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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** ('the Company') and its joint operations (refer Annexure 1 for the list of joint operations included in the Statement) for the quarter ended 30 September 2020 and the year to date results for the period 1 April 2020 to 30 September 2020, 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 2 to the Statement regarding 'total balance value of work on hand as at 30 September 2020', 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 5 to the accompanying Statement, the Company has accounted for managerial remuneration paid/ payable to Whole Time Directors (including Chairman and Managing Director) of the Company aggregating ₹ 37.72 crore for the financial years ended 31 March 2015, 31 March 2016 and 31 March 2020, and for the six month ended 30 September 2020, in excess of the limits prescribed under Section 197 of the Act, in respect of which approvals from the shareholders have been obtained, however prior approval from the lenders of the Company in accordance with Section 197 has not been obtained by the Company. Further, the Company has not recovered the excess managerial remuneration aggregating ₹ 8.69 crore paid to the Chairman and Managing Director for the financial year 31 March 2016, within the time limit prescribed under Section 197. Our audit report dated 9 July 2020 and review report dated 27 August 2020 on the standalone financial results of the Company for the year ended 31 March 2020 and for the quarter ended 30 June 2020, respectively, were also qualified in respect of this matter.

(ii) Note 7 to the accompanying Statement, the Company's non-current borrowings, current borrowings, other non-current financial liabilities and other current financial liabilities as at 30 September 2020 include balances amounting to ₹ 158.31 crore, ₹ 73.87 crore, ₹ 619.86 crore and ₹ 385.35 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 ₹ 85.09 crore has not been confirmed by the banks/ lenders. The aforesaid balances have been classified into current and non-current, basis the original maturity terms stated in the agreements which is not in accordance with the terms of the agreements relating to the implications in the event of default. Further, confirmations/ statements from banks have not been received for earmarked balances (included under bank balances other than cash and cash equivalents) as at 30 September 2020 amounting to ₹ 7.33 crore.

In the absence of such confirmations/ statements from 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 9 July 2020 and review report dated 27 August 2020 on the standalone financial results of the Company for the year ended 31 March 2020 and for the quarter ended 30 June 2020, respectively, were also qualified in respect of this matter.

(iii) Note 11(b) 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 on similar terms as evidenced in the proposed resolution plan with lenders. Accordingly, had the loss provision not been written back, other current assets (work-in-progress) and other equity (reserves and surplus) would have been lower by ₹ 331.40 crore as at 30 September 2020. Our audit report dated 9 July 2020 and review report dated 27 August 2020 on the standalone financial results for the year ended 31 March 2020 and for the quarter ended 30 June 2020, respectively, were also qualified in respect of this matter.

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(iv) Note 10 to the accompanying Statement, the Company has recognised net deferred tax assets amounting to ₹ 631.66 crore outstanding as at 30 September 2020, on account of carried forward unused tax losses, unused tax credits and other taxable temporary differences which are continued to be recognised by the Company on the basis of expected availability of future taxable profits for utilization of such deferred tax assets. However, in view of the continued losses incurred by the Company and the impact of COVID-19 on business operations, we are unable to obtain sufficient appropriate audit evidence with respect to the current projections prepared by the management and therefore, are unable to comment on any adjustments that may be required to the carrying value of aforesaid net deferred tax assets as at 30 September 2020. Our audit report dated 9 July 2020 and review report dated 27 August 2020 on the standalone financial results for the year ended 31 March 2020 and for the quarter ended 30 June 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, except for the effects/ 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 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.

Material Uncertainty Related to Going Concern

6. We draw attention to Note 9 of the accompanying Statement which indicates that the Company has incurred a net loss of ₹ 397.28 crore during the six month ended 30 September 2020 and, as of that date, the Company's accumulated losses amounts to ₹ 2,164.91 crore which have resulted in substantial erosion of net worth of the Company and the current liabilities have exceeded its current assets by ₹ 2,220.64 crore as at 30 September 2020. As further disclosed in 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 2020. A financial creditor and certain operational creditors have also applied to the National Company Law Tribunal ('NCLT') for the debt resolution under the Insolvency and Bankruptcy Code, 2016, which have not been admitted by the NCLT for further proceedings as of the date of this report. The above factors, together with uncertainties relating to the impact of the ongoing COVID-19 pandemic on the operations of the Company as described in Note 8 to the Statement, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. However, based on ongoing discussion with the lenders for restructuring of loans, revised business plans and other mitigating factors as mentioned in the Note 9, management is of the view that going concern basis of accounting is appropriate for preparation of the accompanying Statement. Our 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.

(ii) Note 6 to the accompanying Statement in relation to the rectification of the method of measuring the progress towards satisfaction of performance obligation for revenue recognition from output method to input method. Consequent to the aforementioned rectification and the resultant change in accounting policy, the Company has restated the comparative financial information for the quarter and year to date results for the period 1 April 2019 to 30 September 2019 included in the accompanying Statement, in accordance with the requirements of Ind-AS 8 - 'Accounting Policies, Changes in Accounting Estimates and Errors'.

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(iii) Note 3 to the accompanying Statement, regarding the Company's non-current investment (including deemed investment) in a subsidiary company, HCC Infrastructure Company Limited, aggregating ₹ 1,571.65 crore as at 30 September 2020. The consolidated net-worth of the aforesaid subsidiary is fully eroded; however, based on certain estimates and other factors, including subsidiary's future business plans, growth prospects, valuation report from an independent valuer and expected outcome of the negotiation/ discussion/ arbitration/ litigations and legal advice in respect of certain claims, as described in the said note, management believes that the realizable amount is higher than the carrying value of the non-current investment due to which this is considered as good and recoverable.

(iv) Note 4 to the accompanying Statement, regarding uncertainties relating to recoverability of unbilled work-in-progress (other current assets) and current trade receivables amounting to ₹ 785.77 crore and ₹ 386.28 crore, respectively, as at 30 September 2020, which represent various claims raised in the earlier years in respect of projects closed/ substantially closed/ suspended. Further, non-current trade receivables and current trade receivables as at 30 September 2020 includes ₹ 2,287.28 crore and ₹ 736.04 crore, respectively, representing favourable arbitration awards (including interest thereon) which have subsequently been challenged by the clients in courts. Further, during the six months ended 30 September 2020, the Company has initiated and settled two favourable arbitration awards with one of the customers amounting to ₹ 578.12 crore at a loss of ₹ 326.83 crore, which has been considered as an exceptional item as further described in Note 11(a) of the accompanying Statement. The Company is also in active discussions with a customer to conciliate another favourable arbitration award received and the related claims made by the Company with respect to non-current trade receivables, current trade receivables and unbilled work-in-progress (Other current assets) amounting to ₹ 115.46 crore, ₹ 215.94 crore and ₹ 470.71 crore. The aforementioned receivables are presently under various stages of negotiations/ arbitration/ litigation with client. Based on the current progress in each case and related legal opinions, management is of the view that the aforementioned balances are fully recoverable.

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

8. The Statement includes the interim financial statements/ financial information/ financial results of seven (7) joint operations, which have not been reviewed/ audited by their auditors, whose interim financial statements/ financial information/ financial results reflect total assets of ₹ 6.98 crore as at 30 September 2020, and total revenues of ₹ 0.49 crore and ₹ 0.76 crore, net loss after tax of ₹ 0.31 crore and ₹ 0.49 crore, total comprehensive loss of ₹ 0.31 crore and ₹ 0.49 crore for the quarter and six month ended 30 September 2020 respectively, cash flow (net) of ₹ 0.74 crore for the six months ended 30 September 2020 as considered in the Statement, and have been furnished to us 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 these joint operations, are based solely on such unaudited/ unreviewed interim financial statements / financial information/ 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 financial statements/ information/ results certified by the Board of Directors.

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

Rakesh R. Agarwal
Partner
Membership No:109632

UDIN:20109632AAAAMV9710

Place: Mumbai
Date: 12 November 2020

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.	HCC - VCCL Joint Venture (w.e.f. 29 January 2020)
7.	Nathpa Jhakri Joint Venture
8.	HCC - MAX Joint Venture
9.	HCC- HDC Joint Venture

