

HC /SEC / 2018-2019

August 8, 2018

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 quarter ended June 30, 2018**

As per Regulation 30 and 33 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, we are enclosing herewith Unaudited Financial Results of the Company for the quarter ended June 30, 2018, along with the "Limited Review Report" of the Statutory Auditors, duly approved by the Board of Directors of the Company at its Meeting held on August 8, 2018.

A copy of the Press Release is also enclosed herewith.

We request you to kindly take the same on record.
Thanking you,

Yours faithfully,
For Hindustan Construction Co Ltd



Venkatesan Arunachalam
Company Secretary

Encl: as above

Cc: BSE Limited,

Hindustan Construction Co Ltd

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Press Release

HCC Turnover at Rs.1,001 crore in Q1 FY18-19

Gross Debt has reduced by Rs.488 crore y-o-y

Mumbai: August 08, 2018: HCC reported turnover of Rs.1,001 crore in Q1 of FY18-19, as against Rs.991 crore in Q1 FY17-18. The company's order book stood at Rs.18,714 crore as of June 30, 2018. The company registered a loss of Rs.19.7 crore in Q1 FY18-19 against profit of Rs.14.5 crore in Q1 FY17-18. Gross debt of the company has reduced substantially to Rs.3,719 crore as of June 30, 2018, from Rs.4,207 crore as on June 30, 2017.

Financial highlights:

Un-audited standalone results for Q1 FY18-19 vs. Q1 FY17-18

- Turnover of Rs.1,001 crore vs. Rs.991 crore
- Finance costs fell by 12% y-o-y, in line with the reduction in Gross Debt
- Order book at Rs.18,714 crore, excluding L1 bids worth Rs.1,213 crore

HCC has received Rs.1,624 crore till date under the CCEA's initiative to release 75% of arbitral awards against bank guarantees.

Mr. Arjun Dhawan, Director & Group Chief Executive Officer, said, "We have successfully managed to lower our debt and reduce finance costs, despite the banking crisis that has gripped the country. This has however dampened our ability to grow and allow for a high-performance execution of our order backlog. While our commitments on the cost side of the balance sheet have accelerated due to recent legislative and regulatory requirements, our substantial receivables from Government Agencies continue to lag, which have created a working capital strain. HCC is taking the necessary measures to address this by not only strengthening its balance sheet, but also participating in the robust infrastructure spend in India. These measures will, among other things, include the monetisation of non-core assets and accelerating the receipt of our dues from clients."

Performance of HCC subsidiaries:

Steiner AG: In Q1 FY2018-19, Steiner AG reported revenues of CHF199 million (Rs.1,369 crore) and a Net profit of CHF4 million (Rs.26 crore). The company secured fresh orders worth CHF138 million (Rs.950 crore) during the quarter. Order backlog stands at CHF1.3 billion (Rs.9,002 crore). Further, the company has secured orders for over CHF 435 million (Rs.3,044 crore), where contracts are yet to be signed.

HCC Concessions Ltd.: Average daily collections of Baharampore Farakka Highways Ltd. and Farakka Raiganj Highways Ltd. for Q1 FY18-19 stood at Rs.48.8 lakh and Rs.39.2 lakh, respectively. BFHL and FRHL saw robust traffic growth of 5.4% and 17.9% y-o-y, respectively, during the quarter. The Company is in discussions with investors for the monetisation of its operational road assets.

Lavasa Corporation Ltd.: LCL has submitted a resolution plan to lenders in line with the RBI's February 12 circular. The plan involves substantial recovery by the lenders given the intrinsic value of Lavasa land. The proposed solution places customers at the fore.

About HCC:

HCC is a business group of global scale developing and building responsible infrastructure through next practices. With an engineering heritage of nearly 100 years, HCC has executed a majority of India's landmark infrastructure projects, having constructed 25% of India's Hydro Power generation and over 65% of India's Nuclear Power generation capacities, over 3,800 lane km of Expressways and Highways, more than 335 km of complex Tunnelling and over 365 Bridges. Today, HCC Ltd. serves the infrastructure sectors of Transportation, Power and Water. 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.10,132 crore, comprises of HCC Ltd., HCC Infrastructure Co. Ltd., Lavasa Corporation Ltd. and Steiner AG in Switzerland.

