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**Independent Auditor's Report on Standalone Annual Financial Results of the Company Pursuant to the Regulation 33 and Regulation 52 read with Regulation 63 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended)**

**To the Board of Directors of Hindustan Construction Company Limited**

**Qualified Opinion**

1. We have audited the accompanying standalone annual financial results ('the Statement') of Hindustan Construction Company Limited ('the Company') for the year ended 31 March 2020, attached herewith, being submitted by the Company pursuant to the requirements of Regulation 33 and Regulation 52 read with Regulation 63 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended) ('Listing Regulations'), including relevant circulars issued by the SEBI from time to time. Attention is drawn to the fact that Note 2 to the Statement regarding 'total balance value of work on hand as at 31 March 2020', as included in the Statement has been approved by the Board of Directors but has not been subjected to audit or review.
2. In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors as referred to in paragraph 14 below, the Statement:
  - (i) presents financial results in accordance with the requirements of Regulation 33 and Regulation 52 read with Regulation 63 of the Listing Regulations, except for the effects / possible effects of the matters described in paragraph 3 below; and
  - (ii) gives a true and fair view in conformity with the applicable Indian Accounting Standards ('Ind AS') prescribed under Section 133 of the Companies Act, 2013 ('the Act'), read with relevant rules issued thereunder, and other accounting principles generally accepted in India, of the standalone net loss after tax and other comprehensive loss and other financial information of the Company for the year ended 31 March 2020 except for the effects / possible effects of the matters described in paragraph 3 below.

**Basis for Qualified Opinion**

3. As stated in:
  - (i) Note 5 to the accompanying Statement, the Company has accounted for managerial remuneration paid / payable to Whole Time Directors (including Chairman and Managing Director) of the Company aggregating ₹ 30.97 crore for the financial years ended 31 March 2015, 31 March 2016 and 31 March 2020 in excess of the limits prescribed under Section 197 of the Act, in respect of which approvals from the shareholders have been obtained as prescribed, however prior approval from the lenders of the Company in accordance with Section 197 has not been obtained by the Company. Our review report dated 6 February 2020 on the standalone financial results for the quarter ended 31 December 2019 was also qualified in respect of this matter.

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- (ii) Note 7 to the accompanying Statement, the Company's non-current borrowings, other non-current financial liabilities and other current financial liabilities as at 31 March 2020 include balances amounting to ₹ 165.55 crore, ₹ 591.04 crore and ₹ 336.82 crore respectively, in respect of which direct confirmations from the respective banks / lenders have not been received. Further, in respect of certain loans while the principal balances have been confirmed, the interest accrued amounting to ₹ 42.76 crore has not been confirmed by the banks / lenders. These balances have been classified into current and non-current, basis the original maturity terms stated in the agreements which is not in accordance with the terms of the agreements relating to the implications in the event of default. Further, direct confirmations from banks have not been received for earmarked balances (included under bank balances other than cash and cash equivalents) and guarantees issued by banks on behalf of the Company as at 31 March 2020 amounting to ₹ 5.46 crore and ₹ 76.93 crore, respectively.

In the absence of such direct confirmations from the banks / lenders or sufficient and appropriate alternate audit evidence, we are unable to comment on the adjustments and changes in classification of balances in accordance with the principles of Ind AS 1, Presentation of financial statements, if any, that may be required to the carrying value of the aforementioned balances in the accompanying Statement.

- (iii) Note 10 to the accompanying Statement, the Company has recognised deferred tax assets (net) amounting to ₹ 437.08 crore outstanding as at 31 March 2020, on account of carried forward unused tax losses, unused tax credits and other taxable temporary differences which are continued to be recognised by the Company on the basis of expected availability of future taxable profits for utilization of such deferred tax assets. However, in view of the continued losses incurred by the Company and the impact of COVID-19 on business operations, we are unable to obtain sufficient appropriate audit evidence with respect to the current projections prepared by the management and therefore, are unable to comment on any adjustments that may be required to the carrying value of aforesaid deferred tax assets as at 31 March 2020.

- (iv) Note 11(b) to the accompanying Statement, the Company has written back a loss provision aggregating ₹ 331.40 crore in the quarter ended 31 December 2019, which was earlier recognised by the Company during the year ended 31 March 2019 in cognizance of the assignment of beneficial interests / rights in a portfolio of identified arbitration awards and claims based on a non-binding term sheet with a consortium of investors along with a letter of commitment, due to cancellation of the said proposed transaction. However, such write-back is inconsistent with the continued intent of the Company to sell / assign the arbitration awards and claims of the Company to other potential investors on similar terms as evidenced in the proposed resolution plan with lenders. Accordingly, had the loss provision not been written back, exceptional gain would have been lower by ₹ 331.40 crore, loss before tax would have been higher by ₹ 331.40 crore, tax expense would have been lower by ₹ 115.80 crore and net loss for the year ended 31 March 2020 would have been higher by ₹ 215.60 crore. Our review report dated 6 February 2020 on the standalone financial results for the quarter ended 31 December 2019 was also qualified in respect of this matter.

4. We conducted our audit in accordance with the Standards on Auditing ('SAs') specified under section 143(10) of the Act. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Statement* section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ('the ICAI') together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence obtained by us and that obtained by the other auditors in terms of their reports referred to in paragraph 14 of the Other Matter section below, is sufficient and appropriate to provide a basis for our qualified opinion.

## **Material Uncertainty Related to Going Concern**

5. We draw attention to Note 9 of the accompanying Statement which indicates that the Company has incurred a net loss of ₹ 168.72 crore during the year ended 31 March 2020 and, as of that date, the Company's accumulated losses amounts to ₹ 1,767.57 crore which have resulted in substantial erosion of net worth of the Company and the current liabilities have exceeded its current assets by ₹ 2,107.98 crore as at 31 March 2020. As further disclosed in aforesaid note, the Company has defaulted in repayment of principal and interest in respect of its borrowings and has overdue operational creditors outstanding as at 31 March 2020. Certain operational creditors have also applied to the National Company Law Tribunal ('NCLT') for the debt resolution under the Insolvency and Bankruptcy Code, 2016, which have not been admitted by the NCLT for further proceedings as of the date of this report. The above factors, together with uncertainties relating to the impact of the ongoing COVID-19 pandemic on the operations of the Company as described in Note 8 to the Statement, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. However, based on ongoing discussion with the lenders for restructuring of loans, revised business plans and other mitigating factors as mentioned in the Note 9, management is of the view that going concern basis of accounting is appropriate for preparation of the accompanying Statement. Our opinion is not modified in respect of this matter.

## **Emphasis of Matters**

6. We draw attention to:
- (i) Note 8 to the accompanying Statement, which describes the effects of uncertainties relating to COVID-19 pandemic outbreak on the Company's operations and management's evaluation of its impact on the accompanying Statement as at the balance sheet date, the extent of which is significantly dependent on future developments.
  - (ii) Note 3 to the accompanying Statement, regarding the Company's non-current investment (including deemed investment) in a subsidiary company, HCC Infrastructure Company Limited, aggregating ₹ 1,574.90 crore as at 31 March 2020. The consolidated net-worth of the aforesaid subsidiary is fully eroded; however, based on certain estimates and other factors, including subsidiary's future business plans, growth prospects, valuation report from an independent valuer and expected outcome of the negotiation / discussion / arbitration / litigations and legal advice in respect of certain claims, as described in the said note, management believes that the realizable amount is higher than the carrying value of the non-current investment due to which this is considered as good and recoverable.
  - (iii) Note 4 to the accompanying Statement, regarding uncertainties relating to recoverability of unbilled work-in-progress (other current assets), non-current trade receivables and current trade receivables amounting to ₹ 805.60 crore, ₹ 293.08 crore and ₹ 395.91 crore, respectively, as at 31 March 2020, which represent various claims raised in the earlier years in respect of projects substantially closed or suspended and where the claims are currently under negotiations / discussions / arbitration / litigation. Based on legal opinion / past experience with respect to such claims, management is of the view that the aforementioned balances are fully recoverable.
  - (iv) Note 6 to the accompanying Statement in relation to the rectification of the method of measuring the progress towards satisfaction of performance obligation for revenue recognition from output method to input method. Consequent to the aforementioned rectification and the resultant change in accounting policy, the Company has restated the comparative financial information as at 1 April 2018, for the quarter ended 31 December 2019, and for the quarter and year ended 31 March 2019 included in the accompanying Statement, in accordance with the requirements of Ind-AS 8 - 'Accounting Policies, Changes in Accounting Estimates and Errors'.

Our opinion is not modified in respect of the above matters.

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## **Responsibilities of Management and Those Charged with Governance for the Statement**

7. This Statement has been prepared on the basis of the standalone annual audited financial statements and has been approved by the Company's Board of Directors. The Company's Board of Directors is responsible for the preparation and presentation of the Statement that gives a true and fair view of the net profit/loss and other comprehensive income and other financial information of the Company in accordance with the accounting principles generally accepted in India, including Ind AS prescribed under Section 133 of the Act, read with relevant rules issued thereunder and other accounting principles generally accepted in India, and in compliance with Regulation 33 and Regulation 52 read with Regulation 63 of the Listing Regulations. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Statement that gives a true and fair view and is free from material misstatement, whether due to fraud or error.
8. In preparing the Statement, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern, and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.
9. The Board of Directors is also responsible for overseeing the Company's financial reporting process.

## **Auditor's Responsibilities for the Audit of the Statement**

10. Our objectives are to obtain reasonable assurance about whether the Statement as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Standards on Auditing, specified under section 143(10) of the Act, will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this Statement.
11. As part of an audit in accordance with the Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:
  - Identify and assess the risks of material misstatement of the Statement, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
  - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3) (i) of the Act, we are also responsible for expressing our opinion on whether the Company has in place adequate internal financial controls with reference to financial statements and the operating effectiveness of such controls.
  - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.

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- Conclude on the appropriateness of the management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Statement or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
  - Evaluate the overall presentation, structure and content of the Statement, including the disclosures, and whether the Statement represents the underlying transactions and events in a manner that achieves fair presentation.
  - Obtain sufficient appropriate audit evidence regarding the financial information of the Company to express an opinion on the Statement. We are responsible for the direction, supervision and performance of the audit of financial information of the Company of which we are the independent auditors. For the seven (7) joint operations included in the Statement, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion
12. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
13. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

#### **Other Matters**

14. We did not audit the financial statements / financial information of seven (7) joint operations included in the accompanying Statement, whose financial statements / financial information reflect total assets of ₹ 83.15 crore as at 31 March 2020 and total revenues, total net loss after tax and net cash inflows of ₹ 83.90 crore, ₹ 0.60 crore and ₹ 0.82 crore, respectively, for the year ended on that date, as considered in the accompanying Statement. These financial statements/ financial information have been audited by other auditors whose reports have been furnished to us by the management, and our opinion in so far as it relates to the amounts and disclosures included in respect of these joint operations is based solely on the audit reports of such other auditors, and the procedures performed by us as stated in paragraph 11 above.

Further, of these joint operations, financial statements / financial information of three (3) joint operations have been prepared in accordance with accounting principles generally accepted in India, including accounting standards issued by the ICAI. The Company's management has converted the financial statements / financial information of such joint operations in accordance with Ind AS. We have audited these conversion adjustments made by the Company's management. Our opinion on the accompanying Statement, in so far as it relates to the amounts and disclosures included in respect of these joint operations are solely based on report of the other auditors and the conversion adjustments prepared by the Company's management and audited by us.

Our opinion is not modified in respect of these matters with respect to our reliance on the work done by and the reports of the other auditors.

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15. We did not audit the financial statements / financial information of two (2) joint operations, whose annual financial statements / financial information reflect total assets of ₹ 14.14 crore as at 31 March 2020, total revenues of ₹ 0.83 crore, total net loss after tax of ₹ 0.99 crore and net cash inflows of ₹ 0.04 crore for the year ended on that date, as considered in the accompanying Statement. These financial statements / financial information are unaudited and have been furnished to us by the Company's management and our opinion on the standalone financial results, in so far as it relates to the amounts and disclosures included in respect of aforesaid joint operations, is based solely on such unaudited financial statements / financial information. In our opinion, and according to the information and explanations given to us by the management, these financial statements / financial information are not material to the Company.

Our opinion is not modified in respect of this matter with respect to our reliance on the financial statements / financial information certified by the Board of Directors.

16. The Statement includes the standalone financial results for the quarter ended 31 March 2020, being the balancing figures between the audited figures in respect of the full financial year and the published unaudited year-to-date figures up to the third quarter of the current financial year, which were subjected to limited review by us, as adjusted by the impact of restatement referred to in Note 6 of the accompanying Statement.

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

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

**UDIN No:20109632AAAAGU4181**

Place: Mumbai  
Date: 09 July 2020



**STATEMENT OF AUDITED STANDALONE FINANCIAL RESULTS FOR THE QUARTER AND YEAR ENDED 31 MARCH 2020**

₹ in crore except earnings per share data and ratios

Sr. No.	Particulars	Quarter ended			Year ended	
		31 March 2020	31 December 2019	31 March 2019	31 March 2020	31 March 2019
		Unaudited (Refer Note 14)	Unaudited	Unaudited (Refer Note 14)	Audited	Audited
			Restated, refer Note 6			Restated, refer Note 6
1	<b>Income</b>					
	(a) Income from operations	779.31	948.47	1,078.07	3,643.64	4,603.49
	(b) Other income	8.39	7.11	25.41	32.50	118.13
	<b>Total income (a+b)</b>	<b>787.70</b>	<b>955.58</b>	<b>1,103.48</b>	<b>3,676.14</b>	<b>4,721.62</b>
2	<b>Expenses</b>					
	(a) Cost of materials consumed	162.17	150.87	213.79	690.76	816.59
	(b) Subcontracting expenses	503.60	395.65	616.39	1,664.80	2,340.66
	(c) Construction expenses	89.55	72.34	98.62	306.78	342.88
	(d) Employee benefits expense	105.59	100.99	97.57	413.67	393.68
	(e) Finance costs	218.41	171.44	209.01	746.15	698.91
	(f) Depreciation and amortisation expense	21.32	27.15	32.16	109.37	144.53
	(g) Other expenses	25.45	27.25	27.63	105.53	120.69
	<b>Total expenses (a+b+c+d+e+f+g)</b>	<b>1,126.09</b>	<b>945.69</b>	<b>1,295.17</b>	<b>4,037.06</b>	<b>4,857.94</b>
3	<b>Profit / (Loss) before exceptional items and tax (1-2)</b>	<b>(338.39)</b>	9.89	(191.69)	<b>(360.92)</b>	(136.32)
4	Exceptional items - Gain / (Loss) (Refer note 11)	<b>(11.45)</b>	331.40	(389.17)	<b>319.95</b>	(2,400.30)
5	<b>Profit / (Loss) before tax (3+4)</b>	<b>(349.84)</b>	341.29	(580.86)	<b>(40.97)</b>	(2,536.62)
6	<b>Tax expense</b>					
	(a) Current tax	0.04	-	(0.13)	0.09	1.00
	(b) Deferred tax (Refer note 10)	<b>(137.98)</b>	119.07	(148.71)	<b>127.66</b>	(612.04)
		<b>(137.94)</b>	119.07	(148.84)	<b>127.75</b>	(611.04)
7	<b>Profit / (Loss) for the period (5-6)</b>	<b>(211.90)</b>	222.22	(432.02)	<b>(168.72)</b>	(1,925.58)
8	<b>Other comprehensive income / (loss)</b>					
	(a) Items not to be reclassified subsequently to profit or loss (net of tax)					
	- Gain / (Loss) on fair value of defined benefit plans as per actuarial valuation	4.87	(2.68)	(5.18)	(3.16)	(3.01)
	- Gain / (Loss) on fair value of equity instruments (Refer note 13)	(7.00)	2.20	1.61	(10.71)	(6.47)
	(b) Items to be reclassified subsequently to profit or loss	-	-	-	-	-
	<b>Other comprehensive loss for the period, net of tax (a+b)</b>	<b>(2.13)</b>	(0.48)	(3.57)	<b>(13.87)</b>	(9.48)
9	<b>Total comprehensive income / (loss) for the period, net of tax (7+8)</b>	<b>(214.03)</b>	221.74	(435.59)	<b>(182.59)</b>	(1,935.06)
10	Paid up equity share capital (Face value of ₹ 1 each)	151.31	151.31	151.31	151.31	151.31
11	Other equity (excluding revaluation reserves)				1,027.43	1,202.32
12	Debenture redemption reserve				54.99	54.99
13	Earnings / (Loss) per share (Face value of ₹ 1 each)					
	(a) Basic EPS (not annualised) (in ₹)	(1.40)	1.47	(2.86)	(1.12)	(16.81)
	(b) Diluted EPS (not annualised) (in ₹)	(1.40)	1.47	(2.86)	(1.12)	(16.81)
14	Paid up debt capital				82.59	103.82
15	Debt equity ratio (in times)				2.86	2.44
16	Debt service coverage ratio (in times)				0.82	(1.62)
17	Interest service coverage ratio (in times)				1.10	(2.75)
	See accompanying notes to the audited standalone financial results					




