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

To the Board of Directors of Hindustan Construction Company Limited

1. We have reviewed the accompanying statement of standalone unaudited financial results ('the Statement') of **Hindustan Construction Company Limited** and its joint operations (together referred to as 'the Company') (Refer Annexure 1 for the list of joint operations included in the Statement) for the quarter ended **30 June 2022**, 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 Note 3 to the accompanying Statement regarding 'total balance value of work on hand as at 30 June 2022', 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.



Hindustan Construction Company Limited
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4. As stated in:

- (i) Note 9 to the accompanying Statement, the Company's investments in subsidiaries as at 30 June 2022 includes non-current investment and current investments in HCC Infrastructure Company Limited ('HICL'), its wholly owned subsidiary, amounting to ₹ 1,214.65 crore and ₹ 350 crore, stated at cost and considered fully recoverable by the management on the basis of factors stated in the aforesaid note including a valuation performed by an independent valuer. The subsidiary's consolidated net worth as at 30 June 2022 is substantially eroded and there has been significant decline in the actual results of certain key underlying assumptions considered for valuation purposes in earlier periods. The management believes that such decline is temporary in nature which does not have any material adverse impact on the valuation of such investment determined as above as at 30 June 2022. However, in the absence of sufficient appropriate evidence to support management's estimates of such future assumptions, we are unable to comment upon the adjustments, if any, that are required to the carrying value of the aforesaid investment and consequential impact, if any, on the accompanying Statement.

Our audit report dated 12 May 2022 on the standalone financial result for the year ended 31 March 2022 was also qualified in respect of this matter.

- (ii) 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 ₹ 43.70 crore for the financial years ended 31 March 2020, 31 March 2021 and 31 March 2022 and quarter ended 30 June 2022, in excess of the limits prescribed under Section 197 of the Act. In respect of excess remuneration till year ended 31 March 2022 aggregating ₹ 41.07 crore, approvals from the shareholders have been obtained as prescribed, however prior approval from the lenders of the Company in accordance with Section 197 has not been obtained by the Company. Further, for the excess managerial remuneration for the quarter ended 30 June 2022 aggregating ₹ 2.63 crore, the requisite approvals from shareholders and prior approval from lenders in accordance with Section 197 of the Act are yet to be obtained.

Our audit report dated 12 May 2022 on the standalone financial result for the year ended 31 March 2022 and review report dated 12 August 2021 on the standalone financial result for the quarter ended 30 June 2021, were also qualified in respect of this matter.

- (iii) Note 6 to the accompanying Statement, the Company's current borrowings and other current financial liabilities as at 30 June 2022 include balances amounting to ₹ 47.18 crore and ₹ 374.68 crore, respectively, in respect of which confirmations/ statements from the respective banks/ lenders have not been made available to us by the management of the Company. Further, confirmations/ statements from banks have not been received for balances with banks (included under cash and cash equivalents) as at 30 June 2022 amounting to ₹ 0.83 crore. In the absence of such confirmations/ statements from the banks/ lenders or sufficient and appropriate alternate audit evidence and pending reconciliation in respect of lenders liability stated in framework agreement as mentioned in the aforesaid note, we are unable to comment on the adjustments if any, that may be required to the carrying value of the aforementioned balances in the accompanying Statement.

Our audit report dated 12 May 2022 on the standalone financial result for the year ended 31 March 2022 and review report dated 12 August 2021 on the standalone financial result for the quarter ended 30 June 2021, 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 ₹ 741.74 crore as at 30 June 2022 mainly on account of carried forward unused tax losses, unused tax credits and other taxable temporary differences on the basis of expected availability of future taxable profits for utilization of such deferred tax assets. However, in view of the continued losses incurred by the Company and pending the implementation of the resolution plan as referred to in Note 8 of the accompanying Statement, 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 June 2022.

Our audit report dated 12 May 2022 on the standalone financial result for the year ended 31 March 2022 and review report dated 12 August 2021 on the standalone financial result for the quarter ended 30 June 2021, were also qualified in respect of this matter.

5. Based on our review conducted as above and the consideration of the review report of the other auditor referred to in paragraph 7 below, except for the possible effects of the matters described in previous section, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with the recognition and measurement principles laid down in Ind AS 34, prescribed under section 133 of the Act, and other accounting principles generally accepted in India, has not disclosed the information required to be disclosed in accordance with the requirements of Regulation 33 and Regulation 52 read with Regulation 63 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended), including the manner in which it is to be disclosed, or that it contains any material misstatement.
6. We draw attention to Note 4 to the accompanying Statement, regarding uncertainties relating to recoverability of unbilled work-in-progress (contract assets), unbilled work-in-progress (included under assets of a disposal group held for sale), current trade receivables and trade receivables (included under assets of a disposal group held for sale) amounting to ₹ 591 crore, ₹ 497.26 crore, ₹ 229.01 crore and ₹ 49.40 crore, respectively, as at 30 June 2022, which represent various receivables in respect of closed/ substantially closed/ suspended/ terminated projects. Further, non-current trade receivables, current trade receivables and trade receivables (included under assets of a disposal group held for sale) as at 30 June 2022 includes receivables of ₹ 980.21 crore, ₹ 79.61 crore and ₹ 1,924.41 crore, representing claims awarded in arbitration (including interest thereon) in favour of the Company which have been challenged by the customers in higher courts. These aforementioned receivables are mainly in respect of cost over-run arising due to client caused delays, suspension of projects, deviation in design and change in scope of work; for which Company is at various stages of negotiation/ discussion with the clients or under arbitration/ litigation. Considering the contractual tenability, progress of negotiations/ discussions/ arbitration/ litigations and as legally advised in certain contentious matters, the management is confident of recovery of these receivables. Our conclusion is not modified in respect of the above matter.
7. We did not review the interim financial information of one (1) joint operation included in the Statement, where such interim financial information reflects total revenues of ₹ 45.33 crore, total net profit after tax of ₹ 0.84 crore, and total comprehensive income of ₹ 0.84 crore, for the quarter ended on 30 June 2022, as considered in the Statement. Such interim financial information has been reviewed by another auditor, whose 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 this joint operation, is based solely on the review report of such other auditor.



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Further, interim financial information of above joint operation has been prepared in accordance with the accounting principles generally accepted in India, including accounting standards issued by the ICAI. The Company's management has converted such interim financial information of the joint operation in accordance with Ind AS. We have reviewed these conversion adjustments made by the Company's management and our conclusion in so far as it relates to the amounts and disclosures included in respect of this joint operation is based on the review report of other auditors and the conversion adjustments prepared by the management of the Company and reviewed by us.

