



HC /SEC / 2018

January 31, 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 third quarter ended December 31, 2017**

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 December 31, 2017 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 January 31, 2018.

A copy of Press Release is also enclosed herewith.

Thanking you,

Yours faithfully,
For Hindustan Construction Co Ltd

Venkatesan Arunachalam
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,
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Mumbai - 400 083, India
Tel : +91 22 2575 1000 Fax : +91 22 2577 7568
CIN : L45200MH1926PLC001228

www.hccindia.com

STATEMENT OF STANDALONE RESULTS FOR THE QUARTER AND NINE MONTHS ENDED 31 DECEMBER 2017

₹ in crore except earnings per share data

Sr. No.	Particulars	Quarter ended			Nine months ended		Year ended
		31 December 2017	30 September 2017	31 December 2016	31 December 2017	31 December 2016	31 March 2017
		Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
1	Income						
	(a) Income from operations	1,230.93	970.75	944.09	3,132.34	2,837.67	4,195.94
	(b) Other income	62.08	61.18	71.92	181.80	191.61	262.20
	Total income (a+b)	1,293.01	1,031.93	1,016.01	3,314.14	3,029.28	4,458.14
2	Expenses						
	(a) Cost of materials consumed	258.22	194.46	197.22	755.01	589.20	868.59
	(b) Purchase of traded goods	-	-	-	-	-	0.39
	(c) Subcontracting expenses	574.00	386.71	354.85	1,155.41	1,010.61	1,603.75
	(d) Construction expenses	103.89	106.76	107.33	337.73	332.23	453.95
	(e) Employee benefits expense	108.02	110.25	93.50	322.10	285.53	396.80
	(f) Finance costs	150.79	163.06	194.74	495.98	564.39	772.37
	(g) Depreciation and amortisation expense	29.36	29.55	30.83	87.75	96.95	125.28
	(h) Other expenses	22.78	23.64	29.95	77.23	90.58	118.83
	Total expenses (a+b+c+d+e+f+g+h)	1,247.06	1,014.43	1,008.42	3,231.21	2,969.49	4,339.96
3	Profit before exceptional items and tax (1-2)	45.95	17.50	7.59	82.93	59.79	118.18
4	Exceptional items (Refer note 8)	-	-	-	-	-	21.22
5	Profit before tax (3-4)	45.95	17.50	7.59	82.93	59.79	96.96
6	Tax expense						
	(a) Current income tax	7.88	3.86	1.99	14.83	13.52	20.85
	(b) Deferred income tax	6.76	2.04	1.05	10.67	7.77	16.70
		14.64	5.90	3.04	25.50	21.29	37.55
7	Profit for the period (5-6)	31.31	11.60	4.55	57.43	38.50	59.41
8	Other comprehensive income						
	(a) Items not to be reclassified subsequently to profit or loss						
	- Gain/(loss) on fair value of defined benefit plans as per actuarial valuation	(0.50)	2.81	(2.85)	2.87	(0.12)	2.22
	- Income tax effect on above	-	-	-	-	-	-
	- Gain/(loss) on fair value of equity instruments	(0.01)	0.22	(0.27)	0.43	0.22	19.29
	- Income tax effect on above	-	-	-	-	-	-
	(b) Items to be reclassified subsequently to profit or loss	-	-	-	-	-	-
	Other comprehensive income/(loss) for the period, net of tax	(0.51)	3.03	(3.12)	3.30	0.10	21.51
9	Total comprehensive income for the period, net of tax (7+8)	30.80	14.63	1.43	60.73	38.60	80.92
10	Paid up equity share capital (Face value of ₹ 1 each)	101.55	101.55	77.92	101.55	77.92	101.08
11	Other equity (excluding revaluation reserves)						2,588.90
12	Earnings per share (Face value of ₹ 1 each)						
	(a) Basic EPS (not annualised) (in ₹)	0.31	0.11	0.06	0.57	0.49	0.71
	(b) Diluted EPS (not annualised) (in ₹)	0.31	0.11	0.06	0.57	0.49	0.71
	See accompanying notes to the financial results						

Hindustan Construction Co Ltd

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Notes:

- 1 The Company has received letters from its customers conveying release of 75% of the arbitral award amount resulting in a payout aggregating ₹ 1,830 crore (31 March 2017: ₹ 1,882 crore), of which the Company has realised ₹ 1,416.10 crore till date (including ₹ 112.96 crore realised during the quarter ended 31 December 2017). The balance amount is presently pending on account of completion of certain formalities by the Company. The Company is pursuing with customers for issuance of similar payout letters for an amount of ₹ 704 crore. As at 31 December 2017, the Company's receivables include ₹ 3,025.94 crore (31 March 2017: ₹ 2,948.32 crore) [net of advances of ₹ 1,508.63 crore (31 March 2017: ₹ 443.96 crore)] on account of arbitration awards received in favour of the Company.
- 2 The Company is engaged in a single business segment viz. "Engineering and Construction", which is substantially seasonal in character. Further, the Company's margins in the quarterly results vary based on the accrual of cost and recognition of income in different quarters due to nature of its business, receipt of awards/ claims or events which lead to revision in cost to completion. Due to this reason, quarterly results may vary in different quarters and may not be indicative of annual results.
- 3 The total balance value of work on hand as at 31 December 2017 is ₹ 20,027 crore (31 March 2017: ₹ 20,390 crore).
- 4 a) The Company, as at 31 December 2017, has (i) a non-current investment amounting to ₹ 612.40 crore (31 March 2017: ₹ 612.40 crore), non-current loans amounting to ₹ 421.74 crore (31 March 2017: ₹ 380.86 crore), other non-current financial assets amounting to ₹ 18.33 crore (31 March 2017: ₹ 21.72 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 2017: ₹ 18.43 crore), non-current loans amounting to ₹ 152.56 crore (31 March 2017: ₹ 131.56 crore), other non-current financial assets amounting to ₹ 14.37 crore (31 March 2017: ₹ 16.45 crore) and other current financial assets amounting to ₹ 6.06 crore (31 March 2017: ₹ 4.77 crore) in LCL. While such entities have incurred losses during their initial years and consolidated net-worth of both entities as at 31 March 2017 has 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/ 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 their true market value as the value of the underlying investments/ assets, based on valuation report of an independent valuer, is substantially higher. 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 substantially 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) In the Joint Lenders Forum ("JLF") meeting of the lenders of LCL held on 20 September 2017, the lenders have decided to invoke the Strategic Debt Restructuring (SDR) in LCL and its wholly owned subsidiaries – Warasgaon Assets Maintenance Limited and Warasgaon Power Supply Limited with a reference date of 20 September 2017. Lenders of LCL are in the process of completing the SDR formalities within the timelines specified by the Reserve Bank of India, i.e. 18 months from the reference date.
- 5 'Unbilled work-in-progress (Other current financial assets)', 'Non-current trade receivables' and 'Current trade receivables' include ₹ 948.57 crore (31 March 2017: ₹ 911.80 crore), ₹ 123.39 crore (31 March 2017: ₹ 123.39 crore) and ₹ 207.38 crore (31 March 2017: ₹ 90.30 crore), respectively, outstanding as at 31 December 2017 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. 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 negotiation/ discussion with the client, the management is confident of recovery of these receivables.
- 6 The Company, as at 31 December 2017, has a non-current investment amounting to ₹ 2.24 crore (31 March 2017: ₹ 2.24 crore), non-current loans amounting to ₹ 1,271.05 crore (31 March 2017: ₹ 1,124.36 crore) and other non-current financial assets amounting to ₹ 118.91 crore (31 March 2017: ₹ 141.14 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 during its initial years and consolidated net-worth as at 31 March 2017 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.
- 7 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.
- 8 Exceptional items for the year ended 31 March 2017 represent write off of trade receivables amounting to ₹ 35.97 crore and gain on restructuring of debts amounting to ₹ 14.75 crore.
- 9 This statement has been prepared in accordance with the Companies (Indian Accounting Standards) Rules, 2015 (Ind AS) prescribed under section 133 of the Companies Act, 2013 read with rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) (Amendment) Rules, 2016. The Audit Committee has reviewed these results and the Board of Directors have approved the above results at their respective meetings held on 31 January 2018. The statutory auditors of the Company have carried out a limited review of the aforesaid results.



for Hindustan Construction Company Limited

Ajit Gulabchand
Ajit Gulabchand
Chairman & Managing Director

Mumbai, Dated : 31 January 2018



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Independent Auditor's Review Report on Standalone Quarterly Financial Results and Year to Date 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 2017 and the year to date results for the period 1 April 2017 to 31 December 2017, being submitted by the Company pursuant to the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, except Note 3 to the Statement regarding 'total balance value of work on hand as at 31 December 2017' which has been traced from disclosures made by the Management and has not been reviewed by us. 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 4 (a) to the Statement, the Company's non-current investments as at 31 December 2017 include non-current investments aggregating ₹ 630.83 crore 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 ₹ 574.30 crore, ₹ 32.70 crore and ₹ 6.06 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 losses and their net worth is fully 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 non-



current investments and recoverability of the aforesaid dues and the consequential impact, if any, 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 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.
5. We draw attention to:
 - a) Note 5 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 ₹ 948.57 crore, ₹ 123.39 crore and ₹ 207.38 crore, respectively, as at 31 December 2017, which represent various claims raised in the earlier years in respect of projects suspended or substantially closed and where the claims are currently under negotiations/discussions/arbitration. 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 modified in respect of this matter.
 - b) Note 6 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, ₹ 1,271.05 crore, ₹ 118.91 crore, respectively, as at 31 December 2017. 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 review report is not modified in respect of this matter.
 - c) Note 7 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 modified in respect of this matter.