For further information:



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STATEMENT OF UNAUDITED STANDALONE FINANCIAL RESULTS FOR THE QUARTER 30 JUNE 2018

₹ in crore except earnings per share data

Sr. No.	Particulars	Quarter ended			Year ended
		30 June 2018	31 March 2018	30 June 2017	31 March 2018
		Unaudited	Unaudited (Refer note 12)	Unaudited	Audited
1	Income				
	(a) Income from operations	933.09	1,442.74	930.66	4,575.08
	(b) Other income	68.09	68.73	60.46	251.00
	Total income (a+b)	1,001.18	1,511.47	991.12	4,826.08
2	Expenses				
	(a) Cost of materials consumed	214.33	317.65	302.33	1,072.66
	(b) Subcontracting expenses	379.32	745.84	194.70	1,901.25
	(c) Construction expenses	96.82	69.81	127.08	407.55
	(d) Employee benefits expense	100.42	115.87	103.83	437.97
	(e) Finance costs	161.20	164.00	182.13	659.97
	(f) Depreciation and amortisation expense	38.83	35.19	28.84	122.94
	(g) Other expenses	39.07	34.08	32.72	111.77
	Total expenses (a+b+c+d+e+f+g)	1,029.99	1,482.44	971.63	4,714.11
3	Profit / (Loss) before tax (1-2)	(28.81)	29.03	19.49	111.97
4	Tax expense				
	(a) Current income tax	0.49	5.31	3.10	20.14
	(b) Deferred income tax	(9.58)	3.63	1.87	14.30
		(9.09)	8.94	4.97	34.44
5	Profit / (Loss) for the period (3-4)	(19.72)	20.09	14.52	77.53
6	Other comprehensive income				
	(a) Items not to be reclassified subsequently to profit or loss (net of tax)				
	- Gain on fair value of defined benefit plans as per actuarial valuation	0.89	0.71	0.56	3.57
	- Gain/(loss) on fair value of equity instruments	(9.23)	(15.65)	0.22	(15.21)
	(b) Items to be reclassified subsequently to profit or loss	-	-	-	-
	Other comprehensive income/(loss) for the period, net of tax	(8.34)	(14.94)	0.78	(11.64)
7	Total comprehensive income/(loss) for the period, net of tax (5+6)	(28.06)	5.15	15.30	65.89
8	Paid up equity share capital (Face value of ₹ 1 each)	101.55	101.55	101.08	101.55
9	Other equity (excluding revaluation reserves)				2,673.39
10	Earnings per share (Face value of ₹ 1 each)				
	(a) Basic EPS (not annualised) (in ₹)	(0.19)	0.20	0.14	0.76
	(b) Diluted EPS (not annualised) (in ₹)	(0.19)	0.20	0.14	0.76
	See accompanying notes to the financial results				




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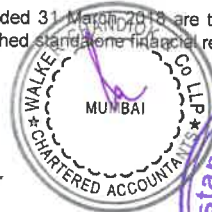
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Notes:

