

HC/SEC/ 2017

February 02, 2017

National Stock Exchange of India Ltd,
Exchange Plaza,
Bandra-Kurla Complex,
Bandra (East),
Mumbai-400 051

Dear Sir,

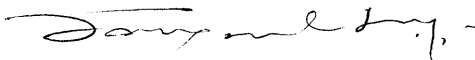
Sub: **Unaudited Financial Results of the Company for the third quarter ended 31st December 2016**

As per Regulation 30 and 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we are enclosing herewith Unaudited Financial Results of the Company for the third quarter ended 31st December 2016 along with the "Limited Review" Report of the Statutory Auditors, duly approved by the Board of Directors of the Company at its Meeting held on February 2, 2017.

A copy of Press Release is also enclosed herewith.

Thanking you,

Yours faithfully,
For Hindustan Construction Co Ltd



Sangameshwar Iyer
Company Secretary

Encl: as above

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

Hindustan Construction Co Ltd

Hincon House,
Lal Bahadur Shastri Marg,
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CIN : L45200MH1926PLC001228

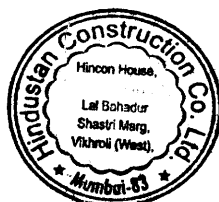
www.hccindia.com

STATEMENT OF STANDALONE UNAUDITED RESULTS FOR THE QUARTER AND NINE MONTHS ENDED 31 DECEMBER 2016

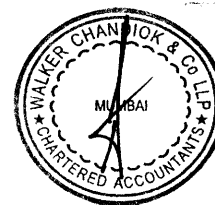
Sr. No.	Particulars	Quarter ended			Year to date figures for period ended	
		31 December 2016	30 September 2016	31 December 2015	31 December 2016	31 December 2015
		Unaudited	Unaudited	Unaudited	Unaudited	Unaudited
1	Income from operations					
	(a) Income from operations	866.68	759.03	920.53	2,525.03	2,631.69
	(b) Other operating income	77.41	152.10	137.51	312.64	363.21
	Total income from operations (a+b)	944.09	911.13	1,058.04	2,837.67	2,994.90
2	Expenses					
	(a) Cost of materials consumed	197.22	172.73	239.14	589.20	726.68
	(b) Subcontracting expenses	354.85	320.88	336.69	1,010.61	921.76
	(c) Construction expenses	107.33	97.33	128.66	332.23	377.37
	(d) Employee benefits expense	93.50	97.32	94.99	285.53	281.33
	(e) Depreciation and amortisation expenses	30.83	33.36	32.26	96.95	120.73
	(f) Other expenses	29.95	27.74	26.97	90.58	90.40
	Total expenses (a+b+c+d+e+f)	813.68	749.36	858.71	2,405.10	2,518.27
3	Profit / (Loss) from operations before other income, exchange gain / (loss), finance costs and exceptional items (1-2)	130.41	161.77	199.33	432.57	476.63
4	Other income	69.76	59.83	52.20	188.97	160.15
5	Exchange gain / (loss) (net)	2.16	1.05	2.07	2.64	(0.27)
6	Profit / (Loss) from ordinary activities before finance costs and exceptional items (3+4+5)	202.33	222.65	253.60	624.18	636.51
7	Finance costs	194.74	189.99	171.45	564.39	520.00
8	Profit / (Loss) from ordinary activities after finance costs but before exceptional items (6-7)	7.59	32.66	82.15	59.79	116.51
9	Exceptional items	-	-	(45.50)	-	(0.27)
10	Profit / (Loss) from ordinary activities before tax (8+9)	7.59	32.66	36.65	59.79	116.24
11	Tax expense	3.04	9.58	13.32	21.29	43.29
12	Net Profit / (Loss) from ordinary activities after tax (10-11)	4.55	23.08	23.33	38.50	72.95
13	Other comprehensive income (after tax)	(3.12)	2.11	(0.21)	0.10	1.65
14	Total comprehensive income (after tax) (12+13)	1.43	25.19	23.12	38.60	74.60
15	Paid up equity share capital (Face value of ₹ 1 each)	77.92	77.92	77.92	77.92	77.92
16	Earnings per share (Face value of ₹ 1 each)					
	(a) Basic EPS (not annualised)	0.06	0.30	0.30	0.49	0.94
	(b) Diluted EPS (not annualised)	0.06	0.30	0.30	0.49	0.94
	See accompanying notes to the financial results					

Hindustan Construction Co Ltd

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CIN : L45200MH1926PLC001228



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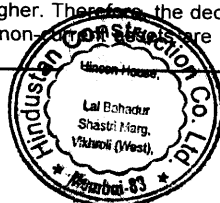


