

HCC/ SEC/ 2023

February 02, 2023

BSE Limited The Corporate Relationship Dept, 1st Floor, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai-400 001. Scrip Code – 500185, 974246, 974247 974248, 974249 & 974250	National Stock Exchange of India Ltd. Exchange Plaza, Bandra-Kurla Complex, Bandra (East), Mumbai-400 051. Scrip Code - HCC
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Dear Sir,

Sub.: **Unaudited Financial Results (Standalone and Consolidated) for the quarter and nine months ended December 31, 2022**

As per Regulations 33 and 52 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, we are enclosing herewith the Unaudited Standalone and Consolidated Financial Results of the Company for the quarter and nine months ended December 31, 2022 along with the Limited Review Reports thereon submitted by the Statutory Auditors, which were approved and taken on record by the Board of Directors of the Company at its Meeting held today i.e. February 02, 2023.

A copy of the press release is also enclosed herewith.

The Meeting of the Board of Directors of the Company commenced at 2.15 p.m. and concluded at 4.45 p.m.

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

Thanking you,

Yours faithfully,

For Hindustan Construction Company Ltd.


Nitesh Kumar
Company Secretary

Enclosed: As above.

Hindustan Construction Co Ltd

Hincon House,
LBS Marg, Vikhroli (West),
Mumbai - 400 083, India
Tel : +91 22 2575 1000 Fax : +91 22 2577 7568
CIN : L45200MH1926PLC001228

www.hccindia.com

HCC standalone net Profit at ₹25.2 cr

Mumbai: February 02, 2023: HCC reported standalone turnover and EBITDA of ₹1,155.5 crore and ₹171.4 crore, respectively, in Q3 FY23, as against ₹1,155.2 crore and ₹283.9 crore, respectively, in Q3 FY22. The Company's order book stood at ₹12,675 crore as of 31 December 2022.

Financial highlights – HCC unaudited standalone results

- Turnover of ₹1,155.5 crore in Q3 FY23 versus ₹1,155.2 crore in Q3 FY22
- Net Profit of ₹25.2 crore in Q3 FY23 versus Net Profit of ₹27.8 crore in Q3 FY22
- EBITDA margins at 15% in Q3 FY23 compared to 25% in Q3 FY22

Tunnelling was completed for Delhi Metro Rail Corporation DC-06 package and Head Race Tunnel hole-through was achieved at Nikachhu Hydorelectric Project in Bhutan during this quarter. Launching of 36 out of 47 segments has been completed at Anji-Khad Bridge, the first cable-stayed bridge (193m height and 473m long) of Indian Railways. HCC, in a Joint Venture, is declared the lowest bidder at a value of Rs 3,681 crore to construct the underground Bandra Kurla Complex (BKC) high-speed rail station in Mumbai for Mumbai Ahmedabad High Speed Rail.

Performance of HCC subsidiaries:

Steiner AG:

Steiner AG reported revenues of CHF 94.3 million (₹802 crore) in Q3 FY23 as compared to CHF 186 million (₹1,493 crore) in Q3 FY22 and a loss of CHF 40 million (₹329 crore) in Q3 FY23 as compared to a net profit of CHF 6.4 million (₹51.8 crore) in the Q3 FY22. The Company secured fresh orders worth CHF 80 million (₹658 crore) in Q3 FY23. The order book stood at CHF 935 million (₹7,690 crore) at the end of December 31, 2022.

HCC Concessions Ltd:

Baharampore-Farakka Highways Ltd (BFHL) Turnover grew 13.8% y-o-y, from ₹28.3 crore in Q3 FY22 to ₹32.2 crore in Q3 FY23. The Company is actively evaluating new HAM/BOT projects to grow its portfolio. The sale of BFHL to Cube Highways, at an enterprise valuation of ₹1,279 crore is expected to close shortly.

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 26% of India's Hydro Power generation and 60% of India's Nuclear Power generation capacities, over 4,036 lane km of Expressways and Highways, more than 360 km of complex Tunnelling and 395 Bridges. Today, HCC Ltd. serves the infrastructure sectors of Transportation, Power and Water. The HCC Group, with a group turnover of ₹10,669 crore, comprises of HCC Ltd., HCC Infrastructure Co. Ltd., and Steiner AG in Switzerland.

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Independent Auditor's Review Report on Standalone Unaudited Quarterly Financial Results and Year to Date Results of the Company pursuant to the Regulation 33 and Regulation 52 read with Regulation 63 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended)

To the Board of Directors of Hindustan Construction Company Limited

1. We have reviewed the accompanying statement of standalone unaudited financial results ('the Statement') of **Hindustan Construction Company Limited** and its joint operations (together referred to as 'the Company') (Refer Annexure 1 for the list of joint operations included in the Statement) for the quarter ended **31 December 2022**, and the year to date results for the period 1 April 2022 to 31 December 2022 being submitted by the Company pursuant to the requirements of Regulation 33 and Regulation 52 read with Regulation 63 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended) ('Listing Regulations'). Attention is drawn to the fact that the Note 3 to the Statement regarding 'total balance value of work on hand' as at 31 December 2022, as included in the Statement has been approved by the Company's Board of Directors, but has not been subjected to audit or review.
2. The Statement, which is the responsibility of the Company's management and approved by the Company's Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34, Interim Financial Reporting ('Ind AS 34'), prescribed under section 133 of the Companies Act, 2013 ('the Act'), and other accounting principles generally accepted in India and is in compliance with the presentation and disclosure requirements of Regulation 33 and Regulation 52 read with Regulation 63 of the Listing Regulations. Our responsibility is to express a conclusion on the Statement based on our review.
3. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity, issued by the Institute of Chartered Accountants of India. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the Standards on Auditing specified under section 143(10) of the Act, and consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Hindustan Construction Company Limited
Independent Auditor's Review Report on Standalone Unaudited Quarterly Financial Results and Year to Date Results of the Company pursuant to the Regulation 33 and Regulation 52 read with Regulation 63 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended)

4. As stated in:

- (i) Note 6 to the accompanying Statement, the Company's investments in subsidiaries as at 31 December 2022 includes non-current investment and current investments in HCC Infrastructure Company Limited ('HICL'), its wholly owned subsidiary, amounting to ₹ 1,214.65 crore and ₹ 350 crore, respectively, stated at cost and considered fully recoverable by the management on the basis of factors stated in the aforesaid note including a valuation performed by an independent valuer. The subsidiary's consolidated net worth as at 31 December 2022 is substantially eroded and there has been significant decline in the actual results of certain key underlying assumptions considered for valuation purposes. The management believes that such decline is temporary in nature which does not have any material adverse impact on the valuation of such investment determined as above as at 31 December 2022. However, in the absence of sufficient appropriate evidence to support management's estimates of such future assumptions, we are unable to comment upon the adjustments, if any, that are required to the carrying value of the aforesaid investment and consequential impact, if any, on the accompanying Statement.

Our audit report dated 12 May 2022 on the standalone audited financial result for the year ended 31 March 2022 and review reports dated 10 November 2022 and 3 February 2022 on the standalone unaudited financial results for the quarter and six month ended 30 September 2022 and for the quarter and nine month ended 31 December 2021, respectively, were also qualified in respect of this matter.

