

HCC/ SEC/ 2019

August 01, 2019

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

Sub: **Unaudited Financial Results for the first quarter ended 30<sup>th</sup> June, 2019**

As per Regulation 33 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, we enclose herewith the Unaudited Standalone and Consolidated Financial Results of the Company for the first quarter ended 30<sup>th</sup> June 2019 along with the "Limited Review" Report of the Statutory Auditors, which were approved and taken on record by the Board of Directors of the Company at their meeting held today i.e. 1<sup>st</sup> August 2019.

The meeting of the Board of Directors of the Company commenced at 2.00 p.m. and concluded at 5.50 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 truly

**For Hindustan Construction Co Ltd.**



**Ajay Singh**  
**Company Secretary**

Enclosed : As above.

**Hindustan Construction Co Ltd**

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**Press Release****HCC EBITDA rises 74% y-o-y; Debt reduces by Rs.134 cr q-o-q****Subsidiary performance remains robust**

**Mumbai: August 01, 2019:** Hindustan Construction Company Ltd. (HCC) reported a net loss of Rs.18 crore in Q1 of FY19-20, as compared to a net loss of Rs.28 crore in Q1 FY18-19. The Company reported Turnover of Rs.831 crore in Q1 FY20 as against Rs.933 crore in the same quarter last year, and an EBITDA margin of 21.5% as against 11.1%.

The Company would have posted substantially higher Turnover and Profit if it had booked income on Arbitration Awards received during the quarter. The beneficial interests in these Awards have been allocated to investors as per terms signed on March 26, 2019, and are hence no longer being booked in HCC's accounts. The Company's Turnover and PBT in Q1 FY20 would have been higher by Rs.136 crore and Rs.95 crores, respectively, had the monetization transaction not been signed. Therefore, comparable Turnover in Q1 FY20 grew by 4% y-o-y.

HCC's order book stood at Rs.17,721 crore as of June 30, 2019. Gross debt of the Company further reduced quarter-on-quarter by Rs.134 crore on certain prepayments.

**Financial highlights:****Un-audited Standalone results for Q1 FY19-20 vs. Q1 FY18-19**

- Net Loss of Rs.18 crore vs. Rs.28 crore
- Turnover of Rs.831 crore vs. Rs.933 crore
- EBITDA of Rs.179 crore vs. Rs.103 crore
- Order book at Rs.17,721 crore vs. Rs.18,554 crore as of March 31, 2019
- Gross debt reduced to Rs.3,614 crore from Rs.3,748 crore as of March 31, 2019

**Mr. Arjun Dhawan, Director & Group Chief Executive Officer,** said, "Over the course of the quarter, the Company commissioned the Munirka flyover in Delhi. HCC's newly constructed Dry Dock for the Indian Navy in Mumbai – the biggest ever – also saw its maiden ship docking. Some large hydro projects that were earlier slow moving have gathered momentum and execution is expected to accelerate in the coming quarters. We are positive on the government's infrastructure roll-out program over the near-to-medium term."

**Performance of HCC subsidiaries:**

**Steiner AG:** In Q1 FY2019-20, Steiner AG reported a net profit of CHF5.0 million (Rs.35 crore), as against CHF3.8 million (Rs.26 crore) in the same quarter last year, on the back of a robust operational performance. The company reported revenues of CHF232.5 million (Rs.1,621 crore) in Q1 FY 2019-20, up 16% from CHF199.7 million (Rs.1,364 crore) in the prior year quarter. The company secured fresh orders worth CHF169.8 million (Rs.1,184 crore) during the quarter. Order backlog stood at CHF1.32 billion (Rs.9,356 crore) as of June 30, 2019. Further, the company has secured orders for over CHF451 million (Rs.3,145 crore) for which contracts are yet to be signed.



**HCC Concessions Ltd.:** Average daily collections of Baharampore Farakka Highways Ltd. and Farakka Raiganj Highways Ltd. for Q1 FY19-20 stood at Rs.37.7 lakh and Rs.42.1 lakh, respectively. Traffic on each of the stretches was up 2% and down 4% y-o-y, respectively, bouncing back from substantial de-growth witnessed in 4Q FY19 owing to repair works on the connecting bridge, Farakka Barrage. The Company's sale of its Farakka Raiganj Highways Ltd. to Cube Highways and Infrastructure II Pte. Ltd. is expected to be close this quarter and has been delayed due to pending clearances from NHAI.

**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 29% of India's Hydro Power generation and 65% of India's Nuclear Power generation capacities, over 3,800 lane km of Expressways and Highways, more than 337 km of complex Tunnelling and 375 Bridges. Today, HCC Ltd. serves the infrastructure sectors of Transportation, Power and Water. The HCC Group, with a group turnover of Rs.10,322 crore, comprises of HCC Ltd., HCC Infrastructure Co. Ltd., and Steiner AG in Switzerland.

A handwritten signature in black ink, appearing to be 'Rajiv' or similar, written in a cursive style.

