HCC /SEC / 2018-2019

May 3, 2018

BSE Limited,
The Corporate Relationship Dept,
1st Floor, Phiroze Jeejeebhoy Towers,
Dalal Street,
Mumbai-400 001

Dear Sir,

Sub: **Audited Financial Results of the Company (Standalone and Consolidated) for the financial year ended March 31, 2018**

As per Regulation 33 and 52 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, we are enclosing herewith Audited Standalone and Consolidated Financial Results of the Company for the financial year ended March 31, 2018, alongwith the Report of the Statutory Auditors thereto and the Statement on Impact of Audit Qualifications on the Standalone and Consolidated Financial Results, duly approved by the Board of Directors of the Company at its Meeting held on May 3, 2018.

A copy of the Press Release is also enclosed herewith.

We request you to kindly take the same on record.
Thanking you,

Yours faithfully,
For Hindustan Construction Co Ltd

Venkatesan

Venkatesan Arunachalam
Company Secretary

Encl: as above

Cc: National Stock Exchange of India Ltd,

Hindustan Construction Co Ltd
Hincon House,
LBS Marg, Vikhroli (West),
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Press Release

HCC Net Profit up 30% at Rs.78 crore in FY18

Order book stands at Rs.19,188 crore; Debt reduces by 15% y-o-y

Mumbai: May 03, 2018: HCC reported turnover and net profit of Rs.4,826 crore and Rs.77.5 crore, respectively, in FY18, as against Rs.4,458 crore and Rs.59.4 crore, respectively, in FY17. The company's order book stood at Rs.19,188 crore as of March 31, 2018. Gross debt has reduced substantially to Rs.3,725 crore as of March 31, 2018, from Rs.4,397 crore as on March 31, 2017.

Financial highlights:

Audited standalone results for FY18 vs. FY17

- Turnover of Rs.4,826 crore vs. Rs.4,458 crore, up 8% y-o-y
- Net Profit of Rs.77.5 crore vs. Rs.59.4 crore, up 30% y-o-y
- Finance costs fell by 15% y-o-y

Audited standalone results for Q4 FY18 vs. Q4 FY17

- Turnover at Rs.1,511 crore vs. Rs.1,429 crore
- Net Profit of Rs.20.1 crore vs. Rs.20.9 crore
- Finance costs fell by 21% y-o-y to Rs.164 crore

HCC has received Rs.1,416 crore till date under the CCEA's initiative to release 75% of arbitral awards against bank guarantees. The company received fresh Arbitration Awards worth Rs.977 crore in FY18. The Company has closed documentation with Lenders for non-fund-based limits of over Rs.3,000 crore; this much awaited development will provide the impetus to ramp-up execution of both the existing order book and new orders.

Mr. Arjun Dhawan, Director & Group Chief Executive Officer, said, "While turnover growth has been flattish year-on-year, we have achieved key milestones that will promote growth in addition to accelerating our ongoing deleveraging program. Our bank sanctions are in place after a prolonged delay and material judgments by the Courts are positive developments that will facilitate curing the pendency of our unpaid arbitration receivables. We believe HCC is well placed to benefit from the recent boom in government infrastructure expenditure."

Performance of HCC subsidiaries:

Steiner AG: The company received orders worth CHF 51 million (Rs.344 crore) in Q4 FY18, taking its aggregate FY18 order inflow to CHF 890 million (Rs.6,011 crore). Order backlog stood at CHF 1.37 billion (Rs. 9,260 crore) as of March 31, 2018. On a full-year basis, Steiner AG reported revenues of CHF 806 million (Rs.5,395 crore) and a net profit of CHF 9.5 million (Rs.64 crore); the company had reported a net profit of CHF 3.2 million (Rs.22 crore) in FY17. The company closed the year with a cash balance of CHF 107 million (Rs.737 crore).

HCC Concessions Ltd: Average daily collections of Baharampore Farakka Highways Ltd. and Farakka Raiganj Highways Ltd. for Q4 FY18 stood at Rs.50.7 lakh and Rs.37.8 lakh, respectively. BFHL and FRHL saw PCU growth of 23% and 31% y-o-y, respectively, during the quarter, and ended FY18 with revenues of Rs.158 crore and Rs.152 crore respectively, which translated into a y-o-y growth of 24% and 124%. BFHL and FRHL have made a strong start to FY19 as well, clocking 11% and 22% PCU growth y-o-y, respectively, year-to-date.

Lavasa Corporation Ltd: LCL continues to work jointly with the consortium of lenders towards a resolution process to the satisfaction of all stakeholders. The RBI's recent February 12 circular scrapping SDRs has required LCL to rework a restructuring solution along with Bankers and potential investors. Lavasa city meanwhile remains a popular tourist destination.

About HCC:

HCC is a business group of global scale developing and building responsible infrastructure through next practices. With an engineering heritage of nearly 100 years, HCC has executed a majority of India's landmark infrastructure projects, having constructed 25% of India's Hydro Power generation and over 65% of India's Nuclear Power generation capacities, over 3,800 lane km of Expressways and Highways, more than 335 km of complex Tunnelling and over 365 Bridges. Today, HCC Ltd. serves the infrastructure sectors of Transportation, Power and Water. HCC is also developing Lavasa City, a planned hill city and one of India's largest urban development and management initiatives. The HCC Group, with a group turnover of Rs.10,132 crore, comprises of HCC Ltd., HCC Infrastructure Co. Ltd., Lavasa Corporation Ltd. and Steiner AG in Switzerland.

For further information:

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Email: sandeep.sawant@hccindia.com

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STATEMENT OF STANDALONE RESULTS FOR THE QUARTER AND YEAR ENDED 31 MARCH 2018

₹ in crore except earnings per share data and ratios

Sr. No.	Particulars	Quarter ended			Year ended	
		31 March 2018	31 December 2017	31 March 2017	31 March 2018	31 March 2017
		Unaudited (Refer note 4)	Unaudited	Unaudited (Refer note 4)	Audited	Audited
1	**Income**					
	(a) Income from operations	**1,442.74**	1,230.93	1,358.27	**4,575.08**	4,195.94
	(b) Other income	**68.73**	62.08	70.59	**251.00**	262.20
	Total income (a+b)	**1,511.47**	1,293.01	1,428.86	**4,826.08**	4,458.14
2	**Expenses**					
	(a) Cost of materials consumed	**317.65**	258.22	279.39	**1,072.66**	868.59
	(b) Purchase of traded goods	**-**	-	-	**-**	0.39
	(c) Subcontracting expenses	**745.84**	574.00	593.14	**1,901.25**	1,603.75
	(d) Construction expenses	**69.81**	103.89	122.11	**407.55**	453.95
	(e) Employee benefits expense	**115.87**	108.02	111.27	**437.97**	396.80
	(f) Finance costs	**164.00**	150.79	207.98	**659.97**	772.37
	(g) Depreciation and amortisation expense	**35.19**	29.36	28.33	**122.94**	125.28
	(h) Other expenses	**34.08**	22.78	28.25	**111.77**	118.83
	Total expenses (a+b+c+d+e+f+g+h)	**1,482.44**	1,247.06	1,370.47	**4,714.11**	4,339.96
3	**Profit before exceptional items and tax (1-2)**	**29.03**	45.95	58.39	**111.97**	118.18
4	Exceptional items (Refer note 10)	**-**	-	21.22	**-**	21.22
5	**Profit before tax (3-4)**	**29.03**	45.95	37.17	**111.97**	96.96
6	**Tax expense**					
	(a) Current income tax	**5.31**	7.88	8.57	**20.14**	20.85
	(b) Deferred income tax	**3.63**	6.76	7.69	**14.30**	16.70
		8.94	14.64	16.26	**34.44**	37.55
7	**Profit for the period (5-6)**	**20.09**	31.31	20.91	**77.53**	59.41
8	**Other comprehensive income**					
	(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	**0.71**	(0.50)	2.30	**3.57**	2.22
	- Gain/(loss) on fair value of equity instruments (Refer note 11)	**(15.65)**	(0.01)	19.11	**(15.21)**	19.29
	(b) Items to be reclassified subsequently to profit or loss	**-**	-	-	**-**	-
	Other comprehensive income/(loss) for the period, net of tax (a+b)	**(14.94)**	(0.51)	21.41	**(11.64)**	21.51
9	**Total comprehensive income for the period, net of tax (7+8)**	**5.15**	30.80	42.32	**65.89**	80.92
10	Paid up equity share capital (Face value of ₹ 1 each)	**101.55**	101.55	101.08	**101.55**	101.08
11	Other equity (excluding revaluation reserves)				**2,673.39**	2,588.90
12	Debenture redemption reserve				**54.99**	54.99
13	Earnings per share (Face value of ₹ 1 each)					
	(a) Basic EPS (not annualised) (in ₹)	**0.20**	0.31	0.25	**0.76**	0.71
	(b) Diluted EPS (not annualised) (in ₹)	**0.20**	0.31	0.25	**0.76**	0.71
14	Paid up debt capital				**110.24**	144.69
15	Debt equity ratio (in times)				**1.34**	1.63
16	Debt service coverage ratio (in times)				**0.78**	0.82
17	Interest service coverage ratio (in times)				**1.38**	1.33
	See accompanying notes to the financial results					

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STANDALONE STATEMENT OF ASSETS AND LIABILITIES

₹ in crore

Particulars	As at 31 March 2018	As at 31 March 2017
ASSETS		
Non-current assets		
Property, plant and equipment	597.60	594.56
Capital work-in-progress	160.38	187.18
Intangible assets	0.34	0.91
Financial assets		
Investments	703.42	718.63
Trade receivables	1,375.13	1,429.09
Loans	1,965.62	1,739.03
Other financial assets	260.89	236.18
Income tax assets (net)	79.38	26.46
Other non-current assets	127.75	157.93
Total non-current assets	**5,270.51**	**5,089.97**
Current assets		
Inventories	179.33	233.31
Financial assets		
Investments	77.72	77.72
Trade receivables	2,397.79	2,086.55
Cash and cash equivalents	122.03	77.64
Other bank balances	75.41	41.97
Loans	18.67	23.27
Other financial assets	2,872.43	3,425.06
Other current assets	212.34	148.49
Total current assets	**5,955.72**	**6,114.01**
TOTAL ASSETS	**11,226.23**	**11,203.98**
EQUITY AND LIABILITIES		
Equity		
Equity share capital	101.55	101.08
Other equity	2,673.39	2,588.90
Total equity	**2,774.94**	**2,689.98**
Liabilities		
Non-current liabilities		
Financial liabilities:		
Borrowings	2,283.41	2,832.33
Other financial liabilities	12.05	14.23
Provisions	41.32	40.12
Deferred tax liabilities (net)	37.48	23.18
Total non-current liabilities	**2,374.26**	**2,909.86**
Current liabilities		
Financial liabilities:		
Borrowings	1,027.72	1,148.58
Trade payables	1,810.14	1,616.40
Other financial liabilities	1,108.21	918.12
Other current liabilities	1,978.78	1,789.79
Provisions	152.18	131.25
Total current liabilities	**6,077.03**	**5,604.14**
TOTAL EQUITY AND LIABILITIES	**11,226.23**	**11,203.98**

