HCC /SEC/Result /2018

November 1, 2018

BSE Limited,
The Corporate Relationship Dept,
1st Floor, Phiroze Jeejeebhoy Towers,
Dalal Street,
Mumbai-400 001

Dear Sir,

Sub: **Unaudited Financial Results of the Company for the second quarter and six months ended September 30, 2018**

As per Regulation 30 and 52 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 second quarter and six months ended September 30, 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 November 1, 2018.

A copy of the Press Release is also enclosed herewith.

We request you to kindly take the same on record.

Thanking you,

Yours faithfully,
For Hindustan Construction Co Ltd

Venkatesan

Venkatesan Arunachalam
Company Secretary

Encl: as above

Cc: National Stock Exchange of India Ltd,
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HCC

Press Release

HCC Q2FY19 EBITDA margins at 19%; Monetizes BOT asset

Company announces Rights issue; Writes off Lavasa exposure

Mumbai: November 1, 2018: Hindustan Construction Company Ltd. (HCC) reported turnover of Rs.984 crore and net profit before tax and exceptional items of Rs.5.6 crore in Q2 FY19 versus Rs.971 crore and Rs.17.5 crore, respectively, in the same quarter last year. Gross debt reduced to Rs.3,616 crore as of September 30, 2018, from Rs.4,072 crore as on September 30, 2017. The Company, in a joint venture with Hyundai Development Corporation (HDC), has been awarded a Rs.2,126 crore contract by the Municipal Corporation of Greater Mumbai (MCGM) to build the Coastal Road. HCC's order book currently stands at Rs.19,114 crore.

HCC's Board of Directors has approved a rights issue of up to Rs.500 crore to strengthen the company's financial profile and to refocus the company's efforts on its core E&C business.

Exceptional Items: HCC has written off its entire investment of Rs.1,046 cr in Lavasa Corporation as a matter of prudence pursuant to the admission of its 68.7%-owned subsidiary into NCLT under IBC. The write-off has no impact on HCC cash flows. Furthermore, HCC has fully accounted for all of its contingent liability obligations given to Lavasa lenders, including Corporate Guarantees and Put options. A substantial majority of these obligations amounting to Rs.943 crore have been restructured for Rs.514 crore at benign, non-cash interest rates, repayable at the end of March 2023, thereby resulting in immediate savings to the company. The sum total impact of all write-offs in the quarter, adjusted for tax, is Rs.1,531 crore. Having comprehensively accounted for its entire exposure to Lavasa, HCC expects no further impact on account of its erstwhile subsidiary.

Financial highlights:

Unaudited standalone results for Q2 FY 2018-19 vs. Q2 FY 2017-18:

- Turnover at Rs.984 crore vs. Rs.971 crore
- Net Profit before tax and exceptional items of Rs.5.6 crore vs. Rs.17.5 crore
- EBITDA at Rs.190 crore vs. Rs.149 crore; EBITDA Margin at 19.3% vs. 15.3%
- Gross Debt reduced by Rs.456 crore y-o-y and by Rs.110 crore year-to-date
- New order of Rs.2,126 crore from MCGM (HCC's share Rs.1,169 crore)

Mr. Arjun Dhawan, Director & Group Chief Executive Officer, said, "It was a busy quarter in which we sold a material BOT asset, ring-fenced HCC from the potentially adverse consequences of Lavasa's insolvency, kick-started our rights issue process, drew down our fresh operational bank guarantee limits, further deleveraged, and won a marquee contract. We do not intend to rest here and remain resolutely committed to further enhancing the company's financial profile and stakeholder value. The outlook for infrastructure spending in the country is robust and HCC will endeavour to maintain its legacy as India's pre-eminent Engineering and Construction Company."

