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Highlights 2010-11

- Group turnover crossed ₹7,000 crore post-acquisition of Karl Steiner AG, Switzerland
- Turnover improved by 7% to ₹4,144 crore
- PBDIT/Net Income at 13.1%, up from 11.8% in the previous year
- Karl Steiner AG order backlog crossed CHF 1 billion
- Lavasa posted turnover of ₹541 crore and PAT of ₹112 crore
- HCC Infrastructure's first toll-based project, *dfskeyway*TM became operational in November 2010

HCC'S PROJECTS AT A GLANCE

ANDHRA PRADESH

01. Ramagundam Thermal Power Project
02. Vizag Monolith, West Wall Protection
03. Godavari Barrage at Rajahmundry
04. Papavinasam Dam
05. Chimney at Vijayawada
06. Railway Bridge over River Godavari
07. Vijayawada Tunnel Works
08. Godavari LIS Phase I
- 09. Godavari LIS Phase II
- 10. Polavaram Project Right Main Canal
- ★ 11. North-South Corridor NHDP Phase II Package AP-8
- 12. Cavern for Crude Oil Storage, Vishakhapatnam
- 13. Rajiv Dummugudem LIS
- 14. Pula Subbaiah Veligonda Tunnel
- 15. JCR Devadula LIS Phase III
- 16. Pranahita Chevella LIS

ARUNACHAL PRADESH

- 17. Pare HEP

ASSAM

18. Brahmaputra Bridge
19. Civil Works for Refinery at Guwahati
- 20. Four-laning of NH-54 (AS23)
- 21. Railway Tunnel No.1 between Dholakal and Kalmai
- 22. Railway Tunnel No. 12 between Jiribam and Tupul

BIHAR

23. Sone Barrage
24. Ganga Bridge at Mokameh
25. Barauni Thermal Power Plant
26. Panchet Powerhouse
27. Rail-cum-Road Bridge Munger
- ▲ 28. Muzaffarpur Thermal Power Plant

CHATTISGARH

29. Bhilai Steel Plant
30. Bailadila Project

DELHI

31. Water and Sewage Treatment Plants
32. DMRC - Vishwa Vidyalaya to ISBT

- 33. DMRC - Airport Metro Express Line Contract AMEL - C1
- 34. DMRC - Airport Metro Express Line Contract AMEL - C6
- ★ 35. Delhi Faridabad Elevated Expressway

GOA

36. Goa Barge Berth at Marmugoa

GUJARAT

37. Kandla Oil Jetty
38. 180 m High Chimney at Wanakbori
39. Tapi Road Bridge
40. Kakrapar Atomic Power Project
41. Two Cooling Towers at Gandhinagar
42. Gujarat State Highways Project - Mehsana to Palanpur
- 43. Saurashtra Branch Canal Pumping Scheme
44. Kalol Mehsana Gas Pipeline Project
- 45. Pumped Water Supply Scheme from Kesaria to Sonari (NC-25)
- ▲ 46. Kachchh Branch Canal

HARYANA

47. Road Bridge at Palwai
48. Panipat Chimney
49. Hathnikund Barrage at Yamunanagar

HIMACHAL PRADESH

50. Chamera HEP, Stage I
51. Nathpa Jhakri HEP
- 52. Chamera HEP, Stage III
- 53. Kashang HEP
- ▲ 54. Sainj HEP

JAMMU & KASHMIR

55. Salal HEP
56. Udampur - Srinagar - Baramulla Rail
- 57. Uri-II HEP
- 58. Pir Panjal Tunnel (Zone-VA)
- 59. Pir Panjal Tunnel (Zone-VB)
- 60. Mughal Road
- 61. Sawalkote HEP
- 62. Chutak HEP
- 63. Nimmo Bazgo HEP
- 64. Kishanganga HEP

JHARKHAND

65. Chandil Dam
66. Icha Dam
67. Grand Trunk Road Improvement Project

KARNATAKA

68. Tunnel and Powerhouse at Sharavati
69. Dockwork for MPT at Mangalore
70. Kadra Dam
71. Karnataka State Highways Project
- ▲ 72. Cavern for Crude Oil Storage, Padur

KERALA

73. Tanker Terminal and Fertiliser Berth, Cochin
74. Dam across Kulamavu
75. Dam of Peppara
76. Dam across Idamalayar
77. Lower Periyar Tunnel
78. Dam across Moozhiyar and Veluthodu
79. Sebarigiri Dam
80. Wellington Bridge, Cochin
81. Lower Periyar Dam and Powerhouse
82. Brahmapuram Diesel Power Plant

MADHYA PRADESH

83. Satpura TPS
84. Tons Road Bridge
85. Tons HEP
86. Road Bridge over River Indravati

MAHARASHTRA

87. Uran Turbine and LPG Station
88. Bhandup Water Treatment Complex
89. BARC Civil Works
90. SSSF Project at Tarapur
91. Sina Aqueduct
92. Panvel Creek Bridge
93. Barvi Expansion Project
94. Railway Bridges over Vasai Creek
95. Bhorphat Tunnel
96. Factory Civil Works for Premier Automobiles Limited
97. Ambarnath/UIhasnagar STP
98. Water Treatment Plant, Pune
99. Underground Powerhouse, Koyna

- 100. Kolkewadi Dam
- 101. Bridge over River Ulhas
- 102. Trombay Chimney Works
- 103. Nhava Sheva WTP Works, Raigadh
- 104. Tunnel between Sewri and Futka
- 105. Koyna Stage IV Powerhouse Complex
- 106. Tunnel between E Moses Road and Ruparel College, Mumbai
- 107. Aerated Lagoons, Mumbai
- 108. Bandra Effluent and Influent Disposal, Mumbai
- 109. Housing Complex, Navi Mumbai
- ★ 110. NH-3 MP/Maharashtra Border - Dhule
- 111. Ghatkopar High Level Tunnel, Mumbai
- 112. Mumbai-Pune Expressway
- 113. Vaitarna Dam
- 114. Satara Kolhapur Road, NH-4
- 115. Water Supply Tunnel from Bhandup to Charkop, Mumbai
- 116. Bandra-Worli Sea Link
- 117. Gosikhurd Spillway, Nagpur
- 118. Lavasa, Pune
- ★ 119. Pune Paud BOT Road
- 120. Ghodazari Branch Canal
- 121. Water Supply Tunnel from Maroshi to Ruparel College, Mumbai
- 122. Middle Vaitarna Water Pipeline
- ▲ 123. DGNP Dry-Dock and Wharves, Mumbai
- ▲ 124. VAG Corridor, Mumbai

ORISSA

- 125. Dam at Upper Kolab
- 126. Road Bridge across Mahanadi
- 127. Syphons at Kuakhai and Khushbhadra
- 128. Naraj Barrage, New Cuttack
- 129. Paradip Port Road
- 130. Aditya Aluminium Project

PUNJAB

- 131. 140 m High Chimney at Ropar
- 132. Rail Coach Factory at Kapurthala

RAJASTHAN

- 133. Rajasthan Atomic Power Project, Units 1 & 2
- 134. Chambal Bridge at Dholpur
- 135. Rajasthan Atomic Power Project, Units 3 & 4

- 136. Rajasthan Atomic Power Project, Units 5 & 6
- 137. East-West Corridor Project, Package-EW-II (RJ-7)
- ▲ 138. Rajasthan Atomic Power Project, Units 7 & 8

SIKKIM

- 139. Teesta HEP Stage VI

TAMIL NADU

- 140. Kadamparai Pumped Storage
- 141. Lower Mettur Barrages, Substructure and Powerhouse
- 142. Chennai Ore Berth, Jetty, Wharf
- 143. Sewage Treatment Plant, Chennai
- 144. Upper Nirar Tunnel
- 145. Navamalai Tunnel
- 146. Ennore Port-Rock Quarrying
- 147. Ennore Breakwater
- 148. Mass Rapid Transit System, Chennai
- 149. Kudankulam Nuclear Power Project, Units 1 & 2
- 150. Tirupur Water Supply Project
- 151. Chennai Bypass, Package CBP2

UTTAR PRADESH

- 152. Maneri Bhali Hydel Project
- 153. Narora Atomic Power Project
- 154. Rihand Dam
- 155. Rihand STPP
- 156. Shards and Ghogra Barrages
- 157. Yamuna Hydel Project
- 158. Gomti Aqueduct
- 159. Sai Aqueduct
- 160. Varanasi Bridge
- 161. Malvika Steel Works
- 162. Naini Cable Stayed Bridge
- 163. Allahabad Bypass Road, Package ABP2
- 164. Lucknow-Muzaffarpur National Highway Project Package LMNHPEW II (WB)-1
- 165. Lucknow-Muzaffarpur National Highway Project Package LMNHPEW II (WB)-2
- 166. Lucknow-Muzaffarpur National Highway Project Package LMNHPEW II (WB)-3
- 167. Lucknow-Muzaffarpur National Highway Project Package LMNHPEW II (WB)-4

UTTARAKHAND

- 168. Dhauliganga HEP

- ▲ 169. Alaknanda HEP

WEST BENGAL

- 170. Farakka Barrage
- 171. Mahananda Barrage
- 172. Kolkata Metro
- 173. Teesta Barrage
- 174. Haldia Docks Project
- 175. Environmental Engineering Works at Kolkata
- 176. Kalyani Bridge
- 177. Earthworks for Farakka STPP
- 178. Dauk Barrage
- 179. RCC Chimney for Kolaghat TPS
- 180. Underwater works for KTPP
- 181. Golden Quadrilateral Road Project - Kolaghat to Kharagpur
- 182. Purulia Pumped Storage Project

- 183. Teesta Low Dam HEP Stage IV, Lot I
- 184. Elevated Road Corridor from Park Circus to E.M. Bypass, Kolkata
- ★ 185. Four-laning of Bahrapore-Farakka Section of NH-34
- ★ 186. Four-laning of Farakka-Raiganj Section of NH-34
- ★ 187. Four-laning of Raiganj-Dalkhola Section of NH-34

BHUTAN

- 188. Kurichhu Hydroelectric Dam Project
- 189. Tala Hydroelectric Project, Package C-1
- 190. Tala Hydroelectric Project, Package C-4
- 191. Punatsangchhu Hydroelectric Project - Powerhouse
- 192. Dagachhu Hydro Power Plant (Civil Works), 114 MW

- Projects completed in the year
- Projects in progress
- ▲ New projects
- ★ BOT projects

Chairman's Letter

Dear Shareholder,

My letters to you in previous annual reports have typically covered the nation's economic progress as well as the performance of your Company. On this occasion, I wish to focus on two key issues that should concern us as citizens of this country: the state of infrastructure and, more importantly, the risk of increasing over-reach of the State in business and day-to-day life. Your Company's performance during 2010-11 is adequately described in the chapter on Management Discussion and Analysis, which I urge you to read.

In the last Lok Sabha elections, the Congress returned to power with a significantly improved mandate that reduced its extreme dependence on coalition partners. With this, hopes soared that the reform agenda would be pursued with speed and determination. Yet, it has floundered. To some it appears to have been even abandoned.

New tax regimes like the Goods and Services Tax which would make India a common market have been put on hold. New tools were necessary to contain inflation in a country which has 50% of its economy outside the banking system. These were not put in place when we had the time to do so. Administrative reforms necessary to improve governance and to make for effective implementation of government policies and programmes once again slid to the bottom of the agenda. Environment protection was sought to be implemented in an arbitrary manner - stopping projects in midstream instead of laying down objective and measurable standards for sustainability to encourage compliance. The lack of transparent policies and procedures in many ministries resulted in the surfacing of serious scams. All these have stalled government decision making and caused bureaucratic inaction.

Corporate entities already contending with global competition now have also to contend with uncertainty and unpredictability in government policies and actions. Frequent changing of goalposts has considerably enhanced the risk of doing business in the country. Our governments - in the Centre and the States - are yet to modernise their working to suit the needs of a modern and globalised world, and to better understand the requirement of businesses which operate in a market economy. All these have adversely affected investment flows and slowed the implementation of infrastructure.

The state of physical infrastructure in India is woefully inadequate to meet the essential needs of a fast growing economy. It is now beginning to be an obstacle to growth.

Consider highways, which are the veins and arteries of a nation. Work that began with such a promise has now slowed down to a trickle.

The National Highway Authority of India (NHAI) projects have made little headway. As I write this letter, the NHAI remains leaderless for over seven months. Projects under Phase-III of the National Highway Development

Programme (NHDP) have added only 657 km in 2010-11, at a completion rate of 1.8 km per day; while the NHDP Phase-V programme has added 327 km at 0.9 km per day.

So, too, is the story of power. Only 60% of the planned generation capacity was achieved in thermal power; 47% in hydroelectric; and a mere 18% in nuclear. This in a country which is starved of electricity across most of its states.

Everyone recognises that India desperately needs physical infrastructure. To achieve a steady 9% growth in GDP, there has to be 12% to 14% growth in real infrastructure spends - in roads, power, ports, airports, telecom, urban facilities, and much else.

It isn't happening today. In my view, a reason for the nation's underperformance in infrastructure is dissipated governance, both at the centre and across many states. While all in power speak of the need for infrastructure, none seems to be responsible for delivering on targets.

Dissipated governance creates another negative force which, in my mind, is potentially more dangerous. Within the executive, it creates multiple, quasi-independent authorities of power - authorities that are insufficiently questioned, critiqued or corrected at the level of the Cabinet. Such authorities, even if well intentioned, soon become larger than life and begin to over-reach - often to the detriment of the economic life of the nation. Just go back two decades to the pervasive licence-control-permit raj that existed in 1991 to realise that it does not take much for essentially well meaning people to collectively stifle economic and commercial freedoms. Dissipated governance is often fertile territory for building energy sapping, sector-specific permit raj.

This brings me to Lavasa, of which you have doubtlessly read reams of reports in newspapers and magazines, and seen its coverage on television channels. I don't want to go into the details of the case. But I do want to raise a set of fundamental questions.

- First, while it is nobody's case to minimise environmental or sustainability issues, least of all your Company's, but shouldn't there be clear, objective and measurable standards regarding environmental protection? Are there such standards? So that any reasonably educated citizen of India can discover whether an environmental law or regulation has been breached? And if so, to what material extent?
- Second, regarding these environmental cases - not just the one instituted against your Company, but across many others - should most of the power lie upon the central government? Or should an essentially local matter such as environment be more a domain of the State governments and local authorities? This over-reach of the Central government has a great bearing on the real devolution of power between the centre, the states, the localities and the panchayats.
- Third, without going into the details, it is fair to state that many so-called environmental violation cases have been

based on arbitrary interpretation of the laws and regulations. There have been several instances where investigative bodies appointed by the Ministry of Environment and Forests (MoEF) have gone well beyond their environmental brief to construct lists of alleged violations which, even if true, have no relationship with the acts and regulations that define environmental issues. Indeed, in matters relating to environmental clearances, the goalpost has often changed arbitrarily depending upon the case on hand.

- Fourth, in many of the MoEF's cases, the lines between environmental laws and regulations, affirmative action, and other socio-political activist issues have been blurred - sometimes deliberately so. The job of the MoEF is to ascertain whether or not a project has contravened centrally legislated environmental laws. Focussing on other laws to prepare a bulkier brief is outside the remit of the MoEF, and thus can be legally unjust.
- Fifth, when needed, many environmental deviations can be redressed without the necessity to stop all work on a project. Unfortunately, this is often ignored by the MoEF.

Let me quote from an article on Lavasa written by Madhu Kishwar, the founder of Manushi, a social activist and no great friend of industry. "On 25th November, 2010, the Ministry of Environment and Forests issued a show cause notice to Lavasa Corporation on the charge of violating the provisions of Environment Impact Assessment Notification, 1994 as amended in 2004 and 2006. Through this notice, Lavasa was ordered to not only stop all work on the project but also to restore the status quo ante. This would have meant demolishing all the buildings, structures, roads, water harvesting structures, waste management plant, water purification plant, a world-class school for the children of local residents, the high tech water supply system, institutions of professional education like hotel management, hotels, restaurants as well as uprooting nearly 6 lakh new trees planted by Lavasa. The total absence of due process in MoEF's interventions is evident from the fact that it ordered a stay on all further construction activities and demanded status quo ante solely on the basis of charges filed by the National Alliance of People's Movements without as much as a preliminary investigation through its own official team to confirm whether such drastic action was indeed merited. [The MoEF's] stop work order amounted to punishing without due process - 10,000 workers who lost their jobs in one stroke. Lavasa has been incurring a loss of ₹2 crore per day since 26th November, 2010."

Eventually, sense will prevail; and I am sure that there will be a sensible conclusion to the Lavasa episode. But, the story is more than Lavasa. It is about the rule of law; about transparency; about the devolution of decision making powers between the Centre, the State, and local authorities; and the real dangers of overarching remit.

I am an optimist. I believe that while there may be irritating deviations in the short run, sanity and growth will prevail. The time of India has come - an India of hope, of opportunities, of all kinds of entrepreneurship, of work, and of growth. Despite being occasionally lost in transit, two decades of reforms have fundamentally changed the DNA of this nation. It will demand the things it needs for more growth and higher employment. And the elected representatives will perform or have to provide these, or be punished.

Therefore, I am sure that sooner than later, things will improve. We will see infrastructure efforts being kick started yet again, as we will see environmental protection walking in tandem with development. It is this hope that keeps me optimistic about our country. And of our youth, who rightly demand a better life.

Jai Hind.



Ajit Gulabchand

Chairman & Managing Director



Company Information

BOARD OF DIRECTORS

Ajit Gulabchand
(Chairman & Managing Director)

Y. H. Malegam

K. G. Tendulkar

Rajas R. Doshi

Ram P. Gandhi

Prof. Fred Moavenzadeh

D. M. Popat

Sharad M. Kulkarni

Nirmal P. Bhogilal

Anil C. Singhvi

Arun V. Karambelkar
(Whole-time Director
w.e.f. 29th April, 2011)

COMPANY SECRETARY

Vithal P. Kulkarni

AUDITORS

K.S. Aiyar & Co., Chartered Accountants

ADVOCATES & SOLICITORS

Mulla & Mulla & Craigie Blunt & Caroe

Amarchand & Mangaldas &

Suresh A Shroff & Co.

BANKERS/FINANCIAL INSTITUTIONS

ICICI Bank Ltd.

Punjab National Bank

State Bank of India

IDBI Bank Ltd.

Indian Bank

Oriental Bank of Commerce

The Jammu & Kashmir Bank

Canara Bank

State Bank of Patiala

Union Bank of India

Bank of Baroda

Vijaya Bank

IFCI Ltd.

Yes Bank Ltd.

United Bank of India

Toronto Dominion (Texas) LLC

Standard Chartered Bank

The Federal Bank Ltd.

The Hong Kong & Shanghai Corporation Ltd.

Axis Bank Ltd.

Exim Bank of India

State Bank of Travancore

Bank of Maharashtra

DBS Bank Ltd.

State Bank of Bikaner & Jaipur

Catholic Syrian Bank

REGISTRAR & SHARE TRANSFER AGENTS

TSR Darashaw Ltd.

6-10 Haji Moosa Patrawala Industrial Estate,

20, Dr. E. Moses Road, Mahalaxmi, Mumbai - 400 011.

REGISTERED OFFICE

Hincon House, Lal Bahadur Shastri Marg,

Vikhroli (West), Mumbai - 400 083.



Management Discussion and Analysis

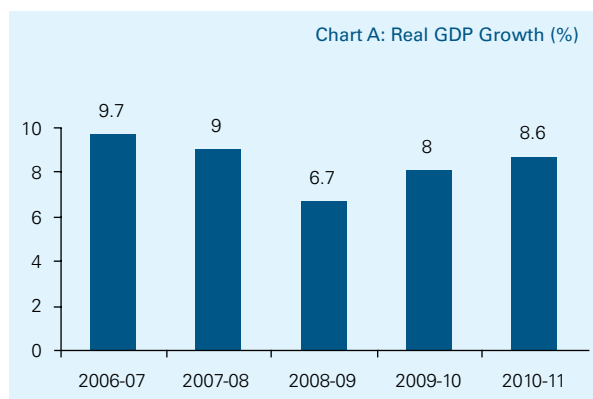
Having executed some of the largest and most technically challenging projects, Hindustan Construction Company ('HCC' or 'the Company') has been at the forefront of the Indian construction sector. The Company has always invested in cutting-edge technologies, adopted best work practices and stressed on global operational standards to promote responsible infrastructure development in the country. Firmly committed to this ethos for over eight decades, HCC has anchored itself to India's development efforts. The Company's business and financial performance continues to have a strong correlation with the progress of infrastructure development in India.

In terms of the business environment, 2010-11 was a mixed year - while the long term signals were largely positive, there were some industry-specific concern areas that adversely affected business.

Macro-Economic Environment

The global economy is recovering steadily from the lows of 2008. After shrinking by 0.6% in 2009, world economic output was back on positive track registering 5% growth in 2010. Much of the new growth impetus came from developing and emerging economies that witnessed 7.1% growth in 2010 compared to 2.6% in 2009. Even the advanced economies recovered from a 3.6% contraction in output in 2009 to a growth of 3% in 2010. These positive trends have led to lower risk perceptions, greater global financial stability and improved business sentiments.

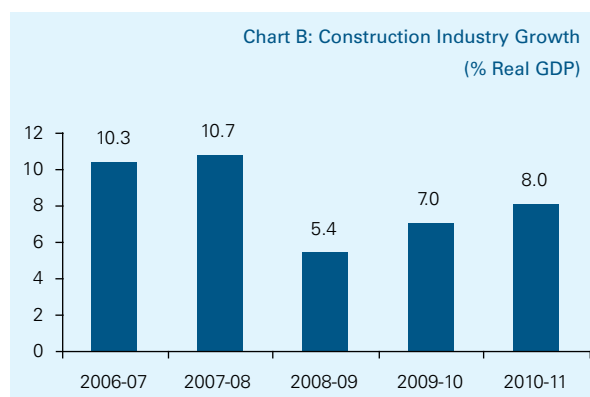
Having said so, there are some other problematic factors that may impact the future growth. There is economic instability in some countries in Europe. Ireland, for example, is facing threats of a complete banking collapse. Also, there has been a surge in prices of commodities and oil leading to high levels of inflation, which has hit normal life especially in emerging economies like India. There is growing unrest in the Middle East and North African region which has affected Asian trade and market sentiments.



Source: CSO, Government of India

The Indian economy, is well on its way to regaining the high growth momentum seen in the period immediately prior to the economic meltdown of 2008. Advanced estimates suggest that real GDP growth will be 8.6% in 2010-11 (see Chart A).

The secular growth in GDP has contributed to a significant improvement in construction activities. **Chart B** shows that after falling to a low of 5.4% in 2008-09, construction growth recovered to 7% in 2009-10 and has improved further to 8% in 2010-11. While this growth level is still below what was seen in 2006-07 and 2007-08, the trend over the last two years is in the right direction.

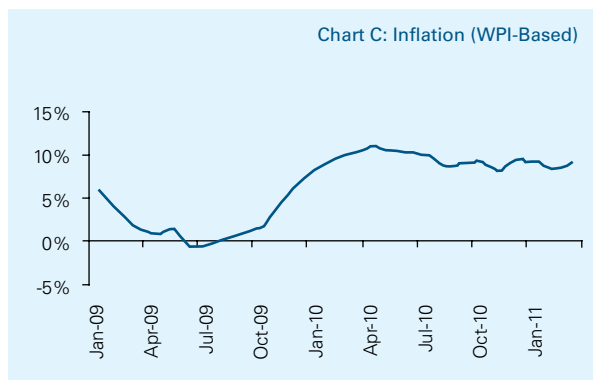


Source: CSO, Government of India

Clearly, 2010-11 brought in good news on the macro-economic front in terms of growth. And economic growth and infrastructure development share a reciprocal relationship. While positive growth sentiments drive higher infrastructure investments, such investments and provision of adequate infrastructure support is essential to sustain over 8% growth over a period of time. In fact, the Planning Commission's XIth Five-Year Plan (2007-12) estimates a 15% compounded annual growth rate in infrastructure investment during the period. As a result, its share in GDP is expected to rise from 5.71% in 2006-07 to 8.37% in 2011-12. The infrastructure industry in India is thus poised for significant growth.

While there has been an impetus in the sector, the pace of development is still not in sync with the demands of a rapidly growing economy. Already, there are signs that the existing infrastructure base in India is grossly inadequate. This has manifested in high cost push inflation which has been witnessed since the beginning of 2010. Driven primarily by significant increase in food prices, inflation has remained at over 8% since then. Clearly, the commodity supply chain within the economy is not able to sustain the surge in

demand from the increasing population with growing income levels. **Chart C** plots the Wholesale Price Index based inflation over the last two years.



Source: Office of Economic Advisor, Government of India

Apart from the larger socio-economic impact, this kind of commodity price based inflation affects the construction industry in two ways. Firstly, there is a margin squeeze to be faced as not all input cost increases can be passed on to the customer. So far, the prices of two key inputs - steel and energy - are on the rise. Second and more importantly, in order to curb inflation and stabilise the economy, the Reserve Bank of India (RBI) has had to adopt a conservative monetary policy. Consequently, the repo rate (the rate at which banks borrow from the RBI) has increased steadily from 5% in March 2010 to 6.75% in March 2011. With an increase in this benchmark rate, lending rates across the industry have hardened, leading to the early signs of a slowdown in large investment outlays.

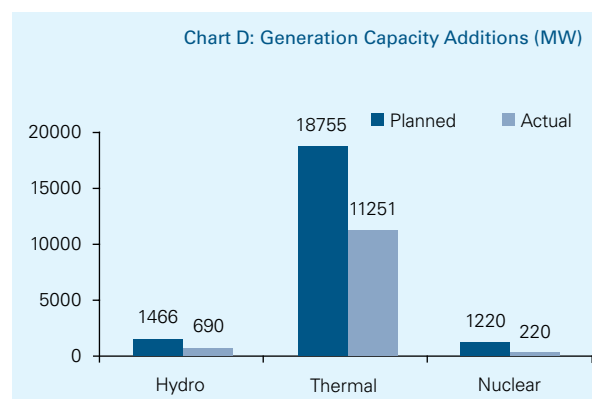
Construction Industry Issues

With the second half of 2009-10 witnessing an increase in activity, one had expected 2010-11 to be a watershed year for infrastructure development in India. But, what had started with a bang ended in a whimper. And as the year progressed, one witnessed major issues with implementation. Clearly, the opportunities did not translate into well-planned development initiatives on the ground.

At the beginning of 2010, road development authority had a plan to increase the rate of road construction from around 9 km a day to 20 km by launching mega-projects with larger package sizes. However, not much progress has been made in this direction. The National Highway Authority of India (NHAI)-anchored National Highways Development Project (NHDP) has made little headway. The NHDP Phase-III project added only 657 km during 2010-11 at a development speed of 1.8 kms per day, while the NHDP Phase-V project added 327 km or around 0.9 km a day in 2010-11. Over 82% of the planned NHDP Phase-III and 92% of the planned NHDP Phase-V are yet to be completed,

of which, Contracts are yet to be awarded for 36% of NHDP Phase-III and 66% of NHDP Phase-V. The NHDP Phase-VI and VII projects are yet to begin, while development of smaller roads have also slowed down.

The power sector, too, saw a similar trend. **Chart D** shows that while only 47% of the planned generation capacity was realised in the hydro-electric (hydel) segment, 60% of the target was achieved in the thermal segment, and only 18% was achieved in the nuclear segment. HCC has a good presence in the hydel and nuclear segments. Both these segments are facing some major concerns. Several hydel projects have had to re-evaluate their environmental repercussions, while the tsunami-driven Fukushima nuclear power plant debacle in Japan has raised serious safety issues regarding nuclear power generation globally.



Source: Central Electricity Authority, Government of India

A survey by the publication 'Projects Today' states that total outstanding project investment as on March 2011 grew by 16.1%, which is much lower than 22.9% growth recorded in March 2010. This is primarily due to a drop in the number of new projects started in 2010-11. It is important to note that the quantum of outstanding project investment would have been even lower had it not been for lower project completion rates in 2010-11. As against 2,528 projects worth ₹1,94,426 crore commissioned in 2009-10, only 1,503 projects worth ₹1,53,861 crore were completed in 2010-11. Also, there was an increase in the number of stalled projects. Clearly, while there is a reason to be optimistic about long term opportunities in infrastructure development in India, the growth momentum of new project development has slowed down in 2010-11.

While some of the factors for slowdown can be attributed to administrative issues with the nodal implementation agency, much of it is related to planning and policy, which has to find the right balance between socio-political factors and economic considerations. Serious issues regarding land acquisition, environmental clearances and risk

ownership in private-public partnerships continue to plague the industry. These need to be addressed soon, if the Indian growth story has to continue in a sustainable manner.

Performance Highlights

The Company had entered the year with a healthy order book, and in 2010-11, the Company efficiently executed these orders more or less as per schedule. Given the damp market conditions, new order growth was not very impressive. Consequently, the executed orders could not be fully replenished with new orders and the order book reduced a little in 2010-11. HCC is confident that in the long term, opportunities in the industry are vast and there will be a pick-up in new projects but some of the issues discussed earlier need to be resolved at an industry level to get back the growth momentum.

The financial highlights of HCC's performance on a stand-alone basis in 2010-11 are:

- Order Book at ₹18,127 crore at the close of 2010-11.
- Revenue from operations increased by 7.3% from ₹3,863 crore in 2009-10 to ₹4,144 crore in 2010-11.

- EBITDA (before profits from JV and other income) grew by 21.9% from ₹442.9 crore in 2009-10 to ₹539.8 crore in 2010-11.
- PAT (including profit from JVs and other income) decreased by 12.8% from ₹81.4 crore in 2009-10 to ₹71.0 crore in 2010-11.
- ROCE in 2010-11 was 8.6%; RONW was 4.6%.

While the Company maintained its top-line growth in line with the project execution schedule for the year, it is commendable that this was achieved by maintaining EBITDA margins in an inflationary environment, through a judicious mix of projects and effective monitoring of operational costs across projects.

Interest costs, on the other hand have been high, largely due to an increase in working capital requirements given the delays in payment and settlement of claims by some clients and this impacted the bottom line. To an extent, the Company has controlled capital requirements by increasing subcontracting activities across its different projects.

In the next section, we will analyse the development in each of the independent businesses in greater depth.

11-km Pir Panjal Railway Tunnel, Jammu & Kashmir, longest rail tunnel in India



Business Portfolio

HCC has always focused on adding value across different elements of the infrastructure delivery chain. It is this endeavour that has driven HCC to be a construction major in India. In a sense, today, the Company operates a portfolio of different businesses that have different markets, require different skill sets and operate under varying risk return profiles. The entire gamut of activities is unified under the HCC value chain. The diverse yet integrated portfolio includes the following businesses:

- **Engineering and Construction:** This is the Company's core business, which focusses on transportation, power, water supply and industrial construction projects. The business has been extended to offering complete Engineering, Procurement and Construction (EPC) services, a delivery model that the Company is looking to strengthen further.
- **Infrastructure:** Moving up the infrastructure value chain, HCC is developing a portfolio of assets from planning and conceptualisation to execution, and retains ownership rights on the assets created. Returns are generated from utilisation of the assets leading to expansion of value. Here, the Company is initially focussing on road projects with private-public partnerships.
- **Real Estate:** The real estate business develops commercial property and is also involved in some slum rehabilitation programmes.
- **Integrated Urban Development and Management:** Today, HCC is developing **Lavasa**, India's planned hill city in the private sector amidst the Sahyadri mountains close to Pune.

In addition to these businesses, the Company has also extended its internal Information Technology (IT) function to form a new company - **Highbar Technologies Limited** - that is focussed on improving IT utilisation in the construction industry.

Engineering and Construction Business

The Company's order backlog as on 31st March, 2011 was ₹18,127 crore. The order backlog is well distributed across various sectors including power, transport, water and industrial.

During 2010-11, on the operational front, concrete initiatives were taken to reduce the capital intensity of projects. These initiatives focussed on partnering with vendors and increasingly subcontract non-core activities to them. This reduces HCC's own capital investments in different projects and releases critical working capital.

HCC continued to emphasise its thrust in pushing for EPC contracts and secured projects in the hydel and water supply sectors. To enhance its EPC offering, the Company tied up with international players like Halcrow, etc.

In addition, the Company acquired a controlling stake in Karl Steiner AG (KSAG), the second largest total services contractor in the Swiss real estate market. A 95-year old company, KSAG specialises in turnkey development of new buildings and refurbishments.

Key developments across various projects/sectors have been discussed in the following sections:

Power

HCC is a leader in the construction of hydro, nuclear and thermal power projects. In 2010-11, the Company secured new contracts for construction of one nuclear, two hydro and one thermal power plant.

Hydro power

The Company, today, is involved in construction of thirteen hydroelectric projects (HEP) out of which six are for NHPC and two for private developers. Three of these projects - Chamera, Chutak and Uri - are at an advanced stage of completion.

HCC's largest hydro power project worth ₹2,725 crore is the 3 x 110 MW Kishanganga hydroelectric power plant, which is being implemented as an EPC contract. By the end of 2010-11, the Company had commenced the most critical activity of tunnel excavation by a sophisticated tunnel boring machine.

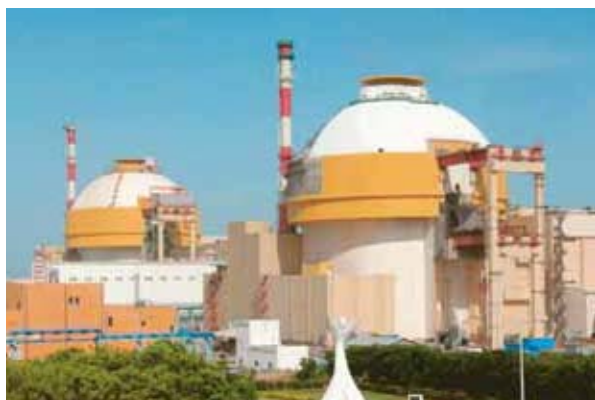
Two other projects are under implementation in Bhutan. These are the 114 MW Dagachhu Hydro Power Plant and the 1,200 MW Punatsangchhu I HEP. The projects have picked up speed and will further gain momentum in the next financial year.

The Company is executing Teesta HEP Stage-VI in Sikkim for Lanco Infratech. The first package is for a twin head race tunnel, which is 8.25 km long and the second package is for an underground powerhouse and allied underground works. Work on both packages is progressing well.

In 2010-11, the Company also secured contracts for Sainj HEP and Alaknanda HEP. Sainj is an EPC contract worth ₹431 crore for a 100 MW hydro power plant for Himachal Pradesh Power Corporation Ltd. (HPPCL). This is the Company's second project for HPPCL after the Kashang HEP, which is under execution.

The other major contract bagged by the Company is for the construction of Alaknanda HEP. This is a 300 MW hydro power project promoted by the GMR group. The Company will be executing two civil work packages aggregating ₹660 crore in a period of four and half years.

Nuclear Power



2x1000 MW Kudankulam Nuclear Power Project, Tamil Nadu

In 2010-11, HCC completed two packages for the 2x1000 MW Kudankulam Nuclear Power Project, the first light water nuclear reactors commissioned by Nuclear Power Corporation of India Ltd. (NPCIL), at the southern tip of the country. The work involved construction of reactor and auxiliary buildings for the two units and breakwater and intake works for the cooling water system.

The Company also secured a ₹888 crore contract for civil works of Rajasthan Atomic Power Project (RAPP) Units 7 & 8 from NPCIL. The execution duration of the contract is 50 months. HCC has earlier been involved with the construction of all the six units in operation at RAPP.

Thermal Power

Thermal Power is a new focus area for the Company. In 2010-11, the Company revisited its strategy in the thermal space and is now looking to develop this business given the significant opportunities available. During the year, the Company was awarded a

₹232 crore contract for the 2x195 MW Muzaffarpur Thermal Power Project from Kanti Bijlee Utpadan Nigam Limited, which is a joint venture of Nuclear Thermal Power Corporation (NTPC) and Bihar State Electricity Board (BSEB).

Transportation



The 83-km historic Mughal Road, Jammu & Kashmir

Over the past decade, HCC has built some landmark transportation projects including the Bandra-Worli Sea Link, the Mumbai-Pune Expressway and several national highway projects. The Company's superior quality of execution has been widely appreciated and conferred several awards. The prestigious Bandra-Worli Sea Link continues to win accolades for the Company. The project was awarded the "Infrastructure Project of the Year" at Property Awards 2010. The Delhi Faridabad Elevated Expressway (*dfskeyway*™) project won the CNBC TV 18 Infrastructure Excellence Award 2011 in the 'Highways and Flyovers' category. This project was also adjudged the Best Project - Roads at the Construction Industry Development Council (CIDC) Vishwakarma Awards 2011.

During 2010-11, the Company's joint ventures completed two packages of the Airport Metro Express line for Delhi Metro.

The Company has also completed the main carriageway at all the four sections of the Lucknow-Muzaffarpur section of National Highway NH-28. This involved an aggregate 156 km of road work. The Chennai Bypass project interconnecting three national highways, namely, NH-4, NH-5 and NH-45 was also completed during the year.

HCC is executing three packages aggregating 256 km of the National Highway NH-34 on Build Operate Transfer (BOT) basis. The project is fully mobilised and work is progressing in full swing. The project quarry received an award for Best Mines, Best Crusher, and Best Pollution Control from the Director General of Mines Safety.

Foundation and substructure works are underway on the Kolkata elevated corridor project, which is a 4.23 km long flyover from Park Circus to EM Bypass.

Water Supply and Irrigation

HCC is associated with seven water supply and irrigation projects in Andhra Pradesh. Largest among them is the JCR Devedulla Godavari Lift Irrigation Scheme where the Company is involved in all the three phases under implementation. This is the second largest such water scheme in the world and it will cater to the irrigation and drinking water requirement across 6.47 lakh acres of land.

The first phase of the project has been successfully commissioned, while construction of the second phase is nearing completion. In the third phase, HCC is involved in two packages for three rows of 38 km pipelines and a 55 km long tunnel. Work is proceeding across all phases.

The Company is engaged in two water supply contracts in Mumbai. The first contract involving laying a 15.7 km steel pipeline is nearing completion. The other contract envisages construction of a 12 km long tunnel about 65 m below ground level. One section of the tunnel is complete including the concrete lining. In the second section, 70% of the tunnel boring is complete.

In 2010-11, the Company secured an EPC contract for construction of a 56 km long section of Kachchh Branch Canal for Sardar Sarovar Narmada Nigam Ltd. The contract value is ₹345 crore with a construction period of 24 months.

Industrial

In 2009-10, the Company had secured three contracts from Hindalco Industries for their Aditya Aluminium Smelter project at Sambalpur, Orissa. In 2010-11, it added to these projects by securing additional work packages aggregating to ₹450 crore.

The Company is executing two underground crude oil storage caverns for Indian Strategic Petroleum Reserves Ltd. One is at Vishakhapatnam (Vizag), Andhra Pradesh and the other at Padur, Karnataka. The Vizag cavern is at an advanced stage of completion while work at the Padur Cavern is now gaining momentum.

Marine Works

Work has commenced on the ₹609 crore contract for reconstruction of the dry dock and wharves in Mumbai for Director General of Naval Projects.

The pier and wharves restoration work for King Abdul Aziz Naval Base at Al Jubail, Saudi Arabia is nearing completion.

Infrastructure Business

HCC Infrastructure is committed to serving society's need for sustainable and quality infrastructure development. In doing so, the Company will maximise shareholder value by generating stable and growing cash flow streams over concession periods ranging from 15 to 30 years.

HCC's decision to enter the infrastructure development business is a natural progression of the Company's inherent ability to operate in most domains of engineering and construction, Public-Private Partnership (PPP) model. PPP concessions that involve Design, Finance, Build, Operate and Transfer (DFBOT) require expertise that extends from concept innovation and evaluation of risk and return to delivering the promise through reliable operations and maintenance. The HCC Infrastructure team is extending the Group's more than eight decades history of superior construction execution to comprehensive asset development and operations, with the purpose of making people's lives easier.

Since its inception in 2007-08, HCC Infrastructure has created a concessions portfolio of assets worth ₹5,539 crore. The assets under management include six National Highways Authority of India (NHAI) road concessions, of which two are operational.

A slowdown in the award of infrastructure projects, an inflationary environment and highly aggressive bidding witnessed during the past year required HCC Infrastructure to adopt a patient and disciplined strategy in growing its road portfolio.

HCC Infrastructure is also actively pursuing new business opportunities in power, water, city gas distribution and airports. HCC is aware that mere creation of a sizeable portfolio does not imply greater shareholder wealth and that projects must earn high returns on equity while effectively managing risk and maximising free cash flow. To achieve these goals, HCC Infrastructure adopts a disciplined and patient investment strategy complemented by top class construction execution and operations and maintenance (O&M). Each of HCC's projects meets a high hurdle rate of return, with significant upside characteristics.

The Company has also partnered with leading global developers and O&M providers to bring world-class

systems and best practices to India. The development of a larger and diversified infrastructure portfolio will require significant capital investment in the years to come. The Company has made the requisite strategic and financial tie-ups to achieve its growth objectives. During the year ended 31st March, 2011, the equity holding in various road concession SPVs has also been consolidated to facilitate future fund-raising.

Operational Assets

Delhi Faridabad Elevated Expressway (NH-2) (*dfskyway*TM)

The Delhi Faridabad Elevated Expressway or *dfskyway*TM is a 4.4 km elevated highway connecting Delhi and Haryana at Badarpur. This engineering marvel has been developed by HCC Infrastructure with an investment of ₹572 crore. HCC Infrastructure was awarded a 20-year concession in 2008 to design, construct and operate this asset by the NHAI. The *dfskyway*TM contributes significantly to Delhi's rapidly expanding infrastructure by reducing travel time by over 40 minutes through an extremely congested corridor, that benefits residents and inter-state traffic alike. The concession will benefit greatly from traffic growth in and around the National Capital Region which has been approximately 20% during the past decade for satellite cities such as Gurgaon and Noida. The elevated expressway was operational significantly ahead of schedule and was inaugurated by the Chief Ministers of both Delhi and Haryana in November 2010. In this short span of time, the *dfskyway*TM has won many accolades for efficient design and execution of the project, including the Best Project Award by the

Construction Industry Development Council (CIDC) 2011 and the Infrastructure Excellence Award 2011 by CNBC TV18.

Nirmal (NBL) Annuity (NH-7)

The road from Kadtal to Armur is part of the project involving four-laning of the road section from the Maharashtra- Andhra Pradesh border to Armur in Andhra Pradesh, which forms a part of the Nagpur - Hyderabad section of NH-7. The concession period for the project is 20 years, including a construction period of 24 months. The project was developed by HCC with an investment of ₹315 crore and became operational in July 2009, over 3 months ahead of the scheduled completion date. The project is managed by an in-house operations and maintenance team. This is the only annuity-based road project in the portfolio.

Assets Under Development

Dhule Palesner (DPTL) Highway Project (NH-3)

The project road is part of NH-3, commonly referred to as the Agra-Mumbai Road, originating from Agra and ending at Mumbai in Maharashtra. It is a primary conduit for transportation of passengers and freight traffic between the state of Uttar Pradesh and major towns in the states of Madhya Pradesh and Maharashtra. The concession period is 18 years, including a construction period of 30 months. The project has already achieved 55% completion by March 2011 and is expected to be operational later this year, over 6 months ahead of schedule. The highway is being developed in partnership with an investment of ₹1,420 crore and HCC Infrastructure is the lead partner along with Sadbhav Engineering Ltd. and John Laing Investments Ltd. (UK).



4.4 kms Delhi Faridabad Elevated Expressway

West Bengal (NH-34) Highway Project

This eagerly awaited project being developed on DFBOT basis is the largest PPP highway project in West Bengal (WB). The project road is the major North-South artery (NH-34) which originates at the capital and port city of Kolkata, and ends at Dalkhola in the state of West Bengal, covering a total distance of 443.5 km. The concession periods for the different segments totalling 256 km range from 25 to 30 years, including a construction period of 30 months. The highway development, divided into three contiguous sections, covers Baharampore to Farakka (103 km), Farakka to Raiganj (103 km) and Raiganj to Dalkhola (50 km). On 31st October, 2010, the Union Finance Minister, Mr. Pranab Mukherjee, laid the foundation stone for this 256 km development. The traffic on NH-34 comprises 90% commercial traffic, carrying a diversified mix of manufacturing goods, building materials, steel, jute, food grains and tea. Economic indicators reflect an average growth rate for West Bengal's GDP to be over 15% over the past few years. Besides significantly improving the transportation network within the state, the project will provide greater connectivity to North East India and give a significant boost to commerce and trade in West Bengal and the surrounding regions.

New Business Opportunities

In addition to its maturing transportation business, HCC Infrastructure is evaluating opportunities in the following sectors and expects to build a diversified infrastructure asset portfolio in the coming years.

Power

With strong GDP growth, India is witnessing a constantly growing need for power. For 2010-11, the Central Electricity Authority has estimated an energy deficit of 10% and peak deficit of 12%. In order to bridge this gap, the Government of India has enacted a policy framework which provides significant opportunities for private companies to participate in the value chain of the power business. HCC Infrastructure's power team has a wealth of development experience to address the Company's entry into power generation, largely through the Hydro and Thermal sectors.

HCC, the parent company of HCC Infrastructure, has built 25% of India's hydro capacity. Leveraging this strength, HCC Infrastructure is seeking suitable BOT opportunities in primary and secondary markets of hydro power. While doing so, HCC Infrastructure will be engaging with best in class advisors,

consultants and partners.

The HCC Group strongly believes in sustainable development. To create a better world for the future, it is necessary that all present endeavours are sensitive to the environment. In striving to produce green power and use cleaner technology, HCC Infrastructure aims to procure solar energy projects in its portfolio. With the announcement of the Jawaharlal Nehru National Solar Mission, which aims to set up 20,000 MW of Solar Power Generation by 2022, the Government of India has set the stage for rapid solar capacity addition. HCC Infrastructure aspires to be a part of this extraordinary mission.

Water

The urban population of India comprises about 30% of the total population. This percentage is expected to grow to 40% by 2021. However, water transmission and distribution systems have failed to keep up with this growth, leading to significant problems in availability and quality. HCC Infrastructure is currently evaluating opportunities to supply water to both commercial enterprises and residences, through world-class facilities in partnership with international players having requisite experience in water PPP. Water is the lifeblood of any home and industry, be it rural or urban, and HCC Infrastructure is focussed on partnerships and PPP solutions that will help solve the nation's resource and supply challenges, using cleaner and better water technologies.

City Gas Distribution (CGD)

With new gas discoveries and development of LNG and transmission infrastructure, India has adequate resources of natural gas to meet its domestic demand. Though priority will be given to Power & Fertiliser plants, the Government of India has planned to allocate a sizable portion of natural gas for CGD projects. Over the next 10 years, 300 cities are to be connected with gas with an investment of over ₹37,000 crore. The idea is to supply piped natural gas to households, commercial establishments and industries along with supply of CNG (Compressed Natural Gas) for vehicles. As part of its Urban Infrastructure strategy, HCC Infrastructure is actively pursuing opportunities in the CGD space.

Airports

During the last few years, the private sector has played a major role in the development of this industry. Currently, several major airports such as Mumbai, New Delhi, Hyderabad, Bangalore and Cochin are managed by private developers. Moreover, more than

50 operational airports are being modernised, and feasibility studies are being carried out to make several others operational. Greenfield airport development has also received a boost as two of the biggest greenfield airport projects till date, Bangalore and Hyderabad, have been running successfully. The Government of India has planned investments of ₹35,000 crore for greenfield airports and over ₹30,000 crore for modernisation projects in the next decade. With its excellent execution abilities and history for safety and quality, the HCC Group is set to enter the airport market.

Urban Transport

Indian cities are fast emerging as engines of economic growth with an estimated 60% of the country's gross domestic product originating from urban areas. Increasing urbanisation coupled with unplanned and unregulated growth has put significant pressures on urban infrastructure, especially on urban transport systems. Indian cities are witnessing high congestion levels, which can lead to economic and social losses as high as 10% of GDP. To provide better commuting options to the public, the Government has announced several projects which include metros in Mumbai, Bangalore, Chennai and Hyderabad and cost-effective mass transport such as Bus Rapid Transit System and monorails. Finally, modernisation of bus terminals across the country is also being undertaken on PPP models. The HCC Group will leverage its expertise in transport concessions, construction and real estate development to evaluate opportunities in this space as well.

Integrated Urban Development and Management - Lavasa

The focus at Lavasa has always been to establish itself as a distinct hill city, offering world-class facilities with its own unique features, where one could live, learn, work and play in harmony with nature. As free India's planned hill city, it offers a wide range of residential and commercial facilities, tie-ups with premier, national and international educational institutions, an extensive range of tourist activities, family entertainment opportunities and several business



Lavasa Hill City

avenues across a range of industries. 2010-11 saw several developments at Lavasa.

In the hospitality space, Accor Hospitality launched two of its brands including the Mercure Lavasa and the 1500 plenary capacity Lavasa International Convention Centre. Novotel and Pullman, also Accor brands are in the process of being built, while Hilton, Comfort Inn, Days Inn, Oakwood, Jukaso, Langham Place and Eaton, amongst others, are slated to follow in quick succession.

On the retail front, a significant area has already been leased. Restaurants like American Diner, Granma's Homemade Patisserie, Brewberrys -The Coffee Bar, Chor Bizzare, Subway and Oriental Octopus, Past Times Pub, Tabakh, Pizzavala, Hungry Hippo and Fruity Bat have commenced operations.

On the education front, 2010-11 saw the launch of Christel House Lavasa. Ecole Hoteliere Lavasa started its second batch and academic certification from Ecole Hoteliere Lausanne has now been received to conduct Masters programmes. Next in the pipeline this year for opening is Le Mont High School Lavasa by Educomp for an IB school and EuroKids and Birla Edutech with primary and pre-primary schools. Professional and executive education took off at Lavasa in a big way with Massachusetts Institute of Technology (MIT) having conducted their first programme on Airport and Airline Systems, Planning and Management.

My City Technology, a company promoted by Lavasa, Cisco and Wipro to develop IT infrastructure, also began its operations.

There was continuous stress on creating awareness through marketing initiatives, primarily by exposing the city to a wider audience through events. A television series called 'Urban Longings' was aired to highlight the need for planned new cities. This was supplemented by a series of articles by personalities like Dr. APJ Abdul Kalam, who shared their ideas of a 'future city'. Events like 'Literature Live' and Lavasa Mifta Awards brought the city closer to arts and culture. The 'City Planning and Governance Summit' in November 2010 brought international experts on city governance and sustainability to Lavasa, where they shared their expertise with the delegates.

On the sales front, the Company has sold out all the residential units in Dasve and handover of the units commenced in the first quarter of 2010. Total corporate land sales to institutions has been over 244.11 acres and leased area is 43 acres. Prominent names like State Bank of India, Birla Edutech, Ryan International, Euro School, AB Hotels (Radisson) among others are the buyers/lessees. The Company also leased out 39,784 sq ft of

office space in the first commercial building at Dasve named 247 Business Square.

While operational progress was on track, construction operations have been stalled since 25th November, 2010, after the Ministry of Environment and Forests (MoEF) issued 'stop-work' notice to the Company for alleged violation of environmental norms. There continues to be some policy confusion, unclear interpretation of terms and the matter remains subjudice. HCC is confident that a solution to this matter will be in place in the near future.

Real Estate

HCC Real Estate aims to develop and execute unique high value projects that would help build sustained communities across India. Given the market uncertainties in the Indian real estate sector, especially in the commercial segment, HCC has adopted a cautious approach in growing the real estate business. The focus has been on consolidating its position in respect of land titles and other documentation for the land held by the Company.

247 Park at Vikhroli (West): 247 Park, developed by HCC Real Estate, is a new age destination and India's largest standalone LEED Gold certified green building with a built-up area of 1.8 million square feet and



247 Park, Mumbai

leasable area of 1.1 million square feet, strategically located at the heart of the business corridor at Vikhroli (West) in Mumbai. During the year, 247 Park achieved more than 90% occupancy.

During 2010-11, the Company converted its partnership firm Vikhroli Corporate Park into a company called Vikhroli Corporate Park Pvt. Ltd. (VCPPL). In July 2010, VCPPL issued further shares to IL&FS Milestone Real Estate Fund. Consequently, HCC Group's stake has been reduced to 26%. Thereby, the Company has monetised part of this asset.

Following are the key awards received by 247 Park during the year:

- The world-class safety standards of 247 Park

were recognised at Asia's largest exhibition on Architecture, Design and Construction.

- The Economic Times ACETECH awarded 247 Park for 'Excellence in Commercial Segment' in the 'Safety Norms' category.
- 247 Park was selected for the Royal Institute of Chartered Surveyors (RICS) - Vestian study titled 'Sustainable IT Workplaces of India' and an Occupier's Preference and Satisfaction Survey is being conducted at present.

Development of Vikhroli (E) land parcel: HCC owns a land parcel at Hariyali village, Vikhroli (E), which was declared a slum under the Slum Rehabilitation Act of 1973. HCC Real Estate is developing this land parcel through Panchkutir Developers Ltd., a wholly owned subsidiary of HCC. Consent has been received from more than 70% of slum dwellers for development of this land, and the necessary documentation has been filed with the statutory authorities seeking an approval of development on this land parcel.

Charosa Wineries Ltd.: As an extension to the real estate portfolio, HCC had made investments in developing vineyard near Nashik. During 2010-11, the Company has decided to go slow in acquiring further land at Charosa Wineries and the focus is on developing the existing asset. The Company also got an approval under the Bombay Tenancy and Agricultural Lands Act of 1948 declaring the Charosa Wineries project as 'Wine Tourism'. This will allow the development of a separate stream of business from the property.

Karl Steiner AG, Switzerland

In May 2010, HCC through its wholly owned subsidiary HCC Mauritius Enterprises Limited acquired a controlling interest in Karl Steiner AG, Switzerland (KSAG). With the subscription of newly issued shares of KSAG in consideration for a CHF 35 million cash investment, HCC now owns 66% stake in KSAG.

KSAG is a leading general contracting company in Switzerland, specialised in turnkey development of new buildings and refurbishments, and offers services in all facets of real estate development and construction. As per the acquisition agreement, in 2014, KSAG's sole minority shareholder will sell his remaining shares to the Company at a pre-agreed price based on KSAG's earnings achieved between 2010 and 2013.

The acquisition of KSAG is the Company's first

international acquisition and provides HCC with access to a rich experience of constructing world-class integrated buildings. It shall also provide the following benefits:

- entry into the lucrative integrated building construction market in India
- total solutions ability for a facility at a single source
- implementation of new technologies to support sustainable and green developments
- safe and fast construction processes and access to world-class cutting-edge European technologies.

Pursuant to the consolidated IGAAP financial statement of KSAG, the revenue of KSAG amounted to CHF 597.40 million and the profit before tax amounted to CHF 2.32 million in the period from 5th May, 2010 (date of acquisition of KSAG) to 31st March, 2011 (11 months).



Extended Headquarters, World Economic Forum, Switzerland

During 2010-11, KSAG signed two big projects in Switzerland: Project SkyKey, a large-scale commercial building with Zurich Insurance Ltd. as tenant and Swiss Prime Site AG as investor with a contract value of CHF 265 million, and Project Urbahn, a CHF 107 million integrated development including a hotel, a shopping centre, and commercial and residential buildings. In March 2011, the order backlog of KSAG amounted to CHF 1,018 million.

In addition, KSAG has been awarded 6 contracts with a value of CHF 410 million, for which contracts are yet to be signed. These contracts are expected to be signed during 2011-12.

During 2010-11, KSAG has re-organised its operations. In order to effectively monitor its business, Switzerland's east region has been divided into two regions, namely, the region 'Centre' and the region 'East'. Also, KSAG has created central functions, such as the technical department,

procurement and monitoring to support projects with their expertise.

Highbar Technologies

To leverage the expertise developed in providing in-house IT services and cater to the IT needs of the construction industry, on 1st April, 2010, HCC hived off its IT department into a separate company called Highbar Technologies. The core team comprises IT and infrastructure professionals who have amalgamated the legacy of domain knowledge in the infrastructure business with information technology. Highbar focuses on IT implementation initiatives from a business transformation perspective rather than technology implementation perspective.

In its very first year of operations, Highbar was able to compete against well-established industry players to serve 17 new customers. With this, the total customer base increased to 43. A testimony of Highbar's delivery capabilities is the fact that it continues to secure repeat business and customers on reference. To extend its footprints to the infrastructure industry in the Middle East, Highbar Technologies has incorporated a subsidiary in Dubai, named 'Highbar Technologies FZ-LLC'. Highbar has also bagged its first customer in the Middle East.

Highbar Technologies has developed a strategic alliance with SAP as 'Service Partner'. Gartner, the world's leading IT research and advisory company, recognises Highbar as '**vendors to watch**' in Indian ERP space and attributes its rapid growth to domain capability and knowledge.

Highbar continues to support HCC in its IT usage. Today, the SAP ERP is well established in HCC's Engineering and Construction division at the corporate head office and in 61 projects, as well as in group companies and subsidiaries including HCC Infrastructure, HCC Real Estate and Lavasa Corporation. SAP Document Management System (DMS) is now operational at nine critical departments within HCC. More than 300 vendors including suppliers, sub-contractors, transporters and service providers use the supplier portal for collaborating and transacting with HCC on a daily basis.

HCC implemented SAP CRM for enabling a better hit ratio, increased market share and better profit margins, in January 2011. This will provide integrated information management between sales, business development, regional offices and marketing for bringing efficiency in the business processes. To ensure sustained productivity advantage, an "online

time cycle monitoring system” has been put in place, that improves efficiencies of cyclical processes of construction operations and is being used across 13 project sites. As a part of the strategic initiative to promote innovation at HCC, a portal called “Innovation” was launched. The portal will help in developing innovative ideas and exchange of learnings across HCC and facilitate adoption of the same.

All the IT applications are supported at the back end by a rugged and scalable IT infrastructure comprising state-of-the-art wide area network and a well connected data centre.

IT systems for the newly acquired company Karl Steiner AG are also getting integrated with the overall HCC Group IT architecture.

Operations Support

The operations of the different divisions are supported by Management Systems, Intellectual Property Rights, Branding and Human Resource.

Management Systems

HCC’s business operations extend to remote project sites spread across different states. Creating, developing and establishing best-in-class processes and systems across these sites are fundamental to ensure the Company’s competitive strength.

HCC has adopted an integrated approach towards quality, environment, health and safety and has incorporated these in business practices. The objective of an Integrated Management System (IMS) is to inculcate a culture of continuous improvement that will enhance quality of the products and maintain the highest standards of environment protection and safety of the project team to maximise customer satisfaction.

This adheres to the stringent standards stipulated by ISO 9001: 2008 for Quality; ISO 14001: 2004 for Environment; and BS OHSAS 18001: 2007 for Occupational Health and Safety.

On the safety front, HCC focuses on creating a culture that continuously reduces the frequency of incidents to achieve the goal of ‘Zero Reportable Injuries’. The Company is also committed to reducing the impact on environment during execution of projects.

To achieve these objectives, engineers at various functional levels are trained by professional agencies to ensure proper operation of processes and systems.

These trained engineers then act as internal auditors to conduct regular bi-annual internal IMS audits based on a detailed schedule.

There were several IMS-related developments in 2010-11. During November-December 2010, M/s TÜV NORD, the certifying agency, conducted a recertification audit for ISO 14001:2004, BS OHSAS 18001: 2007 and ISO 9001:2008 to verify the status of compliance to the requirements of these standards. The objective and effectiveness of Integrated Management System has been verified during this audit course. Five project sites of the Company and most of the functions at corporate office were subjected to these audits. The auditors recommended continuation of certification for ISO 14001: 2004, BS OHSAS 18001: 2007 and ISO 9001: 2008. These certificates are valid up to March 2014.

Intellectual Property Rights

HCC continued to pursue its initiative on creation and protection of Intellectual Property (IP) during 2010-11.

Patents

HCC is awaiting registration on the following invention applications submitted to the patenting authority under the Patents Act, 1970 in India. These inventions are under examination by the Patent Office:

- Pipe joint leak-testing device
- A system for automatic accounting of fluids in a vessel, container or tank
- New capping system for testing concrete and rock cores
- System and method for online monitoring of fuel consumption in automobiles
- System and method for detecting trespassing below a parked vehicle
- Geotextile Sand Container Mattresses (GSCM) lining for temporary river bed diversion channels

Trade Marks

During the year under review, the Company filed applications for registration of trade marks/obtained registration as per details below:

A. International

- In December 2010, filed a multi-class trade mark registration application for registration of marks ‘HCC’ & ‘Hindustan Construction Company Limited’ in European Union with European Community Trade Marks Office.

- In February 2011, obtained a multi-class trade mark registration for registration of marks 'HCC' and 'Hindustan Construction Company Limited' in Switzerland from Switzerland Trade Marks Office.

B. **National** - under Trade Marks Act, 1999

- In May 2010, obtained registration for the trade mark 'Beyond Bread', from Registrar of Trade Marks, Mumbai.
- In July 2010, obtained registration for the trade mark 'HCC Real Estate The Highest Standard', from Registrar of Trade Marks, Mumbai.
- In February 2011, obtained registration for the trade mark '247 Park', from Registrar of Trade Marks, Mumbai.
- In April 2010, for wholly owned subsidiary, Highbar Technologies Limited, filed multi-class applications for registration of the trade mark 'Highbar Technologies', with Registrar of Trade Marks, Mumbai.
- In July 2010, for wholly owned subsidiary, HCC Infrastructure Co. Ltd., filed multi-class applications for registration of the trade marks 'HCC Infrastructure' and 'HIL', with Registrar of Trade Marks, Mumbai.
- In September 2010, filed a multi-class application for registration of trade mark 'HCC Responsible Infrastructure', with Registrar of Trade Marks, Mumbai.
- In November 2010, for wholly owned subsidiary, Charosa Wineries Limited, filed a multi-class application for registration of trade mark 'Charosa Wineries Limited', with Registrar of Trade Marks, Mumbai.
- In January 2011, for subsidiary Badarpur Faridabad Tollway Limited which has developed the Delhi Faridabad Elevated Expressway, multi-class application for registration of trade mark 'dfskyway', was filed with Registrar of Trade Marks, Mumbai.
- In February 2011, for wholly owned subsidiary, HCC Concessions Limited, filed a multi-class application for registration of trade mark 'HCC Concessions Limited', with Registrar of Trade Marks, Mumbai.

Protection of Intellectual Property Rights:

HCC has a mechanism in place for monitoring any kind of intellectual property infringement and ensures that

stringent action is taken against the offenders.

