HCC/ SEC/ 2019

February 7, 2019

BSE Limited	National Stock Exchange of India Ltd
The Corporate Relationship Dept, 1st Floor, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai-400 001.	Exchange Plaza, Bandra-Kurla Complex, Bandra (East), Mumbai-400 051.

Sub: **Unaudited Financial Results of the Company for the quarter and nine months ended December 31, 2018**

As per Regulation 30 and 33 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, we are enclosing herewith Unaudited Financial Results of the Company for the quarter and nine months ended December 31, 2018 along with the "Limited Review" Report of the Statutory Auditors, duly approved by the Board of Directors of the Company at its Meeting held on February 7, 2019.

A copy of the Press Release is also enclosed herewith.

We request you to kindly take the above on your record.

Thanking you,

Yours truly
For Hindustan Construction Company Limited

Ajay Singh
Company Secretary

Enclosed : As above.

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Press Release

HCC Q3FY19 turnover at Rs.1,102 crore; EBITDA margin at 18.1%

Debt continues to decline

Mumbai: February 07, 2019: Hindustan Construction Company Ltd. (HCC) reported turnover of Rs.1,102 crore and an EBITDA margin of 18.1% in the quarter ended December 31, 2018. Gross debt reduced to Rs.3,490 crore as of December 31, 2018, from Rs.3,844 as on December 31, 2017. The company's order backlog currently stands at Rs.18,213 crore.

During the quarter HCC successfully concluded its Rights Issue of equity shares amounting to Rs.497.6 crore; the issue was subscribed 110.8%. The Promoter Group's stake in the company has increased to 34.34% as on date from 27.80% prior to the Rights issue.

In line with its strategy to shed non-core business assets, HCC has concluded the sale of Charosa Wineries Ltd. to Quintela Assets Ltd.

Financial highlights:

Unaudited standalone results for Q3 FY 2018-19 vs. Q3 FY 2017-18:

- Turnover at Rs.1,102 crore vs. Rs.1,231 crore
- Net Profit of Rs.10 crore vs. Rs.31 crore
- EBITDA at Rs.199 crore vs. Rs.164 crore; EBITDA Margin at 18.1% vs. 13.3%
- Gross Debt reduced by Rs.235 crore year-to-date and by Rs.126 crore q-o-q

Mr. Arjun Dhawan, Director & Group Chief Executive Officer, said, "We have infused substantial liquidity and strengthened our working capital position despite tight credit conditions across the economy, and particularly within the infrastructure sector. HCC is looking at multiple avenues to mitigate risks arising from lengthy working capital lockups. In the long run, contract enforcement and swift dispute resolution are essential ingredients for a strong economy and financial system. This is especially true for the construction sector where timely payments are vital in keeping the supply chain healthy."

Performance of HCC subsidiaries:

Steiner AG: In Q3 FY2018-19, Steiner AG reported a Net Profit of CHF0.4 million (Rs.3 crore) as against CHF1.5 million (Rs.10 crore) in the same quarter last year. Revenues came in at CHF221 million (Rs.1,562 crore) during the quarter, as compared to CHF223 million (Rs.1,477 crore) in the prior year. Steiner secured fresh orders worth CHF184 million (Rs.1,305 crore) during the quarter. Order backlog stood at CHF1.25 billion (Rs.8,815 crore). Further, the company has secured orders for over CHF350 million (Rs.2,477 crore), where contracts are yet to be signed.

HCC Concessions Ltd.: Baharampore-Farakka (BFHL) and Farakka-Raiganj (FRHL) highways reported average revenue of Rs.29.4 lakh and Rs.23.1 lakhs per day, respectively, in Q3 FY19. Traffic declined on both stretches by 5% and 23% y-o-y, respectively, due to temporary diversion of traffic from the highway caused by comprehensive repairs to the Farakka Barrage by the Farakka Barrage Authority. Prior to the diversion, starting first week of October 2018, traffic growth year to date was 11% y-o-y at BFHL and 29% y-o-y at FRHL. A single lane on the Barrage will be open to restricted traffic by the end of February 2019 and both lanes by the first week of April 2019.

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 25% of India's Hydro Power generation and over 65% of India's Nuclear Power generation capacities, over 3,800 lane km of Expressways and Highways, more than 335 km of complex Tunnelling and over 365 Bridges. Today, HCC Ltd. serves the infrastructure sectors of Transportation, Power and Water. The HCC Group, with a group turnover of Rs.10,132 crore, comprises of HCC Ltd., HCC Infrastructure Co. Ltd. and Steiner AG in Switzerland.