STATEMENT OF STANDALONE UNAUDITED FINANCIAL RESULTS FOR THE QUARTER ENDED 30 JUNE 2019

₹ in crore except earnings per share data

Sr. No.	Particulars	Quarter ended			Year ended
		30 June 2019	31 March 2019	30 June 2018	31 March 2019
		Unaudited	Unaudited (Refer Note 11)	Unaudited	Audited
1	<b>Income</b>				
	(a) Income from operations	831.08	1,322.45	933.09	4,341.00
	(b) Other income	6.55	25.41	68.09	118.13
	<b>Total income (a+b)</b>	<b>837.63</b>	<b>1,347.86</b>	<b>1,001.18</b>	<b>4,459.13</b>
2	<b>Expenses</b>				
	(a) Cost of construction materials consumed	205.68	213.79	214.33	816.59
	(b) Subcontracting expenses	249.72	854.39	379.32	2,133.77
	(c) Construction expenses	79.71	98.62	96.82	342.88
	(d) Employee benefits expense	95.04	97.57	100.42	393.68
	(e) Finance costs	172.26	209.01	161.20	698.91
	(f) Depreciation and amortisation expense	30.89	32.16	38.83	144.53
	(g) Other expenses	22.39	27.63	39.07	120.69
	<b>Total expenses (a+b+c+d+e+f+g)</b>	<b>855.69</b>	<b>1,533.17</b>	<b>1,029.99</b>	<b>4,651.05</b>
3	<b>Loss before exceptional items and tax (1-2)</b>	<b>(18.06)</b>	<b>(185.31)</b>	<b>(28.81)</b>	<b>(191.92)</b>
4	Exceptional items (Refer note 6)	-	(389.17)	-	(2,400.30)
5	<b>Loss before tax (3+4)</b>	<b>(18.06)</b>	<b>(574.48)</b>	<b>(28.81)</b>	<b>(2,592.22)</b>
6	<b>Tax expense</b>				
	(a) Current tax	0.03	(0.13)	0.49	1.00
	(b) Deferred tax	(3.03)	(146.48)	(9.58)	(631.47)
		<b>(3.00)</b>	<b>(146.61)</b>	<b>(9.09)</b>	<b>(630.47)</b>
7	<b>Loss for the period (5-6)</b>	<b>(15.06)</b>	<b>(427.87)</b>	<b>(19.72)</b>	<b>(1,961.75)</b>
8	<b>Other comprehensive income</b>				
	(a) Items not to be reclassified subsequently to profit or loss (net of tax)				
	- Gain / (Loss) on remeasurement of defined benefit plans	(0.75)	(5.18)	0.89	(3.01)
	- Gain / (Loss) on fair value of equity instruments (Refer note 8)	(2.44)	1.61	(9.23)	(6.47)
	(b) Items to be reclassified subsequently to profit or loss	-	-	-	-
	<b>Other comprehensive loss for the period, net of tax (a+b)</b>	<b>(3.19)</b>	<b>(3.57)</b>	<b>(8.34)</b>	<b>(9.48)</b>
9	<b>Total comprehensive loss for the period, net of tax (7+8)</b>	<b>(18.25)</b>	<b>(431.44)</b>	<b>(28.06)</b>	<b>(1,971.23)</b>
10	Paid up equity share capital (Face value of ₹ 1 each)	151.31	151.31	101.55	151.31
11	Other equity (excluding revaluation reserves)				1,141.69
12	Earnings / (Loss) per share (Face value of ₹ 1 each) (Refer note 10)				
	(a) Basic EPS (not annualised) (in ₹)	(0.10)	(2.83)	(0.19)	(17.13)
	(b) Diluted EPS (not annualised) (in ₹)	(0.10)	(2.83)	(0.19)	(17.13)
	See accompanying notes to the standalone unaudited financial results				



**Hindustan Construction Co Ltd**

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**Notes:**

- 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.
- The total balance value of work on hand as at 30 June 2019 is ₹ 17,721 crore (31 March 2019: ₹ 18,554 crore).
- Unbilled work-in-progress (Other current assets)', 'Non-current trade receivables' and 'current trade receivables' include ₹ 419.30 crore, ₹ 54.14 crore and ₹ 321.89 crore, respectively, outstanding as at 30 June 2019 which represent various claims raised earlier, based on the terms and conditions implicit in the contracts and other receivables in respect of closed / suspended projects. These claims are mainly in respect of cost over-run arising due to client caused delays, suspension of projects, deviation in design and change in scope of work; for which Company is at various stages of negotiation/discussion with the clients or under arbitration / litigation. Considering the contractual tenability, progress of negotiations / discussions / arbitration / litigations and as legally advised, the management is confident of recovery of these receivables.
- The Company, as at 30 June 2019, has non-current investments amounting to ₹ 1,572.60 crore in its subsidiary HCC Infrastructure Company Limited (HIL) which is holding 85.45% in HCC Concessions Limited (HCL) having various Build, Operate and Transfer (BOT) SPVs under its fold. While HIL has incurred losses and consolidated net-worth as at 30 June 2019 has been fully eroded, the underlying projects are expected to achieve adequate profitability on substantial completion. The net-worth of this subsidiary does not represent its true market value as the value of the underlying investments/assets, based on valuation report of an independent valuer, is higher. Further BOT SPV's have several claims including favorable arbitration awards against its customers mainly in respect of cost- overrun arising due to client caused delays, termination of contracts and change in scope of work which are under various stages of negotiation/discussion with clients or under arbitration/ litigation wherein management has been legally advised that it has good case on merits. Therefore, based on certain estimates like future business plans, growth prospects as well as considering the contractual tenability, progress of negotiation/ discussion/ arbitration/ litigation/ litigations and legal advise, the management believes that the realizable amount of the subsidiary is higher than the carrying value of the non-current investments due to which these are considered as good and recoverable.
- Pursuant to notification of the Companies (Amendment) Act, 2017 with effect from 12 September 2018, amending Section 197 of the Companies Act, 2013 ('the Act'), the Company's application for approval in respect of managerial remuneration of Chairman and Managing Director (CMD) accrued / paid in excess of the prescribed limit for the financial years 2014-15 and 2015-16, made by the Company to the Ministry of Corporate Affairs ('the Ministry') stand abated. The Company is in the process of seeking requisite approvals, as may be required under the Act, for the payment of remuneration in respect of the years ended 31 March 2015 and 31 March 2016. Necessary adjustments, if required, will be made based on the outcome of such approvals.  
The Company had paid / accrued managerial remuneration for the aforesaid years as detailed below:

(₹ crore)				
Financial Year	Remuneration accrued	Remuneration paid	Remuneration as per prescribed limit	Excess remuneration paid held in trust / accrued
2014-15	10.66	Not paid	1.95	8.71
2015-16	10.66	10.66	1.97	8.69

(₹ crore)		
6 Exceptional Items	Quarter ended 31 March 2019	Year ended 31 March 2019
a) Investments in / advances to Lavasa Corporation Limited and HREL Real Estate Limited (formerly known as HCC Real Estate Limited) written off	-	(2,011.13)
b) Loss provision in respect of arbitration awards and claims	(331.40)	(331.40)
c) Impairment loss in respect of asset classified as held for sale	(71.85)	(71.85)
d) Gain on settlement of debts	14.08	14.08
<b>Total</b>	<b>(389.17)</b>	<b>(2,400.30)</b>

