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Independent Auditor's Review Report on Standalone Unaudited Quarterly Financial Results and Year to Date 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

1. We have reviewed the accompanying statement of standalone unaudited financial results ('the Statement') of Hindustan Construction Company Limited ('the Company') for the quarter ended 31 December 2019 and the year to date results for the period 01 April 2019 to 31 December 2019, being submitted by the Company pursuant to the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended), 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 December 2019', as included in the Statement has been approved by the Board of Directors but not been subjected to audit or review.
2. The Statement, which is the responsibility of the Company's Management and approved by the Company's Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34, Interim Financial Reporting ('Ind AS 34'), prescribed under Section 133 of the Companies Act, 2013 ('the Act'), and as per the presentation requirements of SEBI Circular CIR/CFD/FAC/62/2016 dated 5 July 2016, (hereinafter referred to as 'the SEBI Circular'), and other accounting principles generally accepted in India. Our responsibility is to express a conclusion on the Statement based on our review.
3. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity, issued by the Institute of Chartered Accountants of India. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the Standards on Auditing specified under section 143(10) of the Act, and consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



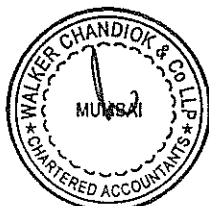
4. As stated in:

- (a) Note 5 to the Statement, the Company has accounted for managerial remuneration paid / payable to the Chairman and Managing Director (CMD) of the Company amounting to ₹ 8.71 crore and ₹ 8.69 crore for the financial years ended 31 March 2015 and 31 March 2016, respectively, in excess of the limits prescribed under Section 197 of the Companies Act, 2013 ('Act'), in respect of which approvals from the shareholders have been obtained within the prescribed time limit, however prior approval from the lenders of the Company in accordance with Section 197 have not been obtained by the Company. Accordingly, had the Company reversed the aforesaid excess managerial remuneration paid / provided, other income, profit before tax, tax expense and profit for the quarter and nine-month period ended 31 December 2019 would have been higher by ₹ 17.40 crore, ₹ 17.40 crore, ₹ 6.08 crore and ₹ 11.32 crore, respectively and other financial assets as at 31 December 2019 would have been higher by ₹ 6.74 crore.
- (b) Note 6.1 to the Statement, the Company has written back a loss provision aggregating ₹ 331.40 crore in the current quarter, which was earlier recognised by the Company during the year ended 31 March 2019 in cognizance of an 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 in the current quarter, exceptional items, profit before tax, tax expense and profit for the quarter and nine-month period ended 31 December 2019 would have been lower by ₹ 331.40 crore, ₹ 331.40 crore, ₹ 115.80 crore and ₹ 215.60 crore, respectively.

5. Based on our review conducted as above, except for the possible effects of the matters described in previous section, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with the recognition and measurement principles laid down in Ind AS 34, prescribed under Section 133 of the Act, and as per the presentation requirements of the SEBI Circular, and other accounting principles generally accepted in India, has not disclosed the information required to be disclosed in accordance with the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended), including the manner in which it is to be disclosed, or that it contains any material misstatement.

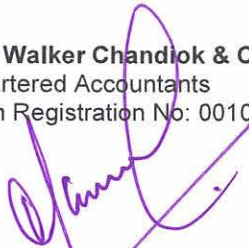
6. We draw attention to:

- (a) Note 3 to the Statement, regarding uncertainties relating to recoverability of unbilled work-in-progress (other current assets), non-current trade receivables and current trade receivables amounting to ₹ 583.99 crore, ₹ 350 crore and ₹ 384.17 crore, respectively, as at 31 December 2019, 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. Our conclusion is not modified in respect of this matter.
- (b) Note 4 to the Statement, regarding the Company's non-current investment (including deemed investment) in a subsidiary company, HCC Infrastructure Company Limited, aggregating ₹ 1,572.60 crore as at 31 December 2019. The consolidated net-worth of the aforesaid subsidiary has been fully eroded; however, based on certain estimates and other factors, including subsidiary's future business plans, growth prospects, 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. Our conclusion is not modified in respect of this matter.



7. The Statement includes the Company's share of total revenues of ₹ 7.41 crore and ₹ 40.67 crore, net loss after tax of ₹ 1.42 crore and ₹ 2.39 crore, and total comprehensive loss of ₹ 1.42 crore and ₹ 2.39 crore for the quarter and nine-month period ended 31 December 2019 respectively, in respect of eight (8) joint operations, based on their interim financial information, which have not been reviewed by their auditors, and have been furnished to us by the Company's management. Our conclusion on the Statement, and our report in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended), read with SEBI Circulars, in so far as it relates to the aforesaid joint operations are based solely on such unreviewed management certified interim financial information. According to the information and explanations given to us by the management, such interim financial information is not material to the Company. Our conclusion is not modified in respect of this matter.