**AUDITED STANDALONE STATEMENT OF ASSETS AND LIABILITIES**
**₹ in crore**

Particulars	As at	As at	As at
	31 March 2020	31 March 2019	1 April 2018
	Audited	Audited	Audited
		(Restated, refer Note 6)	
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	342.22	418.00	597.60
Right-of-use assets	2.17	-	-
Capital work-in-progress	178.41	169.06	160.38
Intangible assets	1.08	0.09	0.34
Investments in subsidiaries	1,622.26	1,606.64	679.30
Financial assets			
Investments	6.94	17.65	24.12
Trade receivables	2,719.72	642.49	1,375.13
Loans	187.51	170.44	1,965.62
Other financial assets	55.66	58.01	260.89
Income tax assets (net)	233.24	179.51	79.38
Deferred tax assets (net)	437.08	563.04	-
Other non-current assets	88.81	107.64	127.75
<b>Total non-current assets</b>	<b>5,875.10</b>	<b>3,932.57</b>	<b>5,270.51</b>
<b>Current assets</b>			
Inventories	191.83	197.16	179.33
Financial assets			
Investments	3.00	3.00	77.72
Trade receivables	1,821.97	3,482.76	2,397.79
Cash and cash equivalents	85.92	132.97	122.03
Bank balances other than cash and cash equivalents	82.76	91.43	75.41
Loans	19.57	23.89	18.67
Other financial assets	88.61	58.42	3,036.67
Other current assets	2,662.90	2,600.31	212.34
	4,956.56	6,589.94	6,119.96
Asset classified as held for sale	64.78	55.89	-
<b>Total current assets</b>	<b>5,021.34</b>	<b>6,645.83</b>	<b>6,119.96</b>
<b>TOTAL ASSETS</b>	<b>10,896.44</b>	<b>10,578.40</b>	<b>11,390.47</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity share capital	151.31	151.31	101.55
Other equity	1,027.43	1,202.32	2,697.85
<b>Total equity</b>	<b>1,178.74</b>	<b>1,353.63</b>	<b>2,799.40</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Financial liabilities			
Borrowings	1,357.37	1,841.94	2,283.41
Other financial liabilities	1,187.18	987.63	12.05
Provisions	43.83	39.46	41.32
Deferred tax liability (net)	-	-	50.62
<b>Total non-current liabilities</b>	<b>2,588.38</b>	<b>2,869.03</b>	<b>2,387.40</b>
<b>Current liabilities</b>			
Financial liabilities			
Borrowings	1,368.01	1,079.98	1,027.72
Trade payables			
- Total outstanding dues of Micro Enterprises and Small Enterprises	23.27	16.59	5.15
- Total outstanding dues of creditors other than Micro Enterprises and Small Enterprises	1,757.34	1,791.86	1,804.99
Other financial liabilities	1,418.44	975.71	1,108.21
Other current liabilities	2,546.34	2,484.58	2,245.72
Provisions	15.92	7.02	11.88
<b>Total current liabilities</b>	<b>7,129.32</b>	<b>6,355.74</b>	<b>6,203.67</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>10,896.44</b>	<b>10,578.40</b>	<b>11,390.47</b>

See accompanying notes to the audited standalone financial results





Notes:

- The Company is engaged in a single business segment viz. "Engineering and Construction", which is substantially seasonal in character. Further, the Company's margins in the quarterly results vary based on the accrual of cost and recognition of income in different quarters due to nature of its business, receipt of awards / claims or events which lead to revision in cost to completion. Due to this reason, quarterly results may vary and may not be indicative of annual results.
- The total balance value of work on hand as at 31 March 2020 is ₹ 16,857 crore (31 March 2019: ₹ 18,554 crore).
- The Company, as at 31 March 2020, has non-current investments amounting to ₹ 1,574.90 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 2020 has been fully eroded, the underlying projects are expected to achieve adequate profitability on substantial completion. The net-worth of this subsidiary does not represent its true market value as the value of the underlying investments / assets, based on valuation report of an independent valuer, is higher. Further BOT SPV's have several claims including favorable arbitration awards against its customers mainly in respect of cost-overrun arising due to client caused delays, termination of contracts and change in scope of work which are under various stages of negotiation / discussion with clients or under arbitration / litigation wherein management has been legally advised that it has good case on merits. Therefore, based on certain estimates like future business plans, growth prospects as well as considering the contractual tenability, progress of negotiation / discussion / arbitration / litigations and legal advice, the management believes that the realizable amount of the subsidiary is higher than the carrying value of the non-current investments due to which these are considered as good and recoverable.
- Unbilled work-in-progress (Other current assets), 'non-current trade receivables' and 'current trade receivables' include ₹ 805.60 crore, ₹ 293.08 crore and ₹ 395.91 crore, respectively, outstanding as at 31 March 2020 which represent various claims raised earlier, based on the terms and conditions implicit in the contracts and other receivables in respect of closed / suspended projects. These claims are mainly in respect of cost over-run arising due to client caused delays, suspension of projects, deviation in design and change in scope of work; for which Company is at various stages of negotiation / discussion with the clients or under arbitration / litigation. Considering the contractual tenability, progress of negotiations / discussions / arbitration / litigations and as legally advised, the management is confident of recovery of these receivables.
- Pursuant to notification of the Companies (Amendment) Act, 2017 with effect from 12 September 2018, amending Section 197 of the Companies Act, 2013 ('the Act'), the Company's application to the Ministry of Corporate Affairs for approval in respect of managerial remuneration of Chairman and Managing Director (CMD) accrued / paid in excess of the prescribed limit for the financial years 2014-15 and 2015-16 stands abated. The Company, vide resolution dated 10 September 2019, has obtained approval from the shareholders for the payment of remuneration in respect of the aforesaid years to be only given effect to post receipt of the approval of the lenders. Further, on 26 September 2019, the Company in its shareholders' meeting has also obtained approvals vide special resolutions for managerial remuneration of CMD and Whole Time Directors for the year ended 31 March 2020, to be given effect to, only post receipt of the approval of lenders. Pending receipt of lenders approval, the amounts continue to be accrued / paid held-in-trust. Necessary actions will be made based on the outcome of such approvals.

The Company has accrued / paid managerial remuneration as detailed below:

Financial Year	Designation	₹ in crore				
		Remuneration accrued	Remuneration paid	Remuneration as per prescribed limit	Excess remuneration accrued / paid	Excess remuneration paid held in trust
		(a)	(b)	(c)	(d = a - c)	(e = b - c)
2014-15	CMD	10.66	-	1.95	8.71	-
2015-16	CMD	10.66	10.66	1.97	8.69	8.69
2019-20	CMD & Whole Time Directors	13.57	3.75	-	13.57	3.75
<b>Total</b>		<b>34.89</b>	<b>14.41</b>	<b>3.92</b>	<b>30.97</b>	<b>12.44</b>

Statutory auditors report is modified in respect of this matter.

- During the current quarter, the Company has changed the method of measuring progress i.e. from output method to input method as specified in Ind-AS 115 - 'Revenue from Contract with Customers' consequent to change in the circumstances including change in the nature of contracts secured by the Company during recent years. Management believes that input method, a method widely also used by most other engineering and construction companies, would be more reliable and relevant in measuring the progress of the projects and therefore also be more accurate on a comparative basis in measuring the Company's performance in transferring control of goods and services promised to the customers until completion of the contracts. Pursuant to the impact of this change in method, the Company has restated the comparative financial statements/ information for the quarter ended 31 December 2019 and quarter and year ended 31 March 2019, in accordance with the requirements of Ind-AS 8 - 'Accounting Policies, Changes in Accounting Estimates and Errors'. Retained earnings (other equity) as at 1 April 2018 within the statement of changes in equity has also been restated to adjust the impact of such adjustments relating to prior periods/years. The impacts of the restatement are as follows:

**Impact on Statement of Profit and Loss**

Particulars	Quarter ended			Year ended	
	31 March 2020	31 December 2019	31 March 2019	31 March 2020	31 March 2019
Revenue from operations	3.76	(126.40)	(244.38)	(25.76)	262.49
Subcontracting expenses	19.62	(108.77)	(238.00)	5.45	206.89
Profit / (Loss) before tax	(15.86)	(17.63)	(6.38)	(31.21)	55.60
Tax expense	(5.54)	(6.16)	(2.23)	(10.91)	19.43
Profit / (Loss) for the period	(10.32)	(11.47)	(4.15)	(20.30)	36.17
Total comprehensive profit / (loss) for the period	(10.32)	(11.47)	(4.15)	(20.30)	36.17
Basic and diluted earnings / (loss) per share	(0.07)	(0.08)	(0.03)	(0.13)	0.32

(figures in brackets represent decrease)

**Impact on Balance Sheet**

Particulars	As at 31 March 2020	As at 31 March 2019	As at 1 April 2018
Unbilled work-in-progress (Other current financial assets)	-	-	285.31
Unbilled work-in-progress (Other current assets)	413.12	383.24	-
Retained Earning (under other equity)	40.32	60.63	24.46
Due to customer (Other current liabilities)	360.32	303.13	266.94
Provision for foreseeable loss (Provision)	(9.18)	(13.09)	(19.23)
Deferred Tax Asset	(21.66)	(32.57)	-
Deferred Tax Liability	-	-	13.14

(figures in brackets represent decrease)

- Non-current borrowings, other non-current financial liabilities and other current financial liabilities as at 31 March 2020 include balances amounting to ₹ 165.55 crore, ₹ 591.04 crore and ₹ 336.82 crore respectively, in respect of which confirmations/statements from the respective banks/lenders have not been received. Further, in respect of non-current borrowings and current borrowings aggregating ₹ 864.23 crore, while the lenders have confirmed the principal outstanding, the accrued interest aggregating ₹ 42.76 crore have not been confirmed. In the absence of confirmations/statements from the lenders, the Company has provided for interest and other penal charges on these borrowings based on the latest communication available from the respective lenders at the interest rate specified in the agreement. The Company's management believes that amount payable on settlement will not exceed the liability provided in books in respect of these borrowings. Accordingly, classification of these borrowings into current and non-current as at 31 March 2020 is also based on the original maturity terms stated in the agreements with the lenders. Further, earmarked balances (included under bank balances other than cash and cash equivalents) and guarantees issued by banks on behalf of the Company as at 31 March 2020 includes balances amounting to ₹ 5.46 crore and ₹ 76.93 crore respectively, in respect of which confirmation/ statements from banks have not been received inspite of incessant efforts by Company's management.

Statutory auditors report is modified in respect of this matter.



- 8 The outbreak of COVID-19 pandemic had disrupted regular business operations of the Company due to the lock down restrictions and other emergency measures imposed by the Government from time to time. The business operations have recommenced on a limited scale post relaxation of lockdowns. The management has taken into account the possible impacts of known events, upto the date of the approval of these financial results, arising from COVID-19 pandemic on the carrying value of the assets and liabilities as at 31 March 2020. However, there exists significant estimation uncertainty in relation to the future impact of COVID-19 pandemic on the Company and, accordingly, the actual impact in the future may be different from those presently estimated. The Company will continue to monitor any material change to the future economic conditions and consequential impact on the financial results.
- 9 The Company has incurred net loss of ₹ 168.72 crore during the year ended 31 March 2020 and as of that date has accumulated losses aggregating ₹ 1,767.57 crore which has resulted in substantial erosion of its net worth. Further, as of that date, its current liabilities exceeded its current assets by ₹ 2,107.98 crore. During the current year, the Company has defaulted on payment to lenders along with overdue to operational creditors. Certain operational creditors have applied before the National Company Law Tribunal ('NCLT') for the debt resolution under the Insolvency and Bankruptcy Code, 2016, none of which has been admitted so far. Further, the COVID-19 pandemic has also resulted in temporary suspension of site operations across India, supply chain disruptions, loss of migrant labour and evolving regulation while restarting works has led to material impact on the Company's operations. The above factors indicate that events or conditions exist, which may cast significant doubt on the entity's ability to continue as a going concern. The Company is in process of formulating a resolution plan with lenders. Based on the expectation of the implementation of the resolution plan with lenders, underlying strength of the Company's business plans and future growth outlook as assessed, the management is confident of improving the credit profile of the Company, including through time-bound monetisation of assets including arbitration awards, claims and other assets which would result in it being able to meet its obligations in due course of time. Accordingly, the Management considers it appropriate to prepare these financial results on a going concern basis.
- 10 On 20 September 2019, vide the Taxation Laws (Amendment) Ordinance 2019, the Government of India inserted Section 115BAA in the Income Tax Act, 1961 which provides domestic companies a non-reversible option to pay corporate tax at reduced rates effective 01 April 2019 subject to certain conditions. However, the Company having significant amount of brought forward tax losses and unabsorbed depreciation on which deferred tax asset has been recognised, is still evaluating and has not yet elected to exercise the option permitted under section 115BAA. In view of the above, there is no impact of the new tax rate on the standalone financial results for the current period. During the quarter ended 30 September 2019, the Company had written off deferred tax assets aggregating ₹ 151.30 crore due to expiry of statutory period for setting off underlying losses. As at 31 March 2020, the Company has continued to recognize net deferred tax assets amounting to ₹ 437.08 crore on account of carried forward unused tax losses, unused tax credits and other taxable temporary differences. Based on the expected profits from the unexecuted orders on hand, outcome of the ongoing discussion with lenders for restructuring of loans and expected settlement of arbitration awards, the Company management is confident that sufficient future taxable income will be available against which such deferred tax assets will be realized. Statutory auditors report is modified in respect of this matter.