Walker Chandio & Co LLP

6. We did not review the separate financial results of six joint operations, included in the Statement, whose financial results reflect total revenues of ₹ 3.60 crore for the quarter ended 31 December 2017 and ₹ 15.39 crore for the nine months ended on that date, as considered in the Statement. The Company had prepared separate set of financial results of these joint operations for the quarter and nine months ended 31 December 2017 in accordance with accounting principles generally accepted in India and which have been certified by the management. Our conclusion, in so far it relates to the amounts and disclosure in respect of these joint operations, is solely based on representations made by the management. Our review report is not modified in respect of this matter.

Walker Chandio & Co LLP

For Walker Chandio & Co LLP

Chartered Accountants

Firm Registration No: 001076N/N500013

per Rakesh R. Agarwal

Partner

Membership No. 109632

Place: Mumbai

Date: 31 January 2018

Press Release**HCC net profit jumps 5.8 times to Rs.31.3 crore****Turnover up 30% to Rs.1,231 crore**

Mumbai, January 31, 2018: HCC reported turnover and net profit of Rs.1,231 crore and Rs.31.3 crore respectively for Q3 FY 2017-18, as against Rs.944 crore and Rs.4.5 crore, respectively in the same period last year. The company's order book stood at Rs.20,027 crore as of December 31, 2017.

Financial highlights:**Unaudited standalone results for Q3 FY 2017-18 vs. Q3 FY 2016-17**

- Turnover at Rs.1,231 crore vs. Rs.944 crore
- Net Profit of Rs.31.3 crore vs. Rs.4.5 crore
- EBITDA at Rs.164 crore vs. Rs.161 crore

Mr. Arjun Dhawan, Director & Group Chief Executive Officer, said, "This year remains one of consolidation for HCC as we reduce leverage and drive organisational change that will deliver operational robustness and sustained long-term profitability. With the required financial and human resources in place, I expect a material pick-up in execution of our sizeable order backlog in the coming year."

The company received a material arbitration award during the quarter which has been accounted in the quarterly results. HCC has received Rs.1,416 crore until date under the CCEA's initiative to release 75% of arbitral awards against bank guarantees.

Performance of HCC subsidiaries:

Steiner AG: In Q3 of FY 2017-18, Steiner AG reported revenues of CHF222.6 million (Rs.1,459 crore) as compared to CHF231.60 million (Rs.1,558 crore) in the prior year. The net profit stood at CHF1.5 million (Rs.9.8 crore) as compared to a net loss of CHF1.5 million (Rs.10.1 crore) in the previous year. The company secured fresh orders worth CHF272.5 million (Rs.1,787 crore). The order backlog stood at CHF1.49 billion (Rs.9,795 crore) at the end of Q3 FY 2017-18.

HCC Concessions Ltd: Daily collections of Baharampore Farakka Highways Ltd. and Farakka Raiganj Highways Ltd. for Q3 FY 2017-18 stood at Rs.42.7 lakh and Rs.37.5 lakh, respectively. Traffic growth and PCU growth in the quarter for both SPVs were ~16% ~20% respectively y-o-y. The sharp upturn was attributable to the low base in Q3 FY 2016-17 on account of demonetization and a strong recovery following the initial impact of the implementation of GST on Q2 FY 2017-18.

Lavasa Corporation Ltd: The Joint Lenders' Forum as part of a comprehensive solution has invoked Strategic Debt Restructuring (SDR) in Lavasa Corporation Limited and its wholly-owned subsidiaries Warasgaon Assets Maintenance Limited and Warasgaon Power Supply Limited with a reference date of September 20, 2017. Lenders of LCL are in the

process of completing the necessary formalities within the timelines specified by the Reserve Bank of India.

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 serves the infrastructure sectors of Transportation, Power, and Water. The HCC Group, with a group turnover of Rs.9,867 crore, comprises of HCC Limited, HCC Infrastructure Co. Limited, Lavasa Corporation Limited and Steiner AG in Switzerland.

For further information:



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