The Company had filed suits under the Trade Marks Act, 1999, before the Bombay High Court against 'HCC Health Care Consortium Pvt. Ltd.', Jaipur in November, 2010 and against 'HCC Logistics Pvt. Ltd.', Indore in December, 2010 claiming suitable reliefs. HCC moved the notice of motions in both these suits, wherein the Bombay High Court, vide its orders both dated 24th January, 2011, was pleased to grant adinterim reliefs in favour of the Company, restraining the aforesaid defendant companies from using the mark 'HCC' in any manner whatsoever, as the same would tantamount to infringement.

Branding at HCC

The Company continued with its initiatives to enhance and promote the 'HCC' brand and its associated values. The brand had significant presence in about 15 key business and industry events and expositions (expos) where HCC's wide ranging expertise and experience was showcased.

The inauguration of the second (north) carriageway of the Bandra-Worli Sea Link by dignitaries and prominent personalities once again raised HCC's brand profile and its association with this signature bridge. Branding initiatives continue to be deployed at HCC's existing, as well as new project sites.

Brand awareness about HCC's leadership in development of modern infrastructure in India was spread wider with HCC's involvement in key projects such as the NH-34 North-South Corridor project linking West Bengal to the north-eastern states. The importance of this project was marked by the Union Finance Minister laying the foundation stone. The Delhi Faridabad Elevated Expressway was inaugurated a month ahead of schedule amidst fanfare. This highway has helped commuters improve connectivity between Delhi and Faridabad significantly and helped brand HCC touch a chord with the common citizenry. Likewise, branding around the Kolkata Elevated Highway Project currently underway has created an impressive presence for HCC in the minds of the city's commuters as they look forward to the improved commute.

In this period, HCC undertook several key initiatives involving investors and business partners aimed at

enhancing a connect with Brand HCC. Analyst meets were conducted every quarter and sub-contractor meets initiated in Mumbai, Delhi and Kolkata.

The Company has also engaged brand consultants Landor, to develop a special brand engagement programme which will involve all Company staff in taking ownership of the brand and assimilating brand values.

Human Resources (HR)

During 2010–2011, continuing with the focus to provide innovative construction solutions, a dedicated innovation team was formed and the ‘Innovention’ Portal was introduced to encourage employees to contribute innovative ideas along with a programme to recognise and reward excellence in innovation.

An international firm was engaged to study HCC’s Project Management functions and recommend best-in-class processes. They have concluded the study and relevant recommendations are being implemented in pilot projects.

Towards the end of 2010-11, the organisation structure was re-oriented along the functional structure lines to re-inforce enhanced focus and accountability in various areas of business including execution, business development, strategy, marketing and sales, and technology. Teams are already in place and operating as per the new organisation structure.

Learning and Development continued to be a focus area. In addition to organising in-house customised programmes in focus areas, teams were nominated for national and international level seminars for skill and knowledge enhancement. While the focus continued to be on bringing in talent into the organisation both at the project and corporate level, a recruitment tracking tool has also been developed to streamline the manpower budgeting and approval process. It also manages vacancies and optimises human resource utilisation. The performance management process for the year was implemented and concluded as planned.

An online Employee Portal is under development to put some of the HR processes online including the performance management process. Employee self - service will be introduced post-implementation.

Financial Review

Table 1 gives the abridged profit and loss for HCC, as a standalone company, while **Table 2** lists the key financial ratios.

Table 1: Abridged Profit and Loss Account of HCC (₹ Crore)

	2010-11	2009-10
Revenue		
Income from operations	4149.0	3863.0
Less: Excise Duty	5.1	0
Less: Income from JVs	50.8	218.8
Net income from operations (a)	4093.1	3644.2
Profit/Loss on integrated JVs (b)	(2.5)	(14.9)
Total (a) + (b)	4090.6	3629.3
Expenditure		
Construction expenses	2896.6	2647.6
Staff costs	467.6	394.4
Other expenditure	189.1	159.3
Interest	289.9	205.2
Depreciation	152.7	113.9
Total	3995.9	3520.4
PBDIT (including profit/loss on integrated JV)	537.3	428.0
PBT (including profit/loss on integrated JV)	94.7	108.9
Other income	17.0	13.0
PBT (including other income and profit/loss on integrated JVs)	111.7	121.9
Tax liability	40.7	40.5
PAT	71.0	81.4

Table 2: Key Financial Ratios

	2010-11	2009-10
PBDIT/Net Income	13.1%	11.8%
PBT/Net Income	2.7%	3.4%
PBT/Gross Total Income	2.7%	3.1%
PAT/Gross Total Income	1.7%	2.1%
RONW	4.6%	5.4%
ROCE	8.6%	8.6%
Basic EPS (₹)	1.17	1.40

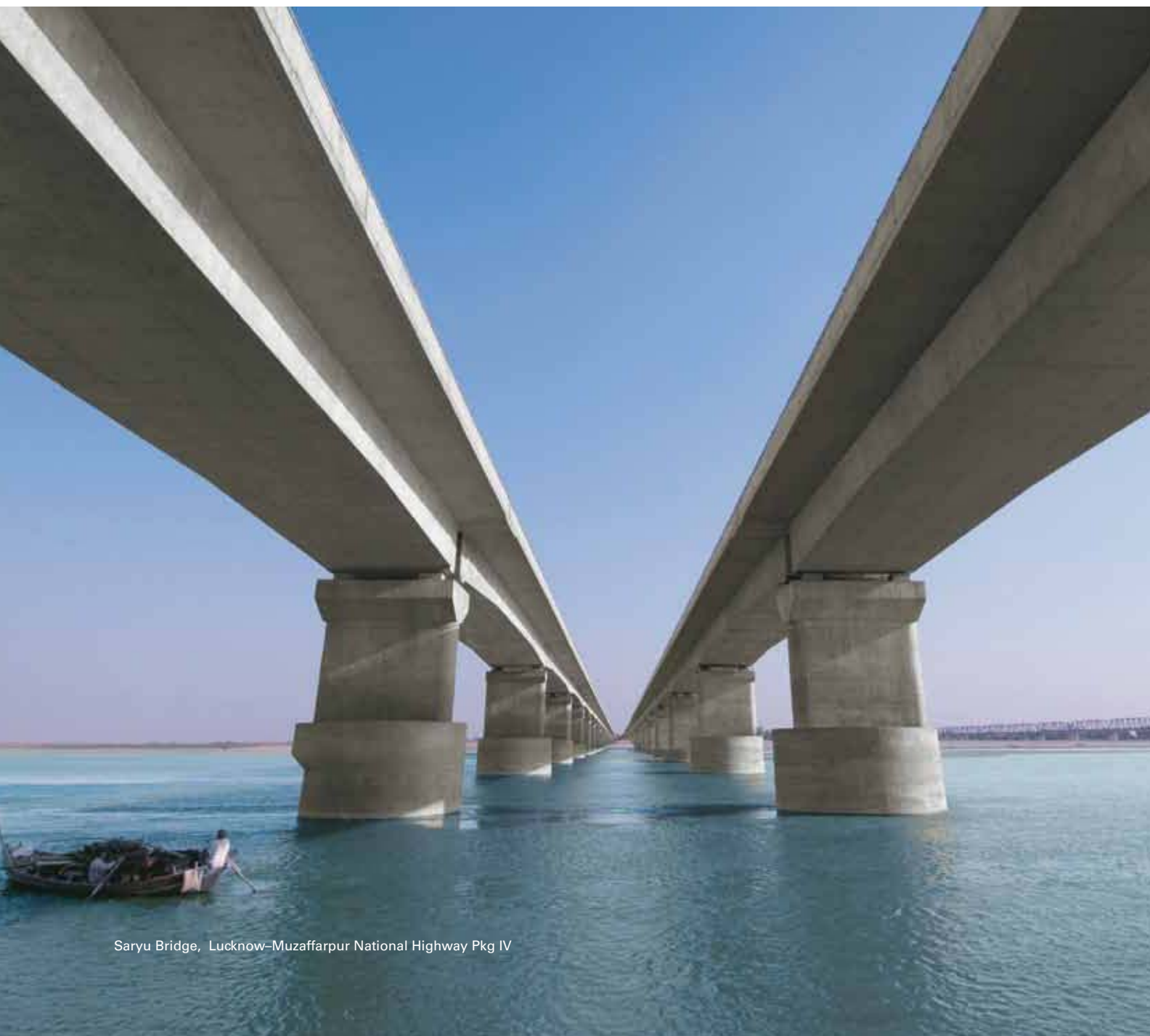
Internal controls and their adequacy

HCC has an adequate system of internal controls to ensure that all assets are safeguarded and protected against loss from unauthorised use or disposition, and transactions are authorised, recorded and reported correctly.

The internal control is supplemented by an extensive programme of internal audits, review by management, documented policies, guidelines and procedures. The internal control is designed to ensure that financial and other records are reliable for preparing financial information and other data, and for maintaining accountability of assets.

Cautionary Statement

Statements in the Management Discussion and Analysis describing the Company's objectives, projections, estimates and expectations may be 'forward looking statements' within the meaning of applicable laws and regulations. Actual results might differ substantially or materially from those expressed or implied. Important developments that could affect the Company's operations include a downtrend in the infrastructure sector, significant changes in political and economic environment in India, exchange rate fluctuations, tax laws, litigation, labour relations and interest costs.



Saryu Bridge, Lucknow–Muzaffarpur National Highway Pkg IV



Corporate Social Responsibility : Beyond Bread

At HCC, business goes beyond efficient project execution. The Company has adopted a model that focuses on creating value by engaging with all stakeholders. Corporate Social Responsibility (CSR) activities at HCC, build an important bridge between business operations and social commitments to create an organisation that focuses on responsible infrastructure development. This helps strengthen the Company's focus on sustainable growth.

HCC has already started a sustainability report called 'Beyond Bread' that has adopted the Global Reporting Initiative (GRI) framework. GRI is an international organisation that promotes disclosure on environmental, social and governance performance. HCC's report 'Beyond Bread' achieved GRI's highest accreditation with the award of a A+ application level check certification and was externally assured by a leading audit firm.

The Company continued with its long tradition of contributing to and investing in communities in and around its project sites. Under the broad umbrella of community development, several initiatives have made a lasting impact on the economic, environmental and social conditions of local people. These initiatives fall into five categories. Four of these, education, HIV/AIDS awareness, water conservation and disaster response are managed at the enterprise level. Community and infrastructure development is managed at a project level.

Education

HCC's promotion of education is not limited to meeting its own need for highly skilled engineers

to produce world-class products. Education has become a cornerstone of HCC's many corporate responsibility activities. The Company has been playing a lead role in development of centres of higher learning including (i) The Walchand College of Engineering, Sangli, established in 1947 which offers a variety of degree and diploma courses in engineering and has a graduating class of about 600 students each year and (ii) The National Institute of Construction Management and Research (NICMAR) founded in 1983 which offers dynamic programmes in conjunction with other globally renowned institutions such as the Advanced Construction Management Programme developed in collaboration with MIT, the University of Michigan, the ILO and the Indian Institute of Management (IIM, Ahmedabad). NICMAR's programmes produce world-class engineers who will contribute to India's infrastructure development needs.

In addition, the Company also has long association with two schools where it provides developmental support; gives donations to various educational institutions; provides special training initiatives to improve employability of students with focus on students from weaker sections of society; and provides technical education quality programmes.

HIV/AIDS

HCC recognises the serious impact of HIV/AIDS amongst migrant workers who are an integral part of project based businesses. In response to this, the Company has formulated the HIV/AIDS Workplace Policy and adopted a Workplace Intervention Programme (WPI). The Policy has been translated in eight regional languages and been made available on

the intranet which focuses on prevention programmes and zero tolerance of stigma and discrimination at the workplace. The WPI provides benefits to migrant workers, local communities and the Company through a reduction in sickness, loss of working hours and healthcare costs. The WPI focuses on enhancing awareness and education about HIV/AIDS, creating a supportive and safe environment for workers and preventing discrimination. This programme is implemented by specially trained Master Trainers and Peer Educators who organise capacity-building and awareness programmes at project sites and communities around the vicinity of the site.

The WPI programme is designed and implemented with partner organisations including the International Labour Organisation (ILO), the Avert Society (USAID Programme) and the Clinton Global Initiative. So far, there have been over 1,00,000 man hours of WPI involving over 280 master trainers/peer educators that have reached out to over 45,000 employees and workers.

Water

The ever-expanding demand of the world's growing population along with climate change, are already resulting in several pockets of water scarcity. This will pose a severe threat to livelihoods, human health and ecosystems. According to a report by the Water Resource Group, demand for water in 2030 will be 40% higher than it is today, and more than 50% higher in most rapidly developing countries.



The CEO Water Mandate

The CEO Water Mandate of the United Nations seeks to engage water conscious companies from around the world, willing to undertake serious efforts in partnership with other stakeholders, to address this challenge of water scarcity. Water scarcity is linked to poor education, poverty, disease, and increasing conflicts. HCC endorsed The CEO Water Mandate in March 2008. Endorsers of The CEO Water Mandate recognise that through individual and collective action they can contribute to the vision of the UN Global Compact and the realisation of the Millennium Development Goals. HCC continues to implement this commitment by:

- **Adopting budget allocation for effectuation of total Water Management at Project Sites:** The annual budget proposals for all projects (old and

new) have a provision for establishing wastewater treatment units. These are usually linked to water reuse and recycling proposals.

- **Water Management at Construction Project**

Sites: The organisation structure at HCC project sites has "Water Champions" who are responsible for executing water consciousness proposals of water recycle/recharge/reuse and monthly reporting of water data to the UN Water Mandate team at the Head Office. The activities involving UN Water Mandate Implementation at each project site forms a part of "Key Result Areas" of the Water Champions and this is linked to their annual performance appraisal. The best performing Water Champion among all project sites is felicitated at every quarterly Project Managers' Meet.



Water Treatment Plant at Vizag Cavern Project, Andhra Pradesh

- **Water Consumption Reporting:** HCC is in the process of installing flow meters across project sites for the measurement of water withdrawals from nature and consumption from water utilities like the municipality. Purchased water tanker consumption is recorded in a customised format at the project site and consolidated data is reflected in the HCC Water Forms.
- **Water Preservation with SAP:** HCC launched the UN Water Mandate with SAP on "World Environment Day" - 5th June, 2010. This is a practice wherein all water consumption and conservation activities are reported through SAP. This activity comprises a 3-phase implementation process, starting with accounting of total water withdrawn by HCC. The next phase, launched around October 2010, involved the evaluation of the total water withdrawn, and to check whether water has been consumed within reasonable limits. The third phase focuses on implementation of the UN Water Mandate and complete water management at SAP as per the "Water Master Plan" committed by the Project Manager.

Disaster Resource Network

The Disaster Resource Network (DRN) is a global network of engineering and construction companies that have come together to provide engineering and construction expertise for relief work during and after natural disasters and crises. The DRN was established in November 2002 in the aftermath of the 2001 Gujarat earthquake by the engineering and construction industry members of the World Economic Forum.

HCC is one of the founding members of the DRN. The Chairman and Managing Director, Mr. Ajit Gulabchand, currently serves on the DRN's Board of Directors and is the Chairman of DRN India. The Company has provided basic training (First Responder Training) to over 10,000 employees on how to respond during a crisis. A subset of engineers has been trained at an advanced level on Engineering in Emergencies, qualifying them to be mobilised for rehabilitation support work during a crisis.

Leh Flash Floods - August 2010:

In August 2010, a catastrophic cloud burst and flash floods ravaged the Leh town which left behind a trail

of death and huge destruction. HCC which has two large engineering project sites in the Ladakh and Kargil regions had deployed trained engineers for relief and restoration work at the affected villages close to its project sites.

This included 380 staff members led by 'Engineering in Emergencies' trained engineers and deployed a total of 1,36,800 man hours. The support activities undertaken included rescue operations, cleaning of village, schools, monasteries, restoration of roads, bridges, provision of drinking water and sanitation facilities, restoration of irrigation canals, relief material distribution, health check-up and distribution of medicines to the villagers.

Community Development Partners

HCC's community development programmes are designed and run in partnership with Indian and global partners who are experts in the field of health, education and development. These partnerships ensure access to information and resources required to design and implement effective outreach programmes targeted towards local needs.



Restoration work by HCC team at Druk White Lotus School post flash floods in Leh, Jammu & Kashmir

Report on Corporate Governance

Corporate Governance Philosophy

HCC's commitment to the principles of transparency, integrity, professionalism and accountability in all its dealings is the foundation of its continuous endeavour to create sustainable value for all its stakeholders including the society at large. In this pursuit, the Company places highest emphasis on business ethics and had adopted high standards of Corporate Governance practices across all its business activities. Today, these strong governance systems have helped the Company promote an industry-wide initiative of developing 'responsible infrastructure'.

Corporate Governance at HCC is an ongoing process and the Company continuously strives to improve upon its practices in line with the changing demands of the business environment. These governance structures and systems are the foundation that provides adequate empowerment across the organisation helping leverage opportunities for rapid sustainable growth for the Company.

The Board of Directors play an active role in fulfilling its fiduciary obligations to shareholders by efficiently overseeing management functions to ensure their effectiveness in delivering shareholder value. The Management assumes overall responsibility for developing the Company's strategic goals and executing the functional operations of the business within the broad guidelines and directions approved by the Board. And, this governance framework is made effective through an efficient system of timely disclosures and transparent business practices.

In addition, the Company has established systems to encourage and recognise employee participation in environmental and social initiatives that contribute to organisational sustainability, conservation of energy, and promotion of safety and health, which are an integral part of the Company's business model.

This chapter reports the Company's compliance with the mandatory requirements on Corporate Governance as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges and also highlights some of the non-mandatory practices adopted by the Company.

I) Board of Directors

(a) Composition of the Board

The composition of the Board is in conformity with Clause 49 of the Listing Agreement, which stipulates

that at least 50% of the Board should consist of Independent Directors, if the Chairman of the Board is an Executive Director.

As on 31st March, 2011, the Board comprised of ten Directors – one Executive Director and nine Non-Executive Directors. The Executive Chairman and Managing Director is the Promoter Director of the Company.

Of the Nine Non-Executive Directors, seven are Independent Directors. All the Directors possess the requisite qualifications and experience in general corporate management, finance, banking, insurance and other allied fields enabling them to contribute effectively in their capacity as Directors of the Company.

As mandated under Clause 49 of the Listing Agreement, the Independent Directors on the Board of the Company:

- Apart from receiving Director's remuneration, do not have any material pecuniary relationships or transactions with the Company, its Promoters, Directors, Senior Management or its Holding Company, Subsidiaries and Associates which may affect independence as a Director;
- Are not related to promoters or persons occupying management positions at the Board level or at one level below the Board;
- Have not been executive(s) of the Company in immediately preceding three financial years;
- Are not partner(s) or executive(s) or were not partner(s) or executive(s) during the preceding three years, of any of the following:
 - i. Statutory audit firm or the internal audit firm that is associated with the Company.
 - ii. Legal firm(s) and consulting firm(s) that have a material association with the Company.
- Are not material supplier(s), service provider(s) or customer(s) or lessor(s) or lessee(s) of the Company, which may affect independence of the Director;
- Are not substantial shareholders of the Company i.e. do not own two per cent or more of the block of voting shares;
- Are not less than 21 years of age;

None of the Directors of the Company are inter se related to each other.

Except the Chairman and Managing Director, all Directors are liable to retire by rotation.

On 29th April, 2011, the Board of Directors appointed Mr. Arun V. Karambelkar as an Additional Director and Whole-time Director of the Company for a period of 5 years, subject to approval of the shareholders of the Company at the ensuing Annual General Meeting.

(b) Number of Board Meetings

The Board of Directors met five times during the year under review on 30th April, 2010, 11th June, 2010, 30th July, 2010, 29th October, 2010 and 21st January, 2011. The maximum time gap between any two consecutive meetings did not exceed four months.

(c) Directors' attendance record and details of Directorships/Committee Positions held

As mandated by Clause 49 of the Listing Agreement, none of the Directors on Board is a member of more than ten Board-level committees and Chairman of more than five such committees, across all such Companies in which he is a Director.

Table 1 gives the names and categories of Directors, their attendance at the Board Meetings held during the year and at the last Annual General Meeting as also the number of Directorships and Board-level committee positions held by them in other public companies as on 31st March, 2011.

Table 1: Details of the Board of Directors

Name of the Director	Category	Number of Board Meetings held	Number of Board Meetings attended	Whether attended last AGM	Number of Directorships of other public companies*	Committee Positions*#		Whether having any pecuniary or business relation with the Company
						Chairman	Member	
Ajit Gulabchand	Promoter, Chairman and Managing Director	5	5	Yes	13	1	3	None
Y.H. Malegam	Independent Director	5	5	Yes	8	4	2	None
K.G. Tendulkar	Non-Executive Director	5	5	Yes	7	1	3	None
Rajas R.Doshi	Independent Director	5	4	Yes	3	1	4	None
D.M. Popat	Independent Director	5	3	No	3	-	-	Partner of Mulla & Mulla & Craigie Blunt & Caroe, Solicitors to the Company
Ram P. Gandhi	Independent Director	5	5	Yes	6	1	1	None
Prof. Fred Moavenzadeh	Non-Executive Director	5	4	Yes	-	-	-	Technical Consultant
Sharad M. Kulkarni	Independent Director	5	4	Yes	8	5	4	None
Nirmal P.Bhogilal	Independent Director	5	2	No	2	-	2	None
Anil C. Singhvi	Independent Director	5	5	Yes	5	1	4	None
Arun V. Karambelkar [§]	Whole-time Director	-	-	-	-	-	-	None

* Excludes private limited companies, foreign companies and companies registered under Section 25 of the Companies Act, 1956 (i.e. associations not carrying on business for profit or which prohibits payment of dividend).

Chairmanship/Membership of Audit Committee and Shareholders'/Investors' Grievance Committee in public companies (including that of Hindustan Construction Company Limited) have been considered.

§ Was appointed by the Board of Directors as an Additional Director and Whole-time Director w.e.f. 29th April, 2011 for a period of 5 years.

Vizag Cavern Project, Andhra Pradesh



1,200 MW Punatsangchhu Hydro Power Project, Bhutan



Godavari Lift Irrigation Scheme, Andhra Pradesh





3x110 MW Kishanganga Hydro Power project, Jammu & Kashmir

(d) Information to the Board

A detailed agenda folder is sent to each Director in advance of the Board Meetings. As a policy, all major decisions involving investments and capital expenditure, in addition to matters which statutorily require the approval of the Board are put up for consideration of the Board. Inter alia, the following information, as may be applicable and required, is provided to the Board as a part of the agenda papers.

- Annual operating plans and budgets.
- Capital budget-purchase and disposal of plant, machinery and equipment.
- Quarterly, Half yearly and Annual results of the Company.
- Minutes of the Meetings of the Audit Committee and other Committees of the Board.
- Information on recruitment and remuneration of senior officers just below the Board level.
- Materially important show cause, demand, prosecution notices and penalty notices, if any.
- Fatal or serious accidents, dangerous occurrences, any material effluent or pollution problems.
- Any material default in financial obligations to and by the Company, or substantial non-payments by clients.
- Any issue, which involves possible public or product liability/claims of substantial nature, including any judgments or orders which may have passed strictures on the conduct of the Company or adverse views regarding another enterprise that can have negative implications on the Company.
- Details of any joint venture agreement or collaboration agreement.
- Transactions that involve substantial payment towards goodwill, brand equity or intellectual property.

- Significant labour problems and their proposed solutions. Any significant development in human resources or on the industrial relations front such as signing of wage agreement, etc.
- Sale of material nature, of investments, subsidiaries, assets, which are not in the normal course of business.
- Quarterly details of foreign exchange exposure and the steps taken by the Management to limit the risk of adverse exchange rate movement, if material.
- Non-compliance of any regulatory, statutory or listing requirements and shareholders' service such as non-payment of dividend, delay in share transfer, etc.

The Board periodically reviews compliance reports of all laws applicable to the Company, prepared by the Management as well as steps taken by the Company to rectify instances of non-compliances, if any. Further, the Board also reviews the financial statements of the Unlisted Subsidiary Companies. In addition to the above, pursuant to Clause 49 of the Listing Agreement, the Minutes of the Board Meetings of the Company's Unlisted Subsidiary Companies and a statement of all significant transactions and arrangements entered into by the Unlisted Subsidiary Companies are placed before the Board.

(e) Directors with pecuniary relationship or business transactions with the Company:

The Chairman and Managing Director receives salary, allowances and perquisites, while all the Non-Executive Directors receive sitting fees and commission. In addition, Prof. Fred Moavenzadeh, Non-Executive Director, receives technical fees, details of which are given in **Table 2**.

(f) Remuneration to Directors:

The below **Table 2** gives the details of remuneration paid/payable to Directors for the year ended 31st March, 2011 along with the details of outstanding stock options lying in their account.

During the year under review, 26,860 options, in aggregate, were exercised by the Directors of the Company of which 6,860 options were exercised at an exercise price of ₹104.05 (prior to adjustment for Bonus Issue of Equity Shares) and 20,000 options were exercised at an exercise price of ₹ 52.03 (post-adjustment for Bonus Issue of Equity Shares) and accordingly the Company had, in aggregate, allotted 26,860 Equity Shares of face value ₹1 each to the respective Directors.

The Company did not advance any loans to any of its Directors during 2010-11.

Ms. Shalaka Gulabchand Dhawan, Vice President - Business Development of the Company, is the daughter of Mr. Ajit Gulabchand, Chairman and

Managing Director of the Company. The gross remuneration paid to her, for the year ended 31st March, 2011, was ₹ 71.39 Lacs which is within the limits approved by the shareholders and Central Government in accordance with Section 314(1B) of the Companies Act, 1956.

Mr. Arjun Dhawan, President - HCC Infrastructure of the Company, is the son-in-law of Mr. Ajit Gulabchand, Chairman and Managing Director of the Company. During the year, the approval of the Central Government under Section 314(1B) of the Companies Act, 1956, was received for his remuneration. Accordingly, the gross remuneration, paid to him, for the year ended 31st March, 2011, was ₹ 2.08 crore which comprised a sum of ₹ 40.00 lacs for the year 2009-10 and a sum of ₹ 1.68 crore for the year 2010-11. The remuneration so paid is well within the limits approved by the shareholders and Central Government in accordance with Section 314(1B) of the Companies Act, 1956.

Table 2: Remuneration paid/payable to Directors

Name of the Director	Salaries, allowances & perquisites +	Commission	Sitting fees*	Technical fees#	Total (₹)	No. of outstanding stock options @
Ajit Gulabchand (Chairman and Managing Director)	5,86,40,000	-	-	-	5,86,40,000	-
Y.H. Malegam	-	6,00,000	1,00,000	-	7,00,000	68,600
K.G. Tendulkar	-	6,00,000	3,00,000	-	9,00,000	2,47,040**
Rajas R. Doshi	-	6,00,000	2,20,000	-	8,20,000	68,600
D.M. Popat	-	6,00,000	60,000	-	6,60,000	68,600
Ram P. Gandhi	-	6,00,000	4,00,000	-	10,00,000	68,600
Prof. Fred Moavenzadeh	-	6,00,000	80,000	45,85,500	52,65,500	68,600
Sharad M. Kulkarni	-	6,00,000	2,00,000	-	8,00,000	48,600
Nirmal P. Bhogilal	-	6,00,000	60,000	-	6,60,000	68,600
Anil C. Singhvi	-	6,00,000	5,20,000	-	11,20,000	54,880
Total	5,86,40,000	54,00,000	19,40,000	45,85,500	7,05,65,500	7,62,120

+ Perquisites includes Company's contribution to provident fund and superannuation fund.

* Sitting fees comprises payment made to Non-Executive Directors for attending Board meetings and/or Board Committee meetings.

Professional fees paid for rendering technical services (excluding Service Tax).

@ On account of the Company's Bonus Issue of Equity Shares in the ratio of 1:1 in August 2010, the number of employee stock options have been doubled and exercise price has been halved and therefore as on 31st March, 2011, 7,62,120 stock options (comprising vested and unvested, after adjustment for lapsed and exercised options), in aggregate, are outstanding to the account of the Directors, which can be exercised at an exercise price of ₹52.03 per stock option, as per the exercise schedule.

** Out of the original grant of 6,17,600 stock options made to K.G. Tendulkar, in his erstwhile capacity as the Deputy Managing Director, 4,94,080 unvested stock options stood automatically lapsed, on account of his retirement from the services of the Company w.e.f. November 7, 2009. Further, after the adjustment to the number of stock options and exercise price on account of the Company's Bonus Issue of Equity Shares in August 2010, 2,47,040 vested stock options are lying in his account for exercise as per the exercise schedule.

(g) Details of Equity Shares held by the Non-Executive Directors

While the details of outstanding stock options held by Non-Executive Directors have been disclosed in **Table 2**, the details of the Equity Shares held by the Non-Executive Directors as on 31st March, 2011 is given in **Table 3**.

Table 3: Details of Equity Shares held by Non-Executive Directors as on 31st March, 2011.

Name of the Director	Number of Shares
Y.H. Malegam	10,000
K.G. Tendulkar	20,000
Rajas R. Doshi	32,000
D.M. Popat	Nil
Ram P. Gandhi	48,000
Prof. Fred Moavenzadeh	Nil
Sharad M. Kulkarni	20,000
Nirmal P. Bhogilal	3,87,800
Anil C. Singhvi	33,720

(h) Code of Conduct

The Board of Directors has laid down two separate Codes of Conduct ('Code(s)'), one for the Non-Executive Directors and the other for Executive Directors and designated employees in the senior management. These Codes have been posted on the Company's website : www.hccindia.com. All the Board members and senior management personnel of the Company have affirmed compliance with the Code of Conduct as applicable to them, for the year ended 31st March, 2011. A declaration to this effect signed by Mr. Ajit Gulabchand, Chairman and Managing Director is annexed to this Report.

II) Board Committees

The Board of Directors has constituted five Board Committees - Audit Committee, Remuneration

Committee, Shareholders'/Investors' Grievance Committee, ESOP Compensation Committee and Selection Committee of the Board. All decisions pertaining to the constitution of Committees, appointment of members and fixing of terms of reference of the Committees are taken by the Board of Directors. Details on the role and composition of these Committees, including the number of meetings held during the financial year and attendance at meetings, are provided below:

(a) Audit Committee

As on 31st March, 2011, the Audit Committee comprises four Independent Directors. They are Mr. Sharad M. Kulkarni (Chairman), Mr. Ram P. Gandhi, Mr. Rajas R. Doshi and Mr. Anil C. Singhvi. All Members of the Audit Committee possess accounting and financial management knowledge.

The President - E & C, Group Chief Financial Officer, the head of internal audit and the representative of the statutory auditors are regularly invited for the meetings of the Audit Committee. Mr. V. P. Kulkarni, Company Secretary is the Secretary to this Committee.

The Audit Committee met five times during the year on 29th April, 2010, 10th June, 2010, 29th July, 2010, 28th October, 2010 and 20th January, 2011.

The maximum time gap between any two consecutive meetings did not exceed four months. The minutes of the meetings of the Audit Committee are reviewed and noted by the Board. The details of the composition of the Committee, meetings held, attendance at the meetings along with sitting fees paid, are given in **Table 4**.

The Chairman of the Audit Committee was present at the Annual General Meeting (AGM) of the Company held on 11th June, 2010 to answer shareholders' queries.

The terms of reference of the Audit Committee are in conformity with the requirements of Clause 49 (II)(D) of the Listing Agreement and Section 292A of the Companies Act, 1956.

Table 4: Details of the Audit Committee

Name of the Member	Category	Position	No. of Meetings held	No. of Meetings attended	Sitting fees paid (in ₹)
Sharad M. Kulkarni	Independent Director	Chairman	5	3	60,000
Ram P. Gandhi	Independent Director	Member	5	5	1,00,000
Rajas R. Doshi	Independent Director	Member	5	4	80,000
Anil C. Singhvi	Independent Director	Member	5	5	1,00,000

Further, the Audit Committee has been granted powers as prescribed under Clause 49 (II)(C) of the Listing Agreement.

The terms of reference of the Audit Committee includes the following:

- Overseeing the Company's financial reporting process and disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible.
- Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees.
- Approval of payment to statutory auditors for any other services rendered by them.
- Reviewing, with the Management, the annual financial statements before submission to the Board for approval, with particular reference to:
 - Matters required as part of the Director's Responsibility Statement to be included in the Board's Report in terms of Clause (2AA) of Section 217 of the Companies Act, 1956.
 - Changes, if any, in accounting policies and practices and reasons for the same.
 - Major accounting entries involving estimates based on the exercise of judgment by the Management.
 - Significant adjustments made in the financial statements arising out of audit findings.
 - Compliance with listing and other legal requirements relating to financial statements.
 - Disclosure of any related party transactions.
 - Qualifications in the draft audit report.
- Reviewing with the Management, quarterly and half-yearly financial statements before submission to the Board for approval.
- Reviewing with the Management, performance of the statutory and internal auditors and adequacy of the internal control systems.
- Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
- Discussion with the internal auditors of any significant findings and follow-up thereon.
- Reviewing the findings of any internal investigations

by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.

- Discussions with the statutory auditors before the audit commences, about the nature and scope of the audit as well as post-audit discussions to ascertain any areas of concern.
- To look into the reasons for substantial defaults, if any, with regard to payment to depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.
- Carrying out any other functions as specified in the terms of reference, as amended from time to time.

The powers of the Audit Committee, pursuant to its terms of reference, include the following:

- To investigate any activity within its terms of reference;
- To seek information from any employee;
- To obtain outside legal or other professional advice;
- To secure attendance of outsiders with relevant expertise, if considered necessary;

Further, the Audit Committee mandatorily reviews the following information:

- Management discussion and analysis of financial condition and results of operations;
- Statement of significant related party transactions (as defined by the audit committee), submitted by Management;
- Management letters/letters of internal control weaknesses issued by the statutory auditors;
- Internal audit reports relating to internal control weaknesses;
- The appointment, removal and terms of remuneration of the Chief Internal Auditor;
- The uses/applications of funds raised through an issue (public issue, rights issue, preferential issue, etc.) by major category (Capital expenditure, working capital, etc.) as a part of the review of the quarterly financial statements;
- If applicable, on an annual basis, statements, duly certified by statutory auditors, regarding utilisation of funds for purposes other than those stated in the offer document/prospectus/notice issued for raising funds through public issue, rights issue, preferential issue, etc. and shall recommend to the Board appropriate steps to be taken up in this matter;

- In addition, the Audit Committee also reviews the financial statements, in particular, the investments made by the unlisted subsidiary companies.

The Audit Committee is also appraised on information with regard to related party transactions and periodically presented with the following statements/details:

1. Statement in summary form of transactions with related parties in the ordinary course of business.
2. Details of material individual transactions with related parties, which are not in the ordinary course of business, if any.
3. Details of material individual transactions with related parties or others, which are not on an arm's length basis, if any, together with Management's justification for the same.

(b) Remuneration Committee

The Company has a Remuneration Committee comprising three Independent Directors. They are Mr. Nirmal P. Bhogilal (Chairman), Mr. Ram P. Gandhi and Mr. Anil C. Singhvi.

The Remuneration Committee of the Board ("Committee") is responsible to recommend to the Board the compensation package for the Whole-time Directors including Managing Director of the Company. The Committee also recommends the remuneration payable to the Non-Executive Directors of the Company.

While deciding on the remuneration for Directors, the said Committee considers the performance of the Company, the current trends in the industry and other relevant factors.

The Remuneration Committee met once during the financial year on 30th April, 2010. The Minutes of the Remuneration Committee Meetings are reviewed and noted by the Board.

The details of the composition of the Committee, meetings held, attendance at the meetings along with sitting fees paid, are given in **Table 5**.

Remuneration Policy

The Non-Executive Directors (NEDs) are paid sitting fees for attending the Meetings of the Board of Directors and the Board Committees, which are within the limits prescribed by the Central Government. The Company pays a sitting fee of ₹20,000 to each NED for every Board meeting or Board constituted Committee Meeting attended by such a Director.

Commission as approved by the shareholders is distributed equally to all the NEDs including Independent Directors, which is within the overall ceiling prescribed under Section 309(4) of the Companies Act, 1956.

The remuneration paid to the Chairman and Managing Director is within the ceiling laid down by Schedule XIII of the Companies Act, 1956.

(c) Shareholders'/Investors' Grievance Committee

The Shareholders'/Investors' Grievance Committee of the Company comprises four Directors. They are Mr. Ram P. Gandhi (Chairman), Mr. Rajas R. Doshi, Mr. Ajit Gulabchand, Chairman and Managing Director and Mr. K.G. Tendulkar. The Company Secretary, Mr. V.P. Kulkarni is the Compliance Officer of the Company.

The Shareholders'/Investors' Grievance Committee deals with the following matters:

- Noting transfer/transmission of shares.
- Review of dematerialised/rematerialised shares and all other related matters.
- Monitors expeditious redressal of Investor Grievance Matters received from Stock Exchanges, SEBI, ROC, etc.
- Monitors redressal of queries/complaints received from shareholders relating to transfers, non-receipt of Annual Report, dividend, etc.
- All other matters related to shares/debentures.

Table 5: Details of the Remuneration Committee

Name of the Member	Category	Position	No. of Meetings held	No. of Meetings attended	Sitting fees paid (in ₹)
Nirmal P. Bhogilal	Independent Director	Chairman	1	1	20,000
Ram P. Gandhi	Independent Director	Member	1	1	20,000
Anil C. Singhvi	Independent Director	Member	1	1	20,000

During the year under review, the Committee met four times on 29th April, 2010, 29th July, 2010, 28th October, 2010 and 20th January, 2011. The Minutes of the Shareholders'/ Investors' Grievance Committee are reviewed and noted by the Board.

The details of the composition of the Committee, meetings held, attendance at the meetings along with sitting fees paid, are given in **Table 6**.

During the year, 1345 queries/complaints were received by the Company from shareholders/investors, all of which have been redressed/resolved to date, to the satisfaction of the investors as shown in **Table 7**. As on date, there are no pending share transfers/complaints/queries pertaining to the year under review.

(d) ESOP Compensation Committee

The ESOP Compensation Committee comprises three Directors. They are Mr. Sharad M. Kulkarni (Chairman), Mr. Ram P. Gandhi and Mr. K.G. Tendulkar.

The ESOP Compensation Committee deals with various matters relating to:

- The number of options to be granted under the Employees Stock Option Scheme per employee and in aggregate.
- The conditions under which option vested in employees may lapse in case of termination of employment for misconduct.
- The exercise period within which the employee should exercise the options and that option would lapse on failure to exercise the option within the exercise period.
- The specified time period within which the employee shall exercise the vested options in the event of termination or resignation of an employee.
- The right of an employee to exercise the options vested in him at one time or at various points of time within the exercise period.
- The procedure for making a fair and reasonable adjustment to the number of options and to the

Table 6: Details of the Shareholders'/Investors' Grievance Committee

Name of the Member	Category	Position	No. of Meetings held	No. of Meetings attended	Sitting fees paid (in ₹)
Ram P. Gandhi	Independent Director	Chairman	4	4	80,000
Rajas R. Doshi	Independent Director	Member	4	3	60,000
Ajit Gulabchand	Chairman and Managing Director	Member	4	3	Nil
K.G. Tendulkar	Non-Executive Director	Member	4	4	80,000

Table 7: Details of investor queries/complaints received and attended during 2010-11:

Nature of Queries / Complaints	Pending as on 1 st April, 2010	Received during the year	Redressed during the year	Pending as on 31 st March, 2011
1. Transfer/Transmission/ Issue of Duplicate Share Certificates	Nil	148	148	Nil
2. Non-receipt of Dividend	Nil	639	639	Nil
3. Dematerialisation/ Rematerialisation of Shares	Nil	13	13	Nil
4. Complaints received from :				
a. Securities and Exchange Board of India	Nil	10	10	Nil
b. Stock Exchange(s) / NSDL/CDSL	Nil	6	6	Nil
c. Registrar of Companies/ Ministry of Corporate Affair/Others	Nil	Nil	Nil	Nil
5. Others	Nil	529	529	Nil
Grand Total	Nil	1345	1345	Nil

exercise price in case of corporate actions such as rights issues, bonus issues, merger, sale of division and others.

- g) The grant, vest and exercise of options in case of employees who are on long leave.
- h) Fringe Benefit Tax on issue of options or the shares upon exercise of the options as may be applicable.
- i) Allotment of shares upon exercise of options.

During the year, the Committee met three times on 29th April, 2010, 12th August, 2010 and 26th August, 2010. The Minutes of the ESOP Compensation Committee are reviewed and noted by the Board. The details of the composition of the Committee, meetings held, attendance at the meetings along with sitting fees paid, are given in **Table 8**.

(e) Selection Committee

The Selection Committee of the Board deals with matters concerning the appointment and remuneration of Directors' relatives in respect of holding office or place of profit in the Company.

The Committee comprises three Independent Directors; namely, Mr. Nirmal P. Bhogilal (Chairman), Mr. Ram P. Gandhi and Mr. Anil Singhvi. Mr. Ashish Singh, who is not a Director or an employee of the Company is an independent member of this Committee. Mr. Ashish Singh is a B.A. with honours from Harvard University and an MBA from Harvard Business School. He is presently the Chairman of Bain & Co., India after serving as their country head and Managing Director for the past six years. He has significant experience in organisation re-design across multiple industries.

During the year under review, the Selection Committee met once on 20th January, 2011. The Minutes of the Selection Committee are reviewed and noted by the Board. The details of the composition of the Committee, meetings held, attendance at the meetings along with sitting fees paid, are given in **Table 9**.

III) Management

Management Discussion and Analysis Report

Management Discussion and Analysis is given in a separate section forming part of the Directors' Report in this Annual Report.

Disclosures

(a) Related Party Transactions

Details of materially significant related party transactions i.e. transactions of the Company of material nature with its promoters, the Directors or the Management, their subsidiaries or relatives, etc. are presented under Note no. 21 in Schedule Q of the Balance Sheet. All details on the financial and commercial transactions, where Directors may have a potential interest, are provided to the Board. The interested Directors neither participate in the discussion, nor vote on such matters.

(b) Accounting treatment in preparation of financial statements

The Company has followed the Accounting Standards notified by The Companies (Accounting Standards) Rules, 2006 in preparation of its financial statements.

Table 8: Details of the ESOP Compensation Committee

Name of the Member	Category	Position	No. of Meetings held	No. of Meetings attended	Sitting fees paid (in ₹)
Sharad M. Kulkarni	Independent Director	Chairman	3	2	40,000
Ram P. Gandhi	Independent Director	Member	3	3	60,000
K.G. Tendulkar	Non-Executive Director	Member	3	1	20,000

Table 9: Details of the Selection Committee

Name of the Member	Category	Position	No. of Meetings held	No. of Meetings attended	Sitting fees paid (in ₹)
Nirmal P. Bhogilal	Independent Director	Chairman	1	-	-
Ram P. Gandhi	Independent Director	Member	1	1	20,000
Anil C. Singhvi	Independent Director	Member	1	1	20,000
Ashish Singh	Member	Expert	1	-	-

(c) Risk Management

The Company has established a well-documented and robust risk management framework.

Under this framework, risks are identified across all business processes of the Company on continuous basis. Once identified, these risks are systematically categorised as strategic risks, business risks or reporting risks. The former looks at all risks associated with the longer term interests of the Company. The latter look at risks associated with the regular functioning of each of the processes and the risks associated with incorrect or untimely financial and non-financial reporting.

To address these risks in a comprehensive manner, each risk is mapped to the concerned department for further action. Based on this framework, HCC has set in place various procedures for Risk Management.

During the year, the Board has reviewed the risk assessment and a minimisation procedure has been adopted by the Company.

(d) Subsidiary Companies

In accordance with Clause 49 (III) of the Listing Agreement, HCC Real Estate Limited (HREL) and Lavasa Corporation Limited (Lavasa) are two material non-listed Indian subsidiaries of the Company, which are incorporated in India and whose individual turnover or net worth (i.e. paid-up capital and free reserves) has exceeded 20% of the consolidated turnover or net worth respectively, of the Company and its subsidiaries in the immediately preceding accounting year.

Mr. Sharad M. Kulkarni, Independent Director of the Company is a Director on the Board of HREL and Lavasa and Mr. Ram P. Gandhi, Independent Director of the Company is a Director on the Board of Lavasa.

The Subsidiaries of the Company function independently, with an adequately empowered Board of Directors and necessary management resources.

For effective governance, the Company overviews the performance of its subsidiaries, *inter alia*, in the following manner:

- The financial statements, in particular, the investments made by the unlisted subsidiary companies, are reviewed by the Audit Committee and the Board of Directors of the Company.
- The Minutes of the Board Meetings of the subsidiary companies are placed before the Board of Directors of the Company for their review.
- Details of all significant transactions and

arrangements entered into by the unlisted subsidiary companies are periodically placed before the Board of Directors of the Company.

(e) Code for Prevention of Insider Trading Practices

The Company has instituted a comprehensive Code for prevention of Insider Trading, for its Directors and designated employees, in compliance with Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992, as amended from time to time.

The objective of this Code is to prevent purchase and/or sale of shares of the Company by an insider on the basis of unpublished price sensitive information. Under this Code, Directors and designated employees are completely prohibited from dealing in the Company's shares during the closure of Trading Window. Further the Code specifies the procedures to be followed and disclosures to be made by Directors and the designated employees, while dealing with the shares of the Company and enlists the consequences of any violations. Mr. V. P. Kulkarni, Company Secretary, has been designated as the Compliance Officer for this Code.

(f) CEO/CFO Certification

As required under Clause 49 (V) of the Listing Agreement with the Stock Exchanges, the Chairman and Managing Director and the Group Chief Financial Officer of the Company have certified to the Board regarding the Financial Statements for the year ended 31st March, 2011, which is annexed to this Report.

(g) Pledge of Equity Shares

No pledge has been created over the equity shares held by the Promoters and/or Promoter Group as on 31st March, 2011.

The aggregate shareholding of the Promoters including persons belonging to the Promoter Group as on 31st March, 2011, was 24,17,99,394 Equity Shares of ₹1 each representing 39.87% of the paid-up Equity Share Capital of the Company.

IV) Shareholder Information

(a) Disclosures regarding Directors seeking appointment/reappointment :

At the ensuing Annual General Meeting, Mr. Ram P. Gandhi, Mr. Sharad M. Kulkarni and Mr. Nirmal P. Bhogilal, Directors of the Company, retire by rotation, and being eligible, have offered themselves for reappointment.

On 29th April, 2011, the Board of Directors have appointed Mr. Arun V. Karambelkar as an Additional Director and Whole-time Director of the Company for a period of 5 years subject to approval of the shareholders of the Company at the ensuing Annual General Meeting.

A brief profile of the Directors who are seeking appointment/reappointment is given below:

Mr. Ram P. Gandhi

Mr. Ram P. Gandhi holds a Bachelor's Degree in Commerce and is a Diploma Holder in Financial Management. He is a leading businessman and ex-president of the Indian Merchants' Chamber. Mr. Gandhi is a Director on the Board of various Companies viz., Young Buzz India Ltd., Western Securities Ltd., Hicon Finance Ltd., Hicon Holdings Ltd, HCC Construction Ltd., Lavasa Corporation Ltd., Beacons Pvt. Ltd, Pravinchandra Pvt. Ltd. and The States' People Private Ltd.

He is also the Chairman of the Shareholders'/ Investors' Grievances Committee and a member of the Audit Committee, Remuneration Committee, ESOP Compensation Committee and Selection Committee of the Board of the Company.

Mr. Sharad M. Kulkarni

Mr. Sharad Kulkarni holds a Bachelor's Degree in Engineering (B.E.) from University of Pune and is a Fellow of the Institute of Engineers India. He has been a Fellow of Institution of Management UK and Fellow of Institute of Directors UK.

He is a Business Advisor and Management Consultant. His areas of expertise covers Business Development, International Alliance Management, Strategic Planning, Management and Technology Institutions of Learning, Venture Funding and Corporate Governance.

He sits on the boards of several Indian and International Companies viz., HCC Real Estate Ltd., Lavasa Corporation Ltd., INEOS ABS (India) Ltd. (Formerly Lanxess ABS Ltd.), Bayer CropScience Ltd., KEC International Ltd., RPG Enterprises Ltd., Raychem RPG (P) Ltd, Camlin Fine Chemicals Ltd., Navin Fluorine International Ltd. and J. M. Financial Trustee Company Pvt. Ltd.

He is also associated with several NGOs and Educational Trusts. He has held senior positions of CEO & President with major International and Indian Corporate entities during his career span of 40 years.

He is the Chairman of the Audit Committee and the ESOP Compensation Committee of the Board of the Company. He is also the Chairman of the Audit

Committee of Lavasa Corporation Ltd., and a member of the Audit Committee of HCC Real Estate Ltd., subsidiaries of the Company.

Besides, he is also the Chairman of the Audit Committee and the Remuneration Committee of INEOS ABS (India) Ltd. and the Chairman of the Audit Committee, member of the Shareholders' Grievance Committee and Remuneration Committee of Bayer CropScience Ltd. Further, he is also a member of the Audit Committee and Remuneration Committee of KEC International Ltd. and Chairman of the Audit Committee and member of the Remuneration Committee of Camlin Fine Chemicals Ltd. Also, he is the member of the Audit Committee and Remuneration Committee of Navin Fluorine International Ltd.

Mr. Nirmal P. Bhogilal

Mr. Nirmal P. Bhogilal holds a Bachelor's Degree in Science (Chemical Engineering) and is an Associate of the City & Guilds of London Institute. He is an eminent Industrialist and has over 35 years of business experience in the Engineering Industry. He is currently the Chairman & Managing Director of Batliboi Ltd. and Director of other Group of Companies of Batliboi Ltd. He is also a member on the Board of Chowgule Industries Pvt. Ltd. and Imperial College India Foundation. He is currently President of Indo German Chamber of Commerce and also a member of the National Council, Confederation of Indian Industry (CII).

In the past, he has been the Chairman of CII, Western Region and was also the President of Indian Machine Tool Manufacturers' Association.

He is the Chairman of the Remuneration Committee and the Selection Committee of the Board of the Company.

He is also a Member of the Audit Committee and the Remuneration Committee of Batliboi Environmental Engineering Ltd. and a Member of the Shareholders'/Investors' Grievance Committee & Share Transfer Committee of Batliboi Ltd.

Mr. Arun V. Karambelkar

Mr. Arun V. Karambelkar is a Silver Medallist in Bachelor's of Engineering (Mechanical) Degree from Mumbai University and a top ranker at the Master's Degree programme in Materials Management from Pune University.

He has a rich and diverse experience of over 30 years across varied industries such as

automobiles, engineering and electronics and has specialised in procurement and materials management.

He has a career span of over 20 years at HCC. As the Group Executive Vice President and a member of the HCC's Group Management Committee (GMC), he has been responsible for the strategic functions of procurement & sub-contracting and has also been managing selection, mobilisation and operations of HCC's construction equipment fleet. He has been the driving force in the application of benchmark ERP practices for Materials Management and has been instrumental in introducing e-Procurement at HCC.

He is involved in monitoring the operations of the recently acquired Company Karl Steiner AG, Switzerland. He has also been guiding Highbar Technologies Ltd., a wholly owned subsidiary company of HCC engaged in providing ERP solutions for the infrastructure industry. Under his leadership, HCC was awarded SAP's "Best Innovation" award for creative use of their Materials Management module. He also overviews the operations of HCC Aviation Ltd., a wholly owned subsidiary company of HCC.

He has been a member of the Indian Institute of Materials Management (IIMM) since 1982 and is the National Councilor from Mumbai for last 8 years. In 2010, IIMM recognised his contribution to the Materials Management profession by awarding him the prestigious "UNITOP AWARD".

He serves on the Board of several public companies viz., HCC Concessions Ltd., HCC Aviation Ltd., HCC Realty Ltd., Ecomotel Hotel Ltd., Lakeview Clubs Ltd., Dasve Hospitality Institutes Ltd., and Dasve Retail Ltd.

(b) Means of Communication:

In accordance with Clause 54 of the Listing Agreement, the Company has maintained a functional website at www.hccindia.com containing basic information about the Company viz., details of its business, financial information, shareholding pattern, compliance with corporate governance, contact information of the designated officials of the Company who are responsible for assisting and handling investor grievances, etc. The contents of the said website are updated from time to time.

The quarterly, half-yearly and annual results are published in Business Standard (English) and Sakal (Marathi), in all editions, which are national and local dailies respectively and also displayed on the Company's website for the benefit of the public at large.

Presentations made to institutional investors or to analysts, are also immediately uploaded on the website of the Company.

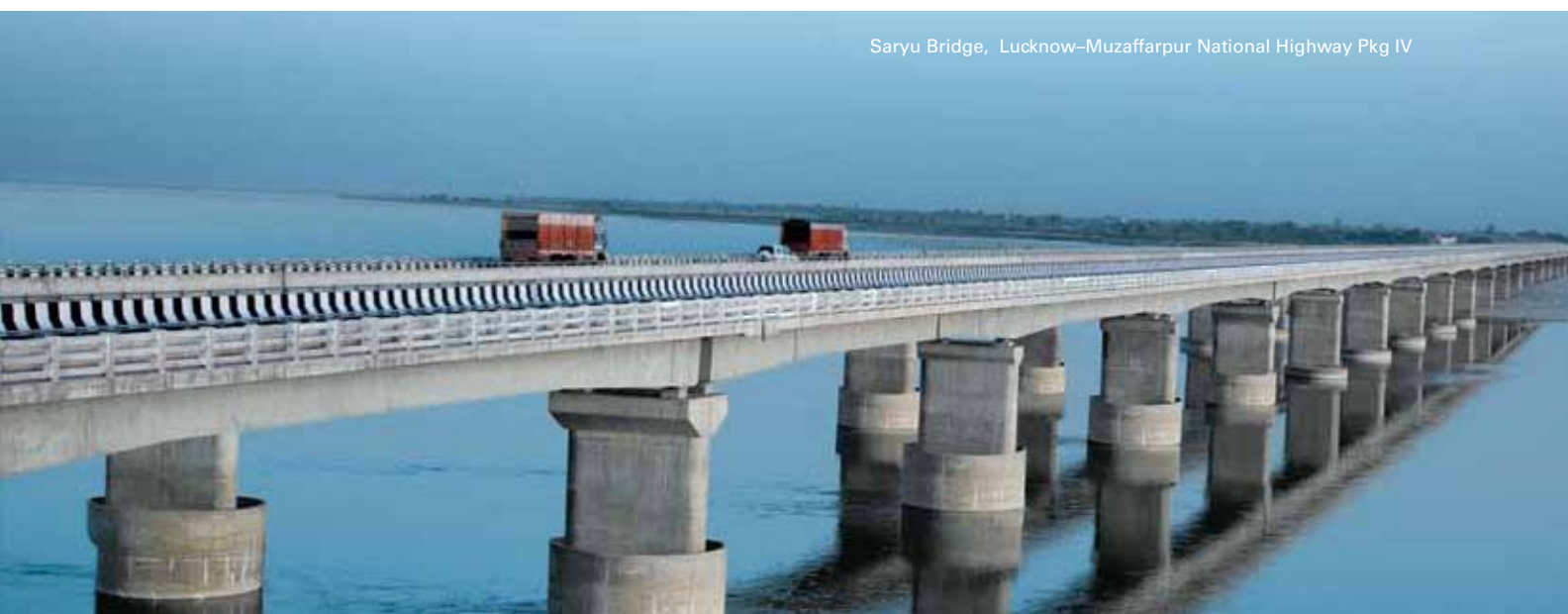
Further, the Company disseminates to the Stock Exchanges (i.e. BSE and NSE), wherein its equity shares are listed, all mandatory information and price-sensitive/such other information, which in its opinion, are material and/or have a bearing on its performance/operations and issues press releases, wherever necessary, for the information of the public at large.

For the benefit of the shareholders, a separate email id has been created for shareholder correspondence viz., secretarial@hccindia.com

(c) General Body Meetings:

The Company convenes the Annual General Meeting (AGM) generally within three months from the end of the financial year.

Saryu Bridge, Lucknow–Muzaffarpur National Highway Pkg IV



Details of the AGM held in the last three years along with special resolutions passed thereat:

Financial Year	Day, Date & Time	Venue	Particulars of special resolution passed
2007-08	Friday 13 th June, 2008 11.00 A.M	Walchand Hirachand Hall, Indian Merchants' Chamber, Indian Merchants' Chamber Marg, Churchgate, Mumbai-400 020	None
2008-09	Friday 12 th June, 2009 11.00 A.M.	Walchand Hirachand Hall, Indian Merchants' Chamber, Indian Merchants' Chamber Marg, Churchgate, Mumbai-400 020	Repricing of 41,31,600 options granted under the Employee Stock Option Scheme.
2009-10	Friday, 11 th June, 2010 11.00 A.M.	Walchand Hirachand Hall, Indian Merchants' Chamber, Indian Merchants' Chamber Marg, Churchgate, Mumbai-400 020	<ol style="list-style-type: none"> 1. Alteration of Article 6 of the Articles of Association of the Company in order to give effect to increase in the Authorised Share Capital of the Company to ₹100,00,00,000 (Rupees One Hundred Crores Only). 2. Alteration of Article 201 of the Articles of Association of the Company in order to empower the Board to capitalise the profits/reserves of the Company, <i>inter alia</i>, by way of issuance of bonus shares.

Details of the Extraordinary General Meetings held during the last three years along with special resolutions passed thereat:

Financial Year	Day, Date & Time	Venue	Particulars of special resolution passed
2009-10	Monday 22 nd June, 2009 9.00 A.M.	Walchand Hirachand Hall, Indian Merchants' Chamber, Indian Merchants' Chamber Marg, Churchgate, Mumbai-400 020	To obtain the approval of shareholders for raising of funds either through Equity Shares/Depository Receipts/ Convertible Debentures/ Convertible Bonds/QIP for an amount not exceeding ₹1500 crore.

Postal Ballot

No resolutions were passed by postal ballot in the year under review.

None of the businesses proposed to be transacted in the ensuing Annual General Meeting require passing of a resolution through Postal Ballot.

(d) General Shareholder Information:

• Forthcoming Annual General Meeting

Date : 10th June, 2011

Day : Friday

Time : 11.00 a.m.

Venue : Walchand Hirachand Hall,
Indian Merchants' Chamber,
Indian Merchants' Chamber Marg,
Churchgate, Mumbai-400 020.

• Last date for Receipt of Proxies

Wednesday, 8th June, 2011 (before 11:00 a.m. at the Registered Office of the Company)

• Financial Year

The financial year of the Company covers the financial period from 1st April to 31st March.

During the financial year under review, the Board Meetings for approval of quarterly and annual financial results were held on the following dates:

1st Quarter Results : 30th July, 2010

2nd Quarter Results : 29th October, 2010

3rd Quarter Results : 21st January, 2011

4th Quarter & Annual Results: 29th April, 2011

The tentative dates of the Board Meetings for consideration of financial results for the year ending 31st March, 2012 are as follows:

1st Quarter Results : 28th July, 2011

2nd Quarter Results : 21st October, 2011

3rd Quarter Results : 20th January, 2012

4th Quarter & Annual Results: 27th April, 2012

• Dates of Book Closure

Wednesday, 1st June, 2011 to Friday, 10th June, 2011 (both days inclusive).

• Dividend

The Board of Directors at their Meeting held on 29th April, 2011, have recommended a dividend of ₹0.40 per Equity Share of ₹1 each for the financial year ended 31st March, 2011 on the enhanced Share Capital of the Company (post-Bonus Issue of Equity Shares in the ratio of 1:1), for approval of the shareholders of the Company at the ensuing Annual General Meeting. If approved, the dividend will be paid to the shareholders, on or after 10th June, 2011 but within 7 working days from the date of the Annual General Meeting.

The Company will continue to use NECS/ECS or any other electronic mode for payment of dividend to shareholders located in places wherein such facility/system is in existence.

• Listing

Presently, the Equity Shares of the Company are listed on the Bombay Stock Exchange Limited (BSE) and the National Stock Exchange of India Limited (NSE). The Global Depository Shares (GDSs) of the Company are listed on the Luxembourg Stock Exchange.

The Company has paid the annual listing fees for the year 2011-12 to BSE and NSE.

The Company has paid custodial fees for the year 2011-12 to National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL), on the basis of number of beneficial accounts maintained by them as on 31st March, 2011.

• Stock Codes

ISIN (Equity Shares) in NSDL & CDSL	INE549A01026
BSE Code	500185
NSE Code	HCC

Luxembourg Stock Exchange Code:	
GDSs (ISIN)	US4332191026

• Corporate Identification Number

Corporate Identity Number (CIN) of the Company, allotted by the Ministry of Corporate Affairs, Government of India is L45200MH1926PLC001228

• Issue of Bonus Equity Shares

On 12th August, 2010, the Company had allotted 30,32,56,460 fully paid-up Bonus Equity Shares of ₹1 each, in the ratio of one fully paid-up equity share of ₹1 each for every existing one fully-paid equity share of ₹1 each held by the shareholders of the Company as on 11th August, 2010 (Record date), by capitalisation of a sum of ₹30,32,56,460 from the Company's Securities Premium Account.

