

STATEMENT OF STANDALONE RESULTS FOR THE QUARTER AND NINE MONTHS ENDED 31 DECEMBER 2017

₹ in crore except earnings per share data

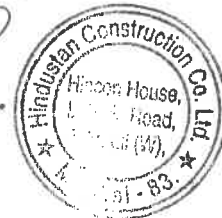
Sr. No.	Particulars	Quarter ended			Nine months ended		Year ended
		31 December 2017	30 September 2017	31 December 2016	31 December 2017	31 December 2016	31 March 2017
		Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
1	Income						
	(a) Income from operations	1,230.93	970.75	944.09	3,132.34	2,837.67	4,195.94
	(b) Other income	62.08	61.18	71.92	181.80	191.61	262.20
	Total income (a+b)	1,293.01	1,031.93	1,016.01	3,314.14	3,029.28	4,458.14
2	Expenses						
	(a) Cost of materials consumed	258.22	194.46	197.22	755.01	589.20	868.59
	(b) Purchase of traded goods	-	-	-	-	-	0.39
	(c) Subcontracting expenses	574.00	386.71	354.85	1,155.41	1,010.61	1,603.75
	(d) Construction expenses	103.89	106.76	107.33	337.73	332.23	453.95
	(e) Employee benefits expense	108.02	110.25	93.50	322.10	285.53	396.80
	(f) Finance costs	150.79	163.06	194.74	495.98	564.39	772.37
	(g) Depreciation and amortisation expense	29.36	29.55	30.83	87.75	96.95	125.28
	(h) Other expenses	22.78	23.64	29.95	77.23	90.58	118.83
	Total expenses (a+b+c+d+e+f+g+h)	1,247.06	1,014.43	1,008.42	3,231.21	2,969.49	4,339.96
3	Profit before exceptional items and tax (1-2)	45.95	17.50	7.59	82.93	59.79	118.18
4	Exceptional items (Refer note 8)	-	-	-	-	-	21.22
5	Profit before tax (3-4)	45.95	17.50	7.59	82.93	59.79	98.96
6	Tax expense						
	(a) Current income tax	7.88	3.86	1.99	14.83	13.52	20.85
	(b) Deferred income tax	6.76	2.04	1.05	10.67	7.77	16.70
		14.64	5.90	3.04	25.50	21.29	37.55
7	Profit for the period (5-6)	31.31	11.60	4.55	57.43	38.50	59.41
8	Other comprehensive Income						
	(a) Items not to be reclassified subsequently to profit or loss						
	- Gain/(loss) on fair value of defined benefit plans as per actuarial valuation	(0.50)	2.81	(2.85)	2.87	(0.12)	2.22
	- Income tax effect on above	-	-	-	-	-	-
	- Gain/(loss) on fair value of equity instruments	(0.01)	0.22	(0.27)	0.43	0.22	19.29
	- Income tax effect on above	-	-	-	-	-	-
	(b) Items to be reclassified subsequently to profit or loss	-	-	-	-	-	-
	Other comprehensive income/(loss) for the period, net of tax	(0.51)	3.03	(3.12)	3.30	0.10	21.51
9	Total comprehensive income for the period, net of tax (7+8)	30.80	14.63	1.43	60.73	38.60	80.92
10	Paid up equity share capital (Face value of ₹ 1 each)	101.55	101.55	77.92	101.55	77.92	101.08
11	Other equity (excluding revaluation reserves)						2,588.90
12	Earnings per share (Face value of ₹ 1 each)						
	(a) Basic EPS (not annualised) (in ₹)	0.31	0.11	0.06	0.57	0.49	0.71
	(b) Diluted EPS (not annualised) (in ₹)	0.31	0.11	0.06	0.57	0.49	0.71
	See accompanying notes to the financial results						

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Notes:

