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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 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

1. We have reviewed the accompanying statement of standalone unaudited financial results ('the Statement') of Hindustan Construction Company Limited and its joint operations (together referred to as 'the Company') (Refer Annexure 1 for the list of joint operations included in the statement) for the quarter ended **30 September 2021** and the year to date results for the period 1 April 2021 to 30 September 2021, 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), including relevant circulars issued by the SEBI from time to time. Attention is drawn to the fact that the Note 3 to the Statement regarding 'total balance value of work on hand as at 30 September 2021', as included in the Statement has been approved by the Board of Directors but has 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 other accounting principles generally accepted in India and is in compliance with the presentation and disclosure requirements of Regulation 33 and Regulation 52 read with Regulation 63 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended), including relevant circulars issued by the SEBI from time to time. 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.



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4. As stated in:

- (i) Note 6 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 ₹ 34.07 crore for the financial years ended 31 March 2020 and 31 March 2021, and for the six month ended 30 September 2021, 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 audit report dated 23 June 2021 on the standalone financial results for the year ended 31 March 2021 and review reports dated 12 August 2021 and 12 November 2020 on the standalone financial results of the Company for the quarter ended 30 June 2021 and for the quarter and six months ended 30 September 2020, respectively, were also qualified in respect of this matter.

- (ii) Note 7 to the accompanying Statement, the Company's current borrowings, other current financial liabilities and Liabilities of disposal group held for sale as at 30 September 2021 include balances amounting to ₹ 123.41 crore, ₹ 434.06 crore and ₹ 94.34 crore, respectively, in respect of which confirmations/ statements from the respective banks/ lenders have not been provided to us by the management of the Company. Further, in respect of certain loans while the principal balances have been confirmed from the confirmations/ statements issued by banks / lenders, the interest accrued amounting to ₹ 157.05 crore has not been confirmed by the banks/ lenders. Further, confirmations/ statements from banks have not been received for balances with banks included under cash and cash equivalents and earmarked balances/ deposits with banks included under bank balances other than cash and cash equivalents, as at 30 September 2021 amounting to ₹ 0.73 crore and ₹ 0.95 crore respectively. In the absence of such confirmations/ statements 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.

Our audit report dated 23 June 2021 on the standalone financial results for the year ended 31 March 2021 and review reports dated 12 August 2021 and 12 November 2020 on the standalone financial results of the Company for the quarter ended 30 June 2021 and for the quarter and six months ended 30 September 2020, respectively, were also qualified in respect of this matter.

- (iii) Note 11 to the accompanying Statement, the Company has recognised net deferred tax assets amounting to ₹ 739.28 crore outstanding as at 30 September 2021, on account of carried forward unused tax losses, unused tax credits and other taxable temporary differences 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, uncertainty with respect to outcome of the resolution plan 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 net deferred tax assets as at 30 September 2021.

Our audit report dated 23 June 2021 on the standalone financial results for the year ended 31 March 2021 and review reports dated 12 August 2021 and 12 November 2020 on the standalone financial results of the Company for the quarter ended 30 June 2021 and for the quarter and six months ended 30 September 2020, respectively, were also qualified in respect of this matter.



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- (iv) Note 13 to the accompanying Statement, the Company had written back a loss provision aggregating ₹ 331.40 crore during the year ended 31 March 2020, 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 as evidenced in the proposed resolution plan with lenders. Pending the finalization of the proposed resolution plan with lenders, we are unable to comment on the extent of loss provision required to be provided for in the standalone financial results as at 30 September 2021.

Our audit report dated 23 June 2021 on the standalone financial results for the year ended 31 March 2021 and review reports dated 12 August 2021 and 12 November 2020 on the standalone financial results of the Company for the quarter ended 30 June 2021 and for the quarter and six months ended 30 September 2020, respectively, were also qualified in respect of this matter.

5. Based on our review conducted as above and the consideration of the review report of the other auditor referred to in paragraph 8 below, 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 other accounting principles generally accepted in India, has not disclosed the information required to be disclosed in accordance with the requirements of Regulation 33 and Regulation 52 read with Regulation 63 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 Note 9 to the accompanying Statement which indicates that the Company has incurred a net loss of ₹ 202.49 crore during the six-month ended 30 September 2021 and, as of that date, the Company's accumulated losses amounts to ₹ 2,536.01 crore which have resulted in substantial erosion of net worth of the Company and its current liabilities exceeded its current assets by ₹ 363.14 crore. As further disclosed in the aforesaid note, the Company has continued to default in repayment of principal and interest in respect of its borrowings and has overdue operational creditors outstanding as at 30 September 2021. 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 accompanying 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/ negotiations with the lenders, including lenders of an erstwhile subsidiary, for restructuring of loans which are subject to their internal approvals, 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 conclusion is not modified in respect of this matter.
7. 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 reporting date, the extent of which is significantly dependent on future developments.



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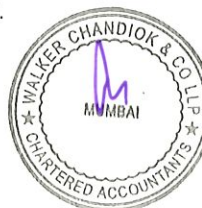
- (ii) Note 4 to the accompanying Statement, regarding uncertainties relating to recoverability of Company's non-current investment (including deemed investment) in a subsidiary company, HCC Infrastructure Company Limited ('HICL'), aggregating ₹ 1,564.65 crore as at 30 September 2021. The consolidated net-worth of the aforesaid subsidiary is substantially eroded; however, based on certain estimates and other factors, including subsidiary's future business plans, growth prospects, valuation report from an independent valuer, future contractual considerations receivable from a step-down subsidiary of HICL sold during the previous year and expected realisation from favourable arbitration award received by a step-down subsidiary, 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 5 to the accompanying Statement, regarding uncertainties relating to recoverability of unbilled work-in-progress (contract assets), unbilled work-in-progress (included under assets of a disposal group held for sale) and current trade receivables amounting to ₹ 483.19 crore, ₹ 276.35 crore and ₹ 280.17 crore, respectively, as at 30 September 2021, which represent various receivables in respect of closed/ substantially closed/ suspended projects. Further, current trade receivables and trade receivables (included under assets of disposal group held for sale) as at 30 September 2021 includes ₹ 211.05 crore and ₹ 2,409.01 crore, respectively, representing favourable arbitration awards (including interest thereon) which have subsequently been challenged by the customers in higher courts. The aforementioned receivables are presently under various stages of negotiations/ discussions/ arbitration/ litigation with clients. Based on the current progress in each case/ related legal opinions, management is of the view that the aforementioned receivables are fully recoverable.
- (iv) Note 14 to the accompanying Statement regarding delays in payment of foreign currency trade payables against the supply of goods and payment of foreign currency capital vendors against the supply of equipment aggregating ₹ 39.62 crore and ₹ 3.33 crore, respectively, that are outstanding as at 30 September 2021 for a period beyond the timelines stipulated in FED Master Direction No. 17/2016-17, under the Foreign Exchange Management Act, 1999. The management is in the process of regularising these defaults by filing necessary applications with the appropriate authority for condonation of such delays. The management is of the view that the penalties, if any, which may be levied for these contraventions is currently unascertainable and is not expected to be material to the accompanying Statement. Accordingly, the accompanying Statement does not include any consequential adjustments with respect to such delays/ defaults.

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

8. We did not review the interim financial statements of one (1) joint operation included in the Statement, where such interim financial statements reflects total assets of ₹ 107.27 crore as at 30 September 2021, and total revenues of ₹ 42.75 crore and ₹ 83.95 crore, total net profit after tax of ₹ 0.67 crore and ₹ 1.13 crore, and total comprehensive income of ₹ 0.67 crore and ₹ 1.13 crore for the quarter and six months period ended on 30 September 2021, respectively, and cash outflows (net) of ₹ 1.61 crore for the six-months period ended 30 September 2021, as considered in the Statement. Such interim financial statements have been reviewed by the other auditor, whose report has 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 this joint operation, is based solely on the review report of such other auditor.

Further, interim financial information of above joint operation has 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 information of such joint operation in accordance with Ind AS. We have reviewed these conversion adjustments made by the Company's management. Our conclusion on the Statement, in so far as it relates to the amounts and disclosures included in respect of this joint operation is solely based on report of the other auditor and the conversion adjustments prepared by the Company's management and reviewed by us.

Our conclusion on the Statement is not modified in respect of the above matter with respect to our reliance on the work done by and the reports of the other auditor.



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9. The Statement includes the interim financial statements/ interim financial information/ interim financial results of six (6) joint operations, which have not been reviewed/audited by their auditors, and whose interim financial statements/ financial information/ financial results reflects total assets of ₹ 17.04 crore as at 30 September 2021, and total revenues of ₹ 0.19 crore and ₹ 0.25 crore, total net profit/(loss) after tax of ₹ 0.08 crore and ₹ (0.31) crore, total comprehensive income/(loss) of ₹ 0.08 crore and ₹ (0.31) crore for the quarter and six-months period ended 30 September 2021, respectively, and cash flow (net) of ₹ 0.48 crore for the six-months period ended 30 September 2021, as considered in the Statement. Our conclusion on the Statement, in so far as it relates to the amounts and disclosures included in respect of these joint operations, is based solely on such unreviewed/ unaudited interim financial statements / interim financial information/ interim financial results. According to the information and explanations given to us by the management, these interim financial statements/ financial information/ financial results are not material to the Company.