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

8. The Statement includes the interim financial information of seven (7) joint operations, which have not been reviewed/ audited, whose interim financial information reflects total revenues of ₹ 0.60 crore, total net loss after tax of ₹ 0.66 crore, total comprehensive loss of ₹ 0.66 crore for the quarter ended 30 June 2022, as considered in the Statement. Our conclusion on the Statement, in so far as it relates to the amounts and disclosures included in respect of these joint operations, is based solely on such unreviewed/ unaudited financial information. According to the information and explanations given to us by the management, such interim financial information is not material to the Company.

Our conclusion is not modified in respect of this matter with respect to our reliance on the aforesaid financial information certified by the Board of Directors of the Company.

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



Shashi Tadwalkar
Partner
Membership No:101797

UDIN:22101797AOFKZC7309

Place: Mumbai
Date: 04 August 2022

Hindustan Construction Company Limited
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Annexure 1

List of joint operations included in the Statement

Sr No Name of the entity

1.	Kumagai – Skanska - HCC-Itochu Group
2.	HCC - L&T Purulia Joint Venture
3.	Alpine - Samsung - HCC Joint Venture
4.	Alpine - HCC Joint Venture
5.	HCC - Samsung Joint Venture CC 34
6.	Nathpa Jhakri Joint Venture
7.	HCC - HDC Joint Venture
8.	HCC - VCCL Joint Venture





STATEMENT OF STANDALONE UNAUDITED FINANCIAL RESULTS FOR THE QUARTER ENDED 30 JUNE 2022				
₹ in crore except earnings per share data				
Sr. No.	Particulars	Quarter ended		Year ended
		30 June 2022	31 March 2022	31 March 2022
		Unaudited	Unaudited (Refer Note 11)	Audited
1	Income			
	(a) Income from operations	972.73	1,571.40	4,666.28
	(b) Other income	11.42	2.61	80.24
	Total (a+b)	984.15	1,574.01	4,746.52
2	Expenses			
	(a) Cost of materials consumed	242.02	251.78	865.07
	(b) Subcontracting expenses	452.20	831.05	2,263.26
	(c) Construction expenses	70.81	71.25	291.51
	(d) Employee benefits expense	80.96	93.10	345.92
	(e) Finance costs	243.12	243.81	948.80
	(f) Depreciation and amortisation expense	20.17	24.05	93.64
	(g) Other expenses	25.12	35.61	111.60
	Total expenses (a+b+c+d+e+f+g)	1,134.40	1,550.65	4,919.80
3	Profit/ (Loss) before exceptional items and tax (1-2)	(150.25)	23.36	(66.38)
4	Exceptional item	-	-	-
5	Profit/ (Loss) before tax (3+4)	(150.25)	23.36	(66.38)
6	Tax expense			
	(a) Current tax	0.51	4.40	5.96
	(b) Deferred tax (Refer note 10)	-	(2.68)	(26.14)
	Total Tax Expense	0.51	1.72	(20.18)
7	Profit/ (Loss) for the period/ year (5-6)	(150.76)	21.64	(43.21)
8	Other comprehensive income / (loss)			
	(a) Items not to be reclassified subsequently to profit or loss (net of tax)			
	- Gain/ (loss) on fair value of defined benefit plans as per actuarial valuation	0.28	1.83	0.73
	- Gain/ (loss) on fair value of equity instruments	(3.70)	(1.19)	7.13
	(b) Items to be reclassified subsequently to profit or loss	-	-	-
	Other comprehensive Income / (loss) for the period/ year, net of tax (a+b)	(3.42)	0.64	7.86
9	Total comprehensive income/ (loss) for the period/ year, net of tax (7+8)	(154.18)	22.28	(35.35)
10	Paid up equity share capital (Face value of ₹ 1 each)	151.31	151.31	151.31
11	Other equity (excluding revaluation reserves)			317.02
12	Earnings / (Loss) per share (Face value of ₹ 1 each)			
	(a) Basic EPS (not annualised) (in ₹)	(1.00)	0.14	(1.01)
	(b) Diluted EPS (not annualised) (in ₹)	(1.00)	0.14	(1.01)
See accompanying notes to the standalone unaudited financial results				




Hindustan Construction Co Ltd

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Notes:

- The standalone unaudited financial results of Hindustan Construction Company Limited (the 'Company' or 'HCC') have been prepared to comply in all material respects with the Indian Accounting Standards ('Ind AS') as prescribed under Section 133 of the Companies Act, 2013 ('the Act') read with Companies (Indian Accounting Standards) Rules, as amended from time to time. These results have been reviewed and recommended to the Board of Directors by the Audit Committee of the Company and subsequently approved by the Board of Directors of the Company at their respective meetings held on 4 August 2022.
- 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 given the nature of its business and consequent to receipt of awards/ claims or events which may lead to revision in cost to completion. Accordingly, the quarterly results may vary and may not be indicative of annual results.
- The total balance value of work on hand as at 30 June 2022 is ₹ 14,785 crore (31 March 2022: ₹ 15,967 crore).
- Unbilled work-in-progress (contract assets), unbilled work-in-progress (included under assets of a disposal group held for sale), current trade receivables and trade receivables (included under assets of a disposal group held for sale) includes ₹ 591 crore, ₹ 497.26 crore, ₹ 229.01 crore and ₹ 49.40 crore, respectively, outstanding as at 30 June 2022 representing receivables from customers based on the terms and conditions implicit in the contracts and other receivables in respect of closed/ substantially closed/ suspended/ terminated projects. Further, non-current trade receivables, current trade receivables and trade receivables (included under assets of a disposal group held for sale) as at 30 June 2022 includes receivables of ₹ 980.21 crore, ₹ 79.61 crore and ₹ 1,924.41 crore, respectively, representing claims awarded in arbitration, including interest thereon, in favour of the Company which have been challenged by the customers in higher courts. These aforementioned receivables are mainly in respect of cost over-run arising due to client caused delays, suspension of projects, deviation in design and change in scope of work; for which Company is at various stages of negotiation/ discussion with the clients or under arbitration/ litigation. Considering the contractual tenability, progress of negotiations/ discussions/ arbitration/ litigations and as legally advised in certain contentious matters, the management is confident of recovery of these receivables.
- The Company has accrued/ paid managerial remuneration to Chairman and Managing Director ('CMD') and Whole Time Director ('WTD') for the period 1 April 2019 to 30 June 2022 in excess of the limits prescribed under section 197 of the Act as follows:

(₹ in crore)

Financial Years	Remuneration accrued	Remuneration paid	Excess remuneration accrued / paid	Excess remuneration paid held in trust
2019-20	13.57	3.75	13.57	3.75
2020-21	13.50	1.44	13.50	1.44
2021-22	14.00	1.80	14.00	1.80
Quarter ended 30 June 2022	2.63	0.45	2.63	0.45
Total	43.70	7.44	43.70	7.44

While the approval for payment of the aforementioned managerial remuneration has been obtained from the shareholders except for the quarter ended 30 June 2022, the requisite prior approval from lenders are yet to be obtained. The excess managerial remuneration for the quarter ended 30 June 2022 have been recommended by the Board of Directors in the meeting held on 23 March 2022 and is subject to approval in the ensuing Annual General Meeting. In absence of the requisite approval from lenders/shareholders for remuneration accrued/ paid to CMD/ WTD for the aforementioned years/period, the statutory auditors review report is modified in respect of this matter.

