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| BSE Limited The Corporate Relationship Dept, 1st Floor, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai-400 001. Scrip Code - 500185 | National Stock Exchange of India Ltd. Exchange Plaza, Bandra-Kurla Complex, Bandra (East), Mumbai 400 051. Scrip Code - HCC |
|--|---|

Dear Sir,

Sub: Outcome of Board Meeting pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

Pursuant to Regulation 30 of the SEBI (Listing Obligations & Disclosures Requirements) Regulations, 2015, the Board of Directors of the Company, at its meeting held today i.e. on February 03, 2022, has, *inter-alia*, approved:

1. Unaudited Standalone and Consolidated Financial Results of the Company for the quarter and nine months ended December 31, 2021 along with the Limited Review Reports thereon submitted by the Statutory Auditors.
2. Convening of Extra Ordinary General Meeting of the Company on Tuesday, March 15, 2022 at 11.00 a.m. through Video Conferencing ("VC")/Other Audio-Visual Means ("OAVM") to seek the approval of the Shareholders for authorizing the Board of Directors to issue Non-Convertible Debentures (NCDs) through private placement basis to the lenders towards conversion of existing debts due to them for an amount not exceeding Rs. 1500 Crore pursuant to the Resolution Plan.

The meeting of the Board of Directors of the Company commenced at 2.30 p.m. and concluded at 4.40 p.m.

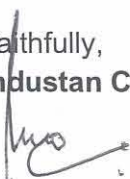
A copy of the press release is also enclosed herewith.

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

Thanking you,

Yours faithfully,

For Hindustan Construction Company Ltd.



Vithal P. Kulkarni

Executive Vice President and Company Secretary

Enclosed: As above.

Hindustan Construction Co Ltd

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LBS Marg, Vikhroli (West),
Mumbai - 400 083, India
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CIN : L45200MH1926PLC001228

Press Release

HCC Q3 FY22 Standalone Net Profit at 27.8 cr Baharampore Farakka SPV sale to Cube Highways for 1,279 cr

Mumbai: February 03, 2022: HCC reported consolidated net profit of Rs 64.4 crore in Q3 FY22, versus Rs 118.6 crore in Q3 FY21. Consolidated revenue stood at Rs 2,670.7 crore in Q3 FY22 versus Rs 2,406 crore in Q3 FY21.

HCC E&C registered standalone revenues of Rs 1,155.2 crore in Q3 FY22, compared with revenue of Rs 814.7 crore in Q3 FY21 registering y-o-y growth of 42%. Standalone E&C net profit stood at Rs 27.8 crore in Q3 FY22, compared to a net loss of Rs 79 crore in Q3 FY21. The total order book stood at Rs 15,799 crore by December 31, 2021.

Financial highlights – HCC unaudited standalone results

- Total revenue of Rs 1,155.2 crore in Q3 FY22 versus Rs 814.7 crore in Q3 FY21
- Net profit of Rs 27.8 crore in Q3 FY22 versus Net loss of Rs 79 crore in Q3 FY21
- EBITDA of Rs 283.9 crore in Q3 FY22, compared to Rs 116 crore in Q3 FY21.
- EBITDA margin at 24.6% in Q3 FY22 compared to 14.2% in Q3 FY21

HCC's debt Resolution Plan (RP) has significantly advanced and is in the final stages of implementation. Delay in RP closure has resulted in the accrual of higher interest cost during the quarter. The Company is simultaneously focusing on securing new orders for business growth to capitalise on tremendous opportunities in the infrastructure space and expects the pace of order acquisition to pick up in FY23.

HCC Concessions Ltd has executed a binding term sheet in respect of 100% stake sale of its subsidiary Baharampore-Farakka Highways Ltd to Cube Highways and Infrastructure V Pte. Ltd, at an enterprise value of Rs.1,279 crore, reflecting an equity valuation of Rs.600 crore. In addition to the equity value, Rs.200 crore of earnout is payable in May 2024 contingent on achieving revenue thresholds. Furthermore, HCON will be entitled to a material revenue share for the life of the concession. HCON will be securitising part of these future BFHL receivables via a loan of Rs.300 crore, resulting in a total liquidity to the Group of up to Rs.900 crore. The transaction is subject to closing adjustments, customary due diligence and approvals, including from the NHAI.

Mr. Arjun Dhawan, HCC's Director & Group CEO, said, "HCC is proud of its PPP track record, having developed & operated Rs.7,000 crore of value generating BOTs. The sale underscores our commitment to create liquidity that will bolster both operations and future business growth."

Hindustan Construction Co Ltd

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Performance of HCC subsidiaries:

Steiner AG: Steiner AG reported revenues of CHF 186.1 million (Rs 1,492.8 crore) in Q3 FY22 as compared to CHF 196.2 million (Rs 1,587.5 crore) in Q3 FY21 and a profit of CHF 6.4 million (Rs 51.8 crore) in Q3 FY22 as compared to CHF 26.1 million (Rs 206.9 crore) in the Q3 FY21. The Company secured fresh orders worth CHF 98.6 million (Rs 791.3 crore). The order book stood at CHF 1,073 million (Rs 8,610.8 crore) at the end of Q3 FY22. In addition to this, the Company has secured orders for CHF 33 million (Rs 264.8 crore), where contracts are yet to be signed.

HCC Concessions Ltd.: Baharampore-Farakka Highways Ltd registered a turnover of Rs 28.3 crore in Q3 FY22 vs Rs 47.4 crore in Q3 FY21, a decline of 40.2% due to COVID19 restrictions in West Bengal continuing in Q3 FY22.

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 365 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 Rs 9,437 crore, comprises of HCC Ltd., HCC Infrastructure Co. Ltd., and Steiner AG in Switzerland.

For further information:



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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 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 2021** and the year to date results for the period 1 April 2021 to 31 December 2021, 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), including relevant circulars issued by the SEBI from time to time. 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 2021', as included in the Statement has been approved by the 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 SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended), including relevant circulars issued by the SEBI from time to time. 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 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 4 to the accompanying Statement, the Company's non-current investments as at 31 December 2021 include investment in HCC Infrastructure Company Limited, its wholly owned subsidiary, aggregating ₹ 1,564.65 crore, 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. However, the subsidiary's consolidated net worth as at 31 December 2021 is substantially eroded and during the current period, there has been significant decline in the underlying assumptions considered in the projections used in the valuation report of the subsidiary. Management believes that such decline is temporary in nature and no adjustments are required to the carrying value of such investments as at 31 December 2021. 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.
- (ii) Note 6 to the accompanying Statement, the Company has accounted for managerial remuneration paid/ payable to Whole Time Directors (including Chairman and Managing Director) of the Company aggregating ₹ 37.57 crore for the financial years ended 31 March 2020 and 31 March 2021, and for the nine months ended 31 December 2021, in excess of the limits prescribed under Section 197 of the Act, in respect of which approvals from the shareholders have been obtained as prescribed, however prior approval from the lenders of the Company in accordance with Section 197 has not been obtained by the Company.

Our audit report dated 23 June 2021 on the standalone financial results of the Company for the year ended 31 March 2021 and review reports dated 11 November 2021 and 9 February 2021 on the standalone financial results of the Company for the quarter ended 30 September 2021 and for the quarter and nine month ended 31 December 2020, respectively, were also qualified in respect of this matter.

- (iii) Note 7 to the accompanying Statement, the Company's current borrowings, other current financial liabilities and liabilities of disposal group held for sale as at 31 December 2021 include balances amounting to ₹ 52.79 crore, ₹ 442.64 crore and ₹ 106.22 crore, respectively, in respect of which confirmations/ statements from the respective banks/ lenders have not been provided to us by the management of the Company. Further, in respect of certain loans while the principal balances have been confirmed from the confirmations/ statements issued by banks / lenders, the interest accrued amounting to ₹ 210.23 crore has not been confirmed by the banks/ lenders. Further, confirmations/ statements from banks have not been received for balances with banks (included under cash and cash equivalents) and earmarked balances/ deposits with banks (included under bank balances other than cash and cash equivalents) as at 31 December 2021 amounting to ₹ 0.93 crore and ₹ 0.95 crore, respectively. In the absence of such confirmations/ statements from the banks/ lenders or sufficient and appropriate alternate audit evidence, we are unable to comment on the adjustments if any, that may be required to the carrying value of the aforementioned balances in the accompanying Statement.

Our audit report dated 23 June 2021 on the standalone financial results of the Company for the year ended 31 March 2021 and review reports dated 11 November 2021 and 9 February 2021 on the standalone financial results of the Company for the quarter ended 30 September 2021 and quarter and nine months ended 31 December 2020, respectively, were also qualified in respect of this 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 Regulation 33 and Regulation 52 read with Regulation 63 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended)

- (iv) Note 11 to the accompanying Statement, the Company has recognised net deferred tax assets amounting to ₹ 739.28 crore as at 31 December 2021, 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 continued losses incurred by the Company, uncertainty with respect to outcome of the resolution plan and the impact of COVID-19 on business operations, we are unable to obtain sufficient appropriate audit evidence with respect to the current projections 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 2021.