Performance of HCC subsidiaries:

Steiner AG: In Q2 FY2018-19, Steiner AG reported a Net Profit of CHF14.9 million (Rs.104 crore) as against CHF2.9 million (Rs.19 crore) in the same quarter last year. Revenues came in at CHF199 million (Rs.1,392 crore) during the quarter, as compared to CHF197 million (Rs.1,307 crore) in the prior year. Steiner secured fresh orders worth CHF177 million (Rs.1,319 crore) during the quarter. Order backlog stood at CHF1.29 billion (Rs.9,600 crore). Further, the company has secured orders for over CHF350 million (Rs.2,609 crore), where contracts are yet to be signed.

HCC Concessions Ltd.: HCC Concessions Ltd., an 85.45% subsidiary of the company's HCC Infrastructure Co. Ltd. unit, entered into definitive agreements with Cube Highways and Infrastructure II Pte. Ltd. to sell 100% of Farakka-Raiganj Highways Ltd. for an equity consideration of Rs.372 crores. Additional sums may be received based on certain contingencies, resolution of certain disputes, and earn-outs which individually or in aggregate may have a significant impact on the final consideration. The transaction is expected to close in Q3 post receipt of requisite lender and NHAI approvals. Q2 traffic growth on both the Baharampore-Farakka and Farakka-Raiganj highways was exceptionally strong at 15.6% and 42.7% yoy, respectively, with FRHL growth being extraordinarily impacted due to a low base effect caused by flooding in Q2 2018.

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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HCC

STATEMENT OF UNAUDITED STANDALONE RESULTS FOR THE QUARTER AND SIX MONTHS ENDED 30 SEPTEMBER 2018

₹ in crore except earnings per share data and ratios

Sr. No.	Particulars	Quarter ended			Half year ended		Year ended
		30 September 2018	30 June 2018	30 September 2017	30 September 2018	30 September 2017	31 March 2018
		Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
1	**Income**						
	(a) Income from operations	983.65	933.09	970.75	1,916.74	1,901.41	4,575.08
	(b) Other income	10.75	68.09	61.18	78.84	121.64	251.00
	Total income (a+b)	994.40	1,001.18	1,031.93	1,995.58	2,023.05	4,826.08
2	**Expenses**						
	(a) Cost of materials consumed	193.51	214.33	194.46	407.84	496.79	1,072.66
	(b) Subcontracting expenses	383.57	379.32	386.71	762.89	581.41	1,901.25
	(c) Construction expenses	82.11	96.82	106.76	178.93	233.84	407.55
	(d) Employee benefits expense	100.02	100.42	110.25	200.44	214.08	437.97
	(e) Finance costs	155.36	161.20	163.06	316.56	345.19	659.97
	(f) Depreciation and amortisation expense	39.89	38.83	29.55	78.72	58.39	122.94
	(g) Other expenses	34.32	39.07	23.64	73.39	56.36	111.77
	Total expenses (a+b+c+d+e+f+g)	988.78	1,029.99	1,014.43	2,018.77	1,986.06	4,714.11
3	**Profit / (Loss) before exceptional item and tax (1-2)**	5.62	(28.81)	17.50	(23.19)	36.99	111.97
4	Exceptional item (Refer note 3)	(2,011.13)	-	-	(2,011.13)	-	-
5	**Profit / (Loss) before tax (3+4)**	(2,005.51)	(28.81)	17.50	(2,034.32)	36.99	111.97
6	**Tax expense**						
	(a) Current income tax	0.05	0.49	3.86	0.54	6.96	20.14
	(b) Deferred income tax	(480.33)	(9.58)	2.04	(489.91)	3.91	14.30
		(480.28)	(9.09)	5.90	(489.37)	10.87	34.44
7	**Profit / (Loss) for the period (5-6)**	(1,525.23)	(19.72)	11.60	(1,544.95)	26.12	77.53
8	**Other comprehensive income**						
	(a) Items not to be reclassified subsequently to profit or loss						
	- Gain on fair value of defined benefit plans as per actuarial valuation	1.33	0.89	2.81	2.22	3.37	3.57
	- Gain / (Loss) on fair value of equity instruments (Refer note 7)	(1.66)	(9.23)	0.22	(10.89)	0.44	(15.21)
	(b) Items to be reclassified subsequently to profit or loss	-	-	-	-	-	-
	Other comprehensive income / (loss) for the period, net of tax	(0.33)	(8.34)	3.03	(8.67)	3.81	(11.64)
9	**Total comprehensive income / (loss) for the period, net of tax (7+8)**	(1,525.56)	(28.06)	14.63	(1,553.62)	29.93	65.89
10	Paid up equity share capital (Face value of ₹ 1 each)	101.55	101.55	101.55	101.55	101.55	101.55
11	Other equity (excluding revaluation reserves)				1,126.20	2,638.48	2,673.39
12	Debenture redemption reserve				54.99	54.99	54.99
13	Earnings / (Loss) per share (Face value of ₹ 1 each)						
	(a) Basic EPS (not annualised) (in ₹)	(15.02)	(0.19)	0.11	(15.21)	0.26	0.76
	(b) Diluted EPS (not annualised) (in ₹)	(15.02)	(0.19)	0.11	(15.21)	0.26	0.76
14	Paid up debt capital				114.43	116.21	110.24
15	Debt equity ratio (in times)				2.94	1.49	1.34
16	Debt service coverage ratio (in times)				(3.87)	0.68	0.78
17	Interest service coverage ratio (in times)				(5.65)	1.30	1.38
	See accompanying notes to the financial results						