- In respect of below balances, confirmations/statements from lenders have not been received:

(₹ in crore)

Particulars	As at		
	30 June 2022	31 March 2022	30 June 2021
Current borrowings	47.18	49.67	34.97
Other current financial liabilities	374.68	320.55	625.34
Liabilities of a disposal group held for sale	-	2.85	-
Total	421.86	373.07	660.31

In the absence of confirmations/ statements from lenders and pending reconciliation in respect of lenders liability stated in framework agreement, the Company has provided for interest (including penal interest) based on the interest rate specified in the agreement or latest communication available from the respective lenders. The Company's management believes that amount payable will not exceed the liability provided in the financial results in respect of these borrowings.

Further, balances with banks (included under cash and cash equivalents) and earmarked balances/ fixed deposits (included under bank balances other than cash and cash equivalents) as at 30 June 2022 include balances amounting to ₹ 0.83 crore (31 March 2022: ₹ 2.18 crore and 30 June 2021: ₹ 0.89 crore) and Nil (31 March 2022: ₹ 0.95 crore and 30 June 2021: ₹ 16.93 crore), respectively, for which confirmations/ statements from banks have not been received. Statutory auditors review report is modified in respect of this matter.



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- 7 The Company has incurred net loss of ₹ 150.76 crore during the quarter ended 30 June 2022 and as of that date has accumulated losses aggregating ₹ 2,635.58 crore, which has resulted in substantial erosion of its net worth and its current liabilities exceeded its current assets by ₹ 797.38 crore. The Company continues to default on payment to lenders along with overdue to operational creditors. Certain operational creditors have also applied before the National Company Law Tribunal for debt resolution under the Insolvency and Bankruptcy Code, 2016, none of which has been admitted so far. 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.
- As per the approved resolution plan with lenders of the Company, including resolution of debts of an erstwhile subsidiary, whose liabilities were taken over by the Company in earlier years, economic and beneficial interest of a portion of the arbitration awards and claims of the Company along with liabilities, represented by debt and accrued interest, will be transferred to a wholly owned subsidiary of the Company (Also refer note 8 below). During the current quarter, the resolution plan has been approved by the respective Board/ Committees of 100% lenders and further subsequent to 30 June 2022, the framework agreement and novation agreement have been executed. The resolution plan is expected to be implemented by September 2022.
- Based on the expected successful implementation of the resolution plan with lenders as well as the Company's business plans, the management is confident of time-bound monetisation of assets including arbitration awards, claims and other assets and is confident of meeting the obligations as they fall due. Accordingly, the Management considers it appropriate to prepare these financial results on a going concern basis.
- 8 Pursuant to the approved resolution plan with lenders, signing of framework and novation agreements, the economic and beneficial interest of certain arbitration awards and claims of the Company along with liabilities, represented by debt and accrued interest, will be transferred to a wholly owned subsidiary of the Company. In accordance with Ind AS 105 - Non-current Assets Held for Sale and Discontinued Operations, the assets (represented by arbitration award and claims) and liabilities (represented by debt and accrued interest) qualify as assets and liabilities of a disposal group held for sale. Pending the completion of conditions precedents, no accounting adjustments have been given and assets and liabilities continue to be classified as assets/liabilities of a disposal group held for sale. Consequently, as at 30 June 2022, trade receivables and unbilled work-in-progress (contract assets) aggregating ₹ 1,973.81 crore and ₹ 820.77 crore, respectively, have been classified as assets of a disposal group held for sale. Similarly, as at 30 June 2022, current borrowings and other current financial liabilities amounting to ₹ 2,397.13 crore and ₹ 564.32 crore, respectively, have been classified as liabilities of a disposal group held for sale.
- 9 As at 30 June 2022, the Company has investments in its wholly owned subsidiary HCC Infrastructure Company Limited ('HICL') aggregating ₹ 1,564.65 crore (classified as non-current investment ₹ 1,214.65 crore and current investment of ₹ 350 crore). HICL has further investments in special purpose vehicles (SPVs) engaged in various infrastructure projects. The consolidated net worth of HICL as at 30 June 2022 has been substantially eroded. The management has obtained valuation report of HICL from an independent valuation expert which includes the valuation of the underlying investments and assets represented by cash flows from proposed sale of subsidiary (including earn-out considerations and share of future revenues) and favourable arbitration awards etc.
- During the previous year, there has been a decline in the actual results of certain key underlying assumptions used for the purpose of valuation in earlier periods. The management believes such decline is temporary in nature and does not expect any material adverse impact on the recoverable amount of such underlying investments / assets. Accordingly, based on future business plans and valuation report from an independent valuer, the management believes that the recoverable amount of investment in HICL is higher than its carrying value. Statutory auditors review report is modified in respect of this matter.
- 10 As at 30 June 2022, the Company has recognised net deferred tax assets amounting to ₹ 741.74 crore (31 March 2022: ₹ 741.74 crore and 30 June 2021: ₹ 739.28 crore) mainly on account of carried forward unused tax losses, unused tax credits and other taxable temporary differences. While the Company is confident of taxable profits being available against which unused tax losses can be utilized, the Company on prudent basis is not recognizing additional deferred tax asset on the tax losses.
- Based on the expected profits from the unexecuted orders on hand/ future projects, outcome of the ongoing discussion with lenders for restructuring of loans and expected settlement of claims/ arbitration awards with customers, the Company's management is confident that sufficient future taxable income will be available against which such net deferred tax assets recognised as at 30 June 2022 will be realized. Statutory auditors review report is modified in respect of this matter.
- 11 Figures for the quarter ended 31 March 2022 are the balancing figures between the audited standalone financial statements for the year ended on that date and the unaudited year-to-date figures for the nine months ended 31 December 2021.
- 12 Figures for the previous period/ year have been regrouped/ reclassified to conform to the current period presentation, wherever considered necessary.