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STATEMENT OF STANDALONE UNAUDITED FINANCIAL RESULTS FOR THE QUARTER AND SIX MONTH ENDED 30 SEPTEMBER 2020							
	₹ in crore except earnings per share data and ratios						
Sr. No.	Particulars	Quarter ended			Six month ended		Year ended
		30 September 2020	30 June 2020	30 September 2019	30 September 2020	30 September 2019	31 March 2020
		Unaudited	Unaudited	Unaudited Restated - Refer note 6	Unaudited	Unaudited Restated - Refer note 6	Audited
1	**Income**						
	(a) Income from operations	454.12	453.72	935.51	907.84	1,915.86	3,643.64
	(b) Other income	12.06	8.53	10.45	20.59	17.00	32.50
	Total income (a+b)	466.18	462.25	945.96	928.43	1,932.86	3,676.14
2	**Expenses**						
	(a) Cost of materials consumed	91.50	60.93	172.04	152.43	377.72	690.76
	(b) Subcontracting expenses	133.29	152.31	381.45	285.60	765.54	1,664.80
	(c) Construction expenses	66.29	34.82	65.18	101.11	144.89	306.78
	(d) Employee benefits expense	76.52	81.64	112.05	158.16	207.09	413.67
	(e) Finance costs	195.12	197.03	184.04	392.15	356.30	746.15
	(f) Depreciation and amortisation expense	23.89	19.92	30.01	43.81	60.90	109.37
	(g) Other expenses	49.24	10.89	30.44	60.13	52.83	105.53
	Total expenses (a+b+c+d+e+f+g)	635.85	557.54	975.21	1,193.39	1,965.27	4,037.06
3	**Loss before exceptional items and tax (1-2)**	(169.67)	(95.29)	(29.25)	(264.96)	(32.41)	(360.92)
4	Exceptional items - gain / (loss) (Refer note 11)	(84.46)	(242.37)	-	(326.83)	-	319.95
5	**Loss before tax (3+4)**	(254.13)	(337.66)	(29.25)	(591.79)	(32.41)	(40.97)
6	**Tax expense / (credit)**						
	(a) Current tax	0.03	0.01	0.02	0.04	0.05	0.09
	(b) Deferred tax	(74.24)	(120.31)	144.40	(194.55)	146.58	127.66
		(74.21)	(120.30)	144.42	(194.51)	146.63	127.75
7	**Loss for the period (5-6)**	(179.92)	(217.36)	(173.67)	(397.28)	(179.04)	(168.72)
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	0.73	(0.79)	(4.60)	(0.06)	(5.35)	(3.16)
	- Gain / (Loss) on fair value of equity instruments (Refer note 13)	(0.62)	2.16	(3.47)	1.54	(5.91)	(10.71)
	(b) Items to be reclassified subsequently to profit or loss	-	-	-	-	-	-
	Other comprehensive income/ (loss) for the period, net of tax (a+b)	0.11	1.37	(8.07)	1.48	(11.26)	(13.87)
9	**Total comprehensive loss for the period, net of tax (7+8)**	(179.81)	(215.99)	(181.74)	(395.80)	(190.30)	(182.59)
10	Paid up equity share capital (Face value of ₹ 1 each)	151.31	151.31	151.31	151.31	151.31	151.31
11	Other equity (excluding revaluation reserves)						1,027.43
12	Debenture redemption reserve						54.99
13	Earnings / (Loss) per share (Face value of ₹ 1 each)						
	(a) Basic EPS (not annualised) (in ₹)	(1.19)	(1.44)	(1.15)	(2.63)	(1.18)	(1.12)
	(b) Diluted EPS (not annualised) (in ₹)	(1.19)	(1.44)	(1.15)	(2.63)	(1.18)	(1.12)
14	Paid up debt capital				75.52	98.90	82.59
15	Debt equity ratio (in times)				4.83	2.64	2.86
16	Debt service coverage ratio (in times)				(0.47)	0.72	0.82
17	Interest service coverage ratio (in times)				(0.48)	1.09	1.10
	See accompanying notes to the standalone unaudited financial results						

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STANDALONE UNAUDITED STATEMENT OF ASSETS AND LIABILITIES

(₹ in crore)

Particulars	As at 30 September 2020 Unaudited	As at 31 March 2020 Audited
ASSETS		
Non-current assets		
Property, plant and equipment	497.08	342.22
Right-of-use assets	0.71	2.17
Capital work-in-progress	10.20	178.41
Intangible assets	0.86	1.08
Investments in subsidiaries	1,669.03	1,622.26
Financial assets		
Investments	8.49	6.94
Trade receivables	2,287.28	2,719.72
Loans	181.60	187.51
Other financial assets	55.66	55.66
Income tax assets (net)	190.53	233.24
Deferred tax assets (net)	631.66	437.08
Other non-current assets	79.09	88.81
Total non-current assets	5,612.19	5,875.10
Current assets		
Inventories	194.87	191.83
Financial assets		
Investments	3.00	3.00
Trade receivables	2,086.59	1,821.97
Cash and cash equivalents	147.63	85.92
Bank balances other than cash and cash equivalents	78.36	82.76
Loans	21.21	19.57
Other financial assets	93.93	88.61
Other current assets	2,686.96	2,662.90
	5,312.55	4,956.56
Asset classified as held for sale	6.49	64.78
Total current assets	5,319.04	5,021.34
TOTAL ASSETS	10,931.23	10,896.44
EQUITY AND LIABILITIES		
Equity		
Equity share capital	151.31	151.31
Other equity	625.07	1,027.43
Total equity	776.38	1,178.74
Liabilities		
Non-current liabilities		
Financial liabilities		
Borrowings	1,247.56	1,357.37
Other financial liabilities	1,323.18	1,187.18
Provisions	44.43	43.83
Total non-current liabilities	2,615.17	2,588.38
Current liabilities		
Financial liabilities		
Borrowings	1,778.73	1,368.01
Trade payables		
- Total outstanding dues of micro enterprises and small enterprises	22.51	23.27
- Total outstanding dues of creditors other than micro enterprises and small enterprises	1,660.89	1,757.34
Other financial liabilities	1,615.75	1,418.44
Other current liabilities	2,444.61	2,546.34
Provisions	17.19	15.92
Total current liabilities	7,539.68	7,129.32
TOTAL EQUITY AND LIABILITIES	10,931.23	10,896.44

See accompanying notes to the standalone unaudited financial results

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STATEMENT OF UNAUDITED STANDALONE CASH FLOW

₹ in crore

Particulars	Six month ended 30 September 2020 Unaudited	Six month ended 30 September 2019 Unaudited Restated - Refer note 6
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net loss before tax	**(591.79)**	(32.41)
Adjustments for		
Depreciation and amortisation expense	**43.81**	60.90
Finance costs	**392.15**	356.30
Interest income	**(10.00)**	(12.47)
Loss on settlement with customers [Refer note 11 (a)]	**326.83**	-
Dividend income	**(0.03)**	(0.03)
Unrealised foreign exchange (gain)/ loss {net}	**(4.72)**	1.89
(Profit)/ loss on sale of property, plant and equipment (net)	**(0.37)**	0.20
Provision no longer required written back	**(2.18)**	(2.90)
	745.49	403.89
Operating profit before working capital changes	**153.70**	371.48
Adjustments for changes in working capital:		
(Increase)/ decrease in inventories	**(3.04)**	21.24
Increase in trade receivables	**(159.01)**	(159.40)
(Increase)/ decrease in current / non-current financial and other assets	**(16.80)**	15.02
(Decrease)/ increase in trade payables, other financial liabilities and other liabilites	**(197.86)**	81.31
Increase in provisions	**1.87**	16.01
Cash (used in)/ generated from operations	**(221.14)**	345.66
Direct taxes refund/ (paid) (net)	**42.67**	(23.73)
Net cash (used in)/ generated from operating activities	**(178.47)**	321.93
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment (including capital work-in-progress, capital advances and capital creditors)	**(34.21)**	(53.82)
Proceeds from sale of property, plant and equipment and assets held for sale	**8.67**	10.33
Advance towards sale of property, plant and equipment	**-**	20.20
Inter corporate deposits recovered/ (given) {net}	**3.25**	(17.82)
Net proceeds from bank deposits	**4.40**	2.71
Interest received	**5.10**	1.66
Dividend received	**0.03**	0.03
Net cash used in investing activities	**(12.76)**	(36.71)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Repayments of long-term borrowings	**(28.81)**	(167.25)
Proceeds from short-term borrowings (net)	**410.72**	33.43
Interest and other finance charges paid	**(127.35)**	(214.24)
Repayment of finance lease obligations	**(1.55)**	(1.72)
Net cash generated from/ (used in) financing activities	**253.01**	(349.78)
Net increase/ (decrease) in cash and cash equivalents (A+B+C)	**61.78**	(64.56)
Cash and cash equivalents at the beginning of the period	**85.92**	132.97
Unrealised foreign exchange (loss)/ gain	**(0.07)**	0.29
Cash and cash equivalents at the end of the period	**147.63**	68.70

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.

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Notes:

1 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.

2 The total balance value of work on hand as at 30 September 2020 is ₹ 18,995 crore (31 March 2020: ₹ 16,857 crore).

3 The Company, as at 30 September 2020, has non-current investments amounting to ₹ 1,571.65 crore (31 March 2020: ₹ 1,574.90 crore) in its subsidiary, HCC Infrastructure Company Limited (HIL) which is holding 85.45% in HCC Concessions Limited (HCL) having various Build, Operate and Transfer (BOT) SPVs under its fold. While HIL has incurred losses and consolidated net-worth as at 30 September 2020 has been fully eroded, the underlying projects are expected to achieve adequate profitability on substantial completion. The net-worth of this subsidiary does not represent its true market value as the value of the underlying investments / assets, based on valuation report of an independent valuer, is higher. Further BOT SPV's have several claims including a favorable arbitration award against its customers mainly in respect of cost-overrun arising due to client caused delays, termination of contracts and change in scope of work which are under various stages of negotiation / discussion with clients or under arbitration / litigation wherein management has been legally advised that it has good case on merits. Therefore, based on certain estimates like future business plans, growth prospects as well as considering the contractual tenability, progress of negotiation / discussion / arbitration / litigations and legal advice, the management believes that the realizable amount of the subsidiary is higher than the carrying value of the non-current investments due to which these are considered as good and recoverable.

4 Unbilled work-in-progress (Other current assets) and current trade receivables as at 30 September 2020 include ₹ 785.77 crore and ₹ 386.28 crore, respectively, representing various claims raised earlier, based on the terms and conditions implicit in the contracts and other receivables in respect of closed/ suspended projects. Further, non-current trade receivables and current trade receivables as at 30 September 2020 also include ₹ 2,287.28 crore (net of advances of ₹ 470.66 crore) and ₹ 736.04 crore (net of advances of ₹ 2,039.11 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 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, the management is confident of recovery of the carrying value of the aforementioned receivables and hence no provision is considered necessary.
Further while the Company continues to legally pursue the aforementioned receivables, Company is also in active discussions with a customer to conciliate favourable arbitration award and claims represented by non-current trade receivables, current trade receivables and unbilled work-in-progress (Other current assets) amounting to ₹ 115.46 crore, ₹ 215.94 crore and ₹ 470.71 crore, respectively.