- 1 Pursuant to the approval of the shareholders and the allotment committee of the Board of Directors allotted collectively to the lenders 231,544,729 and 4,759,291 equity shares of face value of ₹ 1 each at a premium of ₹ 33.92 per share and ₹ 40.61 per share respectively aggregating ₹ 828.25 crore, and 14,671,590 optionally convertible debentures (OCDs) of face value of ₹ 1,000 each at par (carrying coupon rate of 0.01% p.a.) aggregating ₹ 1,467.16 crore on preferential basis as part of the Scheme for Sustainable Structuring of Stressed Assets (S4A Scheme) during financial year 2016-17 and 2017-18. The implementation of the S4A Scheme and the consequent allotment of equity shares/ OCDs have been made in respect of all the lenders except for few lenders who will be allotted equity shares and OCDs once they exercise their option. Number of equity shares/OCDs to be allotted will be determined based on the share price prevailing at the time of such allotment.
- 2 Pursuant to notification issued by Cabinet Committee on Economic Affairs (CCEA) (Government of India), the Company has received letters from its customers conveying release of 75% of the arbitral award amount resulting in a payout aggregating ₹ 2,315.74 crore (31 March 2018: ₹ 2,046.03 crore), of which the Company has realised ₹ 1,623.58 crore till date (including ₹ 207.48 crore realised during the quarter ended 30 June 2018). As at 30 June 2018, the Company's receivables include ₹ 4,727.09 crore (31 March 2018: ₹ 4,737.44 crore) on account of arbitration awards received in its favour against which the Company has received advances of ₹ 1,923.80 crore (31 March 2018: ₹ 1,709.31 crore) including amounts received pursuant to CCEA notification. The Company is also pursuing for realisation of balance amounts.
- 3 The Company is engaged in a single business segment viz. "Engineering and Construction", which is substantially seasonal in character. Further, the Company's margins in the quarterly results vary based on the accrual of cost and recognition of income in different quarters due to nature of its business, receipt of awards/ claims or events which lead to revision in cost to completion. Due to this reason, quarterly results may vary in different quarters and may not be indicative of annual results.
- 4 The total balance value of work on hand as at 30 June 2018 is ₹ 18,714 crore (31 March 2018: ₹ 19,188 crore).
- 5 a) The Company, as at 30 June 2018, has (i) a non-current investment amounting to ₹ 612.40 crore (31 March 2018: ₹ 612.40 crore), non-current loans amounting to ₹ 440.07 crore (31 March 2017: ₹ 428.19 crore), other non-current financial assets amounting to ₹ 4.24 crore (31 March 2018: ₹ 24.35 crore) in its subsidiary HCC Real Estate Limited (HREL) which is holding 68.70% share in Lavasa Corporation Limited (LCL) a step down subsidiary; and (ii) a non-current investment amounting to ₹ 18.43 crore (31 March 2018: ₹ 18.43 crore), non-current loans amounting to ₹ 178.26 crore (31 March 2018: ₹ 152.56 crore), other non-current financial assets amounting to ₹ 5.56 crore (31 March 2018: ₹ 19.07 crore) and other current financial assets amounting to ₹ 1.23 crore (31 March 2018: ₹ 6.63 crore) in LCL. While such entities have incurred losses during their initial years and consolidated net-worth of both entities as at 30 June 2018 have been fully 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 accordingly, the net-worth of these subsidiaries does not represent their true market value. Therefore, based on certain estimates like future business plans, growth prospects and other factors, the management believes that the realizable amount of these subsidiaries is higher than the carrying value of the non-current investments, non-current loans, other non-current financial assets and other current financial assets due to which these are considered as good and recoverable.
b) As required by the revised framework specified in the RBI's circular, subsequent to 30 June 2018, LCL has submitted a resolution plan for revival of its business and restructuring of the borrowings which is presently under consideration with the lenders.
- 6 'Unbilled work-in-progress (Other current financial assets)', 'Non-current trade receivables' and 'Current trade receivables' include ₹ 621.88 crore (31 March 2018: ₹ 686.24 crore), ₹ 123.39 crore (31 March 2018: ₹ 123.39 crore) and ₹ 213.71 crore (31 March 2018: ₹ 214.38 crore), respectively, outstanding as at 30 June 2018 which represent various claims raised earlier, based on the terms and conditions implicit in the contracts and other receivables in respect of substantially closed/suspended projects. These claims are mainly in respect of cost over-run arising due to client caused delays, suspension of projects, deviation in design and change in scope of work; for which Company is at various stages of negotiation/discussion with the clients or under arbitration/litigation. Non-current trade receivables also include arbitration awards received in favour of the Company, which have been subsequently set aside by District Court/ 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 negotiations/ discussions/ arbitration/ litigations, the management is confident of recovery of these receivables.
- 7 The Company, as at 30 June 2018, has a non-current investment amounting to ₹ 2.24 crore (31 March 2018: ₹ 2.24 crore), non-current loans amounting to ₹ 1,452.76 crore (31 March 2018: ₹ 1,281.40 crore) and other non-current financial assets amounting to ₹ 44.96 crore (31 March 2018: ₹ 158.18 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 31 March 2018 has been fully eroded, the underlying projects are expected to achieve adequate profitability on substantial completion. The net-worth of this subsidiary does not represent its true market value as the value of the underlying investments/ assets, based on valuation report of an independent valuer, is higher. Therefore, based on certain estimates like future business plans, growth prospects and other factors, the management believes that the realizable amount of the subsidiary is higher than the carrying value of the non-current investments, non-current loans and other non-current financial assets due to which these are considered as good and recoverable.
- 8 For each of the years ended 31 March 2014 and 31 March 2016, the Company has paid remuneration of ₹ 10.66 crore to the Chairman and Managing Director (CMD) based on the approval by shareholders and the applications filed with the Ministry of Corporate Affairs ('the Ministry') for their approval. The Ministry had approved ₹ 1.92 crore for the year ended 31 March 2014 for which the Company has filed an application to review the same. For the year ended 31 March 2016, amount payable as per the limits prescribed under the Companies Act amounted to ₹ 1.21 crore. Pending receipt of the aforesaid approvals, an aggregate of ₹ 18.19 crore as at 30 June 2018, is held in trust by the CMD.
- 9 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.
- 10 Effective 1 April 2018, the Company has adopted Ind AS 115 – Revenue from Customers. The adoption of Ind AS 115 did not have any material impact on recognition and measurement of revenue and related items in the unaudited standalone financial results for the quarter ended 30 June 2018.
- 11 The above financial results have been reviewed by the Audit Committee and approved by the Board of Directors at their meeting held on 8 August 2018. The statutory auditors of the Company have carried out their review of these standalone financials results, pursuant to Regulation 33 of SEBI (Listing Obligation and Disclosure Requirements) Regulations 2015.
- 12 Figures for the quarter ended 31 March 2018 are the balancing figures between the audited standalone financial statements for the year ended 31 March 2018 and the published standalone financial results upto 31 December 2017 which were subjected to limited review.