Our conclusion is not modified in respect of this matter with respect to our reliance on the aforesaid financial statements/ information/ results certified by the management.

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


Rakesh R. Agarwal
Partner
Membership No:109632

UDIN:21109632AAAARQ4444

Place: Mumbai
Date: 11 November 2021

Hindustan Construction Company Limited
Independent Auditor's Review Report on Standalone Unaudited Quarterly Financial Results and Year to Date 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)

Annexure 1

List of joint operations included in the Statement

Sr. No.	Name of the entity
1.	Kumagai-Skanska-HCC-Itochu Group
2	HCC-L & T Purulia Joint Venture
3	Alpine - Samsung - HCC Joint Venture
4	Alpine - HCC Joint Venture
5	HCC Samsung Joint Venture CC 34
6	Nathpa Jhakri Joint Venture
7	HCC- HDC Joint Venture





STATEMENT OF STANDALONE UNAUDITED FINANCIAL RESULTS FOR THE QUARTER AND SIX MONTH ENDED 30 SEPTEMBER 2021						
₹ in crore except earnings per share data						
Sr. No.	Particulars	Quarter ended			Six month ended	
		30 September 2021	30 June 2021	30 September 2020	30 September 2021	30 September 2020
		Unaudited	Unaudited	Unaudited	Unaudited	Audited
1	Income					
	(a) Revenue from operations	932.49	1,007.16	454.57	1,939.65	2,589.74
	(b) Other income (Refer note 15)	52.06	11.17	11.61	63.23	52.64
	Total income (a+b)	984.55	1,018.33	466.18	2,002.88	2,642.38
2	Expenses					
	(a) Cost of materials consumed	208.45	163.74	91.50	372.19	525.56
	(b) Subcontracting expenses	484.03	501.12	133.29	985.15	1,054.05
	(c) Construction expenses	77.87	71.20	55.65	149.07	244.94
	(d) Employee benefits expense	90.05	79.48	76.52	169.53	323.74
	(e) Finance costs	232.51	225.35	195.12	457.86	829.89
	(f) Depreciation and amortisation expense	22.62	24.28	23.89	46.90	91.06
	(g) Other expenses	27.73	19.54	59.88	47.27	141.83
	Total expenses (a+b+c+d+e+f+g)	1,143.26	1,084.71	635.85	2,227.97	3,211.07
3	Loss before exceptional items and tax (1-2)	(158.71)	(66.38)	(169.67)	(225.09)	(568.69)
4	Exceptional items - Loss (Refer note 12)	-	-	(84.46)	-	(274.03)
5	Loss before tax (3+4)	(158.71)	(66.38)	(254.13)	(225.09)	(842.72)
6	Tax expense					
	(a) Current tax	0.57	0.29	0.03	0.86	3.34
	(b) Deferred tax	-	(23.46)	(74.24)	(23.46)	(279.61)
	Total tax expense	0.57	(23.17)	(74.21)	(22.60)	(276.27)
7	Loss for the period/ year (5-6)	(159.28)	(43.21)	(179.92)	(202.49)	(566.45)
8	Other comprehensive income/(loss)					
	(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	(1.12)	0.33	0.73	(0.79)	1.29
	- Gain/ (loss) on fair value of equity instruments	(2.97)	5.05	(0.62)	2.08	5.60
	(b) Items to be reclassified subsequently to profit or loss	-	-	-	-	-
	Other comprehensive income/(loss) for the period/ year, net of tax (a+b)	(4.09)	5.38	0.11	1.29	6.89
9	Total comprehensive loss for the period/ year, net of tax (7+8)	(163.37)	(37.83)	(179.81)	(201.20)	(559.56)
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)					460.55
12	Earnings/ (Loss) per share (Face value of ₹ 1 each)					
	(a) Basic EPS (not annualised) (in ₹)	(1.05)	(0.29)	(1.19)	(1.34)	(3.74)
	(b) Diluted EPS (not annualised) (in ₹)	(1.05)	(0.29)	(1.19)	(1.34)	(3.74)
See accompanying notes to the standalone unaudited financial results						



Hindustan Construction Co Ltd

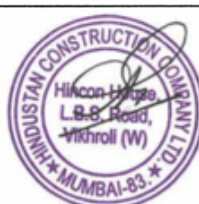
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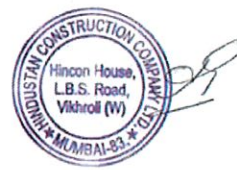


UNAUDITED STANDALONE STATEMENT OF ASSETS AND LIABILITIES		
	₹ in crore	
Particulars	As at 30 September 2021	As at 31 March 2021
	Unaudited	Audited
ASSETS		
Non-current assets		
Property, plant and equipment	422.96	478.45
Right-of-use assets	0.66	1.33
Capital work-in-progress	0.68	1.61
Intangible assets	0.42	0.64
Financial assets		
Investments in subsidiaries	1,665.03	1,672.03
Investments	14.62	12.54
Loans	181.23	178.97
Other financial assets	57.22	57.93
Deferred tax assets (net)	739.28	715.99
Income tax assets (net)	50.18	90.26
Other non-current assets	71.55	74.50
Total non-current assets	3,203.83	3,284.25
Current assets		
Inventories	196.37	187.75
Financial assets		
Trade receivables (Refer note 10)	1,391.75	4,398.21
Cash and cash equivalents	340.83	228.17
Bank balances other than cash and cash equivalents	305.88	94.16
Other financial assets	156.65	125.22
Unbilled work-in-progress (contract assets) (Refer note 10)	2,019.83	2,269.24
Other current assets	254.12	178.24
	4,665.43	7,480.99
Non-current assets and assets of a disposal group held for sale (Refer note 10)	2,842.69	6.49
Total current assets	7,508.12	7,487.48
TOTAL ASSETS	10,711.95	10,771.73
EQUITY AND LIABILITIES		
Equity		
Equity share capital	151.31	151.31
Other equity	259.58	460.55
Total equity	410.89	611.86
Liabilities		
Non-current liabilities		
Financial liabilities		
Borrowings	964.72	1,197.33
Other financial liabilities	1,422.06	1,457.89
Provisions	43.02	42.02
Total non-current liabilities	2,429.80	2,697.24
Current liabilities		
Financial liabilities		
Borrowings (Refer note 10)	385.12	2,754.48
Lease liabilities	0.68	1.36
Trade payables		
- Total outstanding dues of Micro Enterprises and Small Enterprises	83.83	48.00
- Total outstanding dues of creditors other than Micro Enterprises and Small Enterprises	1,598.11	1,601.90
Other financial liabilities (Refer note 10)	935.24	978.68
Other current liabilities	1,858.64	1,938.36
Provisions	195.56	139.85
	5,057.18	7,462.63
Liabilities of a disposal group held for sale (Refer note 10)	2,814.08	-
Total current liabilities	7,871.26	7,462.63
TOTAL EQUITY AND LIABILITIES	10,711.95	10,771.73

See accompanying notes to the standalone unaudited financial results



STATEMENT OF UNAUDITED STANDALONE CASH FLOW STATEMENT		
	₹ in crore	
Particulars	Six month ended	
	30 September 2021	30 September 2020
	Unaudited	Unaudited
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net loss before tax	(225.09)	(591.79)
Adjustments for		
Depreciation and amortisation expense	46.90	43.81
Finance costs	457.86	392.15
Interest income	(17.23)	(10.00)
Gain on settlement of debt (Refer note 15)	(28.25)	-
Loss on settlement with a customer (Refer note 12)	-	326.83
Dividend income	(0.04)	(0.03)
Unrealised foreign exchange gain (net)	(1.84)	(4.72)
Profit on disposal of property, plant and equipment (net)	(7.15)	(0.37)
Provision no longer required written back	(0.31)	(2.18)
	449.94	745.49
Operating profit before working capital changes	224.85	153.70
Adjustments for changes in working capital:		
(Increase)/ decrease in inventories	(8.62)	(3.04)
(Increase)/ decrease in trade receivables	597.45	(159.01)
(Increase)/ decrease in current / non-current financial and other assets, and unbilled work-in-progress (contract assets)	(279.53)	(16.80)
(Decrease)/ increase in trade payables, other financial liabilities and other liabilities	5.97	(197.86)
(Decrease)/ increase in provisions	56.71	1.87
Cash generated from/ (used in) operations	596.83	(221.14)
Net direct taxes refund/ (paid)	39.22	42.67
Net cash generated from/ (used in) operating activities	636.05	(178.47)
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment (including capital work-in-progress, capital advances and capital creditors)	(4.87)	(34.21)
Proceeds from sale of property, plant and equipment (including advance received)	23.73	8.67
Inter corporate deposits recovered (including deemed investments)	7.00	3.25
Net proceeds from / (investments in) bank deposits	(210.98)	4.40
Interest received	12.70	5.10
Dividend received	0.04	0.03
Net cash used in investing activities	(172.38)	(12.76)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Repayments of long-term borrowings	(2.01)	(109.81)
Proceeds from short-term borrowings (net)	(179.50)	491.72
Interest and other finance charges paid	(168.67)	(127.35)
Repayment of lease obligations	(0.68)	(1.55)
Net cash generated from/ (used in) financing activities	(350.86)	253.01
Net increase/ (decrease) in cash and cash equivalents (A+B+C)	112.81	61.78
Cash and cash equivalents at the beginning of the period	228.17	85.92
Unrealised foreign exchange gain/ (loss)	(0.15)	(0.07)
Cash and cash equivalents at the end of the period	340.83	147.63
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.		