- Pursuant to entering of terms with a consortium of investors for assignment of the beneficial interest/rights in a portfolio of identified arbitration awards and claims (Specified Assets) of the Company, for an aggregate consideration of ₹ 1,750 crore, the Company had recognised a resulting loss of ₹ 331.40 crore during the quarter ended 31 March 2019. The transaction closure is subject to obtaining requisite approvals and completion of certain conditions precedent. Pending completion of aforesaid transaction, during the quarter ended 30 June 2019, the Company has received two arbitration awards aggregating ₹ 92 crore, in respect of claims included under Specified Assets assigned in favour of the investors. Accordingly, the Company has not recognized revenue from operations of ₹ 92 crore and the resultant gain of ₹ 55 crore in its standalone financial results for the current quarter in respect of these arbitration awards.
- Gain / (Loss) on fair valuation of equity instruments' represents movements in carrying value of financial assets (investments) measured at fair value through Other Comprehensive Income.
- Effective 1 April 2019, the Company has adopted Ind AS 116, 'Leases' using the modified retrospective approach, as a result of which the comparative information is not required to be restated. On transition, the Company has recorded the lease liability at the present value of the future lease payments discounted using the incremental borrowing rate and has also chosen the practical expedient provided in the standard to measure the 'Right-of-use' asset at the same value as the lease liability.  
The adoption of the new standard resulted in the recognition of 'Right-of-use' asset and an equivalent lease liability as on 1 April 2019. The effect of Ind AS 116 on the loss before tax, loss for the period and earnings per share is not material.
- On 27 December 2018, the Company issued and allotted 497,565,318 equity shares of face value ₹ 1 each at the price of ₹ 10 per equity share (including a premium of ₹ 9 per share) aggregating ₹ 497.57 crore to the eligible equity shareholders on rights basis in the ratio of 49 equity shares for every 100 equity shares held. Basic and diluted earnings per share for the quarter ended 30 June 2018 have been retrospectively adjusted for effect of this Rights Issue.
- Figures for the quarter ended 31 March 2019 are the balancing figures between the standalone audited financial statements for the years ended 31 March 2019 and the published standalone financial results upto 31 December 2018 which were subjected to limited review.
- These 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 Audit Committee has reviewed these results and the Board of Directors have approved the above financial results at their respective meetings held on 1 August 2019.

for Hindustan Construction Company Limited



*Ajit Gulabchand*

Ajit Gulabchand  
Chairman & Managing Director

Mumbai, Dated : 1 August 2019

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## Independent Auditor's Review Report on Standalone Unaudited Quarterly Financial 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 standalone unaudited financial results ('the Statement') of Hindustan Construction Company Limited ('the Company') for the quarter ended 30 June 2019, being submitted by the 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, except Note 2 to the Statement regarding total balance value of work in hand as at 30 June 2019 which has been approved by the Board of Directors but not been subjected to any audit or limited review by us.
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'), SEBI Circular CIR/CFD/FAC/62/2016 dated 5 July 2016 (hereinafter referred to as 'the SEBI Circular'), and other accounting principles generally accepted in India. 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.
4. Based on our review conducted as above, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with the recognition and measurement principles laid down in Ind AS 34, prescribed under Section 133 of the Act, the SEBI Circular, 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.



Chartered Accountants

Offices in Bengaluru, Chandigarh, Chennai, Gurugram, Hyderabad, Kochi, Kolkata, Mumbai, New Delhi, Noida and Pune

Walker Chandiook & Co LLP is registered with limited liability partnership number AAC-2085 and its registered office at L-41 Connaught Circus, New Delhi, 110001, India



## Hindustan Construction Company Limited

Independent Auditor's Review Report on Standalone Unaudited Quarterly Financial Results of the Company Pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended)

5. We draw attention to:

- (a) Note 3 to the Statement, regarding uncertainties relating to recoverability of unbilled work-in-progress (other current assets), non-current trade receivables and current trade receivables amounting to ₹ 419.30 crore, ₹ 54.14 crore and ₹ 321.89 crore, respectively, as at 30 June 2019, which represent various claims raised in the earlier years in respect of projects substantially closed or suspended and where the claims are currently under negotiations / discussions / arbitration / litigation. Based on legal opinion / past experience with respect to such claims, management is of the view that the aforementioned balances are fully recoverable. Our conclusion is not modified in respect of this matter.
- (b) Note 4 to the Statement, regarding the Company's non-current investments (including deemed investment) in a subsidiary company aggregating ₹ 1,572.60 crore as at 30 June 2019. The consolidated net-worth of the aforesaid subsidiary has been fully eroded; however, based on certain estimates and other factors, including subsidiary's future business plans, growth prospects, valuation report from an independent valuer and expected outcome of the negotiation/ discussion/ arbitration/ litigations and legal advice in respect of certain claims, as described in the said note, management believes that the realizable amount is higher than the carrying value of the non-current investment due to which this is considered as good and recoverable. Our conclusion is not modified in respect of this matter.
- (c) Note 5 to the Statement, regarding remuneration accrued / paid to the Chairman and Managing Director (CMD) amounting to ₹ 8.71 crore and ₹ 8.69 crore for the financial years ended 31 March 2015 and 31 March 2016, respectively, in excess of the limits prescribed under the provisions of the erstwhile Companies Act, 1956 and the Companies Act, 2013 respectively, and for which the Company had filed applications seeking approval of the Central Government, as required by the relevant provisions of the Act and rules thereunder. Further as discussed in the aforementioned note, pursuant to the notification of the effective date of Section 67 of the Companies (Amendment) Act, 2017 amending Section 197, "Overall maximum managerial remuneration and managerial remuneration in case of absence or inadequacy of profits", of the Act, the aforesaid applications pending with the Central Government stand abated and the Company is in the process of seeking requisite approvals required in accordance with the provisions of Section 197 of the Act. Our conclusion is not modified in respect of this matter.

6. The Statement includes the Company's share of revenues of ₹ 24.85 crore, net loss after tax of ₹ 1.05 crore and total comprehensive loss of ₹ 1.05 crore for the quarter ended 30 June 2019, in respect of eight (8) joint operations, based on their interim financial information, which have not been reviewed by their auditors, and have been furnished to us by the Company's management. Our conclusion on the Statement, and our report in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended), read with SEBI Circulars, in so far as it relates to the aforesaid joint operations are based solely on such unreviewed management certified interim financial information. According to the information and explanations given to us by the management, such interim financial information are not material to the Company. Our conclusion is not modified in respect of this matter.