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

Particulars	Quarter ended		Year ended	
	30 June 2022 Unaudited	31 March 2022 Unaudited (Refer Note 11)	30 June 2021 Unaudited	31 March 2022 Audited
Outstanding redeemable preference shares (₹ in crore)	-	-	-	-
Debenture Redemption reserve (₹ in crore)	54.99	54.99	54.99	54.99
Net Worth (₹ in crore)	300.62	453.14	559.82	453.14
(Equity Share Capital + other equity less capital reserves)				
Net Profit/ (Loss) after tax (₹ in crore)	(150.76)	21.64	(43.21)	(153.10)
Basic earnings/(loss) per share (Not annualised)	(1.00)	0.14	(0.29)	(1.01)
Diluted earnings/(loss) per share (Not annualised)	(1.00)	0.14	(0.29)	(1.01)
Debt Equity ratio (times):	12.46	8.37	5.66	8.37
(Total Debt* / Equity Share Capital + other equity)				
Debt Service Coverage ratio (times):				
(Earnings before interest [^] , depreciation and amortisation, exceptional items and tax) / (Interest [^] on debt* for the period/year + Principal repayment of long-term debt* and lease liabilities within one year) - Annualised	0.09	0.59	0.33	0.39
Interest Service Coverage ratio (times):				
((Earnings before interest [^] , depreciation and amortisation, exceptional items and tax) / Interest expenses [^]) - Annualised	0.20	1.30	0.72	0.87
Current Ratio (times):	0.90	1.00	1.01	1.00
(Current assets / Current liabilities)				
Long-term debt to working capital (times):	(2.31)	50.13	35.81	50.13
[(Non-current Borrowings* + Current maturities of long-term debt*) / Net working capital]				
Bad debts to accounts receivable ratio (%):	-	-	-	-
(Bad debts / Average trade receivables)				
Current liability ratio (times):	0.76	0.77	0.73	0.77
(Current liabilities / Total liabilities)				
Total debts to total assets ratio (times):	0.33	0.34	0.29	0.34
[(Non-current Borrowings* + Current Borrowings*) / Total Assets]				
Debtors Turnover (times):	0.91	1.46	0.93	1.08
[(Revenue from operations / Average trade receivable) - Annualised]				
Inventory Turnover (times):				
[(Cost of Goods Sold / Average inventory) - Annualised]	16.90	25.39	15.48	18.81
Cost of Goods sold = Cost of materials consumed + Subcontracting expenses + Construction expenses				
Operating Margin (in %):	10.45%	18.37%	17.09%	16.91%
[(Earnings before finance costs, depreciation and amortisation, exceptional items and tax - Other Income) / Revenue from operations]				
Net Profit/(Loss) Margin (%):	-15.50%	1.38%	-4.29%	-3.28%
[(Profit/(Loss) after tax / Revenue from operations)]				

The Company continue to maintain 100% asset cover for the NCD issued by it.

* Debt exclude financial liabilities of an erstwhile subsidiary taken over by the Company.

[^] Excludes interest expenses on financial liabilities of an erstwhile subsidiary taken over by the Company and interest on advance from customers.

for Hindustan Construction Company Limited



Ajit Gulabchand

Ajit Gulabchand
Chairman & Managing Director

Mumbai, Dated : 4 August 2022



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

To the Board of Directors of Hindustan Construction Company Limited

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 June 2022**, 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.



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

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 ₹ 43.70 crore for the financial years ended 31 March 2020, 31 March 2021 and 31 March 2022 and quarter ended 30 June 2022, in excess of the limits prescribed under Section 197 of the Act. In respect of excess remuneration till year ended 31 March 2022 aggregating ₹ 41.07 crore, approvals from the shareholders have been obtained as prescribed, however prior approval from the lenders of the Holding Company in accordance with Section 197 has not been obtained by the Holding Company. Further, for the excess managerial remuneration for the quarter ended 30 June 2022 aggregating ₹ 2.63 crore, the requisite approvals from shareholders and prior approval from lenders in accordance with Section 197 of the Act are yet to be obtained.

Our audit report dated 12 May 2022 on the consolidated financial result for the year ended 31 March 2022 and review report dated 12 August 2021 on the consolidated financial result for the quarter ended 30 June 2021, were also qualified in respect of this matter.

- (ii) Note 8 to the accompanying Statement, the Holding Company's current borrowings and other current financial liabilities as at 30 June 2022 include balances amounting to ₹ 47.18 crore and ₹ 374.68 crore, respectively, in respect of which confirmations/ statements from the respective banks/ lenders have not been made available to us by the management of the Company. Further, confirmations/ statements from banks have not been received for balances with banks (included under cash and cash equivalents) as at 30 June 2022 amounting to ₹ 0.83 crore. In the absence of such confirmations/ statements from the banks/ lenders or sufficient and appropriate alternate audit evidence and pending reconciliation in respect of lenders liability stated in framework agreement as mentioned in the aforesaid note, we are unable to comment on the adjustments if any, that may be required to the carrying value of the aforementioned balances in the accompanying Statement.

Our audit report dated 12 May 2022 on the consolidated financial result for the year ended 31 March 2022 and review report dated 12 August 2021 on the consolidated financial result for the quarter ended 30 June 2021, were also qualified in respect of this matter.

- (iii) Note 4 to the accompanying Statement, the Holding Company has recognised net deferred tax assets amounting to ₹ 741.74 crore as at 30 June 2022 mainly on account of carried forward unused tax losses, unused tax credits and other taxable temporary differences on the basis of expected availability of future taxable profits for utilization of such deferred tax assets. However, in view of the continued losses incurred by the Holding Company and pending the implementation of the resolution plan as referred to in Note 7 of the accompanying Statement, 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 June 2022.

Our audit report dated 12 May 2022 on the consolidated financial result for the year ended 31 March 2022 and review report dated 12 August 2021 on the consolidated financial result for the quarter ended 30 June 2021, were also qualified in respect of this matter.