For further information:

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Sr. No.	Particulars	Quarter ended			Nine months ended		Year ended
		31 December 2018	30 September 2018	31 December 2017	31 December 2018	31 December 2017	31 March 2018
		Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
1	**Income**						
	(a) Income from operations	1,101.81	983.65	1,230.93	3,018.55	3,132.34	4,575.08
	(b) Other income	24.12	10.75	62.08	93.95	181.80	251.00
	Total Income (a+b)	1,125.93	994.40	1,293.01	3,112.50	3,314.14	4,826.08
2	**Expenses**						
	(a) Cost of materials consumed	194.96	193.51	258.22	602.80	755.01	1,072.66
	(b) Subcontracting expenses	516.50	383.57	574.00	1,279.38	1,155.41	1,901.25
	(c) Construction expenses	65.34	82.11	103.89	244.26	337.73	407.55
	(d) Employee benefits expense	95.66	100.02	108.02	296.11	322.10	437.97
	(e) Finance costs	173.33	155.36	150.79	489.90	495.98	659.97
	(f) Depreciation and amortisation expense	33.65	39.89	29.36	112.37	87.75	122.94
	(g) Other expenses	29.91	34.32	22.78	94.29	77.23	111.77
	Total expenses (a+b+c+d+e+f+g)	1,109.35	988.78	1,247.06	3,119.11	3,231.21	4,714.11
3	**Profit / (Loss) before exceptional item and tax (1-2)**	16.58	5.62	45.95	(6.61)	82.93	111.97
4	Exceptional item (Refer note 4)	-	(2,011.13)	-	(2,011.13)	-	-
5	**Profit / (Loss) before tax (3+4)**	16.58	(2,005.51)	45.95	(2,017.74)	82.93	111.97
6	**Tax expense**						
	(a) Current income tax	0.59	0.05	7.88	1.13	14.83	20.14
	(b) Deferred income tax	6.08	(480.33)	6.76	(483.83)	10.67	14.30
		6.67	(480.28)	14.64	(482.70)	25.50	34.44
7	**Profit / (Loss) for the period (5-6)**	9.91	(1,525.23)	31.31	(1,535.04)	57.43	77.53
8	**Other comprehensive income**						
	(a) Items not to be reclassified subsequently to profit or loss						
	- Gain / (Loss) on fair value of defined benefit plans as per actuarial valuation	1.11	1.33	(0.50)	3.33	2.87	3.57
	- Gain / (Loss) on fair value of equity instruments (Refer note 8)	2.80	(1.66)	(0.01)	(8.08)	0.43	(15.21)
	(b) Items to be reclassified subsequently to profit or loss	-	-	-	-	-	-
	Other comprehensive income / (loss) for the period, net of tax (a+b)	3.91	(0.33)	(0.51)	(4.75)	3.30	(11.64)
9	**Total comprehensive income / (loss) for the period, net of tax (7+8)**	13.82	(1,525.56)	30.80	(1,539.79)	60.73	65.89
10	Paid up equity share capital (Face value of ₹ 1 each)	151.31	101.55	101.55	151.31	101.55	101.55
11	Other equity (excluding revaluation reserves)						2,673.39
12	Earnings / (Loss) per share (Face value of ₹ 1 each) (Refer note 9)						
	(a) Basic EPS (not annualised) (in ₹)	0.10	(14.39)	0.30	(14.98)	0.54	0.73
	(b) Diluted EPS (not annualised) (in ₹)	0.10	(14.39)	0.30	(14.98)	0.54	0.73
	See accompanying notes to the financial results						

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Notes:

1 The Company is engaged in a single business segment viz. "Engineering and Construction", which is substantially seasonal in character. Further, the Company's margins in the quarterly results vary based on the accrual of cost and recognition of income in different quarters due to nature of its business, receipt of awards/ claims or events which lead to revision in cost to completion. Due to this reason, quarterly results may vary in different quarters and may not be indicative of annual results.

2 The total balance value of work on hand as at 31 December 2018 is ₹ 18,213 crore (31 March 2018: ₹ 19,188 crore).

3 On 27 December 2018, the Company issued and allotted 497,565,318 equity shares of face value ₹ 1 each at the price of ₹ 10 per equity share (including a premium of ₹ 9 per share) aggregating ₹ 497.57 crores to the eligible equity shareholders on rights basis in the ratio of 49 equity shares for every 100 equity shares held. The proceeds from Rights Issue to the extent utilised till 31 December 2018 are for intended purposes.

4 The National Company Law Tribunal, Mumbai (NCLT) vide Order dated 30 August 2018, has admitted an application filed against Lavasa Corporation Limited (LCL) by an operational creditor and initiated the Corporate Insolvency Resolution Process (CIRP) under the Insolvency and Bankruptcy Code 2016 ('IBC'). In accordance with the provisions of IBC, the powers of the Board of Directors of LCL shall stand suspended and the management of LCL presently vests with the Resolution Professional ('RP') appointed under the provisions of IBC. HCC Real Estate Limited (HREL), a wholly owned subsidiary of the Company, is presently holding 68.70% equity stake in LCL. The Company took over liabilities aggregating ₹ 745.94 crore pursuant to settlement agreements entered / negotiations by the Company with the lenders of LCL in connection with the put options/ corporate guarantees issued for borrowings of LCL. In view of uncertainties associated with the outcome of CIRP and as a matter of prudence, the Company had impaired/written off its exposure in both these entities during the quarter ended 30 September 2018 as stated below.

