



HC/SEC/ 2016

October 27, 2016

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 second quarter and six months ended 30th September 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 second quarter and six months ended 30th September 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 October 27, 2016.

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

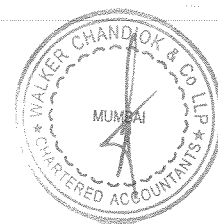
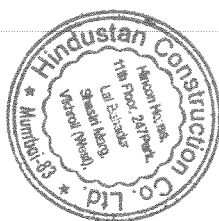
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The Corporate Relationship Dept,
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Hindustan Construction Co Ltd

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www.hccindia.com

STATEMENT OF STANDALONE UNAUDITED RESULTS FOR THE QUARTER AND SIX MONTHS ENDED 30 SEPTEMBER 2016						
PART I						
₹ in crore except per share data						
Sr. No.	Particulars	Quarter ended			Half year ended 30 September 2016 (Reviewed)	Half year ended 30 September 2015 (Unaudited) [Refer note 5(b)]
		30 September 2016 (Reviewed)	30 June 2016 (Reviewed)	30 September 2015 (Unaudited) [Refer note 5(b)]		
1	Income from operations					
	(a) Income from operations	759.03	899.32	826.49	1,658.35	1,711.16
	(b) Other operating income	152.10	83.13	135.30	235.23	225.70
	Total income from operations (a+b)	911.13	982.45	961.79	1,893.58	1,936.86
2	Expenses					
	(a) Cost of materials consumed	172.73	219.24	259.11	391.97	487.53
	(b) Subcontracting expenses	320.88	334.89	260.40	655.77	588.48
	(c) Construction expenses	97.33	127.57	132.33	224.90	245.30
	(d) Employee benefits expense	97.32	94.71	92.43	192.03	186.34
	(e) Depreciation and amortisation expense	33.36	32.76	40.28	66.12	88.47
	(f) Other expenses	27.74	32.89	30.73	60.63	63.42
	Total expenses (a+b+c+d+e+f)	749.36	842.06	815.28	1,591.42	1,659.54
3	Profit / (Loss) from operations before other Income, exchange gain/(loss), finance costs and exceptional items (1-2)	161.77	140.39	146.51	302.16	277.32
4	Other income	59.83	59.38	50.78	119.21	107.92
5	Exchange gain/ (loss) (Net)	1.05	(0.57)	(2.14)	0.48	(2.34)
6	Profit/ (Loss) from ordinary activities before finance costs and exceptional items (3+4+5)	222.65	199.20	195.15	421.85	382.90
7	Finance costs	189.99	179.65	176.98	369.64	348.54
8	Profit / (Loss) from ordinary activities after finance costs but before exceptional items (6-7)	32.66	19.55	18.17	52.21	34.36
9	Exceptional items	-	-	45.23	-	45.23
10	Profit / (Loss) from ordinary activities before tax (8+9)	32.66	19.55	63.40	52.21	79.59
11	Tax expense	9.58	8.67	23.05	18.25	29.99
12	Net Profit / (Loss) from ordinary activities after tax (10-11)	23.08	10.88	40.35	33.96	49.60
13	Other comprehensive income (after tax)	2.11	1.11	1.00	3.22	1.86
14	Total Comprehensive income (after tax) (12+13)	25.19	11.99	41.35	37.18	51.46
15	Paid up equity share capital (Face value of ₹ 1 each)	77.92	77.92	77.92	77.92	77.92
16	(a) Basic EPS (not annualised)	0.30	0.14	0.52	0.44	0.64
	(b) Diluted EPS (not annualised)	0.30	0.14	0.52	0.44	0.64
See accompanying notes to the financial results						

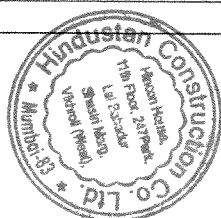


Hindustan Construction Co Ltd

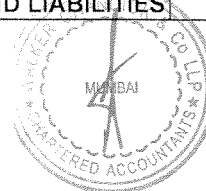
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CIN : L45200MH1926PLC001228