Notes:

- These standalone unaudited financial results of Hindustan Construction Company Limited (the 'Company' or 'HCC') 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. These results have been reviewed and recommended to the Board of Directors by the Audit Committee of the Company and subsequently approved by the Board of Directors of the Company at their respective meetings held on 11 November 2021.
- 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 30 September 2021 is ₹ 16,632 crore (31 March 2021: ₹ 17,914 crore).
- The Company, as at 30 September 2021, has non-current investments amounting to ₹ 1,564.65 crore in its subsidiary, HCC Infrastructure Company Limited ('HICL') which is holding 100% (85.45% until 20 August 2021 and 100% thereafter) in HCC Concessions Limited ('HCL') having Build, Operate and Transfer (BOT) SPVs under its fold. HICL has incurred significant losses in earlier periods and the consolidated net-worth as at 30 September 2021 has been substantially eroded. However, the net-worth of HICL does not represent its true market value as the value of the underlying investments/ assets, based on valuation report of an independent valuer, is significantly higher. Further, pursuant to the share purchase agreement for sale of a BOT SPV by HCL during the previous year, HCL continues to remain entitled to an earn-out consideration and royalty representing revenue share from the BOT SPV over concessions period, which are estimated to be significantly material. Also, one of the subsidiary of HCL has claims against its customer mainly in respect of cost over-run arising due to client caused delays and termination of contracts for which the subsidiary of HCL has received a favourable arbitration award subsequent to the quarter ended 30 September 2021. Therefore, based on certain estimates of future business plans, growth prospects, valuation report from an independent valuer, future contractual consideration receivables pursuant to sale of a step-down subsidiary of HICL and expected realisation of the favourable arbitration award received by a step-down subsidiary of HICL, the management believes that the realizable amount of HICL is higher than the carrying value of the non-current investments due to which these are considered as good and fully recoverable.
- Unbilled work-in-progress (contract assets), unbilled work-in-progress (included under assets of a disposal group classified as held for sale), and current trade receivables includes ₹ 483.19 crore, ₹ 276.35 crore and ₹ 280.17 crore, respectively, outstanding as at 30 September 2021 representing receivables from customers based on the terms and conditions implicit in the contracts and other receivables in respect of closed/ substantially closed/ suspended projects. Further, current trade receivables and trade receivables (included under assets of a disposal group held for sale) as at 30 September 2021 includes receivables of ₹ 211.05 crore and ₹ 2,409.01 crore (net of advances of ₹ 3,059.19 crore), respectively, representing claims awarded in arbitration, including interest thereon, in favour of the Company which have been challenged by the customers in higher courts. These aforementioned receivables 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 in certain contentious matters, the management is confident of recovery of these receivables.
- Pursuant to the confirmation from external agency on compliance of conditions laid out by Monitoring Committee of lenders, the Company during the quarter ended 31 March 2021 adjusted the excess managerial remuneration for the financial year 2013-14 against the remuneration accrued but not paid for the financial year 2014-15, and also the excess remuneration accrued and paid for financial year 2015-16 stands approved. Further in accordance with section 197 of the Act subject to Schedule V to the Act, the Company was required to obtain approval for excess managerial remuneration of Chairman and Managing Director ('CMD') and Whole Time Director ('WTD') in the general meeting along with prior approval from banks/ public financial institutions and non-convertible debenture holders (together referred as 'lenders') since the Company had defaulted in the payment of dues to lenders. The Company has obtained approvals vide special resolutions in its shareholder's meeting held on 26 September 2019 for remuneration of CMD and Whole Time Director for the period 1 April 2019 to 31 March 2022. However, the requisite approval from lenders are still awaited which the Company expects to obtain along side implementation of the resolution plan. Pending receipt of lenders approvals, managerial remuneration continue to be accrued/ paid by the Company as detailed below:

Financial Years/ Period	(₹ 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)
2019-20	13.57	3.75	-	13.57	3.75
2020-21	13.50	1.44	-	13.50	1.44
Six months ended 30 September 2021	7.00	0.90	-	7.00	0.90
Total	34.07	6.09	-	34.07	6.09

In absence of the requisite approval from lenders for remuneration accrued/ paid to CMD/ WTD for the aforementioned years/ period, the statutory auditors review report is modified in respect of this matter.

- Non-current borrowings, current borrowings, other non-current financial liabilities, other current financial liabilities and Liabilities of disposal group held for sale as at 30 September 2021 include balances amounting to Nil (31 March 2021: Nil and 30 September 2020: ₹ 10.64 crore), ₹ 123.41 crore (31 March 2021: ₹ 2.10 crore and 30 September 2020: ₹ 221.54 crore), Nil (31 March 2021: Nil and 30 September 2020: ₹ 619.86 crore), ₹ 434.06 crore (31 March 2021: ₹ 500.72 crore and 30 September 2020: ₹ 385.35 crore) and ₹ 94.34 crore (31 March 2021: Nil and 30 September 2020: Nil), respectively, for which confirmations/ statements from the respective banks/ lenders have not been received in spite of incessant efforts by Company's management. Further, in respect of certain loans aggregating ₹ 746.57 crore (31 March 2021: ₹ 871.75 crore and 30 September 2020: ₹ 1,086.49 crore), while the lenders have confirmed the principal outstanding, the accrued interest aggregating ₹ 157.05 crore (31 March 2021: ₹ 115.37 crore and 30 September 2020: ₹ 85.09 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 will not exceed the liability provided in books in respect of these borrowings. Further, for balances with banks (included under cash and cash equivalents) and earmarked balances/ fixed deposits, included under bank balances other than cash and cash equivalents as at 30 September 2021 include balances amounting to ₹ 0.73 crore (31 March 2021: ₹ 2.10 crore and 30 September 2020: ₹ 7.33 crore) and ₹ 0.95 crore (31 March 2021: ₹ 10.91 crore and 30 September 2020: Nil), respectively, for which confirmation/ statements from banks have not been received. Statutory auditors review report is modified in respect of this matter.



- 8 The outbreak of COVID-19 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 operations of the Company have started recovering from the economic slowdown caused by COVID-19 pandemic and reaching normalcy. 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 30 September 2021. While the Company continues to closely monitor the impact of COVID-19 pandemic, there exists uncertainty in estimating 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.
- 9 The Company has incurred net loss of ₹ 202.49 crore during the six months ended 30 September 2021 and as of that date has accumulated losses aggregating ₹ 2,536.01 crore, which has resulted in substantial erosion of its net worth and its current liabilities exceeded its current assets by ₹ 363.14 crore. The Company also continues to default on payment to lenders along with overdue to operational creditors. Certain operational creditors have also applied before the National Company Law Tribunal (NCLT) for debt resolution under the Insolvency and Bankruptcy Code, 2016, none of which has been admitted so far. Further, the COVID-19 pandemic has also disrupted business operations of the Company and there continues to exist uncertainty with respect to the pandemic on 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 advanced stages of completing a resolution plan with lenders of the Company, including resolution of debts of an erstwhile subsidiary, whose liabilities were taken over by the Company in earlier years at settlement value basis the settlement terms entered between the Company and lenders. Pursuant to the resolution plan, economic and beneficial interest of a portion of the arbitration awards and claims of the Company along with liabilities, represented by debt and accrued interest, will be transferred to a wholly owned subsidiary of the Company (Also refer note 10 below). The resolution plan has already received an in-principal approval from lenders and is subject to final approval by their respective Board/ Committees.
- Based on the expectation of the implementation of the resolution plan with lenders as well as the 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 As per the proposed resolution plan which has received an in-principal approval from the lenders of the Company, the economic and beneficial interest of certain arbitration awards and claims of the Company along with liabilities, represented by debt and accrued interest, will be transferred to a wholly owned subsidiary of the Company. The Board of Directors and shareholders of the Company have approved the aforementioned resolution plan at their respective meetings held on 27 May 2021 and 29 June 2021. In accordance with Ind AS 105 - Non-current Assets Held for Sale and Discontinued Operations, the assets (represented by arbitration award and claims) and liabilities (represented by debt and accrued interest) qualify as assets and liabilities of a disposal group held for sale. Consequently, as at 30 September 2021, trade receivables representing favorable arbitration awards (including interest thereon) aggregating ₹ 2,409.01 crore (net of advance ₹ 3,059.19 crore) and claims aggregating ₹ 3,987.98 crore (to the extent identified) lodged on customers, having a carrying value of ₹ 427.19 crore, have been classified as assets of a disposal group held for sale. Similarly, as at 30 September 2021, current borrowings and other current financial liability amounting to ₹ 2,392.21 crore and ₹ 421.87 crore, respectively, have been classified as liabilities of a disposal group held for sale.
- 11 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 1 April 2019 subject to certain conditions. However, the Company having significant 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.
- As at 30 September 2021, the Company has recognized net deferred tax assets amounting to ₹ 739.28 crore (31 March 2021: ₹ 715.99 crore and 30 September 2020: ₹ 631.66 Crore) mainly on account of carried forward unused tax losses, unused tax credits and other taxable temporary differences. While the Company is confident of taxable profits being available against which unused tax losses can be utilized, the Company on a conservative basis has not recognized deferred tax asset on the losses incurred effective 1 July 2021. Based on the expected profits from the unexecuted orders on hand/ future projects, outcome of the ongoing discussion with lenders for restructuring of loans and expected settlement of claims/ arbitration awards with customers, the Company's management is confident that sufficient future taxable income will be available against which such net deferred tax assets recognised as at 30 September 2021 will be realized. Statutory auditors review report is modified in respect of this matter.