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



Rakesh R. Agarwal
Partner
Membership No. 109632

UDIN - 20109632AAAAAW6257

Place: Mumbai
Date: 6 February 2020

STATEMENT OF STANDALONE UNAUDITED FINANCIAL RESULTS FOR THE QUARTER AND NINE MONTH ENDED 31 DECEMBER 2019

Sr. No.	Particulars	₹ in crore except earnings per share data					
		Quarter ended			Nine month ended		Year ended
		31 December 2019	30 September 2019	31 December 2018	31 December 2019	31 December 2018	31 March 2019
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited	
1	Income						
	(a) Income from operations	1,074.87	987.90	1,101.81	2,893.85	3,018.55	4,341.00
	(b) Other income	7.11	10.45	24.12	24.11	93.95	118.13
	Total income (a+b)	1,081.98	998.35	1,125.93	2,917.96	3,112.50	4,459.13
2	Expenses						
	(a) Cost of construction materials consumed	150.87	172.04	194.96	528.59	602.80	816.59
	(b) Subcontracting expenses	504.42	421.22	516.50	1,175.36	1,279.38	2,133.77
	(c) Construction expenses	72.34	65.18	65.34	217.23	244.26	342.88
	(d) Employee benefits expense	100.99	112.05	95.66	308.08	296.11	393.68
	(e) Finance costs	171.44	184.04	173.33	527.74	489.90	698.91
	(f) Depreciation and amortisation expense	27.15	30.01	33.65	88.05	112.37	144.53
	(g) Other expenses	27.25	30.44	29.91	80.08	94.29	120.69
	Total expenses (a+b+c+d+e+f+g)	1,054.46	1,014.98	1,109.35	2,925.13	3,119.11	4,651.05
3	Profit / (Loss) before exceptional items and tax (1-2)	27.52	(16.63)	16.58	(7.17)	(6.61)	(191.92)
4	Exceptional items (Refer note 6)	331.40	-	-	331.40	(2,011.13)	(2,400.30)
5	Profit / (Loss) before tax (3+4)	358.92	(16.63)	16.58	324.23	(2,017.74)	(2,592.22)
6	Tax expense						
	(a) Current tax	-	0.02	0.59	0.05	1.13	1.00
	(b) Deferred tax (Refer note 9)	125.23	148.81	6.08	271.01	(483.83)	(631.47)
		125.23	148.83	6.67	271.06	(482.70)	(630.47)
7	Profit / (Loss) for the period (5-6)	233.69	(165.46)	9.91	53.17	(1,535.04)	(1,961.75)
8	Other comprehensive income						
	(a) Items not to be reclassified subsequently to profit or loss (net of tax)						
	- Gain / (Loss) on remeasurement of defined benefit plans	(2.68)	(4.60)	1.11	(8.03)	3.33	(3.01)
	- Gain / (Loss) on fair value of equity instruments (Refer note 10)	2.20	(3.47)	2.80	(3.71)	(8.08)	(6.47)
	(b) Items to be reclassified subsequently to profit or loss	-	-	-	-	-	-
	Other comprehensive income / (loss) for the period, net of tax (a+b)	(0.48)	(8.07)	3.91	(11.74)	(4.75)	(9.48)
9	Total comprehensive income / (loss) for the period, net of tax (7+8)	233.21	(173.53)	13.82	41.43	(1,539.79)	(1,971.23)
10	Paid up equity share capital (Face value of ₹ 1 each)	151.31	151.31	151.31	151.31	151.31	151.31
11	Other equity (excluding revaluation reserves)						1,141.69
12	Earnings / (Loss) per share (Face value of ₹ 1 each)						
	(a) Basic EPS (not annualised) (in ₹)	1.54	(1.09)	0.10	0.35	(14.98)	(17.13)
	(b) Diluted EPS (not annualised) (in ₹)	1.54	(1.09)	0.10	0.35	(14.98)	(17.13)
	See accompanying notes to the standalone unaudited financial results						



Hindustan Construction Co Ltd

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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 December 2019 is ₹ 16,142 crore (31 March 2019: ₹ 18,554 crore).
- Unbilled work-in-progress (Other current assets), Non-current trade receivables and current trade receivables include ₹ 583.99 crore, ₹ 350 crore and ₹ 384.17 crore, respectively, outstanding as at 31 December 2019 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.
- The Company, as at 31 December 2019, has non-current investments amounting to ₹ 1,572.60 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 December 2019 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 SPVs have several claims including favorable arbitration awards against its customers mainly in respect of cost over-run 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.
- 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 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, made by the Company to the Ministry of Corporate Affairs ('the Ministry') stands abated. The Company, vide resolution dated 10 September 2019, had obtained approval from the shareholders for the payment of remuneration in respect of the aforesaid years, which will be only given effect to post receipt of the approval of the lenders. Pending receipt of lenders approvals, the amounts continue to be accrued / held-in-trust. Necessary actions, will be made based on the outcome of such approvals. The Company had paid / accrued managerial remuneration for the aforesaid years as detailed below:

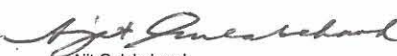
(₹ crore)					
Financial Year	Remuneration accrued	Remuneration paid	Remuneration as per prescribed limit	Excess remuneration provided but not paid	Excess remuneration paid held in trust
2014-15	10.66	Not paid	1.95	8.71	-
2015-16	10.66	10.66	1.97	-	8.69

Statutory auditors review report is modified in respect of this matter.