See accompanying notes to the financial results

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Notes:

1 Pursuant to the approval of the shareholders at the Extra Ordinary General Meeting held on 5 January 2017, the allotment committee of the Board of Directors at its meetings held on 6 January 2017 and 19 January 2017 allotted collectively to the lenders 231,544,729 equity shares of face value of ₹ 1 each at a premium of ₹ 33.92 per share aggregating ₹ 808.55 crore and 14,414,874 optionally convertible debentures (OCDs) of face value of ₹ 1,000 each at par (carrying coupon rate of 0.01% p.a.) aggregating ₹ 1,441.49 crore. Further, pursuant to the approval of the shareholders at the Annual General Meeting held on 6 July 2017, the allotment committee of the Board of Directors at its meeting held on 17 July 2017 allotted to a lender 4,759,291 equity shares of face value of ₹ 1 each at a premium of ₹ 40.61 per share aggregating ₹ 19.80 crore and 256,716 OCDs of face value of ₹ 1,000 each at par (carrying coupon rate of 0.01% p.a.) aggregating ₹ 25.67 crore on preferential basis as part of the Scheme for Sustainable Structuring of Stressed Assets (S4A Scheme). The implementation of the S4A Scheme and the consequent allotment of equity shares/ OCDs have been made in respect of all the lenders except for few lenders who will be allotted equity shares and OCDs once they exercise their option. Number of equity shares/OCDs to be alloted will be determined based on the share price prevailing at the time of such allotment.

2 a) Pursuant to notification issued by Cabinet Committee on Economic Affairs (CCEA) (Government of India) during the previous year, the Company has received letters from its customers conveying release of 75% of the arbitral award amount resulting in a payout aggregating ₹ 2,046.03 crore (31 March 2017: ₹ 1,882 crore), of which the Company has realised ₹ 1,416.10 crore till date (including ₹ 206.54 crore realised during the quarter ended 31 March 2018). The balance amount is presently pending on account of completion of certain formalities by the Company. The Company is also pursuing with customers for issuance of similar payout letters for the balance amounts.

b) As at 31 March 2018, the Company's receivables include ₹ 4,737.44 crore (31 March 2017: ₹ 3,391.96 crore) on account of arbitration awards received in its favour against which the Company has received advances of ₹ 1,709.31 crore (31 March 2017: ₹ 443.96 crore) including amounts stated in note (a) above.

3 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.

4 Figures for the quarters ended 31 March 2018 and 31 March 2017 are the balancing figures between the audited financial statements for the years ended on that date and the year to date figures upto the end of third quarter of the respective financial year.

5 The total balance value of work on hand as at 31 March 2018 is ₹ 19,188 crore (31 March 2017: ₹ 20,390 crore).

6 a) The Company, as at 31 March 2018, has (i) a non-current investment amounting to ₹ 612.40 crore (31 March 2017: ₹ 612.40 crore), non-current loans amounting to ₹ 428.19 crore (31 March 2017: ₹ 380.86 crore), other non-current financial assets amounting to ₹ 24.35 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 ₹ 19.07 crore (31 March 2017: ₹ 16.45 crore) and other current financial assets amounting to ₹ 6.63 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 2018 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) During the current quarter, consequent to the Reserve Bank of India's (RBI) circular dated 12 February 2018, Strategic Debt Restructuring Scheme invoked by the lenders of LCL and its wholly owned subsidiaries, Warasgaon Assets Maintenance Limited and Warasgaon Power Supply Limited, stand withdrawn with immediate effect. As required by the revised framework specified in the RBI's circular, LCL and these subsidiaries are in the process of formulating a resolution plan for revival of its business and restructuring of the borrowings which will be presented to the lenders for consideration shortly.

7 'Unbilled work-in-progress (Other current financial assets)', 'Non-current trade receivables' and 'Current trade receivables' include ₹ 686.24 crore (31 March 2017: ₹ 911.80 crore), ₹ 123.39 crore (31 March 2017: ₹ 123.39 crore) and ₹ 214.38 crore (31 March 2017: ₹ 90.30 crore), respectively, outstanding as at 31 March 2018 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/litigation. 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 negotiations/ discussions/ arbitration/ litigations, the management is confident of recovery of these receivables.

8 The Company, as at 31 March 2018, has a non-current investment amounting to ₹ 2.24 crore (31 March 2017: ₹ 2.24 crore), non-current loans amounting to ₹ 1,281.40 crore (31 March 2017: ₹ 1,124.36 crore) and other non-current financial assets amounting to ₹ 158.18 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 2018 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.

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Mumbai
Chartered Accountants

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9 For each of the years ended 31 March 2014 and 31 March 2016, the Company has paid remuneration of ₹ 10.66 crore to the Chairman and Managing Director (CMD) based on the approval by shareholders and the applications filed with the Ministry of Corporate Affairs ('the Ministry') for their approval. The Ministry had approved ₹ 1.92 crore for 31 March 2014 for which the Company has filed an application to review the same. For the year ended 31 March 2016, amount payable as per the limits prescribed under the Companies Act amounted to ₹ 1.21 crore. Pending receipt of the aforesaid approvals, an aggregate of ₹ 18.19 crore as at 31 March 2018, is held in trust by the CMD.

10 Exceptional items for the quarter and 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.

11 '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.

12 This financial results have 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, 2016The Audit Committee has reviewed these results and the Board of Directors have approved the above financial results at their respective meetings held on 3 May 2018. The statutory auditors of the Company have carried out a review of the aforesaid results.

for Hindustan Construction Company Limited

Ajit Gulabchand
Chairman & Managing Director

Mumbai, Dated : 3 May 2018

WALKER CHANDIOK & Co LLP
MUMBAI
CHARTERED ACCOUNTANTS

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Independent Auditor's Report on Standalone Financial Results of the Company Pursuant to the Regulation 33 and Regulation 52 read with Regulations 63(2) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

To the Board of Directors of Hindustan Construction Company Limited

1. We have audited the standalone financial results ('the Statement') of Hindustan Construction Company Limited ('the Company') for the year ended 31 March 2018, being submitted by the Company pursuant to the requirement of Regulation 33 and Regulation 52 read with Regulations 63(2) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, except Note 5 to the standalone financial results regarding 'total balance value of work on hand as at 31 March 2018' which has been traced from disclosures made by the management and has not been audited by us. Attention is drawn to Note 4 to the standalone financial results regarding the figures for the quarter ended 31 March 2018 as reported in these standalone financial results, which are the balancing figures between audited standalone figures in respect of the full financial year and the published standalone year to date figures up to the end of the third quarter of the financial year. Also, the figures up to the end of the third quarter had only been reviewed and were not subjected to audit. These standalone financial results are based on the standalone financial statements for the year ended 31 March 2018 prepared in accordance with the accounting principles generally accepted in India, including Indian Accounting Standards ('Ind AS') specified under Section 133 of the Companies Act, 2013 ('the Act') and published standalone year to date figures up to the end of the third quarter of the financial year prepared in accordance with the recognition and measurement principles laid down in Ind AS 34, Interim Financial Reporting, specified under Section 133 of the Act, and SEBI Circulars CIR/CFD/CMD/15/2015 dated 30 November 2015 and CIR/CFD/FAC/62/2016 dated 5 July 2016, which are the responsibility of the Company's management. Our responsibility is to express an opinion on these standalone financial results based on our audit of the standalone financial statements for the year ended 31 March 2018 and our review of standalone financial results for the nine months period ended 31 December 2017.

2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial results are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts disclosed in the financial results. An audit also includes assessing the accounting principles used and significant estimates

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3. As stated in Note 6 to the Statement, the Company's non-current investments as at 31 March 2018 include non-current investments aggregating ₹ 630.83 crore in two of its subsidiaries; and non-current loans, other non-current financial assets and other current financial assets as at that date include dues from such subsidiaries aggregating ₹ 580.75 crore, ₹ 43.42 crore and ₹ 6.63 crore, respectively, being considered good and recoverable by the management considering the factors stated in the aforesaid note including valuation report from an independent valuer. However, these subsidiaries have accumulated losses and their consolidated net worth is fully eroded. Further, these subsidiaries are facing liquidity constraints due to which they may not be able to realize projections made as per their respective business plans. In the absence of sufficient appropriate evidence, we are unable to comment upon the carrying value of these non-current investments and recoverability of the aforesaid dues and the consequential impact, if any, on the accompanying Statement.

4. In our opinion and to the best of our information and according to the explanations given to us, the standalone financial results:

   (i) are presented in accordance with the requirements of Regulation 33 and Regulation 52 read with Regulations 63(2) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, read with SEBI Circulars CIR/CFD/CMD/15/2015 dated 30 November 2015 and CIR/CFD/FAC/62/2016 dated 5 July 2016 in this regard except for the possible effects of matter described in paragraph 3; and

   (ii) give a true and fair view of the standalone net profit (including other comprehensive income) and other financial information in conformity with the accounting principles generally accepted in India including Ind AS specified under Section 133 of the Act for the year ended 31 March 2018 except for the possible effects of matter described in paragraph 3.