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5. Based on our review conducted and procedures performed as stated in paragraph 3 above and upon consideration of the review reports of the other auditors referred to in paragraph 7, except for the possible effects of the matters described in previous sections, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with the recognition and measurement principles laid down in Ind AS 34, prescribed under section 133 of the Act, and other accounting principles generally accepted in India, has not disclosed the information required to be disclosed in accordance with the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended), including the manner in which it is to be disclosed, or that it contains any material misstatement.
6. We draw attention to:
- (i) Note 2 to the accompanying Statement, regarding uncertainties relating to recoverability of unbilled work-in-progress (contract assets), unbilled work-in-progress (included under assets of a disposal group held for sale), current trade receivables and trade receivables (included under assets of a disposal group held for sale) amounting to ₹ 591 crore, ₹ 497.26 crore, ₹ 229.01 crore and ₹ 49.40 crore, respectively, as at 30 June 2022, which represent various receivables in respect of closed/ substantially closed/ suspended/ terminated projects of the Holding Company. Further, non-current trade receivables, current trade receivables and trade receivables (included under assets of a disposal group held for sale) as at 30 June 2022 includes receivables of ₹ 980.21 crore, ₹ 79.61 crore and ₹ 1,924.41 crore, representing claims awarded in arbitration (including interest thereon) in favour of the Holding Company which have been challenged by the customers in higher courts. These aforementioned receivables are mainly in respect of cost over-run arising due to client caused delays, suspension of projects, deviation in design and change in scope of work; for which Holding Company is at various stages of negotiation/ discussion with the clients or under arbitration/ litigation. Considering the contractual tenability, progress of negotiations/ discussions/ arbitration/ litigations and as legally advised in certain contentious matters, the management is confident of recovery of these receivables.
- (ii) Note 3 to the accompanying Statement, pertaining to matter on which following emphasis of matter has been included in the review report dated 1 August 2022 on the financial results of HREL Real Estate Limited, a subsidiary of the Holding Company, issued by an independent firm of Chartered Accountants, which is relevant to our conclusion on the consolidated financial results of the Group, and reproduced by us as under:

"Note XX to the accompanying financial statements, the Company had provided corporate guarantees and put options aggregating ₹ 6,263.82 crore (previous year: ₹ 6,069.65 crore) to the lenders of its erstwhile subsidiaries, Lavasa Corporation Limited (LCL) and Warasgaon Assets Maintenance Limited (WAML) in respect of amounts borrowed by these entities. LCL and WAML were admitted under the Corporate Insolvency and Resolution Process (CIRP) in accordance with the Insolvency and Bankruptcy Code, 2016 (IBC) dated 30 August 2018 and 20 December 2018, respectively and Resolution Professionals (RP) were been appointed by the Committee of Creditors (CoC) of the lenders of respective companies. The lenders, to whom these corporate guarantees and put options were furnished, have filed their claims with Resolution Professional and have also invoked the corporate guarantee/ put options issued by the Company. The National Company Law Tribunal, Mumbai Bench vide its order dated 26 February 2020, have approved the request of lenders of LCL and WAML to consolidate LCL, WAML and Dasve Convention Centre Limited (a subsidiary of LCL) and thereby get better valuation on liquidation. The Resolution Professional is in the process of formulating a resolution plan including identifying potential resolution applicant. The liability of the Company shall be determined once the debts due to these lenders are settled by Resolution Professional upon completion of the IBC process. Pending the outcome of the resolution process, no provision has been made in the financial statements by the management stating that the impact, if any is currently unascertainable."



Page 3 of 6

Chartered Accountants

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

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

Hindustan Construction Company Limited
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- (iii) Note 10 to the accompanying Statement, pertaining to matter on which following emphasis of matter included in the review report dated 2 August 2022 on the financial results of Raiganj - Dalkhola Highways Limited, a step-down subsidiary of the Holding Company, issued by an independent firm of Chartered Accountants, on matters which are relevant to our conclusion on the consolidated financial results of the Group, and reproduced by us as under:

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

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

7. We did not review the interim financial information of twenty-four (24) subsidiaries included in the Statement whose interim financial information for the quarter ended 30 June 2022 reflects total revenues of ₹ 1,316.02 crore, total net loss after tax of ₹ 128.37, total comprehensive loss of ₹ 85.41 crore, respectively, as considered in the Statement. The Statement also includes the Group's share of net profit after tax of ₹ 1.44 crore and total comprehensive income of ₹ 1.44 crore for the quarter ended on 30 June 2022, respectively, as considered in the Statement, in respect of three (3) associates and two (2) joint ventures, whose interim financial information has not been reviewed by us. Such interim financial information has 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.

8. We did not review the interim financial information of one (1) joint operation included in the Statement, where such interim financial information reflects total revenues of ₹ 45.33 crore, total net profit after tax of ₹ 0.84 crore, and total comprehensive income of ₹ 0.84 crore, for the quarter ended on 30 June 2022, as considered in the Statement. Such interim financial information has been reviewed by another auditor, whose 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 this joint operation, is based solely on the review report of such other auditor.

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

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



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9. The Statement includes the interim financial information of three (3) subsidiaries, which has not been reviewed/ audited by their auditors, whose interim financial information reflects total revenues of Nil, net loss after tax of ₹ 0.37 crore and total comprehensive loss of ₹ 0.37 crore for the quarter ended 30 June 2022 respectively, as considered in the Statement.

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

10. The Statement includes the interim financial information of seven (7) joint operations, which have not been reviewed/ audited, whose interim financial information reflects total revenues of ₹ 0.60 crore, total net loss after tax of ₹ 0.66 crore, total comprehensive loss of ₹ 0.66 crore for the quarter ended 30 June 2022, as considered in the Statement. Our conclusion on the Statement, in so far as it relates to the amounts and disclosures included in respect of these joint operations, is based solely on such unreviewed/ unaudited financial information. According to the information and explanations given to us by the management, such interim financial information is not material to the Group.

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

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



Shashi Tadwalkar
Partner
Membership No:101797

Place: Mumbai
Date: 04 August 2022

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

Annexure 1

List of entities included in the Statement

Subsidiary Companies	
HCC Contract Solutions Limited (Formerly known as HCC Construction Limited)	HCC Aviation Limited
Western Securities Limited	Steiner AG
HREL 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	Steiner India Limited
Manufakt8048 AG	Powai Real Estate Developer Limited
HCC Concessions Limited *	Prolific Resolution Private Limited (w.e.f. 8 March 2021)
Narmada Bridge Tollways Limited *	Baharampore - Farakka Highways Limited *
Badarpur Faridabad Tollways Limited *	Raiganj - Dalkhola Highways Limited *
Associates	
Highbar Technocrat Limited	Evostate Immobilien AG
Evostate AG	MCR Managing Corp. Real Estate
Joint Venture / Joint Operations	
Kumagai-Skanska-HCC-Itochu Group	Alpine - HCC Joint Venture
HCC-L&T Purulia Joint Venture	HCC Samsung Joint Venture CC 34
Alpine - Samsung - HCC Joint Venture	ARGE Prime Tower, Zürich
Nathpa Jhakri Joint Venture	Werkarena Basel AG
HCC- HDC Joint Venture	HCC - VCCL Joint Venture

