

STATEMENT OF STANDALONE UNAUDITED FINANCIAL RESULTS FOR THE QUARTER ENDED 30 JUNE 2019

₹ in crore except earnings per share data

Sr. No.	Particulars	Quarter ended			Year ended
		30 June 2019	31 March 2019	30 June 2018	31 March 2019
		Unaudited	Unaudited (Refer Note 11)	Unaudited	Audited
1	<b>Income</b>				
	(a) Income from operations	831.08	1,322.45	933.09	4,341.00
	(b) Other income	6.55	25.41	68.09	118.13
	<b>Total income (a+b)</b>	<b>837.63</b>	<b>1,347.86</b>	<b>1,001.18</b>	<b>4,459.13</b>
2	<b>Expenses</b>				
	(a) Cost of construction materials consumed	205.68	213.79	214.33	816.59
	(b) Subcontracting expenses	249.72	854.39	379.32	2,133.77
	(c) Construction expenses	79.71	98.62	96.82	342.88
	(d) Employee benefits expense	95.04	97.57	100.42	393.68
	(e) Finance costs	172.26	209.01	161.20	698.91
	(f) Depreciation and amortisation expense	30.89	32.16	38.83	144.53
	(g) Other expenses	22.39	27.63	39.07	120.69
	<b>Total expenses (a+b+c+d+e+f+g)</b>	<b>855.69</b>	<b>1,533.17</b>	<b>1,029.99</b>	<b>4,651.05</b>
3	<b>Loss before exceptional items and tax (1-2)</b>	<b>(18.06)</b>	<b>(185.31)</b>	<b>(28.81)</b>	<b>(191.92)</b>
4	Exceptional items (Refer note 6)	-	(389.17)	-	(2,400.30)
5	<b>Loss before tax (3+4)</b>	<b>(18.06)</b>	<b>(574.48)</b>	<b>(28.81)</b>	<b>(2,592.22)</b>
6	<b>Tax expense</b>				
	(a) Current tax	0.03	(0.13)	0.49	1.00
	(b) Deferred tax	(3.03)	(146.48)	(9.58)	(631.47)
		(3.00)	(146.61)	(9.09)	(630.47)
7	<b>Loss for the period (5-6)</b>	<b>(15.06)</b>	<b>(427.87)</b>	<b>(19.72)</b>	<b>(1,961.75)</b>
8	<b>Other comprehensive income</b>				
	(a) Items not to be reclassified subsequently to profit or loss (net of tax)				
	- Gain / (Loss) on remeasurement of defined benefit plans	(0.75)	(5.18)	0.89	(3.01)
	- Gain / (Loss) on fair value of equity instruments (Refer note 8)	(2.44)	1.61	(9.23)	(6.47)
	(b) Items to be reclassified subsequently to profit or loss	-	-	-	-
	<b>Other comprehensive loss for the period, net of tax (a+b)</b>	<b>(3.19)</b>	<b>(3.57)</b>	<b>(8.34)</b>	<b>(9.48)</b>
9	<b>Total comprehensive loss for the period, net of tax (7+8)</b>	<b>(18.25)</b>	<b>(431.44)</b>	<b>(28.06)</b>	<b>(1,971.23)</b>
10	Paid up equity share capital (Face value of ₹ 1 each)	151.31	151.31	101.55	151.31
11	Other equity (excluding revaluation reserves)				1,141.69
12	Earnings / (Loss) per share (Face value of ₹ 1 each) (Refer note 10)				
	(a) Basic EPS (not annualised) (in ₹)	(0.10)	(2.83)	(0.19)	(17.13)
	(b) Diluted EPS (not annualised) (in ₹)	(0.10)	(2.83)	(0.19)	(17.13)