Our audit report dated 23 June 2021 on the standalone financial results of the Company for the year ended 31 March 2021 and review reports dated 11 November 2021 and 9 February 2021 on the standalone financial results of the Company for the quarter ended 30 September 2021 and quarter and nine months ended 31 December 2020, respectively, were also qualified in respect of this matter.

- (v) Note 13 to the accompanying Statement, the Company had written back a loss provision aggregating ₹ 331.40 crore during the year ended 31 March 2020, which was earlier recognised by the Company during the year ended 31 March 2019 in cognizance of the assignment of beneficial interests/ rights in a portfolio of identified arbitration awards and claims based on a non-binding term sheet with a consortium of investors along with a letter of commitment, due to cancellation of the said proposed transaction. However, such write-back is inconsistent with the continued intent of the Company to sell/ assign the arbitration awards and claims of the Company to other potential investors as evidenced in the proposed resolution plan with lenders. Pending the finalization of the proposed resolution plan with lenders, we are unable to comment on the extent of loss provision required to be provided for in the standalone financial results as at 31 December 2021.

Our audit report dated 23 June 2021 on the standalone financial results of the Company for the year ended 31 March 2021 and review reports dated 11 November 2021 and 9 February 2021 on the standalone financial results of the Company for the quarter ended 30 September 2021 and quarter and nine months ended 31 December 2020, respectively, were also qualified in respect of this matter.

5. Based on our review conducted as above and the consideration of the review reports of the other auditor referred to in paragraph 8 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 9 to the accompanying Statement which indicates that the Company has incurred a net loss of ₹ 174.74 crore during the nine-month ended 31 December 2021 and, as of that date, the Company's accumulated losses amounts to ₹ 2,508.57 crore which have resulted in substantial erosion of net worth of the Company and its current liabilities exceeded its current assets by ₹ 251.39 crore. As further disclosed in the aforesaid note, the Company has continued to default in repayment of principal and interest in respect of its borrowings and has overdue operational creditors outstanding as at 31 December 2021. Certain operational creditors have also applied to the National Company Law Tribunal ('NCLT') for the debt resolution under the Insolvency and Bankruptcy Code, 2016, which have not been admitted by the NCLT for further proceedings as of the date of this report. The above factors, together with uncertainties relating to the impact of the ongoing COVID-19 pandemic on the operations of the Company as described in Note 8 to the accompanying Statement, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. However, based on ongoing discussion/ negotiations with the lenders, including lenders of an erstwhile subsidiary, for restructuring of loans which are subject to their internal approvals, revised business plans and other mitigating factors as mentioned in the Note 9, management is of the view that going concern basis of accounting is appropriate for preparation of the accompanying Statement. Our conclusion is not modified in respect of this 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 Regulation 33 and Regulation 52 read with Regulation 63 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended)

7. We draw attention to:

- (i) Note 8 to the accompanying Statement, which describes the effects of uncertainties relating to COVID-19 pandemic outbreak on the Company's operations and management's evaluation of its impact on the accompanying Statement as at the reporting date, the extent of which is significantly dependent on future developments.
- (ii) Note 5 to the accompanying Statement, regarding uncertainties relating to recoverability of unbilled work-in-progress (contract assets), unbilled work-in-progress (included under assets of a disposal group held for sale) and current trade receivables amounting to ₹ 544.23 crore, ₹ 240.34 crore and ₹ 280.55 crore, respectively, as at 31 December 2021, which represent various receivables in respect of closed/ substantially closed/ suspended/ terminated projects. Further, current trade receivables and trade receivables (included under assets of disposal group held for sale) as at 31 December 2021 includes ₹ 211.05 crore and ₹ 2,529.30 crore, respectively, representing favourable arbitration awards (including interest thereon) which have subsequently been challenged by the customers in higher courts. The aforementioned receivables are presently under various stages of negotiations/ discussions/ arbitration/ litigation with clients. Based on the current progress in each case and the legal opinions for certain contentious matters, management is of the view that the aforementioned receivables are fully recoverable.
- (iii) Note 14 to the accompanying Statement regarding delays in payment of foreign currency trade payables against the supply of goods and payment of foreign currency capital vendors against the supply of equipment aggregating ₹ 36.07 crore and ₹ 3.28 crore, respectively, that are outstanding as at 31 December 2021 for a period beyond the timelines stipulated in FED Master Direction No. 17/2016-17, under the Foreign Exchange Management Act, 1999. The management is in the process of regularising these defaults by filing necessary applications with the appropriate authority for condonation of such delays. The management is of the view that the penalties, if any, which may be levied for these contraventions is currently unascertainable and is not expected to be material to the accompanying Statement. Accordingly, the accompanying Statement does not include any consequential adjustments with respect to such delays/ defaults.

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

8. We did not review the interim financial information of one (1) joint operation included in the Statement, where such interim financial information reflect total revenues of ₹ 62.48 crore and ₹ 146.43 crore, total net profit after tax of ₹ 1.14 crore and ₹ 2.27 crore, and total comprehensive income of ₹ 1.14 crore and ₹ 2.27 crore for the quarter and nine-month period ended on 31 December 2021, 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, interim financial information of 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 on the Statement, in so far it relates to the amounts and disclosures included in respect of this joint operation is solely based on report of the other auditor and the conversion adjustments prepared by the Company's management and reviewed by us.

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

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 Regulation 33 and Regulation 52 read with Regulation 63 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended)

9. The Statement includes the interim financial information of six (6) joint operations, which have not been reviewed/ audited by their auditors, and whose interim financial information reflects total revenues of ₹ 0.17 crore and ₹ 0.42 crore, total net loss after tax of ₹ 0.04 crore and ₹ 0.35 crore, total comprehensive loss of ₹ 0.04 crore and ₹ 0.35 crore for the quarter and nine-month period ended 31 December 2021, respectively, as considered in the Statement. Our conclusion on the Statement, in so far as it relates to the amounts and disclosures included in respect of these joint operations, is 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 interim financial information certified by the Board of Directors of the Company.

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

SHASHI
TADWALKAR

Digitally signed by
SHASHI TADWALKAR
Date: 2022.02.03
15:30:59 +05'30'

Shashi Tadwalkar
Partner
Membership No:101797

UDIN:22101797AAETIA8004

Place: Pune
Date: 03 February 2022

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 Regulation 33 and Regulation 52 read with Regulation 63 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended)

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 |

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STATEMENT OF STANDALONE UNAUDITED FINANCIAL RESULTS FOR THE QUARTER AND NINE MONTH ENDED 31 DECEMBER 2021

₹ in crore except earnings per share data

| Sr. No. | Particulars | Quarter ended | | | Nine month ended | | Year ended |
|---------|--|------------------|-------------------|------------------|------------------|------------------|-----------------|
| | | 31 December 2021 | 30 September 2021 | 31 December 2020 | 31 December 2021 | 31 December 2020 | 31 March 2021 |
| | | Unaudited | Unaudited | Unaudited | Unaudited | Unaudited | Audited |
| 1 | Income | | | | | | |
| | (a) Revenue from operations | 1,155.23 | 932.49 | 814.65 | 3,094.88 | 1,724.67 | 2,589.74 |
| | (b) Other income (Refer note 15) | 14.40 | 52.06 | 7.67 | 77.63 | 24.86 | 52.64 |
| | Total income (a+b) | 1,169.63 | 984.55 | 822.32 | 3,172.51 | 1,749.53 | 2,642.38 |
| 2 | Expenses | | | | | | |
| | (a) Cost of materials consumed | 241.10 | 208.45 | 167.40 | 613.29 | 319.83 | 525.56 |
| | (b) Subcontracting expenses | 447.06 | 484.03 | 346.08 | 1,432.21 | 631.68 | 1,054.05 |
| | (c) Construction expenses | 71.19 | 77.87 | 67.27 | 220.26 | 154.32 | 244.94 |
| | (d) Employee benefits expense | 83.29 | 90.05 | 86.42 | 252.82 | 244.58 | 323.74 |
| | (e) Finance costs | 247.13 | 232.51 | 212.72 | 704.99 | 604.87 | 829.89 |
| | (f) Depreciation and amortisation expense | 22.69 | 22.62 | 23.11 | 69.59 | 66.92 | 91.06 |
| | (g) Other expenses | 28.72 | 27.73 | 31.46 | 75.99 | 104.43 | 141.83 |
| | Total expenses (a+b+c+d+e+f+g) | 1,141.18 | 1,143.26 | 934.46 | 3,369.15 | 2,126.63 | 3,211.07 |
| 3 | Profit/ (Loss) before exceptional items and tax (1-2) | 28.45 | (158.71) | (112.14) | (196.64) | (377.10) | (568.69) |
| 4 | Exceptional items - Loss (Refer note 12) | - | - | - | - | (326.83) | (274.03) |
| 5 | Profit/ (Loss) before tax (3+4) | 28.45 | (158.71) | (112.14) | (196.64) | (703.93) | (842.72) |
| 6 | Tax expense | | | | | | |
| | (a) Current tax | 0.70 | 0.57 | 5.30 | 1.56 | 5.34 | 3.34 |
| | (b) Deferred tax | - | - | (38.46) | (23.46) | (233.01) | (279.61) |
| | | 0.70 | 0.57 | (33.16) | (21.90) | (227.67) | (276.27) |
| 7 | Profit/ (Loss) for the period/ year (5-6) | 27.75 | (159.28) | (78.98) | (174.74) | (476.26) | (566.45) |
| 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 | (0.31) | (1.12) | (0.03) | (1.10) | (0.09) | 1.29 |
| | - Gain/ (loss) on fair value of equity instruments | 6.24 | (2.97) | 5.01 | 8.32 | 6.55 | 5.60 |
| | (b) Items to be reclassified subsequently to profit or loss | - | - | - | - | - | - |
| | Other comprehensive income/(loss) for the period/ year, net of tax (a+b) | 5.93 | (4.09) | 4.98 | 7.22 | 6.46 | 6.89 |
| 9 | Total comprehensive income/ (loss) for the period/ year, net of tax (7+8) | 33.68 | (163.37) | (74.00) | (167.52) | (469.80) | (559.56) |
| 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) | | | | | | 460.55 |
| 12 | Earnings/ (Loss) per share (Face value of ₹ 1 each) | | | | | | |
| | (a) Basic EPS (not annualised) (in ₹) | 0.18 | (1.05) | (0.52) | (1.15) | (3.15) | (3.74) |
| | (b) Diluted EPS (not annualised) (in ₹) | 0.18 | (1.05) | (0.52) | (1.15) | (3.15) | (3.74) |
| | See accompanying notes to the standalone unaudited financial results | | | | | | |