11 Exceptional Items	(₹ in crore)					
	Quarter ended			Year ended		
	31 March 2020	31 December 2019	31 March 2019	31 March 2020	31 March 2019	
a) Investments in / advances to Lavasa Corporation Limited and HREL Real Estate Limited (formerly known as HCC Real Estate Limited) written off	-	-	-	-	(2,011.13)	
b) Reversal of provision / (Provision) in respect of arbitration awards and claims [Refer note below]	-	331.40	(331.40)	331.40	(331.40)	
c) Impairment loss in respect of asset classified as held for sale	-	-	(71.85)	-	(71.85)	
d) Gain / (reversal of gain) on settlement of debts	(11.45)	-	14.08	(11.45)	14.08	
<b>Total gain / (loss)</b>	<b>(11.45)</b>	<b>331.40</b>	<b>(389.17)</b>	<b>319.95</b>	<b>(2,400.30)</b>	

**Note:**

During the quarter ended 31 March 2019, the Company had recognized a provision of ₹ 331.40 crore pursuant to the signing of a non-binding term sheet with a consortium of investors along with a letter of commitment, for an assignment of the beneficial interest in portfolio of identified arbitration awards and claims ('specified assets') for an aggregate consideration of ₹ 1,750 crore. The said provision continued thereafter in view of mutual extension of the said transaction till 31 December 2019. In the absence of any further extension, the Company had decided to cancel this proposed transaction, which had been reported to and confirmed by statutory auditors. Pursuant to the cancellation of the aforesaid transaction, the provision of ₹ 331.40 crore, related to specified assets, recognized earlier had been written back during the quarter and year ended 31 December 2019 and 31 March 2020, respectively. Statutory auditors report is modified in respect of reversal of aforesaid provision.

- 12 Effective 1 April 2019, the Company has adopted Ind AS 116, 'Leases' using the modified retrospective approach, as a result of which the comparative information is not required to be restated. On transition, the Company has recorded the lease liability at the present value of the future lease payments discounted using the incremental borrowing rate and has also chosen the practical expedient provided in the standard to measure the 'Right-of-use' asset at the same value as the lease liability. The adoption of the new standard resulted in the recognition of 'Right-of-use' asset and an equivalent lease liability as on 1 April 2019. The effect of Ind AS 116 on the Profit / (loss) before tax, Profit / (loss) for the reported periods and earnings / (loss) per share is not material.
- 13 Gain / (loss) on fair valuation of equity instruments' represents movement in carrying value of financial assets (investments) measured at fair value through Other comprehensive income.
- 14 Figures for the quarters ended 31 March 2020 and 31 March 2019 are the balancing figures between the audited financial statements for the year ended on that date and the published year to date figures upto the end of third quarter of the respective financial year, as adjusted by the impact of restatement referred to in note 6 above.
- 15 Previous quarters / year figures have been regrouped / rearranged, wherever considered necessary.
- 16 These financial results have been prepared to comply in all material respects with the Indian Accounting Standards ('Ind AS') as prescribed under Section 133 of the Companies Act, 2013 ('the Act') read with Companies (Indian Accounting Standards) Rules as amended from time to time. The Audit Committee has reviewed these results and the Board of Directors have approved the above standalone audited financial results at their meetings held on 9 July 2020.

for Hindustan Construction Company Limited



Ajit Gulabchand  
Chairman & Managing Director

Raigad, Date: 9 July 2020



STATEMENT OF AUDITED STANDALONE CASH FLOW STATEMENT		
Particulars	₹ in crore	
	Year ended	
	31 March 2020	31 March 2019
	Audited	Audited
		(Restated, refer Note 6)
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net loss before tax	(40.97)	(2,536.62)
<b>Adjustments for</b>		
Depreciation and amortisation expense	109.37	144.53
Finance costs	746.15	698.91
Interest income	(20.77)	(87.72)
Loss allowance on financial assets	-	8.48
Investments in / and advances to subsidiaries written off	-	2,011.13
Loss provision / (reversal of loss provision) towards arbitration awards and claims	(331.40)	331.40
Impairment loss of asset held for sale	-	71.85
(Gain) / reversal of gain on settlement of debt	11.45	(14.08)
Dividend income	(0.03)	(0.03)
Unrealised foreign exchange loss / (gain) {net}	(2.08)	3.65
Profit on sale of property, plant and equipment (net)	(1.53)	(5.13)
Provision no longer required written back	(2.99)	(8.80)
	<b>508.17</b>	<b>3,154.19</b>
<b>Operating profit before working capital changes</b>	<b>467.20</b>	<b>617.57</b>
<b>Adjustments for changes in working capital:</b>		
(Increase) / decrease in inventories	5.33	(17.83)
Increase in trade receivables	(416.44)	(352.33)
Decrease in current / non-current financial and other assets	263.97	277.02
Increase in trade payables, other financial liabilities and other liabilities	34.54	154.63
Increase / (decrease) in provisions	13.27	(6.72)
<b>Cash generated from operations</b>	<b>367.87</b>	<b>672.34</b>
Direct taxes paid (net of refunds received)	(53.82)	(101.13)
<b>Net cash generated from operating activities</b>	<b>314.05</b>	<b>571.21</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment (including capital work-in-progress, capital advances and capital creditors)	(74.00)	(127.37)
Proceeds from sale of property, plant and equipment and assets held for sale (including advance received)	40.53	13.09
Advance received against sale of current investments	-	2.00
Inter corporate deposits given (including deemed investments)	(22.15)	(118.95)
Recovery of Inter corporate deposits	6.53	0.39
Net proceeds from / (investments in) bank deposits	11.02	(16.59)
Interest received	1.96	3.06
Dividend received	0.03	0.03
<b>Net cash generated used in investing activities</b>	<b>(36.08)</b>	<b>(244.34)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from issue of shares (net of issue expenses)	-	490.54
Repayments of long-term borrowings	(228.97)	(463.86)
Proceeds from short-term borrowings (net)	288.54	53.06
Inter-corporate deposits repaid	(0.51)	(0.80)
Interest and other finance charges	(381.07)	(395.34)
Repayment of finance lease obligations	(3.54)	-
Dividend paid	-	(0.25)
<b>Net cash used in financing activities</b>	<b>(325.55)</b>	<b>(316.65)</b>
<b>Net increase/ (decrease) in cash and cash equivalents (A+B+C)</b>	<b>(47.58)</b>	<b>10.22</b>
Cash and cash equivalents at the beginning of the year	132.97	122.03
Unrealised foreign exchange gain	0.53	0.72
Cash and cash equivalents at the end of the year	<b>85.92</b>	<b>132.97</b>

The above statement of cash flow has been prepared under the "Indirect method" as set out in Indian Accounting Standard (Ind AS) 7 - Statement of Cash Flows.



*(Handwritten signature)*

<b>Annexure I</b>				
<b>Statement of Impact of Audit Qualifications (for audit report with modified opinion) submitted along-with Annual Audited Financial Results (Standalone)</b>				
<b>Statement on Implication of Audit Qualifications for the Financial Year ended 31 March 2020</b>				
[See Regulation 33/52 of the SEBI (LODR) Amendment Regulations, 2016]]				
<b>(Amount in ₹ crore)</b>				
I.	Sr. No.	Particulars	Audited Figures (as reported before adjusting for qualifications)	Adjusted Figures (audited figures after adjusting for qualifications)
	1	Turnover/Total Income	3,676.14	3,693.54
	2	Total Expenditure	4,037.06	4,023.49
	3	Exceptional items - gain / (loss)	319.95	(11.45)
	4	Net Profit/(Loss) for the year after tax	(168.72)	(364.17)
	5	Earnings per Share	(1.12)	(2.41)
	6	Total Assets	10,896.44	10,682.46
	7	Total Liabilities	9,717.70	9,699.17
	8	Net Worth	1,178.74	983.29
	9	Any other financial item(s) (as felt appropriate by the management)	-	-
<b>II. Audit Qualification</b>				
	<b>a.</b>	<b>Details of Audit Qualification:</b>		
		<p>(i) Note 5 to the accompanying Statement, the Company has accounted for managerial remuneration paid / payable to Whole Time Directors (including Chairman and Managing Director) of the Company aggregating ₹ 30.97 crore for the financial years ended 31 March 2015, 31 March 2016 and 31 March 2020 in excess of the limits prescribed under Section 197 of the Act, in respect of which approvals from the shareholders have been obtained as prescribed, however prior approval from the lenders of the Company in accordance with Section 197 has not been obtained by the Company. Our review report dated 6 February 2020 on the standalone financial results for the quarter ended 31 December 2019 was also qualified in respect of this matter</p> <p>(ii) Note 7 to the accompanying Statement, the Company's non-current borrowings, other non-current financial liabilities and other current financial liabilities as at 31 March 2020 include balances amounting to ₹ 165.55 crore, ₹ 591.04 crore and ₹ 336.82 crore respectively, in respect of which direct confirmations from the respective banks / lenders have not been received. Further, in respect of certain loans while the principal balances have been confirmed, the interest accrued amounting to ₹ 42.76 crore has not been confirmed by the banks / lenders. These balances have been classified into current and non-current, basis the original maturity terms stated in the agreements which is not in accordance with the terms of the agreements relating to the implications in the event of default. Further, direct confirmations from banks have not been received for earmarked balances (included under bank balances other than cash and cash equivalents) and guarantees issued by banks on behalf of the Company as at 31 March 2020 amounting to ₹ 5.46 crore and ₹ 76.93 crore, respectively.</p> <p>In the absence of such direct confirmations from the banks / lenders or sufficient and appropriate alternate audit evidence, we are unable to comment on the adjustments and changes in classification of balances in accordance with the principles of Ind AS 1, Presentation of financial statements, if any, that may be required to the carrying value of the aforementioned balances in the accompanying Statement.</p> <p>(iii) Note 10 to the accompanying Statement, the Company has recognised net deferred tax assets amounting to ₹ 437.08 crore outstanding as at 31 March 2020, on account of carried forward unused tax losses, unused tax credits and other taxable temporary differences which are continued to be recognised by the Company on the basis of expected availability of future taxable profits for utilization of such deferred tax assets. However, in view of the continued losses incurred by the Company and the impact of COVID-19 on business operations, we are unable to obtain sufficient appropriate audit evidence with respect to the current projections prepared by the management and therefore, are unable to comment on any adjustments that may be required to the carrying value of aforesaid deferred tax assets as at 31 March 2020.</p> <p>(iv) Note 11(b) to the accompanying Statement, the Company has written back a loss provision aggregating ₹ 331.40 crore in the quarter ended 31 December 2019, which was earlier recognised by the Company during the year ended 31 March 2019 in cognizance of the assignment of beneficial interests / rights in a portfolio of identified arbitration awards and claims based on a non-binding term sheet with a consortium of investors along with a letter of commitment, due to cancellation of the said proposed transaction. However, such write-back is inconsistent with the continued intent of the Company to sell / assign the arbitration awards and claims of the Company to other potential investors on similar terms as evidenced in the proposed resolution plan with lenders. Accordingly, had the loss provision not been written back, exceptional gain would have been lower by ₹ 331.40 crore, loss before tax would have been higher by ₹ 331.40 crore, tax expense would have been lower by ₹ 115.80 crore and net loss for the year ended 31 March 2020 would have been higher by ₹ 215.60 crore. Our review report dated 6 February 2020 on the standalone financial results for the quarter ended 31 December 2019 was also qualified in respect of this matter.</p>		
	<b>b.</b>	<b>Type of Audit Qualification:</b>		
		Qualified Opinion		
	<b>c.</b>	<b>Frequency of Qualification:</b>		
		Qualification II a) (i) and II a) (iv) - Included first time in the review report for the quarter/ period ended 31 December 2019; Qualification II a) (ii) and II a) (iii) - Included first time during the quarter and year ended 31 March 2020.		

II.	d. For Audit Qualifications where the impact is quantified by the auditor, Management views:	<p>Il a) (i) Pursuant to notification of the Companies (Amendment) Act, 2017 with effect from 12 September 2018, amending Section 197 of the Companies Act, 2013 ('the Act'), the Company's application to the Ministry of Corporate Affairs for approval in respect of managerial remuneration of Chairman and Managing Director (CMD) aggregating ₹ 17.40 crore accrued/paid in excess of the prescribed limit for the financials years 2014-15 and 2015-16 stands abated. The Company, vide resolution dated 10 September 2019, has obtained approval from the shareholders for the payment of remuneration in respect of the aforesaid years to be only given effect to post receipt of the approval of the lenders. Further, on 26 September 2019, the Company in its shareholders' meeting has also obtained approvals vide special resolutions for managerial remuneration of CMD and Whole Time Directors aggregating ₹ 13.57 crore for the year ended 31 March 2020, to be given effect to, only post receipt of the approval of lenders. Pending receipt of lenders approval, the amounts continue to be accrued / paid held-in-trust. Necessary actions will be made based on the outcome of such approvals.</p> <p>Il a) (iv) During the quarter ended 31 March 2019, the Company had recognized a provision of ₹ 331.40 crore pursuant to the signing of a non-binding term sheet with a consortium of investors along with a letter of commitment, for an assignment of the beneficial interest in portfolio of identified arbitration awards and claims ('specified assets') for an aggregate consideration of ₹ 1,750 crore. The said provision continued thereafter in view of mutual extension of the said transaction till 31 December 2019. In the absence of any further extension, the Company had decided to cancel this proposed transaction, which had been reported to and confirmed by statutory auditors. Pursuant to the cancellation of the aforesaid transaction, the provision of ₹ 331.40 crore, related to specified assets, recognized earlier had been written back during the quarter and year ended 31 December 2019 and 31 March 2020, respectively.</p>
e.	For Audit Qualifications where the impact is not quantified by the auditor:	
	i) Management's estimation on the impact of audit qualification:	Not ascertainable
	ii) If management is unable to estimate the impact, reasons for the same:	
		<p>Il a) (ii) Non-current borrowings, other non-current financial liabilities and other current financial liabilities as at 31 March 2020 include balances amounting to ₹ 165.55 crore, ₹ 591.04 crore and ₹ 336.82 crore respectively, in respect of which confirmations/statements from the respective banks/lenders have not been received. Further, in respect of non-current borrowings and current borrowings aggregating ₹ 864.23 crore, while the lenders have confirmed the principal outstanding, the accrued interest aggregating ₹ 42.76 crore have not been confirmed. In the absence of confirmations/statements from the lenders, the Company has provided for interest and other penal charges on these borrowings based on the latest communication available from the respective lenders at the interest rate specified in the agreement. The Company's management believes that amount payable on settlement will not exceed the liability provided in books in respect of these borrowings. Accordingly, classification of these borrowings into current and non-current as at 31 March 2020 is also based on the original maturity terms stated in the agreements with the lenders. Further, earmarked balances (included under bank balances other than cash and cash equivalents) and guarantees issued by banks on behalf of the Company as at 31 March 2020 includes balances amounting to ₹ 5.46 crore and ₹ 76.93 crore respectively, in respect of which confirmation / statements from banks have not been received inspite of incessant efforts by Company's management.</p> <p>Il a) (iii) On 20 September 2019, vide the Taxation Laws (Amendment) Ordinance 2019, the Government of India inserted Section 115BAA in the Income Tax Act, 1961 which provides domestic companies a non-reversible option to pay corporate tax at reduced rates effective 01 April 2019 subject to certain conditions. However, the Company having significant amount of brought forward tax losses and unabsorbed depreciation on which deferred tax asset has been recognised, is still evaluating and has not yet elected to exercise the option permitted under section 115BAA. In view of the above, there is no impact of the new tax rate on the standalone financial results for the current period.</p> <p>During the quarter ended 30 September 2019, the Company had written off deferred tax assets aggregating ₹ 151.30 crore due to expiry of statutory period for setting off underlying losses. As at 31 March 2020, the Company has continued to recognize net deferred tax assets amounting to ₹ 437.08 crore on account of carried forward unused tax losses, unused tax credits and other taxable temporary differences. Based on the expected profits from the unexecuted orders on hand, outcome of the ongoing discussion with lenders for restructuring of loans and expected settlement of arbitration awards, the Company management is confident that sufficient future taxable income will be available against which such deferred tax assets will be realized.</p>
	iii) Auditors' comments on (i) or (ii) above	Included in details of auditor's qualifications stated above

iii. Signatories:

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

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

Place: Mumbai  
Date: 9 July 2020

For **Hindustan Construction Company Limited**



**Ajit Gulabchand**  
Chairman & Managing Director



**Shailesh Sawa**  
Chief Financial Officer



**Sharad M. Kulkarni**  
Audit Committee Chairman

Place: Mumbai / Raigad  
Date: 9 July 2020



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**Walker Chandiook & Co LLP**

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

### **To the Board of Directors of Hindustan Construction Company Limited**

#### **Qualified Opinion**

1. We have audited the accompanying consolidated annual financial results ('the Statement') of Hindustan Construction Company Limited ('the Holding Company') and its subsidiaries (the Holding Company and its subsidiaries together referred to as 'the Group'), its associates, joint ventures and joint operations for the year ended 31 March 2020, attached herewith, being submitted by the Holding Company pursuant to the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended) ('Listing Regulations'), including relevant circulars issued by the SEBI from time to time.
2. In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of other auditors on separate financial results and the other financial information of the subsidiaries, associates, joint ventures and joint operations, as referred to in paragraphs 16 and 17 below, the Statement:
  - (i) includes the annual financial results of the entities listed in Annexure A;
  - (ii) presents financial results in accordance with the requirements of Regulation 33 of the Listing Regulations, except for the effects / possible effects of the matters described in paragraphs 3 and 4 below; and
  - (iii) gives a true and fair view in conformity with the applicable Indian Accounting Standards ('Ind AS') prescribed under Section 133 of the Companies Act, 2013 ('the Act') read with relevant rules issued thereunder, and other accounting principles generally accepted in India, of the consolidated net profit after tax and other comprehensive income and other financial information of the Group, its associates, joint ventures and joint operations, for the year ended 31 March 2020 except for the effects / possible effects of the matters described in paragraphs 3 and 4 below.