- (ii) Note 7 to the accompanying Statement, the Company has recognised net deferred tax assets amounting to ₹ 741.74 crore as at 31 December 2022, mainly on account of carried forward unused tax losses, unused tax credits and other taxable temporary differences on the basis of expected availability of future taxable profits for utilization of such deferred tax assets. However, in view of the history of losses, we are unable to obtain sufficient appropriate audit evidence with respect to the projections for future taxable profits prepared by the management and therefore, are unable to comment on any adjustments that may be required to the carrying value of aforesaid net deferred tax assets as at 31 December 2022.

Our audit report dated 12 May 2022 on the standalone audited financial result for the year ended 31 March 2022 and review reports dated 10 November 2022 and 3 February 2022 on the standalone unaudited financial results for the quarter and six month ended 30 September 2022 and for the quarter and nine month ended 31 December 2021, respectively, were also qualified in respect of this matter.

5. Based on our review conducted as above and the consideration of the review report of the other auditor referred to in paragraph 7 below, except for the possible effects of the matters described in previous section, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with the recognition and measurement principles laid down in Ind AS 34, prescribed under section 133 of the Act, and other accounting principles generally accepted in India, has not disclosed the information required to be disclosed in accordance with the requirements of Regulation 33 and Regulation 52 read with Regulation 63 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended), including the manner in which it is to be disclosed, or that it contains any material misstatement.
6. We draw attention to Note 4 to the accompanying Statement, regarding uncertainties relating to recoverability of unbilled work-in-progress (contract assets), current trade receivables and non-current trade receivables amounting to ₹ 740.17 crore, ₹ 218.83 crore and ₹ 57.52 crore, respectively, as at 31 December 2022, which represent various receivables in respect of closed/ substantially closed/ suspended/ terminated projects. These aforementioned receivables 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 and as legally advised in certain contentious matters, the management is confident of recovery of these receivables. Our conclusion is not modified in respect of the above matter.

Hindustan Construction Company Limited
Independent Auditor's Review Report on Standalone Unaudited Quarterly Financial Results and Year to Date Results of the Company pursuant to the Regulation 33 and Regulation 52 read with Regulation 63 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended)

7. We did not review the interim financial information of one (1) joint operation included in the Statement, where such interim financial information reflects Company's share of total revenues of ₹ 49.37 crore and ₹ 144.47 crore, total net profit after tax of ₹ 0.94 crore and ₹ 2.71 crore, and total comprehensive income of ₹ 0.94 crore and ₹ 2.71 crore, for the quarter and nine-month period ended on 31 December 2022, respectively, as considered in the Statement. Such interim financial information has been reviewed by another auditor, whose report has been furnished to us by the management, and our conclusion, in so far as it relates to the amounts and disclosures included in respect of this joint operation, is based solely on the review report of such other auditor.

Further, the aforementioned interim financial information of the above joint operation has been prepared in accordance with accounting principles generally accepted in India, including accounting standards issued by the ICAI. The Company's management has converted such interim financial information of the joint operation in accordance with Ind AS. We have reviewed these conversion adjustments made by the Company's management. Our conclusion, in so far as it relates to the amounts and disclosures included in respect of this joint operation is based on the review report of other auditor and the conversion adjustments prepared by the management of the Company and reviewed by us.

Our conclusion is not modified in respect of the above matters with respect to our reliance on the work done by and the report of the other auditor.

8. The Statement includes the interim financial information of six (6) joint operations, which have not been reviewed/ audited by their auditors, whose interim financial information reflects Company's share of total revenues of ₹ (0.12) crore and ₹ 0.35 crore, net loss after tax of ₹ 0.47 crore and ₹ 0.88 crore, and total comprehensive loss of ₹ 0.47 crore and ₹ 0.88 crore for the quarter and nine-month ended on 31 December 2022, respectively, as considered in the Statement. These interim financial information have been furnished to us by the Company's management. Our conclusion on the Statement, in so far as it relates to the amounts and disclosures included in respect of these joint operations, are based solely on such unreviewed/ unaudited interim financial information. According to the information and explanations given to us by the management, these interim financial information are not material to the Company.

Our conclusion is not modified in respect of this matter with respect to our reliance on the aforesaid financial information certified by the Board of Directors.

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

SHASHI
TADWALKAR
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SHASHI TADWALKAR
Date: 2023.02.02
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Shashi Tadwalkar
Partner
Membership No:101797

UDIN:23101797BGXEYN9591

Place: Mumbai
Date: 02 February 2023

Annexure 1

List of joint operations included in the Statement

Sr. No. Name of the entity

1.	Kumagai – Skanska – HCC - Itochu Group
2.	HCC - L&T Purulia Joint Venture
3.	Alpine - Samsung - HCC Joint Venture
4.	Alpine - HCC Joint Venture
5.	HCC - Samsung Joint Venture CC 34
6.	Nathpa Jhakri Joint Venture
7.	HCC - HDC Joint Venture
8.	HCC - VCCL Joint Venture

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STATEMENT OF STANDALONE UNAUDITED FINANCIAL RESULTS FOR THE QUARTER AND NINE MONTH ENDED 31 DECEMBER 2022

Sr. No.	Particulars	₹ in crore except earnings per share					
		Quarter ended			Nine month ended		
		31-Dec-22 Unaudited	30-Sep-22 Unaudited	31-Dec-21 Unaudited	31-Dec-22 Unaudited	31-Dec-21 Unaudited	Year ended 31-Mar-22 Audited
1	Income						
	(a) Revenue from operations	1,155.45	1,249.07	1,155.23	3,377.25	3,094.88	4,666.28
	(b) Other income	11.68	18.79	14.40	41.83	77.63	80.24
	Total income (a+b)	1,167.13	1,267.86	1,169.63	3,419.13	3,172.51	4,746.52
2	Expenses						
	(a) Cost of materials consumed	266.68	250.22	241.10	758.93	613.29	865.07
	(b) Subcontracting expenses	536.17	579.84	447.06	1,568.21	1,432.21	2,263.26
	(c) Construction expenses	69.62	84.40	71.19	224.82	220.26	291.51
	(d) Employee benefits expense	81.55	77.98	83.29	240.49	252.82	345.92
	(e) Finance costs	138.43	136.89	247.13	518.45	704.99	948.80
	(f) Depreciation and amortisation expense	18.91	20.08	22.69	59.17	69.59	93.64
	(g) Other expenses	30.00	28.40	28.72	83.52	75.99	111.60
	Total expenses (a+b+c+d+e+f+g)	1,141.36	1,177.81	1,141.18	3,453.59	3,369.15	4,919.80
3	Profit/ (Loss) before exceptional items and tax (1-2)	25.77	90.05	28.45	(34.46)	(196.64)	(173.28)
4	Exceptional item - gain (Refer note 5)	-	223.30	-	223.30	-	-
5	Profit/ (Loss) before tax (3+4)	25.77	313.35	28.45	188.84	(196.64)	(173.28)
6	Tax expense						
	(a) Current tax	0.58	0.57	0.70	1.66	1.56	5.96
	(b) Deferred tax (Refer note 7)	-	-	-	-	(23.46)	(26.14)
	Total tax expense	0.58	0.57	0.70	1.66	(21.90)	(20.18)
7	Profit/ (Loss) for the period/ year (5-6)	25.19	312.78	27.75	187.18	(174.74)	(153.10)
8	Other comprehensive income/ (loss)						
	(a) Items not to be reclassified subsequently to profit or loss (net of tax)						
	- Gain/ (loss) on fair value of defined benefit plans as per actuarial valuation	0.43	0.59	(0.31)	1.30	(1.10)	0.73
	- Gain/ (loss) on fair value of equity instruments	(1.88)	1.77	6.24	(3.81)	8.32	7.13
	(b) Items to be reclassified subsequently to profit or loss	-	-	-	-	-	-
	Other comprehensive income/ (loss) for the period/ year, net of tax (a+b)	(1.45)	2.36	5.93	(2.51)	7.22	7.86
9	Total comprehensive income/ (loss) for the period/ year, net of tax (7+8)	23.74	315.14	33.68	184.67	(167.52)	(145.24)
10	Paid up equity share capital (Face value of ₹ 1 each)	151.31	151.31	151.31	151.31	151.31	151.31
11	Other equity (excluding revaluation reserves)						317.02
12	Earnings/ (Loss) per share (Face value of ₹ 1 each)						
	(a) Basic EPS (not annualised) (in ₹)	0.17	2.07	0.18	1.24	(1.15)	(1.01)
	(b) Diluted EPS (not annualised) (in ₹)	0.17	2.07	0.18	1.24	(1.15)	(1.01)
	See accompanying notes to the standalone unaudited financial results						