Hindustan Construction Co Ltd

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CIN : L45200MH1926PLC001228

Notes:

- 1 These standalone unaudited financial results of Hindustan Construction Company Limited (the 'Company' or 'HCC') 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') read with Companies (Indian Accounting Standards) Rules, as amended from time to time. These results have been reviewed and recommended to the Board of Directors by the Audit Committee of the Company and subsequently approved by the Board of Directors of the Company at their respective meetings held on 3 February 2022.
- 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 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 and may not be indicative of annual results.
- 3 The total balance value of work on hand as at 31 December 2021 is ₹ 15,799 crore (31 March 2021: ₹ 17,914 crore).
- 4 The Company, as at 31 December 2021, has non-current investments amounting to ₹ 1,564.65 crore in its wholly owned subsidiary, HCC Infrastructure Company Limited ('HICL'). HICL has further investments in subsidiaries including HCC Concessions Limited ('HCL') which in turn has investments in step down subsidiaries, which are mainly special purpose vehicles (SPVs) engaged in various infrastructure projects under Build, Operate and Transfer (BOT) model. The consolidated net worth of HICL as at 31 December 2021 has been substantially eroded.
Management has obtained fair valuation of underlying investments/ assets as at 31 March 2021 and based on a valuation report of an independent valuation professional concluded that the fair value of underlying investments / assets is higher than the carrying value. During the period ended 31 December 2021 there have been several developments relating to the underlying investments and assets, including:
 - A step-down subsidiary of HICL, has received a favourable arbitration award towards termination of contract and continues to have claims towards cost over-run against its customer which are currently in arbitration.
 - Subsequent to 31 December 2021, HCL has entered into binding term sheet for 100% stake sale for one of its subsidiary for upfront consideration and earn-out consideration. HCL would continue to be eligible for a share of certain future revenue which are also expected to be material.
 - Further, there has also been a decline in underlying assumptions relating to such future revenue as compared to those considered in the earlier projections for valuation purposes, which the management has assessed to be mainly on account of continuing impact of COVID-19 and certain recent amendments in local regulations. Further, the management believes that such decline is temporary and therefore, believes that overall future projections are not likely to be significantly impacted over the balance concessions period ranging from 15 - 19 years

Accordingly, based on future business plans, valuation report from an independent valuer and expected realisation of favourable arbitration award received by a step-down subsidiary, the management believes that the fair value of non-current investment in HICL is higher than its carrying value and there is no need for impairment of non-current investment in HICL as at 31 December 2021. Statutory auditors review report is modified in respect of this matter.

- 5 Unbilled work-in-progress (contract assets), unbilled work-in-progress (included under assets of a disposal group classified as held for sale) and current trade receivables includes ₹ 544.23 crore, ₹ 240.34 crore and ₹ 280.55 crore, respectively, outstanding as at 31 December 2021 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. Further, current trade receivables and trade receivables (included under assets of a disposal group held for sale) as at 31 December 2021 includes receivables of ₹ 211.05 crore and ₹ 2,529.30 crore (net of advances of ₹ 3,066.19 crore), respectively, representing claims awarded in arbitration, including interest thereon, in favour of the Company which have been challenged by the customers in higher courts. 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.
- 6 Pursuant to the confirmation from external agency on compliance of conditions laid out by Monitoring Committee of lenders, the Company during the quarter ended 31 March 2021 adjusted the excess managerial remuneration for the financial year 2013-14 against the remuneration accrued but not paid for the financial year 2014-15, and also the excess remuneration accrued and paid for financial year 2015-16 stands approved.
Further in accordance with section 197 of the Act subject to Schedule V to the Act, the Company was required to obtain approval for excess managerial remuneration of Chairman and Managing Director ('CMD') and Whole Time Director ('WTD') in the general meeting along with prior approval from banks/ public financial institutions and non-convertible debenture holders (together referred as 'lenders') since the Company had defaulted in the payment of dues to lenders. The Company has obtained approvals vide special resolutions in its shareholder's meeting held on 26 September 2019 for remuneration of CMD and Whole Time Director for the period 1 April 2019 to 31 March 2022. However, the requisite approval from lenders are still awaited which the Company expects to obtain along side implementation of the resolution plan. Pending receipt of lenders approvals, managerial remuneration continue to be accrued/ paid by the Company as detailed below:

| Financial Years/ Period | (₹ in crore) | | | | |
|------------------------------------|----------------------|-------------------|--------------------------------------|------------------------------------|--|
| | Remuneration accrued | Remuneration paid | Remuneration as per prescribed limit | Excess remuneration accrued / paid | Excess remuneration paid held in trust |
| | (a) | (b) | (c) | (d = a - c) | (e = b - c) |
| 2019-20 | 13.57 | 3.75 | - | 13.57 | 3.75 |
| 2020-21 | 13.50 | 1.44 | - | 13.50 | 1.44 |
| Nine months ended 31 December 2021 | 10.50 | 1.35 | - | 10.50 | 1.35 |
| Total | 37.57 | 6.54 | - | 37.57 | 6.54 |

In absence of the requisite approval from lenders for remuneration accrued/ paid to CMD/ WTD for the aforementioned years/ period, the statutory auditors review report is modified in respect of this matter.

- 7 Non-current borrowings, current borrowings, other current financial liabilities and liabilities of disposal group held for sale as at 31 December 2021 include balances amounting to Nil (30 September 2021: Nil, 31 March 2021: Nil and 31 December 2020: ₹ 273.56 crore), ₹ 52.79 crore (30 September 2021: ₹ 123.41 crore, 31 March 2021: ₹ 2.10 crore and 31 December 2020: ₹ 9.57 crore), ₹ 442.64 crore (30 September 2021: ₹ 434.06 crore, 31 March 2021: ₹ 500.72 crore and 31 December 2020: ₹ 399.68 crore) and ₹ 106.22 crore (30 September 2021: ₹ 94.34 crore, 31 March 2021: Nil and 31 December 2020: Nil), respectively, for which confirmations/ statements from the respective banks/ lenders have not been received inspite of incessant efforts by Company's management. Further, in respect of certain loans aggregating ₹ 1,247.23 crore (30 September 2021: ₹ 746.57 crore, 31 March 2021: ₹ 871.75 crore and 31 December 2020: ₹ 1,396.01 crore), while the lenders have confirmed the principal outstanding, the accrued interest aggregating ₹ 210.23 crore (30 September 2021: ₹ 157.05 crore, 31 March 2021: ₹ 115.37 crore and 31 December 2020: ₹ 87.50 crore) have not been confirmed. In the absence of confirmations/ statements from the lenders, the Company has provided for interest and other penal charges on these borrowings based on the latest communication available from the respective lenders at the interest rate specified in the agreement. The Company's management believes that amount payable will not exceed the liability provided in books in respect of these borrowings.
Further, balances with banks (included under cash and cash equivalents) and earmarked balances/ fixed deposits (included under bank balances other than cash and cash equivalents) as at 31 December 2021 include balances amounting to ₹ 0.93 crore (30 September 2021: ₹ 0.73 crore, 31 March 2021: ₹ 2.10 crore and 31 December 2020: Nil) and ₹ 0.95 crore (30 September 2021: ₹ 0.95 crore, 31 March 2021: ₹ 10.91 crore and 31 December 2020: ₹ 20.97 crore) respectively, for which confirmation/ statements from banks have not been received. Statutory auditors review report is modified in respect of this matter.
- 8 The outbreak of COVID-19 had disrupted regular business operations of the Company due to the lock down restrictions and other emergency measures imposed by the Government from time to time. The operations of the Company are recovering from the economic slowdown caused by COVID-19 pandemic and reaching normalcy. The management has taken into account the possible impacts of known events, upto the date of the approval of these financial results, arising from COVID-19 pandemic on the carrying value of the assets and liabilities as at 31 December 2021. While the Company continues to closely monitor the impact of COVID-19 pandemic, there exists uncertainty in estimating the future impact of COVID-19 pandemic on the Company and accordingly, the actual impact in the future may be different from those presently estimated.