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





STATEMENT OF CONSOLIDATED UNAUDITED FINANCIAL RESULTS FOR THE QUARTER ENDED 30 JUNE 2022				
₹ in crore except earnings per share data				
Sr. No.	Particulars	Quarter ended		Year ended
		30 June 2022	31 March 2022	30 June 2021
		Unaudited	Unaudited Refer note 13	Audited
1	Income			
	(a) Income from operations	2,228.92	2,920.60	2,453.94
	(b) Other income	13.99	24.56	49.35
	Total income (a+b)	2,242.91	2,945.16	2,503.29
2	Expenses			
	(a) Cost of construction materials consumed	242.02	317.97	163.73
	(b) Subcontracting expenses	1,593.10	1,790.98	1,785.81
	(c) Changes in inventories	18.25	15.51	(18.60)
	(d) Construction expenses	73.84	75.21	75.50
	(e) Employee benefits expense	215.24	237.14	226.97
	(f) Finance costs	262.95	293.75	247.75
	(g) Depreciation and amortisation expense	32.22	52.80	35.72
	(h) Other expenses	60.31	100.99	60.17
	Total expenses (a+b+c+d+e+f+g+h)	2,497.93	2,884.35	2,579.05
3	Profit / (Loss) before exceptional items, share of profit of associates and joint ventures, and tax (1-2)	(255.02)	60.81	(75.76)
4	Exceptional items - Gain (Refer note 9)	-	-	-
5	Profit / (Loss) before share of profit / loss of associates and joint ventures and tax (3+4)	(255.02)	60.81	(75.76)
6	Share of profit of associates and joint ventures (net)	0.44	1.30	230.65
7	Profit / (Loss) before tax (5+6)	(254.58)	62.11	154.89
8	Tax expense / (credit)			
	(a) Current tax	5.00	(4.28)	1.70
	(b) Deferred tax (Refer note 4)	21.09	35.51	(26.79)
		26.09	31.23	(25.09)
9	Profit / (Loss) for the period (7-8)	(280.67)	30.88	179.98
10	Discontinued Operations			
	Profit/ (Loss) from discontinued operations	1.81	(1.89)	-
	Tax expense of discontinued operations	-	(13.07)	-
	Profit/ (Loss) from discontinued operations (after tax)	1.81	(14.96)	-
11	Other comprehensive income / (loss)			
	(a) Items not to be reclassified subsequently to profit or loss (net of tax)			
	- Gain on fair value of defined benefit plans	0.28	99.51	0.33
	- Gain / (Loss) on fair value of equity instruments	(4.06)	(1.15)	4.98
	(b) Items to be reclassified subsequently to profit or loss			
	- Translation gain / (loss) relating to foreign operations	28.30	(0.67)	(4.32)
	Other comprehensive income / (loss) for the period, net of tax (a+b)	24.52	97.69	0.99
12	Total comprehensive income / (loss) for the period, net of tax (9+10+11)	(254.34)	113.61	180.97
	Net profit / (loss) attributable to:			
	Owners of the parent	(280.67)	30.88	179.98
	Non - controlling interest	(0.00)*	0.00*	0.00*
	Other comprehensive income for the period attributable to:			
	Owners of the parent	24.52	97.69	0.99
	Non - controlling interest	(0.00)*	0.00*	0.00*
	Total comprehensive income / (loss) for the period attributable to:			
	Owners of the parent	(254.34)	113.61	180.97
	Non - controlling interest	(0.00)*	0.00*	0.00*
13	Paid up equity share capital (Face value of ₹ 1 each)	151.31	151.31	151.31
14	Other equity (excluding revaluation reserves)			(935.95)
15	Earnings/ (Loss) per share (Face value of ₹ 1 each) - for continuing operations			
	(a) Basic EPS (not annualised) (in ₹)	(1.86)	0.20	1.19
	(b) Diluted EPS (not annualised) (in ₹)	(1.86)	0.20	1.19
	Earnings/ (Loss) per share (Face value of ₹ 1 each) - for discontinued operations			
	(a) Basic EPS (not annualised) (in ₹)	0.01	(0.10)	-
	(b) Diluted EPS (not annualised) (in ₹)	0.01	(0.10)	-
	Earnings/ (Loss) per share (Face value of ₹ 1 each) - for total operations			
	(a) Basic EPS (not annualised) (in ₹)	(1.85)	0.10	1.19
	(b) Diluted EPS (not annualised) (in ₹)	(1.85)	0.10	1.19

* represents amount less than ₹ 1 lakh

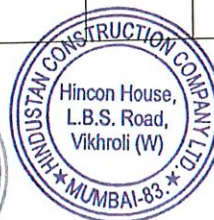
See accompanying notes to the unaudited consolidated financial results

Hindustan Construction Co Ltd

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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 unaudited consolidated financial results have been prepared to comply in all material respects with the Indian Accounting Standards ('Ind AS') as prescribed under Section 133 of the Companies Act, 2013 ('the Act') read with Companies (Indian Accounting Standards) Rules as amended from time to time. The above unaudited consolidated financial results have been reviewed and recommended to the Board of Directors by the Audit Committee of the Holding Company and subsequently approved by the Board of Directors of the Holding Company at their respective meetings held on 4 August 2022.
- 2 Unbilled work-in-progress (contract assets), unbilled work-in-progress (included under assets of a disposal group held for sale), current trade receivables and trade receivables (included under assets of a disposal group held for sale) includes ₹ 591 crore, ₹ 497.26 crore, ₹ 229.01 crore and ₹ 49.40 crore, respectively, outstanding as at 30 June 2022 representing receivables from customers based on the terms and conditions implicit in the contracts and other receivables in respect of closed/ substantially closed/ suspended/ terminated projects. Further, non-current trade receivables, current trade receivables and trade receivables (included under assets of a disposal group held for sale) as at 30 June 2022 includes receivables of ₹ 980.21 crore, ₹ 79.61 crore and ₹ 1,924.41 crore, respectively, representing claims awarded in arbitration, including interest thereon, in favour of the Holding Company which have been challenged by the customers in higher courts. These aforementioned receivables are mainly in respect of cost over-run arising due to client caused delays, suspension of projects, deviation in design and change in scope of work; for which Holding Company is at various stages of negotiation/ discussion with the clients or under arbitration/ litigation. Considering the contractual tenability, progress of negotiations/ discussions/ arbitration/ litigations and as legally advised in certain contentious matters, the management is confident of recovery of these receivables.
- 3 HREL Real Estate Limited ('HREL'), a subsidiary company, has provided corporate guarantees and put options to the lenders of its erstwhile subsidiaries namely Lavasa Corporation Limited ('LCL') and Warasgaon Assets Maintenance Limited ('WAML') in respect of amounts borrowed by these subsidiaries, the aggregate liability in respect of which as at 30 June 2022 stands at ₹ 6,263.82 crore. LCL and WAML have been admitted under the Corporate Insolvency and Resolution Process in accordance with the Insolvency and Bankruptcy Code, 2016 (IBC) dated 30 August 2018 and 20 December 2018, respectively, and Resolution Professionals ('RP') have been appointed by the Committee of Creditors (CoC) of respective companies. The lenders, to whom these corporate guarantees and put options were furnished, have filed their claims with RP which is presently under the IBC process and have also invoked the corporate guarantee/ put options issued by the HREL. The National Company Law Tribunal, Mumbai Bench vide its order dated 26 February 2020, have approved the request of lenders of LCL and WAML to consolidate LCL, WAML and Dasve Convention Centre Limited (a subsidiary of LCL) and thereby get better valuation on liquidation. RP is in the process of formulating a resolution plan including identifying potential resolution applicant. The liability of HREL shall be determined once the debts due to these lenders are settled by RP upon completion of the IBC process. Pending the outcome of the resolution process, no provision has been considered necessary in the consolidated financial results as at and for the quarter ended 30 June 2022, as impact, if any, is currently unascertainable.
- 4 As at 30 June 2022, the Holding Company has recognised net deferred tax assets amounting to ₹ 741.74 crore (31 March 2022: ₹ 741.74 crore, 30 June 2021: ₹ 739.28 crore) mainly on account of carried forward unused tax losses, unused tax credits and other taxable temporary differences. While the Holding Company is confident of taxable profits being available against which unused tax losses can be utilized, the Holding Company on prudent basis is not recognizing additional deferred tax asset on the tax losses. Based on the expected profits from the unexecuted orders on hand/ future projects, outcome of the ongoing discussion with lenders for restructuring of loans and expected settlement of claims/ arbitration awards with customers, the Holding Company's management is confident that sufficient future taxable income will be available against which such net deferred tax assets recognised as at 30 June 2022 will be realized. Statutory auditors review report is modified in respect of this matter.



