, etc as may be applicable / SEBI Registration Certificate for Alternative Investment Funds or any Government issued identification proof.
 - (d) Latest available audited financial statement of the PI, and/or its promoter/promoter group or any other group company as per eligibility criteria, with the closing period not earlier than 31st March 2019 or else any other document evidencing eligibility as per criteria e.g.- Certificate by Chartered Accountant/Statutory Auditor or equivalent/similar, certifying the Net worth/Assets Under Management, as applicable. In case the eligibility criterion is being met on account of group companies, please submit a declaration that the promoter/promoter group or any other group company is part of the same group along with the group structure and shareholding pattern. Please note that the PI shall provide all relevant documents for its promoter/promoter group or any other group company, if required to meet the eligibility criteria.
 - (e) A Declaration cum Undertaking in the format attached in 'Annexure C'.
 - (f) An Undertaking as set out in 'Annexure D' to be submitted in case of consortium.
 - (g) In case of a Consortium, the relevant documents will need to be provided by each member of the Consortium.
 - (h) Board Resolution/ Authorization letter authorizing the person signing the EOI documents.
5. Any additional document/information which PI finds necessary to submit or requested by DSA / Lenders must be furnished by PI.

6. DSA shall share the access to Virtual Data Room with the PI who are found eligible to participate in the next stage.
7. **DSA / Lenders reserves the right to extend the time limit for submission of EOI or to cancel the EOI or reissue the EOI or modify the process and / or not to accept and/ or disqualify any PI without assigning any reason and without any liability.**
8. This is not an offer document.

D. CLARIFICATIONS

Any queries or request for clarification/additional information concerning this EOI shall be submitted by way of email to contact@dsaca.co.in / hitesh@dsaca.co.in not later than 29th August, 2020. The Communications shall clearly bear the following identification/ title:

"Queries/ Request for Additional Information: EOI for Strategic Investment In Carved Out Entity Of HCC."

SD/-
Dr. Shashank Desai
Partner
Desai Saksena & Associates
Chartered Accountants
FRN: 102358W
Date: 19th August, 2020

‘ANNEXURE A’

SECTION 29A

A PI will not be eligible to submit the EOI if he/she/it or any person acting jointly or in concert with him/her/it:

1. is an undischarged insolvent;
2. is a willful defaulter in accordance with the guidelines of the Reserve Bank of India issued under the Banking Regulation Act, 1949;
3. at the time of submission of the resolution plan (*in our case, bid*) has an account, or an account of a corporate debtor under the management or control of such person or of whom such person is a promoter, classified as nonperforming asset in accordance with the guidelines of the Reserve Bank of India issued under the Banking Regulation Act, 1949 or the guidelines of a financial sector regulator issued under any other law for the time being in force, and at least a period of one year has lapsed from the date of such classification till the date of commencement of the corporate insolvency resolution process of the corporate debtor (*in our case, issue of advertisement*):

Provided that the person shall be eligible to submit a resolution plan (*in our case, bid*) if such person makes payment of all overdue amounts with interest thereon and charges relating to non-performing asset accounts before submission of resolution plan (*in our case, bid*):

Provided further that nothing in this clause shall apply to a potential investor where such investor is a financial entity and is not a related party to the corporate debtor.

Explanation I- For the purposes of this proviso, the expression "related party" shall not include a financial entity, regulated by a financial sector regulator, if it is a financial creditor of the corporate debtor (*in our case, target company and its related companies*) and is a related party of the corporate debtor solely on account of conversion or substitution of debt into equity shares or instruments convertible into equity shares, prior to the insolvency commencement date (*in our case, issue of advertisement*):

Explanation II.— For the purposes of this clause, where a resolution applicant (*in our case, potential investor*) has an account, or an account of a corporate debtor under the management or control of such person or of whom such person is a promoter, classified as non-performing asset and such account was acquired pursuant to a prior resolution plan approved under the Code, then, the provisions of this clause shall not apply to such resolution applicant (*in our case, potential investor*) for a period of three years from the date of approval of such resolution plan by the Adjudicating Authority under the Code;

4. has been convicted for any offence punishable with imprisonment—
 - I. for two years or more under any Act specified under the Twelfth Schedule of the Code; OR
 - II. for seven years or more under any law for the time being in force:

Provided that this clause shall not apply to a person after the expiry of a period of two years from the date of his release from imprisonment:

Provided further that this clause shall not apply in relation to a connected person referred to in clause (iii) of Explanation I.