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STANDALONE STATEMENT OF ASSETS AND LIABILITIES	
PART II	
₹ in crore	
Particulars	As at 30 September 2016 (Reviewed)
ASSETS	
Non-current assets	
Property, plant and equipment	1,090.54
Capital work-in-progress	55.17
Intangible assets	1.20
Financial assets	
Investments	693.71
Trade receivables	2,367.10
Loans	1,738.61
Other financial assets	25.93
Other non-current assets	349.25
	6,321.51
Current assets	
Inventories	3,786.82
Financial assets	
Investments	77.72
Trade receivables	562.64
Cash and cash equivalents	50.83
Other bank balances	36.44
Loans	60.57
Other current assets	161.03
	4,736.05
TOTAL ASSETS	11,057.56
EQUITY AND LIABILITIES	
Equity	
Equity share capital	77.92
Other equity	2,331.34
	2,409.26
Liabilities	
Non-current liabilities	
Financial liabilities	
Borrowings	2,343.79
Other financial liabilities	26.00
Provisions	40.83
Deferred tax liabilities (net)	133.17
	2,543.79
Current liabilities	
Financial liabilities	
Borrowings	2,107.73
Trade payables	1,452.42
Other financial liabilities	795.59
Other current liabilities	1,634.34
Provisions	114.43
	6,104.51
TOTAL EQUITY AND LIABILITIES	11,057.56



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Notes:

- 1 The Joint Lender's forum (JLF) of the Company agreed to proceed with the Scheme for Sustainable Structuring of Stressed Assets (S4A) with reference date as 12 July 2016. As per the requirements of the S4A, the Company has carried out the Techno Economic Viability Study (TEV), Forensic Audit and Stock Audit. Based on the same, the draft proposal as approved by the JLF has been submitted to the Overseeing Committee (OC) (constituted by the Reserve Bank of India) on 17 September 2016 which is currently pending for its approval. The JLF proposal to the OC has recommended that out of estimated debt of ₹ 5,107 crore, ₹ 2,681 crore will be sustainable debt which would be serviced as per the original terms and remainder of the debt will be structured and converted into equity/ preference shares/ optionally convertible debentures as per the S4A.
- 2 As approved 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 the Government of India agencies/ Public Sector Undertakings (clients), the clients shall pay 75% of the arbitral award amount to the Company, in an escrow account, against a bank guarantee. As at 30 September 2016, company's receivables include ₹ 3,427 crore on account of such awards and company is entitled to receive 75% (approximately ₹ 2,570 crore) as per the CCEA decision.
- 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 half year ended 30 September 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 30 September 2016 is ₹ 21,309 crore (31 March 2016: ₹ 18,123 crore).
- 5 a) Results for the quarter and half year ended 30 September 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 half year ended 30 September 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 meetings held on 27 October 2016. The statutory auditors of the Company have carried out a limited review of the results for the quarter and half year ended 30 September 2016. The Ind AS compliant financial results, pertaining to the corresponding quarter and half year ended 30 September 2015 have not been subjected to limited review or audit. However, the management has exercised necessary due diligence to ensure that the financial results provide a true and fair view of its affairs for comparison purposes.
- 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 ended 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 half year ended 30 September 2015:

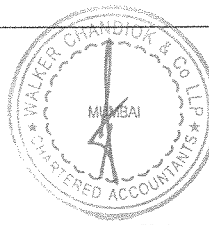
Particulars	₹ in crore	
	Quarter ended 30 September 2015 (Refer Note 5(b))	Half year ended 30 September 2015 (Refer Note 5(b))
	Unaudited	Unaudited
Net profit for the period under previous Indian GAAP	38.44	46.46
Interest income recognised on fair valuation of intercorporate deposits	6.51	13.02
Rent income on fair valuation of security deposits	0.17	0.35
Re-classification of defined employee benefit obligation	(0.86)	(1.73)
Finance cost recognised on fair value of financial liabilities	(1.13)	(4.85)
Rent expenses recognised on fair valuation of security deposits	(0.18)	(0.36)
Depreciation on fair valuation of property	(1.33)	(1.33)
Deferred tax on above adjustments (net)	(1.27)	(1.96)
Net profit for the period under Ind AS	40.35	49.60

- 8 The Company is principally engaged in a single business segment viz. "Engineering and Construction".