(₹ crore)				
6 Exceptional Items	Quarter ended 31 December 2019	Nine month ended 31 December 2019	Nine month ended 31 December 2018	Year ended 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)	(2,011.13)
b) Reversal of provision / (Provision) in respect of arbitration awards and claims (Refer note 6.1 below)	331.40	331.40	-	(331.40)
c) Impairment loss in respect of asset classified as held for sale	-	-	-	(71.85)
d) Gain on settlement of debts	-	-	-	14.08
Total gain / (loss)	331.40	331.40	(2,011.13)	(2,400.30)

- 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 a 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 has decided to cancel the said proposed transaction, which has 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 has been written back during the current quarter. Statutory auditors review report is modified in respect of write back of above provision.
- As at 31 December 2019, the Company has defaulted on payment to lenders, both principal (₹ 169.98 crore) as well as interest (₹ 90.88 crore) along with certain overdue operational creditors. Further few operational creditors have also 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. The above factors indicates 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 a resolution plan, underlying strength of the Company's business plans and future outlook as assessed, the management is reasonably confident of improving the credit profile of the Company through time-bound monetisation of assets including Awards, Claims and other assets which would result in it being able to meet its obligations in due course of time. Accordingly, the Company has prepared the financial results on a going concern basis.
- During the previous quarter, the Company had filed a Writ Petition before the Hon'ble Supreme Court against various Government Agencies for immediate release of unpaid Arbitration Awards, challenging the constitutional validity of Section 87 of the Arbitration & Conciliation (Amendment) Act, 2019, which came into force on 31 August 2019, which created impediments in execution of certain awards. During the current quarter, Hon'ble Supreme Court in its judgement has struck down application of Section 87 which granted automatic stay on execution of certain Arbitration Award simply on their challenge before the High Courts. Pursuant to this judgment, the Company would now be in a position to execute Arbitration Awards aggregating ₹ 1,433 crores in hand as at 31 December 2019.
- During the quarter and six month period ended 30 September 2019, the Company had reassessed the projected taxable profits and the realisability of its deferred tax assets. Deferred tax assets to the extent supported by convincing evidence is being carried forward and the balance amount aggregating ₹ 151.30 crore had been written off during that quarter.
- 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.
- Pursuant to the resignation of a woman director effective 31 July 2019, the casual vacancy created stands filled up.
- 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 period and earnings / (loss) per share is not material.
- 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 unaudited financial results at their respective meetings held on February 2020.

for Hindustan Construction Company Limited


Ajit Gulabchand
Chairman & Managing Director

Mumbai, Dated : 6 February 2020



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Independent Auditor's Review Report on Consolidated Unaudited Quarterly Financial Results and Year to Date 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

1. We have reviewed the accompanying statement of consolidated unaudited 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 and joint ventures (refer Annexure 1 for the list of subsidiaries, associates and joint ventures included in the Statement) for the quarter ended 31 December 2019 and the consolidated year to date results for the period 1 April 2019 to 31 December 2019, 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), including relevant circulars issued by the SEBI from time to time. Attention is drawn to the fact that the consolidated figures for the corresponding quarter ended 31 December 2018 and the corresponding period from 1 April 2018 to 31 December 2018, as reported in the Statement have been approved by the Holding Company's Board of Directors, but have not been subjected to audit or review.
2. This Statement, which is the responsibility of the Holding Company's management and approved by the Holding Company's Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34, Interim Financial Reporting ('Ind AS 34'), prescribed under section 133 of the Companies Act, 2013 ('the Act'), and as per the presentation requirements of SEBI Circular CIR/CFD/FAC/62/2016 dated 5 July 2016 (hereinafter referred to as 'the SEBI Circular'), and other accounting principles generally accepted in India. Our responsibility is to express a conclusion on the Statement based on our review.
3. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity, issued by the Institute of Chartered Accountants of India. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the Standards on Auditing specified under section 143(10) of the Act, and consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

We also performed procedures in accordance with the SEBI Circular CIR/CFD/CMD1/44/2019 dated 29 March 2019 issued by the SEBI under Regulation 33 (8) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended), to the extent applicable.

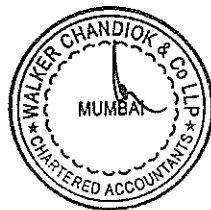


4. As stated in:

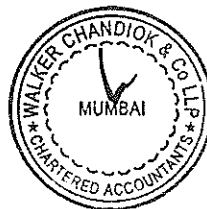
- (a) Note 11 to the accompanying Statement, Lavasa Corporation Limited ('LCL'), a subsidiary of HREL Real Estate Limited ('HREL') (formerly known as HCC Real Estate Limited), which is a wholly-owned subsidiary of the Holding Company, was admitted under the Corporate Insolvency and Resolution Process ('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 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 of the Holding Company for the year to date period 1 April 2018 to 31 December 2018, 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 is not in compliance with Ind AS 110 - Consolidated Financial Statements. Our opinion dated 9 May 2019 on the consolidated financial results for the year ended 31 March 2019 was qualified with respect to this matter. Our conclusion on the consolidated financial results for the quarter ended 31 December 2019 and year to date period 1 April 2019 to 31 December 2019 is also qualified because of the effects of this matter on the comparability of the current period's figures and the corresponding figures for the year to date period 1 April 2018 to 31 December 2018 and for the year ended 31 March 2019.

- (b) Note 14 to the Statement, the Holding Company has accounted for managerial remuneration paid / payable to the Chairman and Managing Director (CMD) of the Company amounting to ₹ 8.71 crore and ₹ 8.69 crore for the financial years ended 31 March 2015 and 31 March 2016, respectively, in excess of the limits prescribed under Section 197 of the Companies Act, 2013 ('Act'), in respect of which approvals from the shareholders have been obtained within the prescribed time limit, however prior approval from the lenders of the Company in accordance with Section 197 have not been obtained by the Company. Accordingly, had the Holding Company reversed the aforesaid excess managerial remuneration paid / provided, other income, profit before tax, tax expense and profit for the quarter and nine-month period ended 31 December 2019 would have been higher by ₹ 17.40 crore, ₹ 17.40 crore, ₹ 6.08 crore and ₹ 11.32 crore, respectively and other financial assets as at 31 December 2019 would have been higher by ₹ 6.74 crore.
- (c) Note 7.1 to the Statement, the Holding Company has written back a loss provision aggregating ₹ 331.40 crore in the current quarter, which was earlier recognised by the Holding Company during the year ended 31 March 2019 in cognizance of an 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 of the Holding 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 in the current quarter, exceptional items, profit before tax, tax expense and profit for the quarter and nine-month period ended 31 December 2019 would have been lower by ₹ 331.40 crore, ₹ 331.40 crore, ₹ 115.80 crore and ₹ 215.60 crore, respectively.