5. Is disqualified to act as a director under Companies Act, 2013; Provided that this clause shall not apply in relation to a connected person referred to in clause (iii) of Explanation I.
6. Is prohibited by the Securities Exchange Board of India from trading in securities or accessing the securities market;
7. Has been a promoter or in the management or control of the Company in which a preferential transaction, undervalued transaction, extortionate credit transaction or fraudulent transaction has taken place and in respect of which an order has been made by the Adjudicating Authority under the Code;

Provided that this clause shall not apply if a preferential transaction, undervalued transaction, extortionate credit transaction or fraudulent transaction has taken place prior to the acquisition of the corporate debtor by the resolution applicant pursuant to a resolution plan approved under this Code or pursuant to a scheme or plan approved by a financial sector regulator or a court, and such resolution applicant has not otherwise contributed to the preferential transaction, undervalued transaction, extortionate credit transaction or fraudulent transaction;

8. Has executed a guarantee in favor of a creditor in respect of a corporate debtor against which an application for insolvency resolution made by such creditor has been admitted under this Code and such guarantee has been invoked by the creditor and remains unpaid in full or part
9. Is subject to any disability, corresponding to clauses (a) to (h), under any law in a jurisdiction outside India; or
10. Has a connected person not eligible under clauses (a) to (i)

Explanation I — for the purposes of this clause, the expression "connected person" means—

- (i) any person who is the promoter or in the management or control of the resolution applicant;
or
- (ii) any person who shall be the promoter or in management or control of the business of the corporate debtor during the implementation of the resolution plan; or
- (iii) the holding company, subsidiary company, associate company or related party of a person referred to in clauses (i) and (ii):

Provided that nothing in clause (iii) of Explanation I shall apply to a resolution applicant (*in our case, potential investor*) where such applicant is a financial entity and is not a related party of the corporate debtor:

Provided further that the expression "related party" shall not include a financial entity, regulated by a financial sector regulator, if it is a financial creditor of the corporate debtor (*in our case, target company and its related companies*) and is a related party of the corporate debtor solely on account of conversion or substitution of debt into equity shares or instruments convertible into equity shares, prior to the insolvency commencement date;

Explanation II—For the purposes of this section, "financial entity" shall mean the following entities which meet such criteria or conditions as the Central Government may, in consultation with the financial sector regulator, notify in this behalf, namely:-

- a) a scheduled bank;
- b) any entity regulated by a foreign central bank or a securities market regulator or other financial sector regulator of a jurisdiction outside India which jurisdiction is compliant with

the Financial Action Task Force Standards and is a signatory to the International Organisation of Securities Commissions Multilateral Memorandum of Understanding;

- c) any investment vehicle, registered foreign institutional investor, registered foreign portfolio investor or a foreign venture capital investor, where the terms shall have the meaning assigned to them in regulation 2 of the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2017 made under the Foreign Exchange Management Act, 1999 (42 of 1999);
- d) an asset reconstruction company register with the Reserve Bank of India under section 3 of the Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (54 of 2002);
- e) an Alternate Investment Fund registered with Securities and Exchange Board of India;

such categories of persons as may be notified by the Central Government.

**‘ANNEXURE B’
FORMAT OF EXPRESSION OF INTEREST**

*[On the letterhead of the Lead Member of the consortium/Prospective Resolution Applicant
Submitting the EOI]*

Date: [●]

To
Dr. Shashank Desai
Desai Saksena & Associates
First Floor, Laxmi Building,
Sir Phirozshah Mehta Road,
Fort, Mumbai - 400 001,
Maharashtra,
India

Subject: Expression of Interest (“EOI”) for submitting Bid for Strategic Investment In Carved Out Entity of Hindustan Construction Company Limited.

Dear Sir,

This is with reference to the invitation for submission of expression of interest dated XX XX, 2020 inviting expression of interest (“**Invitation for EOI**”) for submission of Bid for Strategic Investment In Carved Out Entity of Hindustan Construction Company Limited.

Being duly authorized to represent and act on behalf of _____ (hereinafter referred to as the “PI”) and having reviewed and fully understood all of the qualification requirements and information provided, the undersigned hereby expresses the PI’s interest for submission of Bid for Strategic Investment in Carved Out Entity of Hindustan Construction Company Limited.