See accompanying notes to the standalone unaudited financial results



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**Notes:**

- The Company is engaged in a single business segment viz. "Engineering and Construction", which is substantially seasonal in character. Further, the Company's margins in the quarterly results vary based on the accrual of cost and recognition of income in different quarters due to nature of its business, receipt of awards / claims or events which lead to revision in cost to completion. Due to this reason, quarterly results may vary and may not be indicative of annual results.
- The total balance value of work on hand as at 30 June 2019 is ₹ 17,721 crore (31 March 2019: ₹ 18,554 crore).
- Unbilled work-in-progress (Other current assets)', 'Non-current trade receivables' and 'current trade receivables' include ₹ 419.30 crore, ₹ 54.14 crore and ₹ 321.89 crore, respectively, outstanding as at 30 June 2019 which represent various claims raised earlier, based on the terms and conditions implicit in the contracts and other receivables in respect of closed / suspended projects. These claims are mainly in respect of cost over-run arising due to client caused delays, suspension of projects, deviation in design and change in scope of work; for which Company is at various stages of negotiation/discussion with the clients or under arbitration / litigation. Considering the contractual tenability, progress of negotiations / discussions / arbitration / litigations and as legally advised, the management is confident of recovery of these receivables.
- The Company, as at 30 June 2019, has non-current investments amounting to ₹ 1,572.60 crore in its subsidiary HCC Infrastructure Company Limited (HIL) which is holding 85.45% in HCC Concessions Limited (HCL) having various Build, Operate and Transfer (BOT) SPVs under its fold. While HIL has incurred losses and consolidated net-worth as at 30 June 2019 has been fully eroded, the underlying projects are expected to achieve adequate profitability on substantial completion. The net-worth of this subsidiary does not represent its true market value as the value of the underlying investments/assets, based on valuation report of an independent valuer, is higher. Further BOT SPVs have several claims including favorable arbitration awards against its customers mainly in respect of cost-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.
- Pursuant to notification of the Companies (Amendment) Act, 2017 with effect from 12 September 2018, amending Section 197 of the Companies Act, 2013 ('the Act'), the Company's application for approval in respect of managerial remuneration of Chairman and Managing Director (CMD) accrued / paid in excess of the prescribed limit for the financial years 2014-15 and 2015-16, made by the Company to the Ministry of Corporate Affairs ('the Ministry') stand abated. The Company is in the process of seeking requisite approvals, as may be required under the Act, for the payment of remuneration in respect of the years ended 31 March 2015 and 31 March 2016. Necessary adjustments, if required, will be made based on the outcome of such approvals.  
The Company had paid / accrued managerial remuneration for the aforesaid years as detailed below:

(₹ crore)

Financial Year	Remuneration accrued	Remuneration paid	Remuneration as per prescribed limit	Excess remuneration paid held in trust / accrued
2014-15	10.66	Not paid	1.95	8.71
2015-16	10.66	10.66	1.97	8.69

(₹ crore)

Exceptional Items	Quarter ended 31 March 2019	Year ended 31 March 2019
a) Investments in / advances to Lavasa Corporation Limited and HREL Real Estate Limited (formerly known as HCC Real Estate Limited) written off	-	(2,011.13)
b) Loss provision in respect of arbitration awards and claims	(331.40)	(331.40)
c) Impairment loss in respect of asset classified as held for sale	(71.85)	(71.85)
d) Gain on settlement of debts	14.08	14.08
<b>Total</b>	<b>(389.17)</b>	<b>(2,400.30)</b>

- Pursuant to entering of terms with a consortium of investors for assignment of the beneficial interest/rights in a portfolio of identified arbitration awards and claims (Specified Assets) of the Company, for an aggregate consideration of ₹ 1,750 crore, the Company had recognised a resulting loss of ₹ 331.40 crore during the quarter ended 31 March 2019. The transaction closure is subject to obtaining requisite approvals and completion of certain conditions precedent. Pending completion of aforesaid transaction, during the quarter ended 30 June 2019, the Company has received two arbitration awards aggregating ₹ 92 crore, in respect of claims included under Specified Assets assigned in favour of the investors. Accordingly, the Company has not recognized revenue from operations of ₹ 92 crore and the resultant gain of ₹ 55 crore in its standalone financial results for the current quarter in respect of these arbitration awards.
- 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.
- Effective 1 April 2019, the Company has adopted Ind AS 116, 'Leases' using the modified retrospective approach, as a result of which the comparative information is not required to be restated. On transition, the Company has recorded the lease liability at the present value of the future lease payments discounted using the incremental borrowing rate and has also chosen the practical expedient provided in the standard to measure the 'Right-of-use' asset at the same value as the lease liability.  
The adoption of the new standard resulted in the recognition of 'Right-of-use' asset and an equivalent lease liability as on 1 April 2019. The effect of Ind AS 116 on the loss before tax, loss for the period and earnings per share is not material.
- On 27 December 2018, the Company issued and allotted 497,565,318 equity shares of face value ₹ 1 each at the price of ₹ 10 per equity share (including a premium of ₹ 9 per share) aggregating ₹ 497.57 crore to the eligible equity shareholders on rights basis in the ratio of 49 equity shares for every 100 equity shares held. Basic and diluted earnings per share for the quarter ended 30 June 2018 have been retrospectively adjusted for effect of this Rights Issue.
- Figures for the quarter ended 31 March 2019 are the balancing figures between the standalone audited financial statements for the years ended 31 March 2019 and the published standalone financial results upto 31 December 2018 which were subjected to limited review.
- 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 financial results at their respective meetings held on 1 August 2019.

for Hindustan Construction Company Limited



*Ajit Gulabchand*

Ajit Gulabchand  
Chairman & Managing Director

Mumbai, Dated : 1 August 2019

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