Hindustan Construction Co Ltd

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Notes:

- 1 The standalone unaudited financial results of Hindustan Construction Company Limited (the 'Company' or 'HCC') for the quarter and nine month ended 31 December 2022 have been prepared to comply in all material respects with the Indian Accounting Standards ('Ind AS') as prescribed under Section 133 of the Companies Act, 2013 ('the Act'). These results have been reviewed and recommended to the Board of Directors by the Audit Committee and subsequently approved by the Board of Directors of the Company at their respective meetings held on 02 February 2023.
- 2 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 given the nature of its business and consequent to receipt of awards/ claims or events which may lead to revision in cost to completion. Accordingly, the quarterly results may vary and may not be indicative of annual results.
- 3 The total balance value of work on hand as at 31 December 2022 is ₹ 12,675 crore (31 March 2022: ₹ 15,967 crore).
- 4 Unbilled work-in-progress (contract assets), current trade receivables and non-current trade receivable includes ₹ 740.17 crore, ₹ 218.83 crore and ₹ 57.52 crore, respectively, outstanding as at 31 December 2022 representing receivables from customers based on the terms and conditions implicit in the contracts and other receivables in respect of closed/ substantially closed/ suspended/ terminated projects. These aforementioned receivables are mainly in respect of cost over-run arising due to client caused delays, 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 and as legally advised in certain contentious matters, the management is confident of recovery of these receivables.
- 5 During the quarter ended 30 September 2022, the Company novated specified debt of lenders aggregating ₹ 2,855.69 crore to Prolific Resolution Private Limited ('PRPL'), a wholly owned subsidiary of the Company, with the consideration being the assignment of beneficial interest in the specified arbitration awards and claims with a carrying value of ₹ 2,894.11 crore in favor of PRPL. Further, the revision in terms of facilities by lenders resulted in a gain of ₹ 223.30 crore which has been presented as an exceptional item for the quarter ended 30 September 2022.
Based on the above and considering the future business plans, including time-bound monetization of assets, the management is confident of meeting the obligations as they fall due. Accordingly, the management considers it appropriate to prepare these financial results on a going concern basis.
- 6 As at 31 December 2022, the Company has investments in its wholly owned subsidiary HCC Infrastructure Company Limited ('HICL') aggregating ₹ 1,564.65 crore classified as non-current investment ₹ 1,214.65 crore (30 September 2022: ₹ 1,214.65 crore, 31 March 2022: ₹ 1,214.65 crore and 31 December 2021: ₹ 1,564.65 crore) and current investment of ₹ 350 crore (30 September 2022: ₹ 350 crore, 31 March 2022: ₹ 350 crore and 31 December 2021: Nil). The consolidated net worth of HICL as at 31 December 2022 has been substantially eroded. The management has obtained valuation report of HICL from an independent valuation expert which includes the valuation of the underlying investments and assets represented by cash flows from proposed sale of subsidiary (including earn-out considerations and share of future revenues) and favourable arbitration awards.
There has been a decline in the actual results of certain key underlying assumptions used for the purpose of valuation in earlier periods. The management believes such decline is temporary in nature and does not expect any material adverse impact on the recoverable amount of underlying investments/ assets. Accordingly, based on future business plans and valuation report from an independent valuer, the management believes that the recoverable amount of investment in HICL is higher than its carrying value. Statutory auditors review report is modified in respect of this matter.
- 7 As at 31 December 2022, the Company has recognised net deferred tax assets amounting to ₹ 741.74 crore (30 September 2022: ₹ 741.74 crore, 31 March 2022: ₹ 741.74 crore and 31 December 2021: ₹ 739.28 crore) mainly on account of carried forward unused tax losses, unused tax credits and other taxable temporary differences. While the Company is confident of taxable profits being available against which unused tax losses can be utilized, the Company on prudent basis is not recognizing additional deferred tax asset on the tax losses.
Based on the expected profits from the unexecuted orders on hand/ future projects and expected realisation of claims/ arbitration awards, the Company's management is confident that sufficient future taxable income will be available against which such net deferred tax assets recognised as at 31 December 2022 will be realized. Statutory auditors review report is modified in respect of this matter.
- 8 Figures for the previous period/ year have been regrouped/ reclassified to conform to the current period presentation, wherever considered necessary.