5. We draw attention to:

   a) Note 7 to the Statement, regarding uncertainties relating to recoverability of unbilled work-in-progress (other current financial assets), non-current trade receivables and current trade receivables aggregating ₹ 686.24 crore, ₹ 123.29 crore and ₹ 214.38 crore, respectively, as at 31 March 2018, which represent various claims raised in the earlier years in respect of projects substantially closed or suspended and where the claims are currently under negotiations/discussions/arbitration/litigation. Pending the ultimate outcome of these matters, which is presently unascertainable, no adjustments have been made in the accompanying standalone financial statements. Our opinion is not qualified in respect of this matter.

   b) Note 8 to the Statement, regarding the Company's non-current investment in a subsidiary company, non-current loans and other non-current financial assets due from such subsidiary aggregating ₹2.24 crore, ₹1,281.40 crore, ₹158.18 crore, respectively, as at 31 March 2018. The consolidated net-worth of the aforesaid subsidiary has been fully eroded; however, based on certain estimates and other factors, including subsidiary's future business plans, growth prospects and valuation report from an independent valuer, as described in the said note, management believes that the realizable amount 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. Our opinion is not modified in respect of this matter.

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c) Note 9 to the Statement, regarding remuneration of ₹10.66 crore paid for each of the financial years ended 31 March 2014 and 31 March 2016 to the Chairman and Managing Director (CMD), which is in excess of the limits prescribed under the provisions of the erstwhile Companies Act, 1956/Companies Act, 2013, respectively, and for which the Company has filed an application for review/ an application, respectively, with the Central Government; however, approval in this regard is pending till date. Our opinion is not modified in respect of this matter.

6. We did not audit the separate financial results of six (6) joint operations, included in the Statement, whose financial results reflect total assets of ₹ 29.73 crore and net liabilities of ₹ 38.64 crore as at 31 March 2018 and total revenues of ₹ 19.90 crore for the year ended on that date, as considered in the Statement. The Company had prepared separate set of financial results of these joint operations for the year ended 31 March 2018 and the separate set of financial information for the nine months period ended 31 December 2017 which have been audited/reviewed by other auditors under generally accepted auditing standards applicable in India. Our opinion in so far it relates to the amounts and disclosure in respect of these joint operations is solely based on report of the other auditors and the conversion adjustments prepared by the management of the Company, which have been audited by us. Our opinion is not modified in respect of this matter.

Walker Chandiok & Co LLP

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

per **Rakesh R. Agarwal**
Partner
Membership No. 109632

Mumbai
3 May 2018

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ANNEXURE I

Statement on Impact of Audit Qualifications (for audit report with modified opinion) submitted along-with Annual Audited Financial Results – (Standalone)

Statement on Impact of Audit Qualifications for the Financial Year ended 31 March 2018
[See Regulation 33 / 52 of the SEBI (LODR) (Amendment) Regulations, 2016]

(Amount in ₹ crore except earnings per share)

I.	Sl. No.	Particulars	Audited Figures (as reported	Adjusted Figures (audited figures after adjusting for qualifications)
	1	Turnover / Total income	4,826.08	4,826.08
	2	Total Expenditure	4,748.55	Not ascertainable (Refer II (a) below
	3	Net Profit after tax	77.53	Not ascertainable (Refer II (a) below
	4	Earnings Per Share (in ₹)	0.76	Not ascertainable (Refer II (a) below
	5	Total Assets	11,226.23	Not ascertainable (Refer II (a) below
	6	Total Liabilities	8,451.29	8,523.54
	7	Net Worth	2,774.94	Not ascertainable (Refer II (a) below
	8	Any other financial item(s) (as felt appropriate by themanagement)	-	-

II. Audit Qualification

a. Details of Audit Qualification:

(i) Auditor's qualification on the standalone financial results

As stated in Note 6 to the standalone financial results, the Company's non-current investments as at 31 March 2018 include investments aggregating ₹ 630.83 crore in two of its subsidiaries; and non-current loans, other non-current financial assets and other current financial assets as at that date include dues from such subsidiaries aggregating ₹580.75 crore, ₹43.42 crore and ₹6.63 crore, respectively, being considered good and recoverable by the management considering the factors stated in the aforesaid note including valuation report from an independent valuer. However, these subsidiaries have accumulated losses and their consolidated net worth is fully eroded. Further, these subsidiaries are facing liquidity constraints due to which they may not be able to realize projections made as per their respective business plans. In the absence of sufficient appropriate evidence, we are unable to comment upon the carrying value of these non-current investments and recoverability of the aforesaid dues and the consequential impact, if any, on the accompanying standalone financial results. Our audit opinion on the standalone financial results for the year ended 31 March 2017 was also qualified in respect of this matter.

(ii) Auditor's Qualification on the Internal Financial Controls relating to above

In our opinion, according to the information and explanations given to us and based on our audit procedure performed, the following material weakness has been identified in the operating effectiveness of the Company's IFCoFR as at 31 March 2018:

The Company's internal financial controls in respect of supervisory and review controls over process of determining of (a) carrying value of the Company's non-current investments in its subsidiaries; and (b) recoverability of non-current loans, other non-current financial assets and other current financial assets due from such subsidiaries were not operating effectively. Absence of aforesaid assessment in accordance with the accounting principles generally accepted in India could potentially result in a material misstatement in the carrying value of investments in such subsidiaries and the aforesaid dues from such subsidiaries and consequently, could also impact the profit (financial performance including other comprehensive income) after tax.

A 'material weakness' is a deficiency, or a combination of deficiencies, in IFCoFR, such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis.

We have considered the material weakness identified and reported above in determining the nature, timing, and extent of audit tests applied in our audit of the 31 March 2018 standalone financial statements of the Company, and the material weakness has affected our opinion on the standalone financial statements of the Company and we have issued a qualified opinion on the standalone financial statements.

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	b. **Type of Audit Qualification**		Qualified Opinion
	c. **Frequency of qualification:**		This is the third year of qualification
	d. **For Audit Qualification(s) where the**		Not Applicable
	e. **For Audit Qualification(s) where the impact is not quantified by the auditor:**		
	(i)	**Management's estimation on the impact of audit qualification:**	**Nil** While the said entities have incurred losses during their initial years and consolidated net-worth of both entities as at 31 March 2018 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 investments, non-current loans, other non-current financial assets and other current financial assets due to which these are considered as good and recoverable. Thus management believes that the Company's internal financial control in respect of assessment of the carrying value of investments, recoverability of non-current loans, other non-current financial assets and other current financial assets in subsidiaries were operating effectively and there is no material weakness in such controls and procedures..
	(ii)	**If management is unable to estimate the impact, reasons for the same:**	Not Applicable
	(iii)	**Auditors' Comments on (i) or (ii) above:**	Included in details of auditor's qualification
III.	**Signatories:**		

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

per **Rakesh R. Agarwal**
Partner
Membership No.: 109632

WALKER CHANDIOK & Co LLP ★ CHARTERED ACCOUNTANTS ★ MUMBAI

Place: Mumbai
Date: 3 May 2018

For **Hindustan Construction Company Limited**

Ajit Gulabchand
Chairman & Managing Director

Praveen Sood
Group Chief Financial Officer

Sharad M. Kulkarni
Audit Committee Chairman

Hindustan Construction Co. Ltd. Hincon House, L. B. S. Road, Vikhroli (W), Mumbai - 83.

Place: Mumbai
Date: 3 May 2018

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I. STATEMENT OF CONSOLIDATED AUDITED RESULTS FOR THE YEAR ENDED 31 MARCH 2018

₹ in crore except earnings per share data and ratios

Sr. No.	Particulars	Year ended 31 March 2018 Audited	Year ended 31 March 2017 Audited
1	**Income**		
	(a) Income from operations	**10,132.46**	9,866.78
	(b) Other income	**56.08**	81.07
	Total income (a+b)	**10,188.54**	9,947.85
2	**Expenses**		
	(a) Cost of materials consumed	**1,073.69**	870.27
	(b) Purchase of traded goods	**0.18**	0.83
	(c) Subcontracting expenses	**6,437.95**	6,278.76
	(d) Change in inventories	**49.85**	(0.21)
	(e) Construction expenses	**476.61**	567.88
	(f) Employee benefits expense	**1,021.61**	995.44
	(g) Finance costs	**1,525.38**	1,542.87
	(h) Depreciation and amortisation expense	**201.33**	205.82
	(i) Other expenses	**303.06**	392.47
	Total expenses (a+b+c+d+e+f+g+h+i)	**11,089.66**	10,854.13
3	**Profit /(loss) before exceptional items and tax (1-2)**	**(901.12)**	(906.28)
4	Exceptional items (Refer note 4)	**(160.19)**	(21.22)
5	**Profit/(loss) before share of profit/(loss) of associates and joint ventures and tax (3-4)**	**(1,061.31)**	(927.50)
	Share of profit / (loss) of associates and joint ventures	**(38.90)**	(94.66)
6	**Profit/(loss) before tax (4-5)**	**(1,100.21)**	(1,022.16)
7	**Tax expense/ (credit)**		
	(a) Current income tax	**29.22**	50.25
	(b) Deferred income tax (Refer note 10(c))	**(39.43)**	(89.81)
		(10.21)	(39.56)
8	**Profit/(loss) for the year (6-7)**	**(1,090.00)**	(982.60)
9	**Other comprehensive income (net of tax)**		
	(a) Items not to be reclassified subsequently to profit or loss (net of tax)		
	- Gain on fair value of defined benefit plans as per actuarial valuation	**38.16**	57.39
	- Gain/ (loss) on fair value of equity instruments (Refer note 12)	**(15.00)**	20.13
	(b) Items to be reclassified subsequently to profit or loss		
	- Gain/(loss) on exchange fluctuations	**(29.43)**	(17.40)
	Other comprehensive income/(loss) for the year, net of tax	**(6.27)**	60.12
10	**Total comprehensive income/(loss) for the year, net of tax (8 + 9)**	**(1,096.27)**	(922.48)
	Total comprehensive income/(loss) for the year attributable to:		
	Non controlling interest	**(275.90)**	(224.58)
	Owners of the parent	**(820.37)**	(697.90)
11	Paid up equity share capital (Face value of ₹ 1 each)	**101.55**	101.07
12	Earnings per share (Face value of ₹ 1 each)		
	(a) Basic EPS (not annualised)	**(8.03)**	(9.12)
	(b) Diluted EPS (not annualised)	**(8.03)**	(9.12)
	See accompanying notes to the consolidated financial results		