- 9 The Company, as at 30 September 2016, has (i) a non-current investment amounting to ₹ 612.40 crore, non-current loans amounting to ₹ 317.44 crore and other non-current assets amounting to ₹ 22.88 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 ₹ 8.26 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 substantially/ 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/ 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 includes ₹ 934.03 crore and ₹ 186.47 crore, respectively, outstanding as at 30 September 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 clients or under arbitration. These receivables also includes ₹ 89 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 recovery of the same.
- 11 The Company, as at 30 September 2016, has a non-current investment amounting to ₹ 3.22 crore, non-current loans ₹ 1,130.61 crore and other non-current assets ₹ 70.27 crore in HCC Infrastructure Company Limited (HIL) which is holding 85.45% in HCC Concession 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 : 27 October 2016



Walker Chandiook & Co LLP

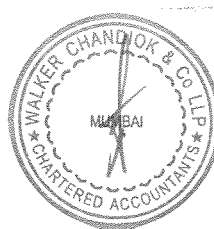
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Review Report on Quarterly and Year to Date Standalone Financial Results of the Company pursuant to Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

To the Board of Directors of Hindustan Construction Company Limited

1. We have reviewed the accompanying statement of the unaudited standalone financial results ("Statement") of Hindustan Construction Company Limited ("the Company") for the quarter and half year ended 30 September 2016, attached herewith, being submitted by the Company pursuant to the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Attention is drawn to the fact that the figures for the corresponding quarter and half year ended 30 September 2015 including the reconciliation of net profit under Ind AS of the aforementioned periods with net profit reported under previous Indian GAAP and 'Note 4 regarding total value of work on hand', as included in the Statement 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 30 September 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 ₹449.00 crore and ₹31.14 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.



Walker Chandiok & Co LLP

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 applicable accounting standards, as notified under the Companies (Indian Accounting Standards) Rules, 2015 as specified in Section 133 of the Companies Act, 2013 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 and SEBI Circular dated 5 July 2016, 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 ₹934.03 crore and ₹186.47 crore, respectively, as at 30 September 2016, recognised in the earlier years in respect of projects which were 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 ₹70.27 crore, respectively, as at 30 September 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 Chandiok & Co LLP

For Walker Chandiok & Co LLP

(formerly Walker, Chandiok & Co)

Chartered Accountants

Firm Registration No: 001076N/N500013



per **Adi P. Sethna**

Partner

Membership No. 108840

Place: Mumbai

Date: 27 October 2016

Press Release**HCC: Poised for growth with 30% increase in orders and with advantage of Govt's new arbitration policy****HCC Net Profit at Rs 23 crore in Q2 of FY2016-17****HCC's debt to reduce by half after CCEA's decision to pay 75% Arbitration Awards**

Mumbai: October 27, 2016: Overcoming the challenges of heavy monsoon this year along with disruptions in J&K where some large projects are getting executed, HCC registered a Net Profit of Rs 23 crore in the Q2 of FY2016-17, compared to Rs 10.9 crore in Q1 of FY2016-17. The turnover is at Rs 911.1 crore compared to Rs 982.4 crore, in the previous quarter. HCC's order backlog, with an improved market share has grown over 30% in last one year to Rs 21,309 crore in view of the government's renewed thrust on infrastructure.

The Cabinet Committee on Economic Affairs' (CCEA) decision to pay 75% of the arbitral award amount will result in HCC's debt being reduced by half. HCC has arbitration awards for Rs 3,427 crore as of September 30, 2016. Further claims worth around Rs 4,173 crore are in arbitration process. About 70% of these cases were at the initial stage of arbitration process and the company has already given consent to transfer these cases under new arbitration act. As such, we expect to get these additional awards within next 12 months duration.