Notes:

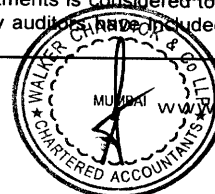
- 1 The Joint Lender's Forum (JLF) adopted the Scheme for Sustainable Structuring of Stressed Assets (S4A Scheme) with reference date as 12 July 2016 as approved by the Overseeing Committee (OC) on 4 November 2016. As per the approved S4A scheme, out of the total estimated fund based debts, aggregating Rs. 5,107 crore, Rs. 2,681 crore is bifurcated into sustainable debt to be serviced as per existing terms and conditions of these debts and remainder is to be converted into fully paid up equity shares and optionally convertible debentures (OCD). Pursuant to the approval of the shareholders at the Extra Ordinary General Meeting dated 5 January 2017, the allotment committee of the board of directors at its meetings held on 6 January 2017/ 19 January 2017 allotted 231,544,729 equity shares of face value of ₹ 1 each collectively to the lenders at a premium of ₹ 33.92 per share aggregating ₹ 808.55 crore and 14,414,874 OCDs of face value of ₹ 1,000 each at par (carrying coupon rate of 0.01% p.a.) aggregating ₹ 1,441.49 crore on preferential basis. Equity Share Capital of the Company after these allotments stand at ₹ 101.07 crore from ₹ 77.92 crore.
- 2 The Company has received letters from few of its customers amounting to ₹ 1,721 crore, being 75% of awards amount including interest, as on date for which realisation of amounts is presently pending on account of completion of formalities by the Company towards obtaining approval from its lenders for sanction of BGs and opening escrow accounts. The Company is pursuing with customers for issue of sanction letters for the balance amounts. As decided by the Cabinet Committee on Economic Affairs (CCEA) (Government of India), in respect of claims where arbitration awards have been decided in favour of the Company but further challenged by customers, the customers shall pay 75% of the arbitral award amount to the Company, in an escrow account, against a bank guarantee (BG). As at 31 December 2016, the Company's receivables include ₹ 3,143 crore (net of advances of ₹ 322 crore) on account of such awards and the Company is entitled to receive 75% (approximately ₹ 2,599 crore).
- 3 a) The Company is engaged in Engineering and Construction activities which are substantially seasonal in character. Therefore, the financial results for the quarter and nine months ended 31 December 2016 are not necessarily indicative of annual results.
b) The Company's margins in the quarterly results vary based on the accrual of cost and recognition of income in different quarters due to nature of its business, receipt of awards/claims or events which lead to revision in cost to completion. Due to this reason, quarterly results may vary in different quarters and may not be indicative of annual results.
- 4 The total balance value of work on hand as at 31 December 2016 is ₹ 20,936 crore (31 March 2016: ₹ 18,123 crore).
- 5 a) Results for the quarter and nine months ended 31 December 2016 are in accordance with the Indian Accounting Standards (Ind AS) notified by the Ministry of Corporate Affairs (the Ministry), which are applicable to the Company for the accounting period beginning on or after 1 April 2016. Consequently, results for the corresponding quarter and nine months ended 31 December 2015 have been restated as per the requirements of the said notification, to comply with Ind AS to make them comparable.
b) The Audit Committee has reviewed these results and the Board of Directors have approved the above results at their respective meeting held on 2 February 2017. The statutory auditors of the Company have carried out a limited review of the aforesaid results.
- 6 In view of the various clarifications issued and being issued by the Ind AS transition facilitation group (ITFG) constituted by the Accounting Standards Board of the Institute of Chartered Accountants of India, it may be possible that the interim financials may undergo adjustments on finalisation of full year Ind AS financial statements as at and for the year ending 31 March 2017, due to treatments/methods suggested by ITFG on applicability of various Ind AS.
- 7 Reconciliation of net profit as previously reported on account of transition from the previous Indian GAAP to Ind AS for the quarter and nine months ended 31 December 2015:

Particulars	₹ in crore	
	Quarter ended 31 December 2015	Year to date figures for period ended 31 December 2015
	Unaudited	Unaudited
Net profit for the period under previous Indian GAAP	19.38	65.83
Interest income recognised on fair valuation of financial assets	6.51	19.59
Rent income on fair valuation of security deposits	0.16	0.47
Re-classification of defined employee benefit obligation	(0.86)	(2.59)
Finance cost recognised on fair value of financial liabilities	(1.13)	(5.99)
Rent expenses recognised on fair valuation of security deposits	(0.18)	(0.54)
Others	1.33	-
Deferred tax on above adjustments (net)	(1.88)	(3.82)
Net profit for the period under Ind AS	23.33	72.95