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- 5 The Holding Company has accrued/ paid managerial remuneration to Chairman and Managing Director ('CMD') and Whole Time Director ('WTD') for the period 1 April 2019 to 30 June 2022 in excess of the limits prescribed under sec 197 of the Act as follows:

Financial Years	Remuneration accrued	Remuneration paid	₹ in crore)	
			Excess remuneration accrued / paid	Excess remuneration paid held in trust
2019-20	13.57	3.75	13.57	3.75
2020-21	13.50	1.44	13.50	1.44
2021-22	14.00	1.80	14.00	1.80
Quarter ended 30 June 2022	2.63	0.45	2.63	0.45
Total	43.70	7.44	43.70	7.44

While the approval for payment of the aforementioned managerial remuneration has been obtained from the shareholders of Holding Company except for the quarter ended 30 June 2022, the requisite prior approval from lenders are yet to be obtained. The excess managerial remuneration for the quarter ended 30 June 2022 have been recommended by the Board of Directors in the meeting held on 23 March 2022 and is subject to approval in the ensuing Annual General Meeting. In absence of the requisite approval from lenders/ shareholders for remuneration accrued/ paid to CMD/ WTD for the aforementioned years/period, the statutory auditors review report is modified in respect of this matter.

- 6 As at 30 June 2022, the Group has incurred net loss of ₹ 278.86 crore and as of that date has accumulated losses aggregating ₹ 4,015.91 crore, which has resulted in full erosion of its net worth. The Holding Company continues to default on payment to lenders along with overdue to operational creditors. Certain operational creditors have also applied before the National Company Law Tribunal for debt resolution under the Insolvency and Bankruptcy Code, 2016, none of which has been admitted so far. 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.

As per the approved resolution plan with lenders of the Holding Company, including resolution of debts of an erstwhile subsidiary, whose liabilities were taken over by the Holding Company in earlier years, economic and beneficial interest of a portion of the arbitration awards and claims of the Holding Company along with liabilities, represented by debt and accrued interest, will be transferred to a wholly owned subsidiary of the Holding Company (Also refer note 7 below). During the current quarter, the resolution plan has been approved by the respective Board/ Committees of 100% lenders and further subsequent to 30 June 2022, the framework agreement and novation agreement have been executed. The resolution plan is expected to be implemented by September 2022.

Based on the expected successful implementation of the resolution plan with lenders as well as the Holding Company's business plans, the management is confident of time-bound monetisation of assets including arbitration awards, claims and other assets and is confident of meeting the obligations as they fall due. Accordingly, the Management considers it appropriate to prepare these financial results on a going concern basis.

- 7 Pursuant to the approved resolution plan with lenders, signing of framework and novation agreements, the economic and beneficial interest of certain arbitration awards and claims of the Holding Company along with liabilities, represented by debt and accrued interest, will be transferred to a wholly owned subsidiary of the Holding Company. In accordance with Ind AS 105 - Non-current Assets Held for Sale and Discontinued Operations, the assets (represented by arbitration award and claims) and liabilities (represented by debt and accrued interest / charges) qualify as assets and liabilities of a disposal group held for sale. Pending the completion of conditions precedents, no accounting adjustments have been given and assets and liabilities continue to be classified as assets/ liabilities of a disposal group held for sale. Consequently, as at 30 June 2022, trade receivables and unbilled work-in-progress (contract assets) aggregating ₹ 1,973.81 crore and ₹ 820.77 crore, respectively, have been classified as assets of a disposal group held for sale. Similarly, as at 30 June 2022, current borrowings and other current financial liabilities amounting to ₹ 2,397.13 crore and ₹ 564.32 crore, respectively, have been classified as liabilities of a disposal group held for sale.

- 8 In respect of below balances, confirmations/ statements from lenders have not been received:

Particulars	As at		
	30 June 2022	31 March 2022	30 June 2021
Current borrowings	47.18	49.67	34.97
Other current financial liabilities	374.68	320.55	625.34
Liabilities of a disposal group held for sale	-	2.85	-
Total	421.86	373.07	660.31

In the absence of confirmations/ statements from lenders and pending reconciliation in respect of lenders liability stated in framework agreement, the Holding Company has provided for interest (including penal interest) based on the interest rate specified in the agreement or latest communication available from the respective lenders. The Holding Company's management believes that amount payable will not exceed the liability provided in the financial results in respect of these borrowings.

Further, balances with banks (included under cash and cash equivalents) and earmarked balances/ fixed deposits (included under bank balances other than cash and cash equivalents) as at 30 June 2022 include balances amounting to ₹ 0.83 crore (31 March 2022: ₹ 2.18 crore and 30 June 2021: ₹ 0.89 crore) and Nil (31 March 2022: ₹ 0.95 crore and 30 June 2021: ₹ 16.93 crore), respectively, for which confirmations/ statements from banks have not been received. Statutory auditors review report is modified in respect of this matter.