Financial highlights - HCC unaudited standalone results**For the quarter ended September 30, 2016**

- Net Profit of Rs 23 crore against Rs 10.9 on Q-on-Q basis
- Operating Profit at Rs 195.1 crore against Rs 173.1 crore on Q-on-Q basis
- Turnover at Rs 911.1 crore against Rs 982.4 crore in the previous quarter
- EBITDA Margins at 21.42% against 17.62% on Q-on-Q basis
- The order backlog has jumped by over 30% in last six months to Rs 21,309 crore at the end of Q2 2016-17. The company has received three major contracts in Q2 worth Rs 4,455 crore and one order post September 30, 2016 worth Rs 202 crore. Besides, it is the lowest bidder in contracts worth Rs 3,014 crore.
- Farakka Raiganj Highways, HCC's largest BOT project has started toll collection in October 2016.

Commenting on the company's performance, **Praveen Sood, Group CFO** said, "HCC's robust order-book across key sectors, along with sustained efforts to improve operational efficiencies and cost rationalisation has given us a competitive edge to withstand the challenging economic environment.

The Cabinet Committee's path breaking decision to honour arbitration awards by releasing 75% payment will result in material debt reduction by the Company. Post the CCEA decision, the Company has further received arbitration awards which indicates that cash flows from awards are not a one-time affair, but will continue until HCC is completely deleveraged. With improved business sentiment and order booking, we expect to enhance turnover in the coming quarters."

The S4A draft proposal as approved by the Joint Lender's Forum has been submitted to the overseeing committee on September 17, 2016 which is currently pending for approval.

Performance of HCC subsidiaries:

Steiner AG: Steiner AG has registered a revenue of CHF 212.2 million (Rs 1464.1 crore) and net profit of CHF 2 million (Rs 13.8 crore) in Q2 of FY2016-17. The company has secured orders of approx CHF 678 million (Rs 4676.1 crore) in H1. With this the order backlog has improved to CHF 1590 million (Rs 10,959 crore) at end of September 2016. In addition to this, the company has secured orders for more than CHF 350 million (Rs 2412 crore), where the contracts are yet to be signed. The closing cash balance of the company was CHF 97 million (Rs 668.6 crore) reflecting company's steady financial performance with strong liquidity position.

HCC Infrastructure Co Limited: HCC Concessions Ltd commenced commercial operations of its Rs 1,720 crore Farakka Raiganj Highways Ltd (FRHL) this October. FRHL covers the busiest section of NH-34 over 100 km besides being the only link over the river Ganges in West Bengal. The project is the second leg of Rs 4,300 crore development of NH-34 across three contiguous stretches over 256 km between Baharampore and Dalkhola. The first leg between Baharampore to Farakka (BFHL) has been operational since May 2014 and both BFHL and FRHL enjoy an average daily collection of approximately Rs 40 lakhs each. This translates to a combined toll collection for both packages of Rs 300 crore annually, which will increase to Rs 500 crore at final completion. Furthermore, Rs 1,250 crore of claims against the NHAI for land delays are currently under arbitration and which are highly visible thanks to the recent CCEA policy and Amendment to the Arbitration & Conciliation Act (2015). Lastly, the consortium lenders of Badarpur Faridabad Tollway Ltd (BFTL) have established the record date for implementation of Strategic Debt Restructuring of the SPV while recovery is effected from NHAI in light of the recent Supreme Court order effectively preventing commercial vehicle traffic entry into Delhi via an Environment Compensation Charge.

Lavasa Corporation Limited (LCL): Lavasa city continues to be a popular tourist destination. The tourist footfall for FY 2016-17 is 11.2 lakhs. Due to Landslides, the tourist entry was closed for 9 to 10 days but now its functional and tourist flow is continuous. Lavasa participated in Global Panorama Showcase 2016 trade fare in four cities. Lavasa has tie-up with MTDC to setup a tourism centre at Hinjewadi to capture the prospective IT crowd. More brands are expected to set-up businesses in Lavasa.

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 Tunneling 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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