5. Based on our review conducted and procedures performed as stated in paragraph 3 above and upon consideration of the review reports of the other auditors referred to in paragraph 10 below, except for the effects of the matters described in previous section, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with recognition and measurement principles laid down in Ind AS 34, prescribed under Section 133 of the Act, and as per the presentation requirements of the SEBI Circular and other accounting principles generally accepted in India, has not disclosed the information required to be disclosed in accordance with the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended), including the manner in which it is to be disclosed, or that it contains any material misstatement.
6. We draw attention to:
- (a) Note 2 to the Statement, regarding uncertainties relating to recoverability of unbilled work-in-progress (other current assets), non-current trade receivables and current trade receivables of Holding Company amounting to ₹ 583.99 crore, ₹ 350 crore and ₹ 384.17 crore, respectively, as at 31 December 2019, 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. Our conclusion is not modified in respect of this matter.
- (b) Note 3 to the Statement, regarding Group's non-current investment in HCC Concessions Limited ('HCL'), a joint venture company of HCC Infrastructure Company Limited ('HICL') aggregating ₹ 21.69 crore, as at 31 December 2019 and impact of the order of Delhi Debt Recovery Tribunal II ('DRT') for recovery of ₹ 617.04 crore from HCL, which is now pending before the Delhi Debt Recovery Appellate Tribunal II ('DRAT'). BFTL has recognized a liability of ₹ 711.38 crore for amount payable to the lenders against their claim of ₹ 902.96 crore. Based on the merits of its case and the progress of the negotiation with BFTL lenders, no liability has been recognized by HCL with respect to the DRT order. In addition to the above, the consolidated net worth of the aforesaid joint venture has been substantially eroded; however, based on certain estimates and other factors, including 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 on-going disputes in respect of certain claims, as described in the said notes, Management believes that the realizable amount is higher than the carrying value of the investments due to which these are considered as good and recoverable. Our conclusion is not modified in respect of this matter.
- (c) Note 12 to the Statement, regarding the exercise of right by the option holders with respect to the put option, issued by HREL, on the compulsory convertible preference shares of its erstwhile subsidiary, LCL and invocation of HREL's corporate guarantees by the lenders of LCL and its erstwhile step down subsidiary, Warasgaon Assets Maintenance Limited subsequent to the initiation of 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 on HREL in respect of the corporate guarantee and / or put options cannot be currently measured with sufficient reliability and accordingly have been disclosed as a Contingent Liability as at 31 December 2019 in accordance with the provisions of Ind AS 37, Provisions, Contingent Liabilities and Contingent Assets. Our conclusion is not modified in respect of this matter.



7. We draw attention to Note 4 of the Statement on following emphasis of matter included in the review report on the financial results of Baharampore Farakka Highways Limited (BFHL), a subsidiary of the joint venture of the Holding Company, issued by an independent firm of Chartered Accountants, vide their report dated 4 February 2020, on matter which is relevant to our conclusion on the consolidated financial results of the Group, and reproduced by us as under:

"Note 31 of notes to accounts, National Highways 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. Our conclusion is not modified in respect of this matter."

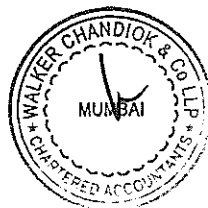
8. We draw attention to Note 5 of the Statement on following emphasis of matter included in the review report on the financial results of Raiganj Dalkhola Highways Limited (RDHL), a subsidiary of the joint venture of the Holding Company, issued by an independent firm of Chartered Accountants, vide their report dated 4 February 2020, on matter which is relevant to our conclusion on the consolidated financial results of the Group, and reproduced by us as under:

"Note 7 of notes to accounts, National Highways Authority of India (NHA) 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 NHA amounting to ₹ 177.42 crore is considered fully recoverable by the management. Our conclusion is not modified in respect of this matter."

9. We draw attention to Note 6 of the Statement on following emphasis of matter included in the review report on the financial results of Badarpur Faridabad Tollways Limited (BFTL), a subsidiary of the joint venture of the Holding Company, issued by an independent firm of Chartered Accountants, vide their report dated 4 February 2020, on matter which is relevant to our conclusion on the consolidated financial results of the Group, and reproduced by us as under:

"Note 18 & 30 to the financial statements, Canara Bank has vide letter dated 31 October 2018 has recalled entire amount of financial assistance extended to the Company. Pending reconciliation of outstanding dues of the lenders with the amount recorded in the books of account, difference amount has been disclosed as contingent liability. Our conclusion is not modified in respect of this matter."