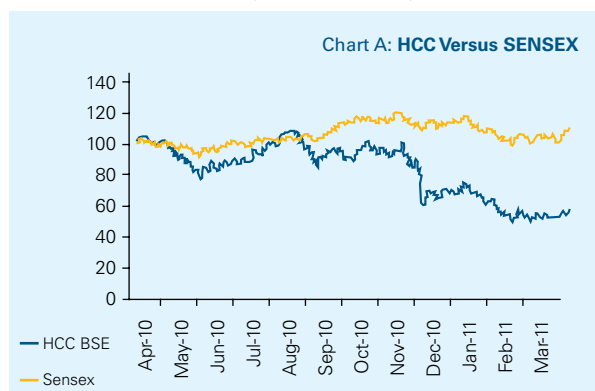
Share Price Data: High/Low and Volume during each month of 2010-11 at BSE and NSE

Month	BSE			NSE		
	High (₹)	Low (₹)	Volume	High (₹)	Low (₹)	Volume
April 2010	141.60	127.80	68,85,570	141.55	127.60	3,09,28,845
May 2010	131.35	99.55	84,92,224	131.90	100.00	3,95,73,838
June 2010	120.80	105.50	1,03,75,411	121.00	105.45	4,16,58,952
July 2010	139.50	116.20	1,29,79,479	139.40	116.25	4,54,33,413
August 2010*	143.85	54.75	1,68,82,638	143.80	54.70	7,15,01,340
September 2010	65.20	57.10	1,39,55,904	65.40	56.60	6,25,72,123
October 2010	67.95	59.50	1,45,93,546	68.00	59.35	5,66,46,622
November 2010	67.20	37.55	6,16,51,885	67.25	36.50	18,51,97,583
December 2010	49.75	40.55	5,44,39,805	49.75	40.20	16,69,42,363
January 2011	49.70	36.45	4,06,21,937	49.75	36.25	13,19,75,301
February 2011	37.95	31.00	3,04,62,067	37.90	31.00	10,93,75,135
March 2011	38.10	31.40	3,41,88,219	38.15	33.85	11,01,33,476

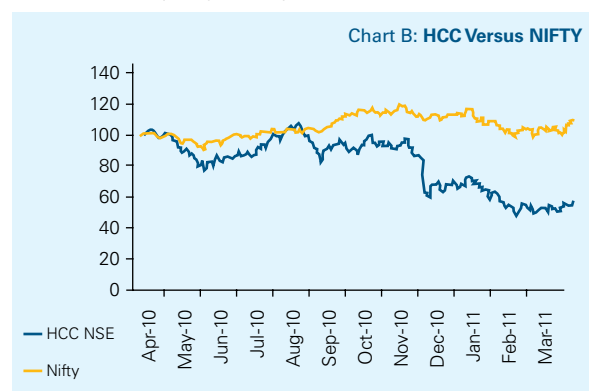
* Consequent to the issuance and allotment of Bonus Equity Shares in the ratio of 1:1, the share price became ex-bonus w.e.f. 10th August, 2010.

• Share Performance

Chart A and Chart B compare HCC share prices with the BSE Sensex and the NSE Nifty respectively



Note: The Company's equity share prices at BSE and BSE Sensex indexed to 100 as on 1st April, 2010.



Note: The Company's equity share prices at NSE and NSE Nifty indexed to 100 as on 1st April, 2010.

• Distribution of Shareholding

Distribution of Shareholding as on 31st March, 2011

Distribution range of Shares	No. of Shares	Percentage of Shares	No. of Shareholders	Percentage of Shareholders
1 to 500	2,92,25,416	4.82	1,68,217	77.89
501 to 1000	1,93,17,672	3.18	23,310	10.80
1001 to 2000	2,26,58,933	3.74	13,479	6.24
2001 to 3000	1,24,80,740	2.06	4,540	2.10
3001 to 4000	75,16,102	1.24	1,994	0.92
4001 to 5000	50,37,685	0.83	1,060	0.49
5001 to 10000	1,39,75,703	2.30	1,896	0.88
Greater than 10000	49,63,20,669	81.83	1,460	0.68
Total	60,65,32,920	100.00	2,15,956	100.00

Shareholding Pattern

Categories	As on 31 st March, 2011		As on 31 st March, 2010	
	No. of Shares	Percentage of Shareholding	No. of Shares	Percentage of Shareholding
Promoter & Promoter Group and Directors & Relatives	24,27,56,514	40.02	12,13,03,897	40.00
Foreign Institutional Investors	15,06,69,883	24.85	8,69,60,755	28.68
Public Financial Institutions/ State Financial Corporation and Insurance Companies	1,03,58,703	1.71	43,00,087	1.42
Indian Mutual Funds and UTI	1,84,67,018	3.04	3,39,15,277	11.18
Nationalised and other Banks	16,65,925	0.28	3,07,328	0.10
NRIs/OCBs	64,57,547	1.06	19,26,933	0.63
GDSs	1,20,720	0.02	1,40,146	0.05
Public	17,60,36,610	29.02	5,43,95,177	17.94
Total	60,65,32,920	100.00	30,32,49,600	100.00

Top Ten Shareholders of the Company as on 31st March, 2011

Sr. No.	Name of the Shareholder	Category	No. of Shares	Percentage of Shareholding
1.	Hincon Holdings Limited	Promoter	20,07,03,600	33.09
2.	HSBC Global Investment Funds A/C HSBC Global Investment Funds Mauritius Limited	FII	5,01,74,601	8.27
3.	Hincon Finance Limited	Promoter	3,83,65,500	6.32
4.	Copthall Mauritius Investment Limited	FII	1,48,69,751	2.45
5.	SIWA Holdings Limited	FII	1,43,65,841	2.37
6.	BNP Paribas Arbitrage	FII	98,20,000	1.62
7.	Reliance Capital Trustee Co. Ltd. - Reliance Infrastructure Fund	Mutual Fund	81,60,961	1.35
8.	Life Insurance Corporation of India	Insurance Company	59,40,480	0.98
9.	Barclays Capital Mauritius Limited	FII	59,19,800	0.98
10.	Wellington Management Company, LLP A/C Bay Pond MB	FII	51,60,016	0.85
Total			35,34,80,550	58.28

• Dematerialisation of Shares and Liquidity

As on 31st March, 2011, 59,68,81,189 Equity Shares representing 98.41% of the total equity share capital of the Company, in aggregate, were held in dematerialised form with National Securities Depository Limited and Central Depository Services (India) Limited.

The break-up of equity shares held in Physical and Dematerialised form as on 31st March, 2011, is given below:

Particulars	No. of Shares	Percentage
Physical Segment	96,51,731	1.59
Demat Segment:		
NSDL	55,45,88,587	91.44
CDSL	4,22,92,602	6.97
Total	60,65,32,920	100.00

The Promoters hold their entire equity shareholding in the Company in dematerialised form.

The Company's equity shares are regularly traded on the BSE and NSE.

• Details of public funding obtained in the last three years

During 2009-10, the Company had allotted 4,70,00,000 Equity Shares of ₹1 each at a premium of ₹101.15 per Equity Share to Qualified Institutional Buyers

aggregating to ₹4,80,10,50,000 by way of Qualified Institutional Placement (QIP).

• Outstanding GDRs/ADRs/Warrants or any Convertible Instruments, conversion date and likely impact on equity :

a) Global Depository Shares (GDSs)

The Company had issued Global Depository Shares (GDSs) in 2006 and the underlying shares against each of the GDSs were issued in the name of the Depository, Citi Bank N.A.

As on 31st March, 2011, 1,20,720 GDSs were outstanding and represented an equal number of underlying equity shares. Since the underlying Equity Shares represented by GDSs have been allotted in full, the outstanding GDSs have no impact on the Equity Share Capital of the Company.

b) Foreign Currency Convertible Bonds (FCCBs)

In 2006, the Company had made an offering of Zero Coupon Foreign Currency Convertible Bonds (FCCBs) for an aggregate amount of USD 100 million and accordingly 1000 FCCBs of the nominal value of USD 1,00,000 each were issued for a tenure of 5 years with the Maturity Date as 1st April, 2011.

During 2009-10, the Company had re-purchased and cancelled 3.4% of the outstanding FCCBs aggregating to USD 3.4



Vizag Cavern Project, Andhra Pradesh

million (nominal value) in accordance with the Guidelines prescribed by Reserve Bank of India and thereupon, 966 FCCBs were outstanding.

During 2010-11, none of the FCCB holders had exercised their option for conversion of FCCBs into Equity Shares.

In terms of the agreement with the Principal Agent, the Company has unconditionally remitted the amount of USD 133.03 million equivalent to ₹598.50 crore (comprising principal amount and accumulated premium on redemption of FCCBs) to the Principal Agent on 31st March, 2011, to discharge the entire FCCBs maturing on 1st April, 2011.

The Company's liability as on 31st March, 2011, has accordingly been extinguished on remittance. The Principal Agent has confirmed discharge of the payment to the Bond Holders and therefore, 966 outstanding FCCBs of Nominal Value USD 96.6 million stands redeemed at the redemption price of 137.7139% of its principal amount, as per the terms and conditions of the FCCB Issue, aggregating to an amount of USD 133.03 million consisting of payment of the principal amount of USD 96.6 million and accumulated premium on redemption of the FCCBs of USD 36.43 million.

Pursuant to this, all the FCCBs issued by the Company have been extinguished and there are no outstanding FCCBs as on the date of this Report.

c) Employees Stock Options (ESOPs)

Consequent to the Company's Bonus Issue in the ratio of 1:1 in August 2010, the number of employee stock options in-force have been doubled and the exercise price was halved and as a result as on 31st March, 2011, 70,97,500 stock options are outstanding (comprising vested and unvested, after adjustment for lapsed and exercised options), in aggregate, for exercise as per the exercise schedule, of which 67,10,000 stock options are exercisable at a price of ₹52.03 per stock option and 3,87,500 stock options are exercisable at a price of ₹21.70 per stock option.

Each option, when exercised, as per the exercise schedule, would entitle the holder to subscribe for one equity share of the Company of face value ₹1 each.

During the year under review, 9,26,760 options got vested to the employees of the Company

and in aggregate, 33,17,780 options stands vested with the employees as on 31st March, 2011. Further, during the year, 26,860 options, in aggregate, were exercised by the optionees of which 6,860 options were exercised at an exercise price of ₹104.05 (prior to adjustment for Bonus Issue of Equity Shares) and 20,000 options were exercised at an exercise price of ₹52.03 (post-adjustment for Bonus Issue of Equity Shares) and accordingly the Company has allotted 26,860 Equity Shares, in aggregate, of face value of ₹1 each to the respective shareholders.

• Details regarding Listing and Redemption of Debt Securities

Pursuant to the directions of Securities and Exchange Board of India (SEBI), all the debt securities issued by the Company on private placement basis have been listed in the F Group - Debt Instruments of the Bombay Stock Exchange Limited (BSE).

During the year under review, the Company has not issued any debentures.

Further, during the financial year 2010-11, 9% Secured Non-Convertible Debentures having a face value of ₹10,00,000 each have been partly redeemed by making the payment of the second instalment of redemption of ₹3,33,333 per debenture to the holder.

• Share Transfer system

The Registrars and Share Transfer Agents have put in place an appropriate Share Transfer system to ensure timely share transfers. Share Transfers are registered and returned in the normal course within an average period of 30 days from the date of receipt, if the documents are clear in all respects. Requests for dematerialisation of shares are processed and confirmation is given to the respective depositories i.e. NSDL and CDSL within 21 days.

• Address for shareholders' correspondence

Shareholders are requested to correspond with the Registrars and Share Transfer Agents at the below given address on all matters relating to transfer/dematerialisation of shares, payment of dividend and any other query relating to Equity Shares or Debentures of the Company.

• Registrars and Share Transfer Agents

Contact Officer: **Ms. Mary George**

TSR Darashaw Limited

Unit: Hindustan Construction Co. Ltd.

6-10, Haji Moosa Patrawala Ind. Estate,

20, Dr. E. Moses Road, Mahalaxmi, Mumbai-400 011.
Telephone: +91-22-66568484 Fax: +91-22-66568494
Email: csg-unit@tsrdarashaw.com
Website: www.tsrdarashaw.com

The Company has maintained an exclusive email ID: **secretarial@hccindia.com** which is designated for investor correspondence for the purpose of registering any share/debenture related complaints and the same has been displayed on the Company's website: www.hccindia.com as well.

Shareholders are required to note that, in respect of shares held in dematerialised form, they will have to correspond with their respective Depository Participants (DPs) for all matters.

Shareholders may contact the Compliance Officer and/or the Investor Relations Officer at the following address:

• **Compliance Officer**

Mr. V. P. Kulkarni

Company Secretary
Hindustan Construction Co. Ltd.
Hincon House, Lal Bahadur Shastri Marg,
Vikhroli (West), Mumbai-400 083. India.
Tel: +91-22-2577 5959 Fax: +91-22-2577 5950
Website: www.hccindia.com
Email: secretarial@hccindia.com

• **Investor Relations Officer**

Mr. Santosh Kadam/ Mr. Pankaj Bahal

Hindustan Construction Co. Ltd.
Hincon House, Lal Bahadur Shastri Marg,
Vikhroli (West), Mumbai-400 083. India.
Tel: +91-22-2577 5959 Fax: +91-22-2577 5950
Website: www.hccindia.com
Email: secretarial@hccindia.com

V) Compliance:

(a) Compliance under Clause 49 of the Listing Agreement :

(i) Details of non-compliance, if any

The Company has complied with all the requirements of regulatory authorities. During the last three years, there were no instances of non-compliance by the Company and no penalty or strictures were imposed on the Company by the Stock Exchanges or SEBI or any statutory authority, on any matter related to the capital markets.

(ii) Compliance with mandatory requirements

The Company is fully compliant with the applicable mandatory requirements of Clause 49 of the Listing Agreement with the Stock Exchanges, relating to Corporate Governance.

(iii) Adoption of non-mandatory requirements

a. Remuneration Committee :

Although it is not mandatory, the Board of Directors have constituted a Remuneration Committee comprising three Independent Directors, the details of which have been provided earlier in this Report, under the heading 'Remuneration Committee'.

b. Audit Qualifications :

During the year under review, there is no audit qualification in the Company's financial statements. The Company continues to adopt best practices to ensure a regime of unqualified financial statements.

(iv) Auditors' Certificate on Corporate Governance

The Company has obtained a Certificate from its Statutory Auditors regarding compliance of the conditions of Corporate Governance, as stipulated in Clause 49 of the Listing Agreement, which together with this Report on Corporate Governance is annexed to the Directors' Report and shall be sent to all the shareholders of the Company and the Stock Exchanges along with the Annual Report of the Company.

(b) Compliance with Clause 5A of the Listing Agreement - Uniform procedure for dealing with unclaimed shares

In accordance with the requirement of Clause 5A (II) of the Listing Agreement, in respect of the Bonus Equity Share Certificate(s) dispatched by the Company in August 2010, which were 'returned undelivered', M/s. TSR Darashaw Ltd, Registrar and Share Transfer Agents of the Company have already sent one reminder letter on 18th March, 2011 to all such shareholder(s) at their address as per Register of Members.

As and when response from shareholders will be received, the respective Share Certificate(s) in respect of the unclaimed shares will be re-dispatched to those shareholders.

Upon completing the process of dispatching the mandatory three reminder letters, the Company shall comply with the other formalities prescribed under Clause 5A for dealing with the unclaimed shares, if any.

(c) Disclosure under Clause 53 of the Listing Agreement regarding certain agreements with the media companies:

Pursuant to the requirement of Clause 53 of the Listing Agreement, the Company would like to inform that no agreement(s) have been entered with media companies and/or their associates which has resulted/

will result in any kind of shareholding in the Company and consequently any other related disclosures viz., details of nominee(s) of the media companies on the Board of the Company, any management control or potential conflict of interest arising out of such agreements, etc. are not applicable. Nor has the Company entered into any other back to back treaties/ contracts/agreements/MoUs or similar instruments with media companies and/or their associates.

VI) Investor safeguards and other information:

• Dematerialisation of Shares

Shareholders are requested to convert their physical holding to demat/electronic form through any of the registered Depository Participants (DPs) to avoid the hassles involved in dealing in physical shares such as possibility of loss, mutilation, etc. and also to ensure safe and speedy transaction in respect of the shares held.

• National Electronic Clearing Services (NECS) / Electronic Clearing Services (ECS) mandate

NECS/ECS facility ensures timely remittance of dividend without possible loss/delay in postal transit. Shareholders/Members holding shares in electronic form may register their NECS/ECS details with the respective DPs and Shareholders/Members holding shares in physical form may register their NECS/ECS details with the Registrars and Share Transfer Agents, to receive dividends, if declared, via the NECS/ECS mode.

• Timely Encashment of Dividends

In respect of shareholders who have either not opted for NECS/ECS mandate or do not have such a facility with their banker, are requested to encash dividends promptly to avoid the inconvenience of writing to Company's Share Transfer Agents thereafter for revalidation of dividend warrants and failing their

encashment for a period of seven years, they stand to lose the right to claim such dividend owing to transfer of unclaimed dividends beyond seven years to Investor Education and Protection Fund.

• Transfer of Unclaimed Dividend to Investor Education & Protection Fund (IEPF)

Under the Companies Act, 1956, dividends which remain unclaimed for a period of 7 years are required to be transferred to the Investor Education & Protection Fund (IEPF) administered by the Central Government.

Dates of declaration of dividends since 2003-04 and the corresponding dates when unclaimed dividends are due to be transferred to the Central Government, are given in the **table below**.

Separate letters have already been sent on 18th November, 2010, to the Members who are yet to encash the dividend for the financial year 2003-04 indicating that the unclaimed amount will be transferred to IEPF, if not claimed by the members before the due date of transfer to the said Fund. Members are once again requested to utilise this opportunity and get in touch with the Company's Registrar and Share Transfer Agents M/s. TSR Darashaw Ltd. at their communication address for encashing the unclaimed dividends standing to the credit of their account.

Members are further requested to note that after completion of 7 years, no claims shall lie against the said Fund or Company for the amounts of dividend so transferred, nor shall any payment be made in respect of such claims.

• Update Address/Bank Details

To receive all communications/corporate actions promptly, shareholders holding shares in dematerialised form are requested to please update

Financial year ended	Date of declaration of dividend	Amount remaining unclaimed/unpaid as on 31.03.2011 (₹)	Last date for claiming unpaid dividend amount (on or before)	Last date for transfer to IEPF
31.03.2004	23.07.2004	7,99,207.00	27.08.2011	26.09.2011
31.03.2005	08.06.2005	9,77,280.00	14.07.2012	13.08.2012
31.03.2006	09.06.2006	11,02,782.00	14.07.2013	13.08.2013
31.03.2007	08.06.2007	16,60,779.75	13.07.2014	12.08.2014
31.03.2008	13.06.2008	14,37,211.20	18.07.2015	17.08.2015
31.03.2009	12.06.2009	20,47,258.40	17.07.2016	16.08.2016
31.03.2010	11.06.2010	18,57,040.00	16.07.2017	15.08.2017

their address/bank details with the respective DPs and in case of physical shares, the updated details have to be intimated to the Registrar & Share Transfer Agents.

- **Consolidate multiple folios (in respect of physical shareholding)**

Members are requested to consolidate their shareholdings under multiple folios to eliminate the receipt of multiple communications and this would ensure that future correspondence/corporate benefits could then be sent to the consolidated folio.

- **Register Nomination(s)**

Members holding shares in physical form are requested to register the name of their nominee(s), who shall succeed the member as the beneficiary of their shares and in order to avail this nomination facility, they may obtain/submit the prescribed Form 2B from/with the Registrars & Share Transfer Agents. Members holding shares in dematerialised form are requested to register their nominations directly with their respective DPs.

- **Register email address**

As you all may be aware, Ministry of Corporate Affairs has taken a 'Green Initiative in Corporate Governance' by issuing Circulars 17/2011 and 18/2011 dated 21st April, 2011 and 29th April, 2011, whereby Companies are permitted to send Notices/documents including Annual Report comprising Balance Sheet, Profit & Loss Account, Directors Report, Auditors Report etc.

in electronic mode (hereinafter 'documents'), provided the Company has obtained email addresses of its members for sending these documents through email by giving an advance opportunity to every shareholder to register their email address and changes therein from time to time with the Company.

Accordingly, shareholders holding shares in physical form, are requested to register their email addresses and changes therein from time to time, by directly sending the relevant email address along with details such as name, address, folio no., no. of shares held to the Registrars and Share Transfer Agents, M/s. TSR Darashaw Ltd.

In respect of shares held in electronic form, the email address along with DP ID/Client ID and other shareholder details as mentioned above, should be registered by the shareholders with their respective Depository Participants. Upon registration of the email address, the Company proposes to send notices and documents, in electronic form, to such shareholders.

- **Dealings of Securities with Registered Intermediaries**

In respect of dealings in securities, members must ensure that they deal only with SEBI registered intermediaries and must obtain a valid contract note/confirmation memo from the broker/sub-broker within 24 hours of execution of the trade(s) and it should be ensured that the contract note/confirmation memo contains details about order no., trade no., trade time, quantity, price and brokerage.



Chamera Hydro Power Dam, Himachal Pradesh

CERTIFICATION BY CEO/CFO UNDER CLAUSE 49 V OF THE LISTING AGREEMENT

The Board of Directors of Hindustan Construction Co. Ltd.

We have reviewed the financial statements and the cash flow statement of Hindustan Construction Co. Ltd. for the year ended 31st March, 2011 and to the best of our knowledge and belief:

- (a) (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
- (ii) these statements together present a true and fair view of the Company's affairs and are in compliance with existing Accounting Standards, applicable laws and regulations.
- (b) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.
- (c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting and have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take for rectifying these deficiencies.
- (d) We have indicated to the Auditors and the Audit Committee:
 - (i) significant changes in internal control over financial reporting during the year;
 - (ii) significant changes in accounting policies made during the year and the same have been disclosed in the notes to the financial statements; and
 - (iii) instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

Praveen Sood

Group Chief Financial Officer

Ajit Gulabchand

Chairman & Managing Director

Mumbai: 29th April, 2011.

DECLARATION BY THE MANAGING DIRECTOR UNDER CLAUSE 49 OF THE LISTING AGREEMENT

The Members of Hindustan Construction Co. Ltd.

I hereby declare that all the Directors and the designated employees in the Senior Management of the Company have affirmed compliance with their respective Codes for the financial year ended 31st March, 2011.

For Hindustan Construction Co. Ltd.

Ajit Gulabchand

Chairman & Managing Director

Mumbai: 29th April, 2011

AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE

The Members of Hindustan Construction Co. Ltd.

We have examined the compliance of conditions of Corporate Governance by Hindustan Construction Co. Ltd. for the financial year ended 31st March, 2011, as stipulated in Clause 49 of the Listing Agreement of the said Company with the stock exchange(s).

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion, and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the abovementioned Listing Agreement.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

For K.S. AIYAR & CO.

Chartered Accountants
(Registration No: 100186W)

Raghuvir M. Aiyar

Partner

Membership No.: 38128

Mumbai: 29th April, 2011

Notice

NOTICE is hereby given that the Eighty-Fifth Annual General Meeting of the Members of Hindustan Construction Company Limited will be held on Friday, June 10, 2011 at 11.00 a.m. at Walchand Hirachand Hall, Indian Merchants' Chamber, Indian Merchants' Chamber Marg, Churchgate, Mumbai 400020, to transact the following business:-

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at March 31, 2011, the Profit & Loss Account for the year ended on that date and the Reports of the Directors and Auditors thereon.
2. To declare dividend on Equity Shares.
3. To appoint a Director in place of Mr. Ram P. Gandhi, who retires by rotation, and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. Sharad M. Kulkarni, who retires by rotation, and being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Mr. Nirmal P. Bhogilal, who retires by rotation, and being eligible, offers himself for re-appointment.

6. To consider and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT M/s. K. S. Aiyar & Co., Chartered Accountants, Mumbai, bearing ICAI Registration No. 100186W, the retiring Auditors of the Company, be and are hereby re-appointed as the Auditors of the Company, including all its Branch Offices/Project Sites, to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting on a remuneration as may be fixed by the Board of Directors of the Company.

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized in consultation with the Company's Auditors to appoint Branch Auditor(s) of the Company, to audit the accounts of the Company's Project Sites within and outside India, present and future on such terms and conditions including remuneration as the Board of Directors may deem fit."

SPECIAL BUSINESS

7. To consider and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309, 310 and 311 read with Schedule XIII and other applicable provisions if any, of the Companies Act, 1956, ("the Act") and rules made there under and any amendments thereto or statutory modifications or re-enactment thereof and subject to the approval of the Central Government, if necessary

and such other approvals, permissions and sanctions, as may be required and subject to such conditions and modifications as may be imposed or prescribed by any of the authorities while granting such approvals, permissions and sanctions, consent of the Company be and is hereby accorded to the appointment of Mr. Arun V. Karambelkar, as the Whole-time Director of the Company, for a period of 5 years w.e.f. April 29, 2011 on such terms of remuneration (salary, perquisites and allowances, and commission) and other terms and conditions as set out in the agreement to be entered into between the Company and Mr. Arun V. Karambelkar, a draft of which is placed before this Meeting and initialed by the Chairman for the purpose of identification.

RESOLVED FURTHER THAT, within the terms of remuneration as set out in the draft agreement and as approved by the shareholders, the Board of Directors of the Company be and is hereby authorized to vary or increase the remuneration (salary, perquisites and allowances, and commission) from time to time, to the extent the Remuneration Committee of the Board of Directors and/or the Board of Directors may consider appropriate and as may be permitted or authorized in accordance with any provisions under the Act, for the time being in force, provided however, that the remuneration payable to Mr. Arun V. Karambelkar shall be within the limits set out in the Act including Schedule XIII to the Act or any amendments thereto or any modifications or statutory re-enactment thereof and/or any rules or regulations framed thereunder and accordingly the terms of the aforesaid draft agreement between the Company and Mr. Arun V. Karambelkar shall be suitably modified to give effect to such variation or increase as the case may be.

RESOLVED FURTHER THAT during the currency of the tenure of Mr. Arun V. Karambelkar, Whole-time Director, where in any financial year, the Company has no profits or its profits are inadequate, the Company do pay to Mr. Arun V. Karambelkar, Whole-time Director, a minimum remuneration by way of salary, perquisites and allowances as specified in the draft agreement as per relevant applicable provisions of law including provisions as contained in Schedule XIII to the Act or any amendments thereto or any modifications or statutory re-enactment thereof and/or any rules or regulations framed there under.

RESOLVED FURTHER THAT for the purpose of giving effect to this Resolution the Board of Directors of the Company be and is hereby authorised to execute and sign the agreement and other documents and take such steps and do all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary, proper or desirable and to settle any questions, difficulties or doubts that may arise in this regard in order to implement and give effect to the foregoing resolution"

8. To consider and if thought fit, to pass with or without modification(s), the following resolution as a **Special Resolution**:

“RESOLVED THAT pursuant to the provision of Section 81(1A) and other applicable provisions, if any, of the Companies Act, 1956, including any amendments, statutory modifications or re-enactment thereof (the “Act”), all other applicable laws and regulations including the Foreign Exchange Management Act, 1999 (“FEMA”), the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident outside India) Regulations, 2000 including any statutory modifications or re-enactment thereof and such other statutes, notifications, clarifications, circulars, rules and regulations as may be applicable, as amended from time to time, issued by the Government of India (“GOI”), the Securities and Exchange Board of India (“SEBI”), the Reserve Bank of India (“RBI”), Stock Exchanges and any other appropriate authorities, as may be applicable and in accordance with the enabling provisions in the Memorandum and Articles of Association of the Company and / or stipulated in the Listing Agreements entered into by the Company with the Stock Exchanges where the Equity Shares of the Company are listed and subject to such approvals, consents, permissions and sanctions, if any, of the GOI, SEBI, RBI, Stock Exchanges and any other relevant statutory/ governmental authorities (the “Concerned Authorities”) as may be required and applicable and further subject to such terms and conditions as may be prescribed or imposed by any of the Concerned Authorities while granting such approvals, consents, permissions and sanctions as may be necessary, which the Board of Directors of the Company (hereinafter referred to as the “Board”, which term shall include any Committee(s) constituted/to be constituted by the Board to exercise the powers conferred on the Board by this Resolution) is hereby authorised to accept, the consent of the Company be and is hereby accorded to the Board to create, issue, offer and allot (including with provisions for reservation on firm and/or competitive basis, of such part of issue and for such categories of persons including employees of the Company as may be permitted), Equity Shares and/or Equity Shares through depository receipts including American Depository Receipts (ADRs), Global Depository Receipts (GDRs) and/or Convertible Bonds, Fully Convertible Debentures (FCDs), Partly Convertible Debentures (PCDs), Optionally Convertible Debentures (OCDs), and/or other securities convertible into Equity Shares at a later date, at the option of the Company and/or the holder(s) of such securities (the “Securities”), as the Board at its sole discretion or in consultation with underwriters, merchant bankers, financial advisors or legal advisors may at any time decide, by way of one or more public or private offerings in domestic and/or one or more international market(s), with or without a green shoe option, or issued/allotted through Qualified Institutions Placement in accordance with the

Regulations for “Qualified Institutions Placement” prescribed under Chapter VIII of the SEBI (Issue of Capital and Disclosure Requirement) Regulations, 2009, as amended (“SEBI Regulations”), or by any one or more or a combination of the above modes/methods or otherwise and at such time or times and in one or more tranches, whether rupee denominated or denominated in foreign currency, to any eligible Qualified Institutional Buyers including Foreign Institutional Investors, resident/ non-resident investors (whether institutions, incorporated bodies, mutual funds, individuals or otherwise), Venture Capital Funds (foreign or Indian), Indian and/or Multilateral Financial Institutions, Mutual Funds, Non-Resident Indians, stabilizing agents and/or any other categories of investors, whether they be holders of the Equity Shares of the Company or not (collectively called the “Investors”) whether or not such Investors are members of the Company, as may be deemed appropriate by the Board and permitted under applicable laws and regulations, for an aggregate amount not exceeding ₹ 1,500 Crore (Rupees One Thousand Five Hundred Crore Only) on such terms and conditions and in such manner as the Board may in its sole discretion decide including the timing of the issue(s)/offering(s), the Investors to whom the Securities are to be issued, terms of issue, issue price, number of Securities to be issued, creation of mortgage/ charge in accordance with Section 293(1)(a) of the Companies Act, in respect of any Securities as may be required either on pari-passu basis or otherwise, the Stock Exchanges on which such Securities will be listed, finalization of allotment of the Securities on the basis of the subscriptions received, face value, premium, rate of interest, redemption period, manner of redemption, amount of premium on redemption, the number of equity shares to be allotted on redemption/ conversion, the ratio, period of conversion, fixing of record date or book closure dates, prescribe any terms or a combination of terms in respect of the Securities in accordance with local and/or international practices including conditions in relation to offer, early redemption of Securities, debt service payments, voting rights, variation of price and all such terms as are provided in domestic and/or international offerings and any other matter in connection with, or incidental to the issue, in consultation with the merchant bankers or other advisors or otherwise, together with any amendments or modifications thereto (the “Issue”).

RESOLVED FURTHER THAT the Securities to be created, issued, offered and allotted shall be subject to the provisions of the Memorandum and Articles of Association of the Company and the equity shares allotted in terms of this resolution shall rank pari passu in all respects with the existing Equity Shares of the Company.

RESOLVED FURTHER THAT if the issue or any part thereof is made for a Qualified Institutions Placement, Fully Convertible Debentures (FCDs) / Partly Convertible Debentures (PCDs) / Optionally Convertible

Debentures (OCD) or any other Securities, which are convertible into or exchangeable with the Equity Shares of the Company (hereinafter collectively referred to as "Other Specified Securities" and together with Equity Shares referred to as the 'Specified Securities' within the meaning of the SEBI Regulations) or any combination of Specified Securities as may be decided by the Board, issued for such purpose shall be fully paid-up and the allotment of such Specified Securities shall be completed within twelve months from the date of this resolution or such other time as may be allowed under the SEBI Regulations from time to time, at such price being not less than the price determined in accordance with the pricing formula provided under Chapter VIII of the SEBI Regulations and the Specified Securities shall not be eligible to be sold for a period of one year from the date of allotment, except on a recognized Stock Exchange, or as may be permitted from time to time under the SEBI Regulations.

RESOLVED FURTHER THAT in the event of issue of Specified Securities by way of a Qualified Institutions Placement, the 'Relevant Date' on the basis of which the price of the Specified Securities shall be determined as specified under SEBI Regulations, shall be the date of the meeting in which the Board or the Committee of Directors duly authorized by the Board decides to open the proposed issue of Specified Securities or such other time as may be decided by the Board and permitted by the SEBI Regulations, subject to any relevant provisions of applicable laws, rules and regulations as amended from time to time in relation to the proposed issue of the Specified Securities.

RESOLVED FURTHER THAT in the event of issue of Other Specified Securities by way of a Qualified Institutions Placement, the number and/or conversion price in relation to Equity Shares that may be issued and allotted on conversion shall be appropriately adjusted for corporate actions such as bonus issue, rights issue, split and consolidation of share capital, merger, demerger, transfer of undertaking, sale of division or any such capital or corporate restructuring exercise.

RESOLVED FURTHER THAT without prejudice to the generality of the above, the aforesaid issue of Securities may have such features and attributes or any terms or combination of terms that provide for the tradability and free transferability thereof in accordance with the prevalent market practices in the capital markets including but not limited to the terms and conditions relating to variation of the price or period of conversion of Other Specified Securities into Equity Shares or for issue of additional Securities and such of these Securities to be issued as are not subscribed may be disposed of by the Board in such manner and/or on such terms including offering or placing them with banks/financial institutions/mutual funds or otherwise, as the Board may deem fit and

proper in its absolute discretion, subject to applicable laws, rules and regulations.

RESOLVED FURTHER THAT for the purpose of giving effect to the above resolution and any issue, offer and allotment of Securities, the Board be and is hereby authorized to take all such actions, give such directions and to do all such acts, deeds and things as may be necessary, desirable or incidental thereto and matters connected therewith including without limitation the entering into arrangements/agreements for underwriting, marketing, listing of Securities, trading, appointment of Merchant Banker(s), Advisor(s), Registrar(s), paying and conversion agent(s) and any other advisors, professionals and intermediaries and all such agencies as may be involved or concerned in such offerings of Securities and to issue and sign all deeds, documents, instruments and writings and to pay any fees, commission, costs, charges and other outgoings in relation thereto and to settle all questions whether in India or abroad, for the Issue and to do all requisite filings with GOI, RBI, SEBI, Stock Exchanges, if required and any other concerned authority in India or outside, and to give such directions that may be necessary in regard to or in connection with any such issue, offer and allotment of Securities and utilization of the issue proceeds, as it may, in its absolute discretion, deem fit, without being required to seek any further consent or approval of the members or otherwise to the end and intent that they shall be deemed to have given their approval thereto expressly by the authority of this resolution, and accordingly any such action, decision or direction of the Board shall be binding on all the Members of the Company.

RESOLVED FURTHER THAT the Board be and is hereby authorized to delegate all or any of the powers herein conferred, to any Committee of Directors or any one or more Directors of the Company to give effect to the aforesaid resolution and thereby such Committee of Directors or one or more such Directors as authorized are empowered to take such steps and to do all such acts, deeds, matters and things and accept any alterations or modifications as they may deem fit and proper and give such directions as may be necessary to settle any question or difficulty that may arise in this regard."

By Order of the Board
For Hindustan Construction Company Ltd

VITHAL P. KULKARNI
Company Secretary

Registered Office:

Hincon House,
Lal Bahadur Shastri Marg,
Vikhroli (West),
Mumbai 400 083

Place: Mumbai
Date: April 29, 2011

NOTES

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES IN ORDER TO BE EFFECTIVE MUST BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.**
2. Members / Proxies should bring the Attendance Slip duly filled in for attending the Meeting and also their copy of the Annual Report.
3. The Register of Members and the Share Transfer Books of the Company will remain closed from Wednesday, June 1, 2011 to Friday, June 10, 2011 (both days inclusive) for the purpose of payment of dividend.
4. The Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, relating to the Special Business to be transacted at the ensuing Annual General Meeting is annexed hereto and forms part of the Notice.
5. The Members are requested to:
 - (a) Intimate change in their registered address, if any, to the Company's Registrar and Share Transfer Agents, M/s. TSR Darashaw Limited at 6-10, Haji Moosa Patrawala Indl. Estate, 20, Dr. E. Moses Road, Mahalaxmi, Mumbai - 400 011 in respect of their holdings in physical form.
 - (b) Notify immediately any change in their registered address to their Depository Participants in respect of their holdings in electronic form.
 - (c) Non-Resident Indian Members are requested to inform M/s. TSR Darashaw Limited immediately of the change in residential status on return to India for permanent settlement.
 - (d) **Register their email address and changes therein from time to time with M/s. TSR Darashaw Ltd. for shares held in physical form and with their respective Depository Participants for shares held in demat form.**
6. The dividend as recommended by the Board, if approved at the ensuing Annual General Meeting, will be paid to those Members whose names appear on the Company's Register of Members as on June 10, 2011.

The dividend in respect of Shares held in the electronic form will be paid to the beneficial owners of Shares whose names appear in the list furnished by the Depositories for this purpose as at the close of business hours on May 31, 2011.
7. Corporate Members intending to send their authorized representatives are requested to send duly certified copy of the Board Resolution authorizing their representatives to attend and vote at the ensuing Annual General Meeting so as to reach the Company on or before June 08, 2011.
8. Consequent upon, the introduction of Section 109A of the Companies Act, 1956, members are entitled to make nominations in respect of the Equity Shares held by them, in physical form. Members desirous of making nominations may procure the prescribed Form 2B from the Registrar & Share Transfer Agents, M/s. TSR Darashaw Limited and have it duly filled and sent back to them.
9. The Securities & Exchange Board of India (SEBI) has made it mandatory for all Companies to use the bank account details furnished by the Depositories for crediting dividend. The Company has made arrangements for crediting the dividend through National Electronic Clearing Services (NECS) / Electronic Clearing Services (ECS) to investors where NECS / ECS facility is available. Members holding shares in electronic form, are requested to therefore, give details regarding bank accounts in which they wish to receive dividend, through their Depository Participants (DPs). Members holding shares in physical form and desirous of availing the NECS/ECS facility, are requested to update their bank details and send it to the Company's Registrar and Share Transfer Agents, M/s. TSR Darashaw Limited directly.
10. In order to provide protection against fraudulent encashment of the dividend warrants, Members holding Equity Shares in physical form, are requested to intimate the Registrar & Share Transfer Agents, M/s. TSR Darashaw Ltd., by a duly signed letter by all the holders, the following information required to be printed on the dividend warrants:
 - i) Name of Sole/Joint holders and their respective Folio Numbers
 - ii) Particulars of Bank Account, viz.
 - (a) Name of the Bank and Branch alongwith complete address of the Bank with Pin Code Number.
 - (b) Account type, whether Savings (SB) or Current Account (CA) and Account number allotted by the Bank
11. The Ministry of Corporate Affairs (MCA) has taken a "Green Initiative in Corporate Governance" and issued two Circulars Nos. 17/2011 and 18/2011 dated April 21, 2011 and April 29, 2011 respectively. Under first Circular No. 17/2011 dated April 21, 2011, MCA has, *inter alia*, clarified that a Company would have complied with Section 53 of the Companies Act, if the service of documents has been made through electronic mode provided that the Company has obtained e-mail addresses of its Members for sending the notice/documents through e-mail by giving an advance opportunity to every shareholder to register their

e-mail address and changes therein from time to time with the Company.

It also provides that where any Member has not registered his e-mail address with the Company, the service of documents etc. will be effected by other modes of service as provided under Section 53 of the Companies Act, 1956.

Vide second Circular No. 18/2011 dated April 29, 2011, MCA has clarified that the Company would be in compliance of Section 219(1) of Companies Act, 1956, in case, a copy of Balance Sheet etc., is sent by electronic mail to its Members subject to the fact that Company has obtained -

- (a) e-mail address of its Member for sending the Notice with Balance Sheet, Profit & Loss Account, Auditor's Report, Director's Report and Explanatory Statement etc. through e-mail, after giving an advance opportunity to the Member to register his e-mail address and changes therein from time to time with the Company or with the concerned depository.
- (b) Company's website displays full text of these documents well in advance prior to mandatory period and issues advertisement in prominent newspapers in both vernacular and English stating that the copies of aforesaid documents are available in the website and for inspection at the Registered Office of the company during office hours. Website must be designed in a way so that documents can be opened easily and quickly.
- (c) In cases where any Member has not registered his e-mail address for receiving the Balance Sheet etc through e-mail, the Balance Sheet etc., will be sent by other modes of services as provided under section 53 of the Companies Act, 1956.
- (d) In cases any Member insist for physical copies of above documents, the same should be sent to him physically, by post free of cost.

Accordingly, Members are requested to register their e-mail address(es) and changes therein from time to time, by directly sending the relevant email address alongwith details of name, address, Folio No., shares held:

- i) **To the Registrars and Share Transfer Agents, M/s. TSR Darashaw Ltd for shares held in physical form and;**
- ii) **In respect of shares held in demat mode, also provide DP ID/Client ID with the above details and register the same with their respective Depository Participants.**

Upon registration of the email address(es), the Company proposes to send Notices, Annual Report and such other documents to those Members via electronic mode/e-mail.

12. Appointment / Re-appointment of Directors

Pursuant to Clause 49 (IV)(G) of the Listing Agreement, the following information is furnished in respect of the Directors proposed to be appointed / re-appointed.

- I. **Name** : Mr. Ram P. Gandhi
Date of Birth : March 15, 1952
Qualification & Expertise : Mr. Ram P. Gandhi holds a Bachelor's Degree in Commerce and is a Diploma holder in Financial Management. He is a leading businessman and ex-president of the Indian Merchants' Chamber.
Directorship held in other Companies : i) Hincon Finance Ltd.
ii) Western Securities Ltd.
iii) Hincon Holdings Ltd.
iv) HCC Construction Ltd.
v) Young buzz India Ltd.
vi) Lavasa Corporation Ltd.
vii) Beacons Pvt. Ltd.
viii) Pravinchandra Pvt. Ltd.
ix) The States' People Private Ltd.
Chairmanship / Membership of Committees in other Public Companies : NIL
No. of Equity Shares held : 48,000
- II. **Name** : Mr. Sharad M. Kulkarni
Date of Birth : January 9, 1939
Qualification & Expertise : Mr. Sharad M. Kulkarni has a Degree in Engineering (B.E.) from University of Pune and is a Fellow of the Institute of Engineers India. He has been a Fellow of Institution of Management UK and Fellow of Institute of Directors UK. He is a Business Advisor and Management Consultant. His area of expertise covers Business development, International Alliance Management, Strategic Planning, Management and Technology Institutions of learning, Venture Funding and Corporate Governance.
Directorship held in other Companies : i) INEOS ABS (India) Ltd. (Formerly Lanxess ABS Ltd.)
ii) Bayer Crop Science Ltd.
iii) KEC International Ltd.
iv) Raychem RPG (P) Ltd.
v) RPG Enterprises Ltd.
vi) HCC Real Estate Ltd.
vii) Navin Fluorine International Ltd.
viii) Camlin Fine Chemicals Ltd.
ix) Lavasa Corporation Ltd.

Chairmanship / Membership of Committees in other Public Companies	:	x) J. M. Financial Trustee Company Pvt. Ltd.	Chairmanship / Membership of Committees in other Public Companies	:	<ul style="list-style-type: none">Member of Audit Committee and Remuneration Committee of Batliboi Environmental Engineering Ltd.Member of Shareholders / Investors Grievance and Share Transfer Committee of Batliboi Ltd.	
	:	<ul style="list-style-type: none">Chairman of the Audit Committee of INEOS ABS (India) Ltd., Bayer Crop Science Ltd., Camlin Fine Chemicals Ltd. and Lavasa Corporation Ltd.Chairman of Remuneration Committee of INEOS ABS (India) Ltd.Member of the Audit Committee of KEC International Ltd., Navin Fluorine International Ltd and HCC Real Estate Ltd.Member of the Remuneration Committee of Bayer Crop Science Ltd., KEC International Ltd., Camlin Fine Chemicals Ltd. and Navin Fluorine International Ltd.Member of the Shareholders Grievance Committee of Bayer Crop Science Ltd.		No. of Equity Shares held	:	3,87,800
	IV. Name	:		Mr. Arun V. Karambelkar		
		Date of Birth		:	September 25, 1955	
		Qualification & Expertise		:	Mr. Arun V. Karambelkar holds a Bachelors of Engineering (Mechanical) Degree from Mumbai University and a Masters Degree in Materials Management from Pune University. He possesses a rich and diverse experience of over 30 years in various industries such as automobiles, engineering and electronics and has specialized in procurement and materials management.	
Directorship held in other Companies		:	<ul style="list-style-type: none">i) HCC Concessions Ltd.ii) HCC Aviation Ltd.iii) HCC Realty Ltd.iv) Ecomotel Hotel Ltd.v) Lakeview Clubs Ltd.vi) Dasve Hospitality Institutes Ltd.vii) Dasve Retail Ltd.			
No. of Equity Shares held	:	20,000	Chairmanship / Membership of Committees in other Public Companies	:	NIL	
III. Name	:	Mr. Nirmal P. Bhogilal				
	Date of Birth	:		May 14, 1949		
	Qualification & Expertise	:		Mr. Nirmal P. Bhogilal holds a Bachelors Degree in Science (Chemical Engineering) and is an Associate of the City & Guilds of London Institute. He is an eminent Industrialist and has over 35 years of business experience in the Engineering Industry.		
	Directorship held in other Companies	:		<ul style="list-style-type: none">i) Batliboi Ltd.ii) Batliboi Environmental Engineering Ltd.iii) Batliboi Enxco Private Ltd.iv) Bhagmal Investments Private Ltd.v) Chowgule Industries Private Ltd.vi) Delish Gourmet Private Ltd.vii) Hitco Investments Private Ltd.viii) Imperial College India Foundationix) Nirbhag Investments Private Ltd.x) Pramaya Shares and Securities Pvt. Ltd.		
			Registered Office: Hincon House, Lal Bahadur Shastri Marg, Vikhroli (West), Mumbai 400 083			
			Place: Mumbai Date: April 29, 2011			
			By Order of the Board For Hindustan Construction Company Ltd			
			VITHAL P. KULKARNI Company Secretary			

Annexure to the Notice

EXPLANATORY STATEMENT PURSUANT TO SECTION 173 OF THE COMPANIES ACT, 1956

Item No.7

The Board of Directors of the Company at their Meeting held on April 29, 2011 appointed Mr. Arun V. Karambelkar as an Additional Director and Whole-time Director of the Company for a period of five years w.e.f. April 29, 2011, subject to the approval of members of the Company. Pursuant to Section 260 of the Companies Act, 1956 ("the Act"), Mr. Arun V. Karambelkar holds office upto the ensuing Annual General Meeting of the Company.

As required under Section 257 of the Act, a Notice has been received from a Member of the Company along with a deposit of ₹ 500/- signifying his intention to propose Mr. Arun V. Karambelkar as a candidate for the Office of Director.

Mr. Arun V. Karambelkar is a Silver Medallist in Bachelors of Engineering (Mechanical) Degree from Mumbai University and a top ranker at the Masters degree program in Materials Management from Pune University.

He has been a member of the Indian Institute of Materials Management (IIMM) since 1982 and is the National Councilor from Mumbai for last 8 years. In 2010, IIMM recognized his contribution to the Materials Management profession by awarding him the prestigious "UNITOP AWARD".

He possesses a rich and diverse experience of over 30 years in various industries such as automobiles, engineering and electronics and has specialized in procurement and materials management.

He has a career span of over 20 years with the Company. As a Group Executive Vice President and a member of the Company's Group Management Committee, he has been responsible for the strategic functions of Procurement & Sub-contracting and has also been managing selection, mobilization and operations of the Company's construction equipment fleet. He has been the driving force in the application of benchmark ERP practices for Materials Management and has been instrumental in introducing e-Procurement at the Company.

He is involved in monitoring the operations of the recently acquired Company Karl Steiner AG, Switzerland. He has also been guiding Highbar Technologies Ltd., wholly owned subsidiary of the Company engaged in providing ERP solutions for the infrastructure industry. Under his leadership, the Company was awarded SAP's "Best Innovation" award for creative use of their Materials Management module. He also overviews the operations of HCC Aviation Ltd., wholly owned subsidiary of the Company.

He serves on the Board of various public companies viz., HCC Concessions Ltd., HCC Aviation Ltd., HCC Realty Ltd.,

Ecomotel Hotel Ltd., Lakeview Clubs Ltd., Dasve Hospitality Institutes Ltd., and Dasve Retail Ltd.

Considering his long term association with the Company and efforts made by him for overall growth of the Company, the Board of Directors felt that it is in the interest of the Company that he be appointed as Whole-time Director of the Company for a period of 5 years.

The material provisions of the draft agreement to be entered into between the Company and Mr. Arun V. Karambelkar are as follows:

1. Period of Agreement:

5 years with effect from April 29, 2011

2. Remuneration:

A. Salary:

₹ 9,50,000 – ₹ 1,25,000 - ₹ 14,50,000 per month

The annual increments, which will be effective April 1, each year, will be decided by the Remuneration Committee and/or Board of Directors in its absolute discretion and will be merit based.

B. Perquisites and Allowances:

- i) In addition to salary and commission payable, the Whole-time Director shall also be entitled to perquisites and allowances like accommodation (furnished or otherwise) or house rent allowance in lieu thereof, house maintenance allowance together with reimbursement of expenses or allowances for utilities such as gas, electricity, water, furnishings, repairs and other allowances, medical reimbursement, club fees and leave travel concession for self and his family, personal accident insurance and contribution to Superannuation Fund and such other perquisites and allowances in accordance with the Rules of the Company or as may be agreed to between the Remuneration Committee and/or the Board of Directors and the Whole-time Director. However, the value of such perquisites and allowances shall be subject to a maximum of 100% of the annual salary.
- ii) For the purpose of calculating the above ceiling, perquisites and allowances shall be evaluated as per the Rules for Valuation of Perquisites under the Income Tax Act, 1961 or any amendments thereto or any modifications or statutory re-enactment thereof and/or any rules or regulations framed for the said purpose. In the absence of any provision for valuation of any perquisites and allowances

in the said Rules, the same shall be evaluated at its actual cost to the Company.

- iii) Provision for use of Company's car for office duties and telephone and other communication facilities at residence shall not be included in the computation of perquisites for the purpose of calculating the said ceiling on perquisites and allowances.
- iv) Company's contribution to Provident Fund shall not be included in the computation of the aforesaid ceiling on perquisites and allowances to the extent it is not taxable under the Income-Tax Act, 1961 or any amendments thereto or any modifications or statutory re-enactment thereof and/or any rules or regulations framed thereunder.
- v) One month's leave for every eleven months service.
- vi) Gratuity payable and encashment of leave at the end of the tenure as per the Rules of the Company shall not be included in the computation of the ceiling for the perquisites and allowances as aforesaid.

C. Commission:

Such remuneration by way of Commission, in addition to salary, perquisites and allowances calculated with reference to the net profits of the Company in a particular financial year as may be determined by the Remuneration Committee and/or the Board of Directors of the Company at the end of each financial year, subject to the overall ceiling stipulated in Sections 198 and 309 of the Act.

3. Minimum Remuneration

Where, in any financial year, the Company has no profits or its profits are inadequate, Mr. Arun V. Karmbelkar shall be paid a minimum remuneration by way of salary, perquisites and allowances as specified above as per relevant applicable provisions of law including provisions as contained in Schedule XIII to the Act or any amendments thereto or any modifications or statutory re-enactment thereof and / or any rules or regulations framed thereunder.

The agreement may be terminated by either party by giving six months notice in writing.

The draft of the agreement to be entered into between the Company and Mr. Arun V. Karmbelkar is available for inspection by the Members at the Registered Office of the Company between 11.00 a.m. and 1.00 p.m. on any working day of the Company till the date of the ensuing Annual General Meeting.

In accordance with the provisions of Part III of Schedule XIII to the Act, the appointment and remuneration payable to Mr. Arun V. Karmbelkar, Whole-time Director is subject to the approval by a resolution of the Members in the General Meeting.

Accordingly, Mr. Arun V. Karmbelkar's appointment as Whole-time Director of the Company has been put forth for approval of the Members of the Company at the first General Meeting held immediately after his appointment by the Board.

Your Directors recommend the resolution for your approval.

Except for Mr. Arun V. Karmbelkar who may be concerned and/or interested in his appointment as the Whole-time Director and the remuneration payable to him, no other Director is concerned or interested in the resolution.

This may also be treated as an abstract of the terms of the contract for appointment of Mr. Arun V. Karmbelkar, required to be sent to the members of the Company in accordance with Section 302 of the Act.

Item No. 8

The special resolution contained in the business of the Notice under Sr. No. 8 relates to a resolution by the Company enabling the Board to create, issue, offer and allot Equity Shares, GDRs, ADRs, Convertible Bonds, Convertible Debentures and such other securities as stated in the resolution (the "Securities") at such price as may be deemed appropriate by the Board at its absolute discretion including the discretion to determine the categories of Investors to whom the issue, offer, and allotment shall be made considering the prevalent market conditions and other relevant factors and wherever necessary, in consultation with Merchant Bankers, inclusive of such premium, as may be determined by the Board in one or more tranche(s), subject to applicable laws, rules and regulations.

The resolution enables the Board to issue Securities for an aggregate amount not exceeding ₹ 1,500 Crore or its equivalent in any foreign currency.

The Board may issue Securities pursuant to this special resolution to meet long term working capital and capital expenditure requirements of the Company and its subsidiaries, joint ventures and affiliates, including investment in subsidiaries, joint ventures and affiliates besides strengthening the Balance Sheet of the Company including repayment of debt, tap acquisition opportunities, usage for business ventures/projects and other general corporate purposes.

The special resolution also authorizes the Board of Directors of the Company to undertake a Qualified Institutions Placement with Qualified Institutional Buyers (QIBs) in the manner as prescribed under Chapter VIII of

the SEBI (Issue of Capital and Disclosure Requirement) Regulations, 2009 for raising capital. The pricing of the Specified Securities to be issued to QIBs pursuant to the said SEBI Regulations shall be freely determined subject to such price not being less than the price calculated in accordance with the relevant provisions of the said SEBI Regulations.

The detailed terms and conditions for the offer will be determined by the Board in consultation with the Advisors, Merchant Bankers, Underwriters and such other authority or authorities as may be required to be consulted by the Company considering the prevalent market conditions from time to time and in accordance with the applicable provisions of law, rules and regulations and other relevant factors.

The Equity Shares allotted or arising out of conversion of any Securities would be listed. The issue/ allotment/ conversion of Securities would be subject to the receipt of regulatory approvals, if any. Further the conversion of Securities held by foreign investors, into Equity Shares would be subject to the permissible foreign shareholding limits/cap specified by Reserve Bank of India from time to time.

Section 81(1A) of the Companies Act, 1956 ("the Act") and the relevant provisions of the Listing Agreement with the Stock Exchanges where the Equity Shares of the Company are presently listed provides, inter alia, that when it is proposed to increase the issued capital of a company by allotment of further shares, such further shares shall be offered to the existing shareholders of such company in the manner laid down in Section 81 of the Act unless the shareholders in a general meeting decide otherwise. As the aforesaid resolution provide for or may result into issue of Equity Shares to persons other than the existing

shareholders of the Company, consent of the Company is being sought pursuant to Section 81 (1A) and all other applicable provisions, if any, of the Act.

The Special Resolution as set out above, if passed, will have the effect of permitting the Board to issue and allot Securities to Investors, who may or may not be existing shareholders of the Company in the manner as set out in resolution No. 8.

The said resolution also enables the Board to create mortgage/ charge on the property/ assets of the Company in respect of any debt securities proposed to be offered by the Company.

The Board believes that the proposed Special Resolution is in the interest of the Company and therefore recommends the resolution for your approval.

None of the Directors of the Company is in any way concerned or interested in the said resolution.

By Order of the Board
For Hindustan Construction Company Ltd

VITHAL P. KULKARNI
Company Secretary

Registered Office:

Hincon House,
Lal Bahadur Shastri Marg,
Vikhroli (West),
Mumbai 400 083

Place: Mumbai
Date: April 29, 2011

Directors' Report

To,

The Members of

Hindustan Construction Co. Ltd.

1. Report

Your Directors are pleased to present the 85th Annual Report together with the Audited Accounts for the year ended March 31, 2011.

2. Financial Highlights

Particulars	Year ended March 31, 2011 ₹ Crore		Year ended March 31, 2010 ₹ Crore	
Turnover		4143.97		3862.97
Profit before Interest, Depreciation and Tax		554.26		440.89
Less: Interest	289.90		205.15	
Depreciation	152.69	442.59	113.90	319.05
Profit before Tax		111.67		121.84
Less: Provision for Current Tax	24.40		20.96	
Provision for Deferred Tax	40.45		40.15	
MAT Credit Entitlement	(24.18)	40.67	(20.71)	40.40
Profit after Tax		71.00		81.44
Add: Balance brought forward from last year		319.62		279.90
Transferred from Debenture Redemption Reserve		4.16		5.41
Amount available for Appropriation		394.78		366.75
Less: Appropriations				
Proposed Dividend	24.26		24.26	
Tax on Proposed Dividend	3.94		4.12	
Debenture Redemption Reserve	8.75		8.75	
Transfer to General Reserve	10.00	46.95	10.00	47.13
Balance carried to Balance Sheet		347.83		319.62

3. Dividend

Your Directors are pleased to recommend a dividend of ₹ 0.40 per Equity Share of ₹ 1/- each for the financial year ended March 31, 2011 on the enhanced Share Capital of the Company (post Bonus Issue of Equity Shares in the ratio 1:1) aggregating to ₹ 24.26 crore thereby maintaining the dividend payout at the previous year's level. (Previous year ₹ 0.80 per Equity Share of ₹ 1/- each).

Equity Shares that may be allotted by the Company before the Book Closure will rank pari passu with the existing Shares and be entitled to receive dividend.

4. Operations

The turnover of the Company at ₹ 4,143.97 crore has shown an increase of 7.27% as compared to ₹ 3,862.97 crore in the previous year. The profit before tax is ₹ 111.67 crore as compared to ₹ 121.84 crore for the previous year.

Your Directors are pleased to inform that during the year under report, the Company has secured the following major contracts.

- Rajasthan Atomic Power Project – Unit 7 & 8, 2 x 700 MW, Rajasthan
Contract Value: ₹ 888 crore
- Mumbai Metro – Versova Andheri Ghatkopar Corridor
Contract Value: ₹ 145 crore
- Sainj Hydro Electric Project, 100 MW, Himachal Pradesh
Contract Value: ₹ 431 crore
- Aditya Aluminium project, Orissa
Contract Value: ₹ 451 crore
- Single Line Tunnel No.12 between Jiribam and Tupul, Assam
Contract Value: ₹ 313 crore
- Alaknanda HEP 3 x 100 MW, Uttarakhand
Contract Value: ₹ 660 crore
- Kachchh Branch Canal, Gujarat
Contract Value: ₹ 345 crore
- Muzaffarpur Thermal power plant, 2 x 195 MW, Bihar
Contract Value: ₹ 232 crore

The total balance value of works on hand as on March 31, 2011 is ₹ 18,127 crore including Company's share in integrated joint venture projects and Sawalkot project.

Decisions are awaited from various clients for tenders submitted by the Company (directly or in JV) for 32 projects amounting to about ₹ 24,040 crore. Tenders for various packages for 31 projects worth about ₹ 27,710 crore are expected to be submitted in the near future. The Company has also submitted prequalification bids for 14 projects worth over ₹ 24,480 crore, which are currently under evaluation. The company is confident of securing a sizeable share of these new projects.

Operations of Subsidiaries

(i) Lavasa Corporation Ltd. - Integrated Urban Development & Management

a) Operations

Lavasa is a planned hill city being developed by Lavasa Corporation Ltd., a subsidiary company. Located in the Western region of India the city is an hour's drive away from Pune and three hours drive from Mumbai. It is one fifth the size of Greater Mumbai Municipal limits.

The master plan of Lavasa is developed by internationally renowned design consultant HOK, USA. The master plan, recipient of many international awards, is based on the principles of New Urbanism that brings together all the components essential to daily life in a more organized manner. Lavasa has many pioneering initiatives to its credit - technology leadership, e-Governance, city developed using Geographical Information System (GIS), etc.

Lavasa is planned for a permanent population of around 3 lakh residents and a tourist inflow that is envisaged at 20 lakh per annum. It aims to provide a perfect work-life balance with an unique combination of technology and infrastructure advancements. The city will have a 365 day economy with a host of non polluting industries being the main economic driver; these include R&D and training centres, IT and biotech industry, KPOs and those related to art, fashion and animation.

On the hospitality front, the hospitality units which are already operational are: Lavasa International Convention Centre managed by ACCOR, Mercure Lavasa, Fortune Select Dasve, Ekaant – The Retreat, Dasvino Town and Country Club, Waterfront Shaw Serviced Apartments. Other than this, Radisson, ITC Luxury Collection, Choice Hotel, J.Vohra Hospitality, Novotel by Accor, Pullamn by Accor, Hilton, Ramada, Oakwood, Two Langham properties, Holiday Inn, Days Inn Hotel are already tied up and many more are to follow in quick succession giving Lavasa a new hotel property every 6 months.

An equal amount of progress has been made in the education space where the Ecole Hotelier Lavasa has commissioned its second batch & Christel House Lavasa is already operational. Le Mont by Educomp-an IB school is also starting their 1st batch from July 2011.

Other than this, Ryan International for performing arts, Birla Edutech by Yash Birla for an IB school, Gems International an IB school, Management Institute by Bodhi Education, Euro Kids with a primary and pre-primary school, The Institute of International Business Relations Germany, NSHM Knowledge Campus of Kolkata, Symbiosis of Pune and Christ University of Bangalore are also tied up for setting up their Campuses.

Professional and Executive Education has also taken off in Lavasa in a big way with Car Design Workshop by Chris Bangle (Scuola Politecnica di Design) the world renowned school of design and communication based in Milan, Security Awareness Workshop by Max Security (Israeli Security experts) and Massachusetts Institute of Technology who have conducted their pilot program based on Airport and Airline Systems, Planning and Management. This has prepared a platform for them to conduct similar programmes at Lavasa in the future.

On the retail front, American Diner, Granma's Bakery, Brewberry's Café, Memories, Baskin & Robbins Kiosk, Tabakh, Oriental Octopus, Amul Dairy, Chor Bizarre, Subway, Hungry hippo, Krazy Koala Kiosk, Twisted Turkey Kiosk, Fruity bat, Pizzavala, Natural Ice Cream, Bizarre Baracuda, Design & Build Store – Home Town are already operational.

On the tourism front, X-Thrill adventure academy, Water Sports, Noes park (games Arcade), Nature trail, Train on wheels, Kids play Area, movies, parks & gardens are already operational. Other than this, Space theme park (edutainment), MGM Hollywood based theme park, Tennis Australia, Manchester City Football Club are also already tied up.

Events continued to be a key focal point and the year saw a multitude of events that increased the salience of the brand and helped engage with the consumer on-ground. These included Rock and Hills music festival, Wildlife Week celebrations, Lavasa Utsav, Literature Live, Lavasa Mifta Awards, Lavasa Women's Car Drive, and sponsorship of Pantaloons Femina Miss India along with events like the New Year celebrations and Italian food festival. The 3rd Lavasa Women's Car Drive was held for the first time both from

Mumbai and Pune. Over 750,000 women from 78 odd countries voted for the 2011 participants making it India's largest Women's Car Drive which found a place in Limca book of records as well.

Lavasa has collaborated with technology leaders like Wipro Limited and Cisco Systems to plan, implement and manage Information and Communication Technology (ICT) services across Lavasa Hill City. The strategic partnership is intended to focus on providing integrated and effective solutions for enhancing technology leadership within the hill city. The Company founded as a result of this venture is named as 'My City Technology Limited'. This venture is currently deploying a futuristic telecom network infrastructure to offer its residents and visitors a life changing technology experience.