- 9 The Company has incurred net loss of ₹ 174.74 crore during the nine months ended 31 December 2021 and as of that date has accumulated losses aggregating ₹ 2,508.57 crore, which has resulted in substantial erosion of its net worth and its current liabilities exceeded its current assets by ₹ 251.39 crore. The Company also continues to default on payment to lenders along with overdue to operational creditors. Certain operational creditors have also applied before the National Company Law Tribunal ('NCLT') for debt resolution under the Insolvency and Bankruptcy Code, 2016, none of which has been admitted so far. Further, the COVID-19 pandemic has also disrupted business operations of the Company and there continues to exist uncertainty with respect to the pandemic on Company's operations. The above factors indicate that events or conditions exist, which may cast significant doubt on the entity's ability to continue as a going concern.
- The Company is in advanced stages of completing a resolution plan with lenders of the Company, including resolution of debts of an erstwhile subsidiary, whose liabilities were taken over by the Company in earlier years at settlement value basis the settlement terms entered between the Company and lenders. Pursuant to the resolution plan, economic and beneficial interest of a portion of the arbitration awards and claims of the Company along with liabilities, represented by debt and accrued interest, will be transferred to a wholly owned subsidiary of the Company (Also refer note 10 below). The resolution plan has already received an in-principal approval from lenders and is subject to final approval by their respective Board/ Committees.
- Based on the expectation of the implementation of the resolution plan with lenders as well as the underlying strength of the Company's business plans and future growth outlook as assessed, the management is confident of improving the credit profile of the Company, including through time-bound monetisation of assets including arbitration awards, claims and other assets which would result in it being able to meet its obligations in due course of time. Accordingly, the Management considers it appropriate to prepare these financial results on a going concern basis.
- 10 As per the proposed resolution plan which has received an in-principal approval from the lenders of the Company, the economic and beneficial interest of certain arbitration awards and claims of the Company along with liabilities, represented by debt and accrued interest, will be transferred to a wholly owned subsidiary of the Company. The Board of Directors and shareholders of the Company have approved the aforementioned resolution plan at their meetings held on 27 May 2021 and 29 June 2021, respectively. In accordance with Ind AS 105 - Non-current Assets Held for Sale and Discontinued Operations, the assets (represented by arbitration award and claims) and liabilities (represented by debt and accrued interest) qualify as assets and liabilities of a disposal group held for sale. Consequently, as at 31 December 2021, trade receivables representing favourable arbitration awards (including interest thereon) aggregating ₹ 2,529.30 crore (net of advance ₹ 3,066.19 crore) and claims aggregating ₹ 4,014.94 crore (to the extent identified) lodged on customers, having a carrying value of ₹ 385.73 crore, continue to be classified as assets of a disposal group held for sale. Similarly, as at 31 December 2021, current borrowings and other current financial liabilities amounting to ₹ 2,441.19 crore and ₹ 475.13 crore, respectively, continue to be classified as liabilities of a disposal group held for sale.
- 11 As at 31 December 2021, the Company has recognized net deferred tax assets amounting to ₹ 739.28 crore (30 September 2021: ₹ 739.28 crore, 31 March 2021: ₹ 715.99 crore and 31 December 2020: ₹ 670.14 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 a conservative basis has not recognized deferred tax asset on the losses incurred effective 1 July 2021. Further, the Company is still evaluating the benefits of exercising the non-reversible option of paying corporate tax at reduced rates in accordance with section 115BAA of the Income Tax Act, 1961.
- Based on the expected profits from the unexecuted orders on hand/ future projects, outcome of the ongoing discussion with lenders for restructuring of loans and expected settlement of claims/ arbitration awards with customers, 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 2021 will be realized. Statutory auditors review report is modified in respect of this matter.
- 12 **Exceptional items** (₹ in crore)
- | Particulars | Quarter ended | | | Nine month ended | | Year ended |
|------------------------------------|------------------|-------------------|------------------|------------------|------------------|-----------------|
| | 31 December 2021 | 30 September 2021 | 31 December 2020 | 31 December 2021 | 31 December 2020 | 31 March 2021 |
| Loss on settlement with a customer | - | - | - | - | (326.83) | (274.03) |
| Total loss | - | - | - | - | (326.83) | (274.03) |
- 13 During the year ended 31 March 2019, the Company had recognized a provision of ₹ 331.40 crore pursuant to the signing of a non-binding term sheet with a consortium of investors along with a letter of commitment, for an assignment of the beneficial interest in portfolio of identified arbitration awards and claims ('specified assets') for an aggregate consideration of ₹ 1,750 crore. The said provision continued thereafter in view of mutual extension of the said transaction till 31 December 2019. In the absence of any further extension, the Company decided to cancel this proposed transaction. Pursuant to the cancellation of the aforesaid transaction, the provision of ₹ 331.40 crore related to specified assets, recognized earlier was written back during the year ended 31 March 2020. Statutory auditors review report is modified in respect of the reversal of the aforementioned loss provision.
- 14 Trade payables and liabilities for capital goods (under other current financial liabilities) as at 31 December 2021 include ₹ 36.07 crore and ₹ 3.28 crore, respectively, to parties situated outside India. These balances are pending for settlement due to financial difficulties presently being faced by the Company and have resulted in delay in remittance of payments beyond the timeline stipulated by the FED Master Direction No. 17/2016-17, under the Foreign Exchange Management Act, 1999. The Company is in the process of regularising these defaults by filing necessary applications with the appropriate authority for condonation of delay. Pending conclusion of the aforesaid matters, the amount of penalty, if any, that may be levied, is not ascertainable but expected not to be material to the standalone financial results, and accordingly, the standalone financial results do not include any adjustments that may arise due to such delay/ default.
- 15 Other income for the quarter ended 30 September 2021 includes a gain on settlement of debt amounting to ₹ 28.25 crore recognised pursuant to an amendment agreement entered between the Company and a lender, in respect of a foreign currency term loan.



16 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 December 2021 | 30 September 2021 | 31 December 2020 | 31 December 2021 | 31 December 2020 | 31 March 2021 |
| | 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) | 444.67 | 410.89 | 701.24 | 444.67 | 701.24 | 611.86 |
| Net Profit/ (Loss) after tax (₹ in crore) | 27.75 | (159.28) | (78.98) | (174.74) | (476.26) | (566.45) |
| Basic earnings/(loss) per share (Not annualised) | 0.18 | (1.05) | (0.52) | (1.15) | (3.15) | (3.74) |
| Diluted earnings/(loss) per share (Not annualised) | 0.18 | (1.05) | (0.52) | (1.15) | (3.15) | (3.74) |
| Debt Equity ratio (times) : [Total Debt / Equity] * | 8.52 | 9.11 | 5.54 | 8.52 | 5.54 | 6.46 |
| 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 | 0.60 | 0.04 | 0.19 | 0.32 | 0.08 | 0.04 |
| Interest Service Coverage ratio (times) : [(Earnings before interest [^] , depreciation and amortisation, exceptional items and tax) / Interest [^]]- Annualised | 1.33 | 0.08 | 0.37 | 0.72 | 0.18 | 0.09 |
| Current ratio (times) : (Current assets / Current liabilities) | 0.97 | 0.95 | 0.73 | 0.97 | 0.73 | 1.00 |
| Long-term debt to working capital (times) : [(Non-current Borrowings* + Current maturities of long-term debt*) / Net working capital] | (7.38) | (5.12) | (0.95) | (7.38) | (0.95) | 78.71 |
| Bad debts to accounts receivable ratio (%) : (Bad debts / Average trade receivables) | - | - | - | - | - | - |
| Current liability ratio (times) : (Current liabilities / Total liabilities) | 0.76 | 0.76 | 0.74 | 0.76 | 0.74 | 0.73 |
| Total debts to total assets ratio (times) : [(Non-current Borrowings* + Current Borrowings*) / Total Assets] | 0.35 | 0.34 | 0.35 | 0.35 | 0.35 | 0.37 |
| Debtors Turnover (times) : [(Revenue from operations / Average trade receivable)] - Annualised | 1.12 | 0.91 | 0.75 | 1.00 | 0.53 | 0.58 |
| Inventory Turnover (times) : [(Cost of Goods Sold / Average inventory)] - Annualised Cost of Goods sold = Cost of materials consumed + Subcontracting expenses + Construction expenses | 16.09 | 15.75 | 12.49 | 16.00 | 7.93 | 9.61 |
| Operating Margin (in %) : [(Earnings before finance costs, depreciation and amortisation, exceptional items and tax - Other Income) / Revenue from operations] | 24.57% | 4.76% | 14.24% | 16.17% | 15.65% | 11.57% |
| Net Profit (Loss) Margin (%) : [Profit (Loss) after tax / Revenue from operations] | 2.40% | -17.08% | -9.69% | -5.65% | -27.61% | -21.87% |

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

* Debt exclude financial liabilities of an erstwhile subsidiary taken over by the Company.