(₹ In crore)						
12	Exceptional Items	Quarter ended			Six month ended	
		30 September 2021	30 June 2021	30 September 2020	30 September 2021	30 September 2020
	Loss on settlement with a customer	-	-	(84.46)	-	(326.83)
	Total gain/ (loss)	-	-	(84.46)	-	(326.83)
						(274.03)

- 13 During the year 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 decided to cancel this proposed transaction. Pursuant to the cancellation of the aforesaid transaction, the provision of ₹ 331.40 crore, related to specified assets, recognized earlier was written back during the year ended 31 March 2020. Statutory auditors review report is modified in respect of the reversal of the aforementioned loss provision.
- 14 Trade payables and liabilities for capital goods (under other current financial liabilities) as at 30 September 2021 include ₹ 39.62 crore and ₹ 3.33 crore, respectively, to parties situated outside India. These balances are pending for settlement due to financial difficulties presently being faced by the Company and have resulted in delay in remittance of payments beyond the timeline stipulated by the FED Master Direction No. 17/2016-17, under the Foreign Exchange Management Act, 1999. The Company is in the process of regularising these defaults by filing necessary applications with the appropriate authority for condonation of delay. Pending conclusion of the aforesaid matters, the amount of penalty, if any, that may be levied, is not ascertainable but expected not to be material to the standalone financial results, and accordingly, the standalone financial results do not include any adjustments that may arise due to such delay/ default.
- 15 Other income for the quarter and six-months ended 30 September 2021 includes a gain on settlement of debt amounting to ₹ 28.25 crore recognised pursuant to an amendment agreement entered between the Company and a lender, in respect of a foreign currency term loan.



16 Additional disclosures as per Clause 52 (4) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015:

Particulars	Quarter ended			Six month ended		Year Ended
	30 September 2021	30 June 2021	30 September 2020	30 September 2021	30 September 2020	31 March 2021
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
Outstanding redeemable preference shares (₹ in crore)	-	-	-	-	-	-
Debenture Redemption reserve (₹ in crore)	54.99	54.99	54.99	54.99	54.99	54.99
Net Worth (₹ in crore)	410.89	575.01	776.38	410.89	776.38	611.86
Net loss after tax (₹ in crore)	(159.28)	(43.21)	(179.92)	(202.49)	(397.28)	(566.45)
Basic earnings/(loss) per share (Not annualised)	(1.05)	(0.29)	(1.19)	(1.34)	(2.63)	(3.74)
Diluted earnings/(loss) per share (Not annualised)	(1.05)	(0.29)	(1.19)	(1.34)	(2.63)	(3.74)
Debt Equity ratio (times) : [Total Debt / Equity]	9.11	6.81	4.83	9.11	4.83	6.46
Debt Service Coverage ratio (times) : [(Earnings before finance costs, depreciation and amortisation, exceptional items and tax) / (Finance costs for the period/year + Principal repayment of long-term debt and lease liabilities within one year) - Not annualised]	0.11	0.22	0.08	0.27	0.22	0.30
Interest Service Coverage ratio (times) : [(Earnings before finance costs, depreciation and amortisation, exceptional items and tax) / Finance costs] - Not annualised	0.65	1.23	0.42	0.94	0.73	0.67
Current ratio (times) : (Current assets / Current liabilities)	0.95	1.00	0.71	0.95	0.71	1.00
Long-term debt to working capital (times) : [(Non-current Borrowings + Current maturities of long-term debt) / Net working capital]	(3.69)	(224.09)	(0.91)	(3.69)	(0.91)	78.70
Bad debts to accounts receivable ratio (%) : (Bad debts / Average trade receivables)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Current liability ratio (times) : (Current liabilities / Total liabilities)	0.76	0.73	0.74	0.76	0.74	0.73
Total debts to total assets ratio (times) : [(Short-term debt + Long term debt) / Total Assets]	0.35	0.36	0.34	0.35	0.34	0.37
Debtors Turnover (times) : [(Revenue from operations / Average trade receivable)] - Annualised	0.91	0.93	0.42	0.95	0.42	0.58
Inventory Turnover (times) : [(Cost of Goods Sold / Average inventory)] - Annualised Cost of Goods sold = Cost of materials consumed + Purchases of stock-in-trade + Changes in inventories of finished goods, stock-in-trade, work-in-progress and property under development + Manufacturing and operating expenses Costs towards development of property	15.75	14.70	5.80	15.40	5.43	9.61
Operating Margin (in %) : [(Earnings before finance costs, depreciation and amortisation, exceptional items and tax - Other Income) / Revenue from operations]	4.76%	17.09%	8.30%	11.16%	16.77%	11.57%
Net Profit (Loss) Margin (%) : [Profit (Loss) after tax / Revenue from operations]	-17.08%	-4.29%	-39.58%	-10.44%	-43.66%	-21.87%
The Company continue to maintain 100% asset cover for the NCDs issued by it.						

17 Figures for the previous quarters/ Six month ended have been regrouped/ rearranged, wherever considered necessary.

for Hindustan Construction Company Limited



Ajit Gulabchand
Chairman & Managing Director

Mumbai, Dated : 11 November 2021



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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, joint ventures and joint operations (refer Annexure 1 for the list of subsidiaries, associates, joint ventures and joint operations included in the Statement) for the quarter ended 30 September 2021 and the consolidated year to date results for the period 1 April 2021 to 30 September 2021, 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.
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 other accounting principles generally accepted in India and is in compliance with the presentation and disclosure 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. 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.



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4. As stated in:

- (i) Note 6 to the accompanying Statement, the Holding Company has accounted for managerial remuneration paid/ payable to Whole Time Directors (including Chairman and Managing Director) of the Holding Company aggregating ₹ 34.07 crore for the financial years ended 31 March 2020 and 31 March 2021, and for the six months ended 30 September 2021, 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 by the Holding Company.

Our audit report dated 23 June 2021 on the consolidated financial results for the year ended 31 March 2021 and review reports dated 12 August 2021 and 12 November 2020 on the consolidated financial results for the quarter ended 30 June 2021 and for the quarter and six months ended 30 September 2020, respectively, were also qualified in respect of this matter.

- (ii) Note 9 to the accompanying Statement, the Holding Company's current borrowings, other current financial liabilities and Liabilities of disposal group held for sale as at 30 September 2021 include balances amounting to ₹ 123.41 crore, ₹ 434.06 crore and ₹ 86.99 crore respectively, in respect of which confirmations/ statements from the respective banks/ lenders have not been provided to us by the management of the Holding Company. Further, in respect of certain loans while the principal balances have been confirmed from the confirmations/ statements issued by banks / lenders, the interest accrued amounting to ₹ 157.05 crore has not been confirmed by the banks/ lenders. Further, confirmations/ statements from banks have not been received for balances with banks included under cash and cash equivalents and earmarked balances/ deposits with banks (included under bank balances other than cash and cash equivalents), as at 30 September 2021 amounting to ₹ 0.97 crore and ₹ 1.02 crore respectively. In the absence of such confirmations/ statements 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.

Our audit report dated 23 June 2021 on the consolidated financial results for the year ended 31 March 2021 and review reports dated 12 August 2021 and 12 November 2020 on the consolidated financial results for the quarter ended 30 June 2021 and for the quarter and six months ended 30 September 2020, respectively, were also qualified in respect of this matter.

- (iii) Note 5 to the accompanying Statement, the Holding Company has recognised net deferred tax assets amounting to ₹ 739.28 crore as at 30 September 2021, mainly on account of carried forward unused tax losses, unused tax credits and other taxable temporary differences 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, uncertainty with respect to outcome of the resolution plan 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 net deferred tax assets as at 30 September 2021.

Our audit report dated 23 June 2021 on the consolidated financial results for the year ended 31 March 2021 and review reports dated 12 August 2021 and 12 November 2020 on the consolidated financial results for the quarter ended 30 June 2021 and for the quarter and six months ended 30 September 2020, respectively, were also qualified in respect of this matter.



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(iv) Note 11 to the accompanying Statement, the Holding Company had written back a loss provision aggregating ₹ 331.40 crore during the year ended 31 March 2020, 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 of the Holding Company to other potential investors as evidenced in the proposed resolution plan with lenders. Pending the finalization of the proposed resolution plan with lenders, we are unable to comment on the extent of loss provision required to be provided for in the consolidated financial results as at 30 September 2021.

Our audit report dated 23 June 2021 on the consolidated financial results for the year ended 31 March 2021 and review reports dated 12 August 2021 and 12 November 2020 on the consolidated financial results for the quarter ended 30 June 2021 and for the quarter and six months ended 30 September 2020, respectively, were also qualified in respect of this matter.