We further undertake that the information furnished by us in this EOI and its annexures is true, correct, complete and accurate. We further understand and confirm that:

- (a) the EOI will be evaluated by the Desai Saksena & Associates / Consortium Lenders based on the information provided by us in this EOI and attached documents to determine whether we qualify to submit the Resolution Plan for the Company;
- (b) Desai Saksena & Associates / Consortium Lenders reserve the right to determine at their sole discretion, whether or not we qualify for the submission of the bid and may reject the EOI submitted by us without assigning any reason and without any liability whatsoever;
- (c) Desai Saksena & Associates / Consortium Lenders reserve the right to conduct due diligence on us and/or request for additional information or clarification from us for the purposes of the EOI and we shall promptly comply with such requirements. Failure to satisfy the queries of the Desai Saksena & Associates / Consortium Lenders may lead to rejection of our EOI;
- (d) Meeting the qualification criteria set out in Invitation for EOI alone does not automatically entitle us to participate in the next stage of the bid process;

- (e) In case of consortium, we would comply with the eligibility criteria pertaining to equity holding i.e. the lead member must hold maximum equity or should have at least 26% total equity participation in the consortium and a maximum of 04 members shall form such a consortium;
- (f) along with our EOI, we have also enclosed information/documents as required in the Invitation for EOI.
- (g) We agree with other material terms and conditions as set out in Annexure E.
- (h) We understand that Desai Saksena & Associates / Consortium Lenders reserve the right to reject our bid, if submitted, without ascribing any reason thereof.

Yours Sincerely,

On behalf of *[Insert the name of the entity submitting the EOI]*

Signature: _____

Name of Signatory:

Designation:

IF Company: Seal/Stamp

NOTE:

1. In case of Consortium Applicant, the EOI shall be signed by each member.
2. The person signing the EOI and other supporting documents should be authorized signatory supported by necessary board resolutions/authorization letter.

‘ANNEXURE C’

DECLARATION CUM UNDERTAKING

Date: [●]

To

Dr. Shashank Desai
Desai Saksena & Associates
First Floor, Laxmi Building,
Sir Phirozshah Mehta Road,
Fort, Mumbai - 400 001,
Maharashtra,
India

Subject: Undertaking in relation to submission of the EOI for submitting Bid for Strategic Investment in Carved Out Entity of Hindustan Construction Company Limited.

Dear Sir,

We, the undersigned (“[●]”) are submitting our expression of interest (“**EOI**”) in respect of Invitation for submission of EOI issued by Desai Saksena & Associates on XX XX, 2020 (“**Invitation for EOI**”) and in this connection we hereby solemnly affirm, declare and undertake as follows:

- (a) We have examined in detail and have understood the eligibility and other criteria mentioned in Invitation for EOI;
- (b) We meet the necessary threshold and criteria mentioned in the EOI;
- (c) We understand the eligibility criteria provided in Section 29A of the Insolvency and Bankruptcy Code, 2016 (“**Code**”) and confirm that we are not an ineligible/disqualified person in terms of provisions of Section 29A of the Code. If, at any time after the submission of this EOI, we become ineligible to be a bidder as per the provisions of the Code (including but not limited to the provisions of Section 29A of the Code), the fact of such ineligibility shall be immediately and in any event within 24 hours of such ineligibility, be informed to Desai Saksena & Associates;
- (d) We agree with the terms and conditions as set out in Annexure E.
- (e) We confirm and represent that we have the requisite corporate authorization to submit the EOI;
- (f) All information and records provided by us to Desai Saksena & Associates in the EOI or otherwise are correct, accurate, complete and true and no such information, data or statement provided by us is inaccurate or misleading in any manner. We shall be solely responsible for any errors or omissions therein;

- (g) We will hold in trust and in confidence the Confidential Information provided to us by the Desai Saksena & Associates and will not, directly or indirectly use the Confidential Information for causing an undue gain or undue loss to itself or any other person or for any purpose other than for submission of resolution plan. We will not disclose or reveal (or permit the disclosure or revelation of) any Confidential Information to any person or party whatsoever (save and except as provided below) without the prior consent of the Desai Saksena & Associates. We will disclose the Confidential Information to our employees, advisors, directors and/or our affiliates (together the “**Representatives**”), strictly on a need to know basis and solely for the purpose of preparation, finalization and submission of the bid, provided always that, each of these Representatives shall, in the course of their duties be required to receive, observe and consider the confidentiality obligations set out hereunder when working towards the preparation/submission of the bid and shall be bound by confidentiality obligations that are at least as stringent as the obligations agreed by us in this undertaking. We will use the same degree of care to protect the Confidential Information as we use to protect its own confidential information but no less than a reasonable degree of care to prevent the unauthorized access, use, dissemination, copying, theft and/or republication of the Confidential Information. We will promptly notify Desai Saksena & Associates of any Confidential Information which has been used by any unauthorised third party provided that such notification shall not relieve us from any liability arising from its breach of this undertaking.