10. We did not review the interim financial information of eleven (11) subsidiaries included in the Statement, whose financial information (before eliminating intra-group transaction) reflects total revenues of ₹ 1,267.12 crore and ₹ 4,197.88 crore, total net profit / (loss) after tax of ₹ (18.40) crore and ₹ 27.94 crore, total comprehensive income / (loss) of ₹ (22.43) crore and ₹ 9.89 crore, for the quarter and nine-month period ended on 31 December 2019, respectively, as considered in the Statement. The Statement also includes the Group's share of net loss after tax of ₹ 23.66 crore and ₹ 118.02 crore, and total comprehensive loss of ₹ 23.66 crore and ₹ 118.02 crore, for the quarter and nine-month period ended on 31 December 2019, respectively, as considered in the Statement, in respect of four (4) associates and six (6) joint ventures, whose interim financial information have not been reviewed by us. These interim financial information have been reviewed by other auditors whose review reports have been furnished to us by the management, and our conclusion 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 review reports of such other auditors and the procedures performed by us as stated in paragraph 3 above.



Further, of these subsidiaries, associates and joint ventures, nine (9) subsidiaries, four (4) associates and one (1) joint venture, are located outside India, whose interim financial information have been prepared in accordance with accounting principles generally accepted in their respective countries and which have been reviewed by other auditors under International Standard on Review Engagements (ISRE) 2410 applicable in their respective countries. The Holding Company's management has converted the interim financial information of such subsidiaries, associates and joint venture from accounting principles generally accepted in their respective countries to accounting principles generally accepted in India. We have reviewed these conversion adjustments made by the Holding Company's management. Our conclusion, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, associates and joint venture is based on the review report of other auditors and the conversion adjustments prepared by the management of the Holding Company and reviewed by us.

Our conclusion is not modified in respect of this matter.

11. The Statement includes the interim financial information of five (5) subsidiaries, which have not been reviewed / audited by their auditors, whose interim financial information (before eliminating intra-group transaction) reflects total revenues of ₹ 12.46 crore and ₹ 24.18 crore, net profit / (loss) after tax of ₹ 0.36 crore and ₹ (8.57) crore, total comprehensive income / loss of ₹ 0.14 crore and ₹ (10.32) crore for the quarter and nine-month period ended 31 December 2019 respectively, as considered in the Statement. The Statement also includes the Group's share of net profit after tax of ₹ 0.80 crore and ₹ 1.03 crore, and total comprehensive income of ₹ 0.80 crore and ₹ 1.03 crore for the quarter and nine-month ended on 31 December 2019 respectively, in respect of one (1) associate, based on its interim financial information, which has not been reviewed / audited by its auditors, and has been furnished to us by the Holding Company's management. The Statement also includes the Group's share of total revenues of ₹ 7.41 crore and ₹ 40.67 crore, net loss after tax of ₹ 1.42 crore and ₹ 2.39 crore, and total comprehensive loss of ₹ 1.42 crore and ₹ 2.39 crore for the quarter and nine-month period ended 31 December 2019 respectively, in respect of eight (8) joint operations, based on their interim financial information, which have not been reviewed by their auditors, and have been furnished to us by the Holding Company's management. Our conclusion on the Statement, and our report in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended), read with SEBI Circular, in so far as it relates to the aforesaid subsidiaries, associate and joint operations, are based solely on such unaudited / unreviewed interim financial information. According to the information and explanations given to us by the management, these interim financial information are not material to the Group. Our conclusion is not modified in respect of this matter.

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

Rakesh R. Agarwal
Partner
Membership No. 109632

UDIN - 20109632AAAAAX5958

Place: Mumbai
Date: 6 February 2020



Annexure 1

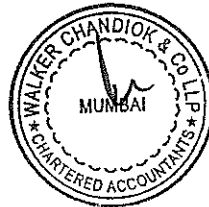
List of entities^ included in the Statement

Subsidiary Companies	
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 Leman SAS
Maan Township Developers Limited	Eurohotel SA
Manufakt8048	Steiner India Limited
Werkarena Basel AG (w.e.f. 19 September 2019)	Charosa Wineries Limited (upto 6 February 2019)
Powai Real Estate Developer Limited	

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

Joint Venture / Joint Operations	
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	HCC- HDC Joint Venture
HCC - MAX JV	

^ above excludes interim financial information of Lavasa Corporation Limited and its group entities [Also refer paragraph 4(a) above]