9 Additional disclosures as per Clause 52(4) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015:

Particulars	Quarter ended			Nine month ended		Year ended
	31-Dec-22	30-Sep-22	31-Dec-21	31-Dec-22	31-Dec-21	31 March 2022
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
Outstanding redeemable preference shares (₹ in crore)	-	-	-	-	-	-
Debenture Redemption reserve (₹ in crore)	54.99	54.99	54.99	54.99	54.99	54.99
Net Worth (₹ in crore) (Equity Share Capital + other equity less capital reserves)	636.34	612.61	429.48	636.34	429.48	453.14
Net Profit/ (Loss) after tax (₹ in crore)	25.19	312.78	27.75	187.18	(174.74)	(153.10)
Basic earnings/(loss) per share (Not annualised)	0.17	2.07	0.18	1.24	(1.15)	(1.01)
Diluted earnings/(loss) per share (Not annualised)	0.17	2.07	0.18	1.24	(1.15)	(1.01)
Debt Equity ratio (times): (Total Debt / Equity Share Capital + other equity)	3.35	3.48	8.82	3.35	8.82	8.37
Debt Service Coverage ratio (times): (Earnings before interest [^] , depreciation and amortisation, exceptional items and tax) / (Interest [^] on debt for the period/year + Principal repayment of long-term debt and lease liabilities within one year) - Annualised	1.03	1.51	0.55	0.81	0.29	0.36
Interest Service Coverage ratio (times): [(Earnings before interest [^] , depreciation and amortisation, exceptional items and tax) / Interest expenses [^]]	1.46	2.16	1.33	1.06	0.72	0.87
Current Ratio (times): (Current assets / Current liabilities)	1.18	1.05	0.97	1.18	0.97	1.00
Long-term debt to working capital (times): [(Non-current Borrowings + Current maturities of long-term debt) / Net working capital]	2.78	9.58	(7.37)	2.78	(7.37)	50.13
Bad debts to accounts receivable ratio (%): (Bad debts / Average trade receivables)	-	-	-	-	-	-
Current liability ratio (times): (Current liabilities / Total liabilities)	0.55	0.55	0.76	0.55	0.76	0.77
Total debts to total assets ratio (times): [(Non-current Borrowings + Current Borrowings)/Total Assets]	0.25	0.25	0.35	0.25	0.35	0.34
Debtors Turnover (times): [(Revenue from operations / Average trade receivable)] - Annualised	1.92	1.51	1.19	1.35	0.99	1.08
Inventory Turnover (times): [(Cost of Goods Sold / Average inventory)] - Annualised	19.86	19.65	15.59	19.93	15.86	18.81
Operating Margin (in %): [(Earnings before interest/ finance costs, depreciation and amortisation, exceptional items and tax - Other Income) / Revenue from operations]	14.84%	18.27%	24.57%	14.84%	16.17%	16.91%
Net Profit / (Loss) Margin (%): [Profit/ (Loss) after tax / Revenue from operations]	2.18%	25.04%	2.40%	5.54%	-5.65%	-3.28%

The Company continue to maintain 100% asset cover for the NCD issued by it.

[^] Excludes interest expenses on interest or advance from customers.

for Hindustan Construction Company Limited



Ajit Gulabchand

Ajit Gulabchand
Chairman & Managing Director

Mumbai, Dated : 02 February 2023

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Independent Auditor's Review Report on Consolidated Unaudited Quarterly Financial Results and Year to Date Results of the Company pursuant to the Regulation 33 and Regulation 52 read with Regulation 63 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended)

To the Board of Directors of Hindustan Construction Company Limited

1. We have reviewed the accompanying statement of unaudited consolidated financial results ('the Statement') of **Hindustan Construction Company Limited** and its joint operations ('the Holding Company') and its subsidiaries (the Holding Company and its subsidiaries together referred to as 'the Group'), its associates and joint ventures (refer Annexure 1 for the list of subsidiaries, associates, joint ventures and joint operations included in the Statement) for the quarter ended **31 December 2022** and the consolidated year to date results for the period 1 April 2022 to 31 December 2022, being submitted by the Holding Company pursuant to the requirements of Regulation 33 and Regulation 52 read with Regulation 63 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended) ('Listing Regulations').
2. This Statement, which is the responsibility of the Holding Company's management and approved by the Holding Company's Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34, Interim Financial Reporting ('Ind AS 34'), prescribed under section 133 of the Companies Act, 2013 ('the Act'), and other accounting principles generally accepted in India and is in compliance with the presentation and disclosure requirements of Regulation 33 and Regulation 52 read with Regulation 63 of the Listing Regulations. Our responsibility is to express a conclusion on the Statement based on our review.
3. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity, issued by the Institute of Chartered Accountants of India. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the Standards on Auditing specified under section 143(10) of the Act, and consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

We also performed procedures in accordance with the SEBI Circular CIR/CFD/CMD1/44/2019 dated 29 March 2019 issued by the SEBI under Regulation 33 (8) of the Listing Regulation, to the extent applicable.

Hindustan Construction Company Limited
Independent Auditor's Review Report on Consolidated Unaudited Quarterly Financial Results and Year to Date Results of the Company pursuant to the Regulation 33 and Regulation 52 read with Regulation 63 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended)

4. As stated in Note 3 to the accompanying Statement, the Holding Company has recognised net deferred tax assets amounting to ₹ 741.74 crore as at 31 December 2022, mainly on account of carried forward unused tax losses, unused tax credits and other taxable temporary differences on the basis of expected availability of future taxable profits for utilization of such deferred tax assets. However, in view of the Holding Company's history of losses, we are unable to obtain sufficient appropriate audit evidence with respect to the projections for future taxable profits prepared by the management and therefore, are unable to comment on any adjustments that may be required to the carrying value of aforesaid net deferred tax assets as at 31 December 2022.

Our audit report dated 12 May 2022 on the consolidated audited financial result for the year ended 31 March 2022 and review reports dated 10 November 2022 and 3 February 2022 on the consolidated unaudited financial results for the quarter and six month ended 30 September 2022 and for the quarter and nine month ended 31 December 2021 was also qualified in respect of this matter.

5. Based on our review conducted and procedures performed as stated in paragraph 3 above and upon consideration of the review reports of the other auditors referred to in paragraphs 7 and 8 below, except for the possible effects of the matter described in previous section, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with the recognition and measurement principles laid down in Ind AS 34, prescribed under section 133 of the Act, and other accounting principles generally accepted in India, has not disclosed the information required to be disclosed in accordance with the requirements of Regulation 33 and Regulation 52 read with Regulation 63 of the Listing Regulations, including the manner in which it is to be disclosed, or that it contains any material misstatement.

6. We draw attention to:

- (i) Note 4 to the accompanying Statement, regarding uncertainties relating to recoverability of unbilled work-in-progress (contract assets), current trade receivables and non-current trade receivables amounting to ₹ 740.17 crore, ₹ 218.83 and ₹ 57.52 crore, respectively, as at 31 December 2022, which represent various receivables in respect of closed/ suspended/ substantially closed/ terminated projects. These aforementioned receivables 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 Holding 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 and as legally advised in certain contentious matters, the management is confident of recovery of these receivables. Our conclusion is not modified in respect of the above matter.
- (ii) Note 5 to the accompanying Statement, pertaining to matter on which following emphasis of matter has been included in the review report dated 20 January 2023 on the interim condensed consolidated financial statements of Steiner AG, a step-down subsidiary of the Holding Company, issued by an independent firm of Chartered Accountants, which is reproduced by us as under:

"We draw attention to the explanatory comment of the interim condensed consolidated financial statements describing the unsatisfactory performance in the reporting period and the experienced liquidity difficulties the Company faced during the three-month period ended 31 December 2022. Furthermore, the company did not comply with some credit conditions (financial covenants) in the reporting period. These circumstances indicate the existence of a material uncertainty that may cast significant doubt about the company's ability to continue as a going concern. The company's ability to continue as a going concern depends on whether it can achieve the proposed liquidity measures."