For purposes of this Undertaking, the term “Confidential Information shall mean and include any and all facts, knowledge, information, documents and materials whether written or otherwise, concerning the business, operations, prospects, finances, or other affairs of the Company, its affiliates, associates or subsidiaries (which includes, without limitation, documents delivered in connection with due diligence, investigation, information relating to the existing business of the Company, market and company-specific data, agreements related to its business including knowhow and technology agreements, agreements relating to license to use intellectual property rights, graphs, drawing, past, current, and planned research and development, current and planned marketing or distribution methods and processes, customer lists, current and anticipated customer requirements, price lists and other end-user pricing related information, market studies, computer software and programs, database technologies, systems, structures and architectures, historical financial statements, activities, products, specifications, data, know-how, compositions, designs, sketches, photographs, business plans, financial projections and budgets, historical and projected sales, capital spending budgets and plans, current or prospective financing sources, the names and backgrounds of personnel, personnel training techniques and materials, reports relating to the Company's operations prepared by external consultants which are proprietary to the Company, and any information memorandum / draft /final offer document, request for proposal, or other materials prepared in connection with submission of bid, howsoever documented, that has been or may hereafter be provided or shown to us by Desai Saksena & Associates or is otherwise obtained from review of the Company’s documents or property or discussions with the Company/ Desai Saksena & Associates /Lenders irrespective of the form of the

communication, and also includes all notes, analyses, compilations, studies, summaries, and other material prepared by us containing or based, in whole or in part, on any information included in the foregoing. Notwithstanding the foregoing, the following information will not constitute "Confidential Information" for purposes of this undertaking: (a) information which we can prove was already in our possession and was available to us on a non-confidential basis prior to its disclosure to us by the Company/ Desai Saksena & Associates; (b) information which is obtained by us from a third Person who, insofar as is known to us, is not prohibited from disclosing the information to us under a contractual, legal or fiduciary obligation to the Company/ Desai Saksena & Associates; and (c) information which is or becomes generally available to the public otherwise than as a result of a breach of this undertaking by us.

The decision of Desai Saksena & Associates and/or the Consortium Lenders on whether any information qualifies within the exceptions in (a), (b) and (c) above shall be final, conclusive and binding;

- (h) Further, we agree and acknowledge that in case any information/record provided by interest is false, incorrect, inaccurate or misleading, we shall become ineligible to submit the bid and we shall also attract penal action under the India Penal Code.

Yours Sincerely,

On behalf of [*Insert the name of the entity submitting the EOI*]

Signature: _____

Name of Signatory:

Designation:

IF Company: Seal/Stamp

NOTE:

1. The Undertaking should be stamped on a stamp paper of INR 100.
2. The person signing the Undertaking should be authorized signatory supported by necessary board resolutions/authorization letter.
3. For PIs who are not Indian Residents, the undertaking can be submitted on their letter heads instead of stamp paper.

ANNEXURE D'

UNDERTAKING BY CONSORTIUM

[To be executed on stamp paper]

To

Dr. Shashank Desai
Desai Saksena & Associates
First Floor, Laxmi Building,
Sir Phirozshah Mehta Road,
Fort, Mumbai - 400 001,
Maharashtra,
India

Subject: Undertaking for Equity Participation.

Dear Sir,

This is in relation to submission of bid for strategic investment in Carved Out Entity of Hindustan Construction Company Limited ("**Target Company**"). In response to the invitation for submission of EOI issued by Desai Saksena & Associates on XX, 2020 ("**Invitation for EOI**") inviting expressions of interest ("**EOI**") for submission bid for strategic investment in Carved Out Entity of Hindustan Construction Company Limited, we have submitted an EOI as a consortium. The members of the consortium are as follows:

[Insert names of the members of the consortium, their equity participation in the consortium and indicate the lead member]

As required in terms of the EOI, we agree and undertake that lead member will continue to hold at least 26% equity participation in the consortium. We further agree and undertake that all the members of the consortium shall be jointly and severally responsible for compliance with the terms of the Invitation for EOI and the bid submitted by the consortium.

SIGNED AND DELIVERED BY

[Lead Member/other members of the consortium]

ANNEXURE E'

MATERIAL TERMS AND CONDITIONS

Following terms and conditions have been mutually agreed by the Consortium Lenders and Potential Investor is required to abide by the same.