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II. CONSOLIDATED STATEMENT OF ASSETS AND LIABILITIES

₹ in crore

Particulars	As at 31 March 2018	As at 31 March 2017
ASSETS		
Non-current assets		
Property, plant and equipment	**1,556.10**	1,558.94
Capital work-in-progress	**1,713.92**	1,890.42
Investment property	**2.73**	2.74
Goodwill	**134.40**	124.49
Other Intangible assets	**36.05**	25.22
Biological assets	**1.49**	1.62
Financial assets		
Investments	**391.90**	442.89
Trade receivables	**1,375.13**	1,429.09
Loans	**79.60**	25.04
Other financial assets	**8.18**	7.45
Deferred tax assets (net)	**0.72**	26.70
Income tax assets	**120.64**	69.63
Other non-current assets	**117.10**	143.80
Total non-current assets	**5,537.96**	5,748.02
Current assets		
Inventories	**2,504.06**	2,607.94
Financial assets		
Investments	**25.19**	33.23
Trade receivables	**2,465.28**	2,307.70
Cash and cash equivalents	**404.18**	227.74
Other bank balances	**547.91**	531.40
Loans	**19.98**	83.37
Other financial assets	**4,705.00**	5,120.43
Other current assets	**455.36**	433.92
Total current assets	**11,126.96**	11,345.73
Assets classified as held for sale	-	2.00
TOTAL ASSETS	**16,664.92**	**17,095.75**
EQUITY AND LIABILITIES		
Equity		
Equity share capital	**101.55**	101.07
Other equity	**(1,169.63)**	(369.06)
Equity attributable to owners of the parent	**(1,068.08)**	(267.99)
Non-controlling interests	**(482.99)**	(207.09)
Total equity	**(1,551.07)**	(475.08)
Liabilities		
Non-current liabilities		
Financial liabilities		
Borrowings	**3,661.66**	6,154.37
Other financial liabilities	**0.28**	1.00
Provisions	**170.14**	184.00
Deferred tax liabilities (net)	**40.23**	49.82
Other Non-current liabilities	**0.06**	0.13
Total non-current liabilities	**3,872.37**	**6,389.32**
Current liabilities		
Financial liabilities		
Borrowings	**1,123.24**	1,240.36
Trade payables	**3,646.95**	3,462.92
Other financial liabilities	**6,361.05**	3,460.56
Other current liabilities	**2,937.53**	2,808.07
Provisions	**274.85**	209.60
Total current liabilities	**14,343.62**	**11,181.51**
TOTAL EQUITY AND LIABILITIES	**16,664.92**	**17,095.75**

See accompanying notes to the consolidated financial results

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Notes :

1 Hindustan Construction Company Limited ('the Company') and its subsidiaries are together referred to as 'the Group' in the following notes. This consolidated financial results have 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 above results were reviewed by the Audit Committee and approved by the Board of Directors at their respective meetings held on 3 May 2018. The statutory auditors of the Company have carried out their review of the aforesaid results.

2 Pursuant to the approval of the Company's shareholders at the Extra Ordinary General Meeting held on 5 January 2017, the allotment committee of the Board of Directors at its meetings held on 6 January 2017 and 19 January 2017 allotted collectively to the lenders 231,544,729 equity shares of face value of ₹ 1 each at a premium of ₹ 33.92 per share aggregating ₹ 808.55 crore and 14,414,874 optionally convertible debentures (OCDs) of face value of ₹ 1,000 each at par (carrying coupon rate of 0.01% p.a.) aggregating ₹ 1,441.49 crore. Further, pursuant to the approval of the Company's shareholders at the Annual General Meeting held on 6 July 2017, the allotment committee of the Board of Directors at its meeting held on 17 July 2017 allotted to a lender 4,759,291 equity shares of face value of ₹ 1 each at a premium of ₹ 40.61 per share aggregating ₹ 19.80 crore and 256,716 OCDs of face value of ₹ 1,000 each at par (carrying coupon rate of 0.01% p.a.) aggregating ₹ 25.67 crore on preferential basis as part of the Scheme for Sustainable Structuring of Stressed Assets (S4A Scheme). The implementation of the S4A Scheme and the consequent allotment of equity shares/ OCDs have been made in respect of all the lenders except for few lenders who will be allotted equity shares and OCDs once they exercise their option. Number of equity shares/OCDs to be allotted will be determined based on the share price prevailing at the time of such allotment.

3 a) Pursuant to notification issued by Cabinet Committee on Economic Affairs (CCEA) (Government of India) during the previous year, the Company has received letters from its customers conveying release of 75% of the arbitral award amount resulting in a payout aggregating ₹ 2,046.03 crore (31 March 2017: ₹ 1,882 crore), of which the Company has realised ₹ 1,416.10 crore till date (including ₹ 206.54 crore realised during the quarter ended 31 March 2018). The balance amount is presently pending on account of completion of certain formalities by the Company. The Company is also pursuing with customers for issuance of similar payout letters for the balance amounts.

b) As at 31 March 2018, the Company's receivables include ₹ 4,737.44 crore (31 March 2017: ₹ 3,391.96 crore) on account of arbitration awards received in its favour against which the Company has received advances of ₹ 1,709.31 crore (31 March 2017: ₹ 443.96 crore) including amounts stated in note (a) above.

4 Exceptional items, (i) for the year ended 31 March 2018, represent impairment provision made towards capital work-in-progress, trade receivable, advance to suppliers and goodwill aggregating ₹ 160.19 crore (ii) for the year ended 31 March 2017, represent write off of current trade receivables and unbilled work-in-progress amounting to ₹ 35.97 crore and gain on restructuring of debts amounting to ₹ 14.75 crore.

5 Unbilled work-in-progress (Other current financial assets), 'Non-current trade receivables' and 'Current trade receivables' include ₹ 686.24 crore (31 March 2017: ₹ 911.80 crore), ₹ 123.39 crore (31 March 2017: ₹ 123.39 crore) and ₹ 214.38 crore (31 March 2017: ₹ 90.30 crore), respectively, outstanding as at 31 March 2018 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/litigation. 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 negotiations/ discussions/ arbitration/ litigations, the management is confident of recovery of these receivables.

6 For each of the years ended 31 March 2014 and 31 March 2016, the Company has paid remuneration of ₹ 10.66 crore to the Chairman and Managing Director (CMD) based on the approval by shareholders and the applications filed with the Ministry of Corporate Affairs ('the Ministry') for their approval. The Ministry had approved ₹ 1.92 crore for 31 March 2014 for which the Company has filed an application to review the same. For the year ended 31 March 2016, amount payable as per the limits prescribed under the Companies Act amounted to ₹ 1.21 crore. Pending receipt of the aforesaid approvals, an aggregate of ₹ 18.19 crore as at 31 March 2018, is held in trust by the CMD.

7 Consequent to the 'intention to issue termination notice' issued by Badarpur Faridabad Tollways Limited (BFTL), a jointly controlled entity of HCC Infrastructure Company Limited (HICL), vide letter dated 31 March 2017, BFTL has issued termination notice to NHAI on 1 September 2017, terminating the Concession Agreement (CA) of the project entered with NHAI due to various reasons / authority defaults mentioned therein and demanded termination payment of ₹ 775 crore. NHAI has refuted the termination initiated by BFTL. NHAI, in turn, issued suspension notice and took over the project. Subsequent to its suspension notice, the NHAI terminated the concession agreement on 23 February 2018. BFTL has refuted NHAI's termination stating that NHAI's termination is invalid. BFTL has referred this matter for arbitration. Based on the legal advice obtained in this respect, management of BFTL is confident of recovering the amount from NHAI and has therefore accounted the same in the financial statements. In view of the above, going concern assumption is considered to be appropriate and the financial statement has been drawn accordingly.

8 (a) The Group, as at 31 March 2018, has a non-current investment amounting to ₹ 292.81 crore (31 March 2017: ₹ 315.40 crore) and other current financial assets amounting to ₹ Nil (31 March 2017: ₹ 4.97 crore) in HCC Concessions Limited (HCL), a joint venture company of HICL (85.45% holding), having various Build, Operate and Transfer (BOT) SPVs under its fold. While HCL has incurred losses during its initial years and consolidated net-worth as at 31 March 2018 has been fully eroded, the underlying projects are expected to achieve adequate profitability on substantial completion. The net-worth of this entity 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 entity is higher than the carrying value of the investments due to which these are considered as good and recoverable.

(b) In respect of HICL, management is of the view that diminution in the net worth of HICL is temporary in nature given significantly higher fair market value of its investments in HCL, a joint venture company of HICL, and ongoing incubation of other infrastructure businesses which will create further value for HICL. During the year ended 31 March 2018, based on valuation done by the Independent valuer, HCL has been valued at ₹ 2,298.14 crore. The Group owns 85.45% equity stake in HCL. In view of this, the financial statements of HICL group have been prepared on a going concern basis.

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9 (a) In respect of Raiganj Dalkhola Highway Limited (RDHL), a jointly controlled entity, on 31 March 2017, NHAI had terminated the Concession Agreement of the project by issuing termination notice. RDHL refuted the concessionaire default alleged by NHAI and requested for withdrawal of termination. However, NHAI did not withdraw the termination notice. Consequently, since the delay was on account of default by NHAI, RDHL has notified NHAI that the termination shall be deemed to occur on account of Authority Default and accordingly, RDHL shall be entitled for the termination payment as per terms of the Concession Agreement. In view of this, the cost incurred by RDHL till 31 March 2018 appearing in its financial statement under intangible assets under development amounting to ₹ 177.42 crore is considered fully recoverable by the management of RDHL.

(b) RDHL has accumulated cost incurred on the project till 31 March 2017 as an intangible asset under development. After the termination, RDHL has preferred two claims against NHAI before arbitration, a claim for ₹ 368 crore on account of wrongful termination of contract and claim of ₹ 802 crore for losses suffered by RDHL due to wrongful termination of the contract. Arbitral tribunal has been constituted for hearing the claims. Based on the legal advice, RDHL's management is of the view that these claims are fully recoverable and as a result, the intangible asset under development representing the cost incurred till the date of termination doesn't require any impairment. RDHL is confident of full recovery of its claims. Also the net worth of RDHL is positive as per books of accounts as at 31 March 2018. The Management of RDHL therefore views this entity as a going concern and the financial statement have been prepared accordingly.