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

Rakesh R. Agarwal  
Partner  
Membership No. 109632

UDIN No:19109632AAAEC3020

Place: Mumbai  
Date: 1 August 2019



**STATEMENT OF CONSOLIDATED UNAUDITED FINANCIAL RESULTS FOR THE QUARTER ENDED 30 JUNE 2019**

₹ in crore except earnings per share data

Sr. No.	Particulars	Quarter ended			Year ended
		30 June 2019	31 March 2019	30 June 2018	31 March 2019
		Unaudited	Unaudited (Refer Note 15)	Unaudited (Refer Note 15)	Audited
<b>1</b>	<b>Income</b>				
	(a) Income from operations	2,455.89	2,835.17	2,316.14	10,321.56
	(b) Other income	16.89	39.42	11.70	75.01
	<b>Total income (a+b)</b>	<b>2,472.78</b>	<b>2,874.59</b>	<b>2,327.84</b>	<b>10,396.57</b>
<b>2</b>	<b>Expenses</b>				
	(a) Cost of construction materials consumed	205.68	215.07	214.39	818.21
	(b) Subcontracting expenses	1,471.38	2,091.51	1,536.68	7,054.48
	(c) Changes in inventories	196.67	(11.37)	7.26	(2.82)
	(d) Construction expenses	84.02	111.03	107.96	389.46
	(e) Employee benefits expense	206.39	258.60	238.19	1,007.74
	(f) Finance costs	189.27	241.30	179.93	808.36
	(g) Depreciation and amortisation expense	41.37	47.69	43.25	177.36
	(h) Other expenses	64.22	99.82	72.77	290.73
	<b>Total expenses (a+b+c+d+e+f+g+h)</b>	<b>2,459.00</b>	<b>3,053.65</b>	<b>2,400.43</b>	<b>10,543.52</b>
<b>3</b>	<b>Profit / (Loss) before exceptional items and tax (1-2)</b>	<b>13.78</b>	<b>(179.06)</b>	<b>(72.59)</b>	<b>(146.95)</b>
<b>4</b>	<b>Exceptional items (Refer note 7)</b>	<b>-</b>	<b>(663.56)</b>	<b>(5.58)</b>	<b>(527.37)</b>
<b>5</b>	<b>Profit/(Loss) before share of loss of associates and joint ventures and tax (3+4)</b>	<b>13.78</b>	<b>(842.62)</b>	<b>(78.17)</b>	<b>(674.32)</b>
<b>6</b>	<b>Share of loss of associates and joint ventures</b>	<b>(23.81)</b>	<b>(64.71)</b>	<b>(1.56)</b>	<b>(151.31)</b>
<b>7</b>	<b>Loss before tax (5-6)</b>	<b>(10.03)</b>	<b>(907.33)</b>	<b>(79.73)</b>	<b>(825.63)</b>
<b>8</b>	<b>Tax expense/ (credit)</b>				
	(a) Current tax	4.08	3.63	5.47	7.41
	(b) Deferred tax	3.33	(149.38)	(19.14)	(491.90)
		7.41	(145.75)	(13.67)	(484.49)
<b>9</b>	<b>Loss for the period (7-8)</b>	<b>(17.44)</b>	<b>(761.58)</b>	<b>(66.06)</b>	<b>(341.14)</b>
<b>10</b>	<b>Other comprehensive income/ (loss)</b>				
	(a) Items not to be reclassified subsequently to profit or loss				
	- Gain/(loss) on remeasurement of defined benefit plans	(0.75)	(33.33)	0.85	(30.05)
	- Gain/(loss) on fair value of equity instruments (Refer note 13)	(2.48)	1.57	(9.23)	(6.51)
	(b) Items to be reclassified subsequently to profit or loss				
	- Gain/(loss) on exchange fluctuations	3.26	(54.67)	(62.83)	(120.42)
	<b>Other comprehensive income/ (loss) for the period, net of tax</b>	<b>0.03</b>	<b>(86.43)</b>	<b>(71.21)</b>	<b>(156.98)</b>
<b>11</b>	<b>Total comprehensive loss for the period, net of tax (9 + 10)</b>	<b>(17.41)</b>	<b>(848.01)</b>	<b>(137.27)</b>	<b>(498.12)</b>
	<b>Net loss attributable to:</b>				
	Owners of the parent	(17.44)	(761.58)	(66.06)	(341.14)
	Non - controlling interest	-	-	-	-
	<b>Other comprehensive income / (loss) for the period attributable to:</b>				
	Owners of the parent	0.03	(86.43)	(71.21)	(156.98)
	Non - controlling interest	-	-	-	-
	<b>Total comprehensive loss for the period attributable to:</b>				
	Owners of the parent	(17.41)	(848.01)	(137.27)	(498.12)
	Non - controlling interest	-	-	-	-
<b>12</b>	<b>Paid up equity share capital (Face value of ₹ 1 each)</b>	<b>151.31</b>	<b>151.31</b>	<b>101.55</b>	<b>151.31</b>
<b>13</b>	<b>Other equity</b>				<b>(1,087.48)</b>
<b>14</b>	<b>Earnings per share (Face value of ₹ 1 each) (Refer note 14)</b>				
	(a) Basic EPS (not annualised) (in ₹)	(0.12)	(5.03)	(0.62)	(2.98)
	(b) Diluted EPS (not annualised) (in ₹)	(0.12)	(5.03)	(0.62)	(2.98)