5 Pursuant to notification of the Companies (Amendment) Act, 2017 with effect from 12 September 2018, amending Section 197 of the Companies Act, 2013 ('the Act'), the Company's application to the Ministry of Corporate Affairs for approval in respect of managerial remuneration of Chairman and Managing Director (CMD) accrued/ paid in excess of the prescribed limit for the financials years 2014-15 and 2015-16 stands abated. The Company, vide resolution dated 10 September 2019, has obtained approval from the shareholders for the payment of remuneration in respect of the aforesaid years, to be given effect to, only post receipt of the approval of the lenders.
Further on 26 September 2019, the Company in its shareholders' meeting has also obtained approvals vide special resolutions for managerial remuneration of CMD and Whole Time Directors for the period 1 April 2019 to 31 March 2022, to be given effect to, only post receipt of the approval of lenders.

Pending receipt of lenders approval, managerial remuneration continue to be accrued / paid held-in-trust by the Company as detailed below:

(₹ in crore)

Financial Year	Designation	Remuneration accrued	Remuneration paid	Remuneration as per prescribed limit	Excess remuneration accrued / paid	Excess remuneration paid held in trust
		(a)	(b)	(c)	(d = a - c)	(e = b - c)
2014-15	CMD	10.66	-	1.95	8.71	-
2015-16	CMD	10.66	10.66	1.97	8.69	8.69 ^
2019-20	CMD & Whole Time Directors	13.57	3.75	-	13.57	3.75
2020-21	CMD & Whole Time Director	6.75	0.72	-	6.75	0.72
Total		41.64	15.13	3.92	37.72	13.16

^ In accordance with provisions of Section 197(9), the excess remuneration paid was required to be refunded to the Company on or before 11 September 2020. However, the Company on 8 September 2020, has made an application to the Ministry of Corporate Affairs requesting for extention of time till 31 March 2021 to obtain the lenders' approval for the payment of remuneration of above mentioned financial years. Pending the outcome, the excess remuneration continues to be held in trust by CMD.
Statutory auditors review report is modified in respect of this matter.

6 During the quarter ended 31 March 2020, the Company had changed the method of measuring progress i.e. from output method to input method as specified in Ind AS 115 – 'Revenue from Contract with Customers' consequent to change in the circumstances including change in the nature of contracts secured by the Company during recent years. Management believes that input method, a method widely also used by most other engineering and construction companies, would be more reliable and relevant in measuring the progress of the projects and therefore also be more accurate on a comparative basis in measuring the Company's performance in transferring control of goods and services promised to the customers until completion of the contracts. Pursuant to the impact of this change in method, the Company has restated the comparative financial statements/ information for the quarter and six month ended 30 September 2019, in accordance with the requirements of Ind-AS 8 - 'Accounting Policies, Changes in Accounting Estimates and Errors'.
The impacts of the restatement are as follows:

Impact on Statement of Profit and Loss - (Decrease)/ Increase by

(₹ in crore)

Particulars	Quarter ended 30 September 2019	Six month ended 30 September 2019
Revenue from operations	(52.39)	96.88
Subcontracting expenses	(39.77)	94.60
(Loss)/ profit before tax	(12.62)	2.28
Tax credit/ (expense)	4.41	(0.80)
(Loss)/ profit for the period	(8.21)	1.48
Total comprehensive (loss)/ income for the period	(8.21)	1.48
Basic and diluted earnings/ (loss) per share	(0.05)	0.01

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7 Non-current borrowings, current borrowings, other non-current financial liabilities and other current financial liabilities as at 30 September 2020 include balances amounting to ₹ 158.31 crore (31 March 2020: ₹ 165.55 crore), ₹ 73.87 crore (31 March 2020: Nil), ₹ 619.86 crore (31 March 2020: ₹ 591.04 crore) and ₹ 385.35 crore (31 March 2020: ₹ 336.82 crore), respectively, in respect of which confirmation/statements from the respective banks/ lenders have not been received. Further, in respect of non-current borrowings and current borrowings aggregating ₹ 1,086.49 crore (31 March 2020: ₹ 864.23 crore), while the lenders have confirmed the principal outstanding, the accrued interest aggregating ₹ 85.09 crore (31 March 2020: ₹ 42.76 crore) have not been confirmed. In the absence of confirmations/ statements from the lenders, the Company has provided for interest and other penal charges on these borrowings based on the latest communication available from the respective lenders at the interest rate specified in the agreement. The Company's management believes that amount payable on settlement will not exceed the liability provided in books in respect of these borrowings. Also, the classification of these borrowings into current and non-current as at 30 September 2020 is also based on the original maturity terms stated in the agreements with the lenders.
Further, earmarked balances (included under bank balances other than cash and cash equivalents) and guarantees issued by banks on behalf of the Company as at 30 September 2020 includes balances amounting to ₹ 7.33 crore (31 March 2020: ₹ 5.46 crore) and Nil (31 March 2020: ₹ 76.93 crore), respectively, in respect of which confirmation/ statements from banks have not been received inspite of incessant efforts by Company's management.
Statutory auditors review report is modified in respect of this matter.

8 The outbreak of COVID-19 pandemic has disrupted regular business operations of the Company due to the lock down restrictions and other emergency measures imposed by the Government from time to time. The business operations have recommenced post relaxation of lockdowns.
The Company has also adopted measures to curb the spread of infection in order to protect the health of its employees and ensures business continuity with minimal disruption. Accordingly, the results for the quarter are not comparable with those for the previous quarters.
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 2020. However, there exists significant estimation uncertainty in relation to the future impact of COVID-19 pandemic on the Company and, accordingly, the actual impact in the future may be different from those presently estimated. The Company will continue to monitor any material change to the future economic conditions and consequential impact on the financial results.

9 The Company has incurred net loss of ₹ 397.28 crore during the six month ended 30 September 2020 and as of that date has accumulated losses aggregating ₹ 2,164.91 crore which has resulted in substantial erosion of its net worth and its current liabilities exceeded its current assets by ₹ 2,220.64 crore. The Company also continues to default on payment to lenders along with overdue to operational creditors. A financial creditor and certain operational creditors have applied before the National Company Law Tribunal ('NCLT') for the debt resolution under the Insolvency and Bankruptcy Code, 2016, none of which has been admitted so far. Further, the COVID-19 pandemic has also resulted in temporary suspension of site operations across India, supply chain disruptions, loss of migrant labour and evolving regulation while restarting works has led to material impact on the Company's operations. The above factors indicate that events or conditions exist, which may cast significant doubt on the entity's ability to continue as a going concern. The Company is in process of formulating a resolution plan with lenders.
Based on the expectation of the implementation of the resolution plan with lenders, underlying strength of the Company's business plans and future growth outlook as assessed, the management is confident of improving the credit profile of the Company, including through time-bound monetisation of assets including arbitration awards, claims and other assets which would result in it being able to meet its obligations in due course of time. Accordingly, the Management considers it appropriate to prepare these financial results on a going concern basis.

10 On 20 September 2019, vide the Taxation Laws (Amendment) Ordinance 2019,the Government of India inserted Section 115BAA in the Income Tax Act, 1961 which provides domestic companies a non-reversible option to pay corporate tax at reduced rates effective 1 April 2019 subject to certain conditions. However, the Company having significant amount of brought forward tax losses and unabsorbed depreciation on which deferred tax asset has been recognised, is still evaluating and has not yet elected to exercise the option permitted under section 115BAA. In view of the above, there is no impact of the new tax rate on the standalone financial results for the current period.
As at 30 September 2020, the Company has continued to recognize net deferred tax assets amounting to ₹ 631.66 crore (31 March 2020: ₹ 437.08 crore) on account of carried forward unused tax losses, unused tax credits and other taxable temporary differences. Based on the expected profits from the unexecuted orders on hand, outcome of the ongoing discussion with lenders for restructuring of loans and expected settlement of arbitration awards, the Company management is confident that sufficient future taxable income will be available against which such deferred tax assets will be realized.
Statutory auditors review report is modified in respect of this matter.

11

(₹ in crore)

Exceptional Items	Quarter ended 30 September 2020	Quarter ended 30 June 2020	Six month ended 30 September 2020	Year ended 31 March 2020
a) Loss on settlement with a customer ([Refer note (i) below]	(84.46)	(242.37)	(326.83)	-
b) Reversal of loss provision in respect of arbitration awards and claims [Refer note (ii) below]	-	-	-	331.40
c) Reversal of gain on settlement of debts	-	-	-	(11.45)
Total gain / (loss)	**(84.46)**	**(242.37)**	**(326.83)**	**319.95**

Note:
(i) During the quarters ended 30 September 2020 and 30 June 2020, the Company has entered into Settlement Agreements with one of its customers to conciliate long pending dispute in respect of the Arbitration Awards published in Company's favour, for two projects completed during earlier years, which were being contested by the customer before the Hon'ble High Courts. Pursuant to these settlements, the Company would realise/ have realised ₹ 32.35 crore and ₹ 218.94 crore as full and final settlement with an understanding that all pending disputes stand resolved. Pursuant to the settlement agreements, the Company has recognised exception losses of ₹ 84.46 crore and ₹ 242.37 crore during the quarter ended 30 September 2020 and 30 June 2020, respectively, .
Though the Company had a fair chance to recover entire money over the period, however, considering the time involved in the litigation and urgent need to realize monies urgently to tie up its cashflow deficit for its operations, the Company has opted for this conciliation, as per the scheme provided u/s 73 of Arbitration and Conciliation Act, 2015 by Ministry of Road Transport Highways.