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 paragraphs 8 and 9 below, except for the possible effects of the matters described in previous sections, 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 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 Note 7 to the accompanying Statement, which indicates that the Group as at 30 September 2021 has accumulated losses aggregating ₹ 3,912.64 crore which has resulted in complete erosion of Group's net worth as on that date. As further disclosed in aforesaid note, the Holding Company has continued to default in repayment of principal and interest in respect of its borrowings and has overdue operational creditors outstanding as at 30 September 2021. 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 Group as described in Note 3 to the 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 of the Holding Company and lenders of an erstwhile subsidiary of the Group, for restructuring of loans which are subject to their internal approvals, revised business plans and other mitigating factors as mentioned in the Note 7 to the Statement, management is of the view that going concern basis of accounting is appropriate for preparation of the accompanying Statement.

The component auditors of nine (9) subsidiaries have also reported material uncertainty relating to going concern in their review reports on the respective standalone interim financial results/ interim financial information of such companies as at and for the quarter and six-months period ended 30 September 2021. Further, the component auditor of one (1) subsidiary has issued an adverse opinion with respect to use of the going concern basis of accounting in the interim financial results.

Our conclusion is not modified in respect of this matter.



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7. We draw attention to:

- (i) Note 3 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 reporting date, the extent of which is significantly dependent on future developments.
- (ii) Note 2 to the accompanying Statement, regarding uncertainties relating to recoverability of unbilled work-in-progress (contract assets), unbilled work-in-progress (included under assets of a disposal group held for sale) and current trade receivables amounting to ₹ 483.19 crore, ₹ 276.35 crore and ₹ 280.17 crore, respectively, as at 30 September 2021, which represent various claims raised in the earlier years in respect of closed/ substantially closed/ suspended projects. Further, current trade receivables and trade receivables (included under assets of disposal group held for sale) as at 30 September 2021 includes ₹ 211.05 crore and ₹ 2,409.01 crore, respectively, representing favourable arbitration awards (including interest thereon) which have subsequently been challenged by the customers in higher courts. The aforementioned receivables are presently under various stages of negotiations/ discussions/ arbitration/ litigation with clients. Based on the current progress in each case/ related legal opinions, management is of the view that the aforementioned receivables are fully recoverable.
- (iii) Note 12 to the accompanying Statement, regarding delays in payment of foreign currency trade payables against the supply of goods and payment of foreign currency capital vendors against the supply of equipment aggregating ₹ 39.62 crore and ₹ 3.33 crore, respectively, that are outstanding as at 30 September 2021, for a period beyond the timelines stipulated in FED Master Direction No. 17/ 2016-17, under the Foreign Exchange Management Act, 1999. The management of the Holding Company is in the process of regularising these defaults by filing necessary applications with the appropriate authority for condonation of such delays. The management is of the view that the penalties, if any, which may be levied for these contraventions is currently unascertainable and is not expected to be material to the accompanying consolidated financial results. Accordingly, the accompanying consolidated financial results does not include any consequential adjustments with respect to such delays/ defaults.
- (iv) Note 4 to the accompanying Statement, pertaining to matter on which following emphasis of matter has been included in the review report dated 2 November 2021 on the interim financial statements of HREL Real Estate Limited, a subsidiary of the Holding Company, issued by an independent firm of Chartered Accountants, which is relevant to our conclusion on the consolidated financial results of the Group, and reproduced by us as under:

"Note XX to the accompanying financial statements of the Company, the Company had provided corporate guarantees and put options aggregating ₹ 5,680.41 crore (Previous Year: ₹ 5,764.70 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 entities. 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 20 December 2018, respectively and Resolution Professionals (RP) were 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 Resolution Professional and have also invoked the corporate guarantee/ put options issued by the Company. The National Company Law Tribunal, Mumbai Bench vide its order dated 26 February 2020, have approved the request of lenders of LCL and WAML to consolidate LCL, WAML and Dasve Convention Centre Limited (a subsidiary of LCL) and thereby get better valuation on liquidation. The Resolution Professional is in the process of formulating a resolution plan including identifying potential resolution applicant. The liability of the Company shall be determined once the debts due to these lenders are settled by Resolution Professional upon completion of the IBC process. Pending the outcome of the resolution process, no provision has been made in the financial statements by the management stating that the impact, if any is currently unascertainable."



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Chartered Accountants

Offices in Bengaluru, Chandigarh, Chennai, Gurugram, Hyderabad, Kochi, Kolkata, Mumbai, New Delhi, Noida and Pune

Walker Chandio & Co LLP is registered with limited liability with identification number AAC-2085 and has its registered office at L-41, Connaught Circus, Outer Circle, New Delhi, 110001, India

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- (v) Notes 13 to the accompanying Statement on following emphasis of matter included in the review report dated 9 November 2021 on the interim financial statements of Raiganj-Dalkhola Highways Limited, a step-down subsidiary of the Holding Company, issued by an independent firm of Chartered Accountants, on matters which are relevant to our conclusion on the consolidated financial results of the Group, and reproduced by us as under:

"Note XX and XX of notes to accounts, 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 including interest thereon as recorded in books of accounts of Company are unconfirmed (except Yes Bank)."

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

8. We did not review the interim financial statements/ interim financial information/ interim financial results of twenty two (22) subsidiaries included in the Statement, whose financial information reflect total assets of ₹ 5,623.24 crore as at 30 September 2021, and total revenues of ₹ 1,868.95 crore and ₹ 3,360.14 crore, total net profit after tax of ₹ 217.92 crore and ₹ 227.15 crore, total comprehensive income of ₹ 208.20 crore and ₹ 206.61 crore, for the quarter and six months ended on 30 September 2021, respectively, and cash flows (net) of ₹ 93.55 crore for the period ended 30 September 2021, as considered in the Statement. The Statement also includes the Group's share of net profit after tax of ₹ 1.84 crore and ₹ 1.68 crore and total comprehensive income of ₹ 1.84 crore and ₹ 1.68 crore, for the quarter and six months ended on 30 September 2021, respectively, as considered in the Statement, in respect of three (3) associates and two (2) joint ventures, whose interim financial statements/ interim financial information/ interim financial results have not been reviewed by us. These interim financial statements/ interim financial information/ interim financial results 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.

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

9. We did not review the interim financial information of one (1) joint operation, whose interim financial information reflects total assets of ₹ 107.27 crore as at 30 September 2021, and total revenues of ₹ 42.75 crore and ₹ 83.95 crore, total net profit after tax of ₹ 0.67 crore and ₹ 1.13 crore, total comprehensive income of ₹ 0.67 crore and ₹ 1.13 crore for the quarter and six months ended on 30 September 2021, respectively, and cash flows (net) of ₹ 1.61 crore for the six months period ended 30 September 2021, as considered in the Statement. This interim financial information has been reviewed by other auditor whose review report has been furnished to us by the management.

The interim financial information of the above joint operation has been prepared in accordance with accounting principles generally accepted in India, including accounting standards issued by the ICAI and presented as per generally accepted auditing standards. The Holding Company's management has converted the interim financial information of such joint operation in accordance with Ind AS. We have reviewed these conversion adjustments made by the Holding Company's management. Our conclusion on the accompanying Statement, in so far as it relates to the amounts and disclosures included in respect of this joint operation is solely based on report of the other auditor, the conversion adjustments prepared by the Holding Company's management and reviewed by us, and the procedures performed by us as stated in paragraph 3 above.

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



Hindustan Construction Company Limited

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10. The Statement includes the interim financial statements/ interim financial information/ interim financial results of three (3) subsidiaries, which have not been reviewed/ audited by their auditors, whose interim financial statements/ interim financial information/ interim financial results reflect total assets of ₹ 3.18 crore as at 30 September 2021, and total revenues of ₹ 0.07 crore and ₹ 0.07 crore, net loss after tax of ₹ 0.15 crore and ₹ 0.24 crore, total comprehensive loss of ₹ 0.15 crore and ₹ 0.24 crore for the quarter and six month ended on 30 September 2021 respectively, cash flow (net) of ₹ 0.48 crore for the period ended 30 September 2021 as considered in the Statement.

The Statement also includes the Group's share of net profit after tax of ₹ 0.06 crore and ₹ 0.42 crore, and total comprehensive income of ₹ 0.06 crore and ₹ 0.42 crore for the quarter and six months ended on 30 September 2020, respectively, in respect of one (1) associate, based on its interim financial information, which has not been reviewed/ audited by its auditors, and have been furnished to us by the Holding Company's management.

Our conclusion on the Statement, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and associate, are based solely on such unaudited/unreviewed interim financial statements/ interim financial information/ interim financial results. According to the information and explanations given to us by the management, these interim financial statements/ interim financial information/ interim financial results are not material to the Group. Our conclusion is not modified in respect of this matter with respect to our reliance on the interim financial statements/ interim financial information/ interim financial results certified by the management.

11. The Statement also includes the interim financial statements/ interim financial information/ interim financial results of six (6) joint operations, which have not been reviewed/audited by their auditors, and whose interim financial statements/ financial information/ financial results reflects total assets of ₹ 17.04 crore as at 30 September 2021, and total revenues of ₹ 0.19 crore and ₹ 0.25 crore, total net profit/(loss) after tax of ₹ 0.08 crore and ₹ (0.31) crore, total comprehensive income/(loss) of ₹ 0.08 crore and ₹ (0.31) crore for the quarter and six-month period ended 30 September 2021, respectively, and cash flow (net) of ₹ 0.48 crore for the six-month period ended 30 September 2021, as considered in the Statement. Our conclusion on the Statement, in so far as it relates to the amounts and disclosures included in respect of these joint operations, is based solely on such unreviewed/unaudited interim financial statements/ interim financial information/ interim financial results. According to the information and explanations given to us by the management, these interim financial statements/ interim financial information/ interim financial results are not material to the Company.