- 1 The Company has received letters from its customers conveying release of 75% of the arbitral award amount resulting in a payout aggregating ₹ 1,830 crore (31 March 2017: ₹ 1,882 crore), of which the Company has realised ₹ 1,416.10 crore till date (including ₹ 112.96 crore realised during the quarter ended 31 December 2017). The balance amount is presently pending on account of completion of certain formalities by the Company. The Company is pursuing with customers for issuance of similar payout letters for an amount of ₹ 704 crore. As at 31 December 2017, the Company's receivables include ₹ 3,025.94 crore (31 March 2017: ₹ 2,948.32 crore) [net of advances of ₹ 1,508.63 crore (31 March 2017: ₹ 443.96 crore)] on account of arbitration awards received in favour of the Company.
- 2 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 in different quarters and may not be indicative of annual results.
- 3 The total balance value of work on hand as at 31 December 2017 is ₹ 20,027 crore (31 March 2017: ₹ 20,390 crore).
- 4 a) The Company, as at 31 December 2017, has (i) a non-current investment amounting to ₹ 612.40 crore (31 March 2017: ₹ 612.40 crore), non-current loans amounting to ₹ 421.74 crore (31 March 2017: ₹ 380.86 crore), other non-current financial assets amounting to ₹ 18.33 crore (31 March 2017: ₹ 21.72 crore) in its subsidiary HCC Real Estate Limited (HREL) which is holding 68.70% share in Lavasa Corporation Limited (LCL) a step down subsidiary; and (ii) a non-current investment amounting to ₹ 18.43 crore (31 March 2017: ₹ 18.43 crore), non-current loans amounting to ₹ 152.56 crore (31 March 2017: ₹ 131.56 crore), other non-current financial assets amounting to ₹ 14.37 crore (31 March 2017: ₹ 16.45 crore) and other current financial assets amounting to ₹ 6.06 crore (31 March 2017: ₹ 4.77 crore) in LCL. While such entities have incurred losses during their initial years and consolidated net-worth of both entities as at 31 March 2017 has been fully eroded, the underlying projects in such entities are in the early stages of development and are expected to achieve adequate profitability on substantial completion and/ or have current market values of certain properties which are in excess of the carrying values. The net-worth of these subsidiaries does not represent their true market value as the value of the underlying investments/ assets, based on valuation report of an independent valuer, is substantially higher. Therefore, based on certain estimates like future business plans, growth prospects and other factors, the management believes that the realizable amount of these subsidiaries is substantially higher than the carrying value of the non-current investments, non-current loans, other non-current financial assets and other current financial assets due to which these are considered as good and recoverable.
b) In the Joint Lenders Forum ("JLF") meeting of the lenders of LCL held on 20 September 2017, the lenders have decided to invoke the Strategic Debt Restructuring (SDR) in LCL and its wholly owned subsidiaries – Warasgaon Assets Maintenance Limited and Warasgaon Power Supply Limited with a reference date of 20 September 2017. Lenders of LCL are in the process of completing the SDR formalities within the timelines specified by the Reserve Bank of India, i.e. 18 months from the reference date.
- 5 'Unbilled work-in-progress (Other current financial assets)', 'Non-current trade receivables' and 'Current trade receivables' include ₹ 948.57 crore (31 March 2017: ₹ 911.80 crore), ₹ 123.39 crore (31 March 2017: ₹ 123.39 crore) and ₹ 207.38 crore (31 March 2017: ₹ 90.30 crore), respectively, outstanding as at 31 December 2017 which represent various claims raised earlier, based on the terms and conditions implicit in the contracts and other receivables in respect of substantially 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. Non-current trade receivables also include arbitration awards received in favour of the Company, which have been subsequently set aside by District Court/ High Courts against which the Company has preferred appeals at High Courts/ Supreme Court and has been legally advised that it has good case on merits. Considering the contractual tenability, progress of negotiation/ discussion with the client, the management is confident of recovery of these receivables.
- 6 The Company, as at 31 December 2017, has a non-current investment amounting to ₹ 2.24 crore (31 March 2017: ₹ 2.24 crore), non-current loans amounting to ₹ 1,271.05 crore (31 March 2017: ₹ 1,124.36 crore) and other non-current financial assets amounting to ₹ 118.91 crore (31 March 2017: ₹ 141.14 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 during its initial years and consolidated net-worth as at 31 March 2017 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. Therefore, based on certain estimates like future business plans, growth prospects and other factors, the management believes that the realizable amount of the subsidiary is higher than the carrying value of the non-current investments, non-current loans and other non-current financial assets due to which these are considered as good and recoverable.
- 7 For the year ended 31 March 2014, the Company's request for managerial remuneration in excess of the limit prescribed and held in trust, to the Ministry of Corporate Affairs ('the Ministry'), to reconsider their approval of ₹ 1.92 crore against the entire remuneration paid of ₹ 10.66 crore is pending with the Ministry. In respect of years ended 31 March 2015 and 31 March 2016, the Company's application to the Ministry for approval of remuneration paid/payable for each year ₹ 10.66 crore to the Chairman and Managing Director in excess of the limit prescribed, held in trust to the extent paid, is pending with the Ministry.
- 8 Exceptional items for the year ended 31 March 2017 represent write off of trade receivables amounting to ₹ 35.97 crore and gain on restructuring of debts amounting to ₹ 14.75 crore.
- 9 This statement has been prepared in accordance with the Companies (Indian Accounting Standards) Rules, 2015 (Ind AS) prescribed under section 133 of the Companies Act, 2013 read with rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) (Amendment) Rules, 2016. The Audit Committee has reviewed these results and the Board of Directors have approved the above results at their respective meetings held on 31 January 2018. The statutory auditors of the Company have carried out a limited review of the aforesaid results.



for Hindustan Construction Company Limited


Ajit Gulbchand
Chairman & Managing Director

Mumbai, Dated : 31 January 2018