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

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12 The Code on Social Security, 2020 ('Code') relating to employee benefits during employment and post-employment benefits received Presidential assent in September 2020. The Code has been published in the Gazette of India. However, the date on which the Code will come into effect has not been notified. The Company will assess the impact of the Code when it comes into effect and will record any related impact in the period the Code becomes effective.

13 Gain / (loss) on fair valuation of equity instruments' represents movement in carrying value of financial assets (investments) measured at fair value through Other comprehensive income.

14 Previous quarters/ year figures have been regrouped / rearranged, wherever considered necessary.

15 These financial results have been prepared to comply in all material respects with the Indian Accounting Standards ('Ind AS') as prescribed under Section 133 of the Companies Act, 2013 ('the Act') read with Companies (Indian Accounting Standards) Rules as amended from time to time. The Audit Committee has reviewed these results and the Board of Directors have approved the above unaudited standalone financial results at their meetings held on 12 November 2020.

***for* Hindustan Construction Company Limited**

Ajit Gulabchand
Chairman & Managing Director

Raigad, Date: 12 November 2020

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Independent Auditor's Review Report on Consolidated Unaudited Quarterly Financial Results and Year to Date Results of the Company Pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended)

To the Board of Directors of Hindustan Construction Company Limited

1. We have reviewed the accompanying statement of unaudited consolidated 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 2020 and the consolidated year to date results for the period 1 April 2020 to 30 September 2020, 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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Chartered Accountants

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

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4. As stated in:

   (i) Note 5 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 Company aggregating ₹ 37.72 crore for the financial years ended 31 March 2015, 31 March 2016 and 31 March 2020, and for the six month ended 30 September 2020, in excess of the limits prescribed under Section 197 of the Act, in respect of which approvals from the shareholders have been obtained, however prior approval from the lenders of the Holding Company in accordance with Section 197 has not been obtained. Further, the Holding Company has not recovered the excess managerial remuneration aggregating ₹ 8.69 crore paid to the Chairman and Managing Director for the financial year 31 March 2016, within the time limit prescribed under Section 197. Our audit report dated 09 July 2020 and review report dated 27 August 2020 on the consolidated financial results of the Group for the year ended 31 March 2020 and for the quarter ended 30 June 2020, respectively, were also qualified in respect of this matter.

   (ii) Note 9 to the accompanying Statement, the Group's non-current borrowings, current borrowings, other non-current financial liabilities and other current financial liabilities as at 30 September 2020 include balances amounting to ₹ 164.37 crore, ₹ 73.87 crore, ₹ 619.86 crore and ₹ 385.45 crore, respectively, in respect of which confirmations/ statements from the respective banks/ lenders have not been provided to us by the management. 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 ₹ 85.09 crore has not been confirmed by the banks/ lenders. These balances have been classified into current and non-current, basis the original maturity terms stated in the agreements which is not in accordance with the terms of the agreements relating to the implications in the event of default. Further, confirmations/ statements from banks have not been received for earmarked balances (included under bank balances other than cash and cash equivalents) as at 30 September 2020 amounting to ₹ 7.33 crore.

   In the absence of such confirmations/ statements from 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 9 July 2020 and review report dated 27 August 2020 on the consolidated financial results of the Group for the year ended 31 March 2020 and for the quarter ended 30 June 2020, respectively, were also qualified in respect of this matter.

   (iii) Note 10(b) 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 on similar terms as evidenced in the proposed resolution plan with lenders. Accordingly, had the loss provision not been written back, other current assets (work-in-progress) and other equity (reserves and surplus) would have been lower by ₹ 331.40 crore as at 30 September 2020. Our audit report dated 9 July 2020 and review report dated 27 August 2020 on the consolidated financial results for the year ended 31 March 2020 and for the quarter ended 30 June 2020, respectively, were also qualified in respect of this matter.

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(iv) Note 6 to the accompanying Statement, the Holding Company has recognised net deferred tax assets amounting to ₹ 631.66 crore outstanding as at 30 September 2020, on account of carried forward unused tax losses, unused tax credits and other taxable temporary differences which are continued to be recognised by the Holding Company on the basis of expected availability of future taxable profits for utilization of such deferred tax assets. However, in view of the continued losses incurred by the Holding Company and the impact of COVID-19 on business operations, we are unable to obtain sufficient appropriate audit evidence with respect to the current projections prepared by the management and therefore, are unable to comment on any adjustments that may be required to the carrying value of aforesaid net deferred tax assets as at 30 September 2020. Our audit report dated 9 July 2020 and review report dated 27 August 2020 on the consolidated financial results for the year ended 31 March 2020 and for the quarter ended 30 June 2020, respectively, were also qualified in respect of this matter.

5. As given in Note 16 to the accompanying Statement, the following qualification is given by another firm of Chartered Accountants vide their report dated 10 November 2020 on the financial results of HCC Operations and Maintenance Limited, a step-down subsidiary of the Holding Company, which is reproduced by us as under:

   "Attention is drawn to Note XX, the Company (HOML) had signed a debenture Sale Purchase (DSP) agreement on 29 September 2017 with SSG Investment Holding India Ltd (SSG) and India Opportunities Pte I Ltd. (IOPL) for purchasing of debentures of Lavasa Corporation Limited, in the event of any default. As per terms of the agreement, Company has committed to purchase debentures from SSG and IOPL in the event of default by issuer for an aggregate consideration of ₹ 138 crore plus Interest @ 10.27 % per annum. The Company has not accounted interest cost of ₹ 72.46 crore but has disclosed the same as contingent liability. This has resulted in understatement of loss for the period by ₹ 72.46 crore and over statement of contingent liability by ₹ 72.46 crore and understatement of current financial liabilities by the same amount." Our audit report dated 9 July 2020 and review report dated 27 August 2020 on the consolidated financial results for the year ended 31 March 2020 and for the quarter ended 30 June 2020, respectively, were also qualified in respect of this matter.

6. Based on our review conducted and procedures performed as stated in paragraph 3 above and upon consideration of the review reports of the other auditors referred to in paragraph 9 below, except for the effects/ 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 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.

7. We draw attention to Note 7 of the accompanying Statement which indicates that the Group has incurred a net loss of ₹ 885.87 crore during the six month ended 30 September 2020 and, as of that date, the Group's accumulated losses amounts to ₹ 4,528.49 crore which has resulted in complete erosion of Group's net worth and the current liabilities have exceeded its current assets by ₹ 2,762.26 crore as at 30 September 2020. 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 2020. A financial creditor and 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 4 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 for restructuring of loans, revised business plans and other mitigating factors as mentioned in the Note 7, management is of the view that going concern basis of accounting is appropriate for preparation of the accompanying Statement.

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The component auditors of two (2) subsidiaries, one (1) foreign subsidiary group {comprising of six (6) step-down subsidiaries, four (4) associates and two (2) joint ventures} and two (2) joint ventures have also reported material uncertainty relating to going concern in their review reports on the respective standalone/ consolidated financial results/ information of such companies / group as at and for the quarter and six-month period ended 30 September 2020.

Our conclusion is not modified in respect of this matter.

8. We draw attention to:

(i) Note 4 to the accompanying Statement, which describes the effects of uncertainties relating to COVID-19 pandemic outbreak on the Group's operations and management's evaluation of its impact on the accompanying Statement as at the reporting date, the extent of which is significantly dependent on future developments.

(ii) Note 8 to the accompanying Statement in relation to the rectification of the method of measuring the progress towards satisfaction of performance obligation for revenue recognition from output method to input method. Consequent to the aforementioned rectification and the resultant change in accounting policy, the Group has restated the comparative financial information for the quarter ended 30 September 2019 and year to date results for the period 1 April 2019 to 30 September 2019 included in the accompanying Statement, in accordance with the requirements of Ind-AS 8 - 'Accounting Policies, Changes in Accounting Estimates and Errors'.

(iii) Note 2 to the accompanying Statement, regarding uncertainties relating to recoverability of unbilled work-in-progress (other current assets) and current trade receivables belonging to the Holding Company, amounting to ₹ 785.77 crore and ₹ 386.28 crore, respectively, as at 30 September 2020, which represent various claims raised in the earlier years in respect of projects substantially closed or suspended. Further, non-current trade receivables and current trade receivables as at 30 September 2020 includes ₹ 2,287.28 crore and ₹ 736.04 crore, respectively, representing favourable arbitration awards (including interest thereon) which have subsequently been challenged by the clients in courts. Further, during the six months ended 30 September 2020, the Holding Company has initiated and settled two favourable arbitration awards with one of the customers amounting to ₹ 578.12 crore at a loss of ₹ 326.83 crore, which has been considered as an exceptional item as further described in Note 10(a) of the accompanying Statement. The Holding Company is also in active discussions with a customers to conciliate another favourable arbitration award received and the related claims made by the Holding Company with respect to non-current trade receivables, current trade receivables and unbilled work-in-progress (Other current assets) amounting to ₹ 115.46 crore, ₹ 215.94 crore and ₹ 470.71 crore. The aforementioned receivables are presently under various stages of negotiations/ arbitration/ litigation with client. Based on the current progress in each case and related legal opinions, management is of the view that the aforementioned balances are fully recoverable.

(iv) Note 3 to the accompanying Statement, regarding Group's non-current investment in HCC Concessions Limited ('HCL'), a Joint Venture Company of HCC Infrastructure Company Limited ('HICL'), a wholly owned subsidiary of the Holding Company, aggregating ₹ 94.90 crore as at 30 September 2020. The consolidated net-worth of the aforesaid joint venture, has been partially eroded; however, based on certain estimates and other factors, including the joint venture's future business plans, growth prospects, valuation report from an independent valuer and expected outcome of the negotiation/ discussion/ arbitration/ litigations and legal advice in respect of favorable arbitration award and claims, as described in the said note, management believes that the realizable amount is higher than the carrying value of the non-current investment due to which this is considered as good and recoverable.