STATEMENT OF CONSOLIDATED UNAUDITED FINANCIAL RESULTS FOR THE QUARTER AND NINE MONTH ENDED 31 DECEMBER 2019

₹ in crore except earnings per share data

Sr. No.	Particulars	Quarter ended			Nine month ended		Year ended
		31 December 2019	30 September 2019	31 December 2018	31 December 2019	31 December 2018	31 March 2019
		Unaudited	Unaudited	Unaudited (Refer note 17)	Unaudited	Unaudited (Refer note 17)	Audited
1	Income						
	(a) Income from operations	2,338.49	2,286.76	2,736.29	7,081.14	7,486.39	10,321.56
	(b) Other income	10.68	15.33	12.34	42.90	35.59	75.01
	Total income (a+b)	2,349.17	2,302.09	2,748.63	7,124.04	7,521.98	10,396.57
2	Expenses						
	(a) Cost of construction materials consumed	150.87	172.03	195.18	528.58	603.14	818.21
	(b) Subcontracting expenses	1,555.64	1,515.49	1,893.37	4,542.51	4,962.97	7,054.48
	(c) Changes in inventories	(14.36)	(6.13)	2.16	176.18	8.55	(2.82)
	(d) Construction expenses	76.79	68.35	76.75	229.16	278.43	389.46
	(e) Employee benefits expense	254.10	255.13	262.64	715.62	749.14	1,007.74
	(f) Finance costs	189.41	201.69	158.85	580.37	567.06	808.36
	(g) Depreciation and amortisation expense	38.41	40.92	42.02	120.70	129.67	177.36
	(h) Other expenses	71.25	63.21	43.96	198.68	190.90	290.73
	Total expenses (a+b+c+d+e+f+g+h)	2,322.11	2,310.69	2,674.93	7,091.80	7,489.86	10,543.52
3	Profit / (Loss) before exceptional items, share of loss of associates and joint ventures, and tax (1-2)	27.06	(8.60)	73.70	32.24	32.12	(146.95)
4	Exceptional items (Refer note 7)	331.40	-	-	331.40	136.19	(527.37)
5	Profit / (Loss) before share of loss of associates and joint ventures and tax (3+4)	358.46	(8.60)	73.70	363.64	168.31	(674.32)
6	Share of loss of associates and joint ventures (net)	(21.78)	(68.97)	(51.01)	(114.56)	(86.60)	(151.31)
7	Profit / (Loss) before tax (5+6)	336.68	(77.57)	22.69	249.08	81.71	(825.63)
8	Tax expense/ (credit)						
	(a) Current tax	2.24	4.70	0.55	11.02	3.78	7.41
	(b) Deferred tax (Refer note 10)	125.88	151.44	9.32	280.65	(342.52)	(491.90)
		128.12	156.14	9.87	291.67	(338.74)	(484.49)
9	Profit / (Loss) for the period (7-8)	208.56	(233.71)	12.82	(42.59)	420.45	(341.14)
10	Other comprehensive income / (loss)						
	(a) Items not to be reclassified subsequently to profit or loss (net of tax)						
	- Gain / (Loss) on remeasurement of defined benefit plans	(2.80)	(19.43)	1.11	(22.98)	3.29	(30.05)
	- Gain / (Loss) on fair value of equity instruments (Refer note 15)	1.83	(3.47)	2.81	(4.12)	(8.08)	(6.51)
	(b) Items to be reclassified subsequently to profit or loss						
	- Gain / (Loss) on exchange fluctuations	7.20	(4.77)	37.53	5.69	(65.75)	(120.42)
	Other comprehensive income / (loss) for the period, net of tax (a+b)	6.23	(27.67)	41.45	(21.41)	(70.54)	(156.98)
11	Total comprehensive income / (loss) for the period, net of tax (9+10)	214.79	(261.38)	54.27	(64.00)	349.91	(498.12)
	Net profit / (loss) attributable to:						
	Owners of the parent	208.56	(233.71)	12.82	(42.59)	420.45	(341.14)
	Non - controlling interest	0.00*	0.00*	-	0.00*	-	-
	Other comprehensive income / (loss) for the period attributable to:						
	Owners of the parent	6.23	(27.67)	41.45	(21.41)	(70.54)	(156.98)
	Non - controlling interest	0.00*	0.00*	-	0.00*	-	-
	Total comprehensive income / (loss) for the period attributable to:						
	Owners of the parent	214.79	(261.38)	54.27	(64.00)	349.91	(498.12)
	Non - controlling interest	0.00*	0.00*	-	0.00*	-	-
12	Paid up equity share capital (Face value of ₹ 1 each)	151.31	151.31	151.31	151.31	151.31	151.31
13	Other equity (excluding revaluation reserves)						(1,087.48)
14	Earnings per share (Face value of ₹ 1 each)						
	(a) Basic EPS (not annualised) (in ₹)	1.38	(1.54)	0.08	(0.28)	2.66	(2.98)
	(b) Diluted EPS (not annualised) (in ₹)	1.38	(1.54)	0.08	(0.28)	2.66	(2.98)

* represents amount less than ₹ 1 lakh
See accompanying notes to the consolidated unaudited financial results

Hindustan Construction Co Ltd

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LBS Marg, Vikhroli (West),
Mumbai - 400 083, India
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CIN : L45200MH1926PLC001228





CONSOLIDATED UNAUDITED SEGMENT-WISE REVENUE, PROFIT AND LOSS, ASSETS AND LIABILITIES

(₹ Crore)