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CIN : L45200MH1926PLC001228

HCC

STANDALONE STATEMENT OF ASSETS AND LIABILITIES

₹ in crore

Particulars	As at 30 September 2018 Unaudited	As at 31 March 2018 Audited
ASSETS		
Non-current assets		
Property, plant and equipment	548.76	597.60
Capital work-in-progress	162.86	160.38
Intangible assets	0.05	0.34
Financial assets		
Investments	67.48	703.42
Trade receivables	884.40	1,375.13
Loans	1,599.30	1,965.62
Other financial assets	101.64	260.89
Deferred tax assets (net)	452.43	-
Income tax assets (net)	138.98	79.38
Other non-current assets	122.70	127.75
Total non-current assets	**4,078.60**	**5,270.51**
Current assets		
Inventories	159.48	179.33
Financial assets		
Investments	77.72	77.72
Trade receivables	2,965.47	2,397.79
Cash and cash equivalents	80.12	122.03
Other bank balances	65.13	75.41
Loans	23.42	18.67
Other financial assets	2,871.26	2,872.43
Other current assets	230.60	212.34
Total current assets	**6,473.20**	**5,955.72**
TOTAL ASSETS	**10,551.80**	**11,226.23**
EQUITY AND LIABILITIES		
Equity		
Equity share capital	101.55	101.55
Other equity	1,126.20	2,673.39
Total equity	**1,227.75**	**2,774.94**
Liabilities		
Non-current liabilities		
Financial liabilities		
Borrowings	2,091.87	2,283.41
Other financial liabilities	878.80	12.05
Provisions	39.88	41.32
Deferred tax liabilities (net)	-	37.48
Total non-current liabilities	**3,010.55**	**2,374.26**
Current liabilities		
Financial liabilities		
Borrowings	1,036.82	1,027.72
Trade payables	1,877.11	1,810.14
Other financial liabilities	1,096.52	1,108.21
Other current liabilities	2,089.84	1,978.78
Provisions	213.21	152.18
Total current liabilities	**6,313.50**	**6,077.03**
TOTAL EQUITY AND LIABILITIES	**10,551.80**	**11,226.23**

WALKER CHANDIOK & Co LLP
MUMBAI
CHARTERED ACCOUNTANTS

Hindustan Construction Co. Ltd
Hincon House, L.B.S. Road, Vikhroli (W), Mumbai-83.

HCC

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 30 September 2018 is ₹ 19,114 crore (31 March 2018: ₹ 19,188 crore).