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(v) Note 12 to the accompanying Statement, regarding the exercise of put option right by put option holders, issued by HREL Real Estate Limited ('HREL'), a subsidiary of the Holding Company, on the compulsory convertible preference shares of its erstwhile subsidiary, Lavasa Corporation Limited (LCL) and invocation of corporate guarantees by the lenders of LCL and its erstwhile step down subsidiary, Warasgaon Assets Maintenance Limited, subsequent to the initiation of Corporate Insolvency Resolution Process ('CIRP') by Hon'ble National Company Law Tribunal, Mumbai. In view of the uncertainty associated with the outcome of the proceedings of CIRP, the resultant obligations on HREL in respect of the corporate guarantee and / or put options cannot be measured with sufficient reliability and accordingly have been reported as a Contingent Liability as at 30 September 2020 in accordance with the provisions of Ind AS 37, Provisions, Contingent Liabilities and Contingent Assets.

(vi) Notes 13 and 14 to the accompanying Statement on following emphasis of matter included in the review report on the financial results of Baharampore Farakka Highways Limited, a subsidiary of the joint venture of the Holding Company, issued by an independent firm of Chartered Accountants, vide their report dated 10 November 2020, on matters which are relevant to our conclusion on the consolidated financial results of the Group, and reproduced by us as under:

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

"Balances of outstanding borrowings from the IIFCL (lender) including interest thereon as recorded in books of accounts of Company are unconfirmed."

(vii) Notes 15 and 18 to the accompanying Statement on following emphasis of matters included in the review report on the financial results of Raiganj Dalkhola Highways Limited, a subsidiary of the joint venture of the Holding Company, issued by an independent firm of Chartered Accountants, vide their report dated 10 November 2020, on matters which are relevant to our conclusion on the consolidated financial results of the Group, and reproduced by us as under:

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

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

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

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9. We did not review the interim financial statements/ financial information/ financial results of nine (9) subsidiaries included in the Statement whose financial information (before eliminating intra-group transactions and balances) reflects total assets of ₹ 3,276.01 crore as at 30 September 2020, and total revenues of ₹ 1,354.57 crore and ₹ 2,574.60 crore, total net loss after tax of ₹ 74.05 crore and ₹ 236.88 crore, total comprehensive loss of ₹ 80.45 crore and ₹ 227.63 crore, for the quarter and six month ended on 30 September 2020, respectively, and cash outflows (net) of ₹ 214.21 crore for the period ended 30 September 2020, as considered in the Statement. The Statement also includes the Group's share of net loss after tax of ₹ 21.79 crore and ₹ 40.06 crore and total comprehensive loss of ₹ 21.79 crore and ₹ 40.06 crore for the quarter and six month ended on 30 September 2020, respectively, as considered in the Statement, in respect of four (4) associates and seven (7) joint ventures, whose interim financial statements/ financial information/ financial results have not been reviewed by us. These interim financial statements/ financial information/ 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 other auditors.

10. The Statement includes the interim financial statements/ financial information/ financial results of two (2) subsidiaries, which have not been reviewed/ audited by their auditors, whose interim financial statements/ financial information/ financial results (before eliminating intra-group transactions and balances) reflect total assets of ₹ 3.51 crore as at 30 September 2020, and total revenues of Nil and Nil, net profit after tax of ₹ 0.11 crore and ₹ 0.23 crore, total comprehensive income of ₹ 0.11 crore and ₹ 0.23 crore for the quarter and six month ended 30 September 2020 respectively, cash outflow (net) of ₹ 0.13 crore for the period ended 30 September 2020 as considered in the Statement. The Statement also includes the Holding Company's share of total assets of ₹ 6.98 crore as at 30 September 2020 and total revenues of ₹ 0.49 crore and ₹ 0.76 crore, net loss after tax of ₹ 0.31 crore and ₹ 0.49 crore, total comprehensive loss of ₹ 0.31 crore and ₹ 0.49 crore for the quarter and six month ended 30 September 2020, respectively, cash flow (net) of ₹ 0.74 crore for the six months ended 30 September 2020, in respect of seven (7) joint operations, based on their interim financial statements/ financial information/ financial results, which have not been reviewed/ audited by their auditors, and have been furnished to us by the Holding Company's management.

    The Statement also includes the Group's share of net profit after tax of ₹ 0.37 crore and ₹ 1.04 crore, and total comprehensive income of ₹ 0.37 crore and ₹ 1.04 crore for the quarter and six month ended on 30 September 2020, respectively, in respect of one (1) associate, based on their interim financial statements/ financial information/ financial results, which have 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, associate and joint operations, are based solely on such unaudited/ unreviewed interim financial statements/ financial information/ 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 Group. Our conclusion is not modified in respect of this matter with respect to our reliance on the financial statements/ information/ results certified by the Board of Directors.

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

Rakesh R. Agarwal
Partner
Membership No:109632

UDIN:20109632AAAAMW5079

Place: Mumbai
Date: 12 November 2020

Annexure 1

List of entities included in the Statement

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

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

Joint Venture / Joint Operations	
HCC Concessions Limited	Kumagai-Skanska-HCC-Itochu Group
Narmada Bridge Tollways Limited	HCC-L&T Purulia Joint Venture
Badarpur Faridabad Tollways Limited	Alpine - Samsung - HCC Joint Venture
Farakka-Raiganj Highways Limited (upto 22 September 2020)	Alpine - HCC Joint Venture
Baharampore-Farakka Highways Limited	HCC Samsung Joint Venture CC 34
Raiganj-Dalkhola Highways Limited	ARGE Prime Tower, Zürich
Nathpa Jhakri Joint Venture	Werkarena Basel AG (w.e.f. 19 September 2019)
HCC - MAX Joint Venture	HCC - VCCL Joint Venture (w.e.f. 29 January 2020)
HCC- HDC Joint Venture	

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STATEMENT OF CONSOLIDATED UNAUDITED FINANCIAL RESULTS FOR THE QUARTER AND SIX MONTH ENDED 30 SEPTEMBER 2020

₹ in crore except earnings per share data and ratios

Sr. No.	Particulars	Quarter ended			Six month ended		Year ended
		30 September 2020	30 June 2020	30 September 2019	30 September 2020	30 September 2019	31 March 2020
		Unaudited	Unaudited	Unaudited Restated - Refer Note 8	Unaudited	Unaudited Restated - Refer Note 8	Audited
1	**Income**						
	(a) Income from operations	1,810.17	1,675.88	1,951.55	3,486.05	4,749.86	9,437.06
	(b) Other income	20.91	13.94	15.33	34.85	32.22	84.81
	Total income (a+b)	1,831.08	1,689.82	1,966.88	3,520.90	4,782.08	9,521.87
2	**Expenses**						
	(a) Cost of construction materials consumed	91.49	60.93	172.03	152.42	377.71	690.72
	(b) Subcontracting expenses	1,360.28	1,344.12	1,381.10	2,704.40	3,097.03	6,153.71
	(c) Changes in inventories	7.30	(4.00)	(6.13)	3.30	190.54	159.20
	(d) Construction expenses	70.61	38.59	68.35	109.20	152.37	323.15
	(e) Employee benefits expense	225.96	225.16	255.13	451.12	461.52	982.95
	(f) Finance costs	214.33	222.42	201.69	436.75	390.96	816.98
	(g) Depreciation and amortisation expense	35.90	31.24	40.92	67.14	82.29	151.84
	(h) Other expenses	87.88	71.14	63.21	159.02	127.43	290.33
	Total expenses (a+b+c+d+e+f+g+h)	2,093.75	1,989.60	2,176.30	4,083.35	4,879.85	9,568.88
3	**Loss before exceptional items, share of profit / loss of associates and joint ventures, and tax (1-2)**	(262.67)	(299.78)	(209.42)	(562.45)	(97.77)	(47.01)
4	Exceptional items - Gain/ (Loss) (Refer note 10)	(84.46)	(242.37)	-	(326.83)	-	221.23
5	**Profit / (Loss) before share of profit / loss of associates and joint ventures and tax (3+4)**	(347.13)	(542.15)	(209.42)	(889.28)	(97.77)	174.22
6	Share of profit / (loss) of associates and joint ventures (net) (Refer note 11)	(210.07)	(16.52)	(68.97)	(226.59)	(92.78)	187.73
7	**Profit / (Loss) before tax (5+6)**	(557.20)	(558.67)	(278.39)	(1,115.87)	(190.55)	361.95
8	**Tax expense / (credit)**						
	(a) Current tax	2.50	1.53	4.70	4.03	8.78	13.16
	(b) Deferred tax	(83.09)	(150.94)	115.01	(234.03)	137.64	151.76
		(80.59)	(149.41)	119.71	(230.00)	146.42	164.92
9	**Profit / (Loss) for the period (7-8)**	(476.61)	(409.26)	(398.10)	(885.87)	(336.97)	197.03
10	**Other comprehensive income / (loss)**						
	(a) Items not to be reclassified subsequently to profit or loss (net of tax)						
	- Loss on fair value of defined benefit plans	(7.21)	(0.79)	(19.43)	(8.00)	(20.18)	(1.72)
	- Gain / (Loss) on fair value of equity instruments (Refer note 20)	1.09	1.56	(3.47)	2.65	(5.95)	(11.31)
	(b) Items to be reclassified subsequently to profit or loss						
	- Translation gain / (loss) relating to foreign operations	1.52	18.23	(9.08)	19.75	(9.76)	(32.97)
	Other comprehensive income / (loss) for the period, net of tax (a+b)	(4.60)	19.00	(31.98)	14.40	(35.89)	(46.00)
11	**Total comprehensive income / (loss) for the period, net of tax (9+10)**	(481.21)	(390.26)	(430.08)	(871.47)	(372.86)	151.03
	Net profit / (loss) attributable to:						
	Owners of the parent	(476.61)	(409.26)	(398.10)	(885.87)	(336.97)	197.03
	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	(4.60)	19.00	(31.98)	14.40	(35.89)	(46.00)
	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	(481.21)	(390.26)	(430.08)	(871.47)	(372.86)	151.03
	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)						(910.49)
14	Earnings/ (Loss) per share (Face value of ₹ 1 each)						
	(a) Basic EPS (not annualised) (in ₹)	(3.15)	(2.70)	(2.63)	(5.86)	(2.23)	1.30
	(b) Diluted EPS (not annualised) (in ₹)	(3.15)	(2.70)	(2.63)	(5.86)	(2.23)	1.30