Sr No.	Particulars	Quarter ended			Nine month ended		Year ended
		31 December 2019	30 September 2019	31 December 2018	31 December 2019	31 December 2018	31 March 2019
		(Unaudited)	(Unaudited)	(Unaudited) (Refer note 17)	(Unaudited)	(Unaudited) (Refer note 17)	(Audited)
1	Segment revenue						
	Engineering and construction	2,330.47	2,276.89	2,694.84	7,051.01	7,404.66	10,228.39
	Infrastructure	17.40	23.24	38.61	51.53	59.77	70.03
	Real estate	-	-	0.48	-	1.38	1.38
	Others	3.06	3.28	2.36	9.84	20.58	21.76
	Less: Inter segment revenue	(12.44)	(16.65)	-	(31.24)	-	-
	Total	2,338.49	2,286.76	2,736.29	7,081.14	7,486.39	10,321.56
2	Segment results						
	Engineering and construction	209.95	170.90	203.12	577.90	611.41	664.66
	Infrastructure	4.27	17.63	39.25	26.41	(0.12)	4.51
	Real estate	0.47	1.61	(1.35)	1.95	(19.65)	(38.71)
	Others	(0.40)	(0.13)	0.25	(0.25)	1.80	0.93
	Less: Unallocable expenditure (net of unallocable income)	(187.23)	(198.61)	(167.57)	(573.77)	(561.32)	(778.34)
	Profit / (Loss) before exceptional items, share of loss of associates and joint ventures, and tax	27.06	(8.60)	73.70	32.24	32.12	(146.95)
	Exceptional items						
	- Engineering and construction	331.40	-	-	331.40	-	(389.17)
	- Infrastructure	-	-	-	-	-	(137.74)
	- Real estate	-	-	-	-	(5.78)	(142.43)
	- Comprehensive urban development and management	-	-	-	-	141.97	141.97
		358.46	(8.60)	73.70	363.64	168.31	(674.32)
		As at	As at	As at	As at	As at	As at
		31 December 2019	30 September 2019	31 December 2018	31 December 2019	31 December 2018	31 March 2019
		Unaudited	Unaudited	Unaudited (Refer note 17)	Unaudited	Unaudited (Refer note 17)	Audited
3	Segment assets						
	- Engineering and construction	11,320.23	10,798.39	11,594.75	11,320.23	11,594.75	10,426.19
	- Infrastructure	84.14	85.14	75.27	84.14	75.27	69.61
	- Real estate	46.34	46.26	176.16	46.34	176.16	45.87
	- Others	25.82	25.85	71.66	25.82	71.66	23.32
	- Unallocable assets	498.75	633.16	755.79	498.75	755.79	1,019.74
		11,975.28	11,588.80	12,673.63	11,975.28	12,673.63	11,584.73
4	Segment liabilities						
	- Engineering and construction	8,000.71	7,863.91	7,587.30	8,000.71	7,587.30	7,436.25
	- Infrastructure	206.67	195.33	14.57	206.67	14.57	185.20
	- Real estate	61.88	61.93	59.24	61.88	59.24	85.90
	- Others	8.69	8.14	10.70	8.69	10.70	7.26
	- Unallocable liabilities	4,618.87	4,597.95	5,110.48	4,618.87	5,110.48	4,806.29
		12,896.82	12,727.26	12,782.29	12,896.82	12,782.29	12,520.90



[Handwritten Signature]

Notes:

- Hindustan Construction Company Limited (the 'Company' or 'Holding Company') and its subsidiaries are together referred to as 'the Group' in the following notes. This 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 above consolidated unaudited financial results were reviewed by the Audit Committee and approved by the Board of Directors at their respective meetings held on 6 February 2020. Also refer note 17.
- Unbilled work-in-progress (other current assets), non-current trade receivables and current trade receivables ₹ 583.99 crore, ₹ 350 crore and ₹ 384.17 crore, respectively, outstanding as at 31 December 2019 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 the 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.
- The Group, as at 31 December 2019, has a non-current investment amounting to ₹ 21.69 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 HCL has incurred losses and consolidated net-worth as at 31 December 2019 has been substantially 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. BOT SPV's also 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.

Further, during the current quarter, in response to the application filed by the lenders of Badarpur Faridabad Tollway Limited ('BFTL'), a subsidiary of HCL, before the Hon'ble Delhi Debt Recovery Tribunal II ('DRT') for recovery of debt against Corporate Guarantee issued by HCL, the DRT has ordered interim recovery certificate for recovery of ₹ 617.04 crore along with interest from HCL to be paid within 30 days. BFTL has filed an appeal before the Debt Recovery Appellate Tribunal against the aforesaid order and have simultaneously also filed an application against National Highway Authority of India ('NHAI') before the Hon'ble High Court of Delhi ('Delhi HC'). HCL and BFTL are also in discussion with the lenders for a one-time settlement of disputes. Based on the legal advice obtained in this respect, management is confident of resolving this matter without any loss to the Group.

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 advise, the management believes that the realizable amount of the HCL is higher than the carrying value of the non-current investments due to which these are considered as good and recoverable.

- Against NHAI's earlier issued notice dated 24 August 2017 for 'Intention to Issue Termination Notice' to Baharampore Farakka Highways Limited (BFHL), a subsidiary of the 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 HC in respect of an arbitration award in favour of BFHL. As at 31 December 2019, BFHL has partially withdrawn ₹ 75 crore against Bank Guarantee.
- The land acquisition delay of more than six years in Raiganj Dalkhola Highways Limited ('RDHL'), a subsidiary of HCL led to 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. Further the net worth of RDHL, at this juncture, is also positive. Based on the legal advice obtained in this respect, management is confident of recovering the amount from NHAI and exposure in RDHL is considered to be fully recoverable.
- Badarpur Faridabad Tollway Limited ('BFTL'), a subsidiary of HCL, had received a recall notice from its lenders vide letter dated 31 October 2018 for ₹ 710 crore, which was subsequently increased to ₹ 902.96 crore vide letter dated 10 April 2019. BFTL has requested its lenders to withdraw the notice immediately as the project was terminated with the consent of majority of lenders on account of NHAI's event of default and the lender's request for termination payment vide letter dated 23 March 2018 is pending with NHAI. During the previous quarter, HCL had also filed an application under Section 9 of the Arbitration and Conciliation Act 1996 with the Delhi HC against NHAI for immediate release of Termination Payment, which is presently being heard. Alongside, BFTL has also initiated arbitration proceedings against NHAI. As per BFTL, the total outstanding dues to lenders as at 31 December 2019 stand at ₹ 711.38 crore and the differential disputed amount has been considered / disclosed as contingent liability.