1. Terms and conditions related to transfer of awards & claims and proposed transfer of existing debt of Lenders into the Target Company

Debt to be carved out	About INR 2,816 crore. It is proposed to carve-out entire term loan, Cash Credit, devolved NFB, NFB commission & Interest overdues of HCC. In case of change in estimated NFB devolvement and change in estimated date of implementation, the amount of carve-out may change.
Awards and claims to be assigned	Awards and Claims of HCC with 2.2x cover will be carved-out. Awards to the tune of 1.0x and Claims to the tune of 1.2x will be transferred to the Target Company
Type of Instrument	The debt proposed to be moved into the target company entity to be novated as NCD/OCD
NCD/OCD Maturity	NCD/OCD will mature at the end of 10 th year with repayment form 6 th year onwards with accrued IRR as follows, At the end of 6 th year 10% At the end of 7 th year 15% At the end of 8 th year 20% At the end of 9 th year 25% At the end of 10 th year 30%
Coupon Rate	0.01% P.A
IRR to Lenders	The investor to bid for the proposed IRR to the Lenders . However, no bid with a proposed IRR below 10% p.a. to the Lenders may be entertained. The Lenders are expecting a minimum IRR of 11.5% p.a. payable at the time of redemption of instruments.
Sharing of upside with the Lenders	The equity investor is expected to share proceeds from the surplus arising in the Target Company with the Lenders of the Target Company. The Lenders are expecting a minimum sharing of 40% of the amount accruing to the investor (40% of 51% i.e. about 20% of overall surplus. The surplus amount will be the amount after payment of operating expense, priority debt along with IRR, Lenders debt with IRR and providing for equity return along with proposed IRR.
Security Cover	The Lenders, that are having first pari-passu charge over the assets of HCC as of date, to get first pari-passu charge on the assets of the Target Company for the priority debt along with the priority debt investor. However, the priority debt would have priority over cash flows.
Personal Guarantees	Existing Personal Guarantee for the Lenders debt would continue as per the release clause agreed amongst the Lenders.
Corporate Guarantees	Corporate Guarantees of HCC for 20% of carved out debt of the Lenders

Early Payment -	Lenders have the right to call for early payment, if the cash flows of the target company permit so and suitable cash sweep mechanism will be agreed upon in this regard
-----------------	--

2. Terms related to Potential Investor (Equity infusion, Priority Debt from Potential Investor and IRR to the Potential Investor

Potential Investors may choose to subscribe either provide (a) Equity of the SPV or (b) Priority Debt (c) both

Equity Infusion	Minimum INR 5.0 crore for acquiring 51% stake in the Target Company along with its Board and management control.
Priority Debt	Upfront infusion of Priority debt of INR 25 crore. Additionally, to Commit infusion of need based priority debt of INR 25 crore per year for next two years towards meeting expense of the Target Company.
IRR of Priority Debt	The Potential Investor to bid for IRR expectation on the priority debt.
Maturity of Priority Debt	Unless prepaid, the Priority Debt shall be repayable in bullet instalment, along with accumulated IRR/ yield, at the end of 6 th year from the date of disbursement.
Sharing of upside with the Lenders of the Target Company	<p>The potential investor to indicate/ bid the IRR expected by it on the equity. Such amount to be paid only after entire debt of Lenders along with fixed IRR of '11.5 % p.a.' is paid and would be payable from the realization of awards & claims. The Potential Investor has to agree that remaining awards and claims post lender payouts and potential investors returns will be shared between the investor and the Lenders of the SPV and the investor has to make a bid for their IRR expectancy on their proposed equity investment and the amount of sharing that is proposed with the Lenders from the surplus.</p> <p>The equity investor is expected to share proceeds from the surplus arising in the Target Company with the Lenders of the Target Company. The Lenders are expecting a minimum sharing of 40% of the amount accruing to the investor (40% of 51% i.e. about 20% of overall surplus).</p> <p>The surplus amount will be the amount after payment of operating expense, priority debt along with IRR, Lenders debt with IRR and providing for equity return along with proposed IRR.</p>
Cash Recovery Incentive	The potential investor would be eligible to recover cash recovery incentive at a fixed percentage over the amounts realized out of awards and claims. However, the IRR on equity / priority debt would include cash recovery incentive or any other mechanism as proposed by the investor.
Security Cover	The investor to get first pari- charge on the assets of the SPV for the priority debt along with few other Lenders and also a priority in the cash flows over the lender payments for the priority debt.
Dividends	No dividend to be paid without Lenders approval till the time entire dues of the Lenders are paid. Additionally, such dividend, if paid would form of overall IRR expected on the equity.
Early Payment -	The Investor will have right to prepay from the proceeds of the Awards and claims realization at any time without payment of any prepayment penalty. Such prepaid amounts to be appropriated towards the installments maturing first.

Other conditions	<ul style="list-style-type: none">• Investor cannot sell their stake holding in the Company to another investor without Lenders approval• Investor cannot forfeit their voting rights to HCC• Appropriate covenants will be negotiated with the investors regarding limits on the discounts that can be agreed upon, in case of settlement/ conciliation of any award/ claim.
------------------	---