* 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 2020 Unaudited	As at 31 March 2020 Audited
ASSETS		
Non-current assets		
Property, plant and equipment	**580.58**	426.47
Right-of-use assets	**259.66**	275.18
Capital work-in-progress	**10.20**	178.41
Investment property	**2.68**	2.70
Goodwill	**3.38**	3.38
Other intangible assets	**59.59**	63.52
Investments in associates and joint ventures	**119.00**	345.11
Financial assets		
Investments	**11.21**	9.41
Trade receivables	**2,287.28**	2,719.72
Loans	**75.72**	59.79
Other financial assets	**22.91**	22.13
Income tax assets (net)	**237.83**	276.85
Deferred tax assets (net)	**719.80**	485.77
Other non-current assets	**79.09**	88.81
Total non-current assets	**4,468.93**	**4,957.25**
Current assets		
Inventories	**466.93**	467.17
Financial assets		
Investments	**1.14**	1.50
Trade receivables	**2,170.67**	1,897.56
Cash and cash equivalents	**775.40**	276.11
Bank balances other than cash and cash equivalents	**546.97**	566.91
Loans	**21.23**	19.58
Other financial assets	**41.66**	48.91
Other current assets	**3,702.05**	3,917.80
	7,726.05	**7,195.54**
Assets classified as held for sale	**6.49**	14.76
Total current assets	**7,732.54**	**7,210.30**
TOTAL ASSETS	**12,201.47**	**12,167.55**
EQUITY AND LIABILITIES		
Equity		
Equity share capital	**151.31**	151.31
Other equity	**(1,788.83)**	(910.49)
Equity attributable to owners of the parent	**(1,637.52)**	**(759.18)**
Non-controlling interest	**0.00***	0.00*
Total Equity	**(1,637.52)**	**(759.18)**
Liabilities		
Non-current liabilities		
Financial liabilities		
Borrowings	**1,469.71**	1,586.84
Other financial liabilities	**1,644.97**	1,514.66
Provisions	**229.51**	232.71
Total non-current liabilities	**3,344.19**	**3,334.21**
Current liabilities		
Financial liabilities		
Borrowings	**1,839.09**	1,406.00
Trade payables		
- Total outstanding dues of micro enterprises and small enterprises	**23.31**	23.99
- Total outstanding dues of creditors other than micro enterprises and small enterprises	**2,872.84**	2,941.63
Other financial liabilities	**2,158.43**	1,935.85
Other current liabilities	**3,385.37**	3,168.14
Provisions	**215.76**	116.91
Total current liabilities	**10,494.80**	**9,592.52**
TOTAL EQUITY AND LIABILITIES	**12,201.47**	**12,167.55**

* represents amount less than ₹ 1 lakh

See accompanying notes to the consolidated unaudited financial results

WALKER CHANDIOK & Co LLP * CHARTERED ACCOUNTANTS * MUMBAI

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STATEMENT OF CONSOLIDATED CASH FLOW STATEMENT

₹ in crore

Particulars	Six month ended 30 September 2020 Unaudited	Six month ended 30 September 2019 Unaudited Restated - Refer Note 8
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net loss before tax	**(1,115.86)**	(190.55)
Adjustments for:		
Depreciation and amortisation expense	**67.14**	82.29
Finance costs	**436.75**	390.96
Interest income	**(11.01)**	(8.08)
Loss on settlement with a customer [Refer note 10(a)]	**326.83**	-
Share of loss of associates and joint ventures	**226.59**	92.78
Provision for warranty	**5.40**	38.80
Dividend income	**(0.83)**	(0.42)
Unrealised foreign exchange (gain)/ loss (net)	**10.52**	2.18
(Profit)/ loss on sale of property, plant and equipment (net)	**(0.37)**	0.20
Provision no longer required written back	**(2.18)**	(4.98)
	1,058.84	593.73
Operating (loss)/ profit before working capital changes	**(57.02)**	403.18
Adjustments for changes in working capital:		
Decrease in inventories	**0.25**	211.78
Decrease/ (Increase) in trade receivables	**(167.50)**	(146.55)
Increase in current / non-current financial assets and other assets	**210.19**	22.84
Increase in trade payables, other financial liabilities, other liabilities and provisions	**228.64**	54.41
Cash generated from operations	**214.56**	545.66
Direct taxes refund/ (paid) {net}	**34.98**	(36.69)
Net cash generated from operating activities	**249.54**	508.97
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment (including capital work-in-progress, capital advances and liability for capital goods)	**(42.96)**	(63.55)
Proceeds from sale of property, plant and equipment and assets held for sale	**13.25**	10.68
Proceeds from sale of investments	**0.74**	2.26
Net proceeds from bank deposits	**19.94**	333.97
Interest received	**14.89**	0.38
Dividend received	**0.83**	0.42
Net cash generated from investing activities	**6.69**	284.16
C. CASH FLOW FROM FINANCING ACTIVITIES		
Repayment of non-current borrowings	**(34.08)**	(244.41)
Proceeds from/ (repayment of) current borrowings (net)	**432.99**	(20.42)
Repayment of finance lease obligation	**(12.96)**	(14.73)
Interest and other finance charges paid	**(147.26)**	(237.74)
Net cash generated from/ (used in) financing activities	**238.69**	(517.30)
Net increase in cash and cash equivalents (A+B+C)	**494.92**	275.83
Cash and cash equivalents at the beginning of the period	**276.11**	270.70
Unrealised foreign exchange loss	**4.37**	(0.02)
Cash and cash equivalents at the end of the period	**775.40**	546.51

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

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

(₹ in crore)

Sr No.	Particulars	Quarter ended			Six month ended		Year ended
		30 September 2020	30 June 2020	30 September 2019	30 September 2020	30 September 2019	31 March 2020
		Unaudited	Unaudited	Unaudited Restated - Refer Note 8	Unaudited	Unaudited Restated - Refer Note 8	Audited
1	**Segment revenue**						
	Engineering and construction	1,797.98	1,662.54	1,941.68	3,460.52	4,727.75	9,377.39
	Infrastructure	10.70	11.22	23.24	21.92	34.13	78.19
	Real estate	-	-	-	-	-	-
	Others	1.98	2.86	3.28	4.84	6.78	13.47
	Less: Inter segment revenue	(0.49)	(0.74)	(16.65)	(1.23)	(18.80)	(31.99)
	Total	1,810.17	1,675.88	1,951.55	3,486.05	4,749.86	9,437.06
2	**Segment results**						
	Engineering and construction	(59.84)	(81.76)	(29.92)	(141.60)	265.00	722.13
	Infrastructure	6.29	0.74	17.63	7.03	22.14	39.30
	Real estate	(1.16)	1.09	1.61	(0.07)	1.48	2.47
	Others	(1.39)	0.22	(0.13)	(1.17)	0.15	(1.68)
	Less: Unallocable expenditure (net of unallocable income)	(206.57)	(220.07)	(198.61)	(426.64)	(386.54)	(809.23)
	Loss before exceptional items, share of profit / (loss) of associates and joint ventures, and tax	(262.67)	(299.78)	(209.42)	(562.45)	(97.77)	(47.01)
	Exceptional items - Gain/ (Loss)						
	- Engineering and construction	(84.46)	(242.37)	-	(326.83)	-	221.23
	Profit / (Loss) before share of profit / loss of associates and joint ventures and tax	(347.13)	(542.15)	(209.42)	(889.28)	(97.77)	174.22

Sr No.	Particulars	As at 30 September 2020	As at 30 June 2020	As at 30 September 2019	As at 31 March 2020
		Unaudited	Unaudited	Unaudited Restated - Refer Note 8	Audited
3	**Segment assets**				
	- Engineering and construction	10,938.13	10,791.50	10,798.39	10,900.74
	- Infrastructure	109.09	84.76	85.14	79.26
	- Real estate	41.60	41.67	46.26	41.67
	- Others	23.67	27.10	25.85	27.23
	- Unallocable assets	1,088.98	1,258.57	633.16	1,118.65
		12,201.47	12,203.60	11,588.80	12,167.55
4	**Segment liabilities**				
	- Engineering and construction	7,888.82	7,930.07	7,863.91	7,656.31
	- Infrastructure	202.18	205.36	195.33	196.53
	- Real estate	64.63	58.56	61.93	58.60
	- Others	7.60	8.98	8.14	8.63
	- Unallocable liabilities	5,675.76	5,153.22	4,597.95	5,006.66
		13,838.99	13,356.19	12,727.26	12,926.73

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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 Audit Committee has reviewed these results and the Board of Directors have approved the above consolidated unaudited financial results at their respective meetings held on 12 November 2020.