Our conclusion is not modified in respect of this matter with respect to our reliance on the aforesaid interim financial statements/ interim financial information/ interim financial results certified by the management.

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


Rakesh R. Agarwal
Partner
Membership No:109632

UDIN:21109632AAAARR8424

Place: Mumbai
Date: 11 November 2021

Hindustan Construction Company Limited
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)

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	Dhule Palesner Operations & Maintenance Limited
Panchkutr 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	Steiner India Limited
Manufakt8048 AG	Powai Real Estate Developer Limited
HCC Concessions Limited *	Prolific Resolution Private Limited (w.e.f. 8 March 2021)
Narmada Bridge Tollways Limited *	Baharampore-Farakka Highways Limited *
Badarpur Faridabad Tollways Limited *	Raiganj-Dalkhola Highways Limited *

Associates	
Highbar Technocrat Limited	Projektentwicklungsges.Parking Kunstmuseum AG (upto 31 March 2021)
Evostate AG	Evostate Immobilien AG
MCR Managing Corp. Real Estate	

Joint Venture / Joint Operations	
Kumagai-Skanska-HCC-Itochu Group	Farakka-Raiganj Highways Limited (upto 22 September 2020)
HCC-L&T Purulia Joint Venture	Alpine - HCC Joint Venture
Alpine - Samsung - HCC Joint Venture	HCC Samsung Joint Venture CC 34
Nathpa Jhakri Joint Venture	ARGE Prime Tower, Zürich
HCC- HDC Joint Venture	Werkarena Basel AG

* The aforementioned entities were Joint Venture of the Group and effective 20 August 2021 have become subsidiaries of the Holding Company.





STATEMENT OF CONSOLIDATED UNAUDITED FINANCIAL RESULTS FOR THE QUARTER AND SIX MONTH ENDED 30 SEPTEMBER 2021

Sr. No.	Particulars	₹ In crore except earnings per share data					
		Quarter ended			Six month ended		Year ended
		30 September 2021	30 June 2021	30 September 2020	30 September 2021	30 September 2020	31 March 2021
		Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
1	Income						
	(a) Revenue from operations	2,787.45	2,453.94	1,810.62	5,241.39	3,488.23	8,248.42
	(b) Other income	60.75	49.35	20.46	110.10	32.67	86.57
	Total Income (a+b)	2,848.20	2,503.29	1,831.08	5,351.49	3,520.90	8,334.99
2	Expenses						
	(a) Cost of construction materials consumed	208.45	163.73	91.49	372.18	152.42	525.57
	(b) Subcontracting expenses	1,847.88	1,785.81	1,360.28	3,633.69	2,704.40	5,834.87
	(c) Changes in inventories	6.02	(16.60)	7.30	(10.58)	3.30	(16.51)
	(d) Construction expenses	81.78	75.50	59.95	157.28	95.06	260.76
	(e) Employee benefits expense	235.07	226.97	225.96	462.04	451.12	954.85
	(f) Finance costs	259.72	247.75	214.33	507.47	436.75	1,001.06
	(g) Depreciation and amortisation expense	38.57	35.72	35.90	74.29	67.14	135.51
	(h) Other expenses	72.66	60.17	98.54	132.83	173.16	297.64
	Total expenses (a+b+c+d+e+f+g+h)	2,750.15	2,579.05	2,093.75	5,329.20	4,083.35	8,993.75
3	Profit/ (Loss) before exceptional items, share of profit / loss of associates and joint ventures, and tax (1-2)	98.05	(75.76)	(262.67)	22.29	(562.45)	(658.76)
4	Exceptional items - Gain/ (Loss) (Refer note 10)	106.10	-	(84.46)	106.10	(326.83)	(274.03)
5	Profit / (Loss) before share of profit / loss of associates and joint ventures and tax (3+4)	204.15	(75.76)	(347.13)	128.39	(889.28)	(932.79)
6	Share of profit / (loss) of associates and joint ventures (net) (Refer note 14 and 15)	(7.06)	230.65	(210.07)	223.59	(226.59)	65.44
7	Profit / (Loss) before tax (5+6)	197.09	154.89	(557.20)	351.98	(1,115.87)	(867.35)
8	Tax expense / (credit)						
	(a) Current tax	3.42	1.70	2.50	5.12	4.03	8.96
	(b) Deferred tax	54.44	(26.79)	(83.09)	27.65	(234.03)	(266.29)
		57.86	(25.09)	(80.59)	32.77	(230.00)	(257.33)
9	Profit / (Loss) for the period (7-8)	139.23	179.98	(476.61)	319.21	(885.87)	(610.02)
10	Other comprehensive income / (loss)						
	(a) Items not to be reclassified subsequently to profit or loss (net of tax)	(15.99)	5.31	(6.12)	(10.68)	(5.35)	30.66
	(b) Items to be reclassified subsequently to profit or loss (net of tax)	0.57	(4.32)	1.52	(3.75)	19.75	28.27
	Other comprehensive income / (loss) for the period, net of tax (a+b)	(15.42)	0.99	(4.60)	(14.43)	14.40	58.93
11	Total comprehensive income / (loss) for the period, net of tax (9+10)	123.81	180.97	(481.21)	304.78	(871.47)	(551.09)
	Net profit / (loss) attributable to:						
	Owners of the parent	139.23	179.98	(476.61)	319.21	(885.87)	(610.02)
	Non - controlling interest	(0.00)*	(0.00)*	(0.00)*	(0.00)*	(0.00)*	(0.00)*
	Other comprehensive income / (loss) for the period attributable to:						
	Owners of the parent	(15.42)	0.99	(4.60)	(14.43)	14.40	58.93
	Non - controlling interest	(0.00)*	(0.00)*	(0.00)*	(0.00)*	(0.00)*	(0.00)*
	Total comprehensive income / (loss) for the period attributable to:						
	Owners of the parent	123.81	180.97	(481.21)	304.78	(871.47)	(551.09)
	Non - controlling interest	(0.00)*	(0.00)*	(0.00)*	(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)						(1,468.90)
14	Earnings/ (Loss) per share (Face value of ₹ 1 each)						
	(a) Basic EPS (not annualised) (in ₹)	0.92	1.19	(3.15)	2.11	(5.86)	(4.03)
	(b) Diluted EPS (not annualised) (in ₹)	0.92	1.19	(3.15)	2.11	(5.86)	(4.03)
	* represents amount less than ₹ 1 lakh						
	See accompanying notes to the consolidated unaudited financial results						



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CONSOLIDATED UNAUDITED STATEMENT OF ASSETS AND LIABILITIES		
	₹ In crore	
Particulars	As at 30 September 2021 Unaudited	As at 31 March 2021 Audited
ASSETS		
Non-current assets		
Property, plant and equipment	490.52	549.56
Right-of-use assets	230.97	245.77
Capital work-in-progress	0.68	1.61
Investment property	3.07	2.67
Goodwill	3.38	3.38
Other intangible assets	768.57	64.14
Intangible assets under development	38.83	-
Financial assets		
Investments in associates and joint ventures	17.27	402.91
Investments	32.84	15.11
Loans	54.25	67.44
Other financial assets	104.60	52.48
Deferred tax assets (net)	740.75	751.36
Income tax assets (net)	127.69	143.77
Other non-current assets	72.34	74.50
Total non-current assets	2,685.76	2,374.70
Current assets		
Inventories	498.80	479.60
Financial assets		
Investments	0.65	0.15
Trade receivables (Refer note 8)	1,696.94	4,501.79
Cash and cash equivalents	909.04	642.13
Bank balances other than cash and cash equivalents	1,067.64	619.49
Other financial assets	103.47	74.49
Unbilled work-in-progress (contract assets) (Refer note 8)	3,797.64	3,826.12
Other current assets	316.85	254.04
	8,391.03	10,397.81
Non-current assets and assets of a disposal group held for sale (Refer note 8)	2,842.69	6.49
Total current assets	11,233.72	10,404.30
TOTAL ASSETS	13,919.48	12,779.00
EQUITY AND LIABILITIES		
Equity		
Equity share capital	151.31	151.31
Other equity	(1,120.53)	-1,468.90
Equity attributable to owners of the parent	(969.22)	-1,317.59
Non-controlling interest	0.00*	0.00*
Total Equity	(969.22)	-1,317.59
Liabilities		
Non-current liabilities		
Financial liabilities		
Borrowings	1,890.22	1,408.28
Lease liabilities	206.01	215.98
Other financial liabilities	1,472.34	1,508.17
Provisions	291.43	189.45
Deferred tax liabilities (net)	16.68	-
Total non-current liabilities	3,876.68	3,321.88
Current liabilities		
Financial liabilities		
Borrowings (Refer note 8)	551.51	3,124.87
Lease liabilities	27.42	27.70
Trade payables		
- Total outstanding dues of micro enterprises and small enterprises	84.32	48.00
- Total outstanding dues of creditors other than micro enterprises and small enterprises	2,951.37	2,999.55
Other financial liabilities (Refer note 8)	1,269.15	1,307.87
Other current liabilities	2,809.73	3,013.21
Current tax liabilities	96.58	0.74
Provisions	407.86	252.77
	8,197.94	10,774.71
Liabilities of a disposal group held for sale (Refer note 8)	2,814.08	-
Total current liabilities	11,012.02	10,774.71
TOTAL EQUITY AND LIABILITIES	13,919.48	12,779.00