- (iii) Note 9 to the accompanying Statement, pertaining to matter on which following emphasis of matter has been included in the review report dated 30 January 2023 on the financial results of HREL Real Estate Limited, a subsidiary of the Holding Company, issued by an independent firm of Chartered Accountants, which is reproduced by us as under:

“Note XX to the accompanying financial statements, the Company had provided corporate guarantees and put options aggregating ₹ 6,812.24 crore (previous year: ₹ 6,069.65 crore) to the lenders of its erstwhile subsidiaries, Lavasa Corporation Limited (LCL) and Warasgaon Assets Maintenance Limited (WAML) in respect of amounts borrowed by these entities. LCL and WAML were admitted under the Corporate Insolvency and Resolution Process (CIRP) in accordance with the Insolvency and Bankruptcy Code, 2016 (IBC) dated 30 August 2018 and 20 December 2018, respectively and Resolution Professionals (RP) were been appointed by the Committee of Creditors (CoC) of the lenders of respective companies. The lenders, to whom these corporate guarantees and put options were furnished, have filed their claims with Resolution Professional and have also invoked the corporate guarantee/ put options issued by the Company. The National Company Law Tribunal, Mumbai Bench vide its order dated 26 February 2020, have approved the request of lenders of LCL and WAML to consolidate LCL, WAML and Dasve Convention Centre Limited (a subsidiary of LCL) and thereby get better valuation on liquidation. The Resolution Professional is in the process of formulating a resolution plan including identifying potential resolution applicant. The liability of the Company shall be determined once the debts due to these lenders are settled by Resolution Professional upon completion of the IBC process. Pending the outcome of the resolution process, no provision has been made in the financial statements by the management stating that the impact, if any is currently unascertainable.”

- (iv) Note 8 to the accompanying Statement, pertaining to matter on which following emphasis of matter included in the review report dated 31 January 2023 on the financial results of Raiganj - Dalkhola Highways Limited, a step-down subsidiary of the Holding Company, issued by an independent firm of Chartered Accountants, on matters which is reproduced by us as under:

“Note XX and XX of notes to accounts, the Company had taken term loans from consortium of banks and financial institution. The Company borrowings have been classified as non-performing assets by the lenders due to defaults in payment of related dues. Balances of outstanding borrowings from the lenders including interest thereon, as recorded in books of accounts of Company are unconfirmed.”

Our conclusion is not modified in respect of the above matters.

7. We did not review the interim financial statements/ interim financial information of twenty (20) subsidiaries included in the Statement, whose financial statements/ financial information reflect total revenues of ₹ 729.48 crore and ₹ 3,368.78 crore, net loss after tax of ₹ 296.87 crore and ₹ 401.31 crore and total comprehensive loss of ₹ 313.73 crore and ₹ 417.29 crore, for the quarter and nine month period ended 31 December 2022, respectively, as considered in the Statement. The Statement also includes the Group's share of net profit after tax of ₹ 1.92 crore and ₹ 4.67 crore and total comprehensive income of ₹ 1.92 crore and ₹ 4.67 crore, for the quarter and nine-month period ended 31 December 2022, respectively, as considered in the Statement, in respect of three (3) associates and two (2) joint ventures, whose interim financial information have not been reviewed by us.

These interim financial statements/ interim financial information have been reviewed by other auditors, whose review reports have been furnished to us by the management, and our conclusion in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, associates and joint ventures is based solely on the review reports of such other auditors and the procedures performed by us as stated in paragraph 3 above.

Our conclusion is not modified in respect of this matter with respect to our reliance on the work done by and the reports of the other auditors.

Hindustan Construction Company Limited

Independent Auditor's Review Report on Consolidated Unaudited Quarterly Financial Results and Year to Date Results of the Company pursuant to the Regulation 33 and Regulation 52 read with Regulation 63 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended)

8. We did not review the interim financial information of one (1) joint operation included in the Statement, where such interim financial information reflects group's share of total revenues of ₹ 49.37 crore and ₹ 144.47 crore, total net profit after tax of ₹ 0.94 crore and ₹ 2.71 crore, and total comprehensive income of ₹ 0.94 crore and ₹ 2.71 crore, for the quarter and nine-month period ended on 31 December 2022, respectively, as considered in the Statement. Such interim financial information has been reviewed by another auditor, whose report has been furnished to us by the management, and our conclusion in so far as it relates to the amounts and disclosures included in respect of this joint operation, is based solely on the review report of such other auditor and procedure performed by us as stated in paragraph 3 above.

Further, the aforementioned interim financial information of the above joint operation has been prepared in accordance with accounting principles generally accepted in India, including accounting standards issued by the ICAI. The Holding Company's management has converted such interim financial information of the joint operation in accordance with Ind AS. We have reviewed these conversion adjustments made by the Holding Company's management. Our conclusion, in so far as it relates to the amounts and disclosures included in respect of this joint operation is based on the review report of other auditor and the conversion adjustments prepared by the management of the Holding Company and reviewed by us.

Our conclusion is not modified in respect of the above matters with respect to our reliance on the work done by and the reports of the other auditor.

9. The Statement includes the interim financial statements/ interim financial information of nine (9) subsidiaries, which have not been reviewed/ audited by their auditors, whose interim financial statements/ interim financial information reflect total revenues of Nil and ₹ 0.07 crore, net profit after tax of ₹ 0.03 crore and ₹ 0.12 crore and total comprehensive income of ₹ 0.03 crore and ₹ 0.12 crore for the quarter and nine month ended on 31 December 2022, respectively, as considered in the Statement, and have been furnished to us by the Holding Company's management.

Our conclusion on the Statement, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, are based solely on such unaudited/ unreviewed interim financial statements interim financial information. According to the information and explanations given to us by the management, these interim financial statements/ interim financial information are not material to the Group Our conclusion is not modified in respect of this matter with respect to our reliance on the interim financial statements/ interim financial information certified by the Board of Directors.

10. The Statement includes the interim financial information of six (6) joint operations, which have not been reviewed/ audited by their auditors, whose interim financial information reflects group's share of total revenues of ₹ (0.12) crore and ₹ 0.35 crore, net loss after tax of ₹ 0.47 crore and ₹ 0.88 crore, and total comprehensive loss of ₹ 0.47 crore and ₹ 0.88 crore for the quarter and nine month ended on 31 December 2022, respectively, as considered in the Statement. These interim financial information have been furnished to us by the Company's management. Our conclusion on the Statement, in so far as it relates to the amounts and disclosures included in respect of these joint operations, are based solely on such unreviewed/ unaudited interim financial information. According to the information and explanations given to us by the management, these interim financial information are not material to the Group.

Our conclusion is not modified in respect of this matter with respect to our reliance on the aforesaid financial information certified by the Board of Directors.