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

17 Figures for the previous period/ year have been regrouped/ rearranged, wherever considered necessary.

for Hindustan Construction Company Limited

Ajit Gulabchand
Chairman & Managing Director

Mumbai, Dated : 3 February 2022



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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 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 consolidated unaudited financial results ('the Statement') of **Hindustan Construction Company Limited** ('the Holding Company') and its subsidiaries (the Holding Company and its subsidiaries together referred to as 'the Group'), its associates, joint ventures and joint operations (refer Annexure 1 for the list of subsidiaries, associates, joint ventures and joint operations included in the Statement) for the quarter ended **31 December 2021** and the consolidated year to date results for the period 1 April 2021 to 31 December 2021, being submitted by the Holding Company pursuant to the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended), including relevant circulars issued by the SEBI from time to time.
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 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended), including relevant circulars issued by the SEBI from time to time. 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 SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended), to the extent applicable.

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4. As stated in:

- (i) Note 6 to the accompanying Statement, the Holding Company has accounted for managerial remuneration paid/ payable to Whole Time Directors (including Chairman and Managing Director) of the Holding Company aggregating ₹ 37.57 crore for the financial years ended 31 March 2020 and 31 March 2021, and for the nine month ended 31 December 2021, in excess of the limits prescribed under Section 197 of the Act, in respect of which approvals from the shareholders have been obtained as prescribed, however prior approval from the lenders of the Holding Company in accordance with Section 197 has not been obtained by the Holding Company.

Our audit report dated 23 June 2021 on the consolidated financial results of the Company for the year ended 31 March 2021 and review reports dated 11 November 2021 and 9 February 2021 on the consolidated financial results of the Company for the quarter ended 30 September 2021 and quarter and nine months ended 31 December 2020, respectively, were also qualified in respect of this matter.

- (ii) Note 9 to the accompanying Statement, the Holding Company's current borrowings, other current financial liabilities and liabilities of disposal group held for sale as at 31 December 2021 include balances amounting to ₹ 52.79 crore, ₹ 442.64 crore and ₹ 106.22 crore respectively, in respect of which confirmations/ statements from the respective banks/ lenders have not been provided to us by the management of the Holding Company. Further, in respect of certain loans while the principal balances have been confirmed from the confirmations/ statements issued by banks / lenders, the interest accrued amounting to ₹ 210.23 crore has not been confirmed by the banks/ lenders. Further, confirmations/ statements from banks have not been received for balances with banks (included under cash and cash equivalents) and earmarked balances/ deposits with banks (included under bank balances other than cash and cash equivalents), as at 31 December 2021 amounting to ₹ 0.93 crore and ₹ 0.95 crore respectively. In the absence of such confirmations/ statements from the banks/ lenders or sufficient and appropriate alternate audit evidence, we are unable to comment on the adjustments, if any, that may be required to the carrying value of the aforementioned balances in the accompanying Statement.

Our audit report dated 23 June 2021 on the consolidated financial results of the Company for the year ended 31 March 2021 and review reports dated 11 November 2021 and 9 February 2021 on the consolidated financial results of the Company for the quarter ended 30 September 2021 and quarter and nine months ended 31 December 2020, respectively, were also qualified in respect of this matter.

- (iii) Note 5 to the accompanying Statement, the Holding Company has recognised net deferred tax assets amounting to ₹ 739.28 crore as at 31 December 2021, 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 continued losses incurred by the Holding Company, uncertainty with respect to outcome of the resolution plan and the impact of COVID-19 on business operations, we are unable to obtain sufficient appropriate audit evidence with respect to the current projections 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 2021.

Our audit report dated 23 June 2021 on the consolidated financial results of the Company for the year ended 31 March 2021 and review reports dated 11 November 2021 and 9 February 2021 on the consolidated financial results of the Company for the quarter ended 30 September 2021 and quarter and nine months ended 31 December 2020, respectively, were also qualified in respect of this matter.

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(iv) Note 11 to the accompanying Statement, the Holding Company had written back a loss provision aggregating ₹ 331.40 crore during the year ended 31 March 2020, which was earlier recognised by the Holding Company during the year ended 31 March 2019 in cognizance of the assignment of beneficial interests/ rights in a portfolio of identified arbitration awards and claims based on a non-binding term sheet with a consortium of investors along with a letter of commitment, due to cancellation of the said proposed transaction. However, such write-back is inconsistent with the continued intent of the Holding Company to sell/ assign the arbitration awards and claims of the Holding Company to other potential investors as evidenced in the proposed resolution plan with lenders. Pending the finalization of the proposed resolution plan with lenders, we are unable to comment on the extent of loss provision required to be provided for in the consolidated financial results as at 31 December 2021.

Our audit report dated 23 June 2021 on the consolidated financial results of the Company for the year ended 31 March 2021 and review reports dated 11 November 2021 and 9 February 2021 on the consolidated financial results of the Company for the quarter ended 30 September 2021 and quarter and nine months ended 31 December 2020, respectively, were 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 paragraph 8 and below, except for the possible effects of the matters described in previous sections, 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 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 7 to the accompanying Statement, which indicates that the Group as at 31 December 2021 has accumulated losses aggregating ₹ 3,806.45 crore which has resulted in complete erosion of Group's net worth as on that date. As further disclosed in aforesaid note, the Holding Company has continued to default in repayment of principal and interest in respect of its borrowings and has overdue operational creditors outstanding as at 31 December 2021. Certain operational creditors of the Holding Company have also applied to the National Company Law Tribunal ('NCLT') for the debt resolution under the Insolvency and Bankruptcy Code, 2016, which have not been admitted by the NCLT for further proceedings as of the date of this report. The above factors, together with uncertainties relating to the impact of the ongoing COVID-19 pandemic on the operations of the Group as described in Note 3 to the Statement, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. However, based on ongoing discussion with the lenders of the Holding Company and lenders of an erstwhile subsidiary of the Group, for restructuring of loans which are subject to their internal approvals, revised business plans and other mitigating factors as mentioned in the Note 7 to the Statement, management is of the view that going concern basis of accounting is appropriate for preparation of the accompanying Statement.

The component auditors of nine (9) subsidiaries have also reported material uncertainty relating to going concern in their review reports on the respective interim financial information of such companies as at and for the quarter and nine-month period ended 31 December 2021. Further, the component auditor of one (1) subsidiary has issued an adverse opinion with respect to use of the going concern basis of accounting in the interim financial statements.

Our conclusion is not modified in respect of this matter

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7. We draw attention to:

- (i) Note 3 to the accompanying Statement, which describes the effects of uncertainties relating to COVID-19 pandemic outbreak on the Group's operations and management's evaluation of its impact on the accompanying Statement as at the reporting date, the extent of which is significantly dependent on future developments.
- (ii) Note 2 to the accompanying Statement, regarding uncertainties relating to recoverability of unbilled work-in-progress (contract assets), unbilled work-in-progress (included under assets of a disposal group held for sale) and current trade receivables amounting to ₹ 544.23 crore, ₹ 240.34 crore and ₹ 280.55 crore, respectively, as at 31 December 2021, which represent various receivables in respect of closed/ substantially closed/ suspended/ terminated projects. Further, current trade receivables and trade receivables (included under assets of disposal group held for sale) as at 31 December 2021 includes ₹ 211.05 crore and ₹ 2,529.30 crore, respectively, representing favourable arbitration awards (including interest thereon) which have subsequently been challenged by the customers in higher courts. The aforementioned receivables are presently under various stages of negotiations/ discussions/ arbitration/ litigation with clients. Based on the current progress in each case and the legal opinions for certain contentious matters, management is of the view that the aforementioned receivables are fully recoverable.
- (iii) Note 12 to the accompanying Statement, regarding delays in payment of foreign currency trade payables against the supply of goods and payment of foreign currency capital vendors against the supply of equipment aggregating ₹ 36.07 crore and ₹ 3.28 crore, respectively, that are outstanding as at 31 December 2021, for a period beyond the timelines stipulated in FED Master Direction No. 17/2016-17, under the Foreign Exchange Management Act, 1999. The management of the Holding Company is in the process of regularising these defaults by filing necessary applications with the appropriate authority for condonation of such delays. The management is of the view that the penalties, if any, which may be levied for these contraventions is currently unascertainable and is not expected to be material to the accompanying Statement. Accordingly, the accompanying Statement does not include any consequential adjustments with respect to such delays/ defaults.
- (iv) Note 4 to the accompanying Statement, pertaining to matter on which following emphasis of matter has been included in the review report dated 1 February 2022 on the interim financial statements of HREL Real Estate Limited, a subsidiary of the Holding Company, issued by an independent firm of Chartered Accountants, which is relevant to our conclusion on the consolidated financial results of the Group, and reproduced by us as under:

"Note XX to the accompanying financial statements of the Company, the Company had provided corporate guarantees and put options aggregating ₹ 5,884.71 crore (Previous Year: ₹ 5,764.70 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."

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- (v) Note 13 to the accompanying Statement on following emphasis of matter included in the review report dated 1 February 2022 on the interim financial statements of Raiganj-Dalkhola Highways Limited, a step-down subsidiary of the Holding Company, issued by an independent firm of Chartered Accountants, on matters which are relevant to our conclusion on the consolidated financial results of the Group, and 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, except borrowings from Yes Bank, as recorded in books of accounts of Company are unconfirmed."