Lavasa now has a new post office, police station, a public safety centre, a hospital managed by Apollo, banks (Union bank of India, State bank of India), a petrol station, pharmacy, STP, WTP, rental housing, an arcade and transit system. In the months ahead it will open grocery and additional retail shops. The city's drinking water is fit for consumption straight from the tap without the need for filtration; its sewerage is treated to almost drinking water standards before being reused for irrigation and other non-potable purposes; its power distribution grid is nearly 99% reliable and the young city is already on the cutting edge of urban environmental sustainability initiatives. The Company plans to have its e-Governance portal and a citizen call centre to maintain its focus on the needs of residents and visitors, and it has already opened parks and play areas to the public.

Lavasa continued its focus on branding and communication activities through 2010-11.

A thought leadership platform – Lavasa Future Cities was launched in association with the Times of India group. The key objective was to trigger a thought process amongst public as well as key decision makers on the need for new urban centres for the rapidly growing urban Indian population. A television series 'Urban Longings' was aired to highlight the need for planned new cities. The 6 episode TV series had eminent personalities like Mr. Narayan Murthy, Dr. Abad Ahmed, Ms. Kiran Bedi, Mr. Arun Shourie, sharing their vision for building, managing and governing 'future cities'. The article series by the same name 'Urban Longings' was published in Times of India & Maharashtra Times and had prominent personalities like Dr. APJ Abdul Kalam, and 13 others, echoing their idea of a 'future

city'. In the quest for making Indian cities more liveable and creating better future cities, a City Planning and Governance Summit was also organized.

During the year, Lavasa Corporation Ltd. has registered an impressive performance with a turnover of ₹ 540.96 crores as compared to ₹ 481.56 crores in the previous year. The profit before tax is at ₹ 163.39 crores as compared to ₹ 209.46 crores in the previous year.

b) Status on Ministry of Environment and Forests Issue

On November 25, 2010, Ministry of Environment & Forests ("MoEF"), Government of India issued show cause notice under Section 5 of the Environment Protection Act, 1986 to Lavasa Corporation Limited ("LCL") alleging violations of the Environmental Impact Assessment notifications of 1994 as amended in 2004 and superseded in 2006 ("EIA Notifications"). The said notice directed LCL to show cause within 15 days of the receipt of the said notice as to why the alleged unauthorized structures at Lavasa site be not removed in entirety and pending the decision on show cause notice by MoEF, it directed LCL to maintain status-quo ante for construction and/or development.

Upon receipt of the said show cause notice, LCL immediately replied to MoEF in respect of the said show cause notice and then filed a Writ Petition against the impugned show cause notice in the Bombay High Court seeking prayer, inter alia, quashing of the said show cause notice, stay on status quo pending the decision on the Writ Petition. The Hon'ble High Court vide its order dated December 7, 2010 has admitted the Writ Petition filed by LCL. The Counsel for MoEF made a statement that the words "status quo ante" in the MoEF's show cause notice dated November 25, 2010 may be read as "status quo", as the word "ante" is a mistake. The Hon'ble Court also directed MoEF to give hearing to LCL. Further, vide its order dated December 22, 2010, the Hon'ble Court while issuing the Rule directed MoEF to give hearing to LCL and also directed MoEF and Central and/or State level Environment Impact Assessment Authority to visit LCL's project at Lavasa and inspect it thoroughly for at least three days to undertake the survey / inspection and pass an order by January 10, 2011. In the same order dated December 22, 2010, the Hon'ble High Court has clubbed together 4 public interest litigations filed against LCL ('other PILs') inter alia in respect of lease of land by Maharashtra Krishna Valley Development Corporation to LCL,

alleged violations by LCL of the Maharashtra Agricultural (Ceiling on Holdings) Act, 1961 and the Environment Protection Act, 1986.

The members of MoEF committee along with officials of Government of Maharashtra visited Lavasa site on 5th, 6th and 7th of January, 2011.

Vide its order dated January 17, 2011, MoEF has observed that LCL is in violation of EIA Notifications and the construction activity undertaken thereon is unauthorized, in violation of the above notifications and is environmentally damaging. However, taking into account the submissions made by LCL, employment generated, investments already made and third party rights already accrued, MoEF stated that it is prepared to consider the project on merits with various terms and conditions including (i) payment of substantial penalty (ii) creation of Environmental Restoration Fund ('ERF') by LCL and (iii) imposition of stringent terms and conditions to ensure no further environmental degradation takes place and degradation that has occurred would be rectified within a time bound schedule. Further, under the said order, the MoEF had directed LCL that in view of the alleged violations of EIA Notifications and the unauthorized construction activity undertaken and the occurrence of environment degradation, the order of status quo be continued and reiterated that no construction activity be undertaken.

On January 24, 2011, LCL filed another Writ Petition being No. 811 of 2011 in Bombay High Court challenging the aforesaid impugned order dated January 17, 2011 passed by MoEF.

Thereafter, on January 25, 2011, LCL addressed a letter to MoEF for finding an amicable solution and offered without prejudice suggestions for MoEF's consideration, in a bid to set to rest the controversy surrounding the Project.

On January 27, 2011, Writ Petition no. 811 of 2011 and Writ Petition no. 9448 of 2010 along with other PILs were listed in Hon'ble High Court. However, the Hon'ble High Court, upon LCL's plea was pleased to adjourn the matters for 45 days in view of the ongoing discussions with MoEF on amicable settlement and posted all LCL connected matters on March 10, 2011.

MoEF vide its letter dated January 28, 2011, in response to LCL's letter dated January 25, 2011, had informed that MoEF is prepared to consider the matter of giving environmental clearance to Phase I. (2000 Ha). Thereafter, pursuant to discussions, LCL by a "without prejudice"

application to MoEF complied with the directions issued by MoEF in its order dated January 17, 2011, and LCL submitted various documents to MoEF, from time to time, for its consideration.

LCL has also attended & presented at the 97th, 98th and 99th meeting of the Expert Appraisal Committee ('EAC') on CRZ, Infrastructure & Miscellaneous Projects and New Construction and Industrial Estates Projects scheduled on 14th & 15th February, 2011, 3rd & 4th March, 2011 and 5th & 6th April, 2011 respectively at New Delhi and LCL submitted various supporting documents and has also made oral representation.

On March 10, 2011 Writ Petitions of LCL along with other PILs were listed before Hon'ble High Court, however, MoEF sought time to file its affidavit-in-reply and therefore all the connected matters were adjourned to March 25, 2011.

On March 17, 2011, the MoEF uploaded the minutes of the 98th meeting of EAC held on 3rd & 4th March, 2011 at New Delhi. The Salient aspects of the minutes is that, the EAC recommends that in view of the investments made by the third parties, infrastructure already created in the Dasve village and taking note of the reported hardships highlighted repeatedly by LCL of the construction workers, pending construction work of 257 residential buildings, which are above plinth level, may be allowed subject to the certain conditions such as (i) no hill cutting, digging, excavation, etc, (ii) the above constructions shall only be limited to the area for which permission was granted by the Collector, Pune, (iii) a high level Verification and Monitoring Committee shall be constituted, (iv) commitment from LCL to earmark necessary / adequate funds as per report to be submitted shortly regarding the quantum of penalty/ recompense and creation of Environmental Restoration Fund and (v) other conditions as stipulated by MoEF / other State agencies of State Government shall also be complied with.

In view of the above stipulations, the Committee recommended to MoEF to permit LCL to complete 257 units subject to the acceptance of the five conditions listed above and also subject to submission of information / documents as per the above observations.

Further EAC also stated that consideration of the proposal would depend on submission of the requisite information as detailed above.

On March 25, 2011, MoEF filed affidavit in reply to LCL's Writ Petition no. 811 of 2011, by which

LCL had challenged the aforesaid impugned order dated January 17, 2011 passed by MoEF.

On March 27, 2011, LCL responded to queries in detail raised by EAC in its minutes of the 98th EAC meeting held on 3rd & 4th March, 2011 at New Delhi. Also on March 29, 2011, LCL issued 2 letters to MoEF (i) clarifying the validity of the Special Planning Authority status granted to LCL and the development of land leased from MKVDC and (ii) requesting the MoEF to consider the Lavasa project in the next EAC meeting to be held on 5th & 6th April 2011.

On March 30, 2011, LCL filed an application to withdraw the Writ Petition no. 811 of 2011 and Writ Petition no. 9448 of 2010 with a liberty to file a fresh one as and when need arises. It was brought to the notice of the Hon'ble High Court by LCL's counsel and also by MoEF's counsel that on the recommendation of EAC, MoEF is inclined to permit LCL to carry out construction work of 257 residential units subject to conditions laid down by EAC. On hearing all the parties including PIL litigants, the Hon'ble High Court suggested that in order to take care of the apprehensions of the PIL litigants, LCL's counsel and MoEF counsel should make a statement that status quo order dated January 17, 2011 passed by MoEF should continue to operate till show cause notice is decided by MoEF. LCL was of the view that its writ petitions should not be withdrawn with such an adverse order and hence decided not to withdraw its writ petitions, which are now adjourned to June 15, 2011. In the circumstances MoEF is free to appraise the Environment Clearance application of LCL.

On April 6, 2011 the Senior Officials of LCL along with the expert advising LCL in the matter attended the 99th meeting of EAC and made presentation before members of EAC and replied to the queries raised by the EAC in relation to the vacation of status quo on the construction work in area admeasuring 681.27 Ha, pending consideration of its 1st phase Environment Clearance of 2000 Ha. The Minutes of the EAC are awaited.

(ii) HCC Real Estate Ltd.

HCC Real Estate Ltd (HREL), a wholly owned subsidiary of your Company, has inherent skills and resources to develop and deliver high-value real-estate projects that helps in building sustained communities across India. The focus is to develop 'state-of-the-art' projects which would provide world class quality, engineering and technology and create a unique value proposition for the customers.

247 Park

During the year under review, Vikhroli Corporate Park, a Partnership Firm was converted into a private limited company under the name Vikhroli Corporate Park Pvt. Ltd. (VCPPL).

‘247 Park’, building owned by VCPPL, is a new age destination and India’s largest stand-alone LEED Gold certified green building with a built-up area of 1.8 million square feet and leasable area of 1.1. million square feet, strategically located at the heart of the business corridor at Vikhroli(West) in Mumbai.

During July 2010, VCPPL issued further shares to IL&FS Milestone Fund and thereby HREL and your Company’s share holding in VCPPL got diluted to 20.8% and 5.2% respectively which, in aggregate, constitutes 26% stake of the HCC group, in VCPPL. Thus, VCPPL has ceased to be subsidiary of your Company.

Following are the key awards, recognitions and accomplishments of 247 Park during the year:

- The world-class safety standards of 247 Park were recognized at Asia’s largest exhibition on Architecture, Design and Construction.
- Was awarded ‘Excellence in Commercial Segment’ in the ‘Safety Norms’ category by The Economic Times ACETECH.
- Has been selected as a chosen participant for the Royal Institute of Chartered Surveyors (RICS) – Vestian study titled ‘Sustainable IT Workplaces of India’ and an Occupier’s Preference and Satisfaction Survey is underway.

During the year, ‘247 Park’ has achieved more than 90% occupancy and positive cash flows are expected from the forthcoming year.

247 Business Park

HREL has also executed an agreement with Lavasa Corporation Limited for purchase of retail area at Lavasa, to be christened as “247 Business Park”.

Charosa Wineries Ltd.

During this year, HREL’s wholly owned subsidiary, Charosa Wineries Limited, has achieved a milestone towards its objective of setting up a world-class vineyard and ultra-modern winery by commissioning the winery at Nashik in March 2011. The wine grapes are produced at the own vineyard for captive use and further produce is selectively purchased from farmers.

Dholera City Project

The work in respect of the Memorandum of Understanding (MoU) executed by your Company with the Government of Gujarat for the development of a proposed Water Front City at Dholera Special Investment Region (SIR) near Ahmedabad, Gujarat, in the influence area of the Delhi-Mumbai Industrial Corridor (DMIC) project is progressing satisfactorily. The Government of Gujarat has released the master plan and draft development plan for this project and the Company has surveyed the proposed earmarked site and suggested certain changes. The Company has also submitted its Concept Development Report to the Government of Gujarat.

Dholera Renewable Energy Park Project

During this year, your Company has signed a Memorandum of Understanding (MoU) with the Government of Gujarat for developing a renewable energy park at its proposed Water Front City at Dholera Special Investment Region in Ahmedabad district. This is the maiden venture of the company into the renewable energy space with an estimated investment of ₹ 12,000 Crore. The MoU was signed at the Vibrant Gujarat Summit in Gandhinagar held in January 2011. It is proposed to set up the renewable energy park on approximately 600 acres within the land parcel offered for the proposed water-front city at Dholera. The ₹ 12,000 crore investment towards the development of renewable energy park is over and above the ₹ 40,000 crore already committed towards the proposed water front city development in Dholera.

Urban Development and Management Projects

HREL has been short listed for the development of an Integrated Township within the proposed Petroleum, Chemical and Petrochemical Investment Region (PCPIR) near Bharuch, Gujarat spread over 600 acres of land.

Other Projects

HREL has also been selected by Bangalore Metropolitan Regional Development Authority (BMRDA) for the development of a township at Bidadi near Bangalore which would be spread over 9000 acres of land.

(iii) HCC Infrastructure

HCC Infrastructure Company Ltd, a wholly owned subsidiary of your Company, is shaping into a leading infrastructure developer engaged in the creation and management of assets in the areas

of Transportation, Energy and Urban Infrastructure.

The Company remains committed to developing a premium portfolio of assets that will serve India's needs for sustainable infrastructure development, while creating shareholder value for the Company by generating stable, diversified and growing cash flow streams over the long term.

The Company has submitted bids for City Gas Distribution concessions in Ludhiana and Jalandhar and is evaluating opportunities in Power & Water projects.

The Company shall act as an umbrella company under which all infrastructure projects are proposed to be undertaken. HCC Concessions Ltd, which is the holding company for Road SPVs, and future Transport concessions, is being realigned as a subsidiary of HCC Infrastructure Company Ltd.

Road Infrastructure projects:

Since its inception in 2007-08, HCC Concessions Ltd has grown its development portfolio to ₹ 5,539 crore.

During the course of the year, the Company successfully achieved the following:

- Started commercial operations for the Delhi Faridabad Elevated Expressway (*dfskyway*TM)
- Financial closure and commencement of construction of its West Bengal Project (NH-34)

During the year, the Company submitted two NHAI bids and 29 Request for Qualification (RFQs). The equity holding in various road concession Special Purpose Vehicles was consolidated into a single holding company, HCC Concessions Ltd. Nirmal BOT Ltd and Badarpur Faridabad Tollway Ltd have since become subsidiaries of HCC Concessions Ltd.

A slowdown in the award of infrastructure projects, an inflationary environment and highly aggressive bidding witnessed during the past year has caused the Company to adopt a cautious and disciplined strategy in expanding its portfolio.

The assets under management include six National Highways Authority of India (NHAI) road concessions, of which two are operational.

Status of Operational Assets:

Delhi Faridabad Elevated Expressway (NH-2) (*dfskyway*TM)

The Delhi Faridabad Elevated Expressway (*dfskyway*TM) is a 4.4 km elevated highway connecting Delhi and Haryana at Badarpur. This engineering marvel has been developed by HCC Concessions Ltd with an investment of ₹ 572 crore. The Company was awarded a 20 year concession in 2008 to develop, construct and operate this asset by NHAI. The elevated expressway was operational significantly ahead of schedule and was inaugurated by the Chief Ministers of both Delhi and Haryana in November 2010.

Your Directors are pleased to inform that your Company has been awarded with the prestigious CNBC TV18 Infrastructure Excellence Award 2011 in the Main Awards Category - 'Highways & Flyovers', and the Achievement Award for Best Project in the Roads category by the Board of Governors of the Construction Industry Development Council (CIDC).

Nirmal (NBL) Annuity (NH-7)

The road from Kadtal to Armur is part of the project involving four-laning of the road section from Maharashtra - Andhra Pradesh Border to Armur in Andhra Pradesh, which forms a part of the Nagpur - Hyderabad section of NH-7. The concession period for the project is 20 years, including a construction period of 24 months. The project was developed with an investment of ₹ 315 crore and became operational in July 2009, over 3 months ahead of the scheduled completion date.

Status of Assets under Development:

Dhule Palesner (DPTL) Highway Project (NH-3)

The project road is a part of NH-3, commonly referred to as the Agra-Mumbai road, originating from Agra and ending at Mumbai in Maharashtra. It is a primary conduit for transportation of passengers and freight traffic between the state of Uttar Pradesh and major towns in the states of Madhya Pradesh and Maharashtra. The concession period is 18 years, including a construction period of 30 months. The project has already achieved 55% completion by March 2011 and is expected to be operational later this year, over 6 months ahead of schedule. The highway is being developed in partnership with an investment of ₹ 1,420 crore with HCC Concessions Ltd as the lead partner along with

Sadbhav Engineering Ltd and John Laing Investments Ltd (UK).

West Bengal (NH-34) Highway Project

This development is the largest PPP highway project in West Bengal (WB) and is the major north-south artery (NH-34) in the State, besides providing connectivity to the North Eastern States and neighbouring countries. It originates at the capital and port city of Kolkata, and ends at Dalkhola in the state of WB, covering a total distance of 443.5 km. The concession lengths for the different segments totalling 256 km range from 25 to 30 years, including a construction period of 30 months and an investment of over ₹ 3,231 crore. The highway development, divided into three contiguous sections, covers Baharampore and Farakka (103 km), Farakka and Raiganj (103 km) and Raiganj and Dalkhola (50 km). In October 2010, the Union Finance Minister, Mr. Pranab Mukherjee, laid the foundation stone for this 256 km development.

(iv) Karl Steiner AG, Switzerland

In May 2010, your Company made its first international acquisition by acquiring a controlling equity stake (66% equity stake) in Karl Steiner AG, Switzerland (KSAG), the second largest total services contractor in the Swiss Real Estate market. Your Company acquired the controlling stake in KSAG through its wholly owned subsidiary, HCC Mauritius Enterprises Ltd, by subscribing to the newly issued shares of KSAG for a CHF 35 million cash investment. The said funds are proposed to be primarily used to grow KSAG's Swiss core operations.

KSAG is a leading general contracting company in Switzerland, specialized in turnkey development of new buildings and refurbishments, and offers services in all facets of real estate development and construction. KSAG was founded in 1915 and during its rich history, KSAG has constructed over 1,200 residential projects, 540 office buildings, 45 hotels and 150 social infrastructure buildings, which include universities, schools, hospitals, prisons and nursing homes. Among KSAG's many clients are Nestlé, Helvetia, Merck-Serono, Sanofi - Pasteur and the World Economic Forum. KSAG has also built laboratories for companies like IBM and the Federal Institute of Technology. In Zurich, KSAG has constructed/renovated the Park Hyatt, Radisson Blu, and The Savoy hotels. Other significant accomplishments include Sihlcity (a CHF 500 million integrated development including a hotel, shopping centre, offices and a

residential complex), Terminal A of the Zurich Airport, portions of the Geneva airport, the Swiss Re Convention Centre and the home of Google Europe. In the past ten years, KSAG has completed nearly CHF 10 billion worth of real estate construction, which translates to approximately 32 million square feet of development.

The board of directors of KSAG comprises five members. Your Company is represented by three nominees viz., Mr. Ajit Gulabchand, who also acts as Chairman of KSAG, Mr. K. G. Tendulkar and Mr. Anil Singhvi.

As per the acquisition agreement signed with KSAG, in 2014, KSAG's sole minority shareholder, Mr. Peter Steiner, will sell his remaining shares to your Company at a pre-agreed price based on KSAG's earnings achieved between 2010 and 2013.

The acquisition of KSAG is expected to help your Company to extend its footprint in India's growing residential and commercial construction market. This deal is poised to bring in sharing of rich experiences of KSAG in construction of world class integrated buildings, ability to foray into state-of-the art residential and commercial spaces on a turnkey basis and integrated building construction market in India, act as a single source provider for total solutions for any facility, capability for implementation of new technologies to support sustainable and green developments and access to globally benchmarked construction processes.

Besides, this will also serve to further augment EPC offerings in India and other markets and provides your Company with a presence for European expansion. It also opens the Swiss and European market to HCC's Engineering and Construction (E&C) business and will enable to procure greater access to world class cutting edge European technologies and EPC capability.

Pursuant to the consolidated IGAAP financial statement of KSAG, the revenue of KSAG amounted to ₹ 2,719.85 crore and the profit before tax was ₹ 10.31 crore in the period from May 5, 2010 (date of acquisition of KSAG) to March 31, 2011 (11 months).

At year end, the order backlog of KSAG amounted to CHF 1,018 million. In addition, KSAG has been awarded 6 contracts with a value of CHF 410 million, for which contracts are yet to be signed. These contracts are expected to be signed during the financial year 2011-12.

(v) Highbar Technologies Ltd

Highbar Technologies Ltd, a wholly owned subsidiary of your Company, is an Information Technology company formed by your Company, with the vision of providing end-to-end IT solutions to Infrastructure industry which started its independent operations on April 1, 2010.

Highbar Technologies' core team comprises of IT and Infrastructure professionals who have amalgamated the legacy of domain knowledge in the infrastructure business with Information technology. Highbar focuses on IT implementation initiatives from business transformation perspective rather than technology implementation perspective.

Infrastructure industry experts have recognised Highbar Technologies as 'Asia's 1st IT Company for Infrastructure industry' and have shown faith in its capabilities as against big established IT players.

In the last financial year Highbar Technologies was able to serve 17 new customers, taking the total tally of its customers to 43. Most of Highbar Technologies' customers are reference customers who have provided repeat business to Highbar Technologies, which is also an indication of the maturity of Highbar's delivery capabilities.

In order to serve Infrastructure industry in Middle East more effectively, Highbar Technologies Ltd, has incorporated a subsidiary in Dubai, named 'Highbar Technologies FZ-LLC'. Highbar has also bagged its 1st customer in Middle East.

The Company has also developed strategic alliance with SAP as 'Service Partner'. Gartner, the world's leading IT research and advisory company, recognises Highbar as '**vendors to watch**' in Indian ERP space and attributes its rapid growth to domain capability and knowledge.

The Indian infrastructure sector is poised to have an exponential growth in the near future. With the rapid adoption of IT by the Infrastructure industry, there will be significant opportunity for IT business from the Indian infrastructure sector. Besides, there is a sizeable market in Middle-East, Far East and European countries. Highbar Technologies with its niche focus on Infrastructure industry is optimistic about its business potential over coming years.

Highbar Technologies has established a proper scalable organization structure with all the functions in place to facilitate and sustain future growth. It will be able to service Infrastructure

industry in many more ways through addition of new IT services over a short to medium period. This is a step towards infrastructure industry choosing Highbar Technologies as 'the most preferred IT solution provider' for providing end-to-end IT solutions for Roads, Ports, Real-Estate, Airports, Railways, Energy, Irrigation & Water supply, Urban infrastructure and Industrial infrastructure (telecom, mining etc.). It is expected to strive and grow through a judicious mix of internal competency development and strategic alliances with IT industry partners.

5. Subsidiary Companies

At the beginning of the year, the Company had 53 Subsidiary Companies.

During the year under review, the following changes have taken place.

- a) Your Company has promoted the following wholly owned subsidiary company for promoting Company's Infrastructure Projects.

Name of the Company	Date of Incorporation
HCC Infrastructure Company Ltd	13.12.2010

- b) Highbar Technologies Limited (the wholly owned subsidiary company) has promoted the following wholly owned subsidiary company, making it a subsidiary of your Company from the date of its incorporation.

Name of the Company	Date of Incorporation
Highbar Technologies FZ LLC	20.09.2010

- (c) Lavasa Corporation Limited (a subsidiary company) has promoted the following companies making them subsidiaries of your Company from the day of their incorporation.

Name of the Company	Date of Incorporation
Kart Racers Limited	01.04.2010
Warasgaon Infrastructure Providers Limited	05.04.2010
Nature Lovers Retail Limited	30.04.2010
Osprey Hospitality Limited	15.11.2010
Starlit Resort Limited	16.11.2010
Warasgaon Valley Hotels Limited	16.11.2010
Rosebay Hotels Limited	24.11.2010
Mugaon Luxury Hotels Limited	29.11.2010

d) During the year under review i.e. on April 19, 2010, HCC Mauritius Enterprises Ltd, a wholly owned subsidiary of your Company has acquired 100% equity stake in Klemanor Investments Limited, a Company incorporated in Cyprus, making it a subsidiary of your Company from the date of the acquisition of the said stake.

e) During the year under review i.e. on May 5, 2010, the Company through HCC Mauritius Enterprises Ltd, wholly owned subsidiary of the Company had acquired a controlling equity stake of 66% in Karl Steiner AG, a company incorporated in Switzerland, thereby making it a subsidiary of the Company.

Further, there are 6 subsidiary companies of Karl Steiner AG, which are as follows:-

1. Steiner Promotions et Participations SA
2. Steiner (Germany) GmbH
3. VM + ST AG
4. Steiner Leman SAS
5. SNC Valleiry Route De Bloux
6. Eurohotel SA

By virtue of acquisition of equity stake in Karl Steiner AG (Holding Company of these six subsidiaries), these six Companies have also become subsidiary Companies of your Company.

f) The following companies have ceased to be subsidiaries of the Company during the FY 2010-11 as per details provided below:

1. Ecomotel Hotel Limited w.e.f. September 2, 2010
2. Knowledge Vistas Limited (Formerly known as GDST-Oxford International School Ltd) w.e.f. April 23, 2010
3. Warasgaon Lake View Hotels Limited (Formerly known as Lavasa Star Hotel Ltd) w.e.f. December 31, 2010
4. Verzon Hospitality Limited w.e.f. December 31, 2010

In terms of the General Circular No. 2/2011 dated February 8, 2011 read together with General Circular No. 3/2011 dated February 21, 2011, issued by the Government of India – Ministry of Corporate Affairs under Section 212(8) of the Companies Act, 1956, granting general exemption to companies from attaching financial statements of subsidiaries, subject to fulfillment of conditions stated in the circular, copies of the Balance Sheet, Profit and Loss Account, Report of the Board of Directors and Auditors Report

of the subsidiary companies for the year/period ended December 31, 2010/March 31, 2011 are not attached to the Balance Sheet of the Company as the Company has/shall fulfill the following conditions:

(i) The Board of Directors of the Company has vide resolution dated April 29, 2011 consented for not attaching the balance sheet(s) of the concerned subsidiary(ies);

(ii) The Company has presented in its Annual Report, the consolidated financial statements of holding Company and all of its subsidiaries duly audited by its statutory auditors;

(iii) The Consolidated financial statement has been prepared in strict compliance with applicable Accounting Standards and where applicable, Listing Agreement as prescribed by the Securities and Exchange Board of India;

(iv) The Company has disclosed in the consolidated balance sheet the following information in aggregate for each subsidiary including subsidiaries of subsidiaries:- (a) Capital (b) reserves (c) total assets (d) total liabilities (e) details of investment (except in case of investment in subsidiaries) (f) turnover (g) profit before taxation (h) provision for taxation (i) profit after taxation (j) proposed dividend, as applicable;

(v) The annual accounts and other related detailed information of the following subsidiaries shall be made available to shareholders of the holding company and subsidiary companies seeking such information at any point of time :

1. Hicon Technoconsult Ltd
2. Western Securities Ltd
3. Pune-Paud Toll Road Company Ltd
4. Nirmal BOT Ltd
5. Panchkutir Developers Ltd
6. HCC Concessions Ltd (Formerly known as HCC Infrastructure Ltd)
7. HCC Infrastructure Company Ltd
8. HCC Aviation Ltd
9. Badarpur Faridabad Tollway Ltd
10. Baharampore – Farakka Highways Ltd
11. Farakka – Raiganj Highways Ltd
12. Raiganj – Dalkhola Highways Ltd
13. HCC Construction Ltd
14. Highbar Technologies Ltd

15. Highbar Technologies FZ LLC
16. HCC Mauritius Enterprises Ltd
17. Klemanor Investments Ltd
18. Karl Steiner AG
19. Steiner Promotions et Participations SA
20. VM + ST AG
21. Eurohotel SA
22. Steiner (Germany) GmbH
23. Steiner Leman SAS
24. SNC Valleiry Route De Bloux
25. HCC Singapore Enterprises Pte. Ltd
26. HCC Real Estate Ltd
27. HRL Township Developers Ltd
28. HRL (Thane) Real Estate Ltd
29. Nashik Township Developers Ltd
30. Maan Township Developers Ltd
31. Charosa Wineries Ltd
32. Powai Real Estate Developers Ltd
33. HCC Realty Ltd
34. Lavasa Corporation Ltd
35. Lavasa Hotel Ltd
36. Apollo Lavasa Health Corporation Ltd
37. Lakeshore Watersports Company Ltd
38. Dasve Convention Centre Ltd
39. Dasve Business Hotel Ltd
40. Dasve Hospitality Institutes Ltd
41. Lakeview Clubs Ltd
42. Dasve Retail Ltd
43. Full Spectrum Adventure Ltd
44. Spotless Laundry Services Ltd
45. Lavasa Bamboocrafts Ltd
46. Green Hill Residences Ltd
47. My City Technology Ltd
48. Reasonable Housing Ltd
49. Future City Multiservices SEZ Ltd (Formerly known as Minfur Interior Technologies Ltd)
50. Rhapsody Commercial Space Ltd
51. Valley View Entertainment Ltd
52. Andromeda Hotels Ltd

53. Sirrah Palace Hotels Ltd
54. Whistling Thrush Facilities Services Ltd
55. Warasgaon Tourism Ltd
56. Our Home Service Apartments Ltd
57. Warasgaon Power Supply Ltd
58. Sahyadri City Management Ltd
59. Hill City Service Apartments Ltd
60. Kart Racers Ltd
61. Warasgaon Infrastructure Providers Ltd
62. Nature Lovers Retail Ltd
63. Osprey Hospitality Ltd
64. Starlit Resort Ltd
65. Warasgaon Valley Hotels Ltd
66. Rosebay Hotels Ltd
67. Mugaon Luxury Hotels Ltd

(vi) Further, the annual accounts of the subsidiary companies shall also be kept for inspection by any shareholder at the head office/registered office of the Company and of the subsidiary companies concerned and the Company shall furnish a hard copy of the details of accounts of subsidiaries to any shareholder on demand;

(vii) The holding as well as subsidiary companies in question shall regularly file such data to the various regulatory and Government authorities as may be required by them;

(viii) The Company has given Indian rupee equivalent of the figures given in foreign currency appearing in the accounts of the subsidiary companies along with the exchange rate as on closing day of the financial year;

As a measure of Corporate Governance, a Statement pursuant to Sections 212(3) and 212(5) of the Companies Act, 1956 containing the details of subsidiaries of the Company, forms part of the Annual Accounts of the Company.

6. Share Capital

I) Increase in Authorised Share Capital

During the year under review, the Authorised Share Capital of the Company was increased from ₹ 50,00,00,000 (Rupees Fifty Crores Only) to ₹ 100,00,00,000 (Rupees One Hundred Crore Only) divided into 90,00,00,000 Equity Shares of ₹ 1/- (Rupee One only) each and 1,00,00,000 Redeemable Preference Shares of ₹ 10/- (Rupees Ten Only) each.

II) Increase in Paid up Share Capital

a) Issue of Bonus Equity Shares

In accordance with Article 201 of the Articles of Association of the Company and pursuant to the resolution passed by the Board of Directors of the Company at its Meeting held on July 30, 2010, your Company has on August 12, 2010 issued and allotted 30,32,56,460 Equity Shares of ₹ 1/- each as fully paid Bonus Shares in the ratio of one fully paid-up equity share of ₹ 1/- each for every existing one fully-paid equity share of ₹ 1/- each of the Company held by the Shareholders as on the Record Date i.e. August 11, 2010, by capitalization of a sum of ₹ 30,32,56,460/- from the Company's Securities Premium Account.

b) Issue of Equity Shares on exercise of Employee Stock Options

During the year under review, upon exercise of Stock Options by the eligible employees under the Employee Stock Option Scheme, the Company has allotted 6,860 Equity Shares of ₹ 1/- each at an exercise price of ₹ 104.05 per Equity Share (prior to adjustment for Bonus Issue) and 20,000 Equity Shares of ₹ 1/- each at an exercise price of ₹ 52.03 per Equity Share (post adjustment for Bonus Issue).

Consequent to the allotment of Bonus Equity Shares and Equity Shares upon exercise of stock options, the Paid up Share Capital of the Company has increased from 30,32,49,600 Equity Shares of ₹ 1/- each aggregating ₹ 30,32,49,600/- (Rupees Thirty Crore Thirty Two Lakhs Forty Nine Thousand Six Hundred Only) to 60,65,32,920 Equity Shares of ₹ 1/- each aggregating ₹ 60,65,32,920/- (Rupees Sixty Crore Sixty Five Lakhs Thirty Two Thousand Nine Hundred Twenty Only).

7. Public Deposits and Loans/Advances

Your Company has not accepted any deposits from the public, or its employees and, as such, the question of repayment of any amount of principal or interest does not arise.

Pursuant to Clause 32 of the Listing Agreement, the particulars of loans/advances given to subsidiaries have been disclosed in the Annual Accounts of the Company.

8. Employee Stock Option Scheme (ESOP)

Consequent to the Company's Bonus Issue in the ratio of 1:1 in August 2010, the number of employee stock options in-force got doubled and the exercise price was halved and as a result as on March 31, 2011, 70,97,500 stock options are outstanding (comprising vested and unvested after adjustment

for lapsed and exercised options), in aggregate, for exercise as per the exercise schedule, of which 67,10,000 stock options are exercisable at a price of ₹ 52.03 per stock option and 3,87,500 stock options are exercisable at a price of ₹ 21.70 per stock option.

Each option, when exercised, as per the exercise schedule, would entitle the holder to subscribe for one equity share of the Company of face value ₹ 1/- each.

During the year under review, 9,26,760 options got vested to the employees of the Company and in aggregate, 33,17,780 options stands vested with the employees as on March 31, 2011.

Further during the year, 26,860 options, in aggregate, were exercised by the eligible employees of which 6,860 options were exercised at an exercise price of ₹ 104.05 (prior to adjustment for Bonus Issue of Equity Shares) and 20,000 options were exercised at an exercise price of ₹ 52.03 (post adjustment for Bonus Issue of Equity Shares) and accordingly the Company has allotted 26,860 Equity Shares, in aggregate, of face value ₹ 1/- each to the respective shareholders.

The particulars with regard to the Employee Stock Options as on March 31, 2011 as required to be disclosed pursuant to the provisions of Clause 12 of SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines 1999, as amended, are set out in **Annexure I** to this Report.

9.a) Status of GDSs /FCCBs

During the financial year 2005-06, the Company had issued Global Depository Shares (GDSs) and the underlying shares against each of the GDSs were issued in the name of the Depository, Citi Bank N.A.

As on March 31, 2011, 1,20,720 GDSs have remained outstanding which forms part of the existing paid up capital of the Company.

b) Redemption of FCCBs on maturity

During the financial year 2005-06, the Company had made an offering of Zero Coupon Foreign Currency Convertible Bonds (FCCBs) for an aggregate amount of USD 100 million and accordingly 1000 FCCBs of the nominal value of USD 1,00,000/- each were issued for a tenure of 5 years with the Maturity Date as April 1, 2011.

During 2009-10, the Company had re-purchased and cancelled 3.4% of the outstanding FCCBs aggregating to USD 3.4 million (nominal value) in accordance with the Guidelines prescribed by Reserve Bank of India and thereupon, 966 FCCBs were outstanding.

During 2010-11, none of the FCCB holders had exercised their option for conversion of FCCBs into Equity Shares.

In terms of the agreement with the Principal Agent, the Company has unconditionally remitted the amount of USD 133.03 million equivalent to ₹ 598.50 Crores (comprising principal amount and accumulated premium on redemption of FCCBs) to the Principal Agent on March 31, 2011, to discharge the entire FCCBs maturing on April 1, 2011. The Company's liability as on March 31, 2011, has accordingly been extinguished on remittance. The Principal Agent has confirmed discharge of the payment to the Bond Holders and therefore, 966 outstanding FCCBs of Nominal Value USD 96.6 million stands redeemed at the redemption price of 137.7139% of its principal amount, as per the terms and conditions of the FCCB Issue, aggregating to an amount of USD 133.03 million consisting of payment of the principal amount of USD 96.6 million and accumulated premium on redemption of the FCCBs of USD 36.43 million.

Pursuant to this, all the FCCBs issued by the Company have been extinguished and there are no outstanding FCCBs as on the date of this Report.

10. Consolidated Financial Statements

The Consolidated Financial Statements of the Company prepared in accordance with applicable Accounting Standards forms a part of this Annual Report.

11. Corporate Governance

As per Clause 49 of the Listing Agreement with the Stock Exchanges, a separate Chapter on Corporate Governance practices followed by the Company together with a Certificate from the Company's Auditors confirming compliance forms part of this Report.

12. Directors

In accordance with Article 135 and Article 186A of the Articles of Association, on April 29, 2011, the Board of Directors appointed Mr. Arun V. Karambelkar as an Additional Director and Whole-time Director of the Company for a period of 5 years subject to approval of the shareholders of the Company at the ensuing Annual General Meeting.

The Company has received a Notice under Section 257 of the Companies Act, 1956 from a member signifying his intention to propose Mr. Arun V. Karambelkar as a candidate for the office of Director at the forthcoming Annual General Meeting.

As per the provisions of the Companies Act, 1956 read with Article 152 of the Articles of Association of the Company, Mr. Ram P. Gandhi, Mr. Sharad M. Kulkarni and Mr. Nirmal P. Bhogilal are the Directors of the Company who retire by rotation and being eligible, offer themselves for re-appointment.

The Company has received Form DD-A from all these Directors as required under the Companies (Disqualification of Directors under Section 274 (1) (g) of the Companies Act, 1956) Rules, 2003.

A brief profile of all these Directors containing details of their qualifications, expertise, other directorships, committee memberships etc. has been given in the Report on the Corporate Governance as well as in the Notice of the ensuing Annual General Meeting of the Company.

13. Directors' Responsibility Statement

In accordance with the provisions of Section 217(2AA) of the Companies Act, 1956, your Directors confirm that:

- a) in the preparation of the annual accounts, the applicable accounting standards have been followed and there has been no material departure;
- b) the selected accounting policies were applied consistently and the Directors made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2011 and of the profits of the Company for the year ended on that date.
- c) proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- d) the annual accounts have been prepared on a going concern basis.

14. Industrial Relations

The industrial relations continued to be generally peaceful and cordial.

15. Transfer to Investor Education and Protection Fund (IEPF)

The Company has, during the year under review, transferred a sum of ₹ 6,66,860/- to Investor Education and Protection Fund, in compliance with the provisions of Section 205C of the Companies Act, 1956. The said amount represents dividend for the year 2002-03 which remained unclaimed by the shareholders of the Company for a period exceeding 7 years from its due date of payment.

16. Particulars of Employees and other additional information.

The information required under Section 217(2A) of the Companies Act, 1956 and the Rules made there under is given in the Annexure to this Report and forms part of the Report. However, in terms of Section 219(1)(b)(iv) of the Companies Act, 1956, the Report and Accounts are being sent to the shareholders excluding the aforesaid Annexure. Any Shareholder interested in obtaining copy of the same may write to the Company Secretary at the Registered Office of the Company.

17. Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo.

The information relating to the conservation of energy, technology absorption and foreign exchange earnings and outgo as required to be disclosed under the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules 1988, is given in Annexure II forming part of this Report.

18. Auditors

M/s K. S. Aiyar & Co., Chartered Accountants, Mumbai, Auditors of the Company, bearing ICAI Registration No. 100186W retire at the ensuing Annual General Meeting and are eligible for re-appointment.

As required under the provisions of section 224(1B) of the Companies Act, 1956, the Company has obtained a written certificate from the Auditors to the effect that their re-appointment, if made, would be in conformity with the limits specified in the said section.

19. Auditors' Report

The Auditors' Report to the shareholders on the Accounts of the Company for the financial year ended March 31, 2011 does not contain any qualification.

20. Acknowledgements

Your Directors would like to acknowledge and place on record their sincere appreciation to all stakeholders – Clients, Financial Institutions, Banks, Central and State Governments, the Company's valued investors and all other business partners for their continued co-operation and excellent support received during the year.

Your Directors recognize and appreciate the efforts and hard work of all the employees of the Company and their continued contribution to its progress.

For and on behalf of the Board of Directors

AJIT GULABCHAND
Chairman & Managing Director

Registered Office:

Hincon House
Lal Bahadur Shastri Marg
Vikhroli (West)
Mumbai-400 083

Place: Mumbai
Dated: April 29, 2011

Annexure I to the Directors' Report:

Disclosure pursuant to the provisions of Securities and Exchange Board of India, (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 ("SEBI Guidelines") as at March 31, 2011:

No.	Particulars	Details
a)	Options granted	46,52,550 (Pre Bonus) equivalent to 93,05,100 Options (Post Bonus in the ratio of 1:1)
b)	Pricing Formula	<div><div><div><div><div><u>For Options in force</u></div><div></div></div><div><div><div><div><div><u>(Pre Bonus)</u></div><div>No. of Options</div><div>33,55,000</div><div>1,93,750</div><div><u>35,48,750</u></div></div><div><div><div><div><u>Exercise Price</u></div><div>104.05</div><div>43.40</div></div></div><div><div><div><div><u>(Post Bonus)</u></div><div>No. of Options</div><div>67,10,000</div><div>3,87,500</div><div><u>70,97,500</u></div></div><div><div><div><div><u>Exercise Price</u></div><div>52.03</div><div>21.70</div></div></div></div></div><div><div><u>Pricing formula for remaining Options</u></div><div>The closing market price on the Stock Exchange, which recorded the highest trading volume in the Company's share prior to the date of the Meeting of ESOP Compensation Committee in which Options were granted.</div></div></div></div></div></div></div></div></div></div>
c)	Options vested	33,17,780
d)	Options exercised	26,860
e)	Total No. of shares arising result of exercise of Options	26,860
f)	Options lapsed	12,75,700
g)	Variation of terms of Options	In accordance with the approval of the Board of Directors of the Company, the ESOP Compensation Committee had during FY 2009-10 re-priced 41,31,600 Options granted by the Company at ₹ 104.05 per Stock Option (Earlier ₹ 132.50 per Stock Option)
h)	Money realized by exercise of Options	₹ 17,54,383/-
i)	Total No. of Options in force	70,97,500
j)	Diluted Earnings Per Share (EPS) pursuant to issue of shares on exercise of Options calculated in accordance with AS 20	Diluted EPS before and after extraordinary items ₹ 1.16

No.	Particulars	Details
k)	The difference between the employee compensation cost computed using the intrinsic value of stock options and the employee compensation cost that shall have been recognized if the Company had used the fair value of the options.	<p>The employee compensation cost computed using the intrinsic value of stock options is Nil.</p> <p>The difference between the employee compensation cost computed using the intrinsic value of stock options and the employee compensation cost that shall have been recognized if the Company had used the fair value of the options is ₹ 20,521,038/-.</p>
l)	Impact of Difference on Net Profits and EPS of the Company	<p>Had fair value method been adopted for expensing the ESOP compensation :</p> <p>(a) Profit after tax would have been lower by ₹ 1.64 crore.</p> <p>(b) Basic EPS before and after extraordinary items would have decreased from ₹ 1.17 per share to ₹ 1.14 per share</p> <p>(c) Diluted EPS before and after extraordinary items would have decreased from ₹ 1.16 per share to ₹ 1.13 per share</p>
m)	Method used to estimate the fair value	Forward start Options together with Black Scholes option pricing method
n)	<p>Weighted Average inputs used in the valuation model</p> <ul style="list-style-type: none"> • Risk Free Interest Rate • Expected Life during vesting period • Expected Volatility • Expected Dividends per share • Price of underlying shares at grant date <ul style="list-style-type: none"> – For Options granted on April 25, 2008 – For Options granted on October 23, 2008 	<p>6.416%</p> <p>2 years</p> <p>60%</p> <p>₹ 0.70</p> <p>₹ 104.05</p> <p>₹ 43.40</p>
o)	<p>Weighted Average Exercise Price of Options</p> <ul style="list-style-type: none"> – For Options granted on April 25, 2008 – For Options granted on October 23, 2008 	<p>₹ 104.05</p> <p>₹ 43.40</p>
p)	<p>Weighted Average Fair value of Options whose exercise price equals to the market price of the shares on the date of the grant.</p> <ul style="list-style-type: none"> – For Options granted on April 25, 2008 – For Options granted on October 23, 2008 	<p>₹ 36.80</p> <p>₹ 15.82</p>
q)	Total Fair Value of options whose exercise price equals to the market price of the shares on the date of the grant.	<p>₹ 126,539,915/-</p> <p>No options are granted at prices higher or lower than market prices.</p>

Employee wise details of Options granted and in force (Post Bonus):

Sr. No.	Directors & Senior Managerial Personnel		Number of Options granted and in force
	Name	Designation	
1.	Mr. Y. H. Malegam	Director	68,600
2.	Mr. K. G. Tendulkar	Director	2,47,040
3.	Mr. Rajas R. Doshi	Director	68,600
4.	Mr. D. M. Popat	Director	68,600
5.	Mr. Ram P. Gandhi	Director	68,600
6.	Prof. Fred Moavenzadeh	Director	68,600
7.	Mr. Sharad M. Kulkarni	Director	48,600
8.	Mr. Nirmal P. Bhogilal	Director	68,600
9.	Mr. Anil Singhvi	Director	54,880
10.	Mr. Arun V. Karambelkar*	Whole-time Director	5,49,000
11.	Mr. Vinayak Deshpande	President	3,87,500
12.	Mr. Rajgopal Nogja	President – Lavasa & HREL	3,43,200
13.	Mr. Praveen Sood*	Group Chief Financial Officer	5,49,000
14.	Mr. Aditya Jain	Group Executive Vice President – Human Resources	4,00,600
15.	Mr. Pervez Alam*	Chief Operating Officer – E&C	6,86,400
16.	Mr. N. R. Acharyulu*	Executive Vice-President – Claims Realisation	6,86,400
17.	Mr. S.K. Dharmadhikari	Group Chief Technical Officer	3,08,880
18.	Mr. D. M. Kudtarkar*	Chief Technology Officer	6,86,400
19.	Mr. V. P. Kulkarni	Company Secretary	2,74,400
20.	Mr. K. R. Visvanath*	Dy. Chief Operating Officer – E&C	4,57,400
21.	Mr. Satish Pendse	President – Highbar Technologies	2,74,400
22.	Mr. Jimmy Mogal	Vice President – Corporate Communications	2,74,400
23.	Mr. S.W. Gaitonde*	Vice President	4,57,400
Total No. of Options Outstanding			70,97,500

Identified employees who were granted Options, during any one year, equal to or exceeding 1% of the issued capital of the Company at the time of grant: Nil

* Employees who had been granted Options amounting to 5% or more of the total Options granted.

For and on behalf of the Board of Directors

AJIT GULABCHAND
Chairman & Managing Director

Registered Office:

Hincon House
Lal Bahadur Shastri Marg
Vikhroli (West)
Mumbai-400 083

Place: Mumbai

Dated: April 29, 2011

Annexure II to the Directors' Report:

Information as per section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of particulars in the Report of the Board of Directors) Rules, 1988 for the financial year ended March 31, 2011.

I. Conservation of Energy

a) Energy Conservation Measures Taken:

- Your Company is continuing with energy saving measures initiated earlier like usage of Load Sharing System in D.G. plants, APFC (Automatic Power Factor Controller) panels for GRID Power, FCMA (Flux Compensated Magnetic Amplifier) Starter for Crusher Motors, Variable Frequency Drive (VFD) Starting System for Ventilation Fans.
- Use of Solar Water Heating System at Nimoo Bazgo Project which reduces the power requirement.

b) Additional investment and proposals, if any being implemented for reduction in consumption of Energy:

Introduction of Lighting Energy Saver (About 10 %) in GRID Power circuit at Project sites Locations like Camp, Office, Yard & Area Lighting etc.

c) Impact of measures at (a) and (b) above for reduction of Energy consumption and consequent impact on the production of goods:

Energy conservation measures continue to reduce the production cost per unit with reference to energy consumption.

d) Total energy consumption and energy consumption per unit as per form A of Annexure to the rules of Industries specified in the schedule thereto:

Not Applicable

II. Technology Absorption

Efforts made in technology absorption as per Form-B of the Annexure to the Rules.

1. Research and Development (R&D)

In a promising and highly competitive construction market, improving technical and technological competencies, enhancing efficiency and effectiveness while remaining sustainable are becoming increasingly important. Your Company has identified research and technology development as key drivers to sustaining competition. With an objective of capturing, creating and delivering value, a strategic plan for research and development (R&D) has been proposed. Seven pillars of action have been

identified under the strategic plan and are listed below:

- i. Establishing World class research, technology and development program.
- ii. Promoting and demonstrating technological leadership in the core business areas.
- iii. Facilitating technology transfer.
- iv. Developing scholarship.
- v. Nurturing fellowship and outreach.
- vi. Evolving professional practice and perpetual improvement and
- vii. Knowledge management.

While the strategic plan lays down the skeleton of the overall R&D effort, chronologically planned efforts will be deployed in a phased manner over a time horizon of five to ten years. Specific areas that are and will be responsively chosen include sustainable use of construction materials; upcoming, alternate and viable construction technologies, including cross-disciplinary technologies; conscious engineering as adopted in civil engineering construction and processes to establish internal standardization.

In addition to the abovementioned in-house research and technology development initiatives, the R&D department envisages working in a collaborative mode with industry partners, academic institutions and private and government R&D organizations at a global level. As a part of this initiative, talks are underway with chemical admixture manufacturers, designers, equipment manufacturers, and international material suppliers. It is envisaged that embarking on such relationships will bring in international perspectives to your Company on several areas of its expertise. Furthermore, the first "industry-academia workshop on concrete technology in India" was organized with your Company's R&D department taking the lead and hosting the event. This event was attended by several faculty members from Indian institute of technology's (IIT's) and Indian institute of science (IISc) along with a number of industry participants. The second of such event will be supported by your Company as well. Additionally the R&D department is focusing on establishing working relationships with leading academic institutions and is also participating in several National and International discussions through direct participation and publications.

With regard to the international efforts, your Company has signed up for a membership under the industry liaison program (ILP) with the Massachusetts Institute of Technology (MIT), USA. This agreement will help your Company foresee some of the emerging areas of construction and construction technology including materials, energy, etc. Additionally, this membership will help identify focus areas of research and will also assist in collaborating research work with MIT faculty. In another initiative, Your Company is partnering with three World renowned Universities on concrete materials research. This will be with an objective of co-working on sustainable concrete materials.

As a part of the strategic plan, R&D department has envisioned extending and expanding its research facilities and infrastructure over a time span of next six years. This will include building testing capabilities and adding new spaces for specialized and futuristic work and with a vision of building World-class research facilities in several areas of construction.

The Company has spent ₹ 0.43 crore towards Research and Development Expenses.

2. Technology Absorption, Adaptation & Innovation

a) Efforts made towards technology absorption, adaptation and innovation during the year 2010-11 are:

- For Kishanganga Hydroelectric project, proposal for adopting double shield type of Tunnel boring machine has been mobilized at site. This machine has advantages of overcoming adverse geological challenges and continuous segment erection.
- For Kishanganga Hydroelectric project, proposal for adoption of Concrete face rockfill dam [CFRD] has been finalized which has got cost advantages over conventional concrete dams. For the foundation, plastic cut off wall is being adopted by using modern hydromill equipment.
- For Nimoo Bazgo Hydroelectric project, concreting was done in extremely cold temperatures by providing thermal blanket to concrete surface for overcoming temperature drop effect. For concrete, special admixtures were used to achieve the desired setting within the allowable time in the extreme cold temperatures
- For Nimoo Bazgo & Chutak Hydroelectric project, aviation turbine fuel was used as an additive in fuel for equipments working in high altitude.
- For Vizag cavern and Padur cavern underground excavation, bulk underground liquid explosives were used which resulted in reduction in time cycle and better yield. By adopting this technique, record excavation of 1,00,000 cum/month was achieved
- For Dagachu Hydroelectric project, in order to speed up construction, raise boring machine for excavation of pilot hole for surge shaft and for excavation of full cross section of pressure shaft has been mobilized.
- For Dagachu Hydroelectric project, in order to accelerate tunneling progress, use of ITC tunnel loader in combination with reversible dumper has been adopted for tunnel construction.
- Double Shield Tunnel Boring Machine (TBM) is being used at Veligonda project for excavating large diameter very long water tunnel, with continuous conveyor for mucking and simultaneous installation of precast segmental lining.
- New Austrian Tunneling Method (NATM) is being used of Pir Panjal tunnels in Jammu and Kashmir using Tunnel Version excavators and Road Headers.
- For NH34 pavement construction project, chemical and bio-based soil stabilization methods are considered. This will also include use of soil stabilizing machineries for improved quality control.
- For some stretches of NH34 pavement, alternative pavement designs using international standards and codes are being proposed.
- For RAPP 7&8 project, use of crushed sand by completely replacing natural sand. A proposal for installing air classification system for rectifying the crushed sand grading curve is also under consideration. At the same time use of high volumes of fly ash is being undertaken.
- A proposal for installing min-hydro power plants to generate power to cater to the needs of site establishments is under consideration.

- Automation of equipments foundation designs for different foundation conditions by integration of Excel and AutoCAD.

b) Benefits derived as a result of the above efforts :

Reduction in cycle time of construction of different components and thereby increasing of productivity.

Development of Human Resource in use of advanced technology with modern equipment and technology.

c) Technology Imported	Year of Import	Has technology been fully absorbed
Use of reverse circulation Drill for pilling	2001	Fully absorbed
Use of 55C 15 Fressynet System for Prestressing	2003	Absorbed
Hydro jetting technology for concrete skinning	2005	Fully absorbed
Computerized boomers	2005	Fully absorbed
Steel corrugated tunnels	2005	Fully absorbed
Use of free flow (no slump) concrete in highly congested area	2005	Fully absorbed
Road Header	2006	Absorbed
De-Dusting System for Road Header	2006	Absorbed
Tunnel version excavator	2006	Absorbed
Box pushing technique for construction of under existing road without disturbing traffic on existing road at Chennai Road Project	2007	Absorbed
Use of Geo textile bags replacing boulder crate pitching for Teesta Diversion scheme	2007	Absorbed
Use of Fly ash for embankment and RE wall backfilling	2008	Absorbed

Technology Imported	Year of Import	Has technology been fully absorbed
Orica Emulsion base explosive & Powerdet long delay detonators	2008	Absorbed
Roller Compacted Concrete Technology at Teesta Project	2008	Under Implementation
Wassara drilling Equipment (unique method of drilling by using water power)	2008	Absorbed
Cold weather concreting system and Protection works when atmospheric temperature is below 5°C	2008	Absorbed
Construction of cable stayed bridge using cantilever gantry	2009	Absorbed
Construction of tunnel using double shield Tunnel boring machine	2011	Under Implementation
Technology for construction of concrete faced rockfill dam	2011	Under Implementation
Construction of surge shaft using raise boring machine	2010	Under Implementation
Construction of tunnel using NATM Method	2009	Under Implementation

Innovation

Your Company has created a innovation department for collecting and working on new ideas generated within the organization. New ideas related to ongoing projects as well as ideas related to energy saving, water saving and reduction in environmental damages are been collected from all the employees. The collected ideas are shortlisted and studied by the innovation forum. After doing a thorough analysis and detailed study, specific tasks are implemented at the project sites. Experiences gained from one project are then selectively applied to other project sites.

To encourage participation in innovation activities, three top ideas are awarded cash prizes on a monthly basis; while three top ideas are awarded cash prizes and trophies on a yearly basis.

Some of the innovation ideas and focus areas for this year are as follows:

- i. Replacement of natural sand with air classified crushed sand.
- ii. Increasing the output of design engineers by automation of equipments foundation designs for different foundation conditions by integration of Excel and AutoCAD.
- iii. Improving tunnel productivity.

In addition to undertaking innovation related activities, the innovation department is actively involved in networking with various innovation centers and institutions.

III. Foreign Exchange earnings and outgo:

- (a) Activities relating to exports, initiative taken to increase exports, development of new export market for production services and export plans:
Visits are being made by technical and marketing personnel to develop new export markets from time to time.

(b) Total Foreign Exchange used and earned:

The information on Foreign Exchange earnings and outgo is contained in Note no. 17(B) and (D) of Schedule Q forming part of the accounts.

For and on behalf of the Board of Directors

AJIT GULABCHAND
Chairman & Managing Director

Registered Office:

Hincon House
Lal Bahadur Shastri Marg
Vikhroli (West)
Mumbai-400 083

Place: Mumbai
Dated: April 29, 2011

Auditors' Report

To the Members of

Hindustan Construction Company Limited

Report on the accounts for the year ended on 31st March, 2011 in compliance with Section 227(2) of the Companies Act, 1956

1. We have audited the attached Balance Sheet of Hindustan Construction Company Limited, as at 31st March, 2011 and also the Profit and Loss Account for the year ended on that date annexed thereto and the cash flow statement for the year ended on that date. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We did not audit the financial statements of certain Integrated Joint Ventures reflecting Company's share in Loss of ₹ 0.76 crores in these financial statements. These financial statements have been audited by other auditors whose reports have been furnished to us, and our opinion, in so far as it relates to the amounts included in respect of the said audited Joint Ventures, is based solely on the Reports of the other auditors. The financial statements of an integrated joint ventures reflecting total assets of ₹ 19.61 crores, share in revenue of ₹ 19.12 crores and share in loss of ₹ 15.30 crores included in these financial statements are unaudited.
4. Without qualifying our opinion, we draw attention to Note 27 (i) and (ii) of Schedule Q regarding the value of investments and loans and advances to certain subsidiaries.
5. As required by the Companies (Auditor's Report) Order, 2003 as amended by Companies (Auditor's Report) (Amendment) Order, 2004 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
6. Further to our comments in the Annexure referred to above, we report that:
 - (a) We have obtained all the information and explanations, which to the best of our knowledge and belief, were necessary for the purposes of our audit;
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - (c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - (d) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 to the extent applicable;
 - (e) On the basis of written representations received from the directors / companies, as on 31st March, 2011, and taken on record by the Board of Directors we report that none of the directors are disqualified as on 31st March 2011 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
 - (f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (i) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2011;
 - (ii) In the case of the Profit and Loss Account, of the profit for the year ended on that date; and
 - (iii) In the case of Cash Flow Statement, of the cash flows for the year ended on that date.

For K.S. Aiyar & Co
Chartered Accountants
FRN: 100186W

Raghuvir M. Aiyar
Partner
Membership No.38128

Place: Mumbai
Date: 29th April, 2011

Annexure to the Auditors' Report

ANNEXURE TO THE AUDITORS' REPORT

(Referred to in paragraph 4 of our Report of even date on the Accounts for the year ended on 31st March, 2011 of Hindustan Construction Company Limited)

- | | |
|--|--|
| <p>(i) The Company is maintaining proper records showing full particulars including quantitative details and situation of Fixed Assets.</p> <p>(ii) A substantial portion of the fixed assets have been physically verified by the management during the year and in our opinion the frequency of such verification is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such physical verification.</p> <p>(iii) Fixed assets disposed off during the year were not substantial. According to the information and explanations given to us, we are of the opinion that the disposal of fixed assets has not affected the going concern status of the Company.</p> <p>(iv) The inventories have been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.</p> <p>(v) The procedure of physical verification of inventories followed by the management is reasonable and adequate in relation to the size of the Company and the nature of its business.</p> <p>(vi) In our opinion and according to the information and explanation given to us, the Company is maintaining proper records of inventory. The discrepancies noticed on verification between physical stocks and the book records were not material and have been properly dealt with in the books of account.</p> <p>(vii) The Company has not granted unsecured loans and Inter-Corporate Deposits to companies covered in the Register maintained under Section 301 of the Act. Hence the provisions of clause (iii)(b),(c),(d) of paragraph 4 are not applicable to the Company.</p> <p>(viii) The Company has taken unsecured loans in the form of inter-corporate deposit from three companies covered in the Register maintained under Section 301 of the Companies Act, 1956. The maximum amount involved was Rs. 23.51 crores and the balance at the year end was Rs. 2 crores.</p> <p>(ix) Based on the information and explanations given to us, we are of the opinion that the rate of interest and other terms and conditions of loans taken from such parties covered in the Register maintained under Section 301 are not prima facie prejudicial to the interests of the Company.</p> | <p>(x) According to the information and explanations given to us, repayments of the principal and interest have been regularly made as stipulated.</p> <p>(xi) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for purchase of inventory and fixed assets and for the Work Done. During the course of our audit, we have not observed any major weakness in internal control system.</p> <p>(xii) Based on the audit procedures applied by us and according to the information and explanations provided by the management, we are of the opinion that the particulars of contracts or arrangements referred to in section 301 of the Act have been entered in the register required to be maintained under that section. The transactions made in pursuance of such contracts or arrangements have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.</p> <p>(xiii) The Company has not accepted any deposits from the public within the meaning of Sections 58A and 58AA of the Act and the rules framed there under. Therefore, the provisions of Section 58A, 58AA and any other relevant provisions of the Companies Act, 1956 and the rules framed thereunder with regard to deposits accepted from the public are not applicable to the Company.</p> <p>(xiv) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.</p> <p>(xv) The Central Government has not prescribed the maintenance of cost records under section 209(1) (d) of the Companies Act, 1956.</p> <p>(xvi) According to the records of the Company, Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess and other material statutory dues applicable to it have been generally regularly deposited during the year with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of above were in arrears, as at March 31, 2011 for a period of more than six months from the date on which they became payable.</p> <p>(xvii) According to the records of the Company, sales tax, income tax, customs duty, wealth tax, service tax, excise duty or cess which have not been deposited on account of dispute are given below :</p> |
|--|--|

Nature of dues	Year	Amount (₹ in Crs)	Forum where dispute is pending
Income Tax	2008-09	92.65	Commissioner of Income Tax (Appeals)
Sales Tax/ VAT	1996-97 & 1998-99	1.27	High Courts
	1997-98 to 2000-01	0.53	Taxation Tribunal – Cuttak
	2002-03 to 2008-09	12.20	AC/DC/Add. Commissioners & ACTO
Service Tax	2005-06	0.23	Central Excise Appeal/ Service Tax Commissioner
	Jan 04 to Mar 06	2.87	Central Excise and Service Tax Appellate Tribunal

- (xviii) The Company does not have any accumulated losses at the end of the financial year and has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.
- (xix) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to a financial institution, bank or debenture holders.
- (xx) Based on our examination of the records and the information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xxi) In our opinion the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore the provisions of clause 4(xiii) of the Companies (Auditor's Report) (Amendment) Order, 2004 are not applicable to the Company.
- (xxii) In our opinion the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4 (xiv) of the Companies (Auditor's Report) (Amendment) Order, 2004 are not applicable to the Company.