(₹ in crore)

Particulars	HREL	LCL	Total
Non-current investments	612.40	18.43	630.83
Non-current loans/ financial assets	446.31	188.05	634.36
Liability for put option/corporate gurantee	-	745.94	745.94
Total	**1,058.71**	**952.42**	**2,011.13**

5 'Unbilled work-in-progress (Other current financial assets)', 'Non-current trade receivables' and 'Current trade receivables' include ₹ 617.66 crore (31 March 2018: ₹ 686.24 crore), ₹ 124.76 crore (31 March 2018: ₹ 123.39 crore) and ₹ 183.65 crore (31 March 2018: ₹ 214.38 crore), respectively, outstanding as at 31 December 2018 which represent various claims raised earlier, based on the terms and conditions implicit in the contracts and other receivables in respect of substantially closed/suspended projects. These claims are mainly in respect of cost over-run arising due to client caused delays, suspension of projects, deviation in design and change in scope of work; for which Company is at various stages of negotiation/discussion with the clients or under arbitration/litigation. Considering the contractual tenability, progress of negotiations/ discussions/ arbitration/ litigations, management is confident of recovery of these receivables.

6 The Company, as at 31 December 2018, has a non-current investment amounting to ₹ 2.24 crore (31 March 2018: ₹ 2.24 crore), non-current loans amounting to ₹ 1,486.29 crore (31 March 2018: ₹ 1,281.40 crore) and other non-current financial assets amounting to ₹ 44.96 crore (31 March 2018: ₹ 158.18 crore) in its subsidiary HCC Infrastructure Company Limited (HIL) which is holding 85.45% in HCC Concessions Limited (HCL) having various Build, Operate and Transfer (BOT) SPVs under its fold. While HIL has incurred losses and consolidated net-worth as at 31 March 2018 has been fully eroded, the underlying projects are expected to achieve adequate profitability on substantial completion. The net-worth of this subsidiary does not represent its true market value as the value of the underlying investments/ assets, based on valuation report of an independent valuer, is higher. Therefore, based on certain estimates like future business plans, growth prospects and other factors, the management believes that the realizable amount of the subsidiary is higher than the carrying value of the non-current investments, non-current loans and other non-current financial assets and due to which these are considered as good and recoverable.

7 Pursuant to notification of the Companies (Amendment) Act, 2017 with effect from 12 September 2018, amending Section 197 of the Companies Act, 2013 ('the Act'), the application for approval in respect of excess amounts accrued / paid in respect of financials years 2014-15 and 2015-16, made by the Company to the Ministry of Corporate Affairs ('the Ministry') for approval of managerial remuneration of Chairman and Managing Director (CMD) which were paid/accrued in excess of the prescribed limit for these financial years stand abated. The Company is in the process of seeking approvals from the shareholders and lenders, as may be required under the Act, for the payment in respect of the year ended 31 March 2015 and for the waiver of recovery for excess remuneration paid in respect of year ended 31 March 2016. Necessary adjustments, if required, will be made based on the outcome of such approvals.

The Company had paid/accrued remuneration for the aforesaid years based on the approval by shareholders and the applications filed with the Ministry as detailed below:

(₹ in crore)

Financial Year	Remuneration accrued	Remuneration Paid	Remuneration as per prescribed limit	Excess remuneration paid held in trust
2014-15	10.66	Not paid	1.95	-
2015-16	10.66	10.66	1.97	8.69

Further, the Company had paid managerial remuneration to the CMD aggregating ₹ 10.66 crores during the financial year 2013-14, out of which ₹ 8.74 crores was in excess of the limits specified under Schedule XIII to the erstwhile Companies Act, 1956. In absence of response from the Ministry for the Company's application for reconsideration of the excess amount paid, the Company has proposed to recover the excess amount held in trust by the CMD and the same has been included under Other Income. Such sum is refundable to the Company within two years or such lesser period as allowed by the Company in terms of Section 197(9) of the Act and until such sum is refunded, the same will be continued to be disclosed as recoverable from the CMD.

8 Gain / (Loss) on fair valuation of equity instruments' represents movements in carrying value of financial assets (investments) measured at fair value through Other Comprehensive Income.

9 Basic and diluted earnings per share for the quarter ended 30 September 2018, quarter and nine months ended 31 December 2017 and year ended 31 March 2018 have been retrospectively adjusted for effect of Rights Issue stated in Note no. 3 above.