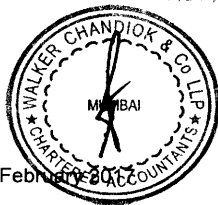
- 8 The Company is principally engaged in a single business segment viz. "Engineering and Construction".
- 9 The Company, as at 31 December 2016, has (i) a non-current investment amounting to ₹ 612.40 crore, non-current loans amounting to ₹ 335.39 crore and other non-current assets amounting to ₹ 16.40 crore in HCC Real Estate Limited (HREL) which is also holding 68.70% share in Lavasa Corporation Limited (LCL) and (ii) a non-current investment amounting to ₹ 26.86 crore, non-current loans amounting to ₹ 131.56 crore and other non-current assets amounting to ₹ 12.39 crore in LCL. While such entities have incurred losses during its initial years and consolidated net-worth of all these entities as at 31 March 2016 as per their audited accounts has been fully/ substantially eroded, the underlying projects in such entities are in the early stages of development and are expected to achieve adequate profitability on substantial completion and/ or have current market values of certain properties which are in excess of the carrying values. The net-worth of these subsidiaries does not represent its true market value as the value of the underlying investments/ assets, based on a valuation report of an independent valuer, is substantially higher. Therefore, the decline in the value of above investments is considered to be temporary in nature and the non-current loans and other non-current assets are good and recoverable. Statutory auditors have included a qualification in their review report in respect of this matter.



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- 10 Contracts yet to be completed and value of work done (inventories) and non-current trade receivables include ₹ 922.19 crore and ₹ 221.48 crore, respectively, outstanding as at 31 December 2016 representing various claims raised and recognised earlier, based on the terms and conditions implicit in the contracts and other receivables in respect of closed/suspended projects of various government agencies. 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 the Company is at various stages of negotiation/discussion with the customers or under arbitration. These receivables also include ₹ 123.39 crore of arbitration awards received in favour of the Company, which have been subsequently set aside by High Courts against which the Company has preferred appeals at High Courts / Supreme Court and has been legally advised that it has good case on merits. Considering the contractual tenability, progress of negotiation / discussion with the client, the management is confident of realising/ recovering all the above amounts.
- 11 The Company, as at 31 December 2016, has a non-current investment amounting to ₹ 3.22 crore, non-current loans ₹ 1,130.61 crore and other non-current assets ₹ 105.89 crore in HCC Infrastructure Company Limited (HIL) which is holding 85.45% in HCC Concessions Limited having various Build, Operate and Transfer (BOT) SPVs under its fold. While this entity has incurred losses during its initial years and consolidated net-worth as at 31 March 2016 as per the audited accounts has been fully eroded, the underlying projects are expected to achieve adequate profitability on substantial completion. Hence, net-worth of this subsidiary does not represent its true market value. Therefore, the decline in the value of above investment is considered to be temporary in nature and the non-current loans and other non-current assets are good and recoverable.
- 12 For the year ended 31 March 2014, the Company's request for managerial remuneration in excess of the limit prescribed and held in trust, to the Ministry of Corporate Affairs ('the Ministry'), to reconsider their approval of ₹ 1.92 crore against the entire remuneration paid of ₹ 10.66 crore is pending with the Ministry. In respect of years ended 31 March 2015 and 31 March 2016, the Company's application to the Ministry for approval of remuneration paid/payable for each year ₹ 10.66 crore to the Chairman and Managing Director in excess of the limit prescribed, held in trust to the extent paid, is pending with the Ministry.



for Hindustan Construction Company Limited



Ajit Gulabchand

Chairman & Managing Director

Mumbai, Dated : 2 February 2017

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Review Report on Quarterly and Year to Date Standalone Financial Results of the Company pursuant to Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

To the Board of Directors of Hindustan Construction Company Limited

1. We have reviewed the accompanying statement of unaudited standalone financial results ("the Statement") of Hindustan Construction Company Limited ("the Company") for the quarter ended 31 December 2016 and the year to date results for the period 1 April 2016 to 31 December 2016, except 'Note 4 regarding total balance value of work on hand', as included in the Statement which have been approved by the Company's Board of Directors but have not been subjected to limited review or audit. This Statement is the responsibility of the Company's Management and has been approved by the Board of Directors. Our responsibility is to issue a report on the Statement based on our review.
2. We conducted our review in accordance with the Standard on Review Engagement (SRE) 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity, issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures, applied to financial data and thus provides less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.
3. As stated in Note 9 to the Statement, the Company's non-current investments as at 31 December 2016 include investments aggregating ₹639.26 crore in two of its subsidiaries, non-current loans and other non-current assets as at that date include dues from such subsidiaries aggregating ₹466.95 crore and ₹28.79 crore, respectively, being considered good and recoverable by the management considering the factors stated in the aforesaid note including valuation report from an independent valuer. However, these subsidiaries have accumulated operational losses and their net worth is fully/ substantially eroded. Further, these subsidiaries are facing liquidity constraints due to which they may not be able to realize projections made as per their respective business plans. In the absence of sufficient appropriate evidence, we are unable to comment upon the carrying value of these investments and recoverability of the aforesaid dues and the consequential impact, if any, on the accompanying Statement.