- (xxiii) In our opinion, the terms and conditions on which the Company has given guarantees for loans taken by others from banks or financial institutions are not prejudicial to the interest of the Company.
- (xxiv) In our opinion, the term loans have been applied for the purpose for which they were raised.
- (xxv) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment.
- (xxvi) According to the information and explanations given to us, the Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956.
- (xxvii) The Company has created a security / charge in-respect of secured debentures issued and outstanding at the year end.
- (xxviii) The Company has not raised any money by way of public issue during the year. The monies raised on account of Bonds / GDS issue in the previous year have been utilised for the purpose for which it was raised.
- (xxix) According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the course of our audit.

For K.S. Aiyar & Co
Chartered Accountants
FRN: 100186W

Raghuvir M. Aiyar
Partner
Membership No.38128

Place: Mumbai
Date: 29th April, 2011

Balance Sheet as at 31st March, 2011

	Schedule	₹ Crore	As at 31.03.2011 ₹ Crore	As at 31.03.2010 ₹ Crore
SOURCES OF FUNDS				
Share Capital	A	60.66		30.33
Reserves and Surplus	B	1,461.53		1,486.85
Total Shareholders' Funds			1,522.19	1,517.18
Loans				
(a) Secured	C	1,535.27		963.03
(b) Unsecured	D	1,936.12		1,551.67
Total Loans			3,471.39	2,514.70
Deferred Tax Liability (Net)			166.47	142.64
Total			5,160.05	4,174.52
APPLICATION OF FUNDS				
Fixed Assets				
(a) Gross Block	E	1,987.49		1,814.18
(b) Less: Depreciation		803.21		664.49
(c) Net Block		1,184.28		1,149.69
(d) Items Awaiting Completion or Commissioning		25.69		34.85
Total Fixed Assets			1,209.97	1,184.54
Investments	F		531.32	408.69
Current Assets, Loans and Advances				
A. Current Assets	G			
(a) Inventories		4,499.05		3,565.22
(b) Sundry Debtors		2.71		2.65
(c) Cash and Bank Balances		193.65		188.32
(d) Other Current Assets		5.80		4.79
		4,701.21		3,760.98
B. Loans and Advances	H	1,394.78		863.26
Total Current Assets, Loans and Advances		6,095.99		4,624.24
Less: Current Liabilities and Provisions	I			
(a) Current Liabilities		2,606.63		1,852.00
(b) Provisions		70.60		190.95
Total Current Liabilities and Provisions		2,677.23		2,042.95
Net Current Assets			3,418.76	2,581.29
Total			5,160.05	4,174.52

The Annexed Notes (Schedule - Q) form an integral part of the Accounts.

As per our report attached
For K.S.AIYAR & CO.

Chartered Accountants
Registration No. 100186W

VINAYAK DESHPANDE
President

RAGHUVIR M. AIYAR
Partner

Membership No. 38128

PRAVEEN SOOD
Group Chief Financial Officer

VITHAL P. KULKARNI
Company Secretary

AJIT GULABCHAND

Y.H. MALEGAM
K.G.TENDULKAR
RAJAS R. DOSHI
RAM P. GANDHI
PROF. FRED MOAVENZADEH
D.M.POPAT
SHARAD M. KULKARNI
NIRMAL P. BHOGILAL
ANIL SINGHVI

Chairman & Managing Director

Directors

Mumbai, Dated: 29th April, 2011

Mumbai, Dated: 29th April, 2011

Profit and Loss Account for the year ended 31st March, 2011

	Schedule	₹ Crore	₹ Crore	Previous Year ₹ Crore
INCOME				
Income from Operations	J	4,149.05		3,862.97
Less: Excise Duty		5.08		—
			4,143.97	3,862.97
Less: Company's Share of Turnover in Integrated Joint Ventures			50.80	218.77
			4,093.17	3,644.20
Company's Share of Profit/(Loss) in Integrated Joint Ventures			(2.50)	(14.99)
Other Income	K		16.99	13.01
			4,107.66	3,642.22
EXPENDITURE				
Construction Expenses	L	2,896.59		2,647.68
Employees' Remuneration and Benefits	M	467.64		394.35
Office and Site Establishment Expenses	N	189.17		159.30
Interest	O	289.90		205.15
Depreciation / Amortisation		152.69		113.90
			3,995.99	3,520.38
PROFIT / (LOSS) BEFORE TAX			111.67	121.84
Provision for Current Tax			24.40	20.96
Provision for Deferred Tax			40.45	40.15
MAT Credit Entitlement			(24.18)	(20.71)
PROFIT / (LOSS) AFTER TAX			71.00	81.44
Add: Balance brought forward from Last Year			319.62	279.90
Add: Transferred from Debenture Redemption Reserve			4.16	5.41
AMOUNT AVAILABLE FOR APPROPRIATION			394.78	366.75
Less: Appropriations :				
(a) Proposed Dividend			24.26	24.26
(b) Tax on Proposed Dividend			3.94	4.12
(c) Debenture Redemption Reserve			8.75	8.75
(d) General Reserve			10.00	10.00
			46.95	47.13
Balance carried to Balance Sheet			347.83	319.62
Basic EPS Non Annualised				
— before and after Extraordinary Items	₹		1.17	1.40
Diluted EPS Non Annualised				
— before and after Extraordinary Items	₹		1.16	1.30

The Annexed Notes (Schedule - Q) form an integral part of the Accounts.

As per our report attached
For K.S.AIYAR & CO.

Chartered Accountants
Registration No. 100186W

VINAYAK DESHPANDE
President

RAGHUVIR M. AIYAR
Partner

Membership No. 38128 Group Chief Financial Officer

VITHAL P. KULKARNI
Company Secretary

AJIT GULABCHAND

Y.H. MALEGAM
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PROF. FRED MOAVENZADEH
D.M.POPAT
SHARAD M. KULKARNI
NIRMAL P. BHOGILAL
ANIL SINGHVI

Chairman & Managing Director

Directors

Mumbai, Dated: 29th April, 2011

Mumbai, Dated: 29th April, 2011

Schedules forming part of the Balance Sheet

SCHEDULE - A		As at 31.03.2010	
SHARE CAPITAL		₹ Crore	₹ Crore
Authorised Capital			
1,00,00,000 Redeemable Cumulative Preference Shares of ₹ 10/- each (Previous year 50,000, 9.5% Redeemable Cumulative Second Preference Shares of ₹ 100/- each)	10.00	0.50	
90,00,00,000 Equity Shares of ₹ 1/- each (Previous year 49,50,00,000 Equity Shares of ₹ 1/- each)	90.00	49.50	
Total	100.00	50.00	
Issued, Subscribed & Paid-Up			
60,65,32,920 Equity Shares of ₹ 1/- each (Previous year 30,32,49,600 Equity Shares of ₹ 1/- each)	60.65	30.32	
Add : Forfeited Shares	0.01	0.01	
Total	60.66	30.33	

NOTES:

Out of 60,65,32,920 Equity Shares of ₹ 1/- each

- (a) (i) 12,68,66,250 Equity Shares were issued as fully paid Bonus Shares by capitalisation of Reserves and Surplus in earlier years.
- (ii) 30,32,56,460 Equity Shares were issued as fully paid Bonus Shares by capitalisation of Reserves and Surplus on August 12, 2010.
- (b) 2,90,55,400 Equity Shares were issued to two SEBI Registered Institutional Investors and a Domestic Mutual Fund on a preferential basis on 31st March, 2005.
- (c) 2,69,54,200 shares representing 2,69,54,200 Global Depository Shares were issued on 29th March, 2006 pursuant to Global Depository Offering by the Company. Out of the above, 2,68,59,054 Global Depository Shares (previous year 2,68,14,054) have been converted into Equity Shares prior to the Record Date fixed for the purpose of Bonus Equity Shares i.e. August 11, 2010. Pursuant to Bonus Issue of Equity Shares in the proportion to 1:1, outstanding 95,146 Global Depository Shares (outstanding as of Record Date i.e. August 11, 2010) have increased to 1,90,292. Out of these shares 69,572 Global Depository Shares have been converted into Equity Shares. As at 31st March 2011, there are 1,20,720 outstanding Global Depository Shares.
- (d) 4,70,00,000 Equity Shares were issued to QIBs by way of Qualified Institutional Placement on 4th July 2009.
- (e) 26,860 Equity shares are issued during the year pursuant to exercise of Stock Options under HCC Employee Stock Option Plan.

SCHEDULE - B RESERVES AND SURPLUS		As at 31.03.2010	
		₹ Crore	₹ Crore
(a) Securities Premium Account :			
Balance as per last Account	956.81	502.24	
Add: Additions during the year	0.17	475.41	
	956.98	977.65	
Less: QIP / Bonds issue expenses (net of Tax)	—	8.03	
Less: Adjustment of Deferred Tax Asset created on QIP issue expenses	0.09	—	
Less: Amount utilised for issue of fully paid-up Bonus Shares	30.33	—	
Add: Reversal of Provision for Premium on buyback of FCCBs (net of Tax)	—	2.41	
Less: Provision for Premium on redemption of FCCBs (net of Tax)	37.86	15.22	
	888.70	956.81	

SCHEDULE - B RESERVES AND SURPLUS (Contd.)		As at 31.03.2010	
		₹ Crore	₹ Crore
(b) General Reserve :			
Balance as per last Account	164.38	154.38	
Add: Transferred from Profit and Loss Account	10.00	10.00	
	174.38	164.38	
(c) Debenture Redemption Reserve:			
Balance as per last Account	30.83	27.49	
Add: Transferred from Profit and Loss Account	8.75	8.75	
	39.58	36.24	
Less: Transferred to Profit and Loss Account	4.17	5.41	
	35.41	30.83	
(d) Forfeited Debentures Account		0.02	0.02
(e) Capital Reserve (Forfeiture of Share Warrants)		15.19	15.19
(f) Profit and Loss Account			
Balance carried forward	347.83	319.62	
Total	1,461.53	1,486.85	

SCHEDULE - C		As at 31.03.2010	
SECURED LOANS		₹ Crore	₹ Crore
(a) Debentures:			
(i) 9% Non-Convertible	16.67	33.33	
(ii) 9.5% Non-Convertible	50.00	50.00	
(iii) 11.10% Non-Convertible	100.00	100.00	
	166.67	183.33	
(b) From Banks:			
i) Rupee loans			
1) On Cash Credit Account	414.26	111.33	
2) State Bank of Travancore	30.00	60.00	
3) Bank of Maharashtra	43.75	50.00	
4) State Bank of India	—	12.50	
5) Axis Bank limited	60.00	60.00	
6) IDBI Bank Limited	270.00	270.00	
7) Bank of Baroda	40.63	50.00	
8) Standard Chartered Bank	13.75	13.75	
9) Development Bank of Singapore	13.70	13.70	
10) Export Import Bank of India	180.00	—	
	1,066.09	641.28	
ii) Foreign currency loans			
1) Standard Chartered Bank	53.53	27.18	
2) Development Bank of Singapore	53.53	36.24	
3) Export Import Bank of India	45.75	—	
4) Toronto Dominion (Texas) LLC	74.70	—	
	227.51	63.42	
(c) From Others		75.00	75.00
Total	1,535.27	963.03	

Notes:

Privately Placed Non Convertible Debentures

- i) **9% Non-Convertible Debentures:** Secured by first charge on Company's specific movable properties as specified in second schedule of the trust deed executed on 17th January, 2007 in favour of AXIS Bank Ltd., the trustees to the debenture holders. These debentures having a face value of ₹ 10,00,000/- each aggregating ₹ 50 crore are to be redeemed in three annual equal installments commencing from the end of 3rd, 4th and 5th year from the date of

SCHEDULE - C (Contd.)**SECURED LOANS**

first disbursement i.e. 7th September, 2006. The first and second installment of ₹ 16.67 crore each have been paid on the respective due dates i.e. 7th September, 2009 and 7th September, 2010. (Interest rate reset @ 10.92% w.e.f 4th September, 2008).

- ii) **9.5% Non-Convertible Debentures:** Secured by first charge on Company's specific movable properties as specified in second schedule of the trust deed executed on 17th January, 2007 in favour of AXIS Bank Ltd., the trustees to the debenture holders. These debentures having a face value of ₹ 10,00,000/- each aggregating ₹ 50 crore are to be redeemed by bullet payment at the end of 5th year from the date of allotment i.e. 20th November, 2006.
- iii) **11.10% Non-Convertible Debentures:** Secured by first charge by way of hypothecation of specific immovable and movable properties as specified in first and second schedule of the trust deed executed on 27th August, 2008 and Schedule II of Memorandum of Hypothecation dated 28th March, 2011 in favour of IDBI Trusteeship Services Ltd. (ITSL), the trustees to the debenture holders. These debentures having a face value of ₹ 10,00,000/- each aggregating ₹ 100 crore are to be redeemed in four equal installments at the end of 4th, 5th, 6th and 7th year from the date of allotment i.e. 5th August, 2008.

The above debentures (i) to (iii) are also secured by way of mortgage of a flat situated at Lok Gaurav Complex, Vikhroli.

Banks:

- Cash Credit Limits are secured by way of:
 - First charge on all current assets of the Company and Third/Residual charge on all moveable properties (including moveable plant and machinery, machinery spares, tools and accessories (excluding current assets) of the Company in favour of 3i-Infotech Trusteeship Services Ltd. ("Security Trustee") ranking on pari passu basis amongst participating banks upto the limit of ₹ 5300 crore (Rupees Five Thousand Three Hundred Crore Only).
 - Corporate Guarantee of HCC Real Estate Ltd. to the extent of fund based limits of ₹ 1000 crore (Rupees One Thousand Crore Only).
 - The existing mortgage and charge on the immovable properties i.e. Land & Building at village Tara, District Raigad of the Borrower for collaterally securing the working capital facilities shall continue to remain as security for working capital facilities too upto the limit of ₹ 4300 Crore (Rupees Four Thousand Three Hundred Crore Only).
- State Bank of Travancore Term Loan**
Secured by a first charge by way of hypothecation of a pool of specific plant, machinery, tools and accessories acquired / to be acquired by the Company as specified in schedule II of the deed of hypothecation executed in favour of the Bank on 15th February, 2007 and deed of hypothecation executed on 23rd March, 2009 for disbursement of ₹ 75 Crore on 25th March, 2009.
- Bank of Maharashtra**
Secured by first charge by way of hypothecation of specific assets in favour of the Bank as described in the fourth schedule of the deed of hypothecation executed on 26th December, 2007.
- State Bank of India**
Secured by first charge by way of hypothecation of specific fixed assets in favour of the Bank as described in the annexure II to the agreement of loan executed on 30th November, 2007.
- Axis Bank**
Secured by first charge by way of hypothecation of specific movable fixed assets as specified in the schedule annexed to the loan agreement executed on 29th September, 2008.
- IDBI Bank**
Secured by way of a) Second charge on all the movable assets of the Company as on March 31, 2008 and b) First charge on one Flat located at "Greater Kailash - II" New Delhi - 110048.
- Bank of Baroda**
Secured by first charge by way of hypothecation of specific movable properties as described in the second schedule of the Composite Hypothecation agreement of loan executed on 18th May, 2009.
- Standard Chartered Bank [b(i)(8) & b(ii)(1)]**
Secured by first charge by way of hypothecation of fixed movable assets acquired under the facility as described in the first schedule to the memorandum of hypothecation executed on 10th November, 2009.

9. Development Bank of Singapore [b(i)(9) & b(ii)(2)]

Secured by first charge by way of hypothecation of fixed movable assets acquired under the facility as described in schedule I(2) to the deed of hypothecation executed on 29th April, 2010.

10. Export Import Bank of India [b(i)(10)]

₹ 75 Crores - Secured by first pari passu charge by way of hypothecation of fixed movable assets acquired under the facility as described in the third schedule to the deed of hypothecation executed on 23rd June, 2010.

₹ 105 Crores - Secured by (a) first charge on movable fixed assets of the Company as specified in schedule III of the deed of hypothecation of movable fixed assets executed by the Company on 23rd July, 2010 and (b) An appropriate charge over the Tunnel Boring Machine including accessories of a subcontractor as specified in schedule I of the deed of hypothecation executed by a subcontractor on 23rd July, 2010 in favour of EXIM Bank.

11. Export Import Bank of India [b(ii)(3)]

Secured by (a) first, pari passu charge on movable fixed assets of the Company, as specified in schedule V of the Deed of hypothecation executed on 27th September 2010; (b) An undertaking for pledge of 50,05,000 of equity shares held by the Company in the share capital of HCC Mauritius Enterprises Ltd. in favour of EXIM Bank; (c) An undertaking by HCC Mauritius Enterprises Ltd. for non- disposal of its shareholding in Karl Steiner AG (KSAG), Switzerland.

12. Toronto Dominion LLC

Secured by way of first priority mortgage and security interest to and in favor of Wilmington Trust Company (the "Security Trustee") on one (1) Hawker model 4000 airframe bearing manufacture's serial number RC-26 together with two installed model PW308 engines more particularly described under Clause No. 2.1 as per the Aircraft Charge Agreement executed on 6th January, 2011.

Others:**SREI Equipment Finance Private Limited**

Secured by first charge by way of hypothecation of specific movable assets as described in the annexure to schedule VIII of the loan agreement executed on 3rd February, 2010 (for disbursement of ₹ 25 Crore) and on 2nd March, 2010 (for disbursement of ₹ 50 Crore).

SCHEDULE - D

As at

31.03.2010

UNSECURED LOANS

₹ Crore ₹ Crore

A : Short Term Loans and Advances**i) From Banks**

(a) Commercial Paper (Maximum balance outstanding during the year ₹ 570 Crore (previous year ₹ 450 Crore)	200.00	360.00
(b) Term Loans		
Rupee Loan	425.00	185.00

ii) From Others

(a) Intercompany Deposits	46.01	15.06
(b) NBFC	150.00	—

B : Other Loans & Advances**i) From Banks ***

(a) Rupee Loan	1,070.50	544.99
(b) Foreign Currency Loan	44.61	11.33
* (Repayable within one year ₹ 195.00 crore, as at 31st March, 2010 ₹ 186.33 crore)		

ii) From Others

(a) Zero Coupon Convertible Foreign Currency Bonds due 2011 (refer note 15 of part III of Schedule Q)	—	435.29
Total	1,936.12	1,551.67

SCHEDULE - E
FIXED ASSETS

(₹ Crore)

ASSETS	GROSS BLOCK				DEPRECIATION/AMORTISATION				NET BLOCK	
	As At 01.04.10	Addi- tions	Deduc- tions	As At 31.03.11	As At 01.04.10	For the year	Deduc- tions	Up To 31.03.11	As At 31.03.11	As At 31.03.10
At Cost: Freehold Land	9.09	—	—	9.09	—	—	—	—	9.09	9.09
At Book Value Buildings & Sheds	39.47	14.16	—	53.63	16.12	6.32	—	22.44	31.19	23.35
Leasehold Premises Improvement	—	17.41	—	17.41	—	1.33	—	1.33	16.08	—
Plant & Machinery	1,365.40	122.35	25.92	1,461.83	538.17	111.47	17.31	632.33	829.50	827.23
Heavy Vehicles	154.05	17.50	3.22	168.33	52.29	18.01	1.97	68.33	100.00	101.76
Light Vehicles	33.26	4.73	0.52	37.47	11.11	3.17	0.31	13.97	23.50	22.15
Helicopter/ Aircraft	157.29	0.13	1.17	156.25	7.20	8.81	—	16.01	140.24	150.09
Speed Boat	0.49	0.02	—	0.51	0.15	0.04	—	0.19	0.32	0.34
Furniture and Office Equipments	18.45	18.31	0.01	36.75	11.89	3.66	0.01	15.54	21.21	6.56
Computers	20.63	3.33	—	23.96	18.04	1.95	—	19.99	3.97	2.59
Intangible Assets (ERP software)	16.04	6.22	—	22.26	9.52	3.56	—	13.08	9.18	6.52
Total of this year	1,814.18	204.16	30.84	1,987.49	664.49	158.32	19.60	803.21	1,184.28	—
Less:- Transferred to Project Work in Progress						5.63				
Depreciation as per Profit and Loss account						152.69				
Total of previous year	1,682.83	297.40	166.05	1,814.18	554.65	122.78	12.94	664.49		1,149.69
Less:- Transferred to Project Work in Progress in previous year						8.88				
Depreciation as per Profit and Loss account in previous year						113.90				
Items Awaiting Completion or Commissioning									25.69	34.85
							Total		1,209.97	1,184.54

Note :- 1) * represents amount less than Rs. 100000.

2) Additions /Deductions in Gross Block includes capitalisation /Decapitalisation of Foreign Exchange and availment of Cenvat Credit.

SCHEDULE - F

	Cost Unquoted ₹ Crore	Cost Quoted ₹ Crore	As at 31.03.2010 Cost Unquoted ₹ Crore	Cost Quoted ₹ Crore
INVESTMENTS				
Long Term Investments				
(a) Investment in Subsidiary Companies in India :				
(i) Hincan Technoconsult Ltd. 10,00,000 Equity Shares of ₹ 10/- each fully paid	1.00		1.00	
(ii) Western Securities Ltd. 19,57,500 Equity Shares of ₹ 10/- each fully paid	5.38		5.38	
(iii) Pune Paud Toll Road Company Ltd. (Refer note 27(ii)) 54,44,500 Equity Shares of ₹ 10/- each fully paid	5.44		5.44	
(iv) HCC Real Estate Ltd. 6,61,93,185 (Previous year 4,41,28,790) Equity Shares of ₹ 10/- each fully paid	474.36		304.47	
(v) Nirmal BOT Ltd. NIL (Previous year 3,15,00,000) Equity Shares of ₹ 10/- each fully paid	—		31.50	
(vi) HCC Concessions Ltd. (Previously known as HCC Infrastructure Ltd.) 50,000 Equity Shares of ₹ 10/- each fully paid	0.05		0.05	
(vii) HCC Infrastructure Company Ltd. 2,50,000 (Previous year NIL) Equity Shares of ₹ 10/- each fully paid	0.25		—	
(viii) Lavasa Corporation Ltd. 1,378 (Previous year 134) Equity Shares of ₹ 10/- each fully paid	0.01		0.01	
(ix) Panchkutir Developers Ltd. 1,00,000 Equity Shares of ₹ 10/- each fully paid	0.10		0.10	
(x) HCC Aviation Ltd. (Refer note No. 27(iii)) 50,000 Equity Shares of ₹ 10/- each fully paid	0.05		0.05	
(xi) Badarpur Faridabad Tollways Ltd. NIL (Previous year 4,38,60,000) Equity Shares of ₹ 10/- each fully paid	—		43.86	
(xii) HCC Construction Ltd. 50,000 Equity Shares of ₹ 10/- each fully paid	0.05		0.05	
(xiii) Highbar Technologies Ltd. 20,50,000 (Previous year 50,000) Equity Shares of ₹ 10/- each fully paid	2.05		0.05	
(xiv) Raiganj Dalkhola Highways Ltd. 5,10,000 (Previous year 25,500) Equity Shares of ₹ 10/- each fully paid	0.51		0.03	
(xv) Baharampore Farakka Highways Ltd. 5,10,000 (Previous year 25,500) Equity Shares of ₹ 10/- each fully paid	0.51		0.03	
(xvi) Farakka Raiganj Highways Ltd. 5,10,000 (Previous year 25,500) Equity Shares of ₹ 10/- each fully paid	0.51		0.03	
(b) Investment in Subsidiary Companies outside India :				
(i) HCC Mauritius Enterprises Ltd. 50,05,000 (Previous year 5,000) Shares of USD 1 each fully paid	22.23		0.02	
(ii) HCC Singapore Enterprises PTE Ltd. 5,000 Shares of USD 1 each fully paid	0.02		0.02	
(c) Investment in the capital of Partnership Firm				
Vikhroli Corporate Park (refer note 18 of part III of Schedule Q)	—		4.34	—

SCHEDULE - F

	Cost Unquoted ₹ Crore	Cost Quoted ₹ Crore	As at 31.03.2010 Cost Unquoted ₹ Crore	Cost Quoted ₹ Crore
INVESTMENTS				
(d) Other Investments:				
(i) Walchand Co-op. Housing Society Ltd. 5 Equity Shares of ₹ 50/- each fully paid	0.00*		0.00*	
(ii) Shushrusha Citizens Co-Op. Hospitals Ltd. 100 Equity Shares of ₹ 100/- each fully paid	0.00*		0.00*	
(iii) Housing Development Finance Corporation Ltd. 15,220 Equity Shares of ₹ 2/- each fully paid (Previous year 3,044 Equity Shares of ₹ 10/- each fully paid)	0.00*		0.00*	
(iv) HDFC Bank Ltd. 500 Equity Shares of ₹ 10/- each fully paid	0.00*		0.00*	
(v) Khandwala Securities Ltd. 3,332 Equity Shares of ₹ 10/- each fully paid	0.00*		0.00*	
(vi) Hincan Finance Ltd. 1,20,000 Equity Shares of ₹ 10/- each fully paid	0.12		0.12	
(vii) Jyoti Ltd. 12,00,000 Equity Shares of ₹ 10/- each fully paid	12.00		12.00	
(viii) Dhule Palesner Tollway Ltd. 64,61,000 (Previous year 1,30,000) Equity Shares of ₹ 10/- each fully paid	6.46		0.13	
(ix) Vikhroli Corporate Park Pvt. Ltd. (Refer Note No. 18) 2,00,000 (Previous year NIL) Equity Shares of ₹ 10/- each fully paid	0.20		—	
Total	519.31	12.01	396.68	12.01
		531.32		408.69
	Cost ₹ Crore	Market Value ₹ Crore	As at 31.03.2010 Cost ₹ Crore	Market Value ₹ Crore
Notes :				
1. Aggregate of Investments :				
(i) Quoted Investments	12.01	12.21	12.01	7.83
(ii) Unquoted Investments	519.31		396.68	
Total	531.32		408.69	
Note :- * represents amount less than ₹ 100000.				
Mutual Funds Received / Purchased and Sold during the year				
	Name of the Security	Face Value	No. of Units	₹ Crore
i)	ICICI Prudential Flexible Income Plan Premium - Daily Dividend	₹ 100/-	4,258,180	45.02
ii)	Reliance Money Manager Fund Institutional Option - Daily Dividend Plan	₹ 1000/-	249,889	25.02
iii)	Kotak Floater Long Term Daily Dividend Plan	₹ 10/-	64,509,449	65.02
iv)	UTI Liquid Cash Plan Institutional - Daily Income Option-Re-investment	₹ 1000/-	245,231	25.00
v)	UTI Fixed Income Interval Fund-Monthly Interval Plan Series-I Institutional Dividend	₹ 10/-	5,015,979	5.02
vi)	Canara Robeco Liquid Super Institutional Daily Dividend Reinvest Fund	₹ 10/-	24,863,252	25.00
vii)	Canara Robeco Floating Rate ST Daily Dividend Fund	₹ 10/-	4,896,942	5.02
viii)	HDFC Floating Rate Income Fund - STP Wholesale Option-Dividend Reinvestment	₹ 10/-	19,839,498	20.00
ix)	UTI Treasury Advantage Fund-Institutional Plan (Daily Dividend Option)-Reinvestment	₹ 1000/-	199,957	20.00
x)	Birla Sun Life Cash Plus - Institutional Premium - Daily Dividend - Reinvestment	₹ 10/-	19,961,075.90	20.00

SCHEDULE - G

	As at 31.03.2010 ₹ Crore	₹ Crore
CURRENT ASSETS		
Inventories		
(As technically valued and certified by the Management)		
(a) Stores, Spares and Embedded Goods, at Cost	271.91	259.94
(b) Fuel, at Cost	10.78	13.63
(c) Materials in transit, at Cost	2.20	1.61
(d) Work in Progress Uncompleted Contracts and value of Work Done	4,155.34	3,379.57
Less:		
(i) Advances Received/Other Recoveries	291.32	304.24
(ii) Related Site Mobilisation Expenses	202.28	88.24
	3,661.74	2,987.09
Add: Retention Money	552.42	302.95
	4,214.16	3,290.04
Total	4,499.05	3,565.22

Sundry Debtors

Unsecured, Considered Good :

(a) Outstanding over six months	1.88	—
(b) Others	0.83	2.65
Total	2.71	2.65

Cash and Bank Balances

(a) Cash on Hand	1.97	1.33
(b) Cheques on Hand	26.62	37.86
(c) With Scheduled Banks		
(i) Current Accounts in Indian Rupees	130.62	95.84
(ii) Current Accounts in Foreign Currency	8.16	41.25
(iii) Deposit Accounts in Indian Rupees	26.28	12.04
Total	193.65	188.32

Other Current Assets

Interest Accrued on others	5.80	4.79
Total	5.80	4.79
Grand Total	4,701.21	3,760.98

SCHEDULE - H**LOANS AND ADVANCES****Unsecured, Considered Good**

(a) Advances Recoverable in Cash or in Kind or for Value to be received	300.24	232.50
(b) Advance Payment of Taxes net of provision Advance Tax ₹ 295.74 crore (Previous Year ₹ 187.07 crore) including MAT credit entitlement ₹ 64.40 Crore (Previous Year ₹ 40.30 Crore) Provision for Tax ₹ 105.40 crore (Previous Year ₹ 78.37 Crore)	190.34	108.70
(c) Earnest Money, Security and Other Deposits	32.60	22.10

SCHEDULE - H

	As at 31.03.2010 ₹ Crore	₹ Crore
LOANS AND ADVANCES (Contd.)		
Unsecured, Considered Good		
(d) Loans & advances to Subsidiary companies (refer note 19 of part III of Schedule Q)	850.60	452.34
(e) Loans & advances / deposits to Partnership firm	—	20.22
(f) Foreign Currency Monetary Item Translation difference account	—	2.17
(g) Integrated Joint Ventures (net)		
(i) HCC L & T Purulia Joint Venture	1.75	1.89
(ii) Nathpa Jhakri Joint Venture	10.99	8.04
(iii) KSHI Joint Venture	0.37	0.53
(iv) Alpine HCC Joint Venture	7.72	8.38
(v) Dhule Palesner Tollway Ltd.	0.17	6.39
Total	1,394.78	863.26

SCHEDULE - I

	As at 31.03.2010 ₹ Crore	₹ Crore
CURRENT LIABILITIES AND PROVISIONS		

Current Liabilities

(a) Sundry Creditors (refer note 13 of part III of Schedule Q)	1,240.32	1,186.79
(b) Due to Subsidiary Companies	0.25	—
(c) Advances from Contractees	1,538.65	736.28
Less: Related Site Mobilisation Expenses	202.28	88.24
	1,336.37	648.04
(d) Interest Accrued but not due on Loans	9.57	11.81
(e) Integrated Joint Ventures (net)		
(i) HCC Pati Joint Venture	2.71	2.71
(ii) Alpine Samsung HCC Joint Venture	16.42	1.74
(f) Investor Education & Protection Fund shall be Credited by the following amounts when due: Unclaimed Dividend	0.99	0.91
Total	2,606.63	1852.00

Provisions:

(a) Proposed Dividend	24.26	24.26
(b) Tax on Proposed Dividend	3.94	4.12
(c) Provision for Premium on redemption of FCCBs (refer note 15 of part III of Schedule Q)	—	127.14
(d) Provision for Leave Encashment	15.65	12.02
(e) Provision for Gratuity	24.58	21.87
(f) Provision for Sick Leave	2.17	1.54
Total	70.60	190.95
Grand Total	2,677.23	2,042.95

Schedules forming part of the Profit and Loss Account

SCHEDULE - J			Previous Year	SCHEDULE - N			Previous Year
INCOME FROM OPERATIONS	₹ Crore	₹ Crore	₹ Crore	OFFICE AND SITE ESTABLISHMENT EXPENSES (Contd.)	₹ Crore	₹ Crore	₹ Crore
Value of Work Done				(j) Guarantee, Commission and Charges (net)	1.57		10.32
i) Contract Revenue				(k) Finance Charges (net)	2.05		3.68
(refer note 24 of part III of Schedule Q)	4,048.43		3,642.18	(l) Miscellaneous Expenses	12.24		13.68
ii) Service Income from Joint Ventures / Others	49.82		2.02	(m) Computer Maintenance & Development Expenses	15.29		5.38
Total	4,098.25		3,644.20	(n) Donations	3.08		3.21
Add: Company's Share of Turnover in Integrated Joint Ventures	50.80		218.77	(o) Donations to Political parties	—		5.00
(refer note 12 of part III of Schedule Q)				(p) Provision for Doubtful Advances	(0.02)		0.09
Grand Total	4,149.05		3,862.97	(q) Loss on Sale of Assets (net)	2.53		16.25
				(r) Share of Loss in Partnership firm	8.42		0.10
				Total	189.17		159.30
SCHEDULE - K				SCHEDULE - O			
OTHER INCOME				INTEREST			
(a) Dividend on Other Investments	2.08		0.24	(a) On Debentures	18.46		20.47
(b) Miscellaneous Receipts	0.43		7.43	(b) On Other Accounts	307.65		206.47
(c) Profit on Sale of Investments (Net)	—		6.69		326.11		226.94
(d) Earlier Years' Provisions No Longer Required	5.88		—	Less: Interest Capitalised	0.69		0.79
(e) Exchange Gain / (Loss) (Net)	8.60		(1.35)		325.42		226.15
Total	16.99		13.01				
SCHEDULE - L				SCHEDULE - P			
CONSTRUCTION EXPENSES				Statement of Computation of Net Profit Under Section 198 (read with Section 349) of the Companies Act, 1956, for the purpose of Managerial Remuneration for the year ended 31st March, 2011			
(a) Stores and Embedded Goods consumed				Profit Before Tax as per Profit and Loss Account	111.67		121.84
Stock at Commencement	259.94		292.02	Add: (a) Depreciation Charged as per Profit and Loss Account	152.69		113.90
Add: Purchases	1,258.14		1,054.37	(b) Managerial Remuneration and Directors' Fees	6.60		10.41
	1,518.08		1,346.39	(c) Loss on Sale of Fixed Assets as per Profit & Loss Account	6.16		21.53
Less: Scrap and Unserviceables Sold	24.44		26.49	(d) Profit on Sale of Assets as per Section 349 of the Companies Act, 1956	2.70		2.05
	1,493.64		1,319.90		279.82		269.73
Less: Stock at Close	271.91		259.94	Less: (a) Depreciation as per Section 350 of the Companies Act, 1956	152.69		113.90
	1,221.73		1,059.96	(b) Loss on Sale of Assets as per Section 349 of the Companies Act, 1956	6.16		21.53
(b) Sub-Contract, Transportation, Hire etc. [refer note 3(a) & 3(b) of part III of Schedule Q]	1,383.88		1,348.72	(c) Profit on Sale of Fixed Assets as per Profit & Loss Account	3.63		5.28
(c) Power and Fuel	238.70		200.51	(d) Profit on Sale of Investments	—		6.69
(d) Repairs to Machinery	20.05		7.04	Net Profit as per Section 198 (read with Section 349) of the Companies Act, 1956	117.34		122.33
(e) Other Repairs	2.81		2.02	Maximum amount of Remuneration Permissible to Wholetime Director (@ 5% of Net Profit) (Previous Year 10%)	5.87		12.23
(f) Rent	18.63		14.48	Commission to Wholetime Directors	—		—
(g) Water Charges	10.79		14.95	Maximum amount of Commission Permissible to Non-Executive Directors (@1% of Net Profit)	1.17		1.22
Total	2,896.59		2,647.68	Commission to Non-Executive Directors	0.54		0.50
SCHEDULE - M							
EMPLOYEES' REMUNERATION AND BENEFITS							
(a) Salaries, Wages, Bonus and Gratuity	412.14		348.65				
(b) Contribution to Provident Fund and Other Funds	20.77		18.61				
(c) Welfare Expenses	34.73		27.09				
Total	467.64		394.35				
SCHEDULE - N							
OFFICE AND SITE ESTABLISHMENT EXPENSES							
(a) Stationery, Postage, Telephone & Advertisement	16.43		17.56				
(b) Travelling and Conveyance	26.41		24.06				
(c) Rent	14.99		7.19				
(d) Rates and Taxes	3.75		2.09				
(e) Insurance	5.23		2.92				
(f) Professional Charges	54.72		36.21				
(g) Repairs and Maintenance	20.72		10.33				
(h) Directors' Fees	0.19		0.21				
(i) Auditors' Remuneration:							
(i) Audit Fees	0.57		0.45				
(ii) Tax Audit Fees	0.16		0.11				
(iii) For Reviews and Certification Work	0.81		0.40				
(iv) Reimbursement of Out of Pocket Expenses	0.03		0.06				
	1.57		1.02				

SCHEDULE - Q

SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF THE ACCOUNTS AS AT 31ST MARCH, 2011

I. Significant Accounting Policies

1. Basis of Accounting

The Company maintains its accounts on accrual basis. Management makes estimates and technical and other assumptions regarding the amounts of income and expenses in accordance with Indian GAAP in the preparation of the financial statements. Difference between the actual results and estimates are recognised in the period in which they are determined.

2. Fixed Assets

Fixed assets are stated at cost of acquisition including attributable interest & financial costs till the date of acquisition/ installation of the assets and improvement thereon less accumulated depreciation / amortisation and impairment if any. Intangible assets comprise of licence fees, other implementation cost for software (ERP) and other application softwares acquired for inhouse use.

3. Depreciation

Depreciation on fixed assets is provided:

- i) In respect of buildings and sheds, furniture and office equipments on the written down value method (pro-rata on additions and deletions of the year) at rates prescribed in Schedule XIV of the Companies Act, 1956.
- ii) In respect of plant & machinery, heavy vehicles, light vehicles, helicopter, aircraft and speed boat on the straight line method at rates prescribed in schedule XIV of the Companies Act, 1956 on a pro-rata basis.
- iii) In respect of computers depreciation is provided on straight line basis over a period of three years on a pro-rata basis.
- iv) The depreciation on assets used for construction has been treated as period cost.
- v) Software and implementation costs including users licence fees of the Enterprise Resource Planning (ERP) system and other application software costs are amortised over a period of 5 years.
- vi) Fixed Assets includes cost incurred on the Lease hold Improvements at 247 park which is being amortised over a period of Nine years.

4. Investments

Investments are classified as long-term and current investments. Long-term investments are shown at cost or written down value (in case of other than temporary diminution) and current investments are shown at cost or market value whichever is lower.

5. Employee Benefits

- i) Defined Contribution plan
Contribution to provident fund and superannuation fund is accounted on accrual basis.
- ii) Defined Benefit plan
Gratuity is charged to revenue on the basis of actuarial valuation and in case of daily rated workmen on actual basis computed on tenure of service as at the end of the year.
- iii) Other Benefits
Short term and long term compensated absences are provided for based on actuarial valuation.
The actuarial valuation is done as per projected unit credit method.
The obligation is measured at the present value of the estimated future cash flows. The discount rates used for determining the present value of the obligation under

defined benefit plans, is based on market yields on Government securities as at the Balance Sheet date, having maturity periods approximating to the terms of the related obligations.

6. Inventories

- a) The stock of stores, spares and embedded goods and fuel is valued at cost (weighted average basis), or net realisable value whichever is lower.
- b) Work-in-Progress is valued at the contract rates and site mobilisation expenditure of incomplete contracts is stated at cost.
- c) Certain loose plant, tools & service equipments costing below ₹ 5 lacs are valued at proportionate written down value @ 3% p.m. over a period of 32 months.
- d) Site mobilisation expenses are presented as a deduction from advances from contractees to the extent funded by such advances.

7. Provisions, Contingent liabilities and contingent assets

Provisions involving substantial degree of estimation in measurement are recognised when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent liabilities are not recognised but are disclosed in the notes. Contingent assets are neither recognised nor disclosed in the financial statements.

8. Borrowing costs

Borrowing costs that are attributable to the acquisition, construction or production of a qualifying asset are capitalised. Other borrowings costs are expensed out.

9. Foreign Exchange Translation of Foreign Projects and Accounting of Foreign Exchange Transactions

- a) Current assets and current liabilities are translated at the exchange rate prevailing on the last day of the year.
- b) Gains or losses arising out of remittance / translations at the year-end are credited / debited to the profit and loss account for the year except in cases where they relate to acquisition of Fixed assets, in which case they are adjusted to the carrying cost of such assets.
- c) Foreign exchange transactions are converted into Indian rupees at the prevailing rate on the date of the transaction.
- d) Exchange differences arising on contracts are recognised in the period in which they arise and the premium paid / received is accounted as expense / income over the period of the contract.

10. Financial Derivatives & Hedging transactions

Financial derivatives and hedging contracts are accounted on the date of their settlement and realised gain/loss in respect of settled contracts is recognised in the profit & loss account along with the underlying transactions.

11. (i) Accounting of construction contracts

The Company follows the percentage completion method, based on the stage of completion at the balance sheet date, taking into account the contractual price and revision thereto by estimating total revenue and total cost till completion of the contract and the profit so determined has been accounted for proportionate to the percentage of the actual work done.

Revenue is recognized as follows:

- a) In case of Item rate contracts on the basis of physical measurement of work actually completed at the balance sheet date.
- b) In case of Lumpsum contracts, revenue is recognized on the completion of milestones as specified in the contract or as identified by the management. Foreseeable losses are accounted for as and when

SCHEDULE - Q (Contd.)

they are determined except to the extent they are expected to be recovered through claims presented or to be presented to the customer or in arbitration.

Claims are accounted as income in the year of receipt of arbitration award or acceptance by client of evidence of acceptance received.

(ii) Accounting of Supply Contracts

Revenue from supply contract is recognized when the substantial risk and rewards of ownership is transferred to the buyer.

12. Accounting for Joint Venture Contracts

- (a) Contracts executed in Joint Venture under work sharing arrangement (consortium) are accounted in accordance with the accounting policy followed by the Company as that of an independent contract to the extent work is executed.
- (b) In respect of contracts executed in Integrated Joint Ventures under profit sharing arrangement (assessed as AOP under Income tax laws), the services rendered to the Joint Ventures are accounted as income on accrual basis. The profit / loss is accounted for, as and when it is determined by the Joint Venture and the net investment in the Joint Venture is reflected as investments, loans & advances or current liabilities.

13. Taxation

The tax expense comprises of current tax & deferred tax charged or credited to the profit and loss account for the year. Current tax is calculated in accordance with the tax laws applicable to the current financial year. The deferred tax charge or credit is recognised using the tax rates and tax laws that have been enacted by the balance sheet date. Where there are unabsorbed depreciation or carry forward losses, deferred tax assets are recognised only if there is virtual certainty of realisation of such assets. Other deferred tax assets are recognised only to the extent there is reasonable certainty of realisation in future. At each balance sheet date, recognised and unrecognised deferred tax assets are reviewed.

14. Leases

Lease rentals in respect of assets acquired under operating lease are charged to Profit and Loss account.

15. Impairment of Assets

The Company makes an assessment of any indicator that may lead to impairment of assets on an annual basis. An asset is treated as impaired when the carrying cost of the asset exceeds its recoverable value, which is higher of net selling price and value in use. Any impairment loss is charged to profit and loss account in the year in which it is identified as impaired.

16. Employees Stock Option Plan

In respect of the stock options granted pursuant to the Company's stock option scheme, market value of the Company's shares as on the grant date was equal to the par value for the options granted, hence no accounting entries as per ESOP guidelines are required to be made.

II. Contingent Liabilities

	As at 31.03.2011 ₹ Crore	As at 31.03.2010 ₹ Crore
--	--------------------------------	--------------------------------

- | | | |
|---|----------|----------|
| (i) Counter Indemnities given to Banks, in respect of contracts | | |
| (a) For works in India (Secured on all the assets) | 2,058.31 | 1,619.53 |
| (b) *For works abroad (secured by ECGC counter guarantees) | 225.77 | 202.93 |
- *(Converted in rupees at the rate fixed by the Bank)

SCHEDULE - Q (Contd.)

	As at 31.03.2011 ₹ Crore	As at 31.03.2010 ₹ Crore
--	--------------------------------	--------------------------------

- | | | |
|--|--------|--------|
| (ii) Claims not acknowledged as debts by the Company. | 2.57 | 2.69 |
| (iii) Income Tax Liability (AY 2008-09) that may arise in respect of which Company is in appeal
(‘The Income Tax Officer has raised the demand which is mainly on claims raised in subsequent year which are yet to be approved by the client. As this is contrary to Income Tax Appellate Tribunal’s decision in favour of the Company on similar grounds, the Company has contested the matter in the appeal & is confident of reversal of demand.) | 163.80 | — |
| (iv) Sales Tax liability / Works Contract Tax liability that may arise in respect of matters in appeal (Net of an amount of ₹ 0.53 Crore (previous year ₹ 0.53 crore) recoverable from Clients as per the terms of contract) | 18.71 | 14.26 |
| (v) Bills discounted and Retention receivable with banks | 107.27 | 165.98 |
| (vi) Corporate Guarantees:
The Company has provided an undertaking to pay in the event of default on loan given by a bank to subsidiary, fellow subsidiary and Joint Ventures. | | |
| a) Pune Paud Toll Road Company Limited | 9.77 | 14.36 |
| b) Lavasa Corporation Limited | 606.55 | 555.44 |
| c) HCC Real Estate Limited | 65.00 | 423.93 |
| d) Nirmal BOT Limited | — | 6.18 |
| e) Charosa Wineries Limited | 50.00 | 22.00 |
| f) HCC Concessions Limited (Formerly HCC Infrastructure Limited) | 100.00 | — |
| vii) A client, New Tirupur Area Development Corporation Limited has wrongfully encashed performance Bank Guarantee amounting to ₹ 27.40 crore in the year 2007-08 which is disputed by the Company. The Company has been legally advised that it has a good case on merits and therefore has invoked arbitration provisions of the contract. Pending resolution of the dispute the encashed Bank Guarantee is considered as a current asset. | | |

III. Notes :

- Advances from contractees of ₹ 1538.65 Crore (previous year ₹ 736.28 Crore) have been guaranteed by Company's bankers to the extent of ₹ 1069.49 Crore (previous year ₹ 692.85 Crore).
- Commitment for capital expenditure is ₹ 65.16 Crore (previous year ₹ 74.28 Crore).
- (a) Sub-contract, transportation, hire etc. include insurance ₹ 36.36 Crore (previous year ₹ 31.05 Crore), rates and taxes ₹ 165.31 Crore (previous year ₹ 130.06 Crore) and lease rent ₹ 17.23 Crore (previous year ₹ 7.02 Crore).
 - (b) Light vehicle expenses grouped under construction expenses include insurance ₹ 1.74 Crore (previous year ₹ 2.15 Crore) and taxes ₹ 0.12 Crore (previous year ₹ 0.10 Crore). No allocation is made to it for petrol and maintenance at the sites.

SCHEDULE - Q (Contd.)

4. Loans and Advances include an amount due from an Officer of the Company ₹ 0.07 Crore (previous year ₹ 0.09 Crore). Maximum amount outstanding during the year ₹ 0.09 Crore (previous year ₹ 0.12 Crore).

	2010-11 ₹ Crore	2009-10 ₹ Crore
5. Managerial Remuneration :		
(i) Salary	1.84	4.09
(ii) Commission to Chairman & Managing Director & whole time Directors	—	—
(iii) Commission to Non-executive Directors	0.54	0.50
(iv) Contribution to Provident and other Funds	0.89	2.06
(v) Perquisites	3.14	3.57
Total	6.41	10.22

Note: The above figure does not include provision for gratuity liability actuarially valued as separate figures are not available.

6. i) The Company has taken various construction equipments and vehicles under non cancelable operating leases.
The future minimum lease payments in respect of these as at 31st March, 2011 are as follows.

	As at 31.03.2011	₹ Crore As at 31.03.2010
Minimum Lease Rental payments		
i) Payable Not Later than one year	18.14	7.56
ii) Payable Later than one year and not later than five years	33.24	1.47
iii) Payable Later than five years	—	—
Total	51.38	9.03

- ii) The lease agreement provides for an option to the Company to renew the lease period at the end of the non cancelable period. There are no exceptional/restrictive covenants in the lease agreements.
7. The Income-tax assessments of the Company have been completed upto the accounting year ended 31st March, 2008. Several appeals preferred by the Company are pending before appellate authorities. Deferred Tax liability for the year ended 31st March, 2011 has been provided on the estimated tax computation for the year.
Major components of deferred tax assets and liabilities arising on account of timing differences are:

	2010-11 Assets ₹ Crore	2010-11 Liabilities ₹ Crore	2009-10 Assets ₹ Crore	2009-10 Liabilities ₹ Crore
a) Depreciation	—	69.72	—	104.71
b) Claims/Arbitration Awards	—	103.29	—	90.53
c) Others	6.54	—	9.42	—
d) FCCBs premium	—	—	43.18	—
Total	6.54	173.01	52.60	195.24

8. Disclosure in relation to Derivative instruments

For hedging Foreign Currency risk for unsecured loans:

	Number of contracts	₹ Crore
i) Options	6 (4)	27.45 (94.40)
ii) Forward Contracts	0 (2)	0 (—)

(Note: Figures in bracket pertain to previous year).

Foreign Currency exposure not hedged as on 31st March, 2011 is ₹ 319.89 Crore (previous year ₹ 563.93 Crore).

SCHEDULE - Q (Contd.)

9. The Company has a single segment namely "Engineering & Construction". Therefore, the Company's business does not fall under different business segments as defined by AS 17- "Segmental Reporting" issued by ICAI.

10. i) Disclosure in accordance with Accounting Standard - 7 (Revised) - Amount due from / to customers on Construction Contracts.

	2010-11 ₹ Crore	2009-10 ₹ Crore
Contract Revenue	14,600.85	10,717.87
Contract Costs incurred	12,827.18	9,515.60
Recognised Profits / Losses	1,773.67	1,202.27
Advances received	1,535.52	582.95
Retention Money	446.40	208.33
Gross amount due from Customer for Contract Work	1,646.60	1,551.43
Gross amount due to Customer for Contract Work	270.95	290.88

Note :- The above information is given only in respect of contracts entered into on or after 01.04.2003.

11. (a) Contracts executed by the following Joint Ventures are accounted for as per accounting policy No. 12(a).

i) HCC-Van Oord Joint Venture	ix) HCC - MEIL - CBE Joint Venture
ii) Samsung - HCC Joint Venture	x) HCC - MEIL - BHEL Joint Venture
iii) L & T - HCC Joint Venture	xi) HCC - MEIL - SEW - AAG Joint Venture
iv) HCC - KBL Joint Venture	xii) HCC - MEIL - SEW Joint Venture
v) HCC - NCC Joint Venture	xiii) HCC - Halcrow Joint Venture
vi) HCC - CEC Joint Venture	xiv) HCC - Laing-Sadbhav
vii) HCC - NOVA Joint Venture	xv) HCC - MEIL - NCC - WPIL Joint Venture
viii) HCC - CPPL Joint Venture	xvi) MEIL - IVRCL - HCC - WPIL Joint Venture

- (b) Contracts executed by the following Joint Ventures are accounted for as per accounting policy No. 12(b).

Name of the Venture	Name of Venture/s Partner/s	Method of Accounting	Share of Interest
HCC-L&T Purulia	Larsen & Toubro Ltd.	Percentage completion	57%
HCC-Pati	Pati Sendirian, Berhad	Percentage completion	50%
Nathpa Jhakri	Impregilio Spa, Italy	Completed Contract	40%
Kumagai-Skanska HCC-Itochu Group	Skanska, Kumagai Itochu	Completed Contract	19.60%
Alpine - Samsung - HCC	Alpine Meyreder Bau, Samsung Corporation	Percentage completion	33%
Alpine - HCC	Alpine Meyreder Bau	Percentage completion	49%
Dhule Palesner Tollway Ltd.	HCC Infrastructure Ltd., John Laing Investment Ltd., John Laing Investments Mauritius (No 1) Ltd., Sadbhav Engineering Ltd., Sadbhav Infrastructure Projects Ltd.	Percentage completion	26%

In respect of Joint Ventures the Company alongwith other JV members is jointly & severally responsible for performance of the contracts.

SCHEDULE - Q (Contd.)
12. Financial Interest in Jointly Controlled Entities

Name of the Joint Venture	₹ Crore				
	HCC's Share of		Other Income	Expenses	
	Assets	Liabilities			
	As at 31st March, 2011	As at 31st March, 2011	For the year ended 31st March, 2011	For the year ended 31st March, 2011	For the year ended 31st March, 2011
HCC-L&T Purulia Joint Venture	5.64	0.91	1.00	—	0.34
	(5.80)	(1.77)	(0.00)	(0.07)	(0.04)
HCC-Pati Joint Venture	3.53	5.22	—	—	0.00
	(3.53)	(5.22)	(0.00)	(0.00)	(0.00)
Nathpa Jhakri Joint Venture	8.93	4.03	26.09	—	13.18
	(9.42)	(9.42)	(6.00)	(0.00)	(18.13)
Kumagai-Skanska HCC-Itochu Group	0.99	3.77	—	—	0.16
	(1.11)	(3.73)	(0.00)	(0.00)	(0.12)
Alpine-Samsung -HCC Joint Venture	19.61	38.14	19.12	0.00	34.42
	(43.68)	(47.02)	(118.10)	(0.31)	(121.27)
Alpine-HCC Joint Venture	13.86	13.95	4.60	—	5.20
	(26.74)	(26.23)	(94.67)	(0.38)	(94.96)
Dhule Palesner Tollway Ltd.	200.15	200.15	—	—	—
	(48.64)	(48.64)	(0.00)	(0.00)	(0.00)
Total	252.71	266.18	50.80	0.00	53.30
	(138.92)	(142.03)	(218.77)	(0.76)	(234.52)

(Note: Figures in bracket pertain to previous year).

13. The Company has amounts due to suppliers under the Micro, Small and Medium Enterprises Development Act 2006, as at 31st March, 2011. The disclosure pursuant to the said Act is as under:

	₹ Crore 31.03.2011	₹ Crore 31.03.2010
Principal amount due to suppliers under MSMED Act	1.41	0.03
Interest accrued and due to suppliers under MSMED Act on the above amount	0.06	—
Payment made to suppliers (other than interest) beyond appointed day during the year	3.22	2.04
Interest paid to suppliers under MSMED Act	—	—
Interest due and payable to suppliers under MSMED Act towards payments already made	0.04	0.04
Interest accrued and remaining unpaid at the end of the accounting year	0.10	0.04

Note : This information is as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 and has been determined to the extent such parties have been identified on the basis of information available with the Company.

14. In accordance with Accounting Standard 11 (Revised) the net exchange Gain credited to profit & loss account is ₹ 8.60 crore (previous year Loss ₹ 1.35 Crore).

The Company had created "Foreign Currency Monetary Items Translation Difference" in (FCMT) account for accounting of long term monetary exchange fluctuations in terms of the Companies Accounting Standards Amendment Rules 2009. During the current year the Company has fully charged off the balance lying in FCMT account of ₹ 2.17 crores in terms of these rules.

15. The Company issued at par 1,000 Zero Coupon Convertible Bonds due 2011 of US \$1,00,000 each and 2,69,54,200 Global Depository Shares (GDSs) for an issue price of US \$ 3.71 each aggregating to US \$ 200 million. (₹ 891.60 Crore as on the date of issue) in the year 2005-06 to finance capital expenditure, acquisitions, investment in Company's real estate subsidiary and any other use as may be
SCHEDULE - Q (Contd.)

permitted under applicable law or by relevant regulatory bodies from time to time. The Bondholders had an option of converting these Bonds into shares at an initial conversion price of ₹ 248.08 per share with a fixed rate of conversion of ₹ 44.58 = US \$1 at any time on or after 11th May, 2006 up to 18th February, 2011. The Bonds were also redeemable at the option of the Company at least at 130% of the early redemption amount at any time on or after 14th April, 2009 upto 18th February, 2011. Unless previously redeemed, converted or purchased and cancelled, the Bonds were to be redeemed on 1st April, 2011 at 137.7139% of their principal amount.

The Offering Circular provided for an adjustment to the conversion price of the FCCBs in the event of the Company making a fresh issue of its equity shares for a consideration that is less than the Current Market Value of the equity shares as on the date on which the Company fixes the consideration or in the event the Company makes bonus issue of its equity shares.

Pursuant to the issuance of fresh equity shares to QIBs, the Company had revised the conversion price of the FCCBs from ₹ 248.08 to ₹ 246.02 in July 2009. Further, pursuant to the issuance of bonus equity shares on 12th August, 2010 the Company revised the conversion price of the FCCBs from ₹ 246.02 to ₹ 123.01.

In terms of the agreement with principal agent; the Company has unconditionally remitted the amount of ₹ 598.50 crores (including premium on redemption of the FCCB) to the Principal Agent on 31 March, 2011, to discharge the FCCB maturing on April 1, 2011. The Company's Liability has accordingly been extinguished on remittance. The Principal Agent has confirmed discharge of the payment to the Bond Holders. Premium payable on redemption of FCCBs till 31st March, 2011 has been adjusted net of tax to the Securities Premium Account. Tax Payable @ 12.4512% is proportionately adjusted against securities premium.

16. Intangible assets (ERP) includes compatible software ₹ 6.22 Crore (previous year ₹ 0.94 Crore).
17. (i) Additional information pursuant to the provisions of part II of Schedule VI to the Companies Act, 1956 (wherever applicable).

	₹ Crore		2010-11		2009-10	
A. Value of Imports calculated on CIF Basis :						
(i) Components, embedded goods and spare-parts			26.59		65.26	
(ii) Capital goods			39.94		180.39	
B. Expenditure in foreign currencies :						
(i) Travelling expenses			0.96		0.97	
(ii) Other expenses			24.51		23.26	
C. Value of imported and indigenous components, embedded goods and spare parts consumed:						
	₹ Crore	%	₹ Crore	%	₹ Crore	%
(i) Imported into India	13.26	1.11	21.77		2.05	
(ii) Indigenous, to the site	1,183.99	98.89	1,038.19		97.95	
	1,197.25	100.00	1,059.96		100.00	
D. Earnings in foreign currencies (on accrual basis)						
Export of goods or services on F.O.B. basis and work bills realised on contracts			69.32		78.54	

SCHEDULE - Q (Contd.)

17. (ii) Additional Information pursuant to the provisions of paragraphs 3 & 4 of part II of Schedule VI to the Companies Act, 1956 . ₹ Crore

Class of Goods	Unit	Opening Stock	Production Quantity	Sales Quantity	Sales Value ₹ crores	Closing Stock Quantity	Closing Stock Value ₹ crore
Potshell	Nos	Nil	149	149	54.38	Nil	Nil
Structural Steel	MT	Nil	2,386	2,335	12.35	Nil *	Nil
Aggregate	MT	Nil	4,71,834	63,052	3.57	4,08,782	8.30

* Structural Steel of 51.58 MT is used for captive consumption.

Class of Goods	Unit	Material Consumed Quantity	Material Consumption ₹ crores
Structural Steel	MT	6,827	26.79
Structural Steel	MT	2,387	10.19
Aggregate	MT	523,736	4.78

18. Investment in the capital of Partnership Firm - Vikhroli Corporate Park

Partners	Share in firm	As at 31.03.2011 Capital	As at 31.03.2010 Contribution
(i) HCC Real Estate Limited	80%	—	54.08
(ii) Hindustan Construction Company Limited	20%	—	4.34

Note : Partnership firm Vikhroli Corporate Park has been converted in to Vikhorli Corporate Park Private Limited Company with effect from 28th June, 2010. As at 31st March 2011 HCC Ltd. holds 5.20% of share holding in the said Pvt. Ltd. Company.

19. Disclosure as per Clause 32 of the Listing agreement and as per Schedule VI of the Companies Act, 1956.

Loans and advances given to Subsidiaries.		₹ Crore			
		Outstanding Balance	Maximum balance during the year		
		As at 31.03.11	As at 31.03.10	As at 31.03.11	As at 31.03.10
i) HCC Real Estate Ltd. (HREL)	Subsidiary	5.88	121.51	127.02	128.67
ii) Pune Paud Toll Road Company Ltd.	Subsidiary	29.14	22.74	29.14	22.74
iii) Western Securities Ltd.	Subsidiary	—	—	—	—
iv) Nirmal BOT Ltd.	Subsidiary of HCC Concessions Ltd.	—	33.19	38.31	41.18
v) HCC Mauritius Enterprise Ltd. (HMEL)	Subsidiary	65.04	0.06	207.78	0.06
vi) HCC Singapore Enterprise PTE Ltd.	Subsidiary	0.15	0.06	0.15	0.06
vii) HCC Concessions Ltd.	Subsidiary	559.05	136.63	559.05	136.63
viii) Panchkurir Developers Ltd.	Subsidiary	96.43	91.52	96.43	91.52
ix) HCC Aviation Ltd.	Subsidiary	11.29	10.67	15.57	14.07
x) Badarpur Faridabad Tollway Ltd.	Subsidiary of HCC Concessions Ltd.	13.72	15.36	27.94	54.65
xi) Charosa Wineries Ltd.	Subsidiary	—	—	0.03	—
xii) HCC Construction Ltd.	Subsidiary	0.01	0.05	0.05	0.05
xiii) Highbar Technologies Ltd.	Subsidiary	1.04	0.14	4.62	0.14
xiv) HCC Infrastructure Co. Ltd.	Subsidiary	1.09	—	1.10	—
xv) Hincan Technoconsult Ltd.	Subsidiary	—	—	0.04	—

SCHEDULE - Q (Contd.)

		₹ Crore			
		Outstanding Balance	Maximum balance during the year		
		As at 31.03.11	As at 31.03.10	As at 31.03.11	As at 31.03.10
xvi) Vikhroli Corporate Park Pvt. Ltd.	Associate	7.04	—	39.27	—
xvii) Karl Steiner AG	Subsidiary of HMEL	7.25	—	7.61	—
xviii) Lavasa Corporation Ltd.	Subsidiary of HREL	21.33	20.41	23.71	20.97
xix) Baharampore-Farakka Highways Ltd.	Subsidiary	11.42	—	12.26	—
xx) Farakka-Raiganj Highways Ltd.	Subsidiary	12.76	—	13.65	—
xxi) Raiganj-Dalkola Highways Ltd.	Subsidiary	7.46	—	8.25	—
xxii) Western Securities Ltd.	Subsidiary	0.50	0.50	0.50	0.50
Total		850.60	452.84		

- i) Inter Corporate Deposits are repayable on demand and interest is charged at market rates except interest free loan to the tune of ₹ 25.50 crores to Pune Paud Toll Road Company Limited with effect from 1st October, 2010.