10 (a) In respect of LCL, a subsidiary company, the Ministry of Environment & Forests (MoEF), Government of India, vide its order dated 9 November 2011, accorded Environment Clearance to 2,048 hectares (5,058 acres) of the project subject to compliance of certain terms and conditions. Accordingly, construction has resumed at project site from 9 November 2011. LCL has filed an appeal before the National Green Tribunal, New Delhi (NGT) challenging some of the conditions prescribed in the said Order which is pending before NGT. The management believes that the matter will be decided in their favour without any financial loss to LCL.

(b) In respect of LCL, a subsidiary company, interest and principal in respect of non-convertible debenture holders (secured against land asset of LCL), listed on BSE, are overdue as at 31 March 2018. LCL is in the process of restructuring such debentures and has intimated the stock exchange regarding the same. Consequently, the management expects that such overdue interest will not have any implications on the financial results.

(c) During the year ended 31 March 2018, the Group has restated the financial results for the year ended 31 March 2017, in accordance with the requirements of Ind-AS 8 - 'Accounting Policies, Changes in Accounting Estimates and Errors' on account of de-recognition of deferred tax liabilities amounting to ₹ 106.29 crore. The restatement adjustments resulted in a net decrease of ₹ 106.29 crore to the previously reported net loss for the year ended 31 March 2017 and reduced the deferred tax liabilities by the same amount as at that date. Retained earnings as at 1 April 2017 within the statement of changes in equity has been restated to adjust the impact of such deferred tax adjustments relating to prior years.

(d) A subsidiary company, HCC Real Estate Limited's (HREL), non-current investments as at 31 March 2018 include investments aggregating ₹ 51.66 crore (31 March 2017: ₹ 54.57 crore) in its joint ventures and associates and other non-current loans and current trade receivables as on that date include dues from such joint ventures and associates aggregating ₹ 56.34 crore (31 March 2017: ₹ 49.96 crore) and ₹ 19.48 crore (31 March 2017: ₹ 12.37 crore) respectively, being considered good and recoverable by the management. The net worth of the aforesaid joint ventures and associates as at 31 March 2018 has been either fully or significantly eroded and most of the entities have incurred losses or do not have any operations during the year ended 31 March 2018. The operations of these joint ventures and associates are dependent on the project undertaken by the respective companies as a group. The underlying projects in HREL 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 and accordingly management, based on certain estimates like future business plans, growth prospects and other factors and also the valuation report of an independent valuer, is of the view that, no adjustments are required to the carrying value of these investments and receivables as at 31 March 2018.

(e) HREL, a subsidiary company, has incurred consolidated net loss of ₹ 961.30 crore during the year ended 31 March 2018 and has also suffered losses from operations during the preceding financial years and as of that date and its current liabilities exceeded its current assets by ₹ 3,883.31 crore. LCL, a subsidiary of HREL, also has external borrowings from banks and financial institutions, principal and interest repayment of which has been delayed and has also defaulted in dues payable to debenture holders. The operations of LCL group are dependent on the project undertaken by it and other entities in the group as a whole. The lenders of LCL had invoked Strategic Debt Restructuring (SDR) with reference date of 20 September 2017 as part of a comprehensive solution. The SDR process was withdrawn by the Reserve Bank of India vide its circular dated 12 February 2018. As per the revised framework in case of default as at 1 March 2018, LCL has to formulate the resolution plan which can be further restructuring or change in ownership through investor followed by restructuring. LCL is in the process of formulating the resolution plan along with the lenders and it is also in the process of reassessing its business plan in view of expected growth opportunities and intends to significantly expand its business operations going forward. Basis this, HREL's group management has prepared the financial statements on a "Going Concern" basis.

11 (a) LCL, a subsidiary company, has incurred losses and consolidated net-worth as at 31 March 2018 has been fully eroded. The underlying projects in such entity 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 and accordingly management, based on valuation report of an independent valuer is of the view that there is no impairment in value of LCL net assets (capital employed) of ₹ 3,244.18 crore (31 March 2017: ₹ 4,124.40 crore). Similarly, no diminution in value of goodwill amounting to ₹ 95.04 crore (31 March 2017: ₹ 95.04 crore) and non-controlling interest amounting to ₹ 482.99 crore (31 March 2017: ₹ 207.09 crore) of LCL is considered necessary.

(b) LCL's non-current borrowings' and 'other current financial liabilities' include balances amounting to ₹ 537.16 crore and ₹ 2,530.41 crore, respectively as at 31 March 2018 which were classified as Non-Performing Assets (NPAs) by the lenders during earlier years as there were continuing defaults in repayments of interest and principal amounts. In the absence of confirmations from the lenders, LCL has provided for interest and other penal charges on these borrowings based on the latest communication available from the respective lenders at the interest rate specified in the agreement. LCL's management believes that amount payable on settlement will not exceed the liability provided in books in respect of these borrowings.

(c) LCL's capital work-in-progress (CWIP) as at 31 March 2018 includes amounts aggregating ₹ 1,196.80 crore (31 March 2017: ₹ 1,233.39 crore), carrying from earlier years, in respect of the projects presently under construction. The underlying projects in LCL are in initial 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 and accordingly management, based on certain estimates like future business plans, growth prospects and other factors and also the valuation report of an independent valuer, is of the view that, no adjustments are required to the carrying value of the CWIP as at 31 March 2018.

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(d) A subsidiary of LCL, Warasgaon Assets Management Limited's (WAML) 'other current financial liabilities' as at 31 March 2018 includes ₹ 1,030.34 crore, which were classified as NPA by the lenders during earlier years as there were continuing defaults in repayments of interest and principal amounts. In the absence of confirmations from the lenders, WAML has provided for interest and other penal charges on these borrowings based on the latest communication available from the respective lenders at the interest rate specified in the agreement. WAML's management believes that amount payable on settlement will not exceed the liability provided in books in respect of these borrowings. Further, certain lenders have not recalled for the existing facilities at present. Accordingly, classification of these borrowings into current and non-current as at 31 March 2018 is based on the original maturity terms stated in the agreements with the lenders.

(e) A subsidiary of LCL, Dasve Retail Limited's (DRL) 'other current financial liabilities', include balances amounting to ₹ 19.83 crore as at 31 March 2018, which have been classified as NPA by the lender during the current year, consequent to defaults in repayments of interest amounts. In the absence of confirmations from the bank, DRL has provided for interest and other penal charges on these borrowings based on the latest communication available from the lender at the interest rate specified in the agreement. DRL's management believes that amount payable on settlement will not exceed the liability provided in books in respect of these borrowings.

(f) Charosa Wineries Limited (CWL), a subsidiary company, has incurred losses and its net worth has fully eroded as on 31 March 2018. The management of CWL has implemented certain cost savings schemes and such subsidiary is in the process of negotiating with the lenders for debt restructuring. Based on the evaluation of the business prospects and plans formulated, management is confident of revival of operations and rescheduling of its debts. Thus, management is of the view that there is no impairment in the value of CWL net assets (capital employed) of ₹ 85.26 crore.

Statutory auditors report is modified in respect of these matters referred in note 11

12 '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.

for Hindustan Construction Company Limited

Ajit Gulabchand
Chairman & Managing Director

Mumbai, Dated : 3 May 2018

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Hindustan Construction Co. Ltd.
Hincon House, L. B. S. Road, Vikhroli (W), Mumbai - 83.

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III. Consolidated Segment results:

(₹ Crore)

Sr No.	Particulars	Year ended 31 March 2018	Year ended 31 March 2017
1	**Segment revenue**		
	Engineering and construction	**9,975.88**	9,770.43
	Infrastructure	**72.65**	36.40
	Real estate	**1.70**	1.07
	Comprehensive urban development and management	**64.94**	102.09
	Others	**24.34**	28.42
	Less: Inter segment revenue	**(7.05)**	(71.63)
	Total	**10,132.46**	9,866.78
2	**Segment profit / (loss) before finance cost and tax**		
	Engineering and construction	**623.75**	699.04
	Infrastructure	**34.41**	8.09
	Real estate	**(13.75)**	(16.25)
	Comprehensive urban development and management	**(38.34)**	(71.30)
	Others	**(8.76)**	(2.90)
	Less: Un-allocable expenditure net of unallocable income	**(1,498.43)**	(1,522.96)
	Profit / (loss) before exceptional items and tax	**(901.12)**	(906.28)
	Exceptional items		
	- Engineering and construction	**-**	(21.22)
	- Comprehensive urban development and management	**(160.19)**	-
	Profit / (loss) before share of profit/ (loss) of associates and joint ventures and tax	**(1,061.31)**	(927.50)
		As at 31 March 2018	As at 31 March 2017
3	**Segment assets**		
	- Engineering and construction	**11,427.10**	11,493.73
	- Infrastructure	**25.24**	20.60
	- Real estate	**239.61**	278.06
	- Comprehensive urban development and management	**4,727.01**	4,919.70
	- Others	**84.56**	102.51
	- Unallocable assets	**161.40**	281.15
		16,664.92	17,095.75
4	**Segment liabilities**		
	- Engineering and construction	**7,294.14**	6,619.37
	- Infrastructure	**220.23**	192.39
	- Real estate	**38.08**	474.68
	- Comprehensive urban development and management	**1,482.84**	1,054.78
	- Others	**42.86**	27.54
	- Unallocable liabilities	**9,137.84**	9,202.07
		18,215.99	17,570.83

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Independent Auditor's Report on Consolidated Financial Results of the Company Pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

To the Board of Directors of Hindustan Construction Company Limited

1. We have audited the consolidated financial results 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 and joint ventures for the year ended 31 March 2018, being submitted by the Holding Company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. These consolidated financial results are based on the consolidated financial statements for the year ended 31 March 2018 prepared in accordance with the accounting principles generally accepted in India, including Indian Accounting Standards ('Ind AS') specified under Section 133 of the Companies Act, 2013 ('the Act') and SEBI Circulars CIR/CFD/CMD/15/2015 dated 30 November 2015 and CIR/CFD/FAC/62/2016 dated 5 July 2016, which are the responsibility of the Holding Company's management. Our responsibility is to express an opinion on these consolidated financial results based on our audit of the consolidated financial statements for the year ended 31 March 2018.

2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial results are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts disclosed in the financial results. An audit also includes assessing the accounting principles used and significant estimates made by management. We believe that our audit provides a reasonable basis for our qualified opinion.