9 Exceptional items

Particulars	Quarter ended		Year ended	
	30 June 2022	31 March 2022	30 June 2021	31 March 2022
Gain on one-time settlement of debt	-	-	-	106.10
Total	-	-	-	106.10

10 Short term borrowings and other current financial liabilities of Raiganj Dalkhola Highways Limited ('RDHL'), as at 30 June 2022 includes ₹ 77.35 crore and ₹ 72.83 crore, respectively in respect of which, in the absence of confirmation from the lenders/ bankers, RDHL has provided for interest and other penal charges based on the latest communication available from the lenders/ bankers at the interest rate specified in the agreements. RDHL's management believes that amount payable on settlement will not exceed the liability provided in books in respect of these borrowings.

11 HCC Concessions Limited ('HCON'), on 1 February 2022, has entered into a binding term sheet for 100% stake sale of its subsidiary i.e Bahampore Farakka Highways Limited (BFHL), for a equity consideration of ₹ 600 crores subject to closing adjustments and requisite approvals. Additionally, HCON would be entitled to certain earn-outs, which is expected to be material. Pursuant to the above, BFHL has been presented as discontinued operations in accordance with Ind AS 105 - Non-current Assets Held for Sale and Discontinued Operations. The requisite disclosures in accordance with Ind AS 105 are given below:

Particulars	Quarter ended		Year ended	
	30 June 2022	31 March 2022	30 June 2021	31 March 2022
	Unaudited	Unaudited Refer note 13	Unaudited	Audited
Income from operations	70.92	86.16	-	249.12
Other income	2.34	2.82	-	10.55
Total income	73.26	88.98	-	259.67
Total expenses	71.45	90.87	-	266.69
Profit/ (Loss) before tax	1.81	(1.89)	-	(7.02)
Tax expense on profit on sale of discontinued operation	-	13.07	-	13.07
Profit/ (Loss) from sale of discontinued operations, net of tax	1.81	(14.96)	-	(20.09)

* In accordance with Ind AS 105, disclosures for prior period are also required to be presented in respect of discontinuing operations. However, as BFHL has become subsidiary of the Group effective 20 August 2021, requisite disclosures under Ind AS 105 have been presented effective 20 August 2021.

12 The Board of Directors of HCC Infrastructure Company Limited ('HICL'), a wholly owned subsidiary, at its meeting held on 18 November 2021 approved a Scheme of Merger by absorption ('the Scheme') of HCC Concessions Limited, HCC Power Limited, HCC Energy Limited and Dhule Palesner Operations and Maintenance Limited (together referred to as the "transferor companies") with HICL. The appointed date proposed is 1 April 2021. The shareholders of the transferor companies have approved the Scheme at their separate meetings and the said Scheme is pending for requisite approval from Mumbai Bench of the National Company Law Tribunal.

13 Figures for the quarter ended 31 March 2022 are the balancing figures between the audited financial statements for the year ended on that date and the unaudited year to date figures upto the end of third quarter of the respective financial year.

14 Figures for the previous period/ year have been regrouped/ reclassified to conform to the current period/year presentation, wherever considered necessary.

15 The Group's results were reviewed by the Chief Operating Decision Maker ('CODM') between the operating segment of 'Engineering and Construction', 'Infrastructure' and 'Real Estate' and 'Others'. However, in view of the overall reduction in operations across operating segments except Engineering and Construction and more specifically subsequent to the proposed stake sale of Bahampore Farakka Highway Limited, the operating results of segments other than 'Engineering and Construction' contribute less than 10% of the operating results of the Group. Consequently, the CODM no longer reviews the operating results of the Group separately between the aforementioned operating segments and are reviewed as a single operating segment of 'Engineering and Construction'.



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

Particulars	Quarter ended		Year ended	
	30 June 2022	31 March 2022	30 June 2021	31 March 2022
	Unaudited	Unaudited Refer note 13	Unaudited	Audited
Outstanding redeemable preference shares (₹ in crore)	-	-	-	-
Debt Redemption reserve (₹ in crore)	54.99	54.99	54.99	54.99
Net Worth (₹ in crore)	(1,068.99)	(816.13)	(1,167.13)	(816.13)
(Equity Share Capital + other equity less capital reserves)	(280.67)	30.88	179.98	419.65
Net Profit/ (Loss) after tax (₹ in crore)	(1.86)	0.20	1.19	2.77
Basic earnings/(loss) per share (Not annualised)	(1.86)	0.20	1.19	2.77
Diluted earnings/(loss) per share (Not annualised)	(1.86)	0.20	1.19	2.77
Debt Equity ratio (times):	(4.56)	(6.03)	(3.89)	(6.03)
(Total Debt* / Equity Share Capital + other equity)				
Debt Service Coverage ratio (times):				
((Earnings before interest*, depreciation and amortisation, exceptional items and tax) / (Interest* on debt* for the period/year + Principal repayment of long-term debt* and lease liabilities within one year) - Annualised	0.05	0.72	0.87	0.74
Interest Service Coverage ratio (times):				
((Earnings before interest*, depreciation and amortisation, exceptional items and tax) / Interest expenses*) - Annualised	0.11	1.43	1.81	1.56
Current Ratio (times):	0.94	1.03	0.97	1.03
(Current assets / Current liabilities)				
Long-term debt to working capital (times):	(3.05)	7.10	(7.15)	7.10
((Non-current Borrowings* + Current maturities of long-term debt*) / Net working capital)				
Bad debts to accounts receivable ratio (%):	0.00%	0.00%	0.00%	0.00%
(Bad debts / Average trade receivables)				
Current liability ratio (times):	0.79	0.79	0.76	0.79
(Current liabilities / Total liabilities)				
Total debts to total assets ratio (times):	0.35	0.35	0.35	0.35
((Non-current Borrowings*+Current Borrowings*)/Total Assets)				
Debtors Turnover (times):	1.94	2.56	2.21	2.34
((Revenue from operations / Average trade receivable) - Annualised				
Inventory Turnover (times):	16.03	18.25	16.39	17.14
((Cost of Goods Sold / Average inventory) - Annualised				
Cost of Goods sold = Cost of materials consumed + Subcontracting expenses + Construction expenses				
Operating Margin (in %):	0.56%	12.31%	15.39%	12.65%
((Earnings before finance costs, depreciation and amortisation, exceptional items and tax - Other Income) / Revenue from operations)				
Net Profit/(Loss) Margin (%):	-12.59%	1.06%	7.33%	3.93%
(Profit/(Loss) after tax / Revenue from operations)				

The Company continue to maintain 100% asset cover for the NCD issued by it.

* Debt exclude financial liabilities of an erstwhile subsidiary taken over by the Company.

^ Excludes interest expenses on financial liabilities of an erstwhile subsidiary taken over by the Company and interest on advance from customers.

for Hindustan Construction Company Limited



Ajit Gulabchand

Ajit Gulabchand
Chairman & Managing Director

Mumbai, Dated : 04 August 2022