#### **Basis for Qualified Opinion**

3. As stated in:
  - (i) Note 5 to the accompanying Statement, the Holding Company has accounted for managerial remuneration to Whole Time Directors (including Chairman and Managing Director) of the Holding Company aggregating ₹ 30.97 crore for the financial years ended 31 March 2015, 31 March 2016 and 31 March 2020 in excess of the limits prescribed under Section 197 of the Act, in respect of which approvals from the shareholders have been obtained as prescribed, however prior approval from the lenders of the Holding Company in accordance with Section 197 has not been obtained. Our review report dated 6 February 2020 on the consolidated financial results for the quarter ended 31 December 2019 was also qualified in respect of this matter.

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- (ii) Note 6 to the accompanying Statement, the Holding Company has recognised deferred tax assets (net) amounting to ₹ 437.08 crore outstanding as at 31 March 2020, on account of carried forward unused tax losses, unused tax credits and other taxable temporary differences, which are continued to be recognised on the basis of expected availability of future taxable profits for utilization of such deferred tax assets. However, in view of the continued losses incurred by the Holding Company and the impact of COVID-19 on business operations, we are unable to obtain sufficient appropriate audit evidence with respect to the current projections prepared by the management and therefore, are unable to comment on any adjustments that may be required to the carrying value of aforesaid deferred tax assets as at 31 March 2020.
- (iii) Note 9 to the accompanying Statement, the Group's non-current borrowings, other non-current financial liabilities and other current financial liabilities as at 31 March 2020 include balances amounting to ₹ 171.59 crore, ₹ 591.04 crore and ₹ 337.09 crore, respectively, in respect of which direct confirmations from the respective banks / lenders have not been received. Further, in respect of certain loans while the principal balances have been confirmed, the interest accrued amounting to ₹ 42.76 crore has not been confirmed by the banks / lenders. These balances have been classified into current and non-current, basis the original maturity terms stated in the agreements which is not in accordance with the terms of the agreements relating to the implications in the event of default. Further, direct confirmation from banks have not been received for earmarked balances (included under bank balances other than cash and cash equivalents) and guarantees issued by banks on behalf of the Holding Company as at 31 March 2020 amounting to ₹ 5.46 crore and ₹ 76.93 crore, respectively.

In the absence of such direct confirmations from the banks / lenders or sufficient and appropriate alternate audit evidence, we are unable to comment on the adjustments and changes in classification of balances in accordance with the principles of Ind AS 1, Presentation of financial statements, if any, that may be required to the carrying value of the aforementioned balances in the accompanying Statement.

- (iv) Note 10(b) to the accompanying Statement, the Holding Company has written back a loss provision aggregating ₹ 331.40 crore in the quarter ended 31 December 2019, which was earlier recognised by the Holding Company during the year ended 31 March 2019 in cognizance of the assignment of beneficial interests / rights in a portfolio of identified arbitration awards and claims based on a non-binding term sheet with a consortium of investors along with a letter of commitment, due to cancellation of the said proposed transaction. However, such write-back is inconsistent with the continued intent of the Holding Company to sell / assign the arbitration awards and claims to other potential investors on similar terms as evidenced in the proposed resolution plan with the lenders. Accordingly, had the loss provision not been written back, exceptional gain, profit before tax, tax expense and net profit for the year ended 31 March 2020 would have been lower by ₹ 331.40 crore, ₹ 331.40 crore, ₹ 115.80 crore and ₹ 215.60 crore, respectively. Our review report dated 6 February 2020 on the consolidated financial results for the quarter ended 31 December 2019 was also qualified with respect to this matter.
- (v) Note 11 to the accompanying Statement, Lavasa Corporation Limited ('LCL'), a subsidiary of HREL Real Estate Limited ('HREL') (formerly known as HCC Real Estate Limited), which is a wholly-owned subsidiary of the Holding Company, was admitted under the Corporate Insolvency and Resolution Process (' CIRP ') in accordance with the Insolvency and Bankruptcy Code, 2016 ('IBC') on 30 August 2018 and a Resolution Professional was appointed. The Board of Directors of LCL were suspended with effect from 30 August 2018, and the Holding Company and HREL therefore, did not exercise either control or significant influence over LCL from this date onwards. Owing to unavailability of financial statements and / or financial information of LCL and its subsidiaries, associates, jointly controlled entity ('LCL Group') for the period 1 April 2018 to 30 August 2018, the consolidated financial results of LCL Group for the period 1 April 2018 to 30 August 2018 ('cut off period') have not been included in the consolidated financial results for the year ended 31 March 2019, and the assets and liabilities of LCL Group have been derecognized at their respective carrying values as at 31 March 2018 instead of 30 August 2018.

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The said accounting treatment by the Group was not in compliance with Ind AS 110 - Consolidated Financial Statements. Our opinion on the consolidated financial results for the year ended 31 March 2020 is qualified because of the effects of this matter on the comparability of the current year figures and the corresponding figures for the year ended 31 March 2019. Our opinion dated 9 May 2019 on the consolidated financial results for the year ended 31 March 2019 and our review report dated 6 February 2020 on the consolidated financial results for the quarter ended 31 December 2019 were also qualified with respect to this matter.

4. As given in Note 15 to the accompanying Statement, the following qualification is given by us vide our report dated 27 June 2020 on the consolidated financial statements of HCC Infrastructure Company Limited, a subsidiary of the Holding Company, reproduced as under:

"Note XX to the accompanying Statement, regarding non accrual of interest aggregating ₹ 47.25 crore by HCC Operations and Maintenance Limited (HOML), a subsidiary company, in accordance with terms of the Debenture Sale Purchase (DSP) agreement entered with certain debenture holders for purchase of debentures issued by LCL. Had the subsidiary company provided for interest in accordance with the terms of the aforesaid agreement, net profit of the Group for the year ended 31 March 2020 would have been lower by ₹ 47.25 crore and other financial liabilities would have been higher by ₹ 47.25 crore and the reserves and surplus as at that date would have been lower by ₹ 47.25 crore."

5. We conducted our audit in accordance with the Standards on Auditing ('SAs') specified under section 143(10) of the Act. Our responsibilities under those standards are further described in *the Auditor's Responsibilities for the Audit of the Statement section of our report*. We are independent of the Group, its associates and joint ventures and joint operations, in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ('the ICAI') together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act, and the rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence obtained by us and that obtained by the other auditors in terms of their reports referred to in paragraphs 16 and 17 of the Other Matters section below, is sufficient and appropriate to provide a basis for our qualified opinion.

### **Material Uncertainty Related to Going Concern**

6. We draw attention to Note 7 to the accompanying Statement which indicates that the Group has accumulated losses amounting to ₹ 3,634.30 crore as at 31 March 2020, which has resulted in full erosion of net worth of the Group and its current liabilities exceeded its current assets by ₹ 2,382.22 crore as on that date. As further disclosed in aforesaid note, the Holding Company has defaulted in repayment of principal and interest in respect of borrowings and has overdue operational creditors outstanding as at 31 March 2020. Certain operational creditors have also applied to the National Company Law Tribunal ('NCLT') for the debt resolution under the Insolvency and Bankruptcy Code, 2016 which have not been admitted by the NCLT for further proceedings as of the date of this report. The above factors, together with the uncertainties relating to impact of the ongoing COVID-19 pandemic on the operations of the Group as described in Note 4 to the accompanying Statement, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. However, based on ongoing discussion with the lenders for restructuring of loans, revised business plans and other mitigating factors as mentioned in the Note 7, management is of the view that going concern basis of accounting is appropriate for preparation of the accompanying Statement.

The component auditors of thirteen (13) subsidiaries, one (1) foreign subsidiary group {comprising of seven (7) step-down subsidiaries, four (4) associates and two (2) joint ventures} and three (3) joint ventures have also reported material uncertainty relating to going concern in their auditor's reports on the respective standalone / consolidated financial statements of such companies / group as at and for the year ended 31 March 2020.

Our opinion is not modified in respect of this matter.

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## **Emphasis of Matters**

7. We draw attention to:

- (i) Note 2 to the accompanying Statement, regarding uncertainties relating to recoverability of unbilled work-in-progress (other current assets), non-current trade receivables and current trade receivables belonging to the Holding Company, amounting to ₹ 805.60 crore, ₹ 293.08 crore and ₹ 395.91 crore, respectively, as at 31 March 2020, 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 contractual conditions / legal opinion / past experience with respect to such claims, the management is of the view that the aforementioned balances are fully recoverable.
- (ii) Note 3 to the accompanying Statement, regarding Group's non-current investment in HCC Concessions Limited ('HCL'), a Joint Venture Company of HCC Infrastructure Company Limited ('HICL'), a wholly owned subsidiary of the Holding Company, aggregating ₹ 321.12 crore as at 31 March 2020. The consolidated net-worth of the aforesaid joint venture, has been partially eroded; however, based on certain estimates and other factors, including the joint venture's future business plans, growth prospects, valuation report from an independent valuer and expected outcome of the negotiation/ discussion/ arbitration/ litigations and legal advice in respect of certain claims, as described in the said note, management believes that the realizable amount is higher than the carrying value of the non-current investment due to which this is considered as good and recoverable.
- (iii) Note 4 to the accompanying Statement, which describes the effects of uncertainties relating to COVID-19 pandemic outbreak on the Group's operations and management's evaluation of its impact on the accompanying Statement as at the balance sheet date, the extent of which is significantly dependent on future developments.
- (iv) Note 8 to the accompanying Statement in relation to the rectification of the method of measuring the progress towards satisfaction of performance obligation for revenue recognition from output method to input method. Consequent to the aforementioned rectification and the resultant change in accounting policy, the Group has restated the comparative financial information as at 1 April 2018, for the quarter ended 31 December 2019, and for the quarter and year ended 31 March 2019 included in the accompanying Statement, in accordance with the requirements of Ind-AS 8 - 'Accounting Policies, Changes in Accounting Estimates and Errors'.
- (v) Note 12 to the accompanying Statement on following emphasis of matter included in the audit report on the financial statements of HREL, a subsidiary of the Holding Company, issued by us, vide our report dated 22 June 2020, on matter which is relevant to our opinion on the consolidated financial results of the Group, and reproduced by us as under:

"Note XX to the accompanying financial statements of the Company, regarding the exercise of put option right by the option holder with respect to compulsory convertible preference shares of its erstwhile subsidiary, Lavasa Corporation Limited (LCL) and invocation of bank guarantees by the lenders of LCL and its erstwhile step down subsidiary, Warasgaon Assets Maintenance Limited, subsequent to the initiation of Corporate Insolvency Resolution Process ('CIRP') by Hon'ble National Company Law Tribunal, Mumbai ('NCLT'). In view of the uncertainty associated with the outcome of the proceedings of CIRP, the resultant obligation in respect of the corporate guarantee and / or put options cannot be measured with sufficient reliability and accordingly have been reported as a Contingent Liability as at 31 March 2020 in accordance with the provisions of Ind AS 37. Our report is not modified in respect of this matter. The same was reported in previous year as well."

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- (vi) Note 13 to the accompanying Statement on following emphasis of matter included in the audit report on the financial statements of Baharampore Farakka Highways Limited, a subsidiary of the joint venture of the Holding Company, issued by an independent firm of Chartered Accountants, vide their report dated 19 June 2020, on a matter which is relevant to our opinion on the consolidated financial results of the Group, and reproduced by us as under:

“Note XX of notes to accounts, National Highway Authority of India had served ‘Intention to Issue Termination Notice’ vide letter dated 24 August 2017 and the Company refuted all the alleged defaults. The Independent Engineer has recommended the Authority to withdraw intention to issue termination notice on 26 June 2019.”

- (vii) Note 16 to the accompanying Statement on following emphasis of matter included in the audit report on the financial statements of Badarpur Faridabad Tollways Limited, a subsidiary of the joint venture of the Holding Company, issued by an independent firm of Chartered Accountants, vide their report dated 19 June 2020, on a matter which are relevant to our opinion on the consolidated financial results of the Group, and reproduced by us as under:

“Attention is drawn to Note xx, xx & xx to the financials; the Company has signed a Settlement agreement on 19 March 2020 with the lenders wherein loan and interest payable as on 31.03.2020 has been settled for an amount of ₹ 347.64 crore. Payment to the lenders will be made from the claim amount receivable from NHAI to the extent of ₹ 300.44 crore and Promoters Contribution to the extent of ₹ 47.20 crore. As on 31.3.2020, the Company has paid ₹ 218.93 crore to the lenders. As per the Settlement agreement, the transaction should be executed till 30.6.2020 or till further date as may be agreed by the lenders.”

- (viii) Notes 14 and 17 to the accompanying Statement on following emphasis of matters included in the audit report on the financial statements of Raiganj Dalkhola Highways Limited, a subsidiary of the joint venture of the Holding Company, issued by an independent firm of Chartered Accountants, vide their report dated 19 June 2020, on matters which are relevant to our opinion on the consolidated financial results of the Group, and reproduced by us as under:

“Note XX of notes to accounts, National Highways Authority of India (NHAI) has served notice of termination of contract to the Company vide letter dated 31 March 2017 due to delay in re-start of work at project. For the reasons mentioned in the note, as the Company is confident of full recovery of its claims of ₹ 367 crore made before the arbitration for wrong full termination of the project. In view of this the cost incurred by the Company till 31 March 2017 appearing under receivable from NHAI amounting to ₹ 177.42 crore is considered fully recoverable by the management.”