3. As stated in Note 11(a) to the consolidated financial results, relating to the Group's carrying value of net assets (capital employed) aggregating ₹ 3,244.18 crore [including capital work in progress ₹ 1,196.80 crore stated in Note 11(c)], goodwill amounting to ₹ 95.04 crore and non-controlling interest amounting to ₹ 482.99 crore as at 31 March 2018 in Lavasa Corporation Limited (LCL), being considered good and recoverable by the management. However, this subsidiary has accumulated losses and its consolidated net worth is fully eroded as at 31 March 2018. Further, this subsidiary is facing liquidity constraints due to which it may not be

WALKER CHANDIOK & Co LLP * MUMBAI * CHARTERED ACCOUNTANTS * able to realize projections made as per its business plans. In the absence of sufficient appropriate evidence, we are unable to comment upon the carrying value of these assets and the consequential impairment losses, if any, on the accompanying consolidated financial results. Our opinion on the consolidated financial results for the year ended 31 March 2017 was also qualified in respect of this matter.

4. We draw attention to the following qualifications to the audit opinion on the consolidated financial results of HCC Real Estate Limited (HREL), a subsidiary of the Holding Company, issued by us vide our report dated 2 May 2018 on matters which are relevant to our opinion on the consolidated financial results of the group, and reproduced by us as under:

   a) Note 11(b) to the consolidated financial results, regarding a subsidiary company, LCL's, 'non-current borrowings' and 'other current financial liabilities' which include balances amounting to ₹ 537.16. crore and ₹ 2,530.41 crore, respectively as at 31 March 2018 in respect of which direct confirmations from the respective lenders have not been received, although we have been able to perform alternate procedures with respect to these balances. However, in the absence of such confirmations from the lenders, we are unable to comment on the adjustments that would be required to the carrying value of these balances on account of changes, if any, in the terms and conditions of the transactions, and the consequential impact, on the accompanying consolidated financial results.

   b) Note 11(d) to the consolidated financial results, regarding a subsidiary company, Warasgaon Assets Maintenance Limited (WAML)'s, 'other current financial liabilities' which include balances amounting to ₹ 1,030.34 crore as at 31 March 2018 pertaining to borrowings from lenders which have been classified as non-performing assets and in respect of which direct confirmations from the respective lenders have not been received. In the absence of such confirmations from lenders, we are unable to comment on the adjustments that would be required to the carrying value of these balances on account of changes, if any, in the terms and conditions of the transactions, and the consequential impact, on the accompanying consolidated financial results.

   c) As stated in Note 11(e) to the consolidated financial results, regarding a subsidiary company Dasve Retail Limited (DRL)'s, 'other current financial liabilities' which include balances amounting to ₹ 19.83 crore as at 31 March 2018 pertaining to borrowing from a bank which has been classified as non-performing asset and in respect of which direct confirmation from the bank has not been received. In the absence of such confirmation from the bank, we are unable to comment on the adjustments that would be required to the carrying value of these balances on account of changes, if any, in the terms and conditions of the transactions, and the consequential impact, on the accompanying consolidated financial results.

   d) Note 11(f) to the consolidated financial results, relating to HREL Group's carrying value of net assets (capital employed) aggregating ₹ 85.26 crore as at 31 March 2018 in Charosa Wineries Limited (CWL), a subsidiary company, being considered good and recoverable by the management. However, this subsidiary has accumulated losses and the net worth has been fully eroded as at 31 March 2018 and its borrowings payable to bank and other payables exceeds the market value of its assets as on that date. Management has assessed that no adjustments are required to the carrying value of the net assets which is not in accordance with the requirement of Ind AS 36, Impairment of Assets. Consequently, in the absence of sufficient appropriate audit evidence to support the management's contention, we are unable to comment upon adjustment, if any, that are required to the carrying value of these net assets and the consequential impact on the accompanying consolidated financial results.

5. In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of other auditors on separate financial results and on other financial information of the subsidiaries, associate and joint ventures, the consolidated financial results:

   (i) include the financial results for the year ended 31 March 2018, of the following entities:

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Subsidiary Companies:

Western Securities Limited	HCC Aviation Limited
HCC Construction Limited	Highbar Technologies Limited
Warasgaon Assets Maintenance Limited	HCC Mauritius Enterprises Limited
HCC Mauritius Investment Limited	Steiner AG
Steiner Promotions et Participations SA	VM + ST AG
Eurohotel SA	Steiner (Deutschland) GmbH
Steiner Leman SAS	Mugaon Luxury Hotels Limited
Steiner India Limited	HCC Infrastructure Company Limited
Verzon Hospitality Limited	HCC Energy Limited
Dhule Palesner Operations & Maintenance Limited	HCC Power Limited
HCC Operations & Maintenance Limited	Hill View Parking Services Limited
HCC Real Estate Limited	HRL Township Developers Limited
HRL (Thane) Real Estate Limited	Nashik Township Developers Limited
Maan Township Developers Limited	Charosa Wineries Limited
Powai Real Estate Developers Limited	HCC Realty Limited
Green Hills Residences Limited (w.e.f 26 May 2017)	Panchkutir Developers Limited
Lavasa Corporation Limited	Lavasa Hotel Limited
Lakeshore Watersports Company Limited	Dasve Convention Centre Limited
Dasve Business Hotel Limited	Dasve Hospitality Institutes Limited
Lakeview Clubs Limited	Dasve Retail Limited
Full Spectrum Adventure Limited	Lavasa Bamboocrafts Limited
My City Technology Limited	Reasonable Housing Limited
Future City Multiservices SEZ Limited	Rhapsody Commercial Space Limited
Valley View Entertainment Limited	Warasgaon Tourism Limited
Our Home Service Apartments Limited	Warasgaon Power Supply Limited
Sahyadri City Management Limited	Hill City Service Apartments Limited
Kart Racers Limited	Warasgaon Infrastructure Providers Limited
Nature Lovers Retail Limited	Rosebay Hotels Limited
Warasgaon Valley Hotels Limited	Manufakt8048 AG (w.e.f. 22 January 2018)

Joint Ventures/Joint Operations:

Bona Sera Hotels Limited	Alpine HCC Joint Venture
Andromeda Hotels Limited	Kumagai -Skanska-HCC Itochu Group
Spotless Laundry Services Limited	Starlit Resort Limited
HCC Concessions Limited	Whistling Thrush Facilities Services Limited
Narmada Bridge Tollways Limited	Apollo Lavasa Health Corporation Limited
Baharampore-Farakka Highways Limited	Ecomotel Hotel Limited
Farakka-Raiganj Highways Limited	Badarpur Faridabad Tollways Limited
HCC- L & T Purulia Joint Venture	Nirmal BOT Limited
Alpine Samsung HCC Joint Venture	Raiganj-Dalkhola Highways Limited
Nathpa Jhakri Joint Venture	ARGE Prime Tower
HCC Samsung Joint Venture	

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Associate Companies:

Warasgaon Lake View Hotels Limited (w.e.f 9 June 2017)	Evostate AG
Knowledge Vistas Limited	MCR Managing Corp. Real Estate
Projektentwicklungsges, Parking Kunstmuseum AG	Highbar Technocrat Limited (w.e.f. 21 July 2016) (previously known as Osprey Hospitality Limited)
Evostate Immobilien AG (w.e.f. 12 October 2017)	

(ii) are presented in accordance with the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with SEBI Circulars CIR/CFD/CMD/15/2015 dated 30 November 2015 and CIR/CFD/FAC/62/2016 dated 5 July 2016 in this regard except for the possible effects of the matters described in paragraphs 3 and 4 above; and

(iii) give a true and fair view of the consolidated net loss (including other comprehensive income) and other financial information in conformity with the accounting principles generally accepted in India including Ind AS specified under Section 133 of the Act for the year ended 31 March 2018 except for the possible effects of the matters described in paragraphs 3 and 4 above.

6. We draw attention to:

a) Note 5 to the consolidated financial results, regarding uncertainties relating to recoverability of unbilled work-in-progress (other current financial assets), non-current trade receivables and current trade receivables aggregating ₹ 686.24 crore, ₹ 123.39 crore and ₹ 214.38 crore, respectively, as at 31 March 2018, which represent various claims raised in the earlier years in respect of projects substantially closed or suspended and where the claims are currently under negotiations/ discussion/ arbitration/ litigations. Pending the ultimate outcome of these matters, which is presently unascertainable, no adjustments have been made in the accompanying consolidated financial results. Our opinion is not modified in respect of this matter.

b) Note 6 to the consolidated financial results, regarding remuneration of ₹ 10.66 crore paid for each of the financial years ended 31 March 2014 and 31 March 2016 to the Chairman and Managing Director (CMD), which is in excess of the limits prescribed under the provisions of the erstwhile Companies Act, 1956/ the Companies Act, 2013, respectively and for which the Company has filed an application for review / an application, respectively with the Central Government; however approval in this regard is pending till date. Our opinion is not modified in respect of this matter.

c) Note 8(a) to the consolidated financial results, regarding Group's non-current investment in HCC Concessions Limited (HCL), a joint venture company of HCC Infrastructure India Limited (HICL), aggregating ₹ 292.81 crore, as at 31 March 2018. The consolidated net-worth of the aforesaid joint venture has been fully eroded; however, based on certain estimates and other factors, including joint venture's future business plans, growth prospects and valuation report from an independent valuer, as described in the said note, management believes that the realizable amount is higher than the carrying value of the investments due to which these are considered as good and recoverable. Our opinion is not modified in respect of this matter.