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





STATEMENT OF CONSOLIDATED CASH FLOW STATEMENT			₹ in crore
Particulars	Six month ended		
	30 September 2021	30 September 2020	
	Unaudited	Unaudited	
A. CASH FLOW FROM OPERATING ACTIVITIES			
Net profit/ (loss) before tax	351.98	(1,115.87)	
Adjustments for:			
Depreciation and amortisation expense	74.29	67.14	
Finance costs	507.47	436.75	
Interest income	(48.01)	(11.01)	
Gain on one time settlement of debt	(134.35)	-	
Loss on settlement with a customer	-	326.83	
Share of (profit)/ loss of associates and joint ventures	(223.59)	226.59	
Dividend income	(1.02)	(0.83)	
Unrealised foreign exchange (gain) / loss (net)	(0.83)	10.52	
Profit on disposal of property, plant and equipment (net)	(7.15)	(0.37)	
Provision no longer required written back	(0.32)	(2.18)	
	166.50	1,053.44	
Operating profit/ (loss) before working capital changes	518.48	-62.43	
Adjustments for changes in working capital:			
(Increase)/ decrease in inventories	(19.20)	0.25	
Decrease/ (increase) in trade receivables	469.44	(167.50)	
(Increase)/ decrease in current/ non-current financial, other assets and unbilled work-in-progress	(403.77)	210.19	
Increase in trade payables, other financial liabilities, other liabilities and provisions	208.61	234.04	
Cash generated from operations	773.56	214.56	
Direct taxes refund (net)	25.47	34.98	
Net cash generated from operating activities	799.03	249.54	
B. CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment (including capital work-in-progress, capital advances and liability for capital goods)	(1.04)	(42.96)	
Proceeds from sale of property, plant and equipment	23.73	13.25	
Proceeds from sale of investments	-	0.74	
(Investments in)/ proceeds from bank deposits (net)	(497.98)	19.94	
Interest received	48.02	14.89	
Dividend received	1.02	0.83	
Net cash (used in)/ generated from investing activities	(426.26)	6.69	
C. CASH FLOW FROM FINANCING ACTIVITIES			
Repayment of non-current borrowings	(21.82)	(34.08)	
Proceeds from/ (repayment of) current borrowings (net)	(277.40)	432.99	
Repayment of lease obligation	(10.24)	(12.96)	
Interest and other finance charges paid	(220.82)	(147.26)	
Net cash generated from/ (used in) financing activities	(530.28)	238.69	
Net (decrease)/ increase in cash and cash equivalents (A+B+C)	(157.51)	494.92	
Cash and cash equivalents at the beginning of the period	642.13	276.11	
Impact of business combination (Refer note 14)	418.14	-	
Unrealised foreign exchange loss	6.27	4.37	
Cash and cash equivalents at the end of the period	909.04	775.39	
The above statement of cash flow has been prepared under the "Indirect method" set out in Ind AS 7 - Statement of Cash Flows.			
See accompanying notes to the consolidated unaudited financial results			



Notes:

- 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 above consolidated financial results have been reviewed and recommended to the Board of Directors by the Audit Committee of the Holding Company and subsequently approved by the Board of Directors of the Holding Company at their respective meetings held on 11 November 2021.
- 2 Unbilled work-in-progress (contract assets), unbilled work-in-progress (included under assets of a disposal group classified as held for sale), and current trade receivables includes ₹ 483.19 crore, ₹ 276.35 crore and ₹ 280.17 crore, respectively, outstanding as at 30 September 2021 representing receivables from customers of the Holding Company, based on the terms and conditions implicit in the contracts and other receivables in respect of closed/ substantially closed/ suspended projects. Further, trade receivables and trade receivables (included under assets of a disposal group held for sale) as at 30 September 2021 includes receivables of ₹ 211.05 crore and ₹ 2,409.01 crore (net of advances of ₹ 3,059.19 crore), respectively, representing claims awarded in arbitration, including interest thereon, in favour of the Holding Company which have been challenged by the customers in higher courts. These aforementioned receivables 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 in certain contentious matters, the management is confident of recovery of these receivables.
- 3 The outbreak of COVID-19 had disrupted regular business operations of the Group due to the lock down restrictions and other emergency measures imposed by Governments from time to time. The operations of the Group have started recovering from the economic slowdown caused by COVID-19 pandemic and reaching normalcy. The Group 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 30 September 2021. While the Group continues to closely monitor the impact of COVID-19 pandemic, there exists uncertainty in estimating 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.
- 4 HREL Real Estate Limited ('HREL'), a subsidiary company, has provided corporate guarantees and put options 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, the aggregate liability in respect of which as at 30 September 2021 stands at ₹ 5,680.41 crore. LCL and WAML have been admitted under the Corporate Insolvency and Resolution Process ('CIRP') in accordance with the Insolvency and Bankruptcy Code, 2016 (IBC) dated 30 August 2018 and 20 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. The National Company Law Tribunal, Mumbai Bench vide its order dated 26 February 2020, have approved the request of lenders of LCL and WAML to consolidate LCL, WAML and Dasve Convention Centre Limited (a subsidiary of LCL) and thereby get better valuation on liquidation. 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 as at and for the quarter and six months ended 30 September 2021, as impact, if any, is currently unascertainable.
- 5 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 1 April 2019 subject to certain conditions. However, the Holding Company having significant 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. As at 30 September 2021, the Holding Company has recognized net deferred tax assets amounting to ₹ 739.28 crore (31 March 2021: ₹ 715.99 crore and 30 September 2020: ₹ 631.66 crore) mainly on account of carried forward unused tax losses, unused tax credits and other taxable temporary differences. While the Holding Company is confident of taxable profits being available against which unused tax losses can be utilized, the Holding Company on a conservative basis has not recognized deferred tax asset on the losses incurred effective 1 July 2021. Based on the expected profits from the unexecuted orders on hand/ future projects, outcome of the ongoing discussion with lenders for restructuring of loans and expected settlement of claims/ arbitration awards with customers, the Holding Company's management is confident that sufficient future taxable income will be available against which such net deferred tax assets recognised as at 30 September 2021 will be realized. Statutory auditors review report is modified in respect of this matter.



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- 6 Pursuant to the confirmation from external agency on compliance of conditions laid out by Monitoring Committee of lenders, the Holding Company during the quarter ended 31 March 2021 adjusted the excess managerial remuneration for the financial year 2013-14 against the remuneration accrued but not paid for the financial year 2014-15, and also the excess remuneration accrued and paid for financial year 2015-16 stands approved.

Further in accordance with section 197 of the Act subject to Schedule V to the Act, the Holding Company was required to obtain approval for excess managerial remuneration of Chairman and Managing Director ('CMD') and Whole Time Director ('WTD') in the general meeting along with prior approval from banks/ public financial institutions and non-convertible debenture holders (together referred as 'lenders') since the Holding Company had defaulted in the payment of dues to lenders. The Holding Company has obtained approvals vide special resolutions in its shareholder's meeting held on 26 September 2019 for remuneration of CMD and Whole Time Director for the period 1 April 2019 to 31 March 2022. However, the requisite approval from lenders are still awaited which the Holding Company expects to obtain along side implementation of the resolution plan. Pending receipt of lenders approvals, managerial remuneration continue to be accrued/ paid by the Holding Company as detailed below:

Financial Years/ Period	(₹ 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)
2019-20	13.57	3.75	-	13.57	3.75
2020-21	13.50	1.44	-	13.50	1.44
Six months ended 30 September 2021	7.00	0.90	-	7.00	0.90
Total	34.07	6.09	-	34.07	6.09

In absence of any requisite approval from lenders for remuneration payable to CMD/ WTD for the aforementioned years/ period, statutory auditors review report is modified in respect of this matter.

- 7 As at 30 September 2021, the Group has accumulated losses aggregating ₹ 3,912.64 crore which has resulted in full erosion of its net worth. The Holding Company also continues to default on payment to lenders along with overdue to operational creditors. Certain operational creditors of the Holding Company 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 disrupted business operations of the Group and there continues to exist uncertainty with respect to the pandemic on Group's operations. 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 is in advanced stages of completing a resolution plan with its lenders, including resolution of debt of an erstwhile subsidiary, whose liabilities were taken over by the Holding Company in earlier years at settlement value basis the settlement terms entered between the Holding Company and lenders. Pursuant to the resolution plan, economic and beneficial interest of a portion of the aforesaid arbitration awards and claims of the Holding Company along with liabilities, represented by debt and accrued interest, will be transferred to a wholly owned subsidiary of the Holding Company (also refer note 8 below). The resolution plan has received an in-principal approval from majority lenders and is subject to final approval by their respective Board/ Committees.