“Note XX and XX to the financial statements, the Company had taken term loans from consortium of banks and financial institution. The Company borrowings have been classified as non-performing assets by the lenders due to defaults in payment of related dues. Balances of outstanding borrowings from the lenders (except Yes Bank) including interest thereon as recorded in books of accounts of Company are unconfirmed.”

Our opinion is not modified in respect of the above matters.

## **Responsibilities of Management and Those Charged with Governance for the Statement**

8. The Statement, which is the responsibility of the Holding Company's management and has been approved by the Holding Company's Board of Directors, has been prepared on the basis of the consolidated annual audited financial statements. The Holding Company's Board of Directors is responsible for the preparation and presentation of the Statement that gives a true and fair view of the consolidated net profit / loss after tax and other comprehensive income, and other financial information of the Group including its associates, joint ventures and joint operations in accordance with the accounting principles generally accepted in India, including the Ind AS prescribed under section 133 of the Act, read with relevant rules issued thereunder and



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other accounting principles generally accepted in India and in compliance with Regulation 33 of the Listing Regulations. The respective Board of Directors / management of the companies included in the Group and its associates, joint ventures and joint operations, are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act, for safeguarding of the assets of the Group, and its associates, joint ventures and joint operations, and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively, for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial results, that give a true and fair view and are free from material misstatement, whether due to fraud or error. These financial results have been used for the purpose of preparation of the Statement by the Directors of the Holding Company, as aforesaid.

9. In preparing the Statement, the respective Board of Directors / management of the companies included in the Group and of its associates, joint ventures and joint operations, are responsible for assessing the ability of the Group and of its associates, joint ventures and joint operations, to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless the respective Board of Directors / management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.
10. The respective Board of Directors / management of the companies included in the Group and of its associates and joint ventures, are responsible for overseeing the financial reporting process of the companies included in the Group and of its associates, joint ventures and joint operations.

#### **Auditor's Responsibilities for the Audit of the Statement**

11. Our objectives are to obtain reasonable assurance about whether the Statement as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Standards on Auditing, specified under section 143(10) of the Act, will always detect a material misstatement, when it exists. Misstatements can arise from fraud or error, and are considered material if, individually, or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this Statement.
12. As part of an audit in accordance with the Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:
  - Identify and assess the risks of material misstatement of the Statement, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
  - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3) (i) of the Act, we are also responsible for expressing our opinion on whether the Holding Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
  - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
  - Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group and its associates, joint ventures and joint operations, to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Statement or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and its associates, joint ventures and joint operations, to cease to continue as a going concern.



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- Evaluate the overall presentation, structure and content of the Statement, including the disclosures, and whether the Statement represents the underlying transactions and events in a manner that achieves fair presentation.
  - Obtain sufficient appropriate audit evidence regarding the financial results/ financial information/ financial statements of the entities within the Group, and its associates, joint ventures and joint operations, to express an opinion on the Statement. We are responsible for the direction, supervision and performance of the audit of financial information of such entities included in the Statement, of which we are the independent auditors. For the other entities included in the Statement, which have been audited by the other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.
13. We communicate with those charged with governance of the Holding Company and such other entities included in the Statement, of which we are the independent auditors, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
  14. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
  15. We also performed procedures in accordance with SEBI Circular CIR/CFD/CMD1/44/2019 dated 29 March 2019, issued by the SEBI under Regulation 33 (8) of the Listing Regulations, to the extent applicable.

#### **Other Matters**

16. We did not audit the annual financial statements / financial information / financial results of fifteen (15) subsidiaries included in the Statement, whose financial information (before eliminating intra-group balances and transactions) reflects total assets of ₹ 3,499.30 crore as at 31 March 2020, total revenues of ₹ 5,810.42 crore, total net profit after tax of ₹ 63.79 crore, total comprehensive income of ₹ 15.84 crore, and cash inflows (net) of ₹ 42.72 crore for the year ended on that date, as considered in the accompanying Statement. The Statement also includes the Group's share of net profit after tax of ₹ 185.66 crore and total comprehensive income of ₹ 185.66 crore for the year ended 31 March 2020, in respect of five (5) associates and seven (7) joint ventures, whose annual financial statements / financial information / financial results have not been audited by us. These annual financial statements / financial information / financial results have been audited by other auditors, whose audit reports have been furnished to us by the management, and our opinion in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, associates and joint ventures is based solely on the audit reports of such other auditors, and the procedures performed by us as stated in paragraphs 12 and 15 above.

Our opinion is not modified in respect of this matter with respect to our reliance on the work done by and the reports of the other auditors.

17. We did not audit the financial statements / financial information of seven (7) joint operations included in the accompanying Statement, whose financial statements / financial information reflect total assets of ₹ 83.15 crore as at 31 March 2020 and total revenues, total net loss after tax and net cash inflows of ₹ 83.90 crore, ₹ 0.60 crore and ₹ 0.82 crore, respectively, for the year ended on that date, as considered in the accompanying Statement. These financial statements / financial information have been audited by other auditors whose reports have been furnished to us by the management, and our opinion in so far as it relates to the amounts and disclosures included in respect of these joint operations is based solely on the audit reports of such other auditors, and the procedures performed by us as stated in paragraphs 12 and 15 above.

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Further, of these joint operations, financial statements / financial information of three (3) joint operations have been prepared in accordance with accounting principles generally accepted in India, including accounting standards issued by the ICAI. The Holding Company's management has converted the financial statements / financial information of such joint operations in accordance with Ind AS. We have audited these conversion adjustments made by the Holding Company's management. Our opinion on the accompanying Statement, in so far as it relates to the amounts and disclosures included in respect of these joint operations are solely based on report of the other auditors and the conversion adjustments prepared by the Holding Company's management and audited by us.

Our opinion is not modified in respect of this matter with respect to our reliance on the work done by and the reports of the other auditors.

18. We did not audit the financial statements / financial information of two (2) joint operations, whose annual financial statements / financial information reflect total assets of ₹ 14.14 crore as at 31 March 2020, total revenues of ₹ 0.83 crore, total net loss after tax of ₹ 0.99 crore and net cash inflows of ₹ 0.04 crore for the year ended on that date, as considered in the accompanying Statement. These financial statements / financial information are unaudited and have been furnished to us by the Holding Company's management and our opinion on the consolidated financial results, in so far as it relates to the amounts and disclosures included in respect of aforesaid joint operations, is based solely on such unaudited financial statements / financial information. In our opinion, and according to the information and explanations given to us by the management, these financial statements / financial information are not material to the Group.

Our opinion is not modified in respect of this matter with respect to our reliance on the financial statements / financial information certified by the Board of Directors.

19. The Statement includes the consolidated financial results for the quarter ended 31 March 2020, being the balancing figures between the audited consolidated figures in respect of the full financial year and the published unaudited year-to-date consolidated figures up to the third quarter of the current financial year, which were subjected to limited review by us, as adjusted by the impact of restatement referred to in note 8 to the accompanying Statement.
20. The Statement includes consolidated figures for the corresponding quarter ended 31 March 2019 which are the balancing figures between the audited figures in respect of the full financial year ended 31 March 2019 and the published unaudited year-to-date figures up to the third quarter of the previous financial year, as adjusted by the impact of restatement referred to in Note 8 to the accompanying Statement, which have been approved by the Holding Company's Board of Directors, but have not been subjected to audit or review.

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

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

**UDIN No:20109632AAAAGV6395**

**Place:** Mumbai  
**Date:** 09 July 2020

# Walker Chandniok & Co LLP

Hindustan Construction Company Limited  
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## Annexure A

### List of entities<sup>^</sup> included in the Statement

<b>Subsidiary Companies</b>	
HCC Construction Limited	HCC Aviation Limited
Western Securities Limited	Steiner AG
HREL Real Estate Limited ( <i>formerly known as HCC Real Estate Limited</i> )	Dhule Palesner Operations & Maintenance Limited
Panchkutir Developers Limited	HCC Power Limited
HCC Mauritius Enterprises Limited	HCC Realty Limited
Highbar Technologies Limited	HCC Operation and Maintenance Limited
HCC Infrastructure Company Limited	HCC Energy Limited
HCC Mauritius Investments Limited	Steiner Promotions et Participations SA
HRL Township Developers Limited	Steiner (Deutschland) GmbH
HRL (Thane) Real Estate Limited	VM + ST AG
Nashik Township Developers Limited	Steiner Lemans SAS
Maan Township Developers Limited	Eurohotel SA (upto 29 January 2020)
Manufakt8048 AG	Steiner India Limited
Powai Real Estate Developer Limited	Charosa Wineries Limited (upto 6 February 2019)

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

<b>Joint Venture / Joint Operations</b>	
HCC Concessions Limited	Kumagai-Skanska-HCC-Itochu Group
Narmada Bridge Tollways Limited	HCC-L & T Purulia Joint Venture
Badarpur Faridabad Tollways Limited	Alpine - Samsung - HCC Joint Venture
Farakka-Raiganj Highways Limited	Alpine - HCC Joint Venture
Baharampore-Farakka Highways Limited	HCC Samsung Joint Venture CC 34
Raiganj-Dalkhola Highways Limited	ARGE Prime Tower, Zürich
Nathpa Jhakri Joint Venture	Werkarena Basel AG (w.e.f. 19 September 2019)
HCC - MAX Joint Venture	HCC - VCCL Joint Venture (w.e.f. 29 January 2020)
HCC- HDC Joint Venture	

<sup>^</sup> above excludes financial information of Lavasa Corporation Limited and its group entities [also refer paragraph 3(v) above]

**STATEMENT OF AUDITED CONSOLIDATED FINANCIAL RESULTS FOR THE QUARTER AND YEAR ENDED 31 MARCH 2020**

₹ in crore except earnings per share data

Sr. No.	Particulars	Quarter ended			Year ended	
		31 March 2020	31 December 2019	31 March 2019	31 March 2020	31 March 2019
		Unaudited (Refer note 21)	Unaudited	Unaudited (Refer note 21)	Audited	Audited
			Restated, refer Note 8			Restated, refer Note 8
1	<b>Income</b>					
	(a) Income from operations	2,334.77	2,353.15	2,386.60	9,437.06	10,543.52
	(b) Other income	41.91	10.68	39.42	84.81	75.01
	<b>Total income (a+b)</b>	<b>2,376.68</b>	<b>2,363.83</b>	<b>2,426.02</b>	<b>9,521.87</b>	<b>10,618.53</b>
2	<b>Expenses</b>					
	(a) Cost of construction materials consumed	162.14	150.87	215.07	690.72	818.21
	(b) Subcontracting expenses	1,500.25	1,556.30	1,790.83	6,153.71	7,108.22
	(c) Changes in inventories	(16.98)	(14.36)	(11.37)	159.20	(2.82)
	(d) Construction expenses	93.99	76.79	111.03	323.15	389.46
	(e) Employee benefits expense	267.33	254.10	258.60	982.95	1,007.74
	(f) Finance costs	236.61	189.41	241.30	816.98	808.36
	(g) Depreciation and amortisation expense	31.14	38.41	47.69	151.84	177.36
	(h) Other expenses	91.65	71.25	99.82	290.33	290.73
	<b>Total expenses (a+b+c+d+e+f+g+h)</b>	<b>2,366.13</b>	<b>2,322.77</b>	<b>2,752.97</b>	<b>9,568.88</b>	<b>10,597.26</b>
3	<b>Profit / (Loss) before exceptional items, share of profit / loss of associates and joint ventures, and tax (1-2)</b>	<b>10.55</b>	41.06	(326.95)	<b>(47.01)</b>	21.27
4	Exceptional items - Gain/ (Loss) (Refer note 10)	<b>(110.17)</b>	331.40	(663.56)	<b>221.23</b>	(527.37)
5	<b>Profit / (Loss) before share of profit / loss of associates and joint ventures and tax (3+4)</b>	<b>(99.62)</b>	372.46	(990.51)	<b>174.22</b>	(506.10)
6	Share of profit / (loss) of associates and joint ventures (net) (Refer note 16)	<b>302.29</b>	(21.78)	(64.71)	<b>187.73</b>	(151.31)
7	<b>Profit / (Loss) before tax (5+6)</b>	<b>202.67</b>	350.68	(1,055.22)	<b>361.95</b>	(657.41)
8	<b>Tax expense / (credit)</b>					
	(a) Current tax	2.14	2.24	3.63	13.16	7.41
	(b) Deferred tax (Refer note 6)	<b>(110.85)</b>	125.13	(175.67)	<b>151.76</b>	(614.97)
		<b>(108.71)</b>	127.37	(172.04)	<b>164.92</b>	(607.56)
9	<b>Profit / (Loss) for the period (7-8)</b>	<b>311.38</b>	223.31	(883.18)	<b>197.03</b>	(49.85)
10	<b>Other comprehensive income / (loss)</b>					
	(a) Items not to be reclassified subsequently to profit or loss (net of tax)					
	- Gain / (Loss) on fair value of defined benefit plans as per actuarial valuation	21.26	(2.80)	(33.33)	(1.72)	(30.05)
	- Gain / (Loss) on fair value of equity instruments (Refer note 19)	(7.19)	1.83	1.57	(11.31)	(6.51)
	(b) Items to be reclassified subsequently to profit or loss					
	- Translation gain / (loss) relating to foreign operations	<b>(20.48)</b>	(2.73)	(48.88)	<b>(32.97)</b>	(130.28)
	<b>Other comprehensive income / (loss) for the period, net of tax (a+b)</b>	<b>(6.41)</b>	(3.70)	(80.64)	<b>(46.00)</b>	(166.84)
11	<b>Total comprehensive income / (loss) for the period, net of tax (9+10)</b>	<b>304.97</b>	219.61	(963.82)	<b>151.03</b>	(216.69)
	<b>Net profit / (loss) attributable to:</b>					
	Owners of the parent	311.38	223.31	(883.18)	197.03	(49.85)
	Non - controlling interest	<b>(0.00)*</b>	0.00*	0.00*	<b>(0.00)*</b>	0.00*
	<b>Other comprehensive income / (loss) for the period attributable to:</b>					
	Owners of the parent	<b>(6.41)</b>	(3.70)	(80.64)	<b>(46.00)</b>	(166.84)
	Non - controlling interest	<b>(0.00)*</b>	0.00*	0.00*	<b>(0.00)*</b>	0.00*
	<b>Total comprehensive income / (loss) for the period attributable to:</b>					
	Owners of the parent	<b>304.97</b>	219.61	(963.82)	<b>151.03</b>	(216.69)
	Non - controlling interest	<b>(0.00)*</b>	0.00*	0.00*	<b>(0.00)*</b>	0.00*
12	Paid up equity share capital (Face value of ₹ 1 each)	151.31	151.31	151.31	151.31	151.31
13	Other equity (excluding revaluation reserves)				<b>(910.49)</b>	(1,151.32)
14	Earnings per share (Face value of ₹ 1 each)					
	(a) Basic EPS (not annualised) (in ₹)	2.06	1.48	(5.84)	1.30	(0.44)
	(b) Diluted EPS (not annualised) (in ₹)	2.06	1.48	(5.84)	1.30	(0.44)
	* represents amount less than ₹ 1 lakh					
	See accompanying notes to the audited consolidated financial results					