See accompanying notes to the consolidated unaudited financial results

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**Notes :**

- 1 Hindustan Construction Company Limited (the 'Company' or 'Holding Company') and its subsidiaries are together referred to as 'the Group' in the following notes. This 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 results were reviewed by the Audit Committee and approved by the Board of Directors at their respective meetings held on 1 August 2019. The statutory auditors of the Company have carried out their review of the aforesaid results.
- 2 Unbilled work-in-progress (Other current assets), 'Non-current trade receivables' and 'current trade receivables' include ₹ 419.30 crore, ₹ 54.14 crore and ₹ 321.89 crore, respectively, outstanding as at 30 June 2019 which represent various claims raised earlier, based on the terms and conditions implicit in the contracts and other receivables in respect of closed/suspended projects. These claims are mainly in respect of cost over-run arising due to client caused delays, suspension of projects, deviation in design and change in scope of work; for which 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, the management is confident of recovery of these receivables.
- 3 The Group, as at 30 June 2019, has a non-current investment amounting to ₹ 112 crore in HCC Concessions Limited ('HCL'), a joint venture company of HCC Infrastructure Company Limited ('HICL') (85.45% holding), a wholly owned subsidiary, having various Build, Operate and Transfer (BOT) SPVs under its fold. While HCL has incurred losses and consolidated net-worth as at 30 June 2019 has been substantially eroded, the underlying projects are expected to achieve adequate profitability on substantial completion. The net-worth of this subsidiary does not represent its true market value as the value of the underlying investments/assets, based on valuation report of an independent valuer, is higher. Further BOT SPV's have several claims including favorable arbitration awards against its customers mainly in respect of cost- overrun arising due to client caused delays, termination of contracts and change in scope of work which are under various stages of negotiation/discussion with clients or under arbitration/ litigation wherein management has been legally advised that it has good case on merits. Therefore, based on certain estimates like future business plans, growth prospects as well as considering the contractual tenability, progress of negotiation/ discussion/ arbitration/ litigations and legal advise, the management believes that the realizable amount of the subsidiary is higher than the carrying value of the non-current investments due to which these are considered as good and recoverable.
- 4 Against NHAI's earlier issued notice dated 24 August 2017 for 'Intention to Issue Termination Notice' to Baharampore Farakka Highways Limited (BFHL), a subsidiary of the HCL, the Independent Engineer has recommended NHAI to withdraw intention to issue termination notice on 26 June 2019. Further, BFHL has also got access to ₹ 358.98 crore deposited by NHAI with the Delhi High Court in respect of an Arbitration Award in favour of BFHL and the proceeds are being used for the purpose of completion of project.
- 5 Raiganj Dalkhola Highways Limited ('RDHL'), a subsidiary of HCL, has received a notice from NHAI for termination of project. RDHL has filed claim for ₹ 368 crore as a termination payment and for ₹ 802 crore as losses on account of contractors dues before arbitration tribunal as the requisite land to carry out the desired work was not made available by NHAI. Further the net worth of RDHL, at this juncture, is also positive. Based on the legal advice obtained in this respect, management is confident of recovering the amount from NHAI and exposure in RDHL is considered to be fully recoverable.
- 6 Badarpur Faridabad Tollway Limited ('BFTL') has received a recall notice from lenders vide letter dated 31 October 2018 for ₹ 710 crore, which was subsequently increased to ₹ 902.96 crore vide letter dated 10 April 2019. BFTL has asked lenders to withdraw the notice immediately as the project was terminated with the consent of majority of lenders on account of NHAI's event of default and lenders request for the termination payment vide letter dated 23 March 2018 is pending with NHAI and likely to be released soon by NHAI in favour of lenders. As per BFTL, the total outstanding dues to lenders as at 30 June 2019 stands at ₹ 633.35 crore and the difference amount has been disclosed as contingent liability.

(₹ in crore)

7 Exceptional Items	Quarter ended 30 June 2019	Quarter ended 31 March 2019	Quarter ended 30 June 2018	Year ended 31 March 2019
a) Impairment of financial and non-financial assets	-	(537.97)	(5.58)	(543.75)
b) Impairment loss in respect of asset classified as held for sale	-	(71.85)	-	(71.85)
c) Loss on divestment of stake in a subsidiary	-	(67.82)	-	(67.82)
d) Gain on loss of control in subsidiary	-	-	-	141.97
e) Gain on settlement of debt	-	14.08	-	14.08
<b>Total loss</b>	-	<b>(663.56)</b>	<b>(5.58)</b>	<b>(527.37)</b>

- 8 Pursuant to entering of terms with a consortium of investors for assignment of the beneficial interest/rights in a portfolio of identified arbitration awards and claims (Specified Assets) of the Holding Company, for an aggregate consideration of ₹ 1,750 crore. the Holding Company had recognised a resulting loss of ₹ 331.40 crore during the quarter ended 31 March 2019. The transaction closure is subject to obtaining requisite approvals and completion of certain conditions precedent.  
Pending completion of aforesaid transaction, during the quarter ended 30 June 2019, the Holding Company has received two arbitration awards aggregating ₹ 92 crore, in respect of claims included under Specified Assets assigned in favour of the investors. Accordingly, the Holding Company has not recognized revenue from operations of ₹ 92 crore and the resultant gain of ₹ 55 crore in its consolidated financial results for the current quarter in respect of these arbitration awards.





9 The National Company Law Tribunal, Mumbai ('NCLT') vide Order dated 30 August 2018, has admitted an application filed against Lavasa Corporation Limited ('LCL') by an operational creditor and initiated the Corporate insolvency Resolution Process (CIRP) under the Insolvency and Bankruptcy Code 2016 ('IBC'). In accordance with the provisions of IBC, the powers of the Board of Directors of LCL shall stand suspended and the management of LCL presently vests with the Resolution Professional ('RP') appointed under the provisions of IBC. HREL Real Estate Limited (HREL) (formerly known as HCC Real Estate Limited), a wholly owned subsidiary of the Holding Company, is presently holding 68.70% equity stake in LCL.

The Holding Company made all the required efforts to obtain requisite standalone and consolidated financial results/ financial information of LCL and its subsidiaries, associates and joint ventures ('LCL group') for the period 1 April 2018 to 30 June 2018 as well as for the period 1 April 2018 to 30 August 2018 (date up to which the Holding Company had control) through appointed RP, for which no response was received from RP. In the absence of the required financial results/ financial information of LCL group, it was practically beyond the control of Holding Company's management to consolidate LCL group in the consolidated financial results of the Group for the quarter ended 30 June 2018 and financial results/ financial information of LCL group for the period 1 April 2018 up to the date of loss of control i.e. 30 August 2018, in consolidated financial statements of the Holding Company for the year ended 31 March 2019 and the consolidated financial results for the quarter ended 30 June 2018.

In view of this, financial results/ financial information of LCL group for the aforesaid periods have not been considered in the consolidated financial results of the Holding Company for the quarter ended 30 June 2018 and for the year ended 31 March 2019. Further, de-recognition of assets and liabilities of LCL group, consequent to aforesaid loss of control, has been carried out based on the latest available financial results of LCL group, i.e. year ended 31 March 2018, in these consolidated financial statements/results.

Statutory auditors review report is modified in respect of this matter.

10 HREL Real Estate Limited ('HREL') (formerly known as HCC Real Estate Limited), a subsidiary company, has provided corporate guarantees and put options and presently outstanding, aggregating ₹ 4,040.86 crore (including interest) to the lenders of its erstwhile subsidiaries, Lavasa Corporation Limited ('LCL') and Warasgaon Assets Maintenance Limited ('WAML') in respect of amounts borrowed by these subsidiaries. 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 17 December 2018, respectively and Resolution Professionals ('RP') have been appointed by the Committee of Creditors (CoC) of the lenders of respective companies. The lenders, to whom these corporate guarantees and put options were furnished, have filed their claims with RP which is presently under the IBC process and have also invoked the corporate guarantee/ put options issued by the HREL. RP is in the process of formulating a resolution plan including identifying potential resolution applicant. The liability of the 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 by the management, as impact, if any is currently unascertainable.