[Signature]

Mumbai, Dated : 8 August 2018



for Hindustan Construction Company Limited

[Signature]
Ajit Gulabchand
Chairman & Managing Director

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Independent Auditor's Review Report on Quarterly Financial Results of the Company pursuant to the 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 financial results ("Statement") of Hindustan Construction Company Limited ("the Company") for the quarter ended 30 June 2018, being submitted by the Company pursuant to the requirements of regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, except Note 4 to the Statement regarding 'total balance value of work on hand as at 30 June 2018', as included in the Statement have been approved by the Board of Directors but have not been subject 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 5 to the Statement, the Company's non-current investments as at 30 June 2018 include non-current investments aggregating ₹ 630.83 crores in two of its subsidiaries; and non-current loans, other non-current financial assets and other current financial assets as at that date include dues from such subsidiaries aggregating ₹ 618.33 crores, ₹ 9.80 crores and ₹ 1.23 crores, respectively. These subsidiaries have significant accumulated losses and their consolidated net-worth is fully eroded as at 30 June 2018. Based on a revised resolution plan submitted by one of the subsidiary companies, Lavasa Corporation Limited, with its lender banks, dated 30 July 2018 for revival of its business and other factors as stated in Note 5 of the Statement, such investments and other aforementioned dues have been considered good and recoverable by the management as at 30 June 2018. However, the revised resolution plan submitted by the subsidiary company is yet to be approved by the lender bank and considering the absence of other relevant alternate evidence to support the management's assessment as above, we are unable to comment upon adjustments, if any, that may be required to the carrying values of these non-current investments and the aforementioned dues and the consequential impact on the accompanying Statement.
4. Based on our review conducted as above, except for the possible effects of the matter 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 Indian Accounting Standards specified under Section 133 of the Companies Act, 2013 ('2013 Act') and SEBI Circulars CIR/CFD/CMD/15/2015 dated 30 November 2015 and CIR/CFD/FAC/62/2016 dated 5 July 2016 and other recognised accounting practices and policies has not disclosed the information required to be disclosed in accordance with the requirements of regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, including the manner in which it is to be disclosed, or that it contains any material misstatement.



Walker Chandio & Co LLP

5. We draw attention to:

- a) Note 6 to the Statement, regarding uncertainties relating to recoverability of unbilled work-in-progress (other current financial assets), non-current trade receivables and current trade receivables aggregating ₹ 621.88 crore, ₹ 123.29 crore and ₹ 213.71 crore, respectively, as at 30 June 2018, which represent various claims raised in the earlier years in respect of projects substantially closed or suspended and where the claims are currently under negotiations/discussions/arbitration/litigation. Based on legal opinion/past experience with respect to such claims, the management is of the view that the aforementioned balances are fully recoverable. Our report is not modified in respect of this matter.
- b) Note 7 to the Statement, regarding the Company's non-current investment in a subsidiary company, non-current loans and other non-current financial assets due from such subsidiary aggregating ₹ 2.24 crore, ₹ 1,452.76 crore, ₹ 44.96 crore, respectively, as at 30 June 2018. The consolidated net-worth of the aforesaid subsidiary has been fully eroded; however, based on certain estimates and other factors, including subsidiary's future business plans, growth prospects and valuation report from an independent valuer, as described in the said note, management believes that the realizable amount is higher than the carrying value of the non-current investments, non-current loans and other non-current financial assets due to which these are considered as good and recoverable. Our report is not modified in respect of this matter.
- c) Note 8 to the Statement, regarding excess managerial remuneration paid to the Chairman and Managing Director (CMD) aggregating to ₹ 8.74 crore and ₹ 9.45 crore for the financial years ended 31 March 2014 and 31 March 2016 respectively, in excess of the limits prescribed under the provisions of the erstwhile Companies Act, 1956 and 2013 Act, respectively. The Company has filed application seeking approval of the Central Government, as required by the relevant provisions of the 2013 Act and rules thereunder, which is yet to be approved. Our report is not modified in respect of this matter.

6. We did not review the separate financial results of 6 joint operations, whose financial results reflect total revenues of ₹ 7.11 crore for the quarter ended 30 June 2018, as considered in the Statement. These financial results are based on management certified accounts and have not been subjected to any review or audit. Our conclusion on the Statement, in so far it relates to the amounts and disclosures included in respect of these joint operations is solely based on such management certified financial results. Our report is not modified in respect of this matter.

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

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

Place: Mumbai
Date: 8 August 2018