AUDITED CONSOLIDATED STATEMENT OF ASSETS AND LIABILITIES			
Particulars	₹ in crore		
	As at 31 March 2020	As at 31 March 2019	As at 1 April 2018
	Audited	Audited	Audited
	(Restated, refer Note 8)		
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	426.47	508.95	1,556.10
Right-of-use assets	275.18	-	-
Capital work-in-progress	178.41	169.06	1,713.92
Investment property	2.70	2.73	2.73
Goodwill	3.38	3.38	134.40
Other intangible assets	63.52	59.52	36.05
Biological assets	-	-	1.49
Investments in associates and joint ventures	345.11	157.51	363.16
Financial assets			
Investments	9.41	19.82	28.74
Trade receivables	2,719.72	642.49	1,375.13
Loans	59.79	37.65	79.60
Other financial assets	22.13	3.02	8.18
Income tax assets (net)	276.85	216.51	120.64
Deferred tax assets (net)	485.77	639.63	76.41
Other non-current assets	88.81	107.64	117.10
<b>Total non-current assets</b>	<b>4,957.25</b>	<b>2,567.91</b>	<b>5,613.65</b>
<b>Current assets</b>			
Inventories	467.17	631.67	2,504.06
Financial assets			
Investments	1.50	3.56	25.19
Trade receivables	1,897.56	3,545.71	2,465.28
Cash and cash equivalents	276.11	270.70	404.18
Bank balances other than cash and cash equivalents	566.91	585.72	547.91
Loans	19.58	26.77	19.98
Other financial assets	48.91	44.86	3,654.76
Other current assets	3,917.80	3,227.19	455.37
	7,195.54	8,336.18	10,076.73
Assets classified as held for sale	14.76	5.87	-
<b>Total current assets</b>	<b>7,210.30</b>	<b>8,342.05</b>	<b>10,076.73</b>
<b>TOTAL ASSETS</b>	<b>12,167.55</b>	<b>10,909.96</b>	<b>15,690.38</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity share capital	151.31	151.31	101.55
Other equity	(910.49)	(1,151.32)	(1,514.90)
<b>Equity attributable to owners of the parent</b>	<b>(759.18)</b>	<b>(1,000.01)</b>	<b>(1,413.35)</b>
Non-controlling interest	0.00*	0.00*	(482.99)
<b>Total Equity</b>	<b>(759.18)</b>	<b>(1,000.01)</b>	<b>(1,896.34)</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Financial liabilities			
Borrowings	1,586.84	2,461.98	3,661.66
Other financial liabilities	1,514.66	1,127.55	0.28
Provisions	232.71	199.40	170.14
Deferred tax liabilities (net)	-	-	53.37
Other non-current liabilities	-	0.06	0.06
<b>Total non-current liabilities</b>	<b>3,334.21</b>	<b>3,788.99</b>	<b>3,885.51</b>
<b>Current liabilities</b>			
Financial liabilities			
Borrowings	1,406.00	1,174.40	1,123.24
Trade payables			
- Total outstanding dues of Micro Enterprises and Small Enterprises	23.99	16.59	5.87
- Total outstanding dues of creditors other than Micro Enterprises and Small Enterprises	2,941.63	2,729.23	2,823.73
Other financial liabilities	1,935.85	1,151.46	6,361.05
Other current liabilities	3,168.14	2,971.93	3,252.50
Provisions	116.91	77.37	134.82
<b>Total current liabilities</b>	<b>9,592.52</b>	<b>8,120.98</b>	<b>13,701.21</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>12,167.55</b>	<b>10,909.96</b>	<b>15,690.38</b>

\* represents amount less than ₹ 1 lakh

See accompanying notes to the audited consolidated financial results



STATEMENT OF AUDITED CONSOLIDATED CASH FLOW STATEMENT		
₹ in crore		
Particulars	Year ended	
	31 March 2020	31 March 2019
	Audited	Audited (Restated, refer Note 8)
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net profit / (loss) before tax	361.95	(657.41)
<b>Adjustments for:</b>		
Depreciation and amortisation expense	151.84	177.36
Finance costs	816.98	808.36
Interest income	(12.68)	(36.90)
Gain on loss of control in subsidiary	-	(141.97)
Loss on divestment of stake in subsidiary	-	67.82
Loss provision/ (reversal of loss provision) towards arbitration awards and claims	(331.40)	331.40
Impairment of financial and non-financial assets	98.72	212.35
Impairment loss in respect of asset held for sale	-	71.85
(Gain) / Reversal of gain on settlement of debts	11.45	(14.08)
Share of (profit) / loss of associates and joint ventures	(187.73)	151.31
Provision for warranty	39.47	40.23
Loss allowance on financial assets	16.95	7.74
Dividend income	(0.50)	(0.53)
Unrealised foreign exchange (gain) / loss (net)	(2.90)	7.02
Profit on sale of property, plant and equipment (net)	(1.53)	(5.08)
Provision no longer required written back	(7.24)	(9.22)
	<b>591.43</b>	<b>1,667.66</b>
<b>Operating profit before working capital changes</b>	<b>953.38</b>	<b>1,010.25</b>
<b>Adjustments for changes in working capital:</b>		
Increase in trade receivables	(429.08)	(361.40)
Increase in current / non-current financial assets and other assets	(498.96)	(214.82)
(Increase) / Decrease in inventories	164.50	(16.52)
Increase / (Decrease) in trade payables, other financial liabilities and other liabilities	421.34	(131.23)
<b>Cash generated from operations</b>	<b>611.18</b>	<b>286.28</b>
Direct taxes paid (net of refunds received)	(73.49)	(103.28)
<b>Net cash generated from operating activities</b>	<b>537.69</b>	<b>183.00</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment (including capital work-in-progress and capital advances)	(87.27)	(42.50)
Proceeds from sale of property, plant and equipment	20.75	17.79
Proceeds from sale of investments	1.27	3.94
Net proceeds from / (investments in) in bank deposits	21.15	(32.65)
Interest received	7.89	48.31
Dividend received	0.50	0.53
<b>Net cash used in investing activities</b>	<b>(35.71)</b>	<b>(4.58)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from issue of equity share capital (including securities premium)	-	490.54
Repayment of non-current borrowings (net)	(294.25)	(522.61)
Proceeds from current borrowings (net)	231.60	51.16
Financial Lease paid	(26.33)	-
Interest and other finance charges	(425.12)	(330.81)
Dividend paid	-	(0.25)
<b>Net cash used in financing activities</b>	<b>(514.10)</b>	<b>(311.97)</b>
<b>Net decrease in cash and cash equivalents (A+B+C)</b>	<b>(12.12)</b>	<b>(133.55)</b>
Cash and cash equivalents at the beginning of the year	270.70	404.18
Unrealised foreign exchange loss	17.53	0.07
Cash and cash equivalents at the end of the year	<b>276.11</b>	<b>270.70</b>

The above statement of cash flow has been prepared under the "Indirect method" set out in Ind AS 7 - Statement of Cash Flows.






## Notes:

**HCC**

- 1 Hindustan Construction Company Limited (the 'Holding Company') and its subsidiaries are together referred to as 'the Group' in the following notes. These consolidated financial results have been prepared to comply in all material respects with the Indian Accounting Standards ('Ind AS') as prescribed under Section 133 of the Companies Act, 2013 ('the Act') read with Companies (Indian Accounting Standards) Rules as amended from time to time. The Audit Committee has reviewed these results and the Board of Directors have approved the above financial results at their meetings held on 9 July 2020. Also refer Note 21.
- 2 Unbilled work-in-progress (Other current assets), 'Non-current trade receivables' and 'current trade receivables' include ₹ 805.60 crore, ₹ 293.08 crore and ₹ 395.91 crore, respectively, outstanding as at 31 March 2020 which represent various claims raised earlier, based on the terms and conditions implicit in the contracts and other receivables in respect of closed / suspended projects. These claims are mainly in respect of cost over-run arising due to client caused delays, suspension of projects, deviation in design and change in scope of work; for which Holding Company is at various stages of negotiation / discussion with the clients or under arbitration / litigation. Considering the contractual tenability, progress of negotiations / discussions / arbitration / litigations and as legally advised, the management is confident of recovery of these receivables.
- 3 The Group, as at 31 March 2020, has a non-current investment amounting to ₹ 321.12 crore in HCC Concessions Limited ('HCL'), a joint venture company of HCC Infrastructure Company Limited ('HICL') (85.45% holding), a wholly owned subsidiary, having various Build, Operate and Transfer (BOT) SPVs under its fold. While consolidated net-worth of HCL as at 31 March 2020 has been partially eroded, the underlying projects are expected to achieve adequate profitability on substantial completion. The net-worth of HCL does not represent its true market value as the value of the underlying investments / assets, based on valuation report of an independent valuer, is higher. Further BOT SPV's also have several claims, including favourable arbitration award against its customers mainly in respect of cost-overrun arising due to client caused delays, termination of contracts and change in scope of work which are under various stages of negotiation / discussion with clients or under arbitration / litigation wherein management has been legally advised that it has good case on merits. Therefore, based on certain estimates like future business plans, growth prospects as well as considering the contractual tenability, progress of negotiation / discussion / arbitration / litigations and legal advice, the management believes that the realizable amount of HCL is higher than the carrying value of the non-current investments due to which these are considered as good and recoverable.
- 4 The outbreak of COVID-19 pandemic had disrupted regular business operations of the Group due to the lock down restrictions and other emergency measures imposed by the Government from time to time. The business operations have recommenced on a limited scale post relaxation of lockdowns. The management has taken into account the possible impacts of known events, upto the date of the approval of these financial results, arising from COVID-19 pandemic on the carrying value of the assets and liabilities as at 31 March 2020. However, there exists significant estimation uncertainty in relation to the future impact of COVID-19 pandemic on the Group and, accordingly, the actual impact in the future may be different from those presently estimated. The Group will continue to monitor any material change to the future economic conditions and consequential impact on the financial results. Similar note is included in the consolidated financial statements of a material foreign subsidiary.
- 5 Pursuant to notification of the Companies (Amendment) Act, 2017 with effect from 12 September 2018, amending Section 197 of the Companies Act, 2013 ('the Act'), the Holding Company's application to the Ministry of Corporate Affairs for approval in respect of managerial remuneration of Chairman and Managing Director (CMD) accrued / paid in excess of the prescribed limit for the financial years 2014-15 and 2015-16 stands abated. The Holding Company, vide resolution dated 10 September 2019, has obtained approval from the shareholders for the payment of remuneration in respect of the aforesaid years to be only given effect to post receipt of the approval of the lenders. Further, on 26 September 2019, the Holding Company in its shareholders' meeting has also obtained approvals vide special resolutions for managerial remuneration of CMD and Whole Time Directors for the year ended 31 March 2020, to be given effect to, only post receipt of the approval of lenders.  
The Holding Company has accrued / paid managerial remuneration as detailed below:

Financial Year	Designation	Remuneration accrued	Remuneration paid	Remuneration as per prescribed limit	₹ crore	
					Excess remuneration accrued / paid	Excess remuneration paid held in trust
		(a)	(b)	(c)	(d = a - c)	(e = b - c)
2014-15	CMD	10.66	-	1.95	8.71	-
2015-16	CMD	10.66	10.66	1.97	8.69	8.69
2019-20	CMD & Whole Time Directors	13.57	3.75	-	13.57	3.75
<b>Total</b>		<b>34.89</b>	<b>14.41</b>	<b>3.92</b>	<b>30.97</b>	<b>12.44</b>

Statutory auditors report is modified in respect of this matter.

- 6 On 20 September 2019, vide the Taxation Laws (Amendment) Ordinance 2019, the Government of India inserted Section 115BAA in the Income Tax Act, 1961 which provides domestic companies a non-reversible option to pay corporate tax at reduced rates effective 01 April 2019 subject to certain conditions. During the current year, certain Group companies have elected to exercise the option permitted under section 115BAA. However, the Holding Company, having significant amount of brought forward tax losses and unabsorbed depreciation on which deferred tax asset has been recognised, is still evaluating and has not yet elected to exercise the option permitted under section 115BAA. In view of the above, there is no impact of the new tax rate on the financial results for the current period.  
During the quarter ended 30 September 2019, the Holding Company had written off deferred tax assets aggregating ₹ 151.30 crore due to expiry of statutory period for setting off underlying losses. As at 31 March 2020, the Holding Company has continued to recognize net deferred tax assets amounting to ₹ 437.08 crore on account of carried forward unused tax losses, unused tax credits and other taxable temporary differences. Based on the expected profits from the unexecuted orders on hand, outcome of the ongoing discussion with lenders for restructuring of loans and expected settlement of arbitration awards, the Holding Company's management is confident that sufficient future taxable income will be available against which such deferred tax assets will be realized.  
Statutory auditors report is modified in respect of this matter.
- 7 The Group has accumulated losses aggregating ₹ 3,634.30 crore as at 31 March 2020, which has resulted in full erosion of its net worth. Further, as of that date, its current liabilities exceeded its current assets by ₹ 2,382.22 crore. During the current year, the Holding Company has defaulted on payment to lenders along with overdue operational creditors. Certain operational creditors have applied before the National Company Law Tribunal ('NCLT') under the Insolvency and Bankruptcy Code, 2016, none of which has been admitted so far. Further, the COVID-19 pandemic has also resulted in temporary suspension of site operations, supply chain disruptions, loss of migrant labours and evolving regulation while resuming operations has led to material impact on the operations of the Holding Company.  
Further, in respect of Steiner AG, a material foreign subsidiary group, there are uncertainties consequent to impact of COVID-19 including its impact on budget and liquidity planning as well as uncertainties related to the pending renewal of syndicate revolving guarantee facility agreement which are expiring on 31 August 2020. There are also events or conditions existing in 13 subsidiaries and 3 joint ventures, casting significant doubt on the ability of these entities to continue to as going concern.  
The above factors indicate that events or conditions exist, which may cast significant doubt on the Group's ability to continue as a going concern. The Holding Company and certain group entities are in process of formulating a resolution plan with its lenders. Based on the expectation of the implementation of the resolution plan with lenders, underlying strength of the Group's business plans and future growth outlook as assessed, the management is confident of improving the credit profile of the Group, including through time-bound monetisation of assets including arbitration awards, claims and other assets which would result in it being able to meet its obligations in due course of time. Accordingly, the Management considers it appropriate to prepare these financial results on a going concern basis.



- 8 During the current quarter, the Group has changed the method of measuring progress i.e. from output method to input method as specified in Ind-AS 115 – 'Revenue from Contract with Customers' consequent to change in the circumstances including change in the nature of contracts secured by the Group during recent years. Management believes that input method, a method widely used by most other engineering and construction companies, would be more reliable and relevant in measuring the progress of the projects and therefore also be more accurate on a comparative basis in measuring the Group's performance in transferring control of goods and services promised to the customers until completion of the contracts. Pursuant to the impact of this change in method, the Group has restated the comparative financial statements / information for the quarter ended 31 December 2019 and quarter and year ended 31 March 2019, in accordance with the requirements of Ind AS 8 - 'Accounting Policies, Changes in Accounting Estimates and Errors'. Retained earnings (other equity) as at 1 April 2018 within the statement of changes in equity has also been restated to adjust the impact of such adjustments relating to prior periods / years.