2 Unbilled work-in-progress (Other current assets) and current trade receivables as at 30 September 2020 include ₹ 785.77 crore and ₹ 386.28 crore, respectively, representing various claims raised earlier, based on the terms and conditions implicit in the contracts and other receivables in respect of closed/ suspended projects. Further, non-current trade receivables and current trade receivables as at 30 September 2020 also include ₹ 2,287.28 crore (net of advances of ₹ 470.66 crore) and ₹ 736.04 crore (net of advances of ₹ 2,039.11 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 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, the Holding Company management is confident of recovery of the carrying value of the aforementioned receivables and hence no provision is considered necessary.
Further while the Holding Company continues to legally pursue these arbitration awards, the Holding Company is also in active discussions with a customer to conciliate favourable arbitration award and claims represented by non-current trade receivables, current trade receivables and unbilled work-in-progress (Other current assets) amounting to ₹ 115.46 crore, ₹ 215.94 crore and ₹ 470.71 crore, respectively.

3 The Group, as at 30 September 2020, has a non-current investment amounting to ₹ 94.90 crore (31 March 2020: ₹ 321.12 crore) in HCC Concessions Limited ('HCL'), a joint venture company of HCC Infrastructure Company Limited ('HICL') (85.45% holding), a wholly owned subsidiary, having various Build, Operate and Transfer (BOT) SPVs under its fold. While consolidated net-worth of HCL as at 30 September 2020 has been partially eroded, the underlying projects are expected to achieve adequate profitability on substantial completion. The net-worth of HCL does not represent its true market value as the value of the underlying investments / assets, based on valuation report of an independent valuer, is higher. Further BOT SPV's also have several claims, including favourable arbitration award against its customers mainly in respect of cost- overrun arising due to client caused delays, termination of contracts and change in scope of work which are under various stages of negotiation / discussion with clients or under arbitration / litigation wherein management has been legally advised that it has good case on merits. Therefore, based on certain estimates like future business plans, growth prospects as well as considering the contractual tenability, progress of negotiation / discussion / arbitration / litigations and legal advice, the management believes that the realizable amount of HCL is higher than the carrying value of the non-current investments due to which these are considered as good and recoverable.

4 The outbreak of COVID-19 pandemic has disrupted regular business operations of the Group due to the lock down restrictions and other emergency measures imposed by the Government from time to time. The business operations have recommenced post relaxation of lockdowns.
The Group has also adopted measures to curb the spread of infection in order to protect the health of its employees and ensures business continuity with minimal disruption. Accordingly, the results for the quarter are not comparable with those for the previous quarters.
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 2020. However, there exists significant estimation uncertainty in relation to the future impact of COVID-19 pandemic on the Group and, accordingly, the actual impact in the future may be different from those presently estimated. The Group will continue to monitor any material change to the future economic conditions and consequential impact on the financial results.

5 Pursuant to notification of the Companies (Amendment) Act, 2017 with effect from 12 September 2018, amending Section 197 of the Companies Act, 2013 ('the Act'), the Holding Company's application to the Ministry of Corporate Affairs for approval in respect of managerial remuneration of Chairman and Managing Director (CMD) accrued/ paid in excess of the prescribed limit for the financials years 2014-15 and 2015-16 stands abated. The Holding Company, vide resolution dated 10 September 2019, has obtained approval from the shareholders for the payment of remuneration in respect of the aforesaid years, to be given effect to, only post receipt of the approval of the lenders.
Further on 26 September 2019, the Holding Company in its shareholders' meeting has also obtained approvals vide special resolutions for managerial remuneration of CMD and Whole Time Directors for the period 1 April 2019 to 31 March 2022, to be given effect to, only post receipt of the approval of lenders.

Pending receipt of lenders approval, the managerial remuneration continue to be accrued / paid held-in-trust by the Holding Company as detailed below:

(₹ crore)

Financial Year	Designation	Remuneration accrued	Remuneration paid	Remuneration as per prescribed limit	Excess remuneration accrued / paid	Excess remuneration paid held in trust
		(a)	(b)	(c)	(d = a - c)	(e = b - c)
2014-15	CMD	10.66	-	1.95	8.71	-
2015-16	CMD	10.66	10.66	1.97	8.69	8.69 ^
2019-20	CMD & Whole Time Directors	13.57	3.75	-	13.57	3.75
2020-21	CMD & Whole Time Directors	6.75	0.72	-	6.75	0.72
Total		**41.64**	**15.13**	**3.92**	**37.72**	**13.16**

^ In accordance with provisions of Section 197(9), the excess remuneration paid was required to be refunded to the Holding Company on or before 11 September 2020. However, the Holding Company on 8 September 2020, has made an application to the Ministry of Corporate Affairs requesting for extention of time till 31 March 2021 to obtain the lenders' approval for the payment of remuneration of above mentioned financial years. Pending the outcome, the excess remuneration continues to be held in trust by CMD.

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

6 On 20 September 2019, vide the Taxation Laws (Amendment) Ordinance 2019,the Government of India inserted Section 115BAA in the Income Tax Act, 1961 which provides domestic companies a non-reversible option to pay corporate tax at reduced rates effective 1 April 2019 subject to certain conditions. However, the Holding Company having significant amount of brought forward tax losses and unabsorbed depreciation on which deferred tax asset has been recognised, is still evaluating and has not yet elected to exercise the option permitted under section 115BAA. In view of the above, there is no impact of the new tax rate on the consolidated financial results for the current period.
As at 30 September 2020, the Holding Company has continued to recognize net deferred tax assets amounting to ₹ 631.66 crore (31 March 2020: ₹ 437.08 crore) on account of carried forward unused tax losses, unused tax credits and other taxable temporary differences. Based on the expected profits from the unexecuted orders on hand, outcome of the ongoing discussion with lenders for restructuring of loans and expected settlement of arbitration awards, the Holding Company management is confident that sufficient future taxable income will be available against which such deferred tax assets will be realized.
Statutory auditors review report is modified in respect of this matter.

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7 The Group has incurred net loss of ₹ 885.87 crore during the six month ended 30 September 2020 and has accumulated losses aggregating ₹ 4,528.49 crore as at 30 September 2020, which has resulted in full erosion of its net worth. Further, as of that date, its current liabilities exceeded its current assets by ₹ 2,762.26 crore. During the current period, the Holding Company has defaulted on payment to lenders along with overdue operational creditors. A financial creditor and certain operational creditors have applied before the National Company Law Tribunal ('NCLT') under the Insolvency and Bankruptcy Code, 2016, none of which has been admitted so far. Further, the COVID-19 pandemic has also resulted in temporary suspension of site operations, supply chain disruptions, loss of migrant labours and evolving regulation while resuming operations has led to material impact on the operations of the Group.

Further, in respect of Steiner AG, a material foreign subsidiary group, there are uncertainties consequent to impact of COVID-19 including its impact on budget and liquidity planning as well as uncertainties related to the pending renewal of syndicate revolving guarantee facility agreement which are expiring on 30 November 2020. There are also events or conditions existing in few other group entities, casting significant doubt on the ability of the these entities to continue to as going concern.

The above factors indicate that events or conditions exist, which may cast significant doubt on the Group's ability to continue as a going concern. The Holding Company and certain group entities are in process of formulating a resolution plan with its lenders. Based on the expectation of the implementation of the resolution plan with lenders, underlying strength of the Group's business plans and future growth outlook as assessed, the management is confident of improving the credit profile of the Group, including through time-bound monetisation of assets including arbitration awards, claims and other assets which would result in it being able to meet its obligations in due course of time. Accordingly, the Management considers it appropriate to prepare these consolidated financial results on a going concern basis.

8 During the quarter ended 31 March 2020, the Group had changed the method of measuring progress i.e. from output method to input method as specified in Ind AS 115 – 'Revenue from Contract with Customers' consequent to change in the circumstances including change in the nature of contracts secured by the Group during recent years. Management believes that input method, a method widely also used by most other engineering and construction companies, would be more reliable and relevant in measuring the progress of the projects and therefore also be more accurate on a comparative basis in measuring the Group's performance in transferring control of goods and services promised to the customers until completion of the contracts. Pursuant to the impact of this change in method, the Group has restated the comparative financial statements / information for the quarter and six month ended 30 September 2019, in accordance with the requirements of Ind-AS 8 - 'Accounting Policies, Changes in Accounting Estimates and Errors'.

The impacts of the restatement are as follows:

Impact on Statement of Profit and Loss - (Decrease)/ Increase by (₹ in crore)

Particulars	Quarter ended 30 September 2019	Six month ended 30 September 2019
Revenue from operations	(335.21)	7.21
Subcontracting expenses	(134.38)	110.16
Loss before tax	(200.83)	(102.95)
Tax credit	36.43	17.14
Loss for the period	(164.40)	(85.81)
Other Comprehensive Loss	(4.31)	(8.25)
Total comprehensive loss for the period	(168.71)	(94.06)
Basic and diluted loss per share	(1.09)	(0.57)

9 Non-current borrowings, current borrowings, other non-current financial liabilities and other current financial liabilities as at 30 September 2020 include balances amounting to ₹ 164.37 crore (31 March 2020: ₹ 171.59 crore), ₹ 73.87 crore (31 March 2020: Nil), ₹ 619.86 crore (31 March 2020: ₹ 591.04 crore) and ₹ 385.45 crore (31 March 2020: ₹ 337.09 crore), respectively, in respect of which statements from the respective banks/ lenders have not been received. Further, in respect of non-current borrowings and current borrowings aggregating ₹ 1,086.49 crore (31 March 2020: ₹ 864.23 crore), while the lenders have confirmed the principal outstanding, the accrued interest aggregating ₹ 85.09 crore (31 March 2020: ₹ 42.76 crore) have not been confirmed. In the absence of confirmations/ statements from the lenders, the Group has provided for interest and other penal charges on these borrowings based on the latest communication available from the respective lenders at the interest rate specified in the agreement. The Group's management believes that amount payable on settlement will not exceed the liability provided in books in respect of these borrowings. Accordingly, classification of these borrowings into current and non-current as at 30 September 2020 is also based on the original maturity terms stated in the agreements with the lenders.