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

8. We did not review the interim financial information of twenty two (22) subsidiaries included in the Statement, whose interim financial information reflects total revenues of ₹ 1,582.96 crore and ₹ 4,943.10 crore, total net profit after tax of ₹ 38.22 crore and ₹ 265.37 crore, total comprehensive income of ₹ 32.43 crore and ₹ 239.10 crore, for the quarter and nine-month period ended on 31 December 2021, respectively, as considered in the Statement. The Statement also includes the Group's share of net profit/(loss) after tax of ₹ (0.69) crore and ₹ 0.99 crore and total comprehensive income/ (loss) of ₹ (0.69) crore and ₹ 0.99 crore, for the quarter and nine-month period ended on 31 December 2021, 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 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.

9. We did not review the interim financial information of one (1) joint operation, whose interim financial information reflects total revenues of ₹ 62.48 crore and ₹ 146.43 crore, total net profit after tax of ₹ 1.14 crore and ₹ 2.27 crore, and total comprehensive income of ₹ 1.14 crore and ₹ 2.27 crore, for the quarter and nine-month period ended on 31 December 2021, respectively, as considered in the Statement. This interim financial information has been reviewed by another auditor whose review report has been furnished to us by the management.

The 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 on the accompanying Statement, in so far as it relates to the amounts and disclosures included in respect of this joint operation is solely based on report of the other auditor, the conversion adjustments prepared by the Holding Company's management and reviewed by us, 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 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended)

10. The Statement includes the interim financial information of four (4) subsidiaries, which have not been reviewed/ audited by their auditors, whose interim financial information reflects total revenues of ₹ 0.81 crore and ₹ 5.12 crore, total net loss after tax of ₹ 0.43 crore and ₹ 1.11 crore, total comprehensive loss of ₹ 0.43 crore and ₹ 1.11 crore, for the quarter and nine-month period ended on 31 December 2021, respectively, as considered in the Statement.

The Statement also includes the Group's share of net profit/ (loss) after tax of ₹ (0.15) crore and ₹ 0.27 crore and total comprehensive income/ (loss) of ₹ (0.15) crore and ₹ 0.27 crore, for the quarter and nine-month period ended on 31 December 2021, respectively, as considered in the Statement, in respect of one (1) associate, based on its interim financial information have not been reviewed/ audited by its auditors, 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 and associate, are based solely on such unaudited/ unreviewed 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 interim financial information certified by the Board of Directors.

11. 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 total revenues of ₹ 0.17 crore and ₹ 0.42 crore, total net loss after tax of ₹ 0.04 crore and ₹ 0.35 crore, total comprehensive loss of ₹ 0.04 crore and ₹ 0.35 crore, for the quarter and nine-month period ended on 31 December 2021, respectively, as considered in the Statement. Our conclusion on the Statement, in so far as it relates to the amounts and disclosures included in respect of these joint operations, is 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 interim financial information certified by the Board of Directors.

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

SHASHI
TADWALKAR Digitally signed by
SHASHI TADWALKAR
Date: 2022.02.03
15:31:42 +05'30'

Shashi Tadwalkar
Partner
Membership No:101797

UDIN:22101797AAETJG1976

Place: Pune
Date: 03 February 2022

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 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended)

Annexure 1

List of entities included in the Statement

| Subsidiary Companies | |
|---|---|
| HCC Contract Solutions Limited (Formerly known as HCC Construction 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 (w.e.f. 8 March 2021) |
| Narmada Bridge Tollways Limited * | Baharampore-Farakka Highways Limited * |
| Badarpur Faridabad Tollways Limited * | Raiganj-Dalkhola Highways Limited * |
| Associates | |
| Highbar Technocrat Limited | Projektentwicklungsges. Parking Kunstmuseum AG (upto 31 March 2021) |
| Evostate AG | Evostate Immobilien AG |
| MCR Managing Corp. Real Estate | |
| Joint Venture / Joint Operations | |
| Kumagai-Skanska-HCC-Itochu Group | Farakka-Raiganj Highways Limited (upto 22 September 2020) |
| HCC-L&T Purulia Joint Venture | Alpine - HCC Joint Venture |
| Alpine - Samsung - HCC Joint Venture | HCC Samsung Joint Venture CC 34 |
| Nathpa Jhakri Joint Venture | ARGE Prime Tower, Zürich |
| HCC- HDC Joint Venture | Werkarena Basel AG |

* 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 2021

| Sr. No. | Particulars | ₹ in crore except earnings per share data | | | | | |
|---------|---|---|-------------------|------------------|------------------|------------------|-----------------|
| | | Quarter ended | | | Nine month ended | | Year ended |
| | | 31 December 2021 | 30 September 2021 | 31 December 2020 | 31 December 2021 | 31 December 2020 | 31 March 2021 |
| | Unaudited | Unaudited | Unaudited | Unaudited | Unaudited | Audited | |
| 1 | Income | | | | | | |
| | (a) Revenue from operations | 2,670.70 | 2,787.45 | 2,406.01 | 7,912.09 | 5,894.24 | 8,248.42 |
| | (b) Other income | 25.19 | 60.75 | 10.92 | 135.29 | 42.37 | 86.57 |
| | Total income (a+b) | 2,695.89 | 2,848.20 | 2,416.93 | 8,047.38 | 5,936.61 | 8,334.99 |
| 2 | Expenses | | | | | | |
| | (a) Cost of construction materials consumed | 241.10 | 208.45 | 167.41 | 613.28 | 319.83 | 525.57 |
| | (b) Subcontracting expenses | 1,688.12 | 1,847.88 | 1,482.09 | 5,321.81 | 4,186.49 | 5,834.87 |
| | (c) Changes in inventories | (22.07) | 6.02 | (8.22) | (32.65) | (4.92) | (16.51) |
| | (d) Construction expenses | 73.55 | 81.78 | 70.95 | 230.83 | 166.01 | 260.76 |
| | (e) Employee benefits expense | 232.36 | 235.07 | 249.89 | 694.40 | 701.01 | 954.85 |
| | (f) Finance costs | 285.05 | 259.72 | 234.32 | 792.52 | 671.07 | 1,001.06 |
| | (g) Depreciation and amortisation expense | 46.61 | 38.57 | 35.53 | 120.90 | 102.67 | 135.51 |
| | (h) Other expenses | 63.46 | 72.66 | 61.17 | 196.29 | 233.11 | 297.64 |
| | Total expenses (a+b+c+d+e+f+g+h) | 2,608.18 | 2,750.15 | 2,293.14 | 7,937.38 | 6,375.27 | 8,993.75 |
| 3 | Profit/ (Loss) before exceptional items, share of profit/ loss of associates and joint ventures, and tax (1-2) | 87.71 | 98.05 | 123.79 | 110.00 | (438.66) | (658.76) |
| 4 | Exceptional items - Gain/ (Loss) (Refer note 10) | - | 106.10 | - | 106.10 | (326.83) | (274.03) |
| 5 | Profit/ (Loss) before share of profit/ loss of associates and joint ventures and tax (3+4) | 87.71 | 204.15 | 123.79 | 216.10 | (765.49) | (932.79) |
| 6 | Share of profit/ (loss) of associates and joint ventures (net) (Refer note 14) | (0.85) | (7.06) | 0.60 | 222.74 | (225.99) | 65.44 |
| 7 | Profit/ (Loss) before tax (5+6) | 86.86 | 197.09 | 124.39 | 438.84 | (991.48) | (867.35) |
| 8 | Tax expense/ (credit) | | | | | | |
| | (a) Current tax | 45.79 | 3.42 | 6.12 | 50.91 | 10.15 | 8.96 |
| | (b) Deferred tax | (23.36) | 54.44 | (0.31) | 4.29 | (234.33) | (266.29) |
| | | 22.43 | 57.86 | 5.81 | 55.20 | (224.18) | (257.33) |
| 9 | Profit/ (Loss) for the period/ year (7-8) | 64.43 | 139.23 | 118.58 | 383.64 | (767.30) | (610.02) |
| 10 | Other comprehensive income/ (loss) | | | | | | |
| | (a) Items not to be reclassified subsequently to profit or loss (net of tax) | 1.90 | (15.99) | 0.96 | (8.78) | (4.39) | 30.66 |
| | (b) Items to be reclassified subsequently to profit or loss (net of tax) | (0.09) | 0.57 | 4.31 | (3.84) | 24.06 | 28.27 |
| | Other comprehensive income/ (loss) for the period/ year, net of tax (a+b) | 1.81 | (15.42) | 5.27 | (12.62) | 19.67 | 58.93 |
| 11 | Total comprehensive income/ (loss) for the period/ year, net of tax (9+10) | 66.24 | 123.81 | 123.85 | 371.02 | (747.63) | (551.09) |
| | Net profit/ (loss) attributable to: | | | | | | |
| | Owners of the parent | 64.43 | 139.23 | 118.58 | 383.64 | (767.30) | (610.02) |
| | 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 | 1.81 | (15.42) | 5.27 | (12.62) | 19.67 | 58.93 |
| | 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 | 66.24 | 123.81 | 123.85 | 371.02 | (747.63) | (551.09) |
| | Non - controlling interest | (0.00)* | (0.00)* | (0.00)* | (0.00)* | (0.00)* | (0.00)* |
| 12 | Paid up equity share capital (Face value of ₹ 1 each) | 151.31 | 151.31 | 151.31 | 151.31 | 151.31 | 151.31 |
| 13 | Other equity (excluding revaluation reserves) | | | | | | (1,468.90) |
| 14 | Earnings/ (Loss) per share (Face value of ₹ 1 each) | | | | | | |
| | (a) Basic EPS (not annualised) (in ₹) | 0.43 | 0.92 | 0.78 | 2.54 | (5.07) | (4.03) |
| | (b) Diluted EPS (not annualised) (in ₹) | 0.43 | 0.92 | 0.78 | 2.54 | (5.07) | (4.03) |