For **Walker Chandio & Co LLP**

Chartered Accountants

Firm Registration No:001076N/N500013

SHASHI

Digitally signed by SHASHI

TADWALKAR

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Date: 2023.02.02 14:50:57
+05'30'

Shashi Tadwalkar

Partner

Membership No:101797

UDIN:23101797BGXEYO8020

Place: Mumbai

Date: 02 February 2023

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Annexure 1

List of entities included in the Statement

Subsidiary Companies	
HCC Contract Solutions Limited	HCC Aviation Limited
Western Securities Limited	Steiner AG
HREL Real Estate Limited	Dhule Palesner Operations & Maintenance Limited
Panchkutir Developers Limited	HCC Power Limited
HCC Mauritius Enterprises Limited	HCC Realty Limited
Highbar Technologies Limited	HCC Operation and Maintenance Limited
HCC Infrastructure Company Limited	HCC Energy Limited
HCC Mauritius Investments Limited	Steiner Promotions et Participations SA
HRL Township Developers Limited	Steiner (Deutschland) GmbH
HRL (Thane) Real Estate Limited	VM + ST AG
Nashik Township Developers Limited	Steiner Leman SAS
Maan Township Developers Limited	Steiner India Limited
Manufakt8048 AG	Powai Real Estate Developer Limited
HCC Concessions Limited *	Prolific Resolution Private Limited
Narmada Bridge Tollways Limited *	Baharampore - Farakka Highways Limited *
Badarpur Faridabad Tollways Limited *	Raiganj - Dalkhola Highways Limited *
Associates	
Highbar Technocrat Limited	Evostate Immobilien AG
Evostate AG	MCR Managing Corp. Real Estate
Joint Venture / Joint Operations	
Kumagai-Skanska-HCC-Itochu Group	Alpine - HCC Joint Venture
HCC-L&T Purulia Joint Venture	HCC Samsung Joint Venture CC 34
Alpine - Samsung - HCC Joint Venture	ARGE Prime Tower, Zürich
Nathpa Jhakri Joint Venture	Werkarena Basel AG
HCC- HDC Joint Venture	HCC – VCCL Joint Venture

* The aforementioned entities were Joint Venture of the Group and effective 20 August 2021 have become subsidiaries of the Holding Company.

STATEMENT OF CONSOLIDATED UNAUDITED FINANCIAL RESULTS FOR THE QUARTER AND NINE MONTH ENDED 31 DECEMBER 2022							
Sr. No.	Particulars	₹ in crore except earnings per share					
		Quarter ended			Nine month ended		Year ended
		31-Dec-22 Unaudited	30-Sep-22 Unaudited	31-Dec-21 Unaudited	31-Dec-22 Unaudited	31-Dec-21 Unaudited	31-Mar-22 Audited
1	Income						
	(a) Revenue from operations	2,034.80	2,498.78	2,583.14	6,752.50	7,795.25	10,669.73
	(b) Other income	11.89	16.37	21.55	42.25	123.66	152.13
	Total income (a+b)	2,046.69	2,515.15	2,602.09	6,804.75	7,923.91	10,821.86
2	Expenses						
	(a) Cost of materials consumed	266.68	250.22	173.86	750.90	564.67	865.06
	(b) Subcontracting expenses	1,556.09	1,547.15	1,583.12	4,696.34	5,321.81	7,112.79
	(c) Changes in inventories	(19.58)	(11.07)	(22.07)	(12.40)	(32.65)	(17.14)
	(d) Construction expenses	70.83	88.03	73.55	232.70	230.83	306.04
	(e) Employee benefits expense	213.04	209.47	232.36	637.75	694.40	931.54
	(f) Finance costs	235.63	247.74	263.30	746.32	751.71	1,030.47
	(g) Depreciation and amortisation expense	31.98	32.01	34.07	96.20	95.04	138.34
	(h) Other expenses	66.75	60.33	59.77	187.41	182.78	278.82
	Total expenses (a+b+c+d+e+f+g+h)	2,421.42	2,423.88	2,507.96	7,343.22	7,308.79	10,645.92
3	Profit/ (Loss) before exceptional items, share of profit/ (loss) of associates and joint ventures and tax (1-2)	(374.73)	91.27	94.13	(538.47)	115.12	175.94
4	Exceptional items - Gain (Refer note 10)	31.04	223.20	-	254.34	106.10	106.10
5	Profit/ (Loss) before share of profit/ loss of associates and joint ventures and tax (3+4)	(343.69)	314.57	94.13	(284.13)	221.22	282.04
5	Share of profit/ (loss) of associates and joint ventures (net)	4.90	1.65	(0.85)	6.99	222.74	224.04
7	Profit/ (Loss) before tax (5+6)	(338.79)	316.22	93.28	(277.14)	443.96	506.08
8	Tax expense/ (credit)						
	(a) Current tax	3.34	4.84	45.79	13.18	50.91	46.63
	(b) Deferred tax	(83.69)	(13.48)	(23.36)	(73.08)	4.29	39.80
	Total tax expense/ (credit)	(80.35)	(5.64)	22.43	(59.90)	55.20	86.43
9	Profit/ (Loss) for the period from continuing operations (7-8)	(258.44)	321.88	70.85	(217.24)	388.76	419.65
10	Discontinued Operations (Refer note 6)						
	Profit/ (Loss) before tax from discontinued operations	0.73	(2.83)	(6.42)	(0.29)	(5.13)	(7.02)
	Tax expense of discontinued operations	0.14	-	-	0.14	-	13.07
	Profit/ (Loss) from discontinued operations (after tax)	0.59	(2.83)	(6.42)	(0.43)	(5.13)	(20.09)
11	Other comprehensive income/ (loss)						
	(a) Items not to be reclassified subsequently to profit or loss (net of tax)						
	- Gain/ (Loss) on fair value of defined benefit plans	0.43	0.59	(4.33)	1.30	(17.02)	82.40
	- Gain / (Loss) on fair value of equity instruments	(1.89)	1.37	6.23	(4.58)	8.24	7.09
	(b) Items to be reclassified subsequently to profit or loss (net of tax)						
	- Translation loss relating to foreign operations	(28.54)	(19.15)	(0.09)	(19.39)	(3.84)	(4.51)
	Other comprehensive income/ (loss) for the period/ year, net of tax (a+b)	(30.00)	(17.19)	1.81	(22.67)	(12.62)	85.07
12	Total comprehensive income/ (loss) for the period/ year, net of tax (9+10+11)	(287.85)	304.69	66.24	(240.34)	371.01	484.63
	Profit/ (loss) for the period/ year attributable to:						
	Owners of the parent	(257.85)	319.03	64.43	(217.67)	383.63	399.56
	Non - controlling interest	(0.00)*	(0.00)*	(0.00)*	(0.00)*	(0.00)*	0.00*
	Other comprehensive income/ (loss) for the period/ year attributable to:						
	Owners of the parent	(30.00)	(17.19)	1.81	(22.67)	(12.62)	85.07
	Non - controlling interest	(0.00)*	(0.00)*	(0.00)*	(0.00)*	(0.00)*	0.00*
	Total comprehensive income/ (loss) for the period/ year attributable to:						
	Owners of the parent	(287.85)	301.84	66.24	(240.34)	371.01	484.63
	Non - controlling interest	(0.00)*	(0.00)*	(0.00)*	(0.00)*	(0.00)*	0.00*
13	Paid up equity share capital (Face value of ₹ 1 each)	151.31	151.31	151.31	151.31	151.31	151.31
14	Other equity (excluding revaluation reserves)						(935.85)
15	Earnings/ (Loss) per share (Face value of ₹ 1 each) - for continuing operations						
	(a) Basic EPS (not annualised) (in ₹)	(1.71)	2.13	0.47	(1.44)	2.57	2.77
	(b) Diluted EPS (not annualised) (in ₹)	(1.71)	2.13	0.47	(1.44)	2.57	2.77
	Earnings/ (Loss) per share (Face value of ₹ 1 each) -for discontinued operations						
	(a) Basic EPS (not annualised) (in ₹)	0.00*	(0.02)	(0.04)	(0.00)*	(0.03)	(0.13)
	(b) Diluted EPS (not annualised) (in ₹)	0.00*	(0.02)	(0.04)	(0.00)*	(0.03)	(0.13)
	Earnings/ (Loss) per share (Face value of ₹ 1 each) -for total operations						
	(a) Basic EPS (not annualised) (in ₹)	(1.71)	2.11	0.43	(1.44)	2.54	2.64
	(b) Diluted EPS (not annualised) (in ₹)	(1.71)	2.11	0.43	(1.44)	2.54	2.64
	* represents amount less than ₹ 1 lakh						
	* represents EPS of less than ₹ 0.01 per equity share						
	See accompanying notes to the consolidated unaudited financial results						