20. Disclosure relating to Employee Benefits - As per Revised AS - 15

		₹ Crore			
		2010-11 Non Funded	2009-10 Non Funded		
		Gratuity	Leave Encashment	Gratuity	Leave Encashment
A. Expenses recognised in the statement of Profit & Loss Account for the year ended 31.03.2011					
1.	Current Service Cost	2.79	2.75	2.50	2.40
2.	Interest Cost	1.68	0.91	1.50	0.86
3.	Expected Return on Plan Assets	—	—	—	—
4.	Net Actuarial (Gain) / Loss recognised during the year	1.47	1.99	(0.20)	(0.97)
5.	Settlements cost/ others	0.21	0.07	0.62	0.31
Total Expenses		6.15	5.72	4.42	2.60
B. Net Asset / (Liability) recognised in the Balance Sheet					
1.	Present value of the obligation.	24.18	15.12	21.41	11.75
2.	Fair value of Plan Assets	—	—	—	—
3.	Funded Status (surplus / deficit)	—	—	—	—
Net Asset / (Liability) recognised in the Balance Sheet		24.18	15.12	21.41	11.75
4.	Add: a. Provision for separated employees/Others	0.40	0.38	0.46	0.13
	b. Provision at overseas branch	—	0.15	—	0.14
Total provision (refer schedule 'I')		24.58	15.65	21.87	12.02

SCHEDULE - Q (Contd.)

₹ Crore

	2010-11 Non Funded		2009-10 Non Funded	
	Gratuity	Leave Encash- ment	Gratuity	Leave Encash- ment
C. Change in Present value of obligation				
1. Present value of obligation as on 1st April, 2010	21.00	11.40	19.95	11.42
2. Current Service Cost	2.79	2.75	2.50	2.40
3. Interest Cost	1.68	0.91	1.50	0.86
4. Benefits paid	(2.76)	(1.93)	(2.34)	(1.95)
5. Net Actuarial (Gain) / Loss recognised during the year	1.47	1.99	(0.20)	(0.98)
Present value of obligation as per actuarial valuation as at 31st March, 2011	24.18	15.12	21.41	11.75
6. Add: a. Provision for separated employees/others	0.40	0.38	0.46	0.13
b. Provision at overseas branch	—	0.15	—	0.14
Total Provision (refer schedule 'I')	24.58	15.65	21.87	12.02

D. Actuarial assumptions:

- Discount Rate 8.00% p.a. 8.00% p.a.
- Salary Escalation - over a long term 7.50% p.a. 7.50% p.a.
- Mortality rate LIC (1994-96) ultimate LIC (1994-96) ultimate
- Average future working lifetime 20 years. 20 years.
- The attrition rate varies from 2% to 8% (previous year 2% to 8%) for various age groups.

E. Accumulated compensated absences (non vesting)

Actuarial valuation of sick leave has been made on 31.03.2011. Provision in respect of this benefit amounts to ₹ 2.17 crore for the financial year ending 31.03.2011 (previous year ₹ 1.54 Crore).

21. Disclosure in accordance with Accounting Standard -18 Related Party Transactions

A. Names of Related Parties & Nature of Relationship
a) Subsidiaries & its Subsidiaries:

- Hincon Technoconsult Ltd.
- Western Securities Ltd.
- Pune Paud Toll Road Company Ltd.
- HCC Real Estate Ltd.
- HCC Singapore Enterprises Pte Ltd.
- HCC Mauritius Enterprises Ltd.
- Nirmal BOT Ltd.
- HCC Aviation Ltd.
- Badarpur Faridabad Tollways Ltd.
- HCC Concessions Ltd.
(Previously HCC Infrastructure Ltd.)
- HCC Infrastructure Company Ltd.
- HCC Construction Ltd.
- Panchkutir Developers Ltd.
- Highbar Technologies Ltd.

SCHEDULE - Q (Contd.)

- Baharampore-Farakka Highways Ltd.
- Farakka-Raiganj Highways Ltd.
- Raiganj-Dalkhola Highways Ltd.
- HRL Township Developers Ltd.
- HRL (Thane) Real Estate Ltd.
- Maan Township Developers Ltd.
(Previously Hinjewadi Township Ltd.)
- Nashik Township Developers Ltd.
- Charosa Wineries Ltd.
- Powai Real Estate Developers Ltd.
- Lavasa Corporation Ltd.
- HCC Realty Ltd.
- Lavasa Hotels Ltd.
- Osprey Hospitality Ltd.
- Mugaon Luxury Hotels Ltd.
- Appolo Lavasa Health Corporation Ltd.
- Our Home Services Apartments Ltd.
- Hill City Service Apartments Ltd.
- Kart Racers Ltd.
- Rosebay Hotels Limited
- Warasgaon Valley Hotels Limited
- Dasve Business Hotels Ltd.
- Dasve Convention Centre Ltd.
- Lakeshore Watersport Company Ltd.
- Lakeview Clubs Ltd.
- Dasve Hospitality Institutes Ltd.
- Dasve Retails Ltd.
- Spotless Laundry Services Ltd
- Lavasa Bamboocraft Ltd.
- Green Hill Residences Ltd.
- Future City Multiservices SEZ Ltd.
(Previously Minfur Interior Technologies Ltd.)
- Full Spectrum Adventure Ltd.
- My City Technology Ltd.
- Reasonable Housing Ltd.
- Starlit Resort Limited
- Rhapsody Commercial Space Ltd.
(Previously Rhapsody Hospitality Ltd.)
- Sirrah Palace Hotels Ltd.
- Andromeda Hotels Ltd.
- Valley View Entertainment Ltd.
- Whistling Thrush Facilities Services Ltd.
- Warasgaon Power Supply Ltd.
- Sahyadri City Management Ltd.
- Warasgaon Tourism Ltd.
- Klemanor Investments Ltd. (w.e.f. 24.3.2010)
- Karl Steiner AG, Switzerland
- Warasgaon Infrastructure Providers Ltd.
- Nature Lovers Retail Limited
- Steiner Promotions et Paricipations SA
- Eurohotel SA
- VM+ST AG
- Steiner (Deutschland) GmbH
- Steiner Léman SAS
- SNC Valleiry Route de Bloux
- Highbar Technologies FZLLC

SCHEDULE - Q (Contd.)
b) Integrated Joint Ventures:

- i) Nathpa Jhakri Joint Venture
- ii) HCC-Pati Joint Venture
- iii) Kumagai-Skanska-HCC-Itochu Group
- iv) HCC-L & T Purulia Joint Venture
- v) Alpine - Samsung - HCC Joint Venture
- vi) Alpine - HCC Joint Venture
- vii) Dhule Palesner Tollway Ltd.
- viii) ARGE Prime Tower, Zürich

c) Other Related Parties:

- 1) Hincan Holdings Ltd.
- 2) Vikhroli Corporate Park (ceased to exist with effect from 28.06.2010)
- 3) Vikhroli Corporate Park Pvt. Ltd.(with effect from 22.7.2010)
- 4) Knowledge Vista Ltd. (Previously GDXT Oxford International School Ltd.) (ceased to be subsidiary with effect from 23.04.2010)
- 5) Gulabchand Foundation (formed under section 25 of Companies' Act, 1956)
- 6) Hincan Finance Ltd.
- 7) Warasgaon Lake View Hotels Limited (Previously known as Lavasa Star Hotel Limited)
- 8) Verzon Hospitality Ltd.
- 9) Evostate AG, Zürich
- 10) MCR Managing Corp. Real Estate, Zürich
- 11) Projektentwicklungsges. Parking Kunstmuseum AG, Basel

B. Key Management Personnel

- i) Shri Ajit Gulabchand Chairman & Managing Director
- ii) Shri Vinayak Deshpande President (EPC & Construction)
- iii) Shri Praveen Sood Group Chief Financial Officer
- iv) Shri V. P. Kulkarni Company Secretary

C. Transactions with Related Parties:

₹ Crore			
Nature of Transactions	Subsidiary Companies	Integrated JV's	Other Related Parties
Purchase of Construction materials and Spares			
Alpine-HCC Joint Venture	— (—)	0.09 (0.07)	— (—)
Nirmal BOT Ltd.	— (0.30)	— (—)	— (—)
Total	— (0.30)	0.09 (0.07)	— (—)
Purchase of Fixed Assets			
Alpine-HCC Joint venture	— (—)	0.01 (—)	— (—)
Highbar Technologies Ltd.	0.88 (—)	— (—)	— (—)
Total	0.88 (—)	0.01 (—)	— (—)
Sale of Construction materials and Spares			
Badarpur Faridabad Tollways Ltd.	1.49 (0.16)	— (—)	— (—)
Alpine-Samsung-HCC Joint venture	— (—)	— (0.03)	— (—)
Total	1.49 (0.16)	— (0.03)	— (—)

SCHEDULE - Q (Contd.)

₹ Crore

Nature of Transactions	Subsidiary Companies	Integrated JV's	Other Related Parties
Rendering of Services / Financial Income			
Lavasa Corporation Ltd.	15.35 (12.37)	— (—)	— (—)
HCC Real Estate Ltd.	— (7.13)	— (—)	— (—)
HCC Concessions Ltd. (Formerly HCC Infrastructure Ltd.)	23.95 (5.50)	— (—)	— (—)
HCC Aviation Ltd.	— (4.01)	— (—)	— (—)
Alpine-Samsung-HCC Joint venture	— (—)	— (—)	— (—)
HCC Mauritius Enterprises Ltd.	— (—)	— (—)	— (—)
Alpine-HCC Joint venture	— (—)	0.18 (1.76)	— (—)
Alpine-Samsung-HCC Joint venture	— (—)	— (0.22)	— (—)
Vikhroli Corporate Park	— (—)	— (—)	11.99 (0.76)
Others	12.67 (3.51)	— (—)	0.63 (—)
Total	51.97 (32.52)	0.18 (1.98)	12.62 (0.76)
Donation			
Gulabchand Foundation	— (—)	— (—)	3.00 (3.00)
Receiving of Services			
Hincan Technoconsult Ltd.	— (0.54)	— (—)	— (—)
Hincan Holdings Ltd.	— (—)	— (—)	1.28 (0.88)
Western Securities Ltd.	— (0.11)	— (—)	— (—)
HCC Aviation Ltd.	12.63 (3.15)	— (—)	— (—)
Highbar Technologies Ltd.	8.82 (—)	— (—)	— (—)
Vikhroli Coprorate Park	— (—)	— (—)	2.34 (6.05)
Vikhroli Coprorate Park Pvt Ltd.	— (—)	— (—)	12.44 (—)
HCC Real Estate Ltd.	7.45 (—)	— (—)	— (—)
Others	0.33 (—)	— (—)	0.28 (—)
Total	29.23 (3.80)	— (—)	11.66 (6.93)
Work Bill Receipts			
Nirmal BOT Ltd.	— (36.01)	— (—)	— (—)
Badarpur Faridabad Tollways Ltd.	108.09 (160.06)	— (—)	— (—)
Dhule Palesner Tollway Ltd.	— (—)	293.57 (62.88)	— (—)

SCHEDULE - Q (Contd.)

₹ Crore

Nature of Transactions	Subsidiary Companies	Integrated JV's	Other Related Parties
Vikhroli Corporate Park	— (—)	— (—)	15.00 (—)
Vikhroli Corporate Park Pvt Ltd.	— (—)	— (—)	35.00 (—)
Baharampore Farakka Highways Ltd.	92.64 (—)	— (—)	— (—)
Farakka Raiganj Highways Ltd.	77.51 (—)	— (—)	— (—)
Others	25.87 (12.44)	— (—)	— (—)
Total	304.11 (208.51)	293.57 (62.88)	50.00 (—)
Advances received / recovered			
Nirmal BOT Ltd.	31.50 (4.40)	— (—)	— (—)
Badarpur Faridabad Tollways Ltd.	— (23.48)	— (—)	— (—)
Dhule Palesner Tollway Ltd.	— (—)	36.63 (36.63)	— (—)
Baharampore Farakka Highways Ltd.	156.00 (—)	— (—)	— (—)
Farakka Raiganj Highways Ltd.	183.00 (—)	— (—)	— (—)
Raiganj Dalkola Highways Ltd.	102.19 (—)	— (—)	— (—)
Others	23.25 (0.14)	— (—)	— (—)
Total	495.94 (28.02)	36.63 (36.63)	— (—)
Share application money given during the year			
Dhule Palesner Tollway Ltd.	— (—)	— (6.33)	— (—)
Baharampore Farakka Highways Ltd.	11.42 (—)	— (—)	— (—)
Farakka Raiganj Highways Ltd.	12.75 (—)	— (—)	— (—)
Raiganj Dalkola Highways Ltd.	7.45 (—)	— (—)	— (—)
Total	31.62 (—)	— (6.33)	— (—)
Advances given / repaid			
Nirmal BOT Ltd.	— (15.11)	— (—)	— (—)
Badarpur Faridabad Tollways Ltd.	50.21 (9.00)	— (—)	— (—)
Dhule Palesner Tollway Ltd.	— (—)	20.36 (—)	— (—)
Others	0.09 (0.54)	— (—)	— (—)
Total	50.30 (24.65)	20.36 (—)	— (—)

SCHEDULE - Q (Contd.)

₹ Crore

Nature of Transactions	Subsidiary Companies	Integrated JV's	Other Related Parties
Equity Contribution made during the year			
Badarpur Faridabad Tollways Ltd.	— (43.81)	— (—)	— (—)
Dhule Palesner Tollway Ltd.	— (—)	6.33 (0.13)	— (—)
Baharampore-Farakka Highways Ltd.	— (0.03)	— (—)	— (—)
HCC Real Estate Ltd.	169.90 (—)	— (—)	— (—)
Farakka-Raiganj Highways Ltd.	— (0.03)	— (—)	— (—)
Raiganj-Dalkhola Highways Ltd.	— (0.03)	— (—)	— (—)
HCC Mauritius Enterprises Ltd.	22.17 (—)	— (—)	— (—)
Vikhroli corporate Pvt Ltd.	— (—)	— (—)	0.20 (—)
Othres	3.69 (0.10)	— (—)	— (—)
Total	195.76 (43.94)	6.33 (0.13)	0.20 (—)
Outstanding Receivables			
Nirmal BOT Ltd.	— (58.14)	— (—)	— (—)
HCC Real Estate Ltd.	— (121.52)	— (—)	— (—)
HCC Concessions Ltd. (Formerly HCC Infrastructure Ltd.)	559.04 (136.63)	— (—)	— (—)
Panchkutir Developers Limited	96.43 (91.52)	— (—)	— (—)
Vikhroli Corporate Park Pvt. Ltd.	— (—)	— (—)	7.04 (—)
Nathpa Jhakri Joint Venture	— (—)	10.99 (8.05)	— (—)
Alpine-HCC Joint venture	— (—)	— (8.38)	— (—)
HCC-L & T-Purulia Joint Venture	— (—)	— (1.89)	— (—)
Vikhroli Coprorate Park	— (—)	— (—)	— (20.22)
Dhule Palesner Tollway Ltd.	— (—)	83.11 (—)	— (—)
Others	168.95 (57.54)	9.25 (0.53)	— (—)
Total	824.42 (465.35)	103.35 (18.85)	7.04 (20.22)
Share Warrant forfeited during the year			
Hincon Holdings Ltd.	— (—)	— (—)	— (12.56)
Total	— (—)	— (—)	— (12.56)

SCHEDULE - Q (Contd.)

₹ Crore

Nature of Transactions	Subsidiary Companies	Integrated JV's	Other Related Parties
Outstanding Payables			
HCC- Pati JV	— (—)	2.71 (2.71)	— (—)
Alpine-Samsung-HCC Joint venture	— (—)	16.02 (1.74)	— (—)
Hincon Holdings Ltd.	— (—)	— (—)	0.90 (12.00)
HCC Real Estate Ltd.	37.12 (—)	— (—)	— (—)
Baharampore - Farakka Highway Ltd.	97.46 (—)	— (—)	— (—)
Farakka - Raiganj Highway Ltd.	103.54 (—)	— (—)	— (—)
Raiganj-Dalkhola Highways Ltd.	71.09 (—)	— (—)	— (—)
Badarpur Faridabad Tollways Ltd.	— (2.55)	— (—)	— (—)
Hincon Finance Ltd.	— (—)	— (—)	0.41 (—)
Others	1.21 (—)	— (—)	— (4.33)
Total	310.42 (2.55)	18.73 (4.45)	1.31 (16.33)

Intercompany Deposit given / repaid during the year

Vikhroli Corporate Park	— (—)	— (—)	— (24.50)
HCC Real Estate Ltd.	159.50 (114.05)	— (—)	— (—)
Hincon Holdings Ltd.	— (—)	— (—)	18.00 (—)
HCC Mauritius Ent. Ltd.	191.01 (—)	— (—)	— (—)
Vikhroli Corporate Park Pvt. Ltd.	— (—)	— (—)	28.90 (—)
HCC Concessions Ltd.	418.12 (123.93)	— (—)	— (—)
Others	25.54 (43.39)	— (—)	3.50 (0.85)
Total	794.17 (281.37)	— (—)	50.40 (25.35)

Corporate Guarantees given and outstanding at the end of the year.

HCC Real Estate Limited	— (423.93)	— (—)	— (—)
Lavasa Corporation Ltd.	606.55 (555.44)	— (—)	— (—)
HCC Concessions Ltd.	100.00 (—)	— (—)	— (—)
Others	124.77 (42.55)	— (—)	— (—)
Total	831.32 (1,021.92)	— (—)	— (—)

SCHEDULE - Q (Contd.)

₹ Crore

Nature of Transactions	Subsidiary Companies	Integrated JV's	Other Related Parties
Corporate Guarantees taken and outstanding at the end of the year.			
HCC Real Estate Limited	1000.00 (1,000.00)	— (—)	— (—)
Total	1000.00 (1,000.00)	— (—)	— (—)
Intercompany Deposit received/ recovered during the year			
HCC Real Estate Ltd.	310.05 (6.50)	— (—)	— (—)
Hincon Holdings Ltd.	— (—)	— (—)	7.00 (12.75)
Badarpur Faridabad Tollways Ltd.	— (25.00)	— (—)	— (—)
Vikhroli Corporate Park Pvt Ltd.	— (—)	— (—)	28.90 (10.21)
HCC Mauritius Enterprises Ltd.	136.68 (—)	— (—)	— (—)
Others	18.64 (0.60)	— (—)	0.75 (—)
Total	465.37 (32.10)	— (—)	36.65 (22.96)

Bank Guarantees given outstanding as at the end of the year

Alpine-Samsung-HCC Joint venture	— (—)	65.25 (78.45)	— (—)
Alpine-HCC Joint venture	— (—)	20.95 (24.38)	— (—)
HCC-L&T Purulia JV	— (—)	22.11 (22.12)	— (—)
Total	— (—)	108.31 (124.95)	— (—)

Sale of Investment during the year

Nirmal BOT Ltd.	31.50 (—)	— (—)	— (—)
Badarpur Faridabad Tollways Ltd.	43.86 (—)	— (—)	— (—)
Total	75.36 (—)	— (—)	— (—)

Note: Figures in bracket pertain to previous year.

- D. i) Details of Transactions relating to persons referred to in item (B) above

Nature of Transactions	For the year ended 31st March, 2011 ₹ Crore	For the year ended 31st March, 2010 ₹ Crore
Remuneration	10.59	14.63
Salary of Ms. Shalaka Gulabchand Dhawan (Daughter of Shri Ajit Gulabchand)	0.71	0.65
Salary of Mr. Arjun Dhawan (Son-In-Law of Shri Ajit Gulabchand)	1.69	—
Rent received from Mr. Praveen Sood	—	0.02

SCHEDULE - Q (Contd.)

ii) Options granted to Key Management Personnel under Employees' Stock Option Scheme have been doubled pursuant to issuance of Bonus Equity Shares			
Number of Options Granted			
		As at 31st March, 2011	As at 31st March, 2010
i)	Shri K.G. Tendulkar	247,040	617,600
ii)	Shri Vinayak Deshpande	387,500	193,750
iii)	Shri Praveen Sood	549,000	274,500
iv)	Shri V. P. Kulkarni	274,400	137,200
22. Employees Stock Option Scheme:			
a.	Options granted	i) The Company offered 44,58,800 Stock Options on April 25, 2008 (each option carrying entitlement for one equity share of the face value of Re.1/- each) at a price of ₹132.50 per equity share. Out of the total Stock Options offered, 8,98,180 have been lapsed on account of resignation / retirement by employees. In accordance with the approval of the Board of Directors and the Shareholders of the Company, the ESOP Compensation Committee at its meeting held on July 20, 2009 had repriced 41,31,600 options at ₹ 104.05 per equity share	
		ii) The ESOP Compensation committee at its meeting held on 23rd October 2008 granted 1,93,750 options at an exercise price of ₹ 43.40 per equity share. The ESOP Compensation Committee of the Company at its Meeting held on August 12, 2010 has decided to double the number of employee stock options (vested and unvested but not exercised and in-force as on the Record Date i.e. August 11, 2010) and halved the exercise price on account of issuance and allotment of Bonus Equity Shares in the proportion of 1:1 Accordingly, 35,53,760 employee stock options in-force granted by the Company on April 25, 2008 have been doubled i.e. 71,07,520 and the exercise price in respect of the same has been halved i.e. it has been reduced from ₹ 104.05 to ₹ 52.03 and 1,93,750 employee stock options granted by the Company on October 23, 2008 have been doubled i.e. 3,87,500 and the exercise price in respect of the same has been halved i.e. it has been reduced from ₹ 43.40 to ₹ 21.70.	
b.	Settlement	Through Equity Shares.	
c.	Options vested	33,17,780. Options shall not be vested before the expiry of 1 year and not after 4 years from the date of grant of Options.	
d.	Outstanding at the beginning of the year	4,325,350	
e.	Granted during the year	NIL	
f.	Additional Options granted on account of Bonus issue	3,747,510	
g.	Forfeited during the year	NIL	
h.	Exercised during the year	26,860	
i.	Expired / cancelled during the year	948,500	
j.	Outstanding at the end of the year	7,097,500	
k.	Exercisable at the end of the year	NIL	

SCHEDULE - Q (Contd.)

		As at 31.03.2011	As at 31.03.2010
23. Earnings per share:			
Basic EPS			
A.	Profit computation for basic earnings per share of ₹ 1/-each		
	Net Profit as per Profit & Loss Account available for Equity shareholders (₹ Crore)	71.00	81.44
B.	Weighted average number of Equity shares for EPS computation (Nos.)	606524339	582290981
C.	EPS (weighted average) Basic EPS (before and after Extraordinary Items) (₹)	1.17	1.40
Diluted EPS			
A.	Profit computation for diluted earnings per share of Re.1/-each		
	Net Profit as per Profit & Loss Account available for Equity shareholders (₹ Crore)	71.00	81.44
B.	Weighted average number of Equity shares for EPS computation (Nos.)	614007940	625950444
	Diluted EPS (before and after Extraordinary Items) (₹)	1.16	1.30
24. Income From operations.			
		For the year ended 31st March, 2011 ₹ Crore	For the year ended 31st March, 2010 ₹ Crore
	Work Bills, Received Gross	3,858.26	3,410.50
	Add: Accretion/ (Decretion) in Work in progress	190.17	231.68
	Contract revenue	4,048.43	3,642.18
25. During the year, the Company has acquired 66% stake in Zurich-based Karl Steiner AG, which is engaged in the business of building construction after obtaining all regulatory approvals in India and in Switzerland, for a total consideration of ₹ 142.66 Crores, through its wholly owned subsidiary HCC Mauritius Enterprises Ltd.			
26. (a) Lavasa Corporation Ltd., a subsidiary has issued Deep Discount Convertible Debentures (DDCD) & Compulsory Convertible Preference Shares (CCPS) convertible into ordinary shares. The particulars, terms of issue and the status of conversion as at March 31, 2011 are as under:			
i)	Axis Bank has subscribed ₹ 225 crores in the form of Deep Discount Convertible Debentures ("DDCD"). This DDCD carry a coupon of 3.52% per annum on the face value of DDCD and have a maximum tenor of 5 years. The investor has an option to convert DDCD into equity shares of the Company at anytime within 5 years at an equity valuation of ₹ 10,000 crores from the closing date or at the time of Initial Public Offer (IPO) whichever is earlier. This DDCD is compulsorily convertible at the end of 5 years at an equity valuation of ₹ 10,000 crores. The Investor and HCC Ltd. have a put/call option respectively to sell / purchase the DDCD from 36th months upto 60th months from the closing date. During the year, the above DDCD is sub-divided into 225 DDCDs of a face value of ₹ 1,72,17,777.78 each.		

SCHEDULE - Q (Contd.)

- ii) Bank of India has subscribed ₹ 150 crores in the form of Deep Discount Convertible Debentures ("DDCD"). This DDCD carry a coupon of 6% per annum on the subscription amount and have a maximum tenor of 5 years. The investor has an option to convert DDCD into equity shares at anytime within 5 years from the closing date at an equity valuation of ₹ 10,000 crores or at the time of Initial Public Offer (IPO) whichever is earlier. DDCDs are compulsorily convertible at the end of 5 years at an equity valuation of ₹ 10,000 crores. The Investor and HCC Ltd. have a put /call option respectively to sell / purchase the DDCD at the end of 39th, 48th and 60th month from the closing date. During the year, the above DDCD is sub-divided into 15 DDCDs of a face value of ₹ 15,66,10,153 each. on 15th November, 2010 the Company has pre-paid 9 DDCDs.
- iii) Allahabad Bank has subscribed ₹ 50 crores in the form of Deep Discount Convertible Debentures ("DDCD"). This DDCD carry a coupon of 6% per annum on the subscription amount and have a maximum tenor of 5 years. The investor has an option to convert DDCDs into equity shares at anytime within 5 years from the closing date at an equity valuation of ₹ 10,000 crores or at the time of Initial Public Offer (IPO) whichever is earlier. DDCDs are compulsorily convertible at the end of 5 years at an equity valuation of ₹ 10,000 crores. The Investor and HCC Ltd. have a put /call option respectively to sell / purchase the DDCD at the end of 39th, 48th and 60th month from the closing date.
- iv) IndusInd Bank has subscribed ₹ 50 crores in the form of Deep Discount Convertible Debentures ("DDCD"). This DDCD carry a coupon of 6% per annum on the subscription amount and have a maximum tenor of 5 years. The investor has an option to convert DDCD into equity shares of the Company at anytime within 5 years from the closing date at an equity valuation of ₹ 10,000 crores. The Investor and HCC Ltd. have a put /call option respectively to sell / purchase the DDCD at the end of 36th, 48th and 60th month from the closing date.
- v) Andhra Bank had subscribed ₹ 25 crores in the form of Deep Discount Convertible Debentures ("DDCD"). This DDCD carried a coupon of 6% per annum on the subscription amount and had a maximum tenor of 5 years. The investor had an option to convert DDCD into equity shares at anytime within 5 years from the closing date at an equity valuation of ₹ 10,000 crores or at the time of Initial Public Offer (IPO) whichever is earlier. This DDCD was compulsorily convertible at the end of 5 years at an equity valuation of ₹ 10,000 crores. The Investor and HCC Ltd. had a put /call option respectively to sell / purchase the DDCD at the end of 39th, 48th and 60th month from the closing date. On 3rd September, 2010 the Company has pre-paid the full outstanding amount of the said DDCD.
- vi) United Bank of India had subscribed ₹ 50 crores in the form of Deep Discount Convertible Debentures ("DDCD"). This DDCD carried a coupon of 6% per annum on the subscription amount and had a maximum tenor of 5 years. The investor had an option to convert DDCD into equity shares at anytime within 5 years from the closing date at an equity valuation of ₹ 10,000 crores or at the time of Initial Public Offer (IPO) whichever is earlier. This DDCD was compulsorily convertible at the end of 5 years at an equity valuation of ₹ 10,000 crores. The Investor and HCC Ltd. had a put /call option respectively to sell / purchase the DDCD at the end of 39th, 48th and 60th month from the closing date. On 23rd November, 2010

SCHEDULE - Q (Contd.)

- the Company has pre-paid the full outstanding amount of the said DDCD.
- vii) Allahabad Bank has subscribed ₹ 50 crores in the form of Deep Discount Convertible Debentures ("DDCD"). This DDCD carry a coupon of 6% per annum on the subscription amount and have a maximum tenor of 5 years. The investor has an option to convert DDCDs into equity shares at anytime within 5 years from the closing date at an equity valuation of ₹ 10,000 crores or at the time of Initial Public Offer (IPO) whichever is earlier. DDCDs are compulsorily convertible at the end of 5 years at an equity valuation of ₹ 10,000 crores. The Investor and HCC Ltd. have a put /call option respectively to sell / purchase the DDCD at the end of 39th, 48th and 60th month from the closing date.
- viii) ICICI Bank Limited has subscribed ₹ 250 crores in the form of Deep Discount Convertible Debentures ("DDCD"). This DDCD carry a coupon of 6% per annum on the subscription amount and have a maximum tenor of 5 years. The investor has an option to convert DDCDs into equity shares at anytime within 5 years from the closing date at an equity valuation of ₹ 10,000 crores or at the time of Initial Public Offer (IPO) whichever is earlier. DDCDs are compulsorily convertible at the end of 5 years at an equity valuation of ₹ 10,000 crores. The Investor and HCC Ltd. have a put /call option respectively to sell / purchase the DDCD at the end of 36th, 48th and 60th month from the closing date.
- ix) Axis Bank has subscribed ₹ 25 crores in the form of Compulsory Convertible Preference Shares ("CCPS"). This CCPS carry a coupon of 0.001% per annum on the subscription amount of CCPS. The CCPS have a maximum tenor of 5 years. The Investor has an option to convert the CCPS into equity shares of the Company at any time within 5 years from the Closing Date. Axis Bank and HCC Ltd. have the put /call option respectively to sell / purchase the CCPS at the end of 36th, 48th and 60th month from the closing date.
- (b) Lavasa Corporation Ltd., a subsidiary has issued Non Convertible Debentures (NCD). The particulars, terms of issue as at March 31, 2011 are given below:
 - i) Jammu & Kashmir Bank Limited had subscribed ₹ 100 crores in the form of Deep Discount Convertible Debentures ("DDCD"). On 3rd September 2010, vide supplementary agreement, bank has converted the existing DDCD into 1 (one) Non Convertible Debenture ("NCD") aggregating ₹ 100 crores for the tenor of 5 years. This NCD carry a coupon rate of 10.75% per annum, payable quarterly on subscription amount. The investor and HCC Ltd. have a put /call option respectively to sell / purchase the NCD at the end of 39th, 48th and 60th month from the closing date.
 - ii) Bank of India has subscribed ₹ 105 crores in the form of 1050 Non Convertible Debentures ("NCD") of face value ₹ 10,00,000 each on 19th November 2010 for the tenor of 3 years. These NCD carry a coupon rate of 12.50% per annum, payable yearly on subscription amount. The investor and HCC Ltd. have a put /call option respectively to sell / purchase the NCD at the end of 15th, 24th and 36th month from the closing date. The said NCD are listed on Bombay Stock Exchange (BSE) on 13th January 2011.
- 27. (i) The Company has invested ₹ 5.44 Crore in Pune Paud Toll Road Company Ltd. (PPTRCL), a subsidiary and has also given interest free loan of ₹ 25.5 Crore. The Network of PPTRCL is negative as on 31st March' 2011 as the accumulated losses of the Company at ₹ 29.75 crores have exceeded the paid up

SCHEDULE - Q (Contd.)

share capital of the Company amounting to ₹ 6.06 Crores by ₹ 23.70 Crores. Following are the positive developments:-

- a) Management is expecting that the toll collection would accelerate during the balance tenure part of the Concessions period due to the economic development of the area and in particular due to the large scale township development namely, "LAVASA" and the planned ring road development extending the municipal limits of city of Pune beyond present toll plaza.
- b) The Company has also taken up the matter with appropriate authorities, the issue of local people's resistance to pay toll charges and frequent disturbance created including damage to the toll plaza resulting in significant impact on toll collection and requested them to arrive at remedial measures.
- c) The PPTRCL has also started discussion with the appropriate authorities to restructure Concession terms to compensate for the lower revenue.

As per our report attached
For K.S.AIYAR & CO.

Chartered Accountants
Registration No. 100186W

VINAYAK DESHPANDE
President

RAGHUVIR M. AIYAR
Partner
Membership No. 38128

PRAVEEN SOOD
Group Chief Financial Officer

VITHAL P. KULKARNI
Company Secretary

Mumbai, Dated: 29th April, 2011

SCHEDULE - Q (Contd.)

- (ii) The Company has invested in HCC Aviation Limited (HAL), a wholly owned subsidiary ₹ 0.05 Crore and has given an advance of ₹ 11.29 Crore. The Networth of HAL is negative as on 31st March, 2011 as the accumulated losses of the Company of ₹ 8.55 Crores have exceeded the paid up share capital of the Company amounting to ₹ 0.05 Crores by ₹ 8.50 Crores.

On consideration of the long term business outlook and future growth plans, in the above subsidiaries, the management is of the opinion that losses in both the companies are temporary in nature and going concern nature of the business is not adversely affected. In view of the above, no diminution in the value of investment is required and the loans and advances given are fully recoverable.

28. Figures for the previous year have been regrouped/recast, wherever necessary.
29. ' * ' represent amount less than ₹ 1,00,000.

AJIT GULABCHAND

Chairman & Managing Director

Y.H. MALEGAM
K.G.TENDULKAR
RAJAS R. DOSHI
RAM P. GANDHI
PROF. FRED MOAVENZADEH
D.M.POPAT
SHARAD M. KULKARNI
NIRMAL P. BHOGILAL
ANIL SINGHVI

Directors

Mumbai, Dated: 29th April, 2011

Cash Flow Statement for the year ended 31st March, 2011

		2010-11 ₹ Crore	2009-10 ₹ Crore
A. CASH FLOW FROM OPERATING ACTIVITIES			
Net Profit before tax and extraordinary items	111.67		121.84
Adjustments for :			
Depreciation	152.69		113.90
Interest expense	325.42		226.15
Interest/Dividend received	(37.60)		(21.24)
Unrealised Foreign Exchange (Gain)/Loss (net)	(9.05)		1.35
Loss on sale of Assets	2.53		16.25
(Profit) on sale of investment	—		(6.69)
Provision for Doubtful advances	(0.02)		0.09
		433.97	329.81
Operating profit before working capital changes		545.64	451.65
Adjustments for :			
Trade & Other receivable	(60.58)		(32.02)
Inventories	(928.20)		(779.70)
Trade payables	(63.05)		138.20
Client Advances (Interest Free)	688.33		293.91
		(363.50)	(379.61)
Cash Generated from operations		182.14	72.04
Direct Taxes paid	(81.86)		(37.62)
		(81.86)	(37.62)
NET CASH FLOW FROM OPERATING ACTIVITIES		100.28	34.42
B. CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of fixed assets	(242.27)		(286.38)
Sale of Fixed Assets	8.71		28.37
Decapitalisation of Fixed Assets	—		108.49
Purchase of Investments	(255.10)		(0.31)
Purchase of Investments in Subsidiaries	(202.33)		(43.81)
Sale of Investments	334.80		7.64
Inter Corporate Deposits	(376.25)		(249.26)
Interest received	34.51		20.02
Dividend received	2.08		0.24
		(695.85)	(415.00)
NET CASH USED IN INVESTING ACTIVITIES			
C. CASH FLOW FROM FINANCING ACTIVITIES			
Interest Paid	(327.66)		(222.94)
Repayment of lease finance liabilities	—		—
Proceeds from long term and other borrowings	956.69		193.88
Proceeds from issue of Shares to QIBs (net of expenses)	—		467.94
Proceeds from Issue of Shares under Employee Stock Option Plan	0.17		—
Dividend paid (including Dividend Distribution Tax)	(28.30)		(23.85)
		600.90	415.03
NET CASH USED IN FINANCING ACTIVITIES			
NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)		5.33	34.45
CASH AND CASH EQUIVALENTS AS AT 1/4/2010 (OPENING BALANCE)		188.32	153.87
UNREALISED FOREIGN EXCHANGE GAIN / (LOSS)	(0.16)		(0.17)
CASH AND CASH EQUIVALENTS	193.81		188.49
CASH AND CASH EQUIVALENTS AS AT 31/03/2011 (CLOSING BALANCE)		193.65	188.32
		5.33	34.45

NOTES : 1. Proceeds from Long Term and Other Borrowings are shown net of repayments.
2. Figures for the previous year have been regrouped /recast wherever necessary.

As per our report attached
For K.S.AIYAR & CO.

Chartered Accountants
Registration No. 100186W

VINAYAK DESHPANDE
President

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ANIL SINGHVI

Chairman & Managing Director

Directors

Mumbai, Dated: 29th April, 2011

Mumbai, Dated: 29th April, 2011

Additional Information Pursuant to Part IV of Schedule VI to the Companies Act, 1956

I. Registration Details

Registration No.	1228
State Code No.	11
Balance Sheet Date	31.03.2011

II. Capital Raised During the Year

(₹ in 000s)

Public Issue (Issue through the prospectus)	Nil
Rights Issue	Nil
Bonus Issue	Nil
Private Placement	Nil

III. Position of Mobilisation and Deployment of Funds

Total Liabilities	7,83,72,594
Total Assets	7,83,72,594

Sources of Funds

Paid-up Capital	6,06,553
Reserves & Surplus	1,46,15,184
Secured Loan	1,53,52,733
Unsecured Loan	1,93,61,150
Deferred Tax Liability	16,64,718

Application of Funds

Net Fixed Assets	1,20,99,739
Investments	53,13,137
Net Current Assets	3,41,87,463
Misc. Expenditure	—
Accumulated Losses	—

IV. Performance of Company

Gross Turnover/Total Income (Including Company's share of Turnover in Integrated Joint Ventures)	4,14,39,716
Less: Company's Share of Turnover in Integrated JV's	5,08,092
Net Total Income	4,09,31,624
Total Expenditure	3,99,59,752
Profit/(Loss) Before Tax	11,16,724
Profit/(Loss) After Tax	7,10,016
Net Surplus After Tax	
Basic EPS Annualised ₹	1.17
— before and after Extraordinary Items	
Diluted EPS Annualised ₹	1.16
— before and after Extraordinary Items	
Dividend Rate	40%

V. Generic Name of Principal

Product of Company (As per Monetary Terms)

Item Code No.	N.A
Product Description	Engineering & Construction

Statement Pursuant to Section 212 of the Companies Act, 1956 relating to Subsidiary Companies

Sr. No.	Name of the Subsidiary	The financial year of the subsidiary Company ended on	(a) Number of Shares held by holding Company as on the above date	(b) Extent of interest of the holding Company at the end of the financial year of the subsidiary	Date from which it became a subsidiary	The net aggregate amount of Profits/ (Losses) of the subsidiary so far as they concern the members of the holding Company not dealt with in the holding Company's accounts		The net aggregate amount of Profits/ (Losses) of the subsidiary so far as they concern the members of the holding Company dealt with in the holding Company's accounts		Changes in the interest of holding Company between the end of the subsidiary's financial year and 31st March, 2011	Material changes between the end of the subsidiary's financial year and 31st March, 2011 in: (i) Fixed Assets (ii) Investments (iii) Moneys lent by the subsidiary (iv) Moneys borrowed by the subsidiary other than for meeting current liabilities
						for the financial year of the subsidiary	for the previous financial years of the subsidiary since it became the holding Company's subsidiary	(i) for the financial year of the subsidiary	(ii) for the previous financial years of the subsidiary since it became the holding Company's subsidiary		
						₹ Lacs	₹ Lacs	₹ Lacs	₹ Lacs		
1	Hincon Technoconsult Ltd.	31.03.2011	10,00,000 Equity Shares of ₹ 10/- each	100.00%	3-30-1976	39.20	33.46	—	—	—	—
2	Western Secuties Ltd.	31.03.2011	19,57,500 Equity Shares of ₹ 10/- each	97.87%	28-02-1997	5.81	6.83	—	—	—	—
3	HCC Aviation Ltd.	31.03.2011	50,000 Equity Shares of ₹ 10/- each	100.00%	19-05-2008	(0.23)	(465.47)	—	—	—	—
4	HCC Singapore Enterprises PTE. Ltd.	31.03.2011	5,000 Ordinary Shares of USD.1 each	100.00%	18-12-2007	(3.97)	(3.20)	—	—	—	—
5	HCC Mauritius Enterprises Ltd.	31.03.2011	50,05,000 Ordinary Shares of USD.1 each	100.00%	17-01-2008	(473.84)	(3.03)	—	—	—	—
6	HCC Construction Limited	31.03.2011	50,000 Equity Shares of ₹ 10/- each	100.00%	05-03-2009	(0.20)	(4.76)	—	—	—	—
7	Highbar Technologies Limited	31.03.2011	50,000 Equity Shares of ₹ 10/- each	100.00%	25-11-2009	19.06	(18.16)	—	—	—	—
8	Highbar Technologies FZ LLC	31.03.2011	50 Equity Shares of AED 1000/- each	100.00%	20-09-2010	(26.94)	—	—	—	—	—
9	Pune Paud Toll Road Ltd.	31.03.2011	54,44,500 Equity Shares of ₹ 10/- each	96.50%	17-03-2005	(782.31)	(1,008.78)	—	—	—	—
10	Nirmal BOT Ltd.	31.03.2011	3,15,00,000 Equity Shares of ₹ 10/- each	100.00%	19-09-2006	(673.82)	(78.31)	—	—	—	—
11	HCC Concessions Ltd (Formerly known as HCC Infrastructure Ltd)	31.03.2011	50,000 Equity Shares of ₹ 10/- each	100.00%	14-02-2008	12.63	(1,275.32)	—	—	—	—
12	HCC Infrastructure Company Ltd	31.03.2011	2,50,000 Equity Shares of ₹ 10/- each	100.00%	13-12-2010	(204.77)	—	—	—	—	—
13	Badarpur Faridabad Tollway Ltd.	31.03.2011	8,60,00,000 Equity Shares of ₹ 10/- each	100.00%	17-07-2008	(1,878.95)	N.A.	—	—	—	—
14	Baharpore Farakka Highways Limited	31.03.2011	50,000 Equity Shares of ₹ 10/- each	100.00%	11-03-2010	—	—	—	—	—	—
15	Farakka Raiganj Highways Limited	31.03.2011	50,000 Equity Shares of ₹ 10/- each	100.00%	11-03-2010	—	—	—	—	—	—
16	Raiganj Dalkhola Highways Limited	31.03.2011	50,000 Equity Shares of ₹ 10/- each	100.00%	11-03-2010	—	—	—	—	—	—
17	Panchkutir Developers Ltd.	31.03.2011	100,000 Equity Shares of ₹ 10/- each	100.00%	30-06-2008	(323.66)	(251.95)	—	—	—	—
18	HCC Real Estate Ltd.	31.03.2011	44,128,790 Equity Shares of ₹ 10 each	100%	15-06-2005	759.34	364.39	—	—	—	—
19	HCC Realty Limited	31.03.2011	50,000 Equity Shares of ₹ 10/- each	100%	18-02-2010	(0.49)	—	—	—	—	—
20	Lavasa Corporation Limited	31.03.2011	3,07,05,203 Equity Shares of ₹ 10 each and 1,59,00,897 6% Cumulative Preference Shares of ₹ 10 each	64.99%	14-04-2006	7,269.34	16,158.03	—	—	—	—
21	HRL Township Developers Limited	31.03.2011	1,00,000 Equity Shares of ₹ 10/- each	100%	02-08-2006	(14.11)	(32.65)	—	—	—	—
22	HRL (Thane) Real Estate Limited	31.03.2011	1,00,000 Equity Shares of ₹ 10/- each	100%	03-08-2006	(2.59)	(10.15)	—	—	—	—
23	Nashik Township Developers Limited	31.03.2011	1,00,000 Equity Shares of ₹ 10/- each	100%	31-01-2007	(2.57)	(20.22)	—	—	—	—
24	Maan Township Developers Limited, (formerly Hinjewadi Township Developers Limited)	31.03.2011	1,00,000 Equity Shares of ₹ 10/- each	100%	02-02-2007	(2.59)	(17.18)	—	—	—	—

Sr. No.	Name of the Subsidiary	The financial year of the subsidiary Company ended on	(a) Number of Shares held by holding Company as on the above date	(b) Extent of interest of the holding Company at the end of the financial year of the subsidiary	Date from which it became a subsidiary	The net aggregate amount of Profits/ (Losses) of the subsidiary so far as they concern the members of the holding Company not dealt with in the holding Company's accounts		The net aggregate amount of Profits/ (Losses) of the subsidiary so far as they concern the members of the holding Company dealt with in the holding Company's accounts		Changes in the interest of holding Company between the end of the subsidiary's financial year and 31st March, 2011	Material changes between the end of the subsidiary's financial year and 31st March, 2011 in: (i) Fixed Assets (ii) Investments (iii) Moneys lent by the subsidiary (iv) Moneys borrowed by the subsidiary other than for meeting current liabilities
						for the financial year of the subsidiary	for the previous financial years of the subsidiary since it became the holding Company's subsidiary	(i) for the financial year of the subsidiary	(ii) for the previous financial years of the subsidiary since it became the holding Company's subsidiary		
						₹ Lacs	₹ Lacs	₹ Lacs	₹ Lacs		
25	Lavasa Hotel Limited	31.03.2011	50,000 Equity Shares of ₹ 10/- each	64.99%	01-09-2007	(165.58)	(303.03)	—	—	—	—
26	Charosa Wineries Limited	31.03.2011	50,00,000 Equity Shares of ₹ 10/- each	100%	11-12-2007	(1,097.97)	(200.01)	—	—	—	—
27	Powai Real Estate Developers Limited	31.03.2011	50,000 Equity Shares of ₹ 10/- each	100%	21-01-2009	(1.84)	(0.96)	—	—	—	—
28	Apollo Lavasa Health Corporation Limited	31.03.2011	1,50,000 Equity Shares of ₹ 10/- each	42.46%	13-12-2007	(200.19)	(66.75)	—	—	—	—
29	Lakeshore Watersports Company Limited	31.03.2011	50,000 Equity Shares of ₹ 10/- each	64.99%	01-08-2008	(114.30)	(185.39)	—	—	—	—
30	Dasve Convention Center Limited	31.03.2011	50,000 Equity Shares of ₹ 10/- each	64.99%	19-08-2008	(737.38)	(123.88)	—	—	—	—
31	Dasve Business Hotel Limited	31.03.2011	50,000 Equity Shares of ₹ 10/- each	64.99%	19-08-2008	(3.73)	(1.98)	—	—	—	—
32	Dasve Hospitality Institutes Limited	31.03.2011	50,000 Equity Shares of ₹ 10/- each	64.99%	19-09-2008	(475.73)	(492.09)	—	—	—	—
33	Lakeview Clubs Limited	31.03.2011	50,000 Equity Shares of ₹ 10/- each	64.99%	19-09-2008	(627.57)	(84.32)	—	—	—	—
34	Dasve Retail Limited	31.03.2011	50,000 Equity Shares of ₹ 10/- each	64.99%	08-10-2008	(168.27)	(35.45)	—	—	—	—
35	Full Spectrum Adventure Limited	31.03.2011	50,000 Equity Shares of ₹ 10/- each	64.99%	01-12-2008	(136.52)	(54.64)	—	—	—	—
36	Spotless Laundry Services Limited	31.03.2011	44,030 Equity Shares of ₹ 10 each	49.41%	11-2-2009	(12.21)	(14.35)	—	—	—	—
37	Lavasa Bamboocrafts Limited	31.03.2011	50,000 Equity Shares of ₹ 10/- each	64.99%	25-3-2009	(88.82)	(61.59)	—	—	—	—
38	Green Hills Residences Limited	31.03.2011	50,000 Equity Shares of ₹ 10/- each	38.99%	4-6-2009	2.66	(0.41)	—	—	—	—
39	My City Technology Limited	31.03.2011	2,32,065 Equity Shares of ₹ 10 each	40.94%	4-8-2009	(27.38)	(1.07)	—	—	—	—
40	Reasonable Housing Limited	31.03.2011	50,000 Equity Shares of ₹ 10/- each	64.99%	23-9-2009	(60.93)	(0.68)	—	—	—	—
41	Future City Multiservices SEZ Ltd (Formerly known as Minfur Interior Technologies Ltd)	31.03.2011	50,000 Equity Shares of ₹ 10/- each	64.99%	13-11-2009	(9.67)	(0.46)	—	—	—	—
42	Rhapsody Commercial Space Ltd (Formerly Known as Rhapsody Hospitality Ltd)	31.03.2011	50,000 Equity Shares of ₹ 10/- each	64.99%	14-1-2010	(0.88)	—	—	—	—	—
43	Sirrah Palace Hotels Limited	31.03.2011	50,000 Equity Shares of ₹ 10/- each	64.99%	25-1-2010	(1.17)	—	—	—	—	—
44	Andromeda Hotels Limited	31.03.2011	50,000 Equity Shares of ₹ 10/- each	64.99%	22-1-2010	(29.28)	—	—	—	—	—
45	Valley View Entertainment Limited	31.03.2011	50,000 Equity Shares of ₹ 10/- each	64.99%	20-1-2010	(0.85)	—	—	—	—	—
46	Whistling Thrush Facilities Services Limited	31.03.2011	50,000 Equity Shares of ₹ 10/- each	64.99%	27-1-2010	(1.12)	—	—	—	—	—
47	Warasgaon Tourism Limited	31.03.2011	50,000 Equity Shares of ₹ 10/- each	64.99%	25-2-2010	(222.61)	—	—	—	—	—
48	Our Home Service Apartments Ltd	31.03.2011	50,000 Equity Shares of ₹ 10/- each	64.99%	10-03-2010	(1.01)	—	—	—	—	—
49	Warasgaon Power Supply Ltd	31.03.2011	50,000 Equity Shares of ₹ 10/- each	64.99%	12-03-2010	(1.07)	—	—	—	—	—

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						for the financial year of the subsidiary	for the previous financial years of the subsidiary since it became the holding Company's subsidiary	(i) for the financial year of the subsidiary	(ii) for the previous financial years of the subsidiary since it became the holding Company's subsidiary		
						₹ Lacs	₹ Lacs	₹ Lacs	₹ Lacs		
50	Sahyadri City Management Ltd	31.03.2011	50,000 Equity Shares of ₹ 10/- each	64.99%	12-03-2010	(0.94)	—	—	—	—	—
51	Hill City Service Apartments Ltd	31.03.2011	50,000 Equity Shares of ₹ 10/- each	64.99%	26-03-2010	(47.94)	—	—	—	—	—
52	Kart Racers Ltd	31.03.2011	50,000 Equity Shares of ₹ 10/- each	64.99%	01-04-2010	(6.98)	—	—	—	—	—
53	Warasgaon Infrastructure Providers Ltd	31.03.2011	50,000 Equity Shares of ₹ 10/- each	64.99%	05-04-2010	(0.97)	—	—	—	—	—
54	Nature Lovers Retail Ltd	31.03.2011	50,000 Equity Shares of ₹ 10/- each	64.99%	30-04-2010	(6.52)	—	—	—	—	—
55	Osprey Hospitality Ltd	31.03.2011	50,000 Equity Shares of ₹ 10/- each	64.99%	15-11-2010	(0.37)	—	—	—	—	—
56	Starlit Resort Ltd	31.03.2011	50,000 Equity Shares of ₹ 10/- each	64.99%	16-11-2010	(0.37)	—	—	—	—	—
57	Warasgaon Valley Hotels Ltd	31.03.2011	50,000 Equity Shares of ₹ 10/- each	64.99%	16-11-2010	(0.37)	—	—	—	—	—
58	Rosebay Hotels Ltd	31.03.2011	50,000 Equity Shares of ₹ 10/- each	64.99%	24-11-2010	(0.37)	—	—	—	—	—
59	Mugaon Luxury Hotels Ltd	31.03.2011	50,000 Equity Shares of ₹ 10/- each	64.99%	29-11-2010	(0.37)	—	—	—	—	—
60	Klemanor Investments Limited	31.03.2011	5000 Ordinary shares at Euro 1 each	100.00%	24-03-2010	(7.72)	—	—	—	—	—
61	Karl Steiner AG	31.03.2011	26,400 Shares of CHF 1000 each	66.00%	05-05-2010	(2,134.00)	N. A.	—	—	—	—
62	Steiner Promotions et Participations SA	31.03.2011	3000 Shares of CHF 1000 each	66.00%	05-05-2010	33.20	N. A.	2,901,096	—	—	—
63	Steiner (Deutschland) GmbH	31.12.2010	(Issued Capital - EUR 10,227,000) Share Capital is not divided into Shares - This is as per German Law	66.00%	05-05-2010	(12.49)	N. A.	—	—	—	—
64	VM + ST AG	31.03.2011	1000 Shares of CHF 1000 each	66.00%	05-05-2010	(1.29)	N. A.	—	—	—	—
65	Steiner Leman SAS	31.12.2010	50,000 Shares of Euro 1 each	66.00%	05-05-2010	(15.00)	N. A.	—	—	—	—
66	SNC Valleiry Route de Bloux (Subsidiary Company of Steiner Leman SAS)	31.12.2010	1000 Shares of Euro 1 each	66.00%	05-05-2010	(1.25)	N. A.	—	—	—	—
67	Eurohotel SA	31.03.2011	100 Shares of CHF 1000 each	62.70%	05-05-2010	(46.24)	N. A.	—	—	—	—

AJIT GULABCHAND

Chairman & Managing Director

PRAVEEN SOOD
Group Chief Financial Officer

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ANIL SINGHVI

Directors

Mumbai, Dated: 29th April, 2011

Mumbai, Dated: 29th April, 2011

CONSOLIDATED FINANCIAL STATEMENTS

Auditors' Report

AUDITOR'S REPORT TO THE BOARD OF DIRECTORS OF HINDUSTAN CONSTRUCTION COMPANY LIMITED, ITS SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

1. We have examined the attached Consolidated Balance Sheet of Hindustan Construction Company Limited, its Subsidiaries, Associates and Integrated Joint Ventures ("The HCC Group") as at 31st March, 2011, the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement for the year then ended. These financial statements are the responsibility of the Hindustan Construction Company Limited's Management and have been prepared by the Management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with generally accepted auditing standards in India. These Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are prepared, in all material respects, in accordance with an identified financial reporting framework and are free of material misstatements. An audit includes, examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We did not audit the financial statements of certain Subsidiaries, Associates and Integrated Joint Ventures, whose financial statements reflect total assets of ₹ 3247.82 Crores, Company's share in Revenue of ₹ 2810.13 Crores, in Loss of ₹ 22.81 Crores and Cash inflows of ₹ 382.58 Crores in these financial statements. These financial statements have been audited by other auditors whose report(s) have been furnished to us, and in our opinion, in so far as it relates to the amounts included in respect of the said audited Subsidiaries and Joint Venture & Associates is based solely on the Reports of the other auditors. The financial statements of certain integrated joint ventures reflecting total assets of ₹ 19.61 crores, share in revenue of ₹ 19.12 crores and share in loss of ₹ 25.20 crores included in these financial statements are unaudited.
4. We report that the consolidated financial statements have been prepared by the Hindustan Construction Company Limited's Management in accordance with the requirements of Accounting Standard (AS) 21 Consolidated Financial Statements, Accounting Standard (AS) 23 Accounting for Investments in Associates in Consolidated Financial Statements and Accounting Standard (AS) 27, Financial Reporting of Interest in Joint Ventures, issued by the Institute of Chartered Accountants of India and on the basis of the separate audited financial statements of the HCC Group included in the Consolidated financial statements.
5. *In respect of the matters relating to Notices / Orders of the Ministry of Environment and Forests, detailed in Note '32' of schedule 'Q' to the consolidated accounts, the liability in respect of the foregoing, if any, is unascertainable.*
6. *Subject to note no.5 above, on the basis of the information and explanation given to us and on the consideration of the separate audit reports on individual audited financial statements of the HCC Group its aforesaid Subsidiaries, Associates and Joint Ventures, we are of the opinion that:*
 - a) The Consolidated Balance Sheet gives a true and fair view of the consolidated state of affairs of the HCC Group as at 31st March, 2011;
 - b) The Consolidated Profit and Loss account gives a true and fair view of the consolidated results of operations of the HCC Group for the year then ended; and
 - c) The Consolidated Cash Flow Statement gives a true and fair view of the consolidated cash flows of the HCC Group for the year then ended.

For K.S. Aiyar & Co
Chartered Accountants
FRN: 100186W

Raghuvir M. Aiyar
Partner
Membership No.38128

Place: Mumbai
Date: 29th April, 2011

Consolidated Balance Sheet as at 31st March, 2011

	Schedule	₹ Crore	₹ Crore	As at 31.03.2010 ₹ Crore
SOURCES OF FUNDS				
Share Capital	A	60.66		30.32
Reserves and Surplus	B	1133.28		1276.79
Total Shareholders' Funds			1193.94	1307.12
Minority Interest			172.14	149.84
Loans				
(a) Secured	C	4796.11		3436.44
(b) Unsecured	D	2586.35		1930.30
Total Loans			7382.46	5366.74
Deferred Tax Liability (Net)			299.52	222.03
TOTAL			9048.06	7045.72
APPLICATION OF FUNDS				
Fixed Assets	E			
(a) Gross Block		4334.59		3571.41
(b) Less: Depreciation		987.92		731.58
(c) Net Block		3346.67		2839.83
Items Awaiting Completion or Commissioning		1248.24		1020.07
Total Fixed Assets			4594.91	3859.90
Investments	F		217.27	305.57
Current Assets, Loans and Advances				
A. Current Assets	G			
(a) Inventories		5469.13		4222.08
(b) Sundry Debtors		247.38		248.87
(c) Cash and Bank Balances		698.24		298.93
(d) Other Current Assets		12.97		4.94
		6427.72		4774.83
B. Loans and Advances	H	1385.62		698.30
Total Current Assets, Loans and Advances		7813.34		5473.13
Less: Current Liabilities and Provisions	I			
(a) Current Liabilities		3348.87		2397.00
(b) Provisions		232.92		195.86
Total Current Liabilities and Provisions		3581.79		2592.87
Net Current Assets			4231.55	2880.26
Miscellaneous Expenditure			4.33	—
TOTAL			9048.06	7045.72

The Annexed Notes (Schedule - Q) form an integral part of the Accounts.

As per our report attached
For K.S.AIYAR & CO.
Chartered Accountants
Registration No. 100186W

VINAYAK DESHPANDE
President

RAGHUVIR M. AIYAR
Partner
Membership No. 38128

PRAVEEN SOOD
Group Chief Financial Officer

VITHAL P. KULKARNI
Company Secretary

AJIT GULABCHAND

Chairman & Managing Director

Y.H. MALEGAM
K.G.TENDULKAR
RAJAS R. DOSHI
RAM P. GANDHI
PROF. FRED MOAVENZADEH
D.M.POPAT
SHARAD M. KULKARNI
NIRMAL P. BHOGILAL
ANIL SINGHVI

Directors

Mumbai, Dated: 29th April, 2011

Mumbai, Dated: 29th April, 2011

Consolidated Profit and Loss Account for the year ended 31st March, 2011

	Schedule	₹ Crore	₹ Crore	Previous Year ₹ Crore
INCOME				
Income From Operations	J	7152.55		3975.19
Other Income	K		7152.55 50.94	3975.19 14.74
			7203.49	3989.93
EXPENDITURE				
Land Purchase / Development & Construction Expenses	L	5316.42		2773.19
Employees' Remuneration and Benefits	M	814.89		438.24
Office and Site Establishment Expenses	N	423.10		238.03
Interest (Net)	O	495.87		276.36
Depreciation / Amortisation		215.69		140.47
			7265.97	3866.29
PROFIT / (LOSS) BEFORE TAX, SHARE OF PROFIT / (LOSS) OF ASSOCIATES, MINORITY INTEREST & EXCEPTIONAL ITEMS			(62.48)	123.64
Exceptional Items (Refer Note IV 1 (i) of Schedule Q)			119.27	—
PROFIT BEFORE TAX, SHARE OF PROFIT / (LOSS) OF ASSOCIATES & MINORITY INTEREST			56.79	123.64
Provision for Current Tax (Refer Note IV 29 of Schedule Q)	P		65.54	69.30
Provision for Deferred Tax (Refer Note IV 29 of Schedule Q)			95.92	109.17
MAT Credit Entitlement			(58.15)	(56.31)
PROFIT / (LOSS) AFTER TAX, BEFORE SHARE OF PROFIT / (LOSS) OF ASSOCIATES & MINORITY INTEREST			(46.52)	1.48
Add / (Less): Profit / (Loss) Transferred to Minority Share-holders			7.68	(4.58)
Add / (Less): Profit / (Loss) on sale of proportionate Share in Subsidiary			(0.38)	—
Less: Share of Profit / (Loss) of Associates			(11.91)	(0.26)
Less: Prior Period Adjustments			(13.49)	—
NET PROFIT / (LOSS) AFTER TAX			(64.62)	5.80
Add: Balance Brought Forward from Last Year			82.08	118.95
Add: Transferred from Debenture Redemption Reserve			4.16	5.41
AMOUNT AVAILABLE FOR APPROPRIATION			21.62	130.16
Less: Appropriations:				
(a) Proposed Dividend			24.26	24.26
(b) Tax on Proposed Dividend			3.94	4.12
(c) Proposed Preference Dividend			—	0.68
(d) Tax on Proposed Preference Dividend			0.27	0.27
(e) Debenture Redemption Reserve			39.21	8.75
(f) General Reserve			10.00	10.00
			77.68	48.08
Balance carried to Balance Sheet			(56.06)	82.08
Basic EPS ₹			(1.07)	0.11
— before and after Extraordinary Items				
Diluted EPS (on Adjusted profit) ₹			(1.05)	0.10
— before and after Extraordinary Items				
The Annexed Notes (Schedule - Q) form an integral part of the Accounts.				