* represents amount less than ₹ 1 lakh
See accompanying notes to the consolidated unaudited financial results



Hindustan Construction Co Ltd

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CIN : L45200MH1926PLC001228

Notes:

- 1 Hindustan Construction Company Limited (the 'Holding Company') and its subsidiaries are together referred to as 'the Group' in the following notes. These consolidated financial results 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') read with Companies (Indian Accounting Standards) Rules as amended from time to time. The above consolidated financial results have been reviewed and recommended to the Board of Directors by the Audit Committee of the Holding Company and subsequently approved by the Board of Directors of the Holding Company at their respective meetings held on 3 February 2022.
- 2 Unbilled work-in-progress (contract assets), unbilled work-in-progress (included under assets of a disposal group classified as held for sale), and current trade receivables of Holding Company includes ₹ 544.23 crore, ₹ 240.34 crore and ₹ 280.55 crore, respectively, outstanding as at 31 December 2021 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. Further, current trade receivables and trade receivables (included under assets of a disposal group held for sale) as at 31 December 2021 includes receivables of ₹ 211.05 crore and ₹ 2,529.30 crore (net of advances of ₹ 3,066.19 crore), respectively, representing claims awarded in arbitration, including interest thereon, in favour of the Holding Company which have been challenged by the customers in higher courts. 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 the 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.
- 3 The outbreak of COVID-19 had disrupted regular business operations of the Group due to the lock down restrictions and other emergency measures imposed by Governments from time to time. The operations of the Group are recovering from the economic slowdown caused by COVID-19 pandemic and reaching normalcy. The Group management has taken into account the possible impacts of known events, upto the date of the approval of these financial results, arising from COVID-19 pandemic on the carrying value of the assets and liabilities as at 31 December 2021. While the Group continues to closely monitor the impact of COVID-19 pandemic, there exists uncertainty in estimating the future impact of COVID-19 pandemic on the Group and, accordingly, the actual impact in the future may be different from those presently estimated.
- 4 HREL Real Estate Limited ('HREL'), a subsidiary company, has provided corporate guarantees and put options to the lenders of its erstwhile subsidiaries namely 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 2021 stands at ₹ 5,884.71 crore. LCL and WAML have been admitted under the Corporate Insolvency and Resolution Process 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 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 debts 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 considered necessary in the consolidated financial results as at and for the quarter and nine months ended 31 December 2021, as impact, if any, is currently unascertainable.
- 5 As at 31 December 2021, the Holding Company has recognized net deferred tax assets amounting to ₹ 739.28 crore (30 September 2021: ₹ 739.28 crore, 31 March 2021: ₹ 715.99 crore and 31 December 2020: ₹ 670.14 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 a conservative basis has not recognized deferred tax asset on the losses incurred effective 1 July 2021. Further, the Holding Company is still evaluating the benefits of exercising the non-reversible option of paying corporate tax at reduced rates in accordance with section 115BAA of the Income Tax Act, 1961. Based on the expected profits from the unexecuted orders on hand/ future projects, outcome of the ongoing discussion with lenders for restructuring of loans and expected settlement of claims/ arbitration awards with customers, 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 2021 will be realized. Statutory auditors review report is modified in respect of this matter.



- 6 Pursuant to the confirmation from external agency on compliance of conditions laid out by Monitoring Committee of lenders, the Holding Company during the quarter ended 31 March 2021 adjusted the excess managerial remuneration for the financial year 2013-14 against the remuneration accrued but not paid for the financial year 2014-15 and also the excess remuneration accrued and paid for financial year 2015-16 stands approved.

Further in accordance with section 197 of the Act subject to Schedule V to the Act, the Holding Company was required to obtain approval for excess managerial remuneration of Chairman and Managing Director ('CMD') and Whole Time Director ('WTD') in the general meeting along with prior approval from banks/ public financial institutions and non-convertible debenture holders (together referred as 'lenders') since the Holding Company had defaulted in the payment of dues to lenders. The Holding Company has obtained approvals vide special resolutions in its shareholder's meeting held on 26 September 2019 for remuneration of CMD and Whole Time Director for the period 1 April 2019 to 31 March 2022. However, the requisite approval from lenders are still awaited which the Holding Company expects to obtain along side implementation of the resolution plan. Pending receipt of lenders approvals, managerial remuneration continue to be accrued/ paid by the Holding Company as detailed below:

| Financial Years/ Period | Remuneration accrued | Remuneration paid | Remuneration as per prescribed limit | Excess remuneration accrued/ paid | Excess remuneration paid held in trust |
|------------------------------------|----------------------|-------------------|--------------------------------------|-----------------------------------|--|
| | (a) | (b) | (c) | (d = a - c) | (e = b - c) |
| 2019-20 | 13.57 | 3.75 | - | 13.57 | 3.75 |
| 2020-21 | 13.50 | 1.44 | - | 13.50 | 1.44 |
| Nine months ended 31 December 2021 | 10.50 | 1.35 | - | 10.50 | 1.35 |
| Total | 37.57 | 6.54 | - | 37.57 | 6.54 |

In absence of the requisite approval from lenders for remuneration accrued/ paid to CMD/ WTD for the aforementioned years/ period, the statutory auditors review report is modified in respect of this matter.

- 7 As at 31 December 2021, the Group has accumulated losses aggregating ₹ 3,806.44 crore which has resulted in full erosion of its net worth. The Holding Company also continues to default on payment to lenders along with overdue to operational creditors. Certain operational creditors of the Holding Company have applied before the National Company Law Tribunal ('NCLT') for the debt resolution under the Insolvency and Bankruptcy Code, 2016, none of which has been admitted so far. Further, the COVID-19 pandemic has also disrupted business operations of the Group and there continues to exist uncertainty with respect to the pandemic on Group's operations. The above factors indicate that events or conditions exist, which may cast significant doubt on the Group's ability to continue as a going concern.
- The Holding Company is in advanced stages of completing a resolution plan with its lenders, including resolution of debt of an erstwhile subsidiary, whose liabilities were taken over by the Holding Company in earlier years at settlement value basis the settlement terms entered between the Holding Company and lenders. Pursuant to the resolution plan, economic and beneficial interest of a portion of the aforesaid arbitration awards and claims of the Holding Company along with liabilities, represented by debt and accrued interest, will be transferred to a wholly owned subsidiary of the Holding Company (also refer note 8 below). The resolution plan has already received an in-principal approval from majority lenders and is subject to final approval by their respective Board/ Committees.
- Based on the expectation of the implementation of the resolution plan with lenders of Holding Company as well as the underlying strength of the Group's business plans and future growth outlook as assessed, the management is confident of improving the credit profile of the Group, including through time-bound monetisation of assets including arbitration awards, claims and other assets which would result in it being able to meet its obligations in due course of time. Accordingly, the Management considers it appropriate to prepare these financial results on a going concern basis.
- 8 As per the proposed resolution plan which has received an in-principal approval from the lenders of the Holding Company, the economic and beneficial interest of certain arbitration awards and claims of the Holding Company along with liabilities, represented by debt and accrued interest, will be transferred to a wholly owned subsidiary of the Holding Company. The Board of Directors and shareholders of the Holding Company have approved the aforementioned resolution plan at their meetings held on 27 May 2021 and 29 June 2021, respectively. In accordance with Ind AS 105 - Non-current Assets Held for Sale and Discontinued Operations, the assets (represented by arbitration award and claims) and liabilities (represented by debt and accrued interest) qualify as assets and liabilities of a disposal group held for sale. Consequently, as at 31 December 2021, trade receivables representing favourable arbitration awards (including interest thereon) aggregating ₹ 2,529.30 crore (net of advance ₹ 3,066.19 crore) and claims aggregating ₹ 4,014.94 crore (to the extent identified) lodged on customers, having a carrying value of ₹ 385.73 crore, continue to be classified as assets of a disposal group held for sale. Similarly, as at 31 December 2021, current borrowings and other current financial liabilities amounting to ₹ 2,441.19 crore and ₹ 475.13 crore, respectively, continue to be classified as liabilities of a disposal group held for sale.
- 9 Non-current borrowings, current borrowings, other current financial liabilities and Liabilities of disposal group held for sale as at 31 December 2021 include balances amounting to Nil (30 September 2021: Nil, 31 March 2021: Nil and 31 December 2020: ₹ 273.56 crore), ₹ 52.79 crore (30 September 2021: ₹ 123.41 crore, 31 March 2021: ₹ 2.10 crore and 31 December 2020: ₹ 9.57 crore), ₹ 442.64 crore (30 September 2021: ₹ 434.06 crore, 31 March 2021: ₹ 500.72 crore and 31 December 2020: ₹ 399.68 crore) and ₹ 106.22 crore (30 September 2021: ₹ 94.34 crore, 31 March 2021: Nil and 31 December 2020: Nil), respectively, for which confirmations/ statements from the respective banks/ lenders have not been received inspite of incessant efforts by Company's management. Further, in respect of certain loans aggregating ₹ 1,247.23 crore (30 September 2021: ₹ 746.57 crore, 31 March 2021: ₹ 871.75 crore and 31 December 2020: ₹ 1,396.01 crore), while the lenders have confirmed the principal outstanding, the accrued interest aggregating ₹ 210.23 crore (30 September 2021: ₹ 157.05 crore, 31 March 2021: ₹ 115.37 crore and 31 December 2020: ₹ 87.50 crore) have not been confirmed. In the absence of confirmations/ statements from the lenders, the Holding Company has provided for interest and other penal charges on these borrowings based on the latest communication available from the respective lenders at the interest rate specified in the agreement. The Holding Company's management believes that amount payable will not exceed the liability provided in books in respect of these borrowings.
- Further, balances with banks (included under cash and cash equivalents) and earmarked balances/ fixed deposits (included under bank balances other than cash and cash equivalents) as at 31 December 2021 include balances amounting to ₹ 0.93 crore (30 September 2021: ₹ 0.73 crore, 31 March 2021: ₹ 2.10 crore and 31 December 2020: Nil) and ₹ 0.95 crore (30 September 2021: ₹ 0.95 crore, 31 March 2021: ₹ 10.91 crore and 31 December 2020: ₹ 20.97 crore) respectively, for which confirmation/ statements from banks have not been received. Statutory auditors review report is modified in respect of this matter.