Hindustan Construction Co Ltd

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Notes:

- The consolidated unaudited financial results of Hindustan Construction Company Limited and its joint operations (the 'Holding Company' or 'HCC') and its subsidiaries (the Holding Company and its subsidiaries together referred to as 'the Group') for the quarter and nine month ended 31 December 2022 have been prepared to comply in all material respects with the Indian Accounting Standards (Ind AS) as prescribed under Section 133 of the Companies Act, 2013 (the Act). These results have been reviewed and recommended to the Board of Directors by the Audit Committee and subsequently approved by the Board of Directors of the Holding Company at their respective meetings held on 02 February 2023.
- During the quarter ended 30 September 2022, the Holding Company novated specified debt of lenders aggregating ₹ 2,855.69 crore to Prolific Resolution Private Limited ('PRPL'), a wholly owned subsidiary of the Holding Company, with the consideration being the assignment of beneficial interest in the specified arbitration awards and claims with a carrying value of ₹ 2,894.11 crore in favor of PRPL. Further, the revision in terms of facilities by lenders resulted in a gain of ₹ 223.30 crore which has been presented as an exceptional item for the quarter ended 30 September 2022. Based on the above and considering the future business plans, including time-bound monetization of assets, the Group's management is confident of meeting the obligations as they fall due. Accordingly, the Group's management considers it appropriate to prepare these financial results on a going concern basis.
- As at 31 December 2022, the Holding Company has recognised net deferred tax assets amounting to ₹ 741.74 crore (30 September 2022: ₹ 741.74 crore, 31 March 2022: ₹ 741.74 crore and 31 December 2021: ₹ 739.28 crore) mainly on account of carried forward unused tax losses, unused tax credits and other taxable temporary differences. While the Holding Company is confident of taxable profits being available against which unused tax losses can be utilized, the Holding Company on prudent basis is not recognizing additional deferred tax asset on the tax losses. Based on the expected profits from the unexecuted orders on hand/ future projects and expected realisation of claims/ arbitration awards, the Holding Company's management is confident that sufficient future taxable income will be available against which such net deferred tax assets recognised as at 31 December 2022 will be realized. Statutory auditors review report is modified in respect of this matter.
- Unbilled work-in-progress (contract assets), current trade receivables and non-current trade receivable includes ₹ 740.17 crore, ₹ 218.83 crore and ₹ 57.52 crore, respectively, outstanding as at 31 December 2022 representing receivables from customers based on the terms and conditions implicit in the contracts and other receivables in respect of closed/ substantially closed/ suspended/ terminated projects. These aforementioned receivables are mainly in respect of cost over-run arising due to client caused delays, deviation in design and change in scope of work; for which Holding 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 and as legally advised in certain contentious matters, the management is confident of recovery of these receivables.
- During the quarter and nine month period ended 31 December 2022, the performance of Steiner AG ('SAG'), a wholly owned step-down subsidiary, has suffered due to the ongoing impact of the COVID pandemic on the supply chain and high inflation on construction cost further increased from the Ukraine war. This resulted in raising interest rates due to global tightening of monetary policy by all central banks and temporary reluctance of investors in the Swiss Real Estate market. Also as at 31 December 2022, SAG is not in compliance with certain financial covenants in respect of the facility agreement with a Bank syndicate to provide guarantees for its construction projects. The management has initiated liquidity enhancing measures including one-time settlement with customers. The management also expects the overall economic situation in Swiss market to turn back to a stable situation in the course of 2023. Based on the proposed liquidity measures, the management is optimistic of successfully seeing through the current situation in next quarters and accordingly considers it appropriate to prepare the interim condensed consolidated financial statements of SAG on a going concern basis.
- HCC Concessions Limited ('HCON'), on 1 February 2022, has entered into a binding term sheet for 100% stake sale of its subsidiary i.e Baharampore Farakka Highways Limited ('BFHL'), for an equity consideration of ₹ 600 crore subject to closing adjustments and requisite approvals. Additionally, HCON would be entitled to certain earn-outs, which is expected to be material. Pursuant to the above, BFHL has been presented as discontinued operations in accordance with Ind AS 105 - Non-current Assets Held for Sale and Discontinued Operations. The requisite disclosures in accordance with Ind AS 105 are given below:

Particulars	Quarter ended			Nine month ended		Year ended
	31-Dec-22	30-Sep-22	31-Dec-21	31-Dec-22	31-Dec-21	31-Mar-22
Revenue from operations	105.80	90.84	90.56	267.56	116.84	178.02
Other income	5.96	2.13	3.24	10.43	6.62	10.55
Total income	111.75	92.97	93.80	277.98	123.46	188.57
Total expenses	111.02	95.80	100.22	278.27	128.59	195.59
Profit/ (Loss) before tax	0.73	(2.83)	(6.42)	(0.29)	(5.13)	(7.02)
Tax expense on profit on sale of discontinued operation	0.14	-	-	0.14	-	13.07
Profit/ (Loss) from sale of discontinued operations, net	0.59	(2.83)	(6.42)	(0.43)	(5.13)	(20.09)

* In accordance with Ind AS 105, disclosures for prior period are also required to be presented in respect of discontinuing operations. However, as BFHL has become subsidiary of the Group w.e.f. 20 August 2021, the requisite disclosures under Ind AS 105 have been presented effective 20 August 2021 onwards.