As per our report attached
For K.S.AIYAR & CO.
Chartered Accountants
Registration No. 100186W

VINAYAK DESHPANDE
President

RAGHUVIR M. AIYAR
Partner
Membership No. 38128

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NIRMAL P. BHOGILAL
ANIL SINGHVI

Chairman & Managing Director

Directors

Mumbai, Dated: 29th April, 2011

Mumbai, Dated: 29th April, 2011

Schedules forming part of the Balance Sheet

SCHEDULE - A		As at 31.03.2010	
		₹ Crore	₹ Crore
SHARE CAPITAL			
Authorised Capital			
1,00,00,000 Redeemable Cumulative Preference Shares of ₹ 10/- each (Previous year 50,000, 9.5% Redeemable Cumulative Second Preference Shares of ₹ 100/- each)	10.00	0.50	
90,00,00,000 Equity Shares of ₹ 1/- each (Previous year 49,50,00,000 Equity Shares of ₹ 1/- each)	90.00	49.50	
Total	100.00	50.00	
Issued, Subscribed & Paid-up:			
60,65,32,920 Equity Shares of ₹ 1/- each (Previous year 30,32,49,600 Equity Shares of ₹ 1/- each)	60.65	30.32	
Less: 52,000 (Previous year 26,000) Equity Shares Held by Western Securities Ltd.- a Subsidiary	(0.00)*	0.00*	
	60.65	30.32	
Add : Forfeited Shares	0.01	0.01	
Total	60.66	30.33	

NOTES:

- Out of 60,65,32,920 Equity Shares of ₹ 1/- each
 - 12,68,66,250 Equity Shares were issued as fully paid Bonus Shares by capitalisation of Reserves and Surplus in earlier years.
 - 30,32,56,460 Equity Shares were issued as fully paid Bonus Shares by capitalisation of Reserves and Surplus on August 12, 2010.
- 2,90,55,400 Equity Shares were issued to two SEBI Registered Institutional Investors and a Domestic Mutual Fund on a preferential basis on 31st March, 2005.
- 2,69,54,200 Shares representing 2,69,54,200 Global Depository Shares were issued on 29th March, 2006 pursuant to Global Depository Offering by the Company. Out of the above, 2,68,93,840 Global Depository Shares (previous year 2,68,14,054) have been converted into Indian Equity Shares prior to the Record Date fixed for the purpose of issue of Bonus Equity Shares i.e. August 11, 2010. Subsequently, upon issue of Bonus shares in proportion of 1:1, outstanding Global Depository Shares have increased from 60,360 to 1,20,720.
- 4,70,00,000 Equity Shares were issued to QIB's by way of Qualified Institutional Placement on 4th July, 2009.
- 26,860 Equity Shares are issued during the period pursuant to Employee Stock Option Plan.

SCHEDULE - B		As at 31.03.2010	
RESERVES AND SURPLUS		₹ Crore	₹ Crore
(a) Share Premium Account			
Balance as per last Account	956.81	502.24	
Add: Additions during the year	0.17	475.41	
	956.98	977.65	
Less: QIP/Bond Issue expenses (net of tax)	—	8.03	
Add: Reversal of Provision for Premium on buyback of FCCB's (net of tax)	—	2.41	
Less: Provision for Premium on FCCB redemption (net of tax)	37.86	15.22	
Less: Adjustment of Deferred Tax Asset created on QIP issue expenses	0.09	—	
Less: Amount utilised for issue of fully paid bonus shares	30.33	—	
	888.70	956.81	

SCHEDULE - B (Contd.)		As at 31.03.2010	
RESERVES AND SURPLUS		₹ Crore	₹ Crore
(b) General Reserve			
Balance as per last Account	170.24	160.24	
Add: Transferred from Profit and Loss Account	10.00	10.00	
	180.24	170.24	
(c) Currency Fluctuation Reserve		9.24	—
(d) Capital Reserve (Forfeiture of Share Warrants)		15.19	15.19
(e) Debenture Redemption Reserve			
Balance as per last Account	30.83	27.49	
Add: Transferred from Profit and Loss Account	39.21	8.75	
	70.04	36.24	
Less: Transferred to Profit and Loss Account	4.16	5.41	
	65.88	30.83	
(f) Forfeited Debentures Account		0.02	0.02
(g) Capital Redemption Reserve		21.61	21.61
(h) Capital Reserve on Consolidation		8.46	—
(i) Profit and Loss Account		(56.06)	82.08
Total	1133.28	1276.79	

SCHEDULE - C

SECURED LOANS		As at 31.03.2010	
		₹ Crore	₹ Crore
(a) Debentures:			
(i) 11.1% Non-Convertible "F" Series	100.00	100.00	
(ii) 9% Non-Convertible UTI Bank	16.67	33.33	
(iii) 9.5% Non-Convertible	50.00	50.00	
(iv) 6% Secured DDCD having face value of ₹ 70.84 Crore with United Bank of India	—	49.21	
(v) 225 (previous year 1) 3.52% Secured DDCD having total face value of ₹ 387.40 Crore with Axis Bank	289.07	262.89	
(vi) 6 (previous year 1) 6% Secured DDCD having face value of ₹ 93.97 Crore with Bank of India	71.84	162.58	
(vii) One 6% Secured DDCD having face value of ₹ 78.31 Crore with Allahabad Bank	58.58	53.09	
(viii) One 6% Secured DDCD having face value of ₹ 74.94 Crore with Allahabad Bank	56.93	54.94	
(ix) 10, 6% Secured DDCD having face value of ₹ 353.40 Crore with Andhra Bank	257.31	239.17	
(x) One 6% Secured DDCD having face value of ₹ 35.42 Crore with Indus Ind Bank	—	24.68	
(xi) One 6% Secured DDCD having face value of ₹ 70.84 Crore secured by English mortgage	52.19	48.43	
(xii) One 10.75% Secured DDCD having face value of ₹ 100 Crore secured by English mortgage	100.00	—	
(xiii) 1050, 12.50% secured NCD having total face value of ₹ 105 Crore secured by charge created by English Mortgage deed	105.00	—	
		1157.59	1078.32
(b) Term Loans:			
(i) From Banks (Indian Currency)	2586.57	1732.07	
(ii) From banks (Foreign Currency)	427.39	63.42	
(iii) From Financial Institution	24.13	97.23	
(iv) NBFC	175.00	—	
		3213.09	1892.72

SCHEDULE - C (Contd.)

	As at
	31.03.2010
SECURED LOANS	₹ Crore
(c) Cash Credit	419.84
(d) Interest accrued & due	5.59
(e) From HDFC Corporate Loan	—
TOTAL	4796.11

Notes:**Privately Placed Non Convertible Debentures**

- i) **11.10% Non-convertible debentures:** Secured by first charge by way of hypothecation of specific immovable and movable properties as specified in first and second Schedule of the trust deed executed on 27th August, 2008 and Schedule II of Memorandum of Hypothecation dated 28th March, 2011 in favour of IDBI Trusteeship Services Ltd. (ITSL), the trustees to the debenture holders. These debentures having a face value of ₹ 10,00,000/- each aggregating ₹ 100 crore are to be redeemed in four equal installments at the end of 4th, 5th, 6th and 7th year from the date of allotment i.e. 5th August, 2008.
- ii) **9% Non-convertible debentures:** Secured by first charge on Company's specific movable properties as specified in second Schedule of the trust deed executed on 17th January, 2007 in favour of AXIS Bank Ltd., the trustees to the debenture holders. These debentures having a face value of ₹ 10,00,000/- each aggregating ₹ 50 crore are to be redeemed in three annual equal installments commencing from the end of 3rd, 4th and 5th year from the date of first disbursement i.e. 7th September, 2006. The first installment of ₹ 16.67 crore has been paid on the due date i.e. 7th September, 2009. (Interest rate reset @ 10.92% w.e.f 4 th September, 2008)
- iii) **9.5% Non-convertible debentures:** Secured by first charge on Company's specific movable properties as specified in second Schedule of the trust deed executed on 17th January, 2007 in favour of AXIS Bank Ltd., the trustees to the debenture holders. These debentures having a face value of ₹ 10,00,000/- each aggregating ₹ 50 crore are to be redeemed by bullet payment at the end of 5th year from the date of allotment i.e. 20th November, 2006.
- The above debentures (i) to (iii) are also secured by way of mortgage of a flat situated at Lok Gaurav Complex, Vikhroli.
- iv) **One 6% Secured Deep Discount Convertible Debenture** having face value of ₹ 70.84 Crore, secured by charge created by English Mortgage Deed on Land of Lavasa Project admeasuring one acre with United Bank of India.
- v) **225 (Previous Year 1), 3.52% Secured Deep Discount Convertible Debentures** having face value of ₹ 387.40 Crore, secured by charge created by English Mortgage Deed on Land of Lavasa Project admeasuring one acre with Axis Bank.
- vi) **6 (Previous Year 1), 6% Secured Deep Discount Convertible Debentures** having face value of ₹ 93.97 Crore, secured by charge created by English Mortgage Deed on Land of Lavasa Project admeasuring one acre with Bank of India.
- vii) **One 6% Secured Deep Discount Convertible Debentures** having face value of ₹ 78.31 Crore, secured by charge created by English Mortgage Deed on Land of Lavasa Project admeasuring one acre with Allahabad Bank.
- viii) **One 6% Secured Deep Discount Convertible Debenture** having face value of ₹ 74.94 Crore, secured by charge created by English Mortgage Deed on Land of Lavasa Project admeasuring one acre with Allahabad Bank.
- ix) **10, 6% Secured Deep Discount Convertible Debentures** having face value of ₹ 353.40 Crore, secured by charge created by English Mortgage Deed on Land of Lavasa Project admeasuring one acre with Andhra Bank.
- x) **One 6% Secured Deep Discount Convertible Debenture** having face value of ₹ 35.42 Crore, secured by charge created by English Mortgage Deed on Land of Lavasa Project admeasuring one acre with Indus Ind Bank.

- xi) **One 6% Secured Deep Discount Convertible Debenture** having face value of ₹ 70.84 Crore, secured by charge created by English Mortgage Deed on Land of Lavasa Project admeasuring one acre with Indusind Bank.
- xii) **One 10.75% Non Convertible Debenture** having face value of ₹ 100 Crore, secured by charge created by English Mortgage Deed on Land situated at village Dhamanhol Tal. Mulshi admeasuring one acre.
- xiii) **1050, 12.50% Non Convertible Debenture** having total face value of ₹ 105 Crore, secured by charge created by English Mortgage Deed on Land of Lavasa project admeasuring one acre.

Banks:**1. Cash Credit Limits are secured by way of :**

- a) First charge on all current assets of the Company and Third / Residual charge on all moveable properties (including moveable plant and machinery, machinery spares, tools and accessories (excluding current assets)) of the Company in favour of 3i-Infotech Trusteeship Services Ltd. ("Security Trustee") ranking on pari passu basis amongst participating banks upto the limit of ₹ 5300 crore (Rupees Five Thousand Three Hundred Crore Only).
- b) Corporate Guarantee of HCC Real Estate Ltd to the extent of fund based limits of ₹ 1000 crore (Rupees One Thousand Crore Only).
- c) The existing mortgage and charge on the immovable properties i.e. Land & Building at village Tara, District Raigad of the Borrower for collaterally securing the working capital facilities shall continue to remain as security for working capital facilities to upto the limit ₹ 4300 Crore (Rupees Four Thousand Three Hundred Crore Only)

2. EXIM Bank Term Loan

Secured by a first charge on movable fixed assets acquired / to be acquired by the Company as specified in Schedule III-A of the loan agreement executed on 22nd March, 2007.

3. State Bank of Travancore Term Loan

Secured by a first charge by way of hypothecation of a pool of specific plant, machinery, tools and accessories acquired / to be acquired by the Company as specified in Schedule II of the deed of hypothecation executed in favour of the Bank on 15th February, 2007 and deed of hypothecation executed on 23rd March, 2009 for disbursement of ₹ 75 Crore on 25th March, 2009.

4. Bank of Maharashtra

Secured by first charge by way of hypothecation of specific assets in favour of the Bank as described in the fourth Schedule of the deed of hypothecation executed on 26th December, 2007.

5. State Bank of India

Secured by first charge by way of hypothecation of specific fixed assets in favour of the Bank as described in the annexure II to the agreement of loan executed on 30th November, 2007.

6. Axis Bank

Secured by first charge by way of hypothecation of specific movable fixed assets as specified in the Schedule annexed to the loan agreement executed on 29th September, 2008.

7. IDBI Bank

Secured by way of a) Second charge on all the movable assets of the Company as on March 31, 2008 and b) First charge on one Flat located at "Greater Kailash - II" New Delhi - 110048.

8. Bank of Baroda

Secured by first charge by way of hypothecation of specific movable properties as described in the second Schedule of the Composite Hypothecation agreement of loan executed on 18th May, 2009.

9. Standard Chartered Bank

Secured by first charge by way of hypothecation of fixed movable assets acquired under the facility as described in the first Schedule to the memorandum of Hypothecation executed on 10th November, 2009.

10. Development Bank of Singapore

Secured by first charge by way of hypothecation of fixed movable assets acquired under the facility as described in Schedule I (2) to the deed of Hypothecation executed on 29th April, 2010.

11. Export Import Bank of India

₹ 75 Crore - Secured by first pari passu charge by way of hypothecation of fixed movable assets acquired under the facility as described in the third Schedule to the deed of Hypothecation executed on 23rd June, 2010.

₹ 105 Crore - Secured by (a) first charge on movable fixed assets of the Company as specified in Schedule III of the Deed of Hypothecation of Movable fixed assets executed by the Company on 23rd July, 2010 and (b) An appropriate charge over the Tunnel Boring Machine including accessories of a sub-contractor as specified in Schedule I of the Deed of Hypothecation executed by sub-contractor on 23rd July, 2010 in favour of EXIM Bank.

12. Export Import Bank of India -Term Loan

Secured by (a) first, pari passu charge on movable fixed assets of the Company, as specified in Schedule V of the Deed of Hypothecation executed on 27th September 2010; (b) An undertaking for pledge of 50,05,000 equity shares held by the Company in the share capital of HCC Mauritius Enterprises Ltd in favour of EXIM Bank; (c) An undertaking by HCC Mauritius Enterprises Ltd. for non- disposal of its shareholding in Karl Steiner AG (KSAG), Switzerland and first charge over specific fixed assets of HCC Ltd. having WDV of ₹ 50 Crore.

13. Term Loan - Karl Steiner AG

- i) Basellandschaftliche Kantonalbank : Secured by first charge by way of a mortgage on land in favour of the Bank for specific project
- ii) Banque Cantonale Genevoise :Secured by first charge by way of a mortgage on land in favour of the Bank for specific project

14. Term Loan - Lavasa Corporation Ltd.

- i) Secured by charge created by English Mortgage Deed on Land of Lavasa Project admeasuring 7696.12 acres (previous year 7996.12 acres); and premises, building constructed or to be constructed thereon. All present & future moveable assets.
- ii) Secured by way of first exclusive hypothecation charge on all movable & immovable, fixed assets and current assets both present and future and corporate guarantee of HCC Ltd.

15. Badarpur Faridabad Toll Road Ltd.

- a) A first charge by way of hypothecation of all moveable assets, both present and future, all intangible assets of borrower, assignment of right and government approvals excluding the project assets as defined in the concession agreement.
- b) Pledge of equity shares held by the promoters- Hindustan Construction Company Ltd- representing 51% of the issued, paid up and voting equity share capital of the Company for the period upto expiry of 36 months from commercial operations date and thereafter the pledged shares %will come down to 26% of equity share capital of the Company
- c) A first charge on bank accounts including receivables, the Escrow and retention accounts required to be created by the Company under any project document or contract.

16. Nirmal BOT Ltd.

- a) A first charge by way of hypothecation of all moveable assets, both present and future, all intangible assets of borrower, assignment of right and government approvals excluding the project assets as defined in the concession agreement.
- b) Pledge of equity shares held by the promoters- Hindustan Construction Company Ltd- representing 51% of the issued, paid up and voting equity share capital of the Company for the period upto expiry of 36 months from commercial operations date and

thereafter the pledged shares %will come down to 26% of equity share capital of the Company

- c) A first charge on Company's bank accounts including the Escrow account established by the Company and each of the other accounts required to be created by the Company under any project document or contract.

The land is under lien to IDBI Trusteeship services Limited by way of charge dated 26-10-2007 for loan of ₹ 252 Crore sanctioned by the consortium of Bankers.

17. Baharampur Farakka Highway Ltd., Farakka Raiganj Highway Ltd. and Raiganj Dalkhola Highway Ltd

During the period Term Loan has been availed from consortium of Banks against unconditional and irrevocable corporate guarantee of HCC Concessions Ltd., 10% cash margin in form of fixed deposit kept under lien with Yes Bank and first exclusive charge on all movable and immovable assets of HCC Concessions Ltd. present and future.

18. Toronto Dominion LLC

Secured by way of first priority mortgage and security interest to and in favor of Wilmington Trust Company (the "Security Trustee") on one (1) Hawker model 4000 airframe bearing manufacture's serial number RC-26 together with two installed model PW308 engines more particularly described under Clause No. 2.1 as per the Aircraft Charge Agreement executed on 6th January, 2011.

19. Others:

SREI Equipment Finance Private Limited: Secured by first charge by way of hypothecation of specific movable assets as described in the annexure to Schedule VIII of the loan agreement executed on 3rd February, 2010 (for disbursement of ₹ 25 Crore) and on 2nd March, 2010 (for disbursement of ₹ 50 Crore).

SCHEDULE - D**UNSECURED LOANS****1) Short Term Loans and Advances****i) From Banks**

(a) Commercial Paper (Maximum balance outstanding during the year ₹ 570 Crore (previous year ₹ 450 Crore))	200.00	360.00
(b) Term Loans (Rupee Currency)	425.00	206.26

ii) From Others

(a) Intercompany Deposits	1.31	15.05
(b) NBFC	150.00	—

2) Other Loans & Advances**i) From Banks**

(i) Rupee Currency Loans	1,105.74	544.99
(ii) Foreign Currency Loans	44.61	11.33
(iii) Others	122.63	3.20

ii) Deposits from Licensees

— 16.20

iii) From Financial institutions / Others

407.86 290.28

(iv) Zero Coupon Convertible Foreign Currency Bonds due 2011

— 435.29

(Refer Note IV 16 of Schedule Q)

(v) Vikhroli Corporate Park Pvt. Ltd

81.50 —

3) Preference Share Capital

1,32,50,000 6% Cumulative Redeemable Preference Shares of ₹ 10/- each	22.70	22.70
2,50,00,000 1% Compulsory Convertible Preference Shares of ₹ 10/- each	25.00	25.00

Total **2586.35** 1930.30

SCHEDULE - E
FIXED ASSETS

(₹ Crore)

Particulars	GROSS BLOCK						DEPRECIATION / AMORTISATION						NET BLOCK	
	As at 01-04-2010	Additions on Acquisition	Additions	Foreign Currency Fluctuation	Deductions	As at 31-03-2011	Upto 01-04-2010	Additions on Acquisition	Foreign Currency Fluctuation	For the Year	Deductions	Upto 31-03-2011	As at 31-03-2011	As at 31-03-2010
Tangible Assets (At Cost):														
Freehold Land (Book Value)	37.87	17.12	3.98	3.39	9.18	53.18	0.00	15.90	3.15	—	—	19.05	34.13	37.87
Leasehold premises	—	—	19.24	—	—	19.24	—	—	—	1.41	—	1.41	17.83	—
Biological assets	2.47	—	0.05	—	—	2.52	0.02	—	—	0.13	—	0.15	2.37	—
Buildings & Sheds	854.11	139.48	322.11	27.62	648.94	694.38	33.28	55.92	11.12	35.48	71.88	63.92	630.46	820.83
Plant & Machinery	1,565.93	—	194.05	—	117.47	1,642.51	544.13	—	—	126.42	21.52	649.03	993.48	1,024.25
Heavy Vehicles	156.67	—	20.06	—	4.00	172.73	52.62	—	—	19.32	2.24	69.70	103.03	104.05
Light Vehicles	32.51	4.24	4.73	0.84	3.37	38.95	11.76	3.67	0.73	3.58	3.16	16.58	22.37	20.75
Helicopter / Aircraft	157.31	—	0.13	—	1.17	156.27	7.28	—	—	8.81	—	16.09	140.18	150.03
Speed Boat	4.12	—	0.02	—	—	4.14	1.02	—	—	0.04	—	1.06	3.08	3.09
Furniture and Office Equipments	36.83	16.87	25.64	3.34	31.84	50.84	25.11	14.35	2.84	7.64	4.59	45.35	5.49	11.73
Computers	27.67	8.64	6.04	1.71	1.82	42.24	22.85	8.64	1.71	3.58	1.75	35.03	7.21	4.82
Total Tangible Assets:	2,875.49	186.35	596.05	36.90	817.79	2,877.00	698.07	98.48	19.55	206.41	105.14	917.37	1,959.63	2,177.42
Intangible Assets:														
Goodwill	55.88	70.11	—	—	—	125.99	—	—	—	—	—	—	125.99	55.88
Toll Collection Rights	638.05	—	675.95	—	—	1,314.00	32.29	—	—	27.43	—	59.72	1,254.28	605.76
Computer Software	1.99	7.38	6.91	1.46	0.14	17.60	1.22	3.87	0.77	4.97	0.00	10.83	6.77	0.78
Total Intangible Assets	695.92	77.49	682.86	1.46	0.14	1,457.59	33.51	3.87	0.77	32.40	0.00	70.55	1,387.04	662.42
Total Fixed Assets	3,571.41	263.84	1,278.91	38.36	817.93	4,334.59	731.58	102.35	20.32	238.81	105.14	987.92	3,346.67	2,839.83
Previous Year	2,363.83	—	1,383.96	—	176.38	3,571.41	582.88	—	—	163.27	14.55	731.60	—	2,839.83
Less Transferred to project WIP										23.11				
Depreciation as per profit and loss account										215.69				
Items Awaiting Completion or Commissioning												1,248.24		
											Total	4,594.91		

Note: 1) Additions / Deductions in Gross Block includes capitalisation / Decapitalisation of Foreign Exchange and availment of Cenvat Credit.

2) Intangible Assets exceptional item (Refer Note IV 1 (i) of Schedule Q)

SCHEDULE - F

As at 31.03.2010

Unquoted Quoted
₹ Crore ₹ Crore
Unquoted Quoted
₹ Crore ₹ Crore

INVESTMENTS (at cost; unless otherwise specified)
Long Term Investments
(a) Investment in Associate Companies

(i)	Bona Sera Hotels Ltd	0.67	1.29
	29022 (previous year 50000)		
	Equity Shares of ₹ 10/- each fully paid up		
(ii)	SOL Hospitality Ltd	0.14	0.08
	13878 (previous year 50000)		
	Equity Shares of ₹ 10/- each fully paid up		
(iii)	Palmetto Hospitality Ltd	0.01	0.01
	13000 (previous year Nil)		
	Equity Shares of ₹ 10/- each fully paid up		
(iv)	Knowledge Vista Ltd	12.39	—
	218253 (previous year 192000)		
	Equity Shares of ₹ 10/- each fully paid up		

SCHEDULE - F (Contd.)

As at 31.03.2010

Unquoted Quoted
₹ Crore ₹ Crore
Unquoted Quoted
₹ Crore ₹ Crore

(v)	Ecomotel Hotel Ltd	1.62	—
	44673 (previous year 61419)		
	Equity Shares of ₹ 10/- each fully paid up		
(vi)	Verzon Hospitality Ltd	0.01	—
	13000 (previous year 50000)		
	Equity Shares of ₹ 10/- each fully paid up		
(vii)	Warasgaon Lake View Hotels Ltd.	5.71	—
	72133 (previous year 50000)		
	Equity Shares of ₹ 10/- each fully paid up		
(viii)	Evostate AG	8.42	—
(ix)	Projektentwicklungsges. Parking AG	0.94	—
(x)	Vikhroli Corporate Park P. Ltd	0.20	—
	799500 (previous year Nil)		
	Equity Shares of ₹ 10/- each fully paid up		
	Less: Proportionate share of loss	(0.20)	

SCHEDULE - F (Contd.)

		As at 31.03.2010	
	Unquoted ₹ Crore	Quoted ₹ Crore	Unquoted ₹ Crore
(b) Other Investments:			
(i) Walchand Co-Op. Housing Society Ltd. 5 Equity Shares of ₹ 50/- each fully paid (₹ 250 /- Unquoted)	0.00*		0.00*
(ii) Shushrusha Citizens Co-Op. Hospital Ltd. - 100 Equity Shares of ₹ 100/- each fully paid	0.00*		0.00*
(iii) Khandwala Securities Ltd. 3332 Equity Shares of ₹ 10/- each fully paid	0.00*		0.00*
(iv) HDFC Bank Ltd. 500 Equity Shares of ₹ 10/- each fully paid	0.00*		0.00*
(v) Housing Development Finance Corporation Ltd. 15,220 Equity Shares of ₹ 2/- each fully paid	0.00*		0.00*
(vi) Hincan Finance Ltd. 1,20,000 Equity Shares of ₹ 10/- each fully paid	0.12		0.12
(vii) Space Theme Park India Limited 50,000 Equity Shares of ₹ 10/- fully paid up	0.04		0.04
(viii) Jyoti Ltd 12,00,000 Equity Shares of ₹ 10/- each fully paid		12.00	12.00
(ix) Olmero AG 1512 Equity Shares of CHF 10.00 each fully paid	0.09		—
(x) Mobimo Holdings Ltd 720 Equity Shares of CHF 29.00 each fully paid	0.48		—
(xi) Goldbach Media AG 6'000 Equity Shares of CHF 1.25 each fully paid	0.02		—
(xii) Radio- und Fernsehgenossenachft Zürich-SH 50 Anteilscheine	0.00*		—
(xiii) Opernhaus Zürich AG 10 Equity Shares of CHF 900.00 each fully paid	0.04		—
(xiv) Genossenschaft Theater für den Kt. Zürich, 300 Anteilscheine	0.00*		—
(xv) Betriebsges. Kongresshaus Zürich AG 30 Equity Shares of CHF 1'000.00 each fully paid	0.12		—
(xvi) MCH Group AG 2'100 Equity Shares of CHF 10.00 each fully paid	0.40		—
(xvii) AG Hallenstadion Zürich 10 Equity Shares of CHF 100.00 each fully paid	0.00*		—
(xviii) MTZ Medizinisches Therapiezentrum Heilbad St. Moritz AG, 50 Equity Shares of CHF 1'000 fully paid	0.22		—

SCHEDULE - F (Contd.)

		As at 31.03.2010	
	Unquoted ₹ Crore	Quoted ₹ Crore	Unquoted ₹ Crore
(xix) Punjab National Bank 943 Equity Shares of ₹ 10/- each fully paid	0.00*		0.00*
(c) Fully Convertible Debentures:			
Vikhroli Corporate Park Pvt. Ltd. (VCP)			
(i) 17.91% VCP optionally Fully Convertible Debentures series I of ₹ 100000/- each	49.04		—
(ii) 18% VCP optionally Fully Convertible Debentures series II ₹ 100000/- each	24.32		—
(iii) Zero% VCP optionally Fully Convertible Debentures series II of ₹ 100000/- each	8.21		—
(d) Current Investments			
1) Akruti City Limited (Formerly Akruti Nirman Ltd) 10 Equity Shares of ₹ 10/- each	0.00*		0.00*
2) Ansal Housing & Construction Limited 10 Equity Shares of ₹ 10/- each	0.00*		0.00*
3) Ansal Properties & Infra Limited 10 Equity Shares of ₹ 5/- each	0.00*		0.00*
4) Ashiana Housing Limited 35 Equity Shares of ₹ 10/- each	0.00*		0.00*
5) DLF Limited 10 Equity Shares of ₹ 2/- each	0.00*		0.00*
6) D S Kulkarni Developers Limited 10 Equity Shares of ₹ 10/- each	0.00*		0.00*
7) HDIL 12 Equity Shares of ₹ 10/- each	0.00*		0.00*
8) Indiabulls Real Estate Limited 10 Equity Shares of ₹ 10/- each	0.00*		0.00*
9) Mahindra Lifestyle limited (formerly Mahindra Gresco Ltd) 10 Equity Shares of ₹ 10/- each	0.00*		0.00*
10) Orbit Corporation Limited 10 Equity Shares of ₹ 10/- each	0.00*		0.00*
11) Parsvnath Developers Limited 10 Equity Shares of ₹ 10/- each	0.00*		0.00*
12) Peninsula Land Limited 50 Equity Shares of ₹ 2/- each	0.00*		0.00*
13) Shoba Developers Limited 10 Equity Shares of ₹ 10/- each	0.00*		0.00*
14) Unitech Limited 10 Equity Shares of ₹ 2/- each	0.00*		0.00*
15) LIC Mutual Fund- Floating Rate Fund -Short Term Plan (Previous Year-14732831.24 units @ 10.00 Each)	—		14.73
16) Birla Sunlife Saving Fund Daily Dividend Reinvestment (previous year 12605140.174 units @ 10.02 each)	—		12.63
17) Birla Sunlife Cash Plus - Inst. Premium-Daily Dividend (previous year 14970806.925 units @ 10.02 each)	—		15.00

SCHEDULE - F (Contd.)

		As at 31.03.2010	
		Unquoted ₹ Crore	Quoted ₹ Crore
18)	Birla Sunlife Saving Fund Institutional. Daily Dividend Reinvestment 4,64,70,965.282 units @ 10.00 Each Previous year 10024450.236 units @ 10.01 Each)	47.15	10.03
19)	Birla Sunlife Quarterly Interval Series IV Dividend Reinvestment (Previous Year 10000000 units @ 10.01 Each)	—	10.01
20)	Birla Sunlife Saving Fund Institutional Daily Dividend Reinvestment (Previous Year 4449295.3240 units @ 10.0068 each)	—	4.45
21)	HDFC FMP 100D-MAR-10-Dividend Series-X Plan (Previous year 50000000 units @ 10.0087 Each)	—	50.04
22)	LIC Mutual Fund- Saving Plus Fund -Daily Dividend Plan (Previous Year- 25001951.71 units @ 10.00 Each)	—	25.00
23)	LIC M F- Saving Plus Fund - Daily Div.Plan (Previous year 17174651.698 units @ 10.00 Each)	—	2.00
24)	Principal Money Manager Fund Institutional Dividend Plan (Previous Year 19229659.8270 units @ 10.4006 Each)	—	20.00
25)	Baroda Pioneer Treasury Advantage Fund Institutional Daily Dividend Plan (Previous Year 15032194.351 units @ 10.0091 Each)	—	15.05
26)	Baroda Pioneer PSUL Bond Fund Monthly Dividend Plan (Previous Year 4985740.7810 units @ 10.0286 Each)	—	5.00
27)	UTI Mutual Fund - Fixed Income Interval Fund - SeriesII Plan VI (Previous Year-40228592.34 units @ 10.0034 Each)	—	40.24
28)	UTI Mutual Fund - Fixed Income Interval Fund - SeriesII Plan V (Previous year 5087270.251 units @ 10.03 each)	—	5.10
29)	Reliance Money Manager Mutual Fund - DAILY Dividend Plan (Previous Year 3879.338 units @ 1001.3389 Each)	—	0.39
30)	Reliance Quarterly Interval Fund-Series II Plan (Previous Year 19995600.968 units @ 10.0764 Each)	—	20.15
31)	Reliance Liquidity Fund-Daily Dividend Reinvestment Plan (Previous Year 9995202.303 units @ 10.0048 Each)	—	10.00
32)	ICICI PRUDENTIAL Ultra Short Term Plan Super Premium Daily Dividend (Previous Year-10428977.869 units @ 10.021 Each)	—	10.45

SCHEDULE - F (Contd.)

		As at 31.03.2010	
		Unquoted ₹ Crore	Quoted ₹ Crore
33)	ICICI PRUDENTIAL Banking & PSU Debt Fund Daily Dividend (Previous Year - 20004289.9330 units @ 10.0281 Each)	—	20.06
34)	ICICI Liquid Plan Super Inst Daily Dividend (Previous year 156235.197 units @ 105.74 each)	—	1.65
35)	ICICI Prudential Ultra Short Term Super Prem. Daily Dividend 679620.367 units @ 10 each (Previous Year Nil)	0.68	—
36)	IDFC Money Manager Fund Treasury Plan 2241273.352 units @ 10.07 each (Previous Year Nil)	10.08	—
37)	Principal Near Term Fund Conservative Plan DDR 246320.47 units @ 10.00 each (Previous Year Nil)	0.25	—
38)	ICICI Prudential Floating Rate Daily Dividend 34,09,280.474units @ 100.00 each (Previous Year Nil)	34.10	—
TOTAL		113.01	104.26
		217.27	305.57
		Market Value	Market Value
Notes:			
1. Aggregate of Investments:			
(i)	Quoted Investments	104.26	104.47
(ii)	Unquoted Investments	113.01	304.01
TOTAL		217.27	1.56
			305.57

Note :- * represents amount less than ₹ 100000.

SCHEDULE - G

	₹ Crore	₹ Crore	As at 31.03.2010 ₹ Crore
CURRENT ASSETS			
Inventories			
(a) Stores, Spares and Embedded Goods, at Cost		278.24	276.65
(b) Fuel, at Cost		10.78	13.72
(c) Land & FSI		869.02	520.26
(d) Materials In transit, at Cost		1.66	1.07
(e) Work In Progress:		4472.07	3521.92
Finished Units (at Cost)		1.11	—
Less:			
(a) Advances Received / Other Recoveries	363.21		304.25
(b) Related site mobilisation expenses	202.28		88.24
		565.49	392.49
		3907.69	3129.43
Add:			
(i) Retention Money		401.74	280.95
TOTAL		5469.13	4222.08
Sundry Debtors			
Unsecured, Considered Good:			
(a) Outstanding over six months		150.42	0.21
(b) Others		96.96	248.66
TOTAL		247.38	248.87
Cash and Bank Balances			
(a) Cash on Hand		2.50	1.44
(b) Cheques on Hand		26.62	37.86
(c) With Scheduled Banks:			
(i) Current Accounts in Indian Rupees		168.16	150.84
(ii) Current Accounts in Foreign Currency		342.56	56.86
(iii) Deposit Accounts in Indian Rupees		96.22	51.92
(iv) Deposit Accounts in Foreign currency		62.18	—
(v) Other Banks		—	0.02
TOTAL		698.24	298.93
Other Current Assets			
(a) Interest Accrued on Others		12.97	4.94
TOTAL		12.97	4.94
GRAND TOTAL		6427.72	4774.82

SCHEDULE - H**LOANS AND ADVANCES****Unsecured, Considered Good**

(a) Advances Recoverable in Cash or in Kind or for Value to be received	960.31	499.27
(b) Advance Payment of Taxes net of provision [Advance Tax ₹ 541.95 Crore (Previous year ₹ 255.71 Crore), Provision for Tax ₹ 254.77 Crore (Previous year ₹ 95.79 Crore)]	287.18	159.92

SCHEDULE - H

	₹ Crore	₹ Crore	As at 31.03.2010 ₹ Crore
LOANS AND ADVANCES (Contd.)			
Unsecured, Considered Good			
(c) Other Receivables		60.23	20.30
(d) Earnest Money, Security and Other Deposits		34.03	16.64
(e) FCMT difference account		—	2.17
(f) Loans & Advances to Associates		43.87	—
TOTAL		1385.62	698.30

SCHEDULE - I

	₹ Crore	₹ Crore	As at 31.03.2010 ₹ Crore
CURRENT LIABILITIES AND PROVISIONS			
Current Liabilities			
(a) Sundry Creditors		2453.86	1733.04
(b) Advances from Contractees (Interest free)	1077.37		739.48
Less : Related site mobilisation expenses	202.28		88.24
		875.09	651.24
(c) Interest Accrued but not due on Loans		18.93	11.81
(d) Investor Education & Protection Fund shall be Credited by the following amounts when due:			
Unclaimed Dividend		0.99	0.91
TOTAL		3348.87	2397.00

Provisions:

(a) Proposed Preference Dividend	—	0.68
(b) Tax on Proposed Preference Dividend	0.27	0.27
(c) Proposed Dividend	24.26	24.26
(d) Tax on Proposed Dividend	3.94	4.12
(e) Provision for Leave Encashment	19.85	14.38
(f) Provision for Gratuity	41.51	23.48
(g) Provision for Premium on Redemption of FCCB's	—	127.14
(h) Provision for sick leave	2.18	1.54
(i) Warranty Provision	88.53	—
(j) VAT Risk Provision	5.65	—
(k) Rental & Other Provision	42.09	—
(l) Major Maintenance Provision	4.64	—
TOTAL	232.92	195.86
GRAND TOTAL	3581.79	2592.87

Miscellaneous Expenditure

(To the extent not written off or adjusted)

Deferred Revenue Expenditure	4.33	—
TOTAL	4.33	—

Schedules forming part of the Profit and Loss Account

SCHEDULE - J			SCHEDULE - N		
	₹ Crore	Previous Year ₹ Crore		₹ Crore	Previous Year ₹ Crore
INCOME FROM OPERATIONS			OFFICE AND SITE ESTABLISHMENT EXPENSES		
(i) Construction & Project Related Revenue	6939.74	3825.60	(a) Stationery, Postage, Telephone & Advertisement	73.52	18.27
(ii) Land Sales	82.42	112.64	(b) Traveling and Conveyance	48.74	26.80
(iii) Project Advisory / Management / Development Consultancy	9.82	—	(c) Rent	33.13	1.51
(iv) Toll Collection & Annuity - BOT Projects	61.03	22.35	(d) Rates and Taxes	10.34	4.02
(v) Service Income from Joint Ventures	49.82	1.08	(e) Insurance	10.68	5.61
(vi) Other Operational Income	9.72	13.52	(f) Professional Charges	104.50	49.46
TOTAL	7152.55	3975.19	(g) Repairs and Maintenance	35.26	14.40
SCHEDULE - K			(h) Directors' Fees	1.55	0.23
OTHER INCOME			(i) Auditors' Remuneration:		
(a) Dividend on Other Investments	19.71	0.24	(i) Audit Fees	1.92	1.05
(b) Miscellaneous Receipts	7.48	8.48	(ii) Tax Audit Fees	1.05	0.11
(c) Profit on Sale of Investments (net)	0.69	6.69	(iii) For Certification Work	0.88	0.40
(d) Exchange (Loss) / Profit (net)	17.18	(0.67)	(iv) Reimbursement of Out of Pocket Expenses (Including Service Tax)	0.03	0.06
(e) Earlier Years' Provisions No Longer Required	5.88	—			
TOTAL	50.94	14.74			
SCHEDULE - L			(j) Guarantee Commission and Charges	3.88	15.53
Land Purchase / Development & Construction Expenses			(k) Finance Charges	7.94	12.70
(a) Construction Material Consumed:	306.23	319.54	(l) Loss on Sale of Assets (Net)	4.95	18.67
Add: Purchases	1289.25	1134.83	(m) Miscellaneous Expenses	13.03	25.38
	1595.48	1454.37	(n) Computer Maint. & Development Expenses	6.63	5.52
Less: Scrap and Unserviceables Sold	30.29	27.50	(o) Bank Charges	0.01	0.09
	1565.19	1426.87	(p) Donations	3.58	3.21
Less: Stock at Close	368.41	281.23	(q) Donations to Political parties	—	5.00
	1196.78	1145.64	(r) Provision for Doubtful Debts	(0.02)	0.09
(b) Sub-Contract, Transportation, Hire etc.	3743.56	1104.44	(s) Advertisement Expenses	39.39	29.92
(c) Toll operating charges	1.00	—	(t) Operation & Maintenance Cost	9.07	—
(d) Land Purchased / Development Expenses	13.10	44.45	(u) Write off of Minority Interest to the extent of loss	0.23	—
(e) Civil Work & Contract Charges (Net of Recoveries)	56.85	216.46	(v) Change in measurement of earn-out of sale of		
(f) Power and Fuel	247.04	219.37	(w) Sogelym- Steiner, France	5.59	—
(g) Repairs to Machinery	21.53	7.87	(x) Registration, Tender & Filing Fess	1.32	—
(h) Other Repairs	2.81	2.02	TOTAL	423.10	238.03
(i) Rent	22.96	17.99	SCHEDULE - O		
(j) Water Charges	10.79	14.95	INTEREST		
TOTAL	5316.42	2773.19	(a) On Fixed Loans	248.12	19.92
SCHEDULE - M			(b) On Debentures	143.31	20.47
EMPLOYEES' REMUNERATION AND BENEFITS			(c) On Other Accounts	139.83	241.11
(a) Salaries, Wages, Bonus and Gratuity	699.38	387.68		531.26	281.50
(b) Contribution to Provident Fund and Other Funds	64.88	22.31	Less : Interest capitalised	2.89	0.79
(c) Labour Recruitment, Termination and Repatriation	7.47	—		528.37	280.71
(d) Welfare Expenses	43.16	28.25	Less: Interest Received		
TOTAL	814.89	438.24	a) Fixed deposits with Banks	5.42	0.06
SCHEDULE - P			b) Others	27.08	4.29
			(Tax Deducted at Source ₹ 2.77 Crore Previous Year ₹ 1.47 crore)		
			TOTAL	495.87	276.36
			SCHEDULE - P		
			(a) Provision For Current Tax	65.54	69.30
			(b) Provision For Deferred Tax	95.92	109.17
			(c) MAT Credit Entitlement	(58.15)	(56.31)
			TOTAL	103.31	122.16

SCHEDULE - Q

I Criteria For Preparation Of Consolidated Financial Statements

- 1** Hindustan Construction Company Ltd. (HCC) has prepared the consolidated financial statements to provide the financial information of its activities along with its Subsidiaries & Joint Ventures as a single entity. They are collectively referred as "Group" herein.

The consolidated financial statements are prepared by:

- Consolidating its accounts with financial statements of its Subsidiaries and Integrated Joint Ventures.
- Applying the equity method of accounting for its investee companies in which it holds between 20 and 50 percent of the equity share capital.
- Financial statements of Integrated (i.e. Profit / Loss sharing) Joint Ventures are consolidated to the extent of HCC and subsidiaries share in Joint Venture.
- Foreign subsidiaries financials are prepared in compliance with the local laws and applicable Accounting Standards, are restated as per Indian Generally Accepted Accounting Principles (IGAAP) for the purpose of consolidation taking into account local laws, if any.

2 Method of Consolidation

- a** The consolidated financial statements have been prepared by the Company in accordance with the requirements of Accounting Standard (AS) 21 - "Consolidated Financial Statements", Accounting Standard (AS) 27 - "Financial Reporting of Interest in Joint Ventures" and Accounting Standard (AS) 23 - "Accounting for Investments in Associates in Consolidated Financial Statements" -, issued by the Institute of Chartered Accountants of India.

The year-end balances and the common transactions with the Subsidiaries are eliminated in full. Whereas in the case of Integrated Joint Ventures these transactions are eliminated to the extent of HCC and its subsidiaries share in Integrated Joint Ventures.

In case of BOT contracts, revenue relating to construction services rendered in connection with Build-Operate-Transfer (BOT) projects undertaken by the group is recognised during the period of construction using percentage of completion method. Revenue relating to toll collections of such projects from users of facilities are accounted when the amount is due and recovery is certain.

- b** During the year, revenue and profits of Karl Steiner AG (KSAG) are accounted for in respect of real estate investors project using percentage of completion by considering development and construction as a single component. KSAG has become subsidiary effective 5th May, 2010.

3 Group companies included for consolidation

- a** The details of Integrated Joint Ventures along with share of interest included in consolidation is given hereunder:

Name of Ventures	Name of the Ventures' Partners	Method of Accounting	Share of Interest
HCC-L&T Purulia Joint Venture	Larsen & Toubro Ltd.	% completion	57.00%
HCC-Pati Joint Venture	Pati Sendirian, Berhad	% completion	50.00%
Nathpa Jhakri Joint Venture	Impregilio-Spa, Italy	Completed Contract	40.00%
Kumagai-Skanska HCC-Itochu Group Joint Venture	Skanska, kumagai, Itochu	Completed Contract	19.60%

Name of Ventures	Name of the Ventures' Partners	Method of Accounting	Share of Interest
Alpine - Samsung - HCC Joint Venture	Alpine Meyreder Bau, Samsung Corporation	% completion	33.00%
Alpine - HCC Joint Venture	Alpine Meyreder Bau	% completion	49.00%
Dhule Palesnar Tollway Limited*	John Laing Investment Ltd, John Laing Investments Mauritius	% completion	37.00%

* HCC holds 26% and HCC Infrastructure Ltd holds 11% in this Joint Venture, therefore, 37% total is considered for consolidation of accounts.

Each of the above Joint Ventures are incorporated in India. In respect of joint ventures the company along with other JV partners is jointly & severally responsible for performance of the contracts.

- b** List of Subsidiaries Companies included in consolidation and the Parent Company's holding are as under:

Name of the Subsidiary	Country of Incorporation	% Holding	Nature of Relationship
Western Securities Ltd.	India	97.87%	Subsidiary
Hincon Technoconsult Ltd	India	100%	Subsidiary
Pune Paud Toll Road Company Ltd.	India	96.50%	Subsidiary
HCC Real Estate Ltd. (HREL)	India	100%	Subsidiary
HCC Singapore Enterprises Pte Ltd	Singapore	100%	Subsidiary
HCC Mauritius Enterprises Ltd (HREL)	Mauritius	100%	Subsidiary
HCC Aviation Ltd	India	100%	Subsidiary
HCC Concessions Ltd	India	100%	Subsidiary
HCC Infrastructure Company Ltd	India	100%	Subsidiary
Panchkurt Developers Ltd.	India	100%	Subsidiary
Badarpur Faridabad Tollways Ltd	India	100%	Subsidiary
HCC Construction Ltd	India	100%	Subsidiary
Highbar Technologies Ltd (HTL)	India	100%	Subsidiary
Baharampore-Farakka Highways Ltd	India	100%	Subsidiary
Farakka-Raiganj Highways Ltd	India	100%	Subsidiary
Raiganj-Dalkhola Highways Ltd	India	100%	Subsidiary
Nirmal BOT Ltd	India	100%	Subsidiary
Lavasa Corporation Ltd. (Lavasa)	India	64.99%	Subsidiary of HREL
HREL (Thane) Real Estate Ltd.	India	100%	Subsidiary of HREL
HREL Township Developers Ltd.	India	100%	Subsidiary of HREL
Maan Township Developers Ltd.	India	100%	Subsidiary of HREL
Nashik Township Developers Ltd.	India	100%	Subsidiary of HREL
Charosa Wineries Ltd	India	100%	Subsidiary of HREL
Powai Real Estate Developers Ltd.	India	100%	Subsidiary of HREL
HCC Realty Ltd	India	100%	Subsidiary of HREL
Karl Steiner AG ***	Switzerland	66%	Subsidiary of HREL
Klemanor Investments Ltd **	Cyprus	100%	Subsidiary of HREL

SCHEDULE - Q (Contd.)

Name of the Subsidiary	Country of Incorporation	% Holding	Nature of Relationship
Steiner Promotion et Participations SA	Switzerland	66%	Subsidiary of Karl Steiner
Steiner (Deutschland) GmbH	Germany	66%	Subsidiary of Karl Steiner
VM+ST AG	Switzerland	66%	Subsidiary of Karl Steiner
Steiner Léman SAS	France	66%	Subsidiary of Karl Steiner
SNC Valleiry Route de Bloux	France	66%	Subsidiary of Karl Steiner
Eurohotel SA	Switzerland	62.70%	Subsidiary of Karl Steiner
Lavasa Hotel Ltd	India	64.99%	Subsidiary of Lavasa
Apollo Lavasa Health Corporation Ltd	India	42.46%	Subsidiary of Lavasa
Ecomotel Hotel Ltd (upto 1st Sept '10)	India	42.24%	Subsidiary of Lavasa
Dasve Business Hotels Ltd	India	64.99%	Subsidiary of Lavasa
Dasve Conventional Center Ltd	India	64.99%	Subsidiary of Lavasa
Lakeshore Watersports Co. Ltd	India	64.99%	Subsidiary of Lavasa
Dasve Hospitality Institutes Ltd	India	64.99%	Subsidiary of Lavasa
Lakeview Clubs Ltd	India	64.99%	Subsidiary of Lavasa
Dasve Retail Ltd.	India	64.99%	Subsidiary of Lavasa
Full Spectrum Adventures Ltd	India	64.99%	Subsidiary of Lavasa
Spotless Laundry Services Ltd	India	49.41%	Subsidiary of Lavasa
Lavasa Bamboocraft Ltd.	India	64.99%	Subsidiary of Lavasa
Green Hill Residences Ltd	India	38.99%	Subsidiary of Lavasa
Reasonable Housing Ltd	India	64.99%	Subsidiary of Lavasa
My City Technology Ltd	India	40.94%	Subsidiary of Lavasa
Future City Multiservices SEZ Ltd (Formerly Minfur Interior Technologies Ltd)	India	64.99%	Subsidiary of Lavasa
Verzon Hospitality Ltd (Upto 30th Dec '10)	India	64.99%	Subsidiary of Lavasa
Rhapsody Hospitality Ltd	India	64.99%	Subsidiary of Lavasa
Sirrah Palace Hotels Ltd	India	64.99%	Subsidiary of Lavasa
Andromeda Hotels Ltd	India	64.99%	Subsidiary of Lavasa
Valley View Entertainment Ltd	India	64.99%	Subsidiary of Lavasa
Whistling Thrush Facilities Services Ltd	India	64.99%	Subsidiary of Lavasa
Warasgaon Power Supply Ltd	India	64.99%	Subsidiary of Lavasa
Sahyadri City Management Ltd	India	64.99%	Subsidiary of Lavasa
Warasgaon Tourism Ltd	India	64.99%	Subsidiary of Lavasa
Our Home Service Apartments Ltd	India	64.99%	Subsidiary of Lavasa

SCHEDULE - Q (Contd.)

Name of the Subsidiary	Country of Incorporation	% Holding	Nature of Relationship
Hill City Service Apartments Ltd	India	64.99%	Subsidiary of Lavasa
Warasgaon Infrastructure Providers Ltd	India	64.99%	Subsidiary of Lavasa
Kart Racers Ltd	India	64.99%	Subsidiary of Lavasa
Nature Lovers Retail Ltd	India	64.99%	Subsidiary of Lavasa
Osprey Hospitality Ltd	India	64.99%	Subsidiary of Lavasa
Mugaon Luxury Hotels Ltd	India	64.99%	Subsidiary of Lavasa
Starlit Resort Ltd	India	64.99%	Subsidiary of Lavasa
Rosebay Hotels Ltd	India	64.99%	Subsidiary of Lavasa
Warasgaon Valley Hotels Ltd	India	64.99%	Subsidiary of Lavasa
Knowledge Vista Ltd (upto 22nd Apr 2010)	India	64.99%	Subsidiary of Lavasa
Highbar Technologies FZLLC	Dubai	100.00%	Subsidiary of HTL
Vikhroli Corporate Park (Partnership Firm upto 28th June, 2010)*	India	100.00%	Subsidiary of HREL

* Converted to Vikhroli Corporate Park Pvt. Ltd., with effect from 28th June, 2010, holding 26%.

** With effect from 19th April, 2010.

*** With effect from 5th May, 2010.

During the year, the Company has acquired 66% stake in Zurich-based Karl Steiner AG, which is engaged in the business of building construction after obtaining all regulatory approvals in India and Switzerland, for a total consideration of CHF 35 million, through its wholly owned subsidiary HCC Mauritius Enterprises Ltd.

II Significant Accounting Policies Forming Part of Consolidated Accounts As At 31st March, 2011.
1 Basis of Accounting

The Company maintains its accounts on accrual basis following historical cost convention, in accordance with the Indian GAAP. Management makes estimates and technical and other assumptions regarding the amounts of income and expenses, assets and Liabilities and disclosures of contingencies, in accordance with the Generally Accepted Accounting Principles in India in the preparation of the financial statements. Difference between the actual results and estimates are recognised in the period in which they are determined.

2 Fixed Assets and Intangible Assets

- Fixed assets are stated at cost of acquisition including attributable overheads, financial cost and interest paid on specific borrowings upto the date of acquisition/ installation of the assets and improvement thereon less accumulated depreciation / amortisation and impairment loss, if any.
- In respect of BOT projects, the Construction Costs including interest and Preliminary expenses incurred during the period has been recognized as an intangible asset, in accordance with Accounting Standard (AS) 26 - "Intangible Assets".
- Intangible assets also comprise of trademarks, designs, licence fees , other implementation cost for software (ERP) and other application softwares acquired for inhouse use.
- Cost of purchase of land to the extent of 1% in Lavasa Corporation Ltd (LCL) is accounted as fixed assets and remaining is accounted as stock in trade.

SCHEDULE - Q (Contd.)

3 Depreciation / Amortisation

Depreciation on fixed assets is provided:

- i) In respect of buildings and sheds, furniture and office equipments on the written down value method (pro-rata on additions and deletions of the year) at rates prescribed in Schedule XIV of the Companies Act, 1956.

In case of KSAG, the buildings are depreciated on straightline method over the estimated useful life ranging from 30 years to 50 years and furniture and office equipments using depreciation rates between 10% and 33% on straight line method.
- ii) In respect of plant & machinery, heavy vehicles, light vehicles, helicopter, aircraft and speed boat on the straight line method at rates prescribed in Schedule XIV of the Companies Act, 1956 on a pro-rata basis.

Owner occupied properties at KSAG are recognized at acquisition cost less accumulated depreciation and any allowances necessary due to impairment.
- iii) In respect of computers depreciation is provided on straight line basis over a period of three years on pro rata basis.
- iv) The depreciation on assets used for construction has been treated as period cost.
- v) Intangible assets including trademark, designs, software and implementation costs including users licence fees of the Enterprise Resource Planning (ERP) system and other related application software costs are amortised over a period ranging from 5 to 10 years.
- vi) The intangible assets of BOT projects are amortized proportionately in each year based on actual traffic for the year and projected traffic for the balance concession period except Pune Paud Toll Road Company Limited (PPTRCL) where amortisation is done on straight – line method.

4 Investments

- i) Investments are classified as long-term and current investments. Long-term investments are shown at cost or written down value (in case of other than temporary diminution) and current investments are shown at cost or market value; whichever is lower.
- ii) Investments in associates and joint ventures are recognized using equity method.

5 Employee Benefits

- i) Defined Contribution plan

Contribution to provident fund and superannuation fund is accounted on accrual basis.
- ii) Defined Benefit plan

Gratuity is charged to revenue on the basis of actuarial valuation and in case of daily rated workmen on actual basis computed on tenure of service as at the end of the year.
- iii) Other Benefits

Short term and long term compensated absences are provided for based on actuarial valuation. The actuarial valuation is done as per projected unit credit method.

The obligation is measured at the present value of the estimated future cash flows. The discount rates used for determining the present value of the obligation under defined benefit plans, is based on market yields on Government Securities as at the balance sheet date, having maturity periods approximating to the terms of the related obligations.

SCHEDULE - Q (Contd.)

- iv) The post-employment benefit plans of KSAG qualify as defined benefit plans under IAS 19. The projected unit credit method is used for the calculation of the net present value of the defined benefit obligation (DBO). For the purpose of determining the DBO, this method takes account of the years served to date, with an additional unit being added to the DBO each year. For active plan participants, the DBO is thus equal to the net present value of the post-employment defined benefits, taking into account future salary and pension increases as well as the rate of employee turnover. For retirees, the DBO is equal to the net present value of current pensions, taking into account future pension increases. The total DBOs are compared to the fair value of the plan assets. Any surplus is recognised as an asset upto the benefit of the group. Any shortfall is reported in the balance sheet as a liability. Actuarial gains and losses are expensed directly in Profit and Loss account.

6 Inventories

- i) The stock of stores, spares and embedded goods and fuel is valued at cost (weighted average basis), or net realisable value whichever is lower.
- ii) Work-in-Progress is valued at the Contract rates and site mobilisation expenditure of incomplete contracts is stated at cost except NJJV and KSHI JV where work in progress is determined at cost in view of policy followed by JV.
- iii) Certain loose plant, tools & service equipments costing below ₹ 5 lacs are valued at proportionate written down value @ 3% p.m. over a period of 32 months.
- iv) Site mobilisation expenses are presented as a deduction from advances from contractees to the extent funded by such advances
- v) In case of Panchkutir Developers Ltd. (Subsidiary company) Land and construction /development expenses are accumulated under "Project work-in-progress" and the same are valued at cost or net realizable value, whichever is lower.
 - a) Cost of land purchased / acquired by the Company includes purchase / acquisition price plus all direct and indirect expenditure incurred in connection with the purchase of land.
 - b) Construction / development expenditure includes all direct and indirect expenditure incurred on development of land and/or construction at site, overheads relating to site management and administration, less incidental revenues arising from site operations. Indirect expenses will be allocated to the respective items at the time of their completion or capitalization into fixed assets.
- vi) Inventories of Land and Floor Space Index (FSI) - Lavasa
 - a) Cost of land accounted in Stock in trade is treated as (a) Cost of FSI - 95%, (b) Land, stock-in-trade – 5%, both being distinct items of inventory. Cost of Land and FSI are on a weighted average basis along with related purchase / acquisition price plus all direct and indirect expenditure incurred in connection with the purchase of land. Land and FSI are valued at lower of Cost or Net Realizable Value. Land or FSI utilized for own construction is transferred to Fixed Assets at cost.
 - b) Project Work-in-Progress is valued at the contract rates in accordance with Long-term Construction Accounting Standards.

SCHEDULE - Q (Contd.)

- c) Where construction of any unit is undertaken for which there are no sales, such inventory is valued at lower of cost or realizable value and is not considered under Long-term Construction for accounting purposes.
- d) The Stock of Stores, Food and Beverages, Groceries and provision, other guest amenities, information technology material, finished products including traded goods and semi finished goods are stated at lower of cost or net realisable value. The inventories of raw materials, laboratory materials, other consumables and housekeeping items, medicines, medicare items are stated at cost.
- vii) Accounting of Inventories of Real Estate Projects by KSAG
Real estate projects are valued based on the lower of the construction cost and the sale price until the project is handed over to the purchaser by means of the transfer of title or the transfer of material risks and rewards. Payments by customers for a specific project are offset against the construction cost as the customers have generally notari ally signed the purchase contract. Undeveloped Land (including development costs) and rented properties which are held for sale are valued at the lower of construction costs and net selling price

7 Capital Work in progress

Construction and development expenses includes cost of acquisition of development rights, all direct and indirect expenditure incurred on development of land and / or construction including attributable interest and financial charges, overheads relating to site management and administration, less incidental revenues arising from said construction. On completion of construction of building and commissioning of Plant & Machinery, such assets are capitalized leaving the incomplete work as capital work in progress.

In respect of BOT projects sub contract work done by construction contractors relating to the construction of projects and other direct expenses of the project are included in 'Intangible Assets-Work-in-progress' in term of AS-26, Intangible Assets. All income and expenses earned / incurred prior to the commercial operation of the project have been credited / debited to 'Intangible Assets-Work-in-progress'

8 Provisions, Contingent Liabilities and Contingent Assets.

Provisions involving substantial degree of estimation in measurement are recognised when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent liabilities are not recognised but are disclosed in the notes. Contingent assets are neither recognised not disclosed in the financial statements.

9 Foreign Exchange Translation of Foreign Projects and Accounting of Foreign Exchange Transactions

- i) Current assets and current liabilities are translated at the exchange rate prevailing on the last day of the year.
- ii) Gains or losses arising out of remittance / translations at the year-end are credited / debited to the profit and loss account for the year except in cases where they relate to acquisition of Fixed assets, in which case they are adjusted to the carrying cost of such assets.
- iii) Foreign exchange transactions are converted into Indian rupees at the prevailing rate on the date of the transaction.
- iv) Gains & losses in respect of foreign exchange contracts are recognised as income or expenses over the life of the contract.

SCHEDULE - Q (Contd.)

10 Financial Derivatives & Hedging transactions

Financial derivatives and hedging contracts are accounted on the date of their settlement and realised gain/loss in respect of settled contracts is recognised in the profit & loss account along with the underlying transactions.

11 Revenue Recognition

i) Accounting of construction contracts

The company follows percentage completion method, based on the stage of completion at the balance sheet date, taking into account the contractual price and revision thereto by estimating total revenue and total cost till completion of the contract and the profit so determined has been accounted for proportionate to the percentage of the actual work done.

Revenue is recognised as follows;

- a. In case of item rate contracts, on the basis of physical measurement of work actually completed, at the balance sheet date.
- b. In case of lumpsum Contracts, revenue is recognised on the completion of milestones as specified in the contract or as identified by the Management.

Foreseeable losses are accounted for as and when they are determined except to the extent they are expected to be recovered through claims presented or to be presented to the customer or in arbitration.

Claims are accounted as income in the year of receipt of arbitration award or acceptance by client or evidence of acceptance received.

ii) Revenue from Software Service contracts

Revenue from contracts, which are generally fixed price contracts, are recognised over the life of the contracts using the proportionate completion method. Foreseeable losses on such contracts are recognised when probable.

iii) Revenue from the sale of hardware are recognised upon delivery, which is when title passes to the customers.

iv) Revenues from maintenance contracts are recognised over the period of the contract.

v) HCC Real Estate Ltd. (Subsidiary company) being a developer will recognize its revenue from real estate in consonance with the principles laid down by Accounting Standard for Revenue Recognition, upon commencement of selling / leasing operations.

vi) In respect of BOT projects revenue will be recognized from the point of completion of the construction period. Income from Toll Revenue is recognised on accrual basis.

vii) Comprehensive Urban Development and Management - Lavasa

a. Sale of Land and FSI

Revenues are recognized in the year in which the agreement to lease is executed. Income from land sales (including on a long term lease basis) is recognized on the transfer of all significant risks and rewards of ownership to the buyers and a reasonable expectation of collection of the sale consideration from the buyers exists. .

Exchange of parcels of land against other parcels of land is not treated as sale but is adjusted in the land account.

b Project Construction Work

The Company follows the percentage completion method, on the basis of physical measurement of

SCHEDULE - Q (Contd.)