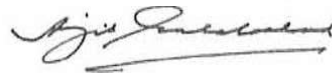
10 Exceptional items

(₹ crore)

| Particulars | Quarter ended | | | Nine month ended | | Year ended |
|--|------------------|-------------------|------------------|------------------|------------------|-----------------|
| | 31 December 2021 | 30 September 2021 | 31 December 2020 | 31 December 2021 | 31 December 2020 | 31 March 2021 |
| a) Loss on settlement with a customer | - | - | - | - | (326.83) | (274.03) |
| b) Gain on one-time settlement of debt | - | 106.10 | - | 106.10 | - | - |
| Total gain/ (loss) | - | 106.10 | - | 106.10 | (326.83) | (274.03) |

- 11 During the year ended 31 March 2019, the Holding Company had recognized a provision of ₹ 331.40 crore pursuant to the signing of a non-binding term sheet with a consortium of investors along with a letter of commitment, for an assignment of the beneficial interest in portfolio of identified arbitration awards and claims ('specified assets') for an aggregate consideration of ₹ 1,750 crore. The said provision continued thereafter in view of mutual extension of the said transaction till 31 December 2019. In the absence of any further extension, the Holding Company decided to cancel this proposed transaction. Pursuant to the cancellation of the aforesaid transaction, the provision of ₹ 331.40 crore, related to specified assets, recognized earlier was written back during the year ended 31 March 2020. Statutory auditors review report is modified in respect of the reversal of the aforementioned loss provision.
- 12 Trade payables and liabilities for capital goods (under other current financial liabilities) of the Holding Company as at 31 December 2021 include ₹ 36.07 crore and ₹ 3.28 crore, respectively, to parties situated outside India. These balances are pending for settlement due to financial difficulties presently being faced by the Holding Company and have resulted in delay in remittance of payments beyond the timeline stipulated by the FED Master Direction No. 17/2016-17, under the Foreign Exchange Management Act, 1999. The Holding Company is in the process of regularising these defaults by filing necessary applications with the appropriate authority for condonation of delay. Pending conclusion of the aforesaid matters, the amount of penalty, if any, that may be levied, is not ascertainable but expected not to be material to the consolidated financial results, and accordingly, the consolidated financial results do not include any adjustments that may arise due to such delay/ default.
- 13 Short term borrowings (current maturities of long-term borrowings) and other current financial liabilities of Raiganj Dalkhola Highways Limited ('RDHL'), as at 31 December 2021 includes ₹ 50.79 crore and ₹ 47.44 crore, respectively in respect of which, in the absence of confirmation from the lenders/ bankers, RDHL has provided for interest and other penal charges based on the latest communication available from the lenders/ bankers at the interest rate 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/ bankers.
- 14 Pursuant to the Securities Purchase Agreement entered between Xander Investment Holding XXVI Limited ('Xander') and Holding Company along with certain group entities, Xander's holding (14.55%) in HCC Concessions Limited ('HCL') a joint venture of the Group, has been bought back by the Group on 20 August 2021. Consequent to the buy back, effective 20 August 2021, HCL ceases to be a joint venture and became a wholly owned subsidiary of the Group and resultantly HCL's financial results from 20 August 2021 are being consolidated along with the financial results for the Group as a subsidiary which was hitherto consolidated as joint venture. Accordingly, the financial results for the quarter and nine months ended are strictly not comparable with the other comparable reporting periods included in the financial results.
- 15 The Board of Directors of HCC Infrastructure Company Limited ('HICL'), a wholly owned subsidiary, 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 approved the Scheme at their separate meetings and the said Scheme is pending for requisite approval from Mumbai Bench of the National Company Law Tribunal.
- 16 Figures for the previous period/ year have been regrouped/ rearranged, wherever considered necessary.

for Hindustan Construction Company Limited



 Ajit Gulabchand
 Chairman & Managing Director

Mumbai, Dated : 3 February 2022





UNAUDITED CONSOLIDATED SEGMENT-WISE REVENUE, SEGMENT RESULTS AND SEGMENT ASSETS & LIABILITIES

(₹ in crore)

| Sr No. | Particulars | Quarter ended | | | Nine month ended | | Year ended |
|--------|---|------------------|-------------------|------------------|------------------|------------------|-----------------|
| | | 31 December 2021 | 30 September 2021 | 31 December 2020 | 31 December 2021 | 31 December 2020 | 31 March 2021 |
| | | Unaudited | Unaudited | Unaudited | Unaudited | Unaudited | Audited |
| 1 | Segment revenue | | | | | | |
| | Engineering and construction | 2,641.14 | 2,768.13 | 2,397.80 | 7,856.03 | 5,860.50 | 8,212.11 |
| | Infrastructure | 29.30 | 17.79 | 7.74 | 52.54 | 29.66 | 35.11 |
| | Real estate | - | - | - | 0.01 | - | - |
| | Others | 0.81 | 2.10 | 0.94 | 5.12 | 5.78 | 10.53 |
| | Less: Inter segment revenue | (0.55) | (0.57) | (0.47) | (1.61) | (1.70) | (9.33) |
| | Total | 2,670.70 | 2,787.45 | 2,406.01 | 7,912.09 | 5,894.24 | 8,248.42 |
| 2 | Segment results | | | | | | |
| | Engineering and construction | 354.55 | 347.61 | 350.66 | 863.58 | 209.06 | 313.14 |
| | Infrastructure | 12.94 | 9.21 | 2.85 | 29.08 | 9.88 | 10.91 |
| | Real estate | (0.03) | (0.11) | 2.31 | (0.15) | 2.24 | (0.12) |
| | Others | (0.29) | (0.44) | 0.06 | (1.22) | (1.11) | (1.48) |
| | Less: Unallocable expenditure (net of unallocable income) | (279.46) | (258.22) | (232.09) | (781.29) | (658.73) | (981.21) |
| | Profit/ (Loss) before exceptional items, share of profit/ loss of associates and joint ventures, and tax | 87.71 | 98.05 | 123.79 | 110.00 | (438.66) | (658.76) |
| | Exceptional items - Gain/ (Loss) | | | | | | |
| | - Engineering and construction | - | - | - | - | (326.83) | (274.03) |
| | - Infrastructure | - | 106.10 | - | 106.10 | - | - |
| | Profit/ (Loss) before share of profit/ loss of associates and joint ventures and tax | 87.71 | 204.15 | 123.79 | 216.10 | (765.49) | (932.79) |
| 3 | Segment assets | | | | | | |
| | - Engineering and construction | 12,081.41 | 11,632.83 | 11,530.70 | 11,356.88 | | |
| | - Infrastructure | 1,314.30 | 1,301.42 | 64.08 | 47.12 | | |
| | - Real estate | 41.58 | 41.57 | 41.68 | 39.28 | | |
| | - Others | 24.88 | 24.45 | 24.29 | 22.41 | | |
| | - Unallocable assets | 913.88 | 919.21 | 1,086.20 | 1,313.31 | | |
| | Total | 14,376.05 | 13,919.48 | 12,746.95 | 12,779.00 | | |
| 4 | Segment liabilities | | | | | | |
| | - Engineering and construction | 10,728.71 | 10,463.96 | 8,093.25 | 7,731.86 | | |
| | - Infrastructure | 575.90 | 638.65 | 181.99 | 273.36 | | |
| | - Real estate | 56.83 | 56.92 | 57.94 | 56.88 | | |
| | - Others | 9.03 | 8.71 | 5.31 | 7.06 | | |
| | - Unallocable liabilities | 3,905.52 | 3,720.46 | 5,923.31 | 6,027.43 | | |
| | Total | 15,275.99 | 14,888.70 | 14,261.80 | 14,096.59 | | |