- 7 The Board of Directors of HCC Infrastructure Company Limited ('HICL'), a wholly owned subsidiary of the Holding Company, at its meeting held on 18 November 2021 approved a Scheme of Merger by absorption ('the Scheme') of HCC Concessions Limited, HCC Power Limited, HCC Energy Limited and Dhule Palesner Operations and Maintenance Limited (together referred to as the 'transferor companies') with HICL. The appointed date proposed is 1 April 2021. The shareholders of the transferor companies have also approved the Scheme at their separate meetings. The order approving the scheme by Mumbai Bench of the National Company Law Tribunal is awaited to be received by the transferor companies.
- 8 Short-term borrowings and other current financial liabilities of Raiganj Dalkhola Highways Limited ('RDHL'), a wholly owned step-down subsidiary, as at 31 December 2022 includes ₹ 43.13 crore and ₹ 50.63 crore, respectively, for which confirmations from lenders have not been received. In the absence of such confirmation, RDHL has provided for interest and other penal charges based on the latest communication available from the lenders/ bankers at the terms specified in the agreements. RDHL's management believes that amount payable on settlement will not exceed the liability provided in books in respect of these borrowings. Further, the classification of these borrowings into current and non-current is based on the original maturity terms as stated in the agreements with the lenders.
- 9 HREL Real Estate Limited ('HREL'), a wholly owned subsidiary, has provided corporate guarantees and put options to the lenders of its erstwhile subsidiaries, Lavasa Corporation Limited ('LCL') and Warasgaon Assets Maintenance Limited ('WAML') in respect of amounts borrowed by these subsidiaries, the aggregate liability in respect of which as at 31 December 2022 stands at ₹ 6,812.24 crore. LCL and WAML have been admitted under the Corporate Insolvency and Resolution Process ('CIRP') in accordance with the Insolvency and Bankruptcy Code, 2016 (IBC) dated 30 August 2018 and 20 December 2018, respectively, and Resolution Professionals ('RP') have been appointed by the Committee of Creditors (CoC) of the lenders of respective companies. The lenders, to whom these corporate guarantees and put options were furnished, have filed their claims with RP which is presently under the IBC process and have also invoked the corporate guarantee/ put options issued by the HREL. The National Company Law Tribunal, Mumbai Bench vide its order dated 26 February 2020, have approved the request of lenders of LCL and WAML to consolidate LCL, WAML and Dasve Convention Centre Limited (a subsidiary of LCL) and thereby get better valuation on liquidation. RP is in the process of formulating a resolution plan including identifying potential resolution applicant. The liability of HREL shall be determined once the debt due to these lenders are settled by RP upon completion of the IBC process. Pending the outcome of the resolution process, no provision has been presently considered necessary in the consolidated financial results as at and for the quarter and nine months ended 31 December 2022, as impact, if any, is currently unascertainable. Further, the aforementioned liabilities of lenders are restricted to HREL and do not have any recourse to the Holding Company.

(₹ crore)

10 Exceptional items	Quarter ended			Nine month ended		Year ended
	31-Dec-22	30-Sep-22	31-Dec-21	31-Dec-22	31-Dec-21	31-Mar-22
a) Gain on implementation of debt resolution plan of Holding Company (Refer note 2)	-	223.30	-	223.30	-	-
b) Gain on one-time settlement of debt of subsidiaries	31.04	-	-	31.04	106.10	106.10
Total gain	31.04	223.30	-	254.34	106.10	106.10

- 11 The Group's operations used to predominantly relate to 'Engineering and Construction', 'Infrastructure' and 'Real Estate'. However, subsequent to a proposed monetisation of toll road assets by Infrastructure arm of the group, all the segments other than 'Engineering and Construction' contribute less than 10% of the total revenue and Chief Operating Decision Maker ('CODM') no longer reviews the operating results of these segments separately. Presently, the CODM reviews the operating results of the entire Group as one segment of 'Engineering and Construction' thus, as defined in Ind AS 108 "Operating Segments", the Group's entire business falls under this one operational segment.
- 12 Figures for the previous period/ year have been regrouped/ reclassified to conform to the current period presentation, wherever considered necessary.



13 Additional disclosures as per Clause 52(4) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015:

Particulars	Quarter ended			Nine month ended		Year ended
	31-Dec-22	30-Sep-22	31-Dec-21	31-Dec-22	31-Dec-21	31-Mar-22
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
Outstanding redeemable preference shares (₹ in crore)	-	-	-	-	-	-
Debt Redemption reserve (₹ in crore)	54.99	54.99	54.99	54.99	54.99	54.99
Net Worth (₹ in crore)	(1,058.15)	(770.31)	(931.43)	(1,058.15)	(931.43)	(816.14)
(Equity Share Capital + other equity less capital reserves)						
Net Profit/ (Loss) after tax (₹ in crore)	(258.44)	321.86	70.85	(217.24)	388.77	419.65
Basic earnings/(loss) per share (Not annualised)	(1.71)	2.13	0.47	(1.44)	2.57	2.77
Diluted earnings/(loss) per share (Nct annualised)	(1.71)	2.13	0.47	(1.44)	2.57	2.77
Debt Equity ratio (times):						
(Total Debt / Equity Share Capital + other equity)	(5.78)	(7.98)	(5.27)	(5.78)	(5.27)	(6.03)
Debt Service Coverage ratio (times):						
(Earnings before interest ^a , depreciation and amortisation, exceptional items and tax) / (Interest ^a on debt for the period/year + Principal repayment of long-term debt and lease liabilities within one year) - Annualised	(0.57)	1.21	0.79	0.22	0.82	0.78
Interest Service Coverage ratio (times):						
(Earnings before interest ^a , depreciation and amortisation, exceptional items and tax) / Interest expenses ^a - Annualised	(0.72)	1.53	1.48	0.28	1.58	1.56
Current Ratio (times):						
(Current assets / Current liabilities)	1.07	1.05	1.02	1.07	1.02	1.02
Long-term debt to working capital (times):						
(Non-current Borrowings + Current maturities of long-term debt) / Net working capital	9.48	14.94	13.88	9.48	13.88	7.59
Bad debts to accounts receivable ratio (%):						
(Bad debts / Average trade receivables)	-	-	-	-	-	-
Current liability ratio (times):						
(Current liabilities / Total liabilities)	0.52	0.53	0.74	0.52	0.74	0.79
Total debts to total assets ratio (times):						
(Non-current Borrowings + Current Borrowings) / Total Assets	0.45	0.44	0.34	0.45	0.34	0.35
Debtors Turnover (times):						
(Revenue from operations / Average trade receivable) - Annualised	3.11	2.76	2.46	2.51	2.36	2.34
Inventory Turnover (times):						
(Cost of Goods Sold / Average inventory) - Annualised	15.38	15.54	15.10	15.57	16.27	17.14
Cost of Goods sold = Cost of materials consumed + Subcontracting expenses + Construction expenses						
Operating Margin (in %):						
(Earnings before interest/ finance costs ^a , depreciation and amortisation, exceptional items and tax - Other Income) / Revenue from operations	-5.51%	14.26%	14.29%	3.97%	13.55%	13.28%
Net Profit/ (Loss) Margin (%):						
(Profit/ (Loss) after tax / Revenue from operations)	-12.70%	12.88%	2.75%	-3.21%	4.99%	3.93%

Note:

- a) The Holding Company continue to maintain 100% asset cover for the NCD issued by it.
b) Excludes discontinued operations

^a Excludes interest expenses on financial liabilities of an erstwhile subsidiary taken over by the Company and interest on advance from customers.



for Hindustan Construction Company Limited

Ajit Gulabchand

Ajit Gulabchand
Chairman & Managing Director

Mumbai, Dated: 02 February 2023