7. We draw attention to the following emphasis of matters and material uncertainty related to going concern included in the audit report issued by us dated 2 May 2018 on the consolidated financial results of HREL, a subsidiary company of the Holding Company, on matters which are relevant to our opinion on the consolidated financial results of the Group, and reproduced by us as under:

a) Note 10(a) to the consolidated financial results, which describes the uncertainty related to the outcome of appeal filed by LCL with National Green Tribunal against the Order of the Ministry of Environment and Forests dated 9 November 2011 according environment

WALKER CHANDIOK & Co LLP MUMBAI CHARTERED ACCOUNTANTS clearances which are subject to compliance of certain terms and conditions by LCL. Pending the final outcome, which is presently unascertainable, no adjustments have been made in the consolidated financial results as the management is of the view that they have sufficient grounds to believe that no additional costs will be incurred to comply with the conditions imposed. Our opinion is not modified in respect of this matter.

b) Note 10(b) to the consolidated financial results, which describes that interest and principal in respect of non-convertible debenture holders (secured against land asset of LCL), listed on BSE, are overdue as at 31 March 2018. The management of LCL is in the process of restructuring such debentures and has intimated the stock exchange regarding the same. Consequently, the management of LCL believes that such overdue will not have any implications on the consolidated financial results. Our opinion is not modified in respect of this matter.

c) Note 10(c) to the consolidated financial results, which describes the restatement of the comparative financial statements of LCL for the year ended 31 March 2017, to correct an error in the deferred tax liabilities recorded as at 31 March 2017 in accordance with the requirements of Ind AS 8 - Accounting policies, changes in accounting estimates and errors. Further, as described in the said note this restatement does not have an impact on the opening balance sheet of the preceding period. Our opinion is not modified in respect of this matter.

d) Note 10(d) to the consolidated financial results, regarding a subsidiary company, HREL's, 'non-current investments' in its joint ventures and associates, and non-current loans and current trade receivables which include dues from such joint ventures and associates aggregating ₹ 51.66 crore, ₹ 56.34 crore and ₹ 19.48 crore, respectively. The net worth of the aforesaid joint ventures and associates as at 31 March 2018 has been either fully or significantly eroded and most of the entities have incurred losses or do not have any operations during the year ended 31 March 2018. The operations of these joint ventures and associates are dependent on the project undertaken by the respective companies as a group. Based on this and other factors stated in aforementioned note, management of HREL has considered these balances as fully recoverable. Our opinion is not modified in respect of this matter.

e) Note 10(e) to the consolidated financial results, which indicates that HREL Group has incurred net loss of ₹ 961.30 crore during the year ended 31 March 2018 and as of that date, has accumulated losses amounting to ₹ 2,223.59 crore which has resulted in complete erosion of its net-worth and its current liabilities exceeded its current assets by ₹ 3,883.31 crore. The operations of the HREL Group are dependent on the effectiveness of the project undertaken by LCL and its components. LCL and its two subsidiaries have defaulted in repayment of borrowings from the lenders and is in the process of submitting a resolution plan to the consortium of lenders for revival of its business and restructuring the repayment of borrowings. LCL has also defaulted in repayment of dues to non-convertible debentures and is in the process of restructuring the terms of repayment with them. The above factors indicate a material uncertainty, which may cast significant doubt about the HREL Group's ability to continue as a going concern. Basis the factors mentioned in the aforesaid note, management is of the view that going concern basis of accounting is appropriate. Our opinion is not modified in respect of this matter.

8. We draw attention to the following emphasis of matters included in the audit report by an independent firm of Chartered Accountants, vide their report dated 2 May 2018, on the consolidated financial results of HCC Infrastructure Company Limited (HICL), a subsidiary company of the Holding Company, on matters which are relevant to our opinion on the consolidated financial results of the Group, and reproduced by us as under:

a) Note 7 to the consolidated financial results, regarding, a joint venture company of HICL, Badarpur Faridabad Tollways Limited (BFTL)'s, whose net-worth is negative as at 31 March 2018 as the accumulated losses have exceeded the paid up share capital of BFTL. Consequent to the intention to issue termination notice issued by BFTL vide letter dated 31

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March 2017, BFTL issued the termination notice to NHAI on 1 September 2017, terminating the Concession Agreement (CA) of the project entered into by BFTL with NHAI dated 4 September 2008 due to various reasons/authority defaults mentioned therein and demanded termination payment of ₹ 775.00 crore. NHAI refuted the termination initiated by BFTL. NHAI, in turn, issued suspension notice dated 28 August 2017 and took over the project. Subsequent to its suspension notice, NHAI terminated the CA, vide letter dated 23 February 2018. BFTL refuted NHAI's termination stating that NHAI's termination is invalid, as BFTL had already terminated CA, vide termination notice dated 1 September 2017. BFTL has referred termination dispute for resolution as per Dispute Resolution Procedure (Arbitration) provided in the CA. Based on the legal advice obtained in this respect, BFTL has represented that it is confident of recovering the amount from NHAI and therefore has accounted the same under current financial assets in its standalone financial statements. Despite negative net-worth, the management of BFTL views the entity as going concern. These conditions indicate existence of material uncertainty that may cast significant doubt about BFTL's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

b) Note 8(b) to the consolidated financial results, in respect of HICL group's accumulated losses exceeding its equity by ₹ 1,557.65 crore. HICL group has incurred loss of ₹ 200.60 crore during the year ended 31 March 2018. Despite negative net worth of the HICL's group, the consolidated financial results of HICL group have been prepared on a going concern basis for the reasons mentioned in the aforesaid note. The appropriateness of the basis is inter alia dependent upon HICL group's ability to generate higher fair market value by HICL, of its investment in joint venture, namely HCL and ongoing incubation of other infrastructure businesses which will create further value for the HICL group. These conditions, along with other matters as set forth in aforesaid note, indicate the existence of a material uncertainty that may cast significant doubt about HICL group's ability to continue as going concern. Our opinion is not modified in respect of this matter.

c) Note 9(a) to the consolidated financial results, in respect of Raiganj-Dalkhola Highways Limited (RDHL) a joint venture company of HICL, where NHAI has served notice of termination of contract to RDHL due to delay in re-start of work at project. For the reasons mentioned in the note, as per terms of the contract, RDHL is confident to full recovery of its claims of ₹ 368.00 crore made before the Arbitration for wrongful termination of the project. In view of this, cost incurred by RDHL appearing under intangible assets under development amounting to ₹ 177.42 crore is considered fully recoverable by the management of RDHL. Hence no provision for such loss is considered necessary. Our opinion is not modified in respect of this matter.

d) Note 9(b) to the consolidated financial results, RDHL has filed a claim before arbitration for wrongful termination of the project by NHAI. Also, it has filed another claim for cost incurred on the project till the date of termination for which the constitution of Arbitral Tribunal to adjudicate this claim is awaited. Management of RDHL is confident of full recovery of its claims. Also, the net-worth of RDHL is positive and hence management views the entity as a going concern. However, these conditions along with other matters as set forth in the aforesaid note, indicate the existence of a material uncertainty that may cast significant doubt about the RDHL's ability to continue as a going concern. The appropriateness of assumption of going concern is critically dependent upon the RDHL's ability to succeed in its claim of wrongful termination before the arbitration. Our opinion is not modified in respect of this matter.

9. (a) We did not audit the financial statements/financial information of eighteen subsidiaries, whose financial statements/financial information reflect total assets of ₹ 4,071.11 crore and net liabilities of ₹ 1,156.88 crore as at 31 March 2018 and total revenues of ₹ 5,526.25 crore for the year ended on that date, as considered in these consolidated financial results. The consolidated financial results also include the Group's share of net loss (including other comprehensive income) of ₹ 35.95 crore for the year ended 31 March 2018, as considered in the consolidated financial results, in respect of four associates and seven joint ventures, whose financial statements / financial information have not been audited by us. These financial statements/financial information have been audited by other auditors whose reports have been furnished to us by the management and our opinion on the consolidated financial results, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, associates and joint ventures, and our report

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in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, read with SEBI Circulars CIR/CFD/CMD/15/2015 dated 30 November 2015 and CIR/CFD/FAC/62/2016 dated 5 July 2016, in so far as it relates to the aforesaid subsidiaries, associates and joint ventures, is based solely on the reports of the other auditors.

Our opinion on the consolidated financial results is not qualified in respect of this matter with respect to our reliance on the work done by, and the reports of the, other auditors.

(b) Further consolidated financial results include financial statements/information of seven joint operations, whose financial statements reflect total assets of ₹ 29.73 crore and net liabilities of ₹ 38.64 crore as at 31 March 2018 and total revenues of ₹ 19.90 crore for the year ended on that date. The Holding Company had prepared separate set of financial statement of these joint operations for the years ended 31 March 2018 in accordance with accounting principles generally accepted in India and which have been audited by other auditors under generally accepted auditing standards applicable in India. Our opinion in so far it relates to the amounts and disclosure in respect of these joint operations is solely based on report of the other auditors and the conversion adjustments prepared by the management of the Company, which have been audited by us. Our opinion is not modified in respect of this matter.

10. We did not audit the financial information of a subsidiary, whose financial information reflect total assets of ₹ 47.52 crore and net liabilities of ₹ 43.54 crore as at 31 March 2018 and total revenues of ₹ 0.56 crore for the year ended on that date, as considered in these consolidated financial results. The consolidated financial results also include Group's share of net loss (including other comprehensive income) of ₹ 0.80 crore for the year ended 31 March 2018, as considered in the consolidated financial results, in respect of two associates and three joint ventures, whose financial information have not been audited by us. These financial information are unaudited and have been furnished to us by the management and our opinion on the consolidated financial results, in so far as it relates to the amounts and disclosures included in respect of these subsidiary, associates and joint ventures, and our report in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, read with SEBI Circulars CIR/CFD/CMD/15/2015 dated 30 November 2015 and CIR/CFD/FAC/62/2016 dated 5 July 2016, in so far as it relates to the aforesaid subsidiary, associates and joint ventures, are based solely on such unaudited financial information. In our opinion and according to the information and explanations given to us by the management, these financial information are not material to the Group.

Our opinion on the consolidated financial results is not modified in respect of this matter with respect to our reliance on the financial information certified by the management.