Chartered Accountants

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

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

Walker Chandiook & Co LLP

4. Based on our review conducted as above, except for the effects of qualification as described in the previous paragraph, nothing has come to our attention that causes us to believe that the accompanying Statement prepared in accordance with applicable accounting standards, as notified under the Companies (Indian Accounting Standards) Rules, 2015 as specified in Section 133 of the Companies Act, 2013 read with SEBI Circular CIR/CFD/CMD/15/2015 dated 30 November 2015 and SEBI Circular CIR/CFD/FAC/62/2016 dated 5 July 2016 and other recognised accounting practices and policies has not disclosed the information required to be disclosed in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, including the manner in which it is to be disclosed, or that it contains any material misstatement.
5. We draw attention to:
- (a) Note 10 to the Statement regarding uncertainties relating to recoverability of contracts yet to be completed and value of work done (inventories) and non-current trade receivables aggregating ₹922.19 crore and ₹221.48 crore, respectively, as at 31 December 2016, recognised in the earlier years in respect of projects suspended or substantially closed and where the claims are currently under negotiations/ arbitration/ litigation. Pending the ultimate outcome of these matters, which is presently unascertainable, no adjustments have been made in the accompanying Statement. Our review report is not qualified in respect of this matter.
- (b) Note 11 to the Statement regarding the Company's non-current investment in a subsidiary company, non-current loans and other non-current assets due from such subsidiary aggregating ₹3.22 crore, ₹1,130.61 crore and ₹105.89 crore, respectively, as at 31 December 2016. 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 and growth prospects, as described in the said note, management considers the decline in the value of the investment as temporary in nature and believes that non-current loans and other non-current assets are good and recoverable. Our review report is not qualified in respect of this matter.
- (c) Note 12 to the Statement regarding remuneration of ₹10.66 crore paid for each of the financial years ended 31 March 2014 and 31 March 2016 to the Chairman and Managing Director (CMD), which is in excess of the limits prescribed under the provisions of the erstwhile Companies Act, 1956/ the Companies Act, 2013, respectively, and for which the Company has filed an application for review/ an application, respectively, with the Central Government; however approval in this regard is pending till date. Our review report is not qualified in respect of this matter.

Walker Chandiook & Co LLP

For Walker Chandiook & Co LLP

(formerly Walker, Chandiook & Co)

Chartered Accountants

Firm Registration No: 001076N/N500013



per **Adi P. Sethna**

Partner

Membership No. 108840

Place: Mumbai

Date: 2 February 2017

Press Release**HCC Gets Future Ready with Govt Thrust on Infrastructure
Implemented S4A of RBI & Govt agencies already released letters for Rs 1,721 crore
for payment against Arbitration Award**

Mumbai: February 02, 2017: HCC has implemented S4A and is in the advanced stages of collecting Rs 1,721 crore against arbitral awards as per the policy approved by CCEA. With these two major events, finance cost is likely to come down to half from next quarter onwards as compared to this quarter. Order Book is at Rs 20,936 crore plus Rs 2,804 crore of L1 orders. HCC has registered a Net Profit of Rs 4.55 crore in the Q3 of FY2016-17, compared to Rs 23.33 crore in the corresponding quarter last year. The company's turnover is at Rs 944 crore compared to Rs 1,058 crore, in the previous year. Previous year same quarter figures included arbitration awards of Rs 232 crore (this year Rs 34 crore).

**Financial highlights - HCC unaudited standalone results
For the quarter ended December 31, 2016**

- Net Profit of Rs 4.55 crore compared to Rs 23.33 crore
- Operating Profit at Rs 161.24 crore compared to Rs 231.59 crore
- EBIDTA Margins at 17.1% compared to 21.9%
- Turnover at Rs 944 crore against Rs 1,058 crore last year
- Current order book at Rs 20,936 crore excluding L1 contracts worth Rs 2,804 crore

In the current financial year, HCC has won orders worth Rs 5,375 crore and is also the lowest bidder in projects worth Rs 2,804 crore where the contracts are yet to be signed. Consequently, the combined orders in hand and in the pipeline have crossed Rs 21,000 crore mark, which is the highest in last five years.