The impacts of the restatement are as follows:

Particulars	Impact on Statement of Profit and Loss (₹ in crore)					
	Quarter ended			Year ended		
	31 March 2020	31 December 2019	31 March 2019	31 March 2020	31 March 2019	
Revenue from operations	278.43	14.66	(448.57)	299.59	221.96	
Sub-contracting expenses	(29.91)	0.66	(300.69)	81.04	53.74	
<b>Profit / (Loss) before tax</b>	<b>308.34</b>	<b>14.00</b>	<b>(147.88)</b>	<b>218.55</b>	<b>168.22</b>	
Tax expense / (credit)	49.57	(0.75)	(26.29)	31.54	38.59	
<b>Profit / (Loss) for the period</b>	<b>258.77</b>	<b>14.75</b>	<b>(121.59)</b>	<b>187.01</b>	<b>129.63</b>	
Other comprehensive income / (loss) for the period	(2.00)	(9.93)	5.79	(20.19)	(9.86)	
<b>Total comprehensive income / (loss) for the period</b>	<b>256.77</b>	<b>4.82</b>	<b>(115.80)</b>	<b>166.82</b>	<b>119.77</b>	
Basic and diluted earnings / (loss) per share	1.71	0.10	(0.80)	1.24	1.13	

(figures in brackets represent decrease)

#### Impact on Balance Sheet

Particulars	As at 31 March 2020	As at 31 March 2019	As at 1 April 2018
Unbilled work-in-progress (other current financial assets)	-	-	(929.43)
Unbilled work-in-progress (other current assets)	(712.22)	(860.39)	-
Retained Earning (under other equity)	(28.61)	(215.63)	(345.26)
Loss on exchange fluctuations (under other equity)	(30.05)	(9.86)	-
Due to customer (Other current liabilities)	(651.95)	(597.84)	(502.38)
Provision for foreseeable loss (Provision)	(9.18)	(13.09)	(19.23)
Deferred tax assets	(7.58)	23.96	75.69
Deferred tax liabilities	-	-	13.14

(figures in brackets represent decrease)

- 9 Non-current borrowings, other non-current financial liabilities and other current financial liabilities as at 31 March 2020 include balances amounting to ₹ 171.59 crore, ₹ 591.04 crore and ₹ 337.09 crore respectively, in respect of which confirmations / statements from the respective banks / lenders have not been received. Further, in respect of non-current borrowings and current borrowings aggregating ₹ 864.23 crore, the lenders have confirmed the principal balance outstanding. However, the accrued interest until 31 March 2020 aggregating ₹ 42.76 crore in respect of these outstanding balances have not been confirmed. In the absence of confirmations / updated statements from the lenders, the Group has provided for interest and other penal charges on these borrowings based on the latest communication available from the respective lenders at the interest rate specified in the agreement. The Group's management believes that amount payable on settlement will not exceed the liability provided in books in respect of these borrowings. Accordingly, classification of these borrowings into current and non-current as at 31 March 2020 is based on the original maturity terms stated in the agreements with the lenders.

Further, earmarked balances (included under bank balances other than cash and cash equivalents) and guarantees issued by banks on behalf of the Holding Company as at 31 March 2020 includes balances amounting to ₹ 5.46 crore and ₹ 76.93 crore respectively, in respect of which confirmation / statements from banks have not been received inspite of incessant efforts by Group's management.

Statutory auditors report is modified in respect of this matter.

Exceptional Items	Impact on Statement of Profit and Loss (₹ crore)					
	Quarter ended			Year ended		
	31 March 2020	31 December 2019	31 March 2019	31 March 2020	31 March 2019	
a) Impairment of financial and non-financial assets	(98.72)	-	(206.57)	(98.72)	(212.35)	
b) Reversal of provision / (Provision) in respect of arbitration awards and claims (Refer note below)	-	331.40	(331.40)	331.40	(331.40)	
c) Impairment loss in respect of asset classified as held for sale	-	-	(71.85)	-	(71.85)	
d) Loss on divestment of stake in a subsidiary	-	-	(67.82)	-	(67.82)	
e) Gain on loss of control in subsidiary	-	-	-	-	141.97	
f) Gain / (reversal of gain) on settlement of debts	(11.45)	-	14.08	(11.45)	14.08	
<b>Total gain / (loss)</b>	<b>(110.17)</b>	<b>331.40</b>	<b>(663.56)</b>	<b>221.23</b>	<b>(527.37)</b>	

#### Note:

During the quarter ended 31 March 2019, the Holding Company had recognized a provision of ₹ 331.40 crore pursuant to the signing of a non-binding term sheet with a consortium of investors along with a letter of commitment, for an assignment of the beneficial interest in portfolio of identified arbitration awards and claims ('specified assets') for an aggregate consideration of ₹ 1,750 crore. The said provision continued thereafter in view of mutual extension of the said transaction till 31 December 2019. In the absence of any further extension, the Holding Company had decided to cancel this proposed transaction, which had been reported to and confirmed by statutory auditors. Pursuant to the cancellation of the aforesaid transaction, the provision of ₹ 331.40 crore, related to specified assets, recognized earlier had been written back during the quarter and year ended 31 December 2019 and 31 March 2020, respectively.

Statutory auditors report is modified in respect of reversal of aforesaid provision.

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

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

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

Statutory auditors report is modified in respect of this matter.



- 12 As at 31 March 2020, HREL Real Estate Limited ('HREL') (formerly known as HCC Real Estate Limited), a subsidiary company, has provided corporate guarantees and put options aggregating ₹ 4,547.71 crore to the lenders of its erstwhile subsidiaries, Lavasa Corporation Limited ('LCL') and Warasgaon Assets Maintenance Limited ('WAML') in respect of amounts borrowed by these subsidiaries. LCL and WAML were admitted under the Corporate Insolvency and Resolution Process ('CIRP') in accordance with the Insolvency and Bankruptcy Code, 2016 (IBC) dated 30 August 2018 and 17 December 2018, respectively and Resolution Professionals ('RP') have been appointed by the Committee of Creditors (CoC) of the lenders of respective companies. The lenders, to whom these corporate guarantees and put options were furnished, have filed their claims with RP which is presently under the IBC process and have also invoked the corporate guarantee/ put options issued by the HREL. RP is in the process of formulating a resolution plan including identifying potential resolution applicant. The liability of HREL shall be determined once the debts due to these lenders are settled by RP upon completion of the IBC process. Pending the outcome of the resolution process, no provision has been considered necessary in the consolidated financial results by HREL, as impact, if any, is currently unascertainable.
- 13 In response to the National Highway Authority of India ('NHAI')s notice dated 24 August 2017 for 'Intention to Issue Termination Notice' to Baharampore Farakka Highways Limited (BFHL), a subsidiary of HCL, the Independent Engineer has recommended NHAI to withdraw intention to issue termination notice on 26 June 2019. Further, NHAI has deposited ₹ 358.98 crore with the Delhi High Court in respect of an arbitration award in favour of BFHL against which BFHL has partially withdrawn ₹ 75 crore against bank guarantee as at 31 March 2020. BFHL has also initiated a Conciliation process with the NHAI for its arbitration award and entire claims, which is currently underway.
- 14 Delay in acquisition of land of more than six years in Raiganj Dalkhola Highways Limited ('RDHL'), a subsidiary of HCL, resulted in a substantial increase of project cost. The inability of the lenders consortium to fund the cost overrun in the absence of extended benefits in the event of termination from NHAI has led to the issuance of termination notice by NHAI. RDHL has filed claim for ₹ 367 crore as a termination payment and for ₹ 836 crore as losses on account of contractors dues before arbitration tribunal as the requisite land to carry out the desired work was not made available by NHAI. Based on the legal advice obtained in this respect, the Group's management is confident of recovering the amount from NHAI and HCL's exposure in RDHL is considered to be fully recoverable.
- 15 On 29 September 2017, HCC Operations and Maintenance Limited (HOML), a wholly owned subsidiary of HICL, had signed a Debenture Sale Purchase (DSP) agreement with certain debenture holders for purchase of debentures issued by LCL, in the event of any default for an aggregate consideration of ₹ 138 crore plus interest @ 10.27 % per annum. Pursuant to the above, HOML has till date paid ₹ 21 crore, including ₹ 3 crore paid during the current year, to the aforesaid debenture holders towards these debentures. During the year, vide letter dated 8 August 2019, HOML has received recall notice from the debenture holders for ₹ 185.25 crore due to payment default as per DSP agreement. As at 31 March 2020, there exist a liability in the books (after adjusting advances paid) amounting to ₹ 117 crore attributable to the principal obligation and HOML is in discussion with the debenture holders for the waiver of interest obligation. Considering the present status of the discussion, management believes that that amount payable on settlement will not exceed the liability provided in books in respect of this matter and accordingly interest of ₹ 47.25 crore has been disclosed as contingent liability and not been provided for in the books of accounts as at 31 March 2020. Statutory auditors report is modified in respect of this matter.
- 16 Badarpur Faridabad Tollways Limited ('BFTL'), a subsidiary of HCL, has entered into a settlement agreement, dated 26 March 2020, with NHAI for payment of ₹ 302.41 crore including interest in respect of its claims for termination payment. Pursuant to the aforementioned settlement with NHAI, as at 31 March 2020, BFTL has received 75% of the settlement payment of ₹ 218.93 crore from NHAI and the balance 25% payment amounting to ₹ 73.83 crore has also been realised subsequent to 31 March 2020 subsequent to withdrawal of all the claims by BFTL against NHAI. During the current quarter, BFTL has also entered into a settlement agreement with its lenders wherein its borrowings and interest have been settled for an aggregate amount of ₹ 347.64 crore to be paid out of the proceeds of the claims settled with NHAI and balance through funding by HCL to the extent of ₹ 47.20 crore, to be executed till 30 June 2020 or till further date as may be agreed by the lenders. As at 31 March 2020, ₹ 218.93 crore realised from NHAI have been paid to BFTL lenders and the balance ₹ 73.83 crore received subsequent to 31 March 2020 have also been paid to the BFTL lenders on 30 June 2020. BFTL and HCL management are in discussion with BFTL lenders for extension of the settlement period until 30 September 2020 and are confident in respect of this extension. Pursuant to the aforementioned settlements, BFTL has written off / written back surplus amounts carried in the books as at 31 March 2020 in respect of these receivables and payables basis the agreements with respective parties resulting in a net gain of ₹ 329.19 crore recognised in the financials of BFTL. HCL has also accounted for the balance liability of ₹ 47.20 crore as at 31 March 2020.
- 17 Non-current borrowings and other current financial liabilities (including current maturities of long-term borrowings) of RDHL, a subsidiary of HCL, as at 31 March 2020 includes ₹ 65.45 crore and ₹ 27.52 crore, respectively in respect of which, in the absence of confirmation from the lenders / bankers, RDHL has provided for interest and other penal charges based on the latest communication available from the lenders / bankers at the interest rate specified in the agreements. RDHL's management believes that amount payable on settlement will not exceed the liability provided in books in respect of these borrowings. Further, the classification of these borrowings into current and non-current as at 31 March 2020 is based on the original maturity terms as stated in the agreements with the lenders / bankers.
- 18 Effective 1 April 2019, the Group has adopted Ind AS 116, 'Leases' using the modified retrospective approach, as a result of which the comparative information is not required to be restated. On transition, the Group has recorded the lease liability at the present value of the future lease payments discounted using the incremental borrowing rate and has also chosen the practical expedient provided in the standard to measure the 'Right-of-use' asset at the same value as the lease liability. The adoption of the new standard resulted in the recognition of 'Right-of-use' asset amounting to ₹ 305.12 crore and an equivalent lease liability as at 1 April 2019. The Group has recognised finance cost on lease amounting to ₹ 0.63 crore and ₹ 3.92 crore, amortisation on right-of-use assets amounting to ₹ 5.64 crore and ₹ 29.54 crore for the quarter and year ended 31 March 2020 respectively, which would have been recognised as lease rent of ₹ 8.28 crore and ₹ 33.96 crore for the quarter and year ended 31 March 2020 respectively, had it continued to follow the earlier standard.
- 19 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.
- 20 Previous quarters / year figures have been regrouped / rearranged, wherever considered necessary.
- 21 Figures for the quarter ended 31 March 2020 are the balancing figures between the audited financial statements for the year ended on that date and the published year to date figures upto the end of third quarter of the current financial year, as adjusted by the impact of restatement referred to in Note 8 above. Further, as per amended SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015, the Group was required to publish the quarterly consolidated financial results for the period commencing on 1 April 2019 hence figures for the corresponding quarter ended 31 March 2019 are the balancing figures between the audited figures in respect of the full financial year ended 31 March 2019 and the published unaudited year to date figures up to the third quarter of the previous financial year, as adjusted by the impact of restatement referred to in Note 8 above. These results are certified by the Holding Company's Board of Directors and have not been subjected to audit or review by the statutory auditors.

for Hindustan Construction Company Limited



Ajit Gulabchand  
Chairman & Managing Director

Raigad, Dated : 9 July 2020



**CONSOLIDATED AUDITED SEGMENT-WISE REVENUE, PROFIT AND LOSS, ASSETS AND LIABILITIES**

(₹ in crore)

Sr No.	Particulars	Quarter ended			Year ended	
		31 March 2020	31 December 2019	31 March 2019	31 March 2020	31 March 2019
		<b>Unaudited</b> (Refer note 21)	Unaudited	Unaudited (Refer note 21)	<b>Audited</b>	Audited
			<b>Restated, refer Note 8</b>			<b>Restated, refer Note 8</b>
<b>1</b>	<b>Segment revenue</b>					
	Engineering and construction	2,305.23	2,345.13	2,375.16	9,377.39	10,450.35
	Infrastructure	26.66	17.40	10.26	78.19	70.03
	Real estate	-	-	-	-	1.38
	Others	3.63	3.06	1.18	13.47	21.76
	Less: Inter segment revenue	(0.75)	(12.44)	-	(31.99)	-
	<b>Total</b>	<b>2,334.77</b>	<b>2,353.15</b>	<b>2,386.60</b>	<b>9,437.06</b>	<b>10,543.52</b>
<b>2</b>	<b>Segment results</b>					
	Engineering and construction	234.03	223.95	(94.64)	722.13	832.88
	Infrastructure	12.89	4.27	4.64	39.30	4.51
	Real estate	0.52	0.47	(19.06)	2.47	(38.71)
	Others	(1.43)	(0.40)	(0.87)	(1.68)	0.93
	Less: Unallocable expenditure (net of unallocable income)	(235.46)	(187.23)	(217.02)	(809.23)	(778.34)
	<b>Profit / (Loss) before exceptional items, share of loss of associates and joint ventures, and tax</b>	<b>10.55</b>	<b>41.06</b>	<b>(326.95)</b>	<b>(47.01)</b>	<b>21.27</b>
	Exceptional items					
	- Engineering and construction	(110.17)	331.40	(389.17)	221.23	(389.17)
	- Infrastructure	-	-	(175.74)	-	(137.74)
	- Real estate	-	-	(98.65)	-	(142.43)
	- Comprehensive urban development and management	-	-	-	-	141.97
		<b>(99.62)</b>	<b>372.46</b>	<b>(990.51)</b>	<b>174.22</b>	<b>(506.10)</b>
<b>3</b>	<b>Segment assets</b>					
	- Engineering and construction	10,900.74	10,429.65	9,565.80	10,376.87	
	- Infrastructure	79.26	84.14	69.61	25.24	
	- Real estate	41.67	46.34	45.87	239.61	
	- Comprehensive urban development and management	-	-	-	4,727.01	
	- Others	27.23	25.82	23.32	84.56	
	- Unallocable assets	1,118.65	729.61	1,205.36	237.09	
		<b>12,167.55</b>	<b>11,315.56</b>	<b>10,909.96</b>	<b>15,690.38</b>	
<b>4</b>	<b>Segment liabilities</b>					
	- Engineering and construction	7,656.31	7,425.57	6,825.32	6,651.73	
	- Infrastructure	196.53	206.67	185.20	220.23	
	- Real estate	58.60	61.88	85.90	38.08	
	- Comprehensive urban development and management	-	-	-	1,482.84	
	- Others	8.63	8.69	7.26	42.86	
	- Unallocable liabilities	5,006.66	4,646.07	4,806.29	9,150.98	
		<b>12,926.73</b>	<b>12,348.88</b>	<b>11,909.97</b>	<b>17,586.72</b>	