11 Effective 1 April 2019, the Group has adopted Ind AS 116, 'Leases' using the modified retrospective approach, as a result of which the comparative information is not required to be restated. On transition, the Group has recorded the lease liability at the present value of the future lease payments discounted using the incremental borrowing rate and has also chosen the practical expedient provided in the standard to measure the 'Right-of-use' asset at the same value as the lease liability.

The adoption of the new standard resulted in the recognition of 'Right-of-use' asset amounting to ₹ 305.94 crore and an equivalent lease liability as on 1 April 2019. During the quarter, the Group has recognised finance cost on lease amounting to ₹ 1.14 crore and amortisation on right-of-use assets amounting to ₹ 7.87 crore, which would have been recognised as lease rent of ₹ 8.48 crore, had it continued to follow the earlier standard.

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

The Holding Company had paid / accrued managerial remuneration for the aforesaid years as detailed below:

(₹ crore)				
Financial Year	Remuneration accrued	Remuneration Paid	Remuneration as per prescribed limit	Excess remuneration paid held in trust / accrued
2014-15	10.66	Not paid	1.95	8.71
2015-16	10.66	10.66	1.97	8.69

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

14 On 27 December 2018, the Company issued and allotted 497,565,318 equity shares of face value ₹ 1 each at the price of ₹ 10 per equity share (including a premium of ₹ 9 per share) aggregating ₹ 497.57 crore to the eligible equity shareholders on rights basis in the ratio of 49 equity shares for every 100 equity shares held. Basic and diluted earnings per share for the quarter ended 30 June 2018 have been retrospectively adjusted for effect of this Rights Issue.

15 Pursuant to the amendment of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015, the Group has published the quarterly consolidated financial results for the first time. Accordingly, figures for the quarters ended 31 March 2019 and 30 June 2018 are certified by the Holding Company's Board of Directors and have not been subjected to audit or review by the statutory auditors.

for Hindustan Construction Company Limited

Mumbai, Dated : 1 August 2019



*Ajit Gutabchand*

Ajit Gutabchand

Chairman & Managing Director



Consolidated unaudited Segment-wise Revenue, Profit & Loss, Assets and Liabilities in terms of Regulation 33 of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 as amended:

(₹ Crore)

Sr No.	Particulars	Quarter ended			Year ended
		30 June 2019 (Unaudited)	31 March 2019 (Unaudited) (Refer Note 15)	30 June 2018 (Unaudited) (Refer Note 15)	31 March 2019 (Audited)
1	<b>Segment revenue</b>				
	Engineering and construction	2,443.65	2,823.73	2,295.25	10,228.39
	Infrastructure	10.89	10.26	10.58	70.03
	Real estate	-	0.00	0.78	1.38
	Others	3.50	1.18	9.53	21.76
	Less: Inter segment revenue	(2.15)			-
	<b>Total</b>	<b>2,455.89</b>	<b>2,835.17</b>	<b>2,316.14</b>	<b>10,321.56</b>
2	<b>Segment results</b>				
	Engineering and construction	197.05	53.25	161.75	664.66
	Infrastructure	4.51	4.64	(41.44)	4.51
	Real estate	(0.13)	(19.06)	(16.97)	(38.71)
	Others	0.28	(0.87)	0.24	0.93
	Less: Un-allocable expenditure net of unallocable income	(187.93)	(217.02)	(176.17)	(778.34)
	<b>Profit / (loss) before exceptional items and tax</b>	<b>13.78</b>	<b>(179.06)</b>	<b>(72.59)</b>	<b>(146.95)</b>
	Exceptional items				
	- Engineering and construction	-	(389.17)	-	(389.17)
	- Infrastructure	-	(175.74)	-	(137.74)
	- Real Estate	-	(98.65)	(5.58)	(142.43)
	- Comprehensive urban development and management	-	-	-	141.97
	<b>Profit / (loss) before share of loss of associates and joint ventures and tax</b>	<b>13.78</b>	<b>(842.62)</b>	<b>(78.17)</b>	<b>(674.32)</b>
		<b>As at 30 June 2019 (Unaudited)</b>	<b>As at 31 March 2019 (Audited)</b>	<b>As at 30 June 2018 (Unaudited)</b>	<b>As at 31 March 2019 (Audited)</b>
3	<b>Segment assets</b>				
	- Engineering and construction	10,620.42	10,426.19	11,293.21	10,426.19
	- Infrastructure	69.62	69.61	25.53	69.61
	- Real estate	46.63	45.87	58.61	45.87
	- Comprehensive urban development and management	-	-	4,640.35	-
	- Others	25.76	23.32	87.74	23.32
	- Unallocable assets	1,008.41	1,019.74	575.81	1,019.74
		<b>11,770.84</b>	<b>11,584.73</b>	<b>16,681.25</b>	<b>11,584.73</b>
4	<b>Segment liabilities</b>				
	- Engineering and construction	7,857.16	7,436.25	6,997.98	7,436.25
	- Infrastructure	183.36	185.20	5.13	185.20
	- Real estate	94.07	85.90	41.12	85.90
	- Comprehensive urban development and management	-	-	515.97	-
	- Others	7.27	7.26	32.32	7.26
	- Unallocable liabilities	4,508.84	4,806.29	10,750.95	4,806.29
		<b>12,650.70</b>	<b>12,520.90</b>	<b>18,343.47</b>	<b>12,520.90</b>



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## Independent Auditor's Review Report on Consolidated Unaudited Quarterly Financial 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 unaudited consolidated 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 and joint ventures (refer Annexure 1 for the list of subsidiaries, associates and joint ventures included in the Statement) for the quarter ended 30 June 2019, 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. Attention is drawn to the fact that the consolidated figures for the preceding quarter ended 31 March 2019 and corresponding quarter ended 30 June 2018, as reported in the Statement have been approved by the Holding Company's Board of Directors, but have not been subjected to audit or review.
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'), SEBI Circular CIR/CFD/FAC/62/2016 dated 5 July 2016 (hereinafter referred to as 'the SEBI Circular'), and other accounting principles generally accepted in India. 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.