Commenting on the company's performance, Praveen Sood, Group CFO said, "Our business continues to perform well in a world that is difficult and changing at a rapid pace. The operating margins remained firm and the cost structure under control. With the implementation of S4A and high visibility of realization of arbitral awards worth Rs 1,721 crore. Next quarter onwards is most likely to be a positive game changing period for the company."

He added "Financial flexibility will support our strategic initiatives and we remain optimistic to leverage opportunities thrown by thrust on Infrastructure by government with substantial increase in Budget for Infrastructure outlay that will potentially drive incremental growth for the company."

HCC is the first company to get its debt restructured under the Sustainable Structuring of Stressed Assets (S4A) scheme and will get significant relief in cash flows. As per the scheme, out of the total debts aggregating Rs 5,107 crore, Rs 2,681 crore is to be bifurcated into sustainable debt to be serviced as per existing terms and conditions and remainder is to be converted into fully paid up equity shares and optionally convertible debentures (OCD). The company has allotted equity aggregating Rs 808.55 crore and OCDs aggregating Rs 1,441.49 crore and is in the process of allotting balance number of equity shares and OCDs.

The company has received communication from government agencies to submit BG and Escrow Account details for release of 75% of Arbitral awards amounting to Rs 1,721 crore. HCC has arbitration awards for Rs 3,465 crore as of December 31, 2016. Further claims worth around Rs 4,606 crore are in arbitration process.

Performance of HCC subsidiaries:

Steiner AG: The positive movement in the fresh order acquisition has set a momentum in Steiner AG order book position. The company has secured orders worth CHF 850 million (Rs 5,648.3 crore) in past 9 months. In addition to this, the company has secured orders for more than CHF 460 million (Rs 3,056.4 crore), where the contracts are yet to be signed. With this the order backlog has improved to CHF 1,525 million (Rs 10,130.6 crore). The company has registered revenue of CHF 231.6 million (Rs 1,585.9 crore) in Q3 of FY2016-17 against CHF 140.7 million (Rs 938.2 crore). The closing cash balance of CHF 145 million (Rs 963.4 crore) reflects company's strong liquidity position.

HCC Infrastructure Company Limited: HCC Concessions Ltd has commenced the commercial operations of Farakka-Raiganj Highways Ltd (FRHL) on NH34 in October 2016. The daily toll revenue of FRHL of approximately Rs 40 lakhs will increase to Rs 70 lakhs at final completion (FCOD). Bahrapore-Farakka Highways Limited has shown a steady PCU growth of 7% yoy, which is lower than the 15% achieved in the first two quarters. This is partially as a result of demonetization but largely because of repair and rehabilitation of a bridge on NH60 connecting the quarry area to NH34 at Moregram junction. Rs 1,250 crore of claims against the NHAI are currently under arbitration due to land delays. Lastly, the consortium lenders of Badarpur Faridabad Tollway Ltd (BFTL) have established the record date for implementation of Strategic Debt Restructuring of the SPV. BFHL continues to face stress due to the Environment Compensation Charge (ECC) by Supreme Court impacting commercial traffic entry into Delhi.

Lavasa Corporation Limited (LCL): Lavasa city continues to be a popular tourist destination. The tourist footfall in Q3 FY 2016-17 is 1.81 lakhs. The company is attracting more and more ad agencies to bring commercial advertisements and photo shoots to Lavasa. Apollo Hospitals has started an Ayurvedic SPA in tie up with Kerala based Spa within its facility. The company has leased out the retail hostel blocks to Ecole Hoteliere Lavasa and Christ University. Xthrill Adventure Academy has conducted test ride of motorized parasailing at Lavasa and has applied for licenses to commence the services soon.

About HCC:

HCC is a business group of global scale developing and building responsible infrastructure through next practices. With an engineering heritage of nearly 100 years, HCC has executed a majority of India's landmark infrastructure projects, having constructed 25% of India's Hydel Power generation and over 65% of India's Nuclear Power generation capacities, over 3,800 lane km of Expressways and Highways, more than 320 km of complex Tunnelling and over 365 Bridges. Today, HCC Ltd. serves the infrastructure sectors of Transportation, Power and Water. HCC is also developing Lavasa City, a planned hill city and one of India's largest urban development and management initiatives. The HCC Group, with a group turnover of Rs 8,768 crore, comprises of HCC Ltd, HCC Infrastructure Co. Ltd, Lavasa Corporation Ltd and Steiner AG in Switzerland

For further information:

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