10 This financial results have been prepared in accordance with the Companies (Indian Accounting Standards) Rules, 2015 (Ind AS) prescribed under section 133 of the Act read with rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) (Amendment) Rules, 2016. The Audit Committee has reviewed and the Board of Directors have approved the above financial results at their respective meetings held on 7 February 2019. The statutory auditors of the Company have carried out a review of the aforesaid results.

for Hindustan Construction Company Limited

Ajit Gulabchand
Chairman & Managing Director

Mumbai, Dated : 7 February 2019

WALKER CHANDIOK & CO LLP MUMBAI CHARTERED ACCOUNTANTS

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Independent Auditor's Review Report on Quarterly Financial Results and Year to Date Results of the Company pursuant to regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

To the Board of Directors of Hindustan Construction Company Limited

1. We have reviewed the accompanying statement of unaudited financial results ('Statement') of Hindustan Construction Company Limited ('the Company') for the quarter ended 31 December 2018 and the year to date results for the period 1 April 2018 to 31 December 2018, being submitted by the Company pursuant to the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, except Note 2 to the Statement regarding 'total balance value of work on hand as at 31 December 2018', as included in the Statement have been approved by the Board of Directors but have not been subjected to limited review or audit. This Statement is the responsibility of the Company's Management and has been approved by the Board of Directors. Our responsibility is to issue a report on the Statement based on our review.

2. We conducted our review in accordance with the Standard on Review Engagement (SRE) 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity, issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures, applied to financial data and thus provides less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.

3. Based on our review conducted as above, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with applicable Indian Accounting Standards specified under Section 133 of the Companies Act, 2013 ('2013 Act') and SEBI Circulars CIR/CFD/CMD/15/2015 dated 30 November 2015 and CIR/CFD/FAC/62/2016 dated 5 July 2016, and other recognised accounting practices and policies has not disclosed the information required to be disclosed in accordance with the requirements of regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, including the manner in which it is to be disclosed, or that it contains any material misstatement.

4. We draw attention to:

   a) Note 5 to the Statement, regarding uncertainties relating to recoverability of unbilled work-in-progress (other current financial assets), non-current trade receivables and current trade receivables aggregating ₹ 617.66 crore, ₹ 124.76 crore and ₹ 183.65 crore, respectively, as at 31 December 2018, which represent various claims raised in the earlier years in respect of projects substantially closed or suspended and where the claims are currently under negotiations/ discussions/ arbitration/ litigation. Based on legal opinion/past experience with respect to such claims, management is of the view that the aforementioned balances are fully recoverable. Our report is not modified in respect of this matter.

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b) Note 6 to the Statement, regarding the Company's non-current investment in a subsidiary company, non-current loans and other non-current financial assets due from such subsidiary amounting to ₹ 2.24 crore, ₹ 1,486.29 crore, ₹ 44.96 crore, respectively, as at 31 December 2018. The consolidated net-worth of the aforesaid subsidiary has been fully eroded; however, based on certain estimates and other factors, including subsidiary's future business plans, growth prospects and valuation report from an independent valuer, as described in the said note, management believes that the realizable amount is higher than the carrying value of the non-current investments, non-current loans and other non-current financial assets due to which these are considered as good and recoverable. Our report is not modified in respect of this matter.

c) Note 7 to the Statement, regarding excess managerial remuneration accrued/paid to the Chairman and Managing Director (CMD) aggregating ₹ 17.40 crore for the financial years ended 31 March 2015 and 31 March 2016, in excess of the limits prescribed under the provisions of the erstwhile Companies Act, 1956 and the 2013 Act, for which Company had filed applications seeking approval of the Central Government, as required by the relevant provisions of the Act and rules thereunder. Further, as discussed in the aforementioned note, pursuant to the notification of the effective date of Section 67 of the Companies (Amendment) Act, 2017 amending Section 197, Overall maximum managerial remuneration and managerial remuneration in case of absence or inadequacy of profits, of the 2013 Act, the aforesaid applications pending with the Central Government stand abated and the Company is in the process of seeking requisite approvals required in accordance with the provisions of section 197(10) of the 2013 Act. Our report is not modified in respect of this matter.

5. We did not review the separate financial results of seven (7) joint operations, whose financial results (before eliminating intercompany transactions) reflect total revenues of ₹12.35 crore for the quarter ended 31 December 2018 and ₹19.97 crore for the nine months ended on that date as considered in the Statement. These financial results are based on the financial results certified by management and have not been subjected to any review or audit. Our conclusion on the Statement, in so far it relates to the amounts and disclosures included in respect of these joint operations, is solely based on such management certified financial results. Our report is not modified in respect of this matter.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm Registration No: 001076N/N500013

Rakesh R. Agarwal
Partner
Membership No. 109632

Place: Mumbai
Date: 7 February 2019