Chartered Accountants

Offices in Bengaluru, Chandigarh, Chennai, Gurugram, Hyderabad, Kochi, Kolkata, Mumbai, New Delhi, Noida and Pune

Page 1 of 6

Walker Chandiook & Co LLP is registered with limited liability with identification number AAC-2085 and its registered office at L-41 Connaught Circus, New Delhi, 110001, India



## Hindustan Construction Company Limited

Independent Auditor's Review Report on Consolidated Unaudited Quarterly Financial Results of the Company Pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended)

4. As stated in Note 9 to the accompanying Statement, Lavasa Corporation Limited (LCL), a subsidiary of HREL Real Estate Limited (HREL) (*formerly known as HCC Real Estate Limited*) which is a wholly owned subsidiary of the Holding Company, was admitted under the Corporate Insolvency and Resolution Process (CIRP) in accordance with the Insolvency and Bankruptcy Code, 2016 (IBC) on 30 August 2018 and a Resolution Professional was appointed. The Board of Directors of LCL were suspended with effect from 30 August 2018, and the Holding Company and HREL therefore, did not exercise either control or significant influence over LCL from this date onwards. Owing to unavailability of financial statements and/or financial information of LCL and its subsidiaries, associates jointly controlled entity ('LCL Group') for the period 1 April 2018 to 30 June 2018, the results of LCL Group have not been included in the consolidated financial results of Holding Company for the quarter ended 30 June 2018. Further the financial results of LCL Group for the period 1 April 2018 to 30 August 2018 ('cut-off period') have also not been included in the consolidated financial results of the Holding Company for the year ended 31 March 2019, and the assets and liabilities of LCL Group have been derecognized at their respective carrying values as at 31 March 2018 instead of 30 August 2018.

The said accounting treatment by the Group is not in compliance with Ind AS 110 - Consolidated Financial Statements. Our opinion dated 9 May 2019 on the consolidated financial results for the year ended 31 March 2019 was qualified with respect to this matter. Our conclusion on the consolidated financial results for the quarter ended 30 June 2019 is also qualified because of the effects of this matter on the comparability of the current period's figures and the corresponding figures for the quarter ended 30 June 2018 and for the year ended 31 March 2019.

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 10 below, except for the effects of the matter described in previous section, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with recognition and measurement principles laid down in Ind AS 34, prescribed under Section 133 of the Act, the SEBI Circular 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:
- (a) Note 2 to the Statement, regarding uncertainties relating to recoverability of unbilled work-in-progress (other current assets), non-current trade receivables and current trade receivables amounting to ₹ 419.30 crore, ₹ 54.14 crore and ₹ 321.89 crore, respectively, as at 30 June 2019, which represent various claims raised in the earlier years in respect of projects substantially closed or suspended and where the claims are currently under negotiations/ discussions/ arbitration/ litigation. Based on legal opinion/past experience with respect to such claims, management is of the view that the aforementioned balances are fully recoverable. Our conclusion is not modified in respect of this matter.
- (b) Note 3 to the Statement, regarding Group's non-current investment in HCC Concessions Limited ('HCL'), a joint venture company of HCC Infrastructure Company Limited ('HICL') aggregating ₹ 112 crore, as at 30 June 2019. The consolidated net worth of the aforesaid joint venture has been substantially eroded; however, based on certain estimates and other factors, including joint venture's future business plans, growth prospects, valuation report from an independent valuer and expected outcome of the negotiation/ discussion/ arbitration/ litigations and legal advice in respect of certain claims, as described in the said note, Management believes that the realizable amount is higher than the carrying value of the investments due to which these are considered as good and recoverable. Our conclusion is not modified in respect of this matter.



## Hindustan Construction Company Limited

Independent Auditor's Review Report on Consolidated Unaudited Quarterly Financial Results of the Company Pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended)

- (c) Note 10 to the Statement, regarding the exercise of right by the option holders with respect to the put option, issued by HREL, on the compulsory convertible preference shares of its erstwhile subsidiary, LCL and invocation of HREL's corporate guarantees by the lenders of LCL and its erstwhile step down subsidiary, Warasgaon Assets Maintenance Limited subsequent to the initiation of CIRP by Hon'ble National Company Law Tribunal, Mumbai ('NCLT'). In view of the uncertainty associated with the outcome of the proceedings of CIRP, the resultant obligation on HREL in respect of the corporate guarantee and/or put options cannot be currently measured with sufficient reliability and accordingly have been considered as a Contingent Liability as at 30 June 2019 in accordance with the provisions of Ind AS 37, Provisions, Contingent Liabilities and Contingent Assets. Our conclusion is not modified in respect of this matter.
- (d) Note 12 to the Statement, regarding remuneration accrued /paid to the Chairman and Managing Director (CMD) aggregating ₹ 8.71 crore and ₹ 8.69 crore for the financial years ended 31 March 2015 and 31 March 2016, respectively, in excess of the limits prescribed under the provisions of the erstwhile Companies Act, 1956 and the Act respectively, and for which the Holding Company had filed applications seeking approval of the Central Government, as required by the relevant provisions of the Act and rules thereunder. Further as discussed in the aforementioned note, pursuant to the notification of the effective date of Section 67 of the Companies (Amendment) Act, 2017 amending Section 197, "Overall maximum managerial remuneration and managerial remuneration in case of absence or inadequacy of profits", of the Act, the aforesaid applications pending with the Central Government stand abated and the Holding Company is in the process of seeking requisite approvals required in accordance with the provisions of Section 197 of the Act. Our conclusion is not modified in respect of this matter.
7. We draw attention to Note 4 of the Statement on following emphasis of matter included in the review report on the financial results of Baharampore Farakka Highways Limited (BFHL), a joint venture of the Holding Company, issued by an independent firm of Chartered Accountants, vide their report dated 31 July 2019, on matter which is relevant to our conclusion on the consolidated financial results of the Group, and reproduced by us as under:
- "Note 31 to notes to accounts, National Highways Authority of India had served "Intention to Issue Termination Notice" vide letter dated 24 August 2017 and the Company refuted all the alleged defaults. The Independent Engineer has recommended the Authority to withdraw intention to issue termination notice on 26 June 2019. Our conclusion is not modified in respect of this matter".
8. We draw attention to Note 5 of the Statement on following emphasis of matter included in the review report on the financial results of Raiganj Dalkhola Highways Limited (RDHL), a joint venture of the Holding Company, issued by an independent firm of Chartered Accountants, vide their report dated 31 July 2019, on matter which is relevant to our conclusion on the consolidated financial results of the Group, and reproduced by us as under:
- "Note 7 to the notes to accounts, National Highways Authority of India (NHAI) has served notice of termination of contract to the Company vide letter dated 31 March 2017 due to delay in re-start of work at project. For the reasons mentioned in the note, as the Company is confident of full recovery of its claims of ₹ 368 crore made before the arbitration for wrong full termination of the project. In view of this the cost incurred by the company till 31 March 2017 appearing under Receivable from NHAI amounting to ₹ 177.42 crore is considered fully recoverable by the management. Our conclusion is not modified in respect of this matter".