Based on the expectation of the implementation of the resolution plan with lenders of Holding Company as well as the 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 As per the proposed resolution plan which has received an in-principal approval from the lenders of the Holding Company and lenders of an erstwhile subsidiary, the economic and beneficial interest of certain arbitration awards and claims of the Holding Company along with liabilities, represented by debt and accrued interest, will be transferred to a wholly owned subsidiary of the Holding Company. The Board of Directors and shareholders of the Holding Company have approved the aforementioned resolution plan at their respective meetings held on 27 May 2021 and 29 June 2021. In accordance with Ind AS 105 - Non-current Assets Held for Sale and Discontinued Operations, the assets (represented by arbitration award and claims) and liabilities (represented by debt and accrued interest) qualify as assets and liabilities of a disposal group held for sale. Consequently, as at 30 September 2021, trade receivables representing favorable arbitration awards (including interest thereon) aggregating ₹ 2,409.01 crore (net of advance ₹ 3,059.19 crore) and claims aggregating ₹ 3,987.98 crore (to the extent identified) lodged on customers of the Holding Company, having a carrying value of ₹ 427.19 crore, have been classified as assets of a disposal group held for sale. Similarly, as at 30 September 2021, current borrowings and other current financial liabilities of the Holding Company amounting to ₹ 2,392.21 crore and ₹ 421.87 crore, respectively, have been classified as liabilities of a disposal group held for sale.

- 9 Non-current borrowings, current borrowings, other non-current financial liabilities, other current financial liabilities and Liabilities of disposal group held for sale as at 30 September 2021 include balances amounting to Nil (31 March 2021: Nil and 30 September 2020: ₹ 10.64 crore), ₹ 123.41 crore (31 March 2021: ₹ 2.10 crore and 30 September 2020: ₹ 221.54 crore), Nil (31 March 2021: Nil and 30 September 2020: ₹ 619.86 crore), ₹ 434.06 crore (31 March 2021: ₹ 500.72 crore and 30 September 2020: ₹ 385.35 crore) and ₹ 86.99 crore (31 March 2021: Nil and 30 September 2020: Nil), respectively, for which confirmations/ statements from the respective banks/ lenders have not been received inspite of incessant efforts by Holding Company's management. Further, in respect of certain loans aggregating ₹ 746.57 crore (31 March 2021: ₹ 871.75 crore and 30 September 2020: ₹ 1,086.49 crore), while the lenders have confirmed the principal outstanding, the accrued interest aggregating ₹ 157.05 crore (31 March 2021: ₹ 115.37 crore and 30 September 2020: ₹ 85.09 crore) have not been confirmed. In the absence of confirmations/ statements from the lenders, the Holding 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 Holding Company's management believes that amount payable will not exceed the liability provided in books in respect of these borrowings.

Further, for balances with banks (included under cash and cash equivalents) and earmarked balances/ fixed deposits, included under bank balances other than cash and cash equivalents as at 30 September 2021 include balances amounting to ₹ 0.97 crore (31 March 2021: ₹ 2.10 crore and 30 September 2020: ₹ 7.33 crore) and ₹ 1.02 crore (31 March 2021: ₹ 10.91 crore and 30 September 2020: Nil), respectively, for which confirmation/ statements from banks have not been received by the Holding Company. Statutory auditors review report is modified in respect of this matter.



10	Exceptional items	Quarter ended			Six month ended		Year ended
		30 Sept 2021	30 June 2021	30 Sept 2020	30 Sept 2021	30 Sept 2020	
	a) Loss on settlement with a customer	-	-	(84.46)	-	(326.83)	(274.03)
	b) Gain on one-time settlement of debt	106.10	-	-	106.10	-	-
	Total gain/ (loss)	106.10	-	(84.46)	106.10	(326.83)	(274.03)

- 11 During the year 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 decided to cancel this proposed transaction. 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 year ended 31 March 2020. Statutory auditors review report is modified in respect of reversal of aforesaid provision.
- 12 Trade payables and liabilities for capital goods (under other current financial liabilities) of the Holding Company as at 30 September 2021 include ₹ 39.62 crore and ₹ 3.33 crore, respectively, to parties situated outside India. These balances are pending for settlement due to financial difficulties presently being faced by the Company and have resulted in delay in remittance of payments beyond the timeline stipulated by the FED Master Direction No. 17/2016-17, under the Foreign Exchange Management Act, 1999. The Holding Company is in the process of regularising these defaults by filing necessary applications with the appropriate authority for condonation of delay. Pending conclusion of the aforesaid matters, the amount of penalty, if any, that may be levied, is not ascertainable but expected not to be material to the consolidated financial results, and accordingly, the consolidated financial results do not include any adjustments that may arise due to such delay/ default.
- 13 Short term borrowings (current maturities of long-term borrowings) and other current financial liabilities of Raiganj Dalkhola Highways Limited ('RDHL'), as at 30 September 2021 includes ₹ 72.78 crore and ₹ 44.66 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 is based on the original maturity terms as stated in the agreements with the lenders/ bankers.
- 14 Pursuant to the Securities Purchase Agreement entered between Xander Investment Holding XXVI Limited ('Xander') and Holding Company along with certain group entities, Xander's holding (14.55%) in HCC Concessions Limited ('HCL') a joint venture of the Group, has been bought back by the Group on 20 August 2021. Consequent to the buy back, effective 20 August 2021, HCL ceases to be a joint venture and became a wholly owned subsidiary of the Group and resultantly HCL's financial results from 20 August 2021 are being consolidated along with the financial results for the Group as a subsidiary which was hitherto consolidated as joint venture. Accordingly, the financial results for the quarter and six-months ended are strictly not comparable with the other comparable reporting periods included in the financial results.
- 15 On 22 September 2020, HCC Concessions Limited ('HCL'), completed the 100% stake sale of its subsidiary Farakka Raiganj Highway Limited ('FRHL') to Cube Highways and Infrastructure II Pte. Ltd. ('Cube'). Pursuant to settlement with NHAI, the condition precedents for release of holdback considerations stood fulfilled and accordingly HCL recognised the hold back receivable aggregating ₹ 217.06 crore during the quarter ended 31 March 2021.
- Further during the quarter ended 30 June 2021, the condition precedents related to HCL's share of proceeds from above settlement with NHAI and royalty income from FRHL were fulfilled and uncertainties towards estimation and realisability of the aforementioned receivables no longer exist. Accordingly, HCL recognised the receivables aggregating ₹ 354.54 crore during the previous quarter ended 30 June 2021.
- 16 Figures for the previous quarters/ year have been regrouped/ rearranged, wherever considered necessary.

for Hindustan Construction Company Limited



Ajit Gulabchand
Chairman & Managing Director

Mumbai, Dated : 11 November 2021





UNAUDITED CONSOLIDATED SEGMENT-WISE REVENUE, SEGMENT RESULTS AND SEGMENT ASSETS & LIABILITIES						
(₹ In crore)						
Sr No.	Particulars	Quarter ended			Six month ended	
		30 September 2021	30 June 2021	30 September 2020	30 September 2021	Year ended 31 March 2021
		Unaudited	Unaudited	Unaudited	Unaudited	Audited
1	Segment revenue					
	Engineering and construction	2,768.13	2,446.76	1,798.43	5,214.89	8,212.11
	Infrastructure	17.79	5.45	10.70	23.24	35.11
	Real estate	-	0.01	-	0.01	-
	Others	2.10	2.21	1.98	4.31	10.53
	Less: Inter segment revenue	(0.57)	(0.49)	(0.49)	(1.06)	(9.33)
	Total	2,787.45	2,453.94	1,810.62	5,241.39	8,248.42
2	Segment results					
	Engineering and construction	347.61	161.42	(59.84)	509.03	313.14
	Infrastructure	9.21	6.93	6.29	16.14	10.91
	Real estate	(0.11)	(0.01)	(1.16)	(0.12)	(0.12)
	Others	(0.44)	(0.49)	(1.39)	(0.93)	(1.48)
	Less: Unallocable expenditure (net of unallocable income)	(258.22)	(243.61)	(206.57)	(501.83)	(981.21)
	Profit/ (Loss) before exceptional items, share of profit / (loss) of associates and joint ventures, and tax	98.05	(75.76)	(262.67)	22.29	(658.76)
	Exceptional items - Gain/ (Loss)					
	- Engineering and construction	-	-	(84.46)	-	(274.03)
	- Infrastructure	106.10	-	-	106.10	-
	Profit / (Loss) before share of profit / (loss) of associates and joint ventures and tax	204.15	(75.76)	(347.13)	128.39	(932.79)
3	Segment assets					
	- Engineering and construction	11,632.83	11,283.72	10,938.13	11,356.88	
	- Infrastructure	1,301.42	45.64	109.09	47.12	
	- Real estate	41.57	41.58	41.60	39.28	
	- Others	24.45	24.16	23.67	22.41	
	- Unallocable assets	919.21	1,588.97	1,088.98	1,313.31	
		13,919.48	12,984.07	12,201.47	12,779.00	
4	Segment liabilities					
	- Engineering and construction	10,463.96	7,583.58	7,888.82	7,731.86	
	- Infrastructure	638.65	271.67	202.18	273.36	
	- Real estate	56.92	56.88	64.63	56.88	
	- Others	8.71	9.21	7.60	7.06	
	- Unallocable liabilities	3,720.46	6,198.37	5,675.76	6,027.43	
		14,888.70	14,119.71	13,838.99	14,096.59	