Further, earmarked balances (included under bank balances other than cash and cash equivalents) and guarantees issued by banks on behalf of the Group as at 30 September 2020 includes balances amounting to ₹ 7.33 crore (31 March 2020: ₹ 5.46 crore) and Nil (31 March 2020: ₹ 76.93 crore), respectively, in respect of which confirmation/ statements from banks have not been received inspite of incessant efforts by Group's management.

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

(₹ crore)

10 Exceptional Items	Quarter ended		Six month ended	Year ended
	30 September 2020	30 June 2020	30 September 2020	31 March 2020
(a) Loss on settlement with customer [Refer note (i) below]	(84.46)	(242.37)	(326.83)	-
(b) Reversal of loss provision in respect of arbitration awards and claims [Refer note (ii) below]	-	-	-	331.40
(c) Impairment of financial and non-financial assets	-	-	-	(98.72)
d) Reversal of gain on settlement of debts	-	-	-	(11.45)
Total gain / (loss)	**(84.46)**	**(242.37)**	**(326.83)**	**221.23**

Note:

(i) During the quarters ended 30 September 2020 and 30 June 2020, the Holding Company has entered into Settlement Agreements with one of its customers to conciliate long pending dispute in respect of the Arbitration Awards published in Holding Company's favour, for two projects completed during earlier years, which were being contested by the customer before the Hon'ble High Courts. Pursuant to these settlements, the Holding Company would realise/ have realised ₹ 32.35 crore and ₹ 218.94 crore as full and final settlement with an understanding that all pending disputes stand resolved. Pursuant to the settlement agreements, the Holding Company has recognised exception losses of ₹ 84.46 crore and ₹ 242.37 crore during the quarter ended 30 September 2020 and 30 June 2020, respectively.

Though the Holding Company had a fair chance to recover entire money over the period, however, considering the time involved in the litigation and urgent need to realize monies urgently to tie up its cashflow deficit for its operations, the Holding Company has opted for this conciliation, as per the scheme provided u/s 73 of Arbitration and Conciliation Act, 2015 by Ministry of Road Transport Highways.

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

WALKER CHANDIOK & CO LLP
MUMBAI
CHARTERED ACCOUNTANTS

HCC

11 During the current quarter, HCL has completed the 100% stake sale of its subsidiary i.e. Farakka-Raiganj Highways Limited ('FRHL') to Cube Highways Pte. Ltd. ('Cube'). Pursuant to the above, HCL has received ₹ 104.35 crore towards consideration for sale of equity shares and a resultant loss on sale of FRHL aggregating ₹ 259.31 crore has been recognised during the current quarter.
Additionally as a part of the agreement with Cube, HCC Group would be entitled to certain hold backs (to be released on completion of dispute resolution with NHAI), earn-outs (contingent on traffic/ revenue projections), certain revenue share from FRHL over the concessions period and proceeds from claims submitted with NHAI, which would overall be material in nature.

12 As at 30 September 2020, HREL Real Estate Limited ('HREL') , a subsidiary company, has provided corporate guarantees and put options aggregating ₹ 4,899.25 crore (31 March 2020: ₹ 4,547.71 crore) to the lenders of its erstwhile subsidiaries, Lavasa Corporation Limited ('LCL') and Warasgaon Assets Maintenance Limited ('WAML') in respect of amounts borrowed by these subsidiaries. LCL and WAML were admitted under the Corporate Insolvency and Resolution Process ('CIRP') in accordance with the Insolvency and Bankruptcy Code, 2016 (IBC) dated 30 August 2018 and 17 December 2018, respectively and Resolution Professionals ('RP') have been appointed by the Committee of Creditors (CoC) of the lenders of respective companies. The lenders, to whom these corporate guarantees and put options were furnished, have filed their claims with RP which is presently under the IBC process and have also invoked the corporate guarantee/ put options issued by the HREL. RP is in the process of formulating a resolution plan including identifying potential resolution applicant. The liability of HREL shall be determined once the debts due to these lenders are settled by RP upon completion of the IBC process. Pending the outcome of the resolution process, no provision has been considered necessary in the consolidated financial results by HREL, as impact, if any, is currently unascertainable.

13 In response to the National Highway Authority of India ('NHAI)'s notice dated 24 August 2017 for 'Intention to Issue Termination Notice' to Baharampore Farakka Highways Limited (BFHL), a subsidiary of HCL, the Independent Engineer has recommended NHAI to withdraw intention to issue termination notice on 26 June 2019. Further, as at 30 September 2020, NHAI has deposited ₹ 358.98 crore with the Delhi High Court in respect of an arbitration award in favour of BFHL against which BFHL has partially withdrawn ₹ 75 crore against bank guarantee. BFHL has also initiated a conciliation process with the NHAI for its arbitration award and entire claims, which is currently underway.

14 Non-current borrowings and other current financial liabilities (including current maturities of long-term borrowings) of BFHL, a subsidiary of HCL, as at 30 September 2020 includes ₹ 88.83 crore and ₹ 3.44 crore, respectively in respect of which, in the absence of confirmation from the lenders/ bankers, BFHL 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. BFHL's management believes that amount payable on settlement will not exceed the liability provided in books in respect of these borrowings. Further, the classification of these borrowings into current and non-current as at 30 September 2020 is based on the original maturity terms as stated in the agreements with the lenders / bankers.

15 Delay in acquisition of land of more than seven years in Raiganj Dalkhola Highways Limited ('RDHL'), a subsidiary of HCL, resulted in a substantial increase of project cost. The inability of the lenders consortium to fund the cost overrun in the absence of extended benefits in the event of termination from NHAI has led to the issuance of termination notice by NHAI. RDHL has filed claim for ₹ 367 crore as a termination payment and for ₹ 836 crore as losses on account of contractors dues before arbitration tribunal as the requisite land to carry out the desired work was not made available by NHAI. Based on the legal advice obtained in this respect, the Group's management is confident of recovering the amount from NHAI and HCL's exposure in RDHL is considered to be fully recoverable.

16 On 29 September 2017, HCC Operations and Maintenance Limited (HOML), a wholly owned subsidiary of HICL, had signed a Debenture Sale Purchase (DSP) agreement with certain debenture holders for purchase of debentures issued by LCL, in the event of any default for an aggregate consideration of ₹ 138 crore plus interest @ 10.27 % per annum. Pursuant to the above, HOML has till date paid ₹ 21 crore to the aforesaid debenture holders towards these debentures. During the previous year, vide letter dated 8 August 2019, HOML has received recall notice from the debenture holders for ₹ 185.25 crore due to payment default as per DSP agreement. As at 30 September 2020, there exist a liability in the books (after adjusting advances paid) amounting to ₹ 117 crore attributable to the principal obligation and HOML is in discussion with the debenture holders for the waiver of interest obligation. Considering the present status of the discussion, management believes that that amount payable on settlement will not exceed the liability provided in books in respect of this matter and accordingly, interest of ₹ 72.46 crore (31 March 2020: ₹ 47.25 crore) has been disclosed as contingent liability and not been provided for in the books of accounts as at 30 September 2020.

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

17 During the previous year ended 31 March 2020, Badarpur Faridabad Tollways Limited ('BFTL'), a subsidiary of HCL, entered into a settlement agreement with NHAI for payment of ₹ 302.41 crore including interest in respect of its claims for termination payment. Pursuant to the aforementioned settlement, during the six month ended 30 September 2020, NHAI has paid ₹ 292.76 crore (net of tax) to the BFTL.
Further during the quarter ended 31 March 2020, BFTL also entered into a settlement agreement with its lenders wherein its borrowings and interest have been settled for an aggregate amount of ₹ 347.64 crore to be paid out of the proceeds of the claims settled with NHAI and balance through funding by HCL to the extent of ₹ 47.20 crore. As at 30 September 2020, entire dues to the lenders have been paid and the Company has received "No dues certicate" from lenders on 14 October 2020.

18 Non-current borrowings and other current financial liabilities (including current maturities of long-term borrowings) of RDHL, a subsidiary of HCL, as at 30 September 2020 includes ₹ 43.71 crore (31 March 2020: ₹ 65.45 crore) and ₹ 54.63 crore (31 March 2020: ₹ 27.52 crore), respectively in respect of which, in the absence of confirmation from the lenders / bankers, RDHL has provided for interest and other penal charges based on the latest communication available from the lenders/ bankers at the interest rate specified in the agreements. RHDL's management believes that amount payable on settlement will not exceed the liability provided in books in respect of these borrowings. Further, the classification of these borrowings into current and non-current as at 30 September 2020 is based on the original maturity terms as stated in the agreements with the lenders/ bankers.

19 The Code on Social Security, 2020 ('Code') relating to employee benefits during employment and post-employment benefits received Presidential assent in September 2020. The Code has been published in the Gazette of India. However, the date on which the Code will come into effect has not been notified. The Group will assess the impact of the Code when it comes into effect and will record any related impact in the period the Code becomes effective.

20 Gain / (Loss) on fair valuation of equity instruments' represents movements in carrying value of financial assets (investments) measured at fair value through Other Comprehensive Income.

21 Previous quarters/ period figures have been regrouped/ rearranged, wherever considered necessary.

for **Hindustan Construction Company Limited**

Raigad, Date: 12 November 2020

Ajit Gulabchand
Chairman & Managing Director

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