## Hindustan Construction Company Limited

Independent Auditor's Review Report on Consolidated Unaudited Quarterly Financial Results of the Company Pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended)

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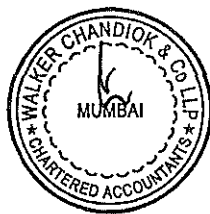
9. We draw attention to Note 6 of the Statement on following emphasis of matters included in the review report on the financial results of Badarpur Faridabad Tollway Limited (BFTL), a joint venture of the Holding Company, issued by an independent firm of Chartered Accountants, vide their report dated 31 July 2019, on matters which are relevant to our conclusion on the consolidated financial results of the Group, and reproduced by us as under:

"Attention is drawn to Note No 18 & 30 to the financial statements, Canara Bank has vide letter dated 31 October 2018 has recalled entire amount of financial assistance extended to the company. Pending reconciliation of outstanding dues of the lenders with the amount recorded in the books of account, difference amount has been disclosed as contingent liability. Our conclusion is not modified in respect of this matter".

10. We did not review the interim financial information of ten (10) subsidiaries included in the Statement, whose interim financial information reflects total revenues of ₹ 1,622.06 crore, total net profit after tax of ₹ 35.03 crore and total comprehensive income of ₹ 37.90 crore, for the quarter ended on 30 June 2019, as considered in the Statement. The Statement also includes the Group's share of net loss after tax of ₹ 24.65 crore and total comprehensive loss of ₹ 24.65 crore, for the quarter ended on 30 June 2019, as considered in the Statement, in respect of four (4) associates and six (6) 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 Holding Company's 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.

Further, of these subsidiaries and associates, eight (8) subsidiaries and four (4) associates are located outside India, whose interim financial information have been prepared in accordance with accounting principles generally accepted in their respective countries and which have been reviewed by other auditors under International Standard on Review Engagements (ISRE) 2410 applicable in their respective countries. The Holding Company's management has converted the interim financial information of such subsidiaries and associates from accounting principles generally accepted in their respective countries to accounting principles generally accepted in India. We have reviewed these conversion adjustments made by the Holding Company's management. Our conclusion, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and associates is based on the conversion adjustments prepared by the management of the Holding Company and reviewed by us.

Our conclusion is not modified in respect of these matters.



## Hindustan Construction Company Limited

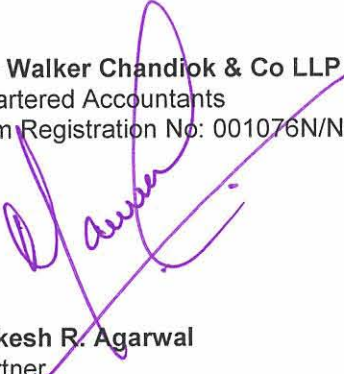
Independent Auditor's Review Report on Consolidated Unaudited Quarterly Financial Results of the Company Pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended)

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11. The Statement also includes the interim financial information of five (5) subsidiaries which have not been reviewed, whose interim financial information reflects total revenues of ₹ 4.89 crore, net loss after tax of ₹ 4.81 crore, and total comprehensive loss of ₹ 4.46 crore for the quarter ended 30 June 2019, as considered in the Statement. The Statement also includes the Group's share of net profit after tax of ₹ 0.20 crore and total comprehensive income of ₹ 0.20 crore for the quarter ended on 30 June 2019, in respect of an (1) associate, based on its interim financial information, which has not been reviewed by its auditor, and has been furnished to us by the Holding Company's management. The Statement includes the Group's share of revenues of ₹ 24.85 crore, net loss after tax of ₹ 1.05 crore and total comprehensive loss of ₹ 1.05 crore for the quarter ended 30 June 2019, in respect of eight (8) joint operations, based on their interim financial information, which have not been reviewed by their auditors, and have been furnished to us by the Holding Company's management. Our conclusion on the Statement, and our report in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended), read with SEBI Circular, in so far as it relates to the aforesaid subsidiaries, associates and joint operations, are based solely on such unreviewed management certified interim financial information. According to the information and explanations given to us by the Holding Company's management, these interim financial information are not material to the Group.

Our conclusion is not modified in respect of this matter.

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



**Rakesh R. Agarwal**  
Partner  
Membership No.: 109632

**UDIN No:19109632AAAAED6467**

Place: Mumbai  
Date: 1 August 2019

## Hindustan Construction Company Limited

Independent Auditor's Review Report on Consolidated Unaudited Quarterly Financial 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<sup>^</sup> included in the Statement

Subsidiary Companies	
HCC Construction Limited	HCC Aviation Limited
Western Securities Limited	Steiner AG
HREL Real Estate Limited (formerly known as HCC 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 Lemman SAS
Maan Township Developers Limited	Eurohotel SA
Manufakt8048	Steiner India Limited
Powai Real Estate Developer Limited	Charosa Wineries Limited (upto 6 February 2019)

Associates	
Highbar Technocrat Limited	Projektentwicklungsges. Parking Kunstmuseum AG
Evostate AG	Evostate Immobilien AG
MCR Managing Corp. Real Estate	

Joint Venture/Joint Operations	
HCC Concessions Limited	Kumagai-Skanska-HCC-Itochu Group
Narmada Bridge Tollways Limited	HCC-L & T Purulia Joint Venture
Badarpur Faridabad Tollways Limited	Alpine - Samsung - HCC Joint Venture
Farakka-Raiganj Highways Limited	Alpine - HCC Joint Venture
Baharampore-Farakka Highways Limited	HCC Samsung Joint Venture CC 34
Raiganj-Dalkhola Highways Limited	ARGE Prime Tower, Zürich
Nathpa Jhakri Joint Venture	HCC- HDC Joint Venture
HCC - MAX JV	

<sup>^</sup> above excludes interim financial information of Lavasa Corporation Limited and its group entities (Also refer paragraph 4 above)