7 Exceptional Items

(₹ crore)

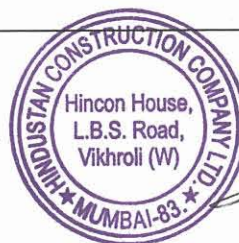
Particulars	Quarter ended 31 December 2019	Nine month ended 31 December 2019	Nine month ended 31 December 2018	Year ended 31 March 2019
a) Impairment of financial and non-financial assets	-	-	(5.78)	(212.35)
b) Reversal of provision / (Provision) in respect of arbitration awards and claims (Refer note 7.1 below)	331.40	331.40	-	(331.40)
c) Impairment loss in respect of asset classified as held for sale	-	-	-	(71.85)
d) Loss on divestment of stake in a subsidiary	-	-	-	(67.82)
e) Gain on loss of control in subsidiary	-	-	141.97	141.97
f) Gain on settlement of debt	-	-	-	14.08
Total gain / (loss)	331.40	331.40	136.19	(527.37)

- 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 a 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 has decided to cancel the said proposed transaction, which has 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 has been written back during the current quarter. Statutory auditors review report is modified in respect of write back of above provision.

- As at 31 December 2019, the Holding Company has defaulted on payment to lenders, both principal (₹ 169.98 crore) as well as interest (₹ 90.88 crore) along with certain overdue operational creditors. Further few operational creditors have also 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. The above factors indicates that events or conditions exist, which may cast significant doubt on the entity's ability to continue as a going concern.

The Holding Company is in process of formulating a resolution plan with lenders. Based on the expectation of the implementation of a resolution plan, underlying strength of the Holding Company's business plans and future outlook as assessed, the management is reasonably confident of improving the credit profile of the Holding Company through time-bound monetisation of assets including Awards, Claims and other assets which would result in it being able to meet its obligations in due course of time. Accordingly, the Holding Company has prepared the financial results on a going concern basis.

- During the previous quarter, the Holding Company had filed a Writ Petition before the Hon'ble Supreme Court against various Government Agencies for immediate release of unpaid Arbitration Awards, challenging the constitutional validity of Section 87 of the Arbitration & Conciliation (Amendment) Act 2019, which came into force on 31 August 2019, which created impediments in execution of certain awards. During the current quarter, Hon'ble Supreme Court in its judgement has struck down application of Section 87 which granted automatic stay on execution of certain Arbitration Award simply on their challenge before the High Courts. Pursuant to this judgment, Holding Company would now be in a position to execute Arbitration Awards aggregating ₹ 1,433 crores in hand as at 31 December 2019.



[Handwritten Signature]

10 During the quarter and six month period ended 30 September 2019, the Holding Company had reassessed the projected taxable profits and the realisability of its deferred tax assets. Deferred tax assets to the extent supported by convincing evidence is being carried forward and the balance amount aggregating ₹ 151.30 crore had been written off during that quarter.

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 of the Holding Company for the year to date period 1 April 2018 to 31 December 2018 and 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 of the Holding Company for the year to date period 1 April 2018 to 31 December 2018 and for the year ended 31 March 2019. Further, de-recognition of assets and liabilities of LCL group, consequent to aforesaid loss of control, has been carried out based on the latest available financial results of LCL group, i.e. year ended 31 March 2018, in these consolidated financial results. Statutory auditors review report is modified in respect of this matter.

12 As at 31 December 2019, HREL Real Estate Limited ('HREL') (formerly known as HCC Real Estate Limited), a subsidiary company, has provided corporate guarantees and put options aggregating ₹ 4,386.80 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 the 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 the management, as impact, if any, is currently unascertainable.

13 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 ₹ 305.94 crore and an equivalent lease liability as on 1 April 2019. The Group has recognised finance cost on lease amounting to ₹ 1.07 crore and ₹ 3.29 crore, amortisation on right-of-use assets amounting to ₹ 8.08 crore and ₹ 23.91 crore for the quarter and nine month ended 31 December 2019 respectively, which would have been recognised as lease rent of ₹ 8.68 crore and ₹ 25.69 crore for the quarter and nine month ended 31 December 2019 respectively, had it continued to follow the earlier standard.

14 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 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, made by the Holding Company to the Ministry of Corporate Affairs ('the Ministry') stands abated. The Holding Company, vide resolution dated 10 September 2019, had obtained approval from the shareholders for the payment of remuneration in respect of the aforesaid years, which will be only given effect to post receipt of the approval of the lenders. Pending receipt of lenders approvals, the amounts continue to be accrued / held-in-trust. Necessary actions, will be made based on the outcome of such approvals. The Holding Company had paid / accrued managerial remuneration for the aforesaid years as detailed below:

(₹ crore)					
Financial Year	Remuneration accrued	Remuneration paid	Remuneration as per prescribed limit	Excess remuneration provided but not paid	Excess remuneration paid held in trust
2014-15	10.66	Not paid	1.95	8.71	-
2015-16	10.66	10.66	1.97	-	8.69

Statutory auditors review report is modified in respect of this matter.

15 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.

16 Pursuant to the resignation of a woman director in the Holding Company effective 31 July 2019, the casual vacancy created stands filled up.

17 As per amended SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015, the Group is required to publish the quarterly consolidated financial results for the period commencing on 1 April 2019, hence the figures for the quarter and nine month period ended 31 December 2018 are certified by the Holding Company's Board of Directors and have not been subjected to audit or review by the statutory auditors.

Mumbai, Dated : 6 February 2020



for Hindustan Construction Company Limited

Ajit Gulabchand
Ajit Gulabchand
Chairman & Managing Director