3 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. During the current quarter, the Company has taken 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 has, during the current quarter, impaired/written off its exposure in both these entities as stated below and which has been disclosed as an exceptional item.

(₹ 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**

4 'Unbilled work-in-progress (Other current financial assets)', 'Non-current trade receivables' and 'Current trade receivables' include ₹ 615.83 crore (31 March 2018: ₹ 686.24 crore), ₹ 123.39 crore (31 March 2018: ₹ 123.39 crore) and ₹ 183.65 crore (31 March 2018: ₹ 214.38 crore), respectively, outstanding as at 30 September 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.

5 a) On 28 September 2018, HCC Concessions Limited (HCL) has executed a definitive agreement for sale of its entire equity shareholding in Farakka- Raiganj Highways Limited (FRHL), its concessionaire subsidiary, for an aggregate consideration of ₹ 372 crore, which is subject to certain adjustments and additional considerations as specified in the agreement.

b) The Company, as at 30 September 2018, has a non-current investment amounting to ₹ 2.24 crore (31 March 2018: ₹ 2.24 crore), non-current loans amounting to ₹ 1,469.14 crore (31 March 2018: ₹ 1,281.40 crore) and other non-current financial assets amounting to ₹ 43.96 crore (31 March 2018: ₹ 158.18 crore) in its subsidiary HCC Infrastructure Company Limited (HIL) which is holding 85.45% in 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.

6 During the current quarter, pursuant to notification of the Companies (Amendment) Act, 2017 amending Section 197 of the Companies Act, 2013 ('the Act'), the application for reconsideration for excess amount paid in respect of financial year 2013-14 and 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 the financial years 2013-14, 2014-15 and 2015-16 stand abated. The Company is in the process of seeking approvals from the shareholders and lenders, as may be required under the Act, for waiver of recovery for excess remuneration paid in respect of years ended 31 March 2014 and 31 March 2016 and for the payment in respect of the year ended 31 March 2015. 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 limits /approval from Central Government	Excess remuneration paid (held in trust)
2013-14	10.66	10.66	1.92	8.74
2014-15	10.66	-	1.95	-
2015-16	10.66	10.66	1.97	8.69
Total	**31.98**	**21.32**	**5.84**	**17.43**

7 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.

8 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 1 November 2018. 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 : 1 November 2018

WALKER CHANDIOK & CO LLP CHARTERED ACCOUNTANTS MUMBAI

Hindustan Construction Co. Ltd. Hincon House, L.B.S. Road, Vikhroli (W), Mumbai-83

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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 and regulation 52 read with regulation 63(2) 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 30 September 2018 and the year to date results for the period 1 April 2018 to 30 September 2018, being submitted by the Company pursuant to the requirements of regulation 33 and regulation 52 read with regulation 63(2) 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 30 September 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 and regulation 52 read with regulation 63(2) 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.

WALKER CHANDIOK & CO LLP * CHARTERED ACCOUNTANTS * MUMBAI

4. We draw attention to:

   a) Note 4 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 ₹ 615.83 crore, ₹ 123.39 crore and ₹ 183.65 crore, respectively, as at 30 September 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.

   b) Note 5(b) 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, ₹ 1,469.14 crore, ₹ 43.96 crore, respectively, as at 30 September 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 6 to the Statement, regarding excess managerial remuneration paid to the Chairman and Managing Director (CMD) aggregating ₹ 8.74 crore and ₹ 8.69 crore for the financial years ended 31 March 2014 and 31 March 2016, respectively, in excess of the limits prescribed under the provisions of the erstwhile Companies Act, 1956 and the 2013 Act, respectively for which Company had filed applications seeking approval of the Central Government, as required by the relevant provisions of the 2013 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 six (6) joint operations, whose financial results reflect total assets of ₹ 30.87 crore and net liabilities of ₹ 5.35 crore as at 30 September 2018 and total revenues of ₹ 0.51 crore for the quarter ended on that date and ₹ 7.62 crore for the half year 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: 1 November 2018