Walker Chandiok & Co LLP

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

per **Rakesh R. Agarwal**
Partner
Membership No. 109632
Place: Mumbai
Date: 3 May 2018

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Annexure I

Statement of Impact of Audit Qualifications (for audit report with modified opinion) submitted along-with Annual Audited Financial Results (Consolidated)

Statement on Implication of Audit Qualifications for the Financial Year ended 31 March 2018
[See Regulation 33/52 of the SEBI (LODR) Amendment Regulations, 2016)]

(Amount in ₹ Crore)

I.	Sl. No.	Particulars	Audited Figures (as reported before adjusting for qualifications)	Adjusted Figures (audited figures after adjusting for qualifications)
	1	Turnover/Total Income	10,188.54	10,188.54
	2	Total Expenditure	11,089.66	Not Ascertainable (Refer II (e) (ii) below)
	3	Net Profit/(Loss)	(1,090.00)	Not Ascertainable (Refer II (e) (ii) below)
	4	Earnings per Share	(8.03)	Not Ascertainable (Refer II (e) (ii) below)
	5	Total Assets	16,664.92	Not Ascertainable (Refer II (e) (ii) below)
	6	Total Liabilities	18,215.99	Not Ascertainable (Refer II (e) (ii) below)
	7	Net Worth	(1,551.07)	Not Ascertainable (Refer II (e) (ii) below)
	8	Any other financial item(s) (as felt appropriate by the management)	-	-
II.	Audit Qualification			
	a.	Details of Audit Qualification:	**Auditor's Qualification**	

A. Independent Auditor's report on Financial Results (Consolidated):

i) As stated in Note 11(a) to the consolidated financial results, relating to the Group's carrying value of net assets (capital employed) aggregating ₹ 3,244.18 crore [including capital work in progress ₹ 1,196.80 crore stated in Note 11(c)], goodwill on consolidation amounting to ₹ 95.04 crore and non-controlling interest amounting to ₹ 482.99 crore as at 31 March 2018 in Lavasa Corporation Limited (LCL), being considered good and recoverable by the management. However, this subsidiary has accumulated losses and its consolidated net worth is fully eroded as at 31 March 2018. Further, this subsidiary is facing liquidity constraints due to which it may not be able to realize projections made as per its business plans. In the absence of sufficient appropriate evidence, we are unable to comment upon the carrying value of these assets and the consequential impairment losses, if any, on the consolidated financial results. Our opinion on the consolidated financial results for the year ended 31 March 2017 was also qualified in respect of this matter.

ii) The Independent Auditors of certain subsidiaries have qualified their audit opinion on the financial statements for the year ended 31 March 2017 reproduced by us as under:

a) Note 11(b) to the consolidated financial results, regarding a subsidiary company, LCL's, 'non-current borrowings' and 'other current financial liabilities' which include balances amounting to ₹ 537.16. crore and ₹ 2,530.41 crore, respectively as at 31 March 2018 in respect of which direct confirmations from the respective lenders have not been received, although we have been able to perform alternate procedures with respect to these balances. However, in the absence of such confirmations from the lenders, we are unable to comment on the adjustments that would be required to the carrying value of these balances on account of changes, if any, in the terms and conditions of the transactions, and the consequential impact, on the consolidated financial results.

b) Note 11(d) to the consolidated financial results, regarding a subsidiary company, Warasgaon Assets Maintenance Limited (WAML)'s, 'other current financial liabilities' which include balances amounting to ₹ 1,030.34 crore as at 31 March 2018 pertaining to borrowings from lenders which have been classified as non-performing assets and in respect of which direct confirmations from the respective lenders have not been received. In the absence of such confirmations from lenders, we are unable to comment on the adjustments that would be required to the carrying value of these balances on account of changes, if any, in the terms and conditions of the transactions, and the consequential impact, on the consolidated financial results.

c) As stated in Note 11(e) to the consolidated financial results, regarding a subsidiary company Dasve Retail Limited (DRL)'s, 'other current financial liabilities' which include balances amounting to ₹ 19.83 crore as at 31 March 2018 pertaining to borrowing from a bank which has been classified as non-performing asset and in respect of which direct confirmation from the bank has not been received. In the absence of such confirmation from the bank, we are unable to comment on the adjustments that would be required to the carrying value of these balances on account of changes, if any, in the terms and conditions of the transactions, and the consequential impact, on the consolidated financial results.

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Hincon House, L. B. S. Road, Vikhroli (W), Mumbai - 83.

			d) Note 11(f) to the consolidated financial results, relating to HREL Group's carrying value of net assets (capital employed) aggregating ₹ 85.26 crore as at 31 March 2018 in Charosa Wineries Limited (CWL), a subsidiary company, being considered good and recoverable by the management. However, this subsidiary has accumulated losses and the net worth has been fully eroded as at 31 March 2018 and its borrowings payable to bank and other payables exceeds the market value of its assets as on that date. Management has assessed that no adjustments are required to the carrying value of the net assets which is not in accordance with the requirement of Ind AS 36, Impairment of Assets. Consequently, in the absence of sufficient appropriate audit evidence to support the management's contention, we are unable to comment upon adjustment, if any, that are required to the carrying value of these net assets and the consequential impact on the consolidated financial results.
			B. (i) Auditor's Qualification on the Internal Financial Controls relating to matter stated in II(a)A(i): In our opinion, according to the information and explanations given to us and based on our audit procedure performed, the following material weakness have been identified in the operating effectiveness of the Company's internal financial control over financial reporting (IFCoCR) as at 31 March 2018: The Company internal financial controls in respect of supervisory and review controls over process of determining of the carrying value of subsidiaries' net assets (capital employed), goodwill and non controlling interest of the Company's subsidiaries were not operating effectively. Absence of aforesaid assessment in accordance with the accounting principles generally accepted in India could potentially result in a material misstatement in the carrying value of aforesaid assets and consequently, also impact the loss (financial performance including other comprehensive income) after tax.
			(ii) Auditor's Qualification on the Internal Financial Controls relating to matter stated in II(a)A(ii) (a) (b) and (c) : Nil (iii) Auditor's Qualification on the Internal Financial Controls relating to matter stated in II(a)A(ii) (d): In our opinion, according to the information and explanations given to us and based on our audit procedure performed, the following material weakness have been identified in the operating effectiveness of a subsidary company, CWL's IFCoCR as at 31 March 2018: CWL's internal financial controls in respect of supervisory and review controls over process of determining of the carrying value of net assets (capital employed) were not operating effectively. Absence of aforesaid assessment in accordance with the accounting principles generally accepted in India could potentially result in a material misstatement in the carrying value of aforesaid assets and consequently, also impact the loss (financial performance including other comprehensive income) after tax. A 'material weakness' is a deficiency, or a combination of deficiencies, in internal financial control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company's annual financial statements will not be prevented or detected on a timely basis. We have considered the material weaknesses identified and reported above in determining the nature, timing, and extent of audit tests applied in our audit of the consolidated financial statements of the Group, its associate and joint venture companies as at and for the year ended 31 March 2018, and the material weaknesses have affected our opinion on the consolidated financial statements of the Group and we have issued a qualified opinion on the consolidated financial statements.
	b.	Type of Audit Qualification:	Qualified Opinion
	c.	Frequency of Qualification:	Qualification II (a) A (i) has been appearing from the year ended 31 March 2016
	d.	For Audit Qualification (s) where the impact is quantified by the auditor, Management views:	Not Applicable
	e.	For Audit Qualification (s) where the impact is not quantified by the auditor:	
		i) Management's estimation on the impact of audit qualification:	For matter referred in II (a) A (i). Nil. With reference to above mentioned qualification, the said entity has incurred losses and consolidated net-worth as at 31 March 2018 has been fully eroded. The underlying projects in such entity 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 and accordingly management, based on valuation report of an independent valuer is of the view that there is no impairment in value of LCL net assets (capital employed). Similarly, no diminution in value of goodwill and non-controlling interest of said entity considered necessary. Thus management believes that the Company's internal financial control in respect of assessment of the carrying value of subsidiary net assets (capital employed), goodwill and non-controlling interest were operating effectively and there is no material weakness in such controls and procedures. For matter referred in II (a) A (ii), (d): Nil. Charosa Wineries Limited (CWL), a subsidiary company, has incurred losses and its net worth has fully eroded as on 31 March 2018. The management of CWL has implemented certain cost savings schemes and such subsidiary is in the process of negotiating with the lenders for debt restructuring. Based on the evaluation of the business prospects and plans formulated, management is confident of revival of operations and rescheduling of its debts. Thus, management is of the view that there is no impairment in the value of CWL net assets (capital employed) of ` 85.26 crore.

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		ii) If management is unable to estimate the impact, reasons for the same:	**with reference to above mentioned qualification no. II (a) A (ii), (a)**: LCL's non-current borrowings' and 'other current financial liabilities' include balances amounting to ` 537.16 crore and ` 2,530.41 crore, respectively as at 31 March 2018 which were classified as Non-Performing Assets (NPAs) by the lenders during earlier years as there were continuing defaults in repayments of interest and principal amounts. In the absence of confirmations from the lenders, LCL has provided for interest and other penal charges on these borrowings based on the latest communication available from the respective lenders at the interest rate specified in the agreement. LCL's management believes that amount payable on settlement will not exceed the liability provided in books in respect of these borrowings. **with reference to above mentioned qualification no. II (a) A (ii), (b)**: A subsidiary of LCL, Warasgaon Assets Management Limited's (WAML) 'other current financial liabilities' as at 31 March 2018 includes ` 1,030.34 crore, which were classified as NPA by the lenders during earlier years as there were continuing defaults in repayments of interest and principal amounts. In the absence of confirmations from the lenders, WAML has provided for interest and other penal charges on these borrowings based on the latest communication available from the respective lenders at the interest rate specified in the agreement. WAML's management believes that amount payable on settlement will not exceed the liability provided in books in respect of these borrowings. Further, certain lenders have not recalled for the existing facilities at present. Accordingly, classification of these borrowings into current and non-current as at 31 March 2018 is based on the original maturity terms stated in the agreements with the lenders. **with reference to above mentioned qualification no. II (a) A (ii), (c)**: A subsidiary of LCL, Dasve Retail Limited's (DRL) 'other current financial liabilities', include balances amounting to ` 19.83 crore as at 31 March 2018, which have been classified as NPA by the lender during the current year, consequent to defaults in repayments of interest amounts. In the absence of confirmations from the bank, DRL has provided for interest and other penal charges on these borrowings based on the latest communication available from the lender at the interest rate specified in the agreement. DRL's management believes that amount payable on settlement will not exceed the liability provided in books in respect of these borrowings.
		iii) Auditors' comments on (i) or (ii) above	Included in details of auditor's qualification stated above

III. Signatories:

For **Hindustan Construction Company Limited**

Ajit Gulabchand
Chairman & Managing Director

Praveen Sood
Group Chief Financial Officer

Hindustan Construction Co. Ltd. Hincon House, L. B. S. Road, Vikhroli (W), Mumbai - 83.

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

Rakesh R. Agarwal
Partner
Membership No.: 109632

Sharad M. Kulkarni
Audit Committee Chairman

Place: Mumbai
Date: 3 May 2018

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