Annexure I			
Statement of Impact of Audit Qualifications (for audit report with modified opinion) submitted along-with Annual Audited Financial Results (Consolidated)			
Statement on Implication of Audit Qualifications for the Financial Year ended 31 March 2020 [See Regulation 33/52 of the SEBI (LODR) Amendment Regulations, 2016]			
(Amount in ₹ Crore)			
I.	Sr. No.	Particulars	Adjusted Figures (audited figures after adjusting for qualifications)
			(as reported before adjusting for qualifications)
	1	Turnover / Total Income	9,521.87
	2	Total Expenditure	9,568.88
	3	Exceptional items Gain / (Loss)	221.23
	4	Net Profit / (Loss) for the year after tax	197.03
	5	Earnings per Share	1.30
	6	Total Assets	12,167.55
	7	Total Liabilities	12,926.73
	8	Net Worth	(759.18)
	9	Any other financial item(s) (as felt appropriate by the management)	-
			9,539.27
			9,602.56
			(110.17)
			(45.67)
			(0.30)
			11,953.57
			12,955.45
			(1,001.88)
			-
II.	Audit Qualification		
a.	Details of Audit Qualification:		Auditor's Qualification
			(i) Note 5 to the accompanying Statement, the Holding Company has accounted for managerial remuneration to Whole Time Directors (including Chairman and Managing Director) of the Holding Company aggregating ₹ 30.97 crore for the financial years ended 31 March 2015, 31 March 2016 and 31 March 2020 in excess of the limits prescribed under Section 197 of the Act, in respect of which approvals from the shareholders have been obtained as prescribed, however prior approval from the lenders of the Holding Company in accordance with Section 197 has not been obtained. Our review report dated 6 February 2020 on the consolidated financial results for the quarter ended 31 December 2019 was also qualified in respect of this matter.
			(ii) Note 6 to the accompanying Statement, the Holding Company has recognised deferred tax assets (net) amounting to ₹ 437.08 crore outstanding as at 31 March 2020, on account of carried forward unused tax losses, unused tax credits and other taxable temporary differences, which are continued to be recognised on the basis of expected availability of future taxable profits for utilization of such deferred tax assets. However, in view of the continued losses incurred by the Holding Company and the impact of COVID-19 on business operations, we are unable to obtain sufficient appropriate audit evidence with respect to the current projections prepared by the management and therefore, are unable to comment on any adjustments that may be required to the carrying value of aforesaid deferred tax assets as at 31 March 2020.
			(iii) Note 9 to the accompanying Statement, the Group's non-current borrowings, other non-current financial liabilities and other current financial liabilities as at 31 March 2020 include balances amounting to ₹ 171.59 crore, ₹ 591.04 crore and ₹ 337.09 crore, respectively, in respect of which direct confirmations from the respective banks / lenders have not been received. Further, in respect of certain loans while the principal balances have been confirmed, the interest accrued amounting to ₹ 42.76 crore has not been confirmed by the banks / lenders. These balances have been classified into current and non-current, basis the original maturity terms stated in the agreements which is not in accordance with the terms of the agreements relating to the implications in the event of default. Further, direct confirmation from banks have not been received for earmarked balances (included under bank balances other than cash and cash equivalents) and guarantees issued by banks on behalf of the Holding Company as at 31 March 2020 amounting to ₹ 5.46 crore and ₹ 76.93 crore, respectively. In the absence of such direct confirmations from the banks / lenders or sufficient and appropriate alternate audit evidence, we are unable to comment on the adjustments and changes in classification of balances in accordance with the principles of Ind AS 1, Presentation of financial statements, if any, that may be required to the carrying value of the aforementioned balances in the accompanying Statement.
			(iv) Note 10(b) to the accompanying Statement, the Holding Company has written back a loss provision aggregating ₹ 331.40 crore in the quarter ended 31 December 2019, which was earlier recognised by the Holding Company during the year ended 31 March 2019 in cognizance of the assignment of beneficial interests / rights in a portfolio of identified arbitration awards and claims based on a non-binding term sheet with a consortium of investors along with a letter of commitment, due to cancellation of the said proposed transaction. However, such write-back is inconsistent with the continued intent of the Holding Company to sell / assign the arbitration awards and claims to other potential investors on similar terms as evidenced in the proposed resolution plan with the lenders. Accordingly, had the loss provision not been written back, exceptional gain, profit before tax, tax expense and net profit for the year ended 31 March 2020 would have been lower by ₹ 331.40 crore, ₹ 331.40 crore, ₹ 115.80 crore and ₹ 215.60 crore, respectively. Our review report dated 6 February 2020 on the consolidated financial results for the quarter ended 31 December 2019 was also qualified with respect to this matter.
			(v) Note 11 to the accompanying Statement, Lavasa Corporation Limited ('LCL'), a subsidiary of HREL Real Estate Limited ('HREL') (formerly known as HCC Real Estate Limited), which is a wholly-owned subsidiary of the Holding Company, was admitted under the Corporate Insolvency and Resolution Process ('CIRP') in accordance with the Insolvency and Bankruptcy Code, 2016 ('IBC') on 30 August 2018 and a Resolution Professional was appointed. The Board of Directors of LCL were suspended with effect from 30 August 2018, and the Holding Company and HREL therefore, did not exercise either control or significant influence over LCL from this date onwards. Owing to unavailability of financial statements and / or financial information of LCL and its subsidiaries, associates, jointly controlled entity ('LCL Group') for the period 1 April 2018 to 30 August 2018, the consolidated financial results of LCL Group for the period 1 April 2018 to 30 August 2018 ('cut off period') have not been included in the consolidated financial results for the year ended 31 March 2019, and the assets and liabilities of LCL Group have been derecognized at their respective carrying values as at 31 March 2018 instead of 30 August 2018. The said accounting treatment by the Group was not in compliance with Ind AS 110 - Consolidated Financial Statements. Our opinion on the consolidated financial results for the year ended 31 March 2020 is qualified because of the effects of this matter on the comparability of the current year figures and the corresponding figures for the year ended 31 March 2019. Our opinion dated 9 May 2019 on the consolidated financial results for the year ended 31 March 2019 and our review report dated 6 February 2020 on the consolidated financial results for the quarter ended 31 December 2019 were also qualified with respect to this matter.
			(vi) As given in Note 15 to the accompanying Statement, the following qualification is given by us vide our report dated 27 June 2020 on the consolidated financial statements of HCC Infrastructure Company Limited, a subsidiary of the Holding Company, reproduced as under: *Note XX to the accompanying Statement, regarding non accrual of interest aggregating ₹ 47.25 crore by HCC Operations and Maintenance Limited (HOML), a subsidiary company, in accordance with terms of the Debenture Sale Purchase (DSP) agreement entered with certain debenture holders for purchase of debentures issued by LCL. Had the subsidiary company provided for interest in accordance with the terms of the aforesaid agreement, net profit of the Group for the year ended 31 March 2020 would have been lower by ₹ 47.25 crore and other financial liabilities would have been higher by ₹ 47.25 crore and the reserves and surplus as at that date would have been lower by ₹ 47.25 crore.*
b.	Type of Audit Qualification:		Qualified Opinion
c.	Frequency of Qualification:		Qualification II a) (i) and (iv) - Included first time in the limited review report for the quarter/ period ended 31 December 2019 Qualification II a) (ii), (iii) and (vi) - Included first time during the quarter and year ended 31 March 2020. Qualification II a) (v) - Included first time in the audit report for the period 31 March 2019, thereafter in the review reports of four (4) quarter including the current quarter ended 31 March 2020 of the financial year 2019-2020.

<p>d. For Audit Qualification (s) where the impact is quantified by the auditor, Management views:</p>	<p>ii a) (i) Pursuant to notification of the Companies (Amendment) Act, 2017 with effect from 12 September 2018, amending Section 197 of the Companies Act, 2013 ("the Act"), the Holding Company's application to the Ministry of Corporate Affairs for approval in respect of managerial remuneration of Chairman and Managing Director (CMD) aggregating ₹ 17.40 crore accrued / paid in excess of the prescribed limit for the financials years 2014-15 and 2015-16 stands abated. The Holding Company, vide resolution dated 10 September 2019, has obtained approval from the shareholders for the payment of remuneration in respect of the aforesaid years to be only given effect to post receipt of the approval of the lenders. Further, on 26 September 2019, the Holding Company in its shareholders' meeting has also obtained approvals vide special resolutions for managerial remuneration of CMD and Whole Time Directors aggregating ₹ 13.57 crore for the year ended 31 March 2020, to be given effect to, only post receipt of the approval of lenders. Pending receipt of lenders approval, the amounts continue to be accrued / paid held-in-trust. Necessary actions will be made based on the outcome of such approvals.</p> <p>ii a) (iv) During the quarter ended 31 March 2019, the Holding Company had recognized a provision of ₹ 331.40 crore pursuant to the signing of a non-binding term sheet with a consortium of investors along with a letter of commitment, for an assignment of the beneficial interest in portfolio of identified arbitration awards and claims ("specified assets") for an aggregate consideration of ₹ 1,750 crore. The said provision continued thereafter in view of mutual extension of the said transaction till 31 December 2019. In the absence of any further extension, the Holding Company had decided to cancel this proposed transaction, which had been reported to and confirmed by statutory auditors. Pursuant to the cancellation of the aforesaid transaction, the provision of ₹ 331.40 crore, related to specified assets, recognized earlier had been written back during the quarter and year ended 31 December 2019 and 31 March 2020, respectively.</p> <p>ii a) (vi) On 29 September 2017, HCC Operations and Maintenance Limited (HOML), a wholly owned subsidiary of HICL, had signed a Debenture Sale Purchase (DSP) agreement with certain debenture holders for purchase of debentures issued by LCL, in the event of any default for an aggregate consideration of ₹ 138 crore plus interest @ 10.27 % per annum. Pursuant to the above, HOML has till date paid ₹ 21 crore, including ₹ 3 crore paid during the current year, to the aforesaid debenture holders towards these debentures. During the year, vide letter dated 8 August 2019, HOML has received recall notice from the debenture holders for ₹ 185.25 crore due to payment default as per DSP agreement. As at 31 March 2020, there exist a liability in the books (after adjusting advances paid) amounting to ₹ 117 crore attributable to the principal obligation and HOML is in discussion with the debenture holders for the waiver of interest obligation. Considering the present status of the discussion, management believes that that amount payable on settlement will not exceed the liability provided in books in respect of this matter and accordingly interest of ₹ 47.25 crore has been disclosed as contingent liability and not been provided for in the books of accounts as at 31 March 2020.</p>
<p>e. For Audit Qualification (s) where the impact is not quantified by the auditor:</p>	
<p>i) Management's estimation on the impact of audit qualification:</p>	<p>Not ascertainable</p>
<p>ii) If management is unable to estimate the impact, reasons for the same:</p>	<p>ii a) (ii) On 20 September 2019, vide the Taxation Laws (Amendment) Ordinance 2019, the Government of India inserted Section 115BAA in the Income Tax Act, 1961 which provides domestic companies a non-reversible option to pay corporate tax at reduced rates effective 01 April 2019 subject to certain conditions. During the current year, certain Group companies have elected to exercise the option permitted under section 115BAA however, the Holding Company, having significant amount of brought forward tax losses and unabsorbed depreciation on which deferred tax asset has been recognised, is still evaluating and has not yet elected to exercise the option permitted under section 115BAA. In view of the above, there is no impact of the new tax rate on the financial results for the current period. During the quarter ended 30 September 2019, the Holding Company had written off deferred tax assets aggregating ₹ 151.30 crore due to expiry of statutory period for setting off underlying losses. As at 31 March 2020, the Holding Company has continued to recognize net deferred tax assets amounting to ₹ 437.08 crore on account of carried forward unused tax losses, unused tax credits and other taxable temporary differences. Based on the expected profits from the unexecuted orders on hand, outcome of the ongoing discussion with lenders for restructuring of loans and expected settlement of arbitration awards, the Holding Company's management is confident that sufficient future taxable income will be available against which such deferred tax assets will be realized.</p> <p>ii a) (iii) Non-current borrowings, other non-current financial liabilities and other current financial liabilities as at 31 March 2020 include balances amounting to ₹ 171.59 crore, ₹ 591.04 crore and ₹ 337.09 crore respectively, in respect of which confirmations / statements from the respective banks / lenders have not been received. Further, in respect of non-current borrowings and current borrowings aggregating ₹ 864.23 crore, the lenders have confirmed the principal balance outstanding. However, the accrued interest until 31 March 2020 aggregating ₹ 42.76 crore in respect of these outstanding balances have not been confirmed. In the absence of confirmations / updated statements from the lenders, the Group has provided for interest and other penal charges on these borrowings based on the latest communication available from the respective lenders at the interest rate specified in the agreement. The Group's management believes that amount payable on settlement will not exceed the liability provided in books in respect of these borrowings. Accordingly, classification of these borrowings into current and non-current as at 31 March 2020 is based on the original maturity terms stated in the agreements with the lenders. Further, earmarked balances (included under bank balances other than cash and cash equivalents) and guarantees issued by banks on behalf of the Holding Company as at 31 March 2020 includes balances amounting to ₹ 5.46 crore and ₹ 76.93 crore respectively, in respect of which confirmation / statements from banks have not been received in spite of incessant efforts by Group's management.</p> <p>ii a) (v) The National Company Law Tribunal, Mumbai (NCLT) vide Order dated 30 August 2018, has admitted an application filed against Lavasa Corporation Limited ('LCL') by an operational creditor and initiated the Corporate Insolvency Resolution Process (CIRP) under the Insolvency and Bankruptcy Code 2016 ('IBC'). In accordance with the provisions of IBC, the powers of the Board of Directors of LCL shall stand suspended and the management of LCL presently vests with the Resolution Professional ('RP') appointed under the provisions of IBC. HREL Real Estate Limited (HREL) (formerly known as HCC Real Estate Limited), a wholly owned subsidiary of the Holding Company, is presently holding 68.70% equity stake in LCL. The Holding Company made all the required efforts to obtain requisite standalone and consolidated financial results/ financial information of LCL and its subsidiaries, associates and joint ventures ('LCL group') for the period 1 April 2018 to 30 August 2018 (date up to which the company had control) through appointed RP, for which no response was received from RP. In the absence of the required financial results/ financial information of LCL group, it was practically beyond the control of Holding Company's management to consolidate financial results / financial information of LCL group for the year to date period 1 April 2018 up to the date of loss of control i.e. 30 August 2018, in consolidated financial results for the year ended 31 March 2019. In view of this, financial results/ financial information of LCL group for the aforesaid periods have not been considered in the consolidated financial results for the year ended 31 March 2019. Further, de-recognition of assets and liabilities of LCL group, consequent to aforesaid loss of control, was carried out based on the latest available financial results of LCL group, i.e. year ended 31 March 2018, in these consolidated financial results for the year ended 31 March 2019.</p>
<p>iii) Auditors' comments on (i) or (ii) above</p>	<p>Included in details of auditor's qualifications stated above</p>

III. Signatories:

For **Walker Chandiook & Co LLP**  
Chartered Accountants  
Firm Registration No. 001076N / N500013

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

Place: Mumbai  
Date: 9 July 2020

For **Hindustan Construction Company Limited**



**Ajit Gulabchand**  
Chairman & Managing Director



**Shailesh Sawa**  
Chief Financial Officer



**Sharad M. Kulkarni**  
Audit Committee Chairman

Place: Mumbai / Raigad  
Date: 9 July 2020