- work actually completed at the balance sheet date, taking into account the contractual price and revision thereto by estimating total revenue and total cost to the completion of the contract and the profit so determined is accounted for proportionate to the percentage of the actual work done. Foreseeable losses are accounted for as and when they are determined. Revenue from sales of constructed units other than under long term construction contracts are recognized on execution of transfer agreements.
- c Project Management Consultancy Fees
- Revenue from Project Management Consultancy Fees is recognized on accrual basis, as per the Agreements based on the progress of Construction work.
- d The revenue from sale of goods is recognised on delivery of the materials to the customers in accordance with the terms of the contract. Revenue from installation services is recognised as and when the service is rendered.
- e Revenue from other services are recognised when services are rendered.
- viii) Income from lease rentals
- Lease rentals are accounted on accrual basis in accordance with respective lease agreements.
- ix) a Revenue accounting by KSAG from Total / General Contracting:
- 1) Long-term contracts for the construction of third-party real-estate are accounted for using the percentage of completion (POC) method, whereby external and internal costs and estimated profits are taken into account. The degree of completion is determined on the basis of the cost incurred for own work performed and the costs from invoices received relating to the construction as recorded in the accounts (the cost-to-cost method).
- 2) Contract costs are recognized as an expense in the period in which they are incurred. Contracts and groups of contracts for which the degree of completion or the outcome cannot be reliably estimated are capitalized only to the extent of the amount of the contract costs that are likely to be recoverable. Anticipated losses from construction contracts are covered in full by valuation allowances. In accounting for contracts in progress, contractual revenue comprises the contractually agreed revenue and amendments / variations and claims that have been confirmed by the customer or for which payment is considered highly probable.
- b Revenue from real estate development business at KSAG:
- Revenue from the sale of real estate projects is realized on the transfer of title or the transfer of material risks and rewards to the purchaser. However, if significant construction work related to the sale still has to be carried out after the transfer of title, neither this revenue nor the revenue from the sale will be recognized until this work has been completed.
- c Revenue in respect of real estate investor projects:
- Revenue and profits of KSAG are accounted for in respect of real estate investors project using percentage of completion by considering development and construction as a single component.

SCHEDULE - Q (Contd.)

- x) Accounting of supply contracts:
- Revenue from supply contracts is recognised when the substantial risks and rewards of ownership is transferred to the buyer.
- xi) Receivables / Prepayments from GC - Projects:
- Customer contracts in progress are shown as an asset in the balance sheet under "Receivables from GC projects, net" or as the liabilities side under "prepayments on GC Projects, net". If the prepayments received from the customer exceed the project receivables, these are shown under liabilities, otherwise, these are shown under assets.
- 12 Taxation**
- The tax expense comprises of current tax & deferred tax charged or credited to the profit and loss account for the year. Current tax is calculated in accordance with the tax laws applicable to the current financial year. The deferred tax charge or credit is recognised using the tax rates and tax laws that have been enacted or the substantially enacted by the balance sheet date. Where there are unabsorbed depreciation or carry forward losses, deferred tax assets are recognised only if there is virtual certainty of realisation of such assets. Other deferred tax assets are recognised only to the extent there is reasonable certainty of realisation in future. At each balance sheet date, recognised and unrecognised deferred tax assets are reviewed.
- 13 Borrowing costs**
- Borrowing costs (less any income on the temporary investments of those borrowings) that are directly attributable to qualifying asset / project work-in-progress are charged over such qualifying asset / work-in-progress.
- 14 Miscellaneous Expenditure**
- Miscellaneous expenditure includes pre-operative / preliminary expenses are charged off in the year they are incurred as per Accounting Standard (AS) 26 - "Intangible Assets".
- 15 Leases**
- Assets acquired under lease where the significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases and lease rentals are charged to the Profit & Loss Account on accrual basis.
- 16 Impairment of Assets**
- The Company makes an assessment of any indicator that may lead to impairment of assets on an annual basis. An asset is treated as an impaired when the carrying cost of the asset exceeds its recoverable value, which is higher of net selling price and value in use. Any impairment loss is charged to profit and loss account in the year in which it is identified as impaired.
- 17 Goodwill Amortisation**
- Goodwill arising on consolidation is tested for impairment as at the reporting date and impairment, if any, is written off.
- Investments held by a subsidiary viz. Western Securities Ltd. in HCC Ltd. is eliminated and resultant goodwill is recognized in the consolidated financial statements.
- Any goodwill connected with the associate is included in the carrying amount of the investment and not depreciated.
- 18 Employees Stock Option Plan**
- In respect of the stock options granted pursuant to the Company's Stock Option Scheme, market value of the Company's shares as on the grant date was equal to the par value of the options granted, hence no accounting entries as per ESOP Guidelines are required to be made.

III Contingent Liabilities

IV Other Notes to Accounts:

1 Change in Accounting policy

- SCHEDULE - Q (Contd.)**

SCHEDULE - Q (Contd.)

- 13** Loans and advances include an amount due from an Officer of the Company ₹ 0.07 Crore (Previous year ₹ 0.09 Crore). Maximum amount outstanding during the year is ₹ 0.09 Crore (Previous year ₹ 0.12 Crore)
- 14** During the current year, Lavasa Corporation Ltd, has made a provision for dividend payable amounting to ₹ 1.64 Crore (previous year ₹ 1.64 Crore) towards 6% cumulative redeemable preference shares.

Total number of shares	Due date of redemption		
	1st redemption	2nd redemption	3rd redemption
12,125,000	30.01.2012	30.01.2013	30.01.2014
1,500,000	30.01.2012	30.01.2013	30.01.2014
5,250,000	30.01.2012	30.01.2013	30.01.2014
1,125,000	30.01.2012	30.01.2013	30.01.2014
3,000,000	30.01.2012	30.01.2013	30.01.2014
2,000,000	30.01.2012	30.01.2013	30.01.2014
250,000	30.01.2012	30.01.2013	30.01.2014
1,750,000	30.01.2012	30.01.2013	30.01.2014
27,000,000			

Total number of shares	Due date of redemption		
	7th year	8th year	9th year
250,000	05.06.2013	05.06.2014	05.06.2015
250,000			

15 Issue of Deep Discount Convertible Debentures and Compulsory Convertible Preference Shares:

- a** Lavasa Corporation Ltd, a subsidiary has issued Deep Discount Convertible Debentures (DDCD) & Compulsory Convertible Preference Shares (CCPS) convertible into ordinary shares. The particulars, terms of issue and the status of conversion as at March 31, 2011 are as under:
- i) Axis Bank has subscribed ₹ 225 crores in the form of Deep Discount Convertible Debentures ("DDCD"). This DDCD carry a coupon of 3.52% per annum on the face value of DDCD and have a maximum tenor of 5 years. The investor has an option to convert DDCD into equity shares of the Company at anytime within 5 years at an equity valuation of ₹ 10,000 crores from the closing date or at the time of Initial Public Offer (IPO) whichever is earlier. This DDCD is compulsorily convertible at the end of 5 years at an equity valuation of ₹ 10,000 crores. The Investor and HCC have a put / call option respectively to sell / purchase the DDCD from 36th months upto 60th months from the closing date. During the year, the above DDCD is sub-divided into 225 DD CDs of a face value of ₹ 1,72,17,777.78 each.
- ii) Bank of India has subscribed ₹ 150 crores in the form of Deep Discount Convertible Debentures ("DDCD"). This DDCD carry a coupon of 6% per annum on the subscription amount and have a maximum tenor of 5 years. The investor has an option to convert DDCD into equity shares at anytime within 5 years from the closing date at an equity valuation of ₹ 10,000 crores or at the time of Initial Public Offer (IPO) whichever is earlier. DD CDs are compulsorily convertible at the end of 5 years at an equity valuation of ₹ 10,000 crores. The Investor and HCC have a put / call option respectively to sell / purchase the DD CD

SCHEDULE - Q (Contd.)

- at the end of 39th, 48th and 60th month from the closing date. During the year, the above DD CD is sub-divided into 15 DD CDs of a face value of ₹ 15,66,10,153 each. on 15th November, 2010 the Company has pre-paid 9 DD CDs.
- iii) Allahabad Bank has subscribed ₹ 50 crores in the form of Deep Discount Convertible Debentures ("DDCD"). This DD CD carry a coupon of 6% per annum on the subscription amount and have a maximum tenor of 5 years. The investor has an option to convert DD CDs into equity shares at anytime within 5 years from the closing date at an equity valuation of ₹ 10,000 crores or at the time of Initial Public Offer (IPO) whichever is earlier. DD CDs are compulsorily convertible at the end of 5 years at an equity valuation of ₹ 10,000 crores. The Investor and HCC have a put / call option respectively to sell / purchase the DD CD at the end of 39th, 48th and 60th month from the closing date.
- iv) IndusInd Bank has subscribed ₹ 50 crores in the form of Deep Discount Convertible Debentures ("DDCD"). This DD CD carry a coupon of 6% per annum on the subscription amount and have a maximum tenor of 5 years. The investor has an option to convert DD CD into equity shares of the Company at anytime within 5 years from the closing date at an equity valuation of ₹ 10,000 crores. The Investor and HCC have a put / call option respectively to sell / purchase the DD CD at the end of 36th, 48th and 60th month from the closing date.
- v) Andhra Bank had subscribed ₹ 25 crores in the form of Deep Discount Convertible Debentures ("DDCD"). This DD CD carried a coupon of 6% per annum on the subscription amount and had a maximum tenor of 5 years. The investor had an option to convert DD CD into equity shares at anytime within 5 years from the closing date at an equity valuation of ₹ 10,000 crores or at the time of Initial Public Offer (IPO) whichever is earlier. This DD CD was compulsorily convertible at the end of 5 years at an equity valuation of ₹ 10,000 crores. The Investor and HCC had a put / call option respectively to sell / purchase the DD CD at the end of 39th, 48th and 60th month from the closing date. On 3rd September, 2010 the Company has pre-paid the full outstanding amount of the said DD CD.
- vi) United Bank of India had subscribed ₹ 50 crores in the form of Deep Discount Convertible Debentures ("DDCD"). This DD CD carried a coupon of 6% per annum on the subscription amount and had a maximum tenor of 5 years. The investor had an option to convert DD CD into equity shares at anytime within 5 years from the closing date at an equity valuation of ₹ 10,000 crores or at the time of Initial Public Offer (IPO) whichever is earlier. This DD CD was compulsorily convertible at the end of 5 years at an equity valuation of ₹ 10,000 crores. The Investor and HCC had a put / call option respectively to sell / purchase the DD CD at the end of 39th, 48th and 60th month from the closing date. On 23rd November, 2010 the Company has pre-paid the full outstanding amount of the said DD CD.
- vii) Allahabad Bank has subscribed ₹ 50 crores in the form of Deep Discount Convertible Debentures ("DDCD"). This DD CD carry a coupon of 6% per annum on the subscription amount and have a

SCHEDULE - Q (Contd.)

- maximum tenor of 5 years. The investor has an option to convert DDCDs into equity shares at anytime within 5 years from the closing date at an equity valuation of ₹ 10,000 crores or at the time of Initial Public Offer (IPO) whichever is earlier. DDCDs are compulsorily convertible at the end of 5 years at an equity valuation of ₹ 10,000 crores. The Investor and HCC have a put / call option respectively to sell / purchase the DDCD at the end of 39th, 48th and 60th month from the closing date.
- viii) ICICI Bank Limited has subscribed ₹ 250 crores in the form of Deep Discount Convertible Debentures ("DDCD"). This DDCD carry a coupon of 6% per annum on the subscription amount and have a maximum tenor of 5 years. The investor has an option to convert DDCDs into equity shares at anytime within 5 years from the closing date at an equity valuation of ₹ 10,000 crores or at the time of Initial Public Offer (IPO) whichever is earlier. DDCDs are compulsorily convertible at the end of 5 years at an equity valuation of ₹ 10,000 crores. The Investor and HCC have a put / call option respectively to sell / purchase the DDCD at the end of 36th, 48th and 60th month from the closing date.
- ix) Axis Bank has subscribed ₹ 25 crores in the form of Compulsory Convertible Preference Shares ("CCPS"). This CCPS carry a coupon of 0.001% per annum on the subscription amount of CCPS. The CCPS have a maximum tenor of 5 years. The Investor has an option to convert the CCPS into equity shares of the Company at any time within 5 years from the Closing Date. Axis Bank and HCC have the put / call option respectively to sell / purchase the CCPS at the end of 36th, 48th and 60th month from the closing date.
- x) Bennett Coleman & Co. Limited (BCCL), has invested an amount of ₹ 81.25 Crore into the Company against issuance of one Warrant on preferential basis, giving a right to BCCL to subscribe to 0.8125% of the fully diluted equity share capital of the Company as on the date of exercise of the warrant. BCCL has paid ₹ 8.13 Crore being 10% of the exercise amount against the allotment of warrant. BCCL can exercise the right of conversion at any time during the 5 years from the date of agreement or shall exercise in whole at the end of 5th year or at the time of IPO. In the event BCCL does not exercise its option to acquire all the shares within 5 years the Company shall forfeit the proportionate warrant subscription price to the extent not exercised and warrant shall lapse.
- b) Lavasa Corporation Ltd, a subsidiary has issued Non Convertible Debentures (NCD). The particulars, terms of issue as at March 31, 2011 are given below:
- i) Jammu & Kashmir Bank Limited had subscribed ₹ 100 Crore in the form of Deep Discount Convertible Debentures ("DDCD"). On 3rd September 2010, vide supplementary agreement, bank has converted the existing DDCD into 1 (one) Non Convertible Debenture ("NCD") aggregating ₹ 100 crores for the tenor of 5 years. This NCD carry a coupon rate of 10.75% per annum, payable quarterly on subscription amount. The investor and HCC have a put / call option respectively to sell / purchase the NCD at the end of 39th, 48th and 60th month from the closing date.

SCHEDULE - Q (Contd.)

- ii) Bank of India has subscribed ₹ 105 crores in the form of 1050 Non Convertible Debentures ("NCD") of face value ₹ 10,00,000 each on 19th November 2010 for the tenor of 3 years. These NCD carry a coupon rate of 12.50% per annum, payable yearly on subscription amount. The investor and HCC have a put / call option respectively to sell / purchase the NCD at the end of 15th, 24th and 36th month from the closing date. The said NCD are listed on Bombay Stock Exchange (BSE) on 13th January 2011.
- 16 The company issued at par 1,000 Zero Coupon Convertible Bonds due 2011 of US \$ 1,00,000 each and 2,69,54,200 Global Depository shares (GDSs) for an issue price of US \$ 3.71 each aggregating to US \$ 200 million. (₹ 891.60 Crore as on the date of issue) in the year 2005-06 to finance capital expenditure, acquisitions, investment in Company's real estate Subsidiary and any other use as may be permitted under applicable law or by relevant regulatory bodies from time to time. The Bondholders had an option of converting these Bonds into shares at an initial conversion price of ₹ 248.08 per share with a fixed rate of conversion of ₹ 44.58 = US\$1 at any time on or after 11th May 2006 up to 18th February 2011. The Bonds were also redeemable at the option of the company at least at 130% of the early redemption amount at any time on or after 14th April, 2009 upto 18th February 2011. Unless previously redeemed, converted or purchased and cancelled, the Bonds were to be redeemed on 1st April 2011 at 137.7139% of their principal amount.
- The Offering Circular provided for an adjustment to the conversion price of the FCCBs in the event the Company making a fresh issue of its equity shares for a consideration that is less than the Current Market Value of the equity shares as on the date on which the company fixes the consideration or in the event the Company makes bonus issue of its equity shares.
- Pursuant to the issuance of fresh equity shares to QIBs, the Company had revised the conversion price of the FCCBs from ₹ 248.08 to ₹ 246.02 in July 2009. Further pursuant to the issuance of bonus equity shares on 12th August 2010, the Company revised the conversion price of FCCBs from ₹ 246.02 to ₹ 123.01.
- In terms of the agreement with the Principal Agent, the Company has unconditionally remitted the amount of ₹ 598.50 Crore (including premium on redemption of FCCB) to the Principal Agent on 31st March 2011 to discharge the FCCBs maturing on 1st April 2011. The Company's liability has accordingly been extinguished on remittance. the Principal Agent has confirmed the discharge of the payment to the bond holders. Premium payable on redemption of FCCBs till 31st March 2011 has been adjusted net of tax to the Securities Premium Account. Tax payable @ 12.4512% is proportionately adjusted against Securities Premium.
- 17 In the year 2005-06, pending utilization of the issue proceeds of Zero Coupon Foreign Currency Convertible Bonds (FCCB) and Global Depository Shares (GDS) an amount of ₹ 869.54 Crore had been kept in Foreign Currency Current and Deposit Accounts. During the current year, out of the issue proceeds, ₹ Nil (Previous year ₹ 14.42 Crore) has been utilized for meeting working capital requirements in terms of the objects of the issue.
- 18 During the year ended 31st March 2010, 34 FCCBs of the face value of USD 100,000 each were bought back by the company aggregating to USD 0.34 crore.
- Further, provision made for premium on redemption of FCCBs by debiting Securities Premium in the previous year has been reversed to the extent it pertains to the FCCBs buyback.

SCHEDULE - Q (Contd.)

- 19** The company issued 75,00,000 Warrants of Re.1/- each at a premium of ₹ 201.50 per warrant on preferential basis to promoters on 20th December, 2007. The Warrant holders were entitled to apply for and be allotted, in one or more tranches, one equity share of Re. 1/- each of the Company per warrant, anytime after the date of allotment of Warrant but before the expiry of 18 months from the date of allotment of such Warrants. Upon exercise of the right to apply for Equity shares, the Warrant holders were liable to make the payment of 90% of the issue price. The Board upon receipt of the entire amount was to allot one equity share per Warrant. However, upon not exercising the option, an amount of ₹ 15.19 Crore equivalent to 10% of the issue price of 75,00,000 warrants received has been forfeited during the previous year.
- 20** The Company vide its Qualified Institutional Placement Document dated 30th June 2009 has placed 4,70,00,000 fully paid-up Equity Shares of ₹ 1/- each at an issue price of ₹ 102.15 per Equity Share (including a premium of ₹ 101.15 per Equity Share), aggregating to ₹ 480.11 Crore to Qualified Institutional Buyers. These equity shares have been subsequently issued and allotted at its Board meeting held on 4th July 2009.
- 21** The Company had created "Foreign Currency Monetary Items Translation Difference" in FCMIT account for accounting of long term monetary exchange fluctuation in terms of the Company's Accounting Standard Amendment Rules, 2009. During the current year, the Company has fully charged off the balance in FCMIT account of ₹ 2.17 crore in terms of this rules.
- 22** Disclosure in accordance with Accounting Standard 7 (Revised), amounts due from / to customers on construction contracts

	2010-11	2009-10
	₹ Crore	₹ Crore
a Contract revenue	14,600.85	10,717.87
b Contract cost incurred	12,827.18	9,515.60
c Recognised profits / losses	1,773.67	1,202.27
d Advances received	1,535.52	582.95
e Retention money	446.40	208.33
f Gross amount due from customer for contract work	1,646.60	1,551.43
g Gross amount due to customer for contract work	270.95	290.88

Note: The above information is given only in respect of contracts entered into on / after 1st April, 2003

- 23** The Company's proportionate share in assets, liabilities, income and expenses of its Joint Venture Companies included in these consolidated financial statements in accordance with AS 27 - "Financial Reporting of Interests in Joint Ventures" is presented below:

Balance Sheet	As at 31.03.2011 ₹ Crore	As at 31.03.2010 ₹ Crore
Sources of funds		
Equity Shareholders Fund		
Reserves and Surplus	8.69	23.37
Total Shareholders Funds	8.69	23.37
Loans		
Secured	143.62	7.45
Unsecured	52.17	21.26
Total Loans	195.79	28.71
Total	204.48	52.08

SCHEDULE - Q (Contd.)

As at
31.03.2011
₹ Crore

As at
31.03.2010
₹ Crore

Application of Funds
Fixed Assets

Gross Block	61.90	77.01
Less: Accumulated Depreciation	6.22	5.25
Net Block	55.68	71.76
Items awaiting capitalisation	202.46	—
Total Fixed Assets	258.14	71.76

Investments

Deferred Tax Assets (Net)	0.03	(1.59)
----------------------------------	------	--------

Current Assets, Loans and Advances
A Current Assets

a. Inventories	16.76	44.42
b. Sundry Debtors	0.04	0.47
c. Cash and Bank Balances	10.73	5.35
d. Other Current Assets	0.13	0.14

B Loans and Advances

Total Current Assets, Loans and Advances	28.51	66.75
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Less: Current Liabilities and Provisions

a. Current Liabilities	88.23	88.47
b. Provisions	0.01	0.01

Total Current Liabilities and Provisions	88.24	88.48
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Net Current Assets	(59.73)	(21.73)
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Total	204.48	52.08
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Profit and Loss Account
Income

Income from Operations	45.59	218.77
Other income	1.18	0.76

Total Income	46.77	219.53
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Expenditure

Construction Expenses	25.07	180.86
Employees Remuneration and Benefits	3.98	19.80
Office and Site Establishment Expenses	4.66	11.71
Interest	5.08	4.91
Depreciation / Amortisation	2.33	3.76

Total Expenditure	41.12	221.04
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Profit / (Loss) Before Tax	5.65	(1.51)
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Provision for Current Tax	(8.15)	(11.18)
Provision for Deferred Tax	—	(1.39)

Profit / (Loss) After Tax	(2.50)	(14.08)
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24 Disclosure in accordance with Accounting Standard -18 Related Party Transactions
A Names of Related Parties & Nature of Relationship

Names of Related Parties	Nature of Relationship
Nathpa Jhakri Joint Venture	Integrated Joint Venture
HCC-Pati Joint Venture	Integrated Joint Venture
Kumagai-Skanska-HCC-Itochu Group	Integrated Joint Venture
HCC-L & T Purulia Joint Venture	Integrated Joint Venture

SCHEDULE - Q (Contd.)

Names of Related Parties	Nature of Relationship		
Alpine - Samsung - HCC Joint Venture	Integrated Joint Venture		
Alpine - HCC Joint Venture	Integrated Joint Venture		
Dhule Palesnar Tollway Ltd	Integrated Joint Venture		
Bona Sera Hotels Ltd	Other Related Party		
Palmetto Hospitality Ltd	Other Related Party		
SOL Hospitality Ltd	Other Related Party		
Knowledge Vista Ltd	Other Related Party		
Evostate AG	Other Related Party		
MCR Managing Corp Real Estate	Other Related Party		
Projektentwicklungsges. Parking Kunstmuseum AG	Other Related Party		
ARGE Prime Tower	Other Related Party		
Hincon Holdings Ltd.	Other Related Party		
Gulabchand Foundation (Formed u/s 25 of the Companies Act, 1956)	Other Related Party		
Vikhroli Corporate Park Pvt Ltd (from 22nd July ₹ 10)	Other Related Party		
Ecomotel Hotel Ltd (from 2nd Sept ₹ 10)	Other Related Party		
Warasgaon Lakeview Hotel Ltd (from 31st December ₹ 10)	Other Related Party		
Hincon Finance Ltd	Other Related Party		

B Key Management Personnel

Shri Ajit Gulabchand	Chairman & Managing Director
Shri K.G. Tendulkar	Managing Director - KSAG
Shri Vinayak Deshpande	President (EPC & Construction)
Shri Praveen Sood	Group Chief Financial Officer
Shri V. P. Kulkarni	Company Secretary, HCC
Shri Rajgopal Nogja	President - HREL, Lavasa
Shri Arjun Dhawan	President - Infrastructure

C Transactions with Related Parties:

Nature of Transactions	₹ Crore	
	Integrated JV's	Other Related Parties
Sale of Construction materials, Spares and land		
Alpine - Samsung - HCC Joint Venture	— (0.02)	— (—)
Vikhroli Corporate Park Pvt Ltd	— (—)	1.35 (6.69)
Others	— (—)	— (2.40)
Total	— (0.02)	1.35 (9.09)
Purchase of Construction materials and Spares		
Alpine - HCC Joint Venture	0.05 (0.04)	— (—)

SCHEDULE - Q (Contd.)

Nature of Transactions	₹ Crore	
	Integrated JV's	Other Related Parties
Purchase of fixed assets		
Alpine - HCC Joint Venture	0.01 (—)	— (—)
Rendering of Services / Financial Income		
Alpine - Samsung - HCC Joint Venture	— (0.15)	— (—)
Alpine - HCC Joint Venture	0.09 (0.90)	— (—)
Warasgaon lakeview Hotels Ltd	— (—)	4.83 (0.95)
Vikhroli Corporate Park	— (—)	11.99 (0.76)
Vikhroli Corporate Park Pvt Ltd	— (—)	10.82 (—)
Others	— (0.02)	6.29 (3.89)
Total	0.09 (1.07)	33.93 (4.08)
Receiving of Services		
Vikhroli Corporate Park	— (—)	2.34 (6.05)
Vikhroli Corporate Park Pvt Ltd	— (—)	17.92 (1.31)
Others	— (—)	3.31 (0.99)
Total	— (—)	23.57 (8.35)
Equity Contribution made during the period		
Dhule Palesnar Tollway Ltd	3.99 (0.08)	— (—)
Vikhroli Corporate Park Pvt Ltd	— (—)	82.50 (—)
Others	— (—)	9.51 (16.97)
Total	3.99 (0.08)	92.01 (16.97)
Outstanding Payables		
Alpine - Samsung - HCC Joint Venture	10.73 (1.17)	— (—)
HCC - Pati Joint Venture	1.36 (1.36)	— (—)
Hincon Holdings Ltd	— (—)	0.90 (12.00)
Hincon Finance Ltd	— (—)	0.41 (0.01)
Ecomotel Hotels Ltd	— (—)	0.48 (—)
Others	— (2.73)	0.12 (0.06)
Total	12.09 (5.26)	1.91 (12.07)
Work Bill Receipts		
Dhule Palesnar Tollway Limited	184.95 (39.61)	— (—)

SCHEDULE - Q (Contd.)

	₹ Crore	
	Integrated JV's	Other Related Parties
Nature of Transactions		
Vikhroli Corporate Park	— (—)	15.00 (—)
Vikhroli Corporate Park Pvt Ltd	— (—)	35.00 (—)
Total	184.95 (39.61)	50.00 (—)
Advances Received / Recovered		
Dhule Palesner Tollway Limited	23.08 (23.08)	— (—)
Advances given / repaid		
Dhule Palesner Tollway Limited	12.83 (—)	— (—)
Intercompany Deposit given / repaid during the year		
Vikhroli Corporate Park Pvt Ltd	— (—)	280.40 (—)
Others	— (—)	75.03 (129.75)
Total	— (—)	355.43 (129.75)
Intercompany Deposit received / recovered during the year		
Hincon Holdings Ltd	— (—)	7.00 (12.75)
Ecomotel Hotel Ltd	— (—)	9.37 (22.11)
Knowledge Vista Ltd	— (—)	6.93 (36.22)
Warasgaon Lakeview Hotel Ltd	— (—)	9.07 (29.37)
Vikhroli Corporate Park Pvt Ltd	— (—)	28.90 (10.21)
Others	— (—)	0.99 (11.35)
Total	— (—)	62.26 (122.01)
Outstanding balance of Intercompany deposits given		
Warasgaon Lakeview Hotels Ltd	— (—)	23.75 (0.84)
Bona Sera Hotels Ltd	— (—)	6.92 (2.54)
Ecomotel Hotels Ltd	— (—)	6.30 (3.07)
Others	— (—)	0.98 (3.59)
Total	— (—)	37.95 (10.04)
Outstanding Receivables		
Alpine-HCC Joint venture	— (4.27)	— (—)
Dhule Palesner Tollway Ltd	52.36 (—)	— (—)
Vikhroli Corporate Park Pvt Ltd	— (—)	19.22 (151.63)

SCHEDULE - Q (Contd.)

	₹ Crore	
	Integrated JV's	Other Related Parties
Nature of Transactions		
Vikhroli Corporate Park	— (—)	20.22 (—)
Others	15.84 (6.07)	7.04 (—)
Total	68.20 (10.34)	46.48 (151.63)
Donations		
Gulabchand Foundations	— (—)	3.00 (3.00)
Share Warrants Forfeited during the year		
Hincon Holdings Ltd.	— (—)	— (12.56)
Bank Guarantees given outstanding as at the end of the year		
Alpine-Samsung-HCC Joint venture	43.72 (52.56)	— (—)
Alpine-HCC Joint venture	10.68 (12.43)	— (—)
HCC L & T Purulia	9.51 (9.51)	— (—)
Total	63.91 (74.50)	— (—)
Corporate Guarantees given and outstanding as at the end of the year		
Warasgaon Lakeview Hotels Ltd	— (—)	— (81.00)
Ecomotel Hotels Ltd	— (—)	18.00 (18.00)
Knowledge Vista Ltd	— (—)	37.00 (37.00)
Total	— (—)	55.00 (136.00)

Note: Figures in brackets pertain to previous year.

D a	Details of Transactions relating to persons referred to in item (B) above	
Nature of Transactions	2010-11 ₹ Crore	2009-10 ₹ Crore
Remuneration	21.55	19.73
Salary of Ms. Shalaka Gulabchand Dhawan (Daughter of Shri Ajit Gulabchand)	0.71	0.65
Commission to Chairman & Managing Director & Whole Time Directors	—	—
Rent received from Shri Praveen Sood	—	0.02
TOTAL	22.26	20.40

The above figure doesnot include provision gratuity liability actuarially valued as separate figures are not available

SCHEDULE - Q (Contd.)**b (1) Options granted to Key Management Personnel under Employees' Stock Option Scheme of HCC.****Number of Options Granted**

	As at 31.03.2011	As at 31.03.2010
i) Shri K.G. Tendulkar	247,040	617,600
ii) Shri Vinayak Deshpande	387,500	193,750
iii) Shri Praveen Sood	549,000	274,500
iv) Shri V. P. Kulkarni	274,400	137,200
v) Shri Rajgopal Nogja	343,700	171,600

b (2) Options granted to Key Management Personnel under Employees' Stock Option Scheme of Lavasa Corporation Ltd**Number of Options Granted**

	As at 31.03.2011	As at 31.03.2010
i) Shri K.G. Tendulkar	—	9,800
ii) Shri Praveen Sood	44,846	4,360
iii) Shri V. P. Kulkarni	22,423	2,180
iv) Shri Rajgopal Nogja	403,303	39,210

25 Employees Stock Option Scheme:**A Scheme of HCC**

- a Options granted i) The Company offered 44,58,800 Stock Options on April 25, 2008 (each option carrying entitlement for one equity share of the face value of ₹ 1/- each) at a price of ₹ 132.50 per equity share. Out of the total Stock options offered, 8,98,180 have been lapsed on account of resignation / retirement by employees.
- ii) In accordance with the approval of the Board of Directors and the Shareholders of the Company, the ESOP Compensation Committee at its meeting held on July 20, 2009 has repriced 41,31,600 options at ₹ 104.05 per equity share.
- iii) The ESOP Compensation committee at its meeting held on 23rd October 2008 granted 1,93,750 options at an exercise price of ₹ 43.40 per Equity share.
- The ESOP Compensation Committee of the company at its meeting held on 12th August, 2010 has been decided to double the number of employees stock options (vested and unvested but not exercised and in-force as on the record date i.e 11th August, 2010) and have the exercise price on account of issuance and allotment of Bonus Equity Shares in the proportion of 1:1
- Accordingly, 35,53,760 employees stock option in-force granted by the company on 25th April, 2008 have been doubled i.e 71,07,520 and the exercise price in respect of the same has been halved i.e. it has been reduced from ₹ 104.05 to ₹ 52.03

SCHEDULE - Q (Contd.)

and 1,93,750 employees stock options granted by the company on 23rd October, 2008 have been doubled i.e 3,87,500 and the exercise price in respect of the same have been halved i.e it has been reduced from ₹ 43.40 to ₹ 21.70

b Settlement	Through Equity Shares
c Options vested	33,17,780. Options shall not be vested before the expiry of 1 year and not after 4 years from the date of grant of Options.
d Outstanding at the beginning of the period	4,325,350
e Granted during the period	NIL
f Additional Options granted on account of Bonus issue	3,747,510
g Forfeited during the period	NIL
h Exercised during the period	26,860
i Expired / cancelled during the period	948,500
j Outstanding at the end of the period	7,097,500
k Exercisable at the end of the period	NIL

B Scheme of Lavasa

- a Options granted i) The Company granted 154,200 stock options on April 21, 2008 (each option carrying entitlement for 1 equity share of the face value of ₹ 10/- each) at an exercise price of ₹ 534.52 per equity share.
- ii) The ESOP compensation committee at its meeting held on October 20, 2009 granted 49,000 additional options to existing option holders at an exercise price of ₹ 534.52 per equity share for making an adjustment to the number of options on account of the increase in the equity share capital of the Company, post grant of the initial options.
- iii) The ESOP compensation committee at its meeting held on 11th June 2010 granted 15,16,560 additional options to existing option holders at an exercise price of ₹ 59.39 per equity share for making an adjustment to the number of options on account of the increase in the equity share capital of the Company, due to bonus issue of equity shares.
- iv) The ESOP compensation committee at its meeting held on 11th June, 2010 also approved the adjustment / modification of exercise price mentioned in a (i) and (ii) above to ₹ 59.39 per equity share due to bonus issue of equity shares.
- v) The ESOP compensation committee at its meeting held on 30th July, 2010 granted 2,43,736 additional options to existing option holders at an exercise price of ₹ 51.97 per equity share for making an

SCHEDULE - Q (Contd.)

adjustment to the number of options on account of the increase in the equity share capital of the Company, due to bonus issue of equity shares.

- vi) The ESOP compensation committee at its meeting held on 30th July, 2010 also approved the adjustment / modification of exercise price mentioned in a (i), (ii) and (iii) above to ₹ 51.97 per equity share due to bonus issue of equity shares.

b	Settlement	Through Equity Shares.
c	Options vested	Not applicable since the options shall not be vested before the expiry of 3 to 5 years from the date of the grant of options, that is, April 21, 2008.
d	Outstanding at the beginning of the period	191,750
e	Granted during the period	1,760,296
f	Forfeited during the period	NIL
g	Exercised during the period	NIL
h	Expired / cancelled during the period	2,180
i	Outstanding at the end of the period	1,949,866
j	Exercisable at the end of the period	NIL
26	i)	The Company has taken various construction equipments, office premises, guest houses and vehicles under non cancellable operation leases. The future minimum lease payments in respect of these as at 31st March, 2011 are as follows:

	As at 31.03.2011	As at 31.03.2010
Minimum lease rental payments:		
a) Payable not later than 1 year	20.67	14.89
b) Payable later than 1 year and not later than 5 years	38.35	12.50
c) Later than 5 years	0.43	0.43
Total	59.45	27.82

Segment information for the year ended March 31, 2011
a) Information About Primary Business Segments

Particulars	Engineering & Construction	Real Estate	Comprehensive Urban Development & Management	Others	Total
Revenue					
External Sales	6,929.89 (3,655.34)	3.38 (13.48)	213.37 (306.37)	5.91 (—)	7,152.55 (3,975.19)
Add: Inter Segment Sales	— (—)	— (—)	— (—)	— (—)	— (—)
Total Segment Revenue	6,929.89 (3,655.34)	3.38 (13.48)	213.37 (306.37)	5.91 (—)	7,152.55 (3,975.19)
Less: Eliminations					— (—)
Total	6,929.89 (3,655.34)	3.38 (13.48)	213.37 (306.37)	5.91 (—)	7,152.55 (3,975.19)
Result (profit before interest)	445.69 (296.51)	(3.95) (1.46)	0.76 (99.18)	(29.51) (4.07)	412.99 (393.08)
Less: Eliminations	— (—)	— (—)	— (—)	— (—)	— (—)
Result (profit before interest)	445.69 (296.51)	(3.95) (1.46)	0.76 (99.18)	(29.51) (4.07)	412.99 (393.08)

SCHEDULE - Q (Contd.)

Lease payment recognised during the year is ₹ 20.28 Crore (Previous year ₹ 11.08 Crore)

- ii) The lease agreement provides for an option to the Company to renew the lease period at the end of the non cancellable period. There are no exceptional / restrictive covenants in the lease agreements.

27 Intangible assets (ERP) includes compatible software ₹ 6.22 Crore (Previous Year ₹ 0.94 Crore)

28 Disclosure in relation to Derivative Instruments

For hedging foreign currency risk for unsecured loans:

	Number of contracts	₹ Crore	₹ Crore
	As at 31.03.2011	As at 31.03.2010	As at 31.03.2011
i) Options	6	4	27.45
ii) Forward Contracts	NIL	2	NIL

Foreign Currency exposure not hedged as on 31st March 2011 is ₹ 328.07 Crore (Previous year ₹ 563.93 Crore)

29 Due to Inter Company Sales during the year, sales and profit before tax are eliminated in the Consolidated Financial statements. However, the tax provision is the sum total of tax provision of Holding Company, Subsidiaries and Integrated Joint Ventures.

30 Segment Reporting:

The Group has disclosed Business Segment as the primary segment. Segments have been identified taking into account the nature of activities of the parent company, its subsidiaries and joint ventures, the differing risks and returns, the organization structure and internal reporting system.

The Group's operations predominantly relate to "Engineering & Construction", "Real Estate" and "Comprehensive Urban Development and Management". Other business segments contribute less than 10 % of the total revenue and have been grouped as "Others".

The Segment Revenue, Segment Results, Segment Assets and Segment Liabilities include respective amounts identifiable to each of the segments and also amounts allocated on a reasonable basis.

SCHEDULE - Q (Contd.)

Particulars	Engineering & Construction	Real Estate	Comprehensive Urban Development & Management	Others	Total
Less: Interest Expenses					495.87 (276.36)
Add: Dividend on other Investments					19.71 (0.24)
Add: Profit on Sale of Investments					0.69 (6.69)
Add: Exceptional Items					119.27 (—)
Current Tax					65.54 (69.30)
Deferred Tax					95.92 (109.17)
MAT credit entitlement					(58.15) (-56.31)
Net Profit					(46.52) (1.48)
Other Information					
Segment Assets	8,893.20 (5,920.29)	184.42 (803.62)	2,934.86 (2,451.82)	35.38 (4.07)	12,047.86 (9,179.80)
Segment liabilities	3,177.44 (2,064.89)	19.00 (51.78)	334.26 (434.96)	3.69 (0.10)	3,534.39 (2,551.73)
Capital expenditure	782.47 (642.16)	16.70 (602.96)	375.46 (138.84)	0.29 (—)	1,174.92 (1,383.96)
Depreciation	188.87 (131.23)	12.67 (2.33)	14.05 (6.85)	0.10 (0.06)	215.69 (140.47)
Total Assets Exclude:					
Investments	105.02 (26.42)	91.01 (—)	21.24 (279.15)	— (—)	217.27 (305.57)
Advance Tax (Net)	203.71 (107.78)	1.74 (0.60)	80.12 (51.44)	1.61 (0.10)	287.18 (159.92)
Other Current Assets	71.25 (4.94)	— (—)	— (—)	1.96 (—)	73.21 (4.94)
Total Liabilities Exclude:					
Secured Loans	2,853.76 (1,468.30)	47.43 (356.18)	1757.97 (1,623.60)	136.95 (—)	4,796.11 (3,448.08)
Unsecured Loans	1,983.97 (1,572.92)	84.46 (180.73)	452.60 (176.64)	65.32 (0.01)	2,586.35 (1,930.30)
Proposed Dividend (including taxes thereon)	28.20 (28.38)	— (0.95)	0.27 (—)	— (—)	28.47 (29.33)
Accrued interest	18.93 (11.81)	— (—)	— (—)	— (—)	18.93 (11.81)

Note: Figures in brackets pertain to previous year.

b) Information About Secondary Business Segments (geographical segments)

	Domestic	Overseas	Total
Segment Revenue	4432.70	2719.85	7,152.55
Segment Assets	10786.57	1261.29	12,047.86
Capital expenditure	1172.60	2.32	1174.92

Note: Bhutan operations are considered as domestic operations.

- 31** The Company has amounts due to suppliers under the Micro, Small and Medium Enterprises Development Act, 2006, as at 31st March, 2011. The disclosure pursuant to the said Act is as under:

	₹ Crore 2010-11	₹ Crore 2009-10
Principal amount due to suppliers under MSMED Act	1.41	0.03
Interest accrued and due to suppliers under MSMED Act on the above amount	0.06	—
Payment made to suppliers (other than interest) beyond appointed day during the year	3.22	2.04
Interest paid to suppliers under MSMED Act	—	—
Interest due and payable to suppliers under MSMED Act towards payments already made	0.04	0.04
Interest accrued and remaining unpaid at the end of the accounting year	0.10	0.04

Note: This information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 and has been determined to the extent such parties have been identified on the basis of information available with the Company.

SCHEDULE - Q (Contd.)

32 The Ministry of Environment and Forests (MoEF), Government of India, has issued show cause notice dated 25th November 2010 to Lavasa Corporation Ltd alleging violations of the provisions of environment (Protection) Act, 1986 and directing the Company to maintain status quo for construction / development. The Company has filed writ petition with the Bombay High Court being no 9448 of 2010 for quashing the said show cause notice and status quo, which petition has been admitted by the honourable Bombay High Court. By order dated 17th January 2011, the MoEF has observed that the Company is in violation of Environment Impact Assessment Notifications, however, MoEF is prepared to consider the projects on merits, subject to terms and conditions including imposition of penalty and creation of Environment Restoration Fund. The order of status quo is continued. Against the order dated 17th January 2011, the Company has filed writ petition being no 811 of 2011 in Bombay High Court. Both the writ petitions are pending. The Company has filed without prejudice application with MoEF for grant of Environment Clearance (EC) for its 1st phase (2000 ha) and the same is under consideration of MoEF. MoEF order is awaited. The liability in respect of the foregoing litigations, if any, is unascertainable; and hence no provisions have been made in the books of account.

33 During the current year finance cost ₹ 177.58 Crore (Previous Year ₹ 138.63 Crore) has been transferred to Capital Work in Progress in Accordance with AS - 16 "Borrowing Cost".

34 Earnings per share:

		As at 31.03.2011	As at 31.03.2010
--	--	---------------------	---------------------

Basic EPS

A	Profit computation for basic earnings per share of ₹ 1/- each		
	Net Profit as per profit & loss account available for Equity Share holders (₹ Crore) (a)	(64.62)	5.80
	Less : 6% Preference Dividend (net) (b)	—	(0.68)
	Adjusted Net Profit as per profit & loss account available to equity share holders (₹ Crore) (a-b)	(64.62)	6.48
B	Weighted average number of Equity shares for EPS computation (Nos.)	606,472,339	582,238,981
C	EPS (weighted average)		
	Basic EPS (before and after Extra ordinary items) (not annualised) (₹)	(1.07)	0.11

Diluted EPS:

A	Profit computation for diluted earnings per share of ₹ 1/-each		
	Net Profit as per Profit & Loss Account available for Equity shareholders (₹ Crore) (a)	(64.62)	5.80
	Less : 6% Preference Dividend (net) (b)	—	(0.68)
	Adjusted Net Profit as per profit & loss account available to equity share holders (₹ Crore)(a-b)	(64.62)	6.48
B	Weighted average number of Equity shares for EPS computation (Nos.)	613,955,940	625,898,444
	Diluted EPS (before and after Extraordinary Items not annualised) (₹)	(1.05)	0.10

35 On September 14, 2010 the Lavasa Corporation Ltd (the Company) has filed a Draft Red Herring Prospectus (DRHP) with Securities and Exchange Board of India (SEBI) for the proposed Initial Public Offer (IPO) of its equity shares of ₹ 10/- each. The Company has incurred certain expenses in relation to said IPO activity which has been accounted for as "Miscellaneous Expenditure (to the extent not written off or adjusted)". These expenses will be charged to the securities premium account proposed to be received from the Initial Public Offer of the equity shares of the Company. Details of expenses accounted for as Miscellaneous Expenditure (to the extent not written off or adjusted) are as below;

Sr. No.	Description	₹ Crore 2010-11
1	Legal and Professional expenses	3.28
2	Regulatory fees	1.05
	Total	4.33

36 Previous year figures have been regrouped / recast wherever necessary and are not comparable as current year figures include the financials of Karl Steiner AG, which was acquired during the year.

37 ' * ' represents amount less than ₹ 100,000.

As per our report attached
For K.S.AIYAR & CO.

Chartered Accountants
Registration No. 100186W

VINAYAK DESHPANDE
President

RAGHUVIR M. AIYAR
Partner

Membership No. 38128

PRAVEEN SOOD
Group Chief Financial Officer

VITHAL P. KULKARNI
Company Secretary

Mumbai, Dated: 29th April, 2011

AJIT GULABCHAND

Chairman & Managing Director

Y.H. MALEGAM
K.G.TENDULKAR
RAJAS R. DOSHI
RAM P. GANDHI
PROF. FRED MOAVENZADEH
D.M.POPAT
SHARAD M. KULKARNI
NIRMAL P. BHOGILAL
ANIL SINGHVI

Directors

Mumbai, Dated: 29th April, 2011

Consolidated Cash Flow Statement for the year ended 31st March, 2011

		2010-11 ₹ crores (62.48)	2009-10 ₹ crores 123.64
A. CASH FLOW FROM OPERATING ACTIVITIES			
Net Profit before tax and Exceptional items			
Adjustments for :			
Depreciation	215.69		140.47
Interest expense	528.37		280.71
Interest / Dividend received	(52.21)		(0.30)
Lease Rentals	—		7.02
Foreign Exchange (Gain) / Loss	(17.18)		(0.67)
(Profit) / Loss on sale of Assets	4.95		18.67
(Profit) / Loss on sale of investment	(0.69)		(6.69)
Provision for Doubtful debts	(0.02)		0.09
		678.91	439.30
Operating profit before working capital changes		616.43	562.94
Adjustments for :			
Trade & Other receivable	(562.89)		(299.22)
Inventories	(1247.05)		(916.98)
Trade payables	842.07		400.81
Client Advances (Interest Free)	223.85		272.22
		(744.02)	(543.17)
Cash Generated from operations		(127.59)	19.77
Direct Taxes paid		(134.66)	(95.10)
		(262.25)	(75.33)
NET CASH FLOW FROM OPERATING ACTIVITIES			
B. CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of fixed assets	(1567.33)		(1309.72)
Sale of Fixed Assets	707.29		57.49
Minority Interest	14.61		18.64
Purchase of Investments	(194.52)		(226.72)
Sale of Investments	282.29		23.14
Decapitalisation of Assets adjustment	—		108.48
Interest received	24.47		(0.93)
Dividend received	19.71		0.24
		(713.48)	(1329.38)
NET CASH USED IN INVESTING ACTIVITIES			
C. CASH FLOW FROM FINANCING ACTIVITIES			
Interest paid	(516.71)		(276.71)
Repayment of lease finance liabilities	—		(7.02)
Proceeds from long term and other borrowings	1871.47		1313.29
FCCB premium Provision	—		19.36
Equity Share Forfeiture Account	—		15.19
Share Premium	(51.00)		—
Currency Fluctuation Reserve	26.42		—
Debenture Redemption Reserve	35.04		—
Share Warrants	—		(15.19)
Capital reserve on consolidation	8.46		—
Increase in Share Capital	30.34		459.26
Dividend paid	(28.98)		(23.66)
		1375.04	1484.52
NET CASH USED IN FINANCING ACTIVITIES			
NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)		399.31	79.81
CASH AND CASH EQUIVALENTS AS AT 01/04/2010 (OPENING BAL)		298.93	219.12
UNREALISED FOREIGN EXCHANGE GAIN / (LOSS)		(0.16)	(0.17)
CASH AND CASH EQUIVALENTS		698.40	299.10
CASH AND CASH EQUIVALENTS AS AT 31/03/2011 (CLOSING BAL)		698.24	298.93
		399.31	79.81

NOTES : 1. Proceeds from Long Term and Other Borrowings are shown net of repayments.
2. Previous years figures have been regrouped wherever necessary.

As per our report attached
For K.S.AIYAR & CO.
Chartered Accountants
Registration No. 100186W

VINAYAK DESHPANDE
President

RAGHUVIR M. AIYAR
Partner
Membership No. 38128

PRAVEEN SOOD
Group Chief Financial Officer

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Chairman & Managing Director

Directors

Mumbai, Dated: 29th April, 2011

Mumbai, Dated: 29th April, 2011

Financial Details of Subsidiary Companies for the year ended on 31st March 2011

(₹ Lacs)

Sr. No	Name of the Subsidiary	Financial Year Ending on	Share Capital	Share Warrants	Share Application Money	Reserves & Surplus	Total Assets	Total Liabilities	Details of Investment (Except in case of investment in subsidiaries)				Turnover (Incl. Other income)	Profit Before Tax	Provision for Current & Deferred Tax	Profit after Tax	Proposed Dividend
									a) Shares	b) Mutual Funds	c) Optional FCD	Total of Investments					
1	Hincon Technoconsult Ltd.	31.03.2011	100.00	—	—	177.13	348.75	348.75	—	68.13	—	68.13	66.71	50.61	(11.41)	39.20	—
2	Western Securities Ltd.	31.03.2011	200.00	—	—	(56.24)	252.69	252.69	2.16	—	—	2.16	44.16	11.26	(5.45)	5.81	—
3	HCC Aviation Ltd.	31.03.2011	5.00	—	—	(855.50)	1,135.65	1,135.65	—	—	—	—	1,328.69	(0.23)	—	(0.23)	—
4	HCC Singapore PTE Ltd.	31.03.2011	2.04	—	—	(14.44)	18.09	18.09	—	—	—	—	0.40	(3.97)	—	(3.97)	—
5	HCC Mauritius Enterprises Ltd.	31.03.2011	2,257.05	—	—	(481.77)	22,630.49	22,630.49	—	—	—	—	993.94	(473.84)	—	(473.84)	—
6	HCC Construction Limited	31.03.2011	5.00	—	—	(4.96)	6.47	6.47	—	—	—	—	—	(0.20)	—	(0.20)	—
7	Highbar Technologies Limited	31.03.2011	205.00	—	—	0.89	654.71	654.71	6.35	—	—	6.35	1,472.55	20.79	(1.73)	19.06	—
8	Highbar Technologies FZ – LLC	31.03.2011	6.48	—	—	(26.94)	33.51	33.51	—	—	—	—	—	(26.94)	—	(26.94)	—
9	Pune Paud Toll Road Company Ltd.	31.03.2011	605.00	—	—	(2,975.34)	4,793.63	4,793.63	—	—	—	—	221.13	(810.68)	—	(810.68)	—
10	Nirmal BOT Ltd	31.03.2011	3,150.00	—	—	(752.13)	36,996.70	36,996.70	—	182.45	—	182.45	4,925.26	(673.82)	—	(673.82)	—
12	HCC Concessions Ltd (Formerly known as HCC Infrastructure Ltd)	31.03.2011	5.00	—	—	(2,019.36)	66,410.70	66,410.70	12,170.35	—	—	12,170.35	4,593.03	12.63	—	12.63	—
12	HCC Infrastructure Company Ltd	31.03.2011	25.00	—	—	(204.77)	217.56	217.56	—	—	—	—	—	(204.77)	—	(204.77)	—
13	Badarpur Faridabad Tollway Ltd.	31.03.2011	8,600.00	—	—	(1,876.95)	61,317.52	61,317.52	—	1,588.57	—	1,588.57	1,220.71	(1,876.95)	—	(1,876.95)	—
14	Baharpore Farakka Highways Limited	31.03.2011	100.00	—	11,949.84	—	29,762.00	29,762.00	—	1,289.23	—	1,289.23	—	—	—	—	—
15	Farakka Raiganj Highways Limited	31.03.2011	100.00	—	13,453.12	—	34,599.55	34,599.55	—	1,248.41	—	1,248.41	—	—	—	—	—
16	Raiganj Dalkhola Highways Limited	31.03.2011	100.00	—	7,538.51	—	20,629.37	20,629.37	—	3,237.17	—	3,237.17	—	—	—	—	—
17	Panchkurir Developers Ltd.	31.03.2011	10.00	—	—	(733.78)	11,099.16	11,099.16	—	—	—	—	—	(323.66)	—	(323.66)	—
18	HCC Real Estate Ltd.	31.03.2011	6,619.32	—	—	40,816.99	73,315.99	73,315.99	79.95	1,007.83	8,157.00	9,244.78	2,380.28	(2,797.33)	—	(2,797.33)	—
19	HCC Realty Limited	31.03.2011	5.00	—	—	—	5.40	5.40	—	—	—	—	—	(0.49)	—	(0.49)	—
20	Lavasa Corporation Ltd.	31.03.2011	53,819.44	812.50	—	10,698.76	3,35,715.61	3,35,715.61	2,249.71	—	—	2,249.71	54,096.17	16,339.03	5,153.71	11,185.32	163.53
21	HRL Township Developers Ltd.	31.03.2011	10.00	—	—	—	46.86	46.86	—	—	—	—	6.25	(14.11)	—	(14.11)	—
22	HRL (Thane) Real Estate Ltd.	31.03.2011	10.00	—	—	—	4,150.03	4,150.03	—	—	—	—	—	(2.59)	—	(2.59)	—
23	Nashik Township Developers Ltd.	31.03.2011	10.00	—	—	—	1,110.88	1,110.88	—	—	—	—	—	(2.57)	—	(2.57)	—
24	Maan Townshp Developers Limited, (formerly Hinjewadi Township Developers Ltd.)	31.03.2011	10.00	—	—	—	2,415.08	2,415.08	—	—	—	—	—	(2.59)	—	(2.59)	—
25	Lavasa Hotel Ltd.	31.03.2011	5.00	—	—	—	1,649.35	1,649.35	—	—	—	—	996.82	(254.78)	—	(254.78)	—
26	Charosa Wineries Ltd.	31.03.2011	700.00	—	—	600	6,361.16	6,361.16	—	—	—	—	67.84	(1,097.97)	—	(1,097.97)	—
27	Powai Real Estate Developers Limited	31.03.2011	5.00	—	—	—	5.52	5.52	—	—	—	—	—	(1.84)	—	(1.84)	—
28	Apollo Lavasa Health Corporation Ltd.	31.03.2011	116.24	—	—	8,083.76	8,836.66	8,836.66	—	—	—	—	72.04	(450.70)	20.77	(471.47)	—
29	Lakeshore Watersports Company Ltd.	31.03.2011	5.00	—	47.55	—	756.09	756.09	—	—	—	—	95.35	(162.11)	13.76	(175.87)	—
30	Dasve Convention Center Ltd.	31.03.2011	5.00	—	—	—	2,605.89	2,605.89	—	—	—	—	438.99	(1,111.57)	246.55	(1,358.12)	—
31	Dasve Business Hotel Ltd.	31.03.2011	5.00	—	—	—	1,490.61	1,490.61	—	—	—	—	0.15	(5.74)	—	(5.74)	—
32	Dasve Hospitality Institutes Ltd.	31.03.2011	10.50	—	301.00	544.50	2,843.42	2,843.42	—	—	—	—	164.36	(727.89)	4.12	(732.01)	—
33	Lakeview Clubs Ltd.	31.03.2011	5.00	—	—	—	1,091.29	1,091.29	—	—	—	—	79.78	(960.64)	145.97	(1,106.61)	—
34	Dasve Retail Ltd.	31.03.2011	5.00	—	—	—	5,560.52	5,560.52	—	—	—	—	2.48	(232.78)	26.14	(258.92)	—
35	Full Spectrum Adventure Ltd.	31.03.2011	5.00	—	—	—	947.73	947.73	—	—	—	—	99.39	(210.03)	0.03	(210.06)	—
36	Spotless Laundry Services Limited	31.03.2011	10.62	—	—	616.67	1,637.41	1,637.41	—	—	—	—	2.86	(24.71)	—	(24.71)	—
37	Lavasa Bamboocrafts Limited	31.03.2011	5.00	—	—	—	371.38	371.38	—	—	—	—	64.96	(132.43)	4.28	(136.71)	—
38	Green Hills Residences Limited	31.03.2011	8.89	—	—	335.08	4,592.60	4,592.60	—	—	—	—	13.88	8.38	1.55	6.83	—
39	My City Technology Limited	31.03.2011	28.65	—	—	2,341.35	2,370.00	2,370.00	—	—	—	—	551.05	(66.87)	—	(66.87)	—

(₹ Lacs)

Sr. No	Name of the Subsidiary	Financial Year Ending on	Share Capital	Share Warrants	Share Application Money	Reserves & Surplus	Total Assets	Total Liabilities	Details of Investment (Except in case of investment in subsidiaries)				Turnover (Incl. Other income)	Profit Before Tax	Provision for Current & Deferred Tax	Profit after Tax	Proposed Dividend
									a) Shares	b) Mutual Funds	c) Optional FCD	Total of Investments					
40	Reasonable Housing Limited	31.03.2011	5.00	—	1,000.00	—	1,570.25	1,570.25	—	—	—	—	76.84	(93.87)	(0.11)	(93.75)	—
41	Future City Multiservices SEZ Ltd (Formerly known as Minfur Interior Technologies Ltd)	31.03.2011	5.00	—	—	—	123.78	123.78	—	—	—	—	—	(14.88)	—	(14.88)	—
42	Rhapsody Commercial Space Ltd (Formerly Known as Rhapsody Hospitality Ltd)	31.03.2011	5.00	—	15.00	—	20.00	20.00	—	—	—	—	—	(1.35)	—	(1.35)	—
43	Sirrah Palace Hotels Limited	31.03.2011	5.00	—	—	—	5.00	5.00	—	—	—	—	—	(1.80)	—	(1.80)	—
44	Andromeda Hotels Limited	31.03.2011	5.00	—	43.00	—	469.84	469.84	—	—	—	—	—	(45.05)	—	(45.05)	—
45	Valley View Entertainment Limited	31.03.2011	5.00	—	—	—	5.00	5.00	—	—	—	—	—	(1.31)	—	(1.31)	—
46	Whistling Thrush Facilities Services Limited	31.03.2011	5.00	—	—	—	5.00	5.00	—	—	—	—	—	(1.73)	—	(1.73)	—
47	Warasgaon Tourism Limited	31.03.2011	5.00	—	—	—	551.93	551.93	—	—	—	—	35.91	(341.22)	1.31	(342.53)	—
48	Our Home Service Apartments Ltd	31.03.2011	5.00	—	—	—	5.00	5.00	—	—	—	—	—	(1.55)	—	(1.55)	—
49	Warasgaon Power Supply Ltd	31.03.2011	5.00	—	—	—	5.00	5.00	—	—	—	—	—	(1.65)	—	(1.65)	—
50	Sahyadri City Management Ltd	31.03.2011	5.00	—	—	—	5.00	5.00	—	—	—	—	—	(1.45)	—	(1.45)	—
51	Hill City Service Apartments Ltd	31.03.2011	5.00	—	25.00	—	746.85	746.85	—	—	—	—	—	(73.78)	—	(73.78)	—
52	Kart Racers Ltd	31.03.2011	5.00	—	—	—	11.22	11.22	—	—	—	—	—	(10.74)	—	(10.74)	—
53	Warasgaon Infrastructure Providers Ltd	31.03.2011	5.00	—	—	—	5.00	5.00	—	—	—	—	—	(1.50)	—	(1.50)	—
54	Nature Lovers Retail Ltd	31.03.2011	5.00	—	—	—	123.78	123.78	—	—	—	—	—	(10.04)	—	(10.04)	—
55	Osprey Hospitality Ltd	31.03.2011	5.00	—	—	—	5.00	5.00	—	—	—	—	—	(0.57)	—	(0.57)	—
56	Starlit Resort Ltd	31.03.2011	5.00	—	—	—	5.00	5.00	—	—	—	—	—	(0.57)	—	(0.57)	—
57	Warasgaon Valley Hotels Ltd	31.03.2011	5.00	—	—	—	5.00	5.00	—	—	—	—	—	(0.57)	—	(0.57)	—
58	Rosebay Hotels Ltd	31.03.2011	5.00	—	—	—	5.00	5.00	—	—	—	—	—	(0.57)	—	(0.57)	—
59	Mugaon Luxury Hotels Ltd	31.03.2011	5.00	—	—	—	5.00	5.00	—	—	—	—	—	(0.57)	—	(0.57)	—
60	Klemanor Investments Limited	31.03.2011	3.17	—	—	(7.72)	10.87	10.87	—	—	—	—	—	(7.72)	—	(7.72)	—
61	Karl Steiner AG	31.03.2011	19,536.00	—	—	(16,945.00)	111,465.00	111,465.00	1,335.00	—	—	1,335.00	356,068.00	(2,098.00)	(36.00)	(2,134.00)	—
62	Steiner Promotions et Participations SA	31.03.2011	1,465.00	—	—	5,326.49	13,255.66	13,255.66	—	—	—	—	42,224.00	748.00	—	748.00	4,395.60
63	Steiner (Deutschland) GmbH	31.12.2010	6,453.37	—	—	(725.03)	7,804.00	7,804.00	—	—	—	—	11.00	(31.00)	—	(31.00)	—
64	VM + ST AG	31.03.2011	488.40	—	—	(31,259.56)	3,435.89	3,435.89	—	—	—	—	—	(4.00)	—	(4.00)	—
65	Steiner Leman SAS	31.12.2010	31.55	—	—	(458.00)	87.00	87.00	—	—	—	—	11.00	(100.00)	—	(100.00)	—
66	SNC Valleiry Route de Bloux (Subsidiary Company of Steiner Leman SAS)	31.12.2010	0.63	—	—	(62.47)	407.00	407.00	—	—	—	—	—	(3.00)	—	(3.00)	—
67	Eurohotel SA	31.03.2011	48.84	—	—	(502.57)	64.47	64.47	—	—	—	—	—	(108.00)	—	(108.00)	—

[illegible]



Attendance Slip

Please complete this Attendance Slip and hand it over at the entrance of the Meeting Hall.

Shares held _____

Regd. Folio No. _____ DP ID No. _____ Client ID No. _____

(Name in BLOCK letters) _____

I hereby record my presence at the 85th ANNUAL GENERAL MEETING of the Company held at Walchand Hirachand Hall, Indian Merchants' Chamber, Indian Merchants' Chamber Marg, Churchgate, Mumbai - 400 020 on Friday, 10th June, 2011 at 11.00 a.m.

Member's/Proxy's Signature

NOTES :

1. Members/Proxy holders are requested to bring their copy of the Annual Report with them at the Meeting.

Hindustan Construction Co. Ltd.

Registered Office :

Hincon House, Lal Bahadur Shastri Marg,
Vikhroli (West), Mumbai 400 083

CUT HERE



Proxy Form

Shares held _____

Regd. Folio No. _____ DP ID No. _____ Client ID No. _____

(Name in BLOCK letters) _____

I/We _____ of _____ in the district of _____ being a Member/Members of the above-named Company, hereby appoint _____

_____ of _____ in the district of _____ or failing him _____ of _____ in the district of _____

_____ as my/our proxy to vote for me/us and on my/our behalf at the 85th Annual General Meeting of the Company to be held on Friday, 10th June, 2011 at 11.00 a.m. or at any adjournment thereof.

Signed this _____ day of _____ 2011.

Signature _____

Affix
One Rupee
Revenue
Stamp

Note : The Proxy to be effective should be deposited at the Registered Office of the Company not less than 48 hours before the commencement of the meeting.

Hindustan Construction Co. Ltd.

Registered Office :

Hincon House, Lal Bahadur Shastri Marg,
Vikhroli (West), Mumbai 400 083

Important Financial Statistics

Year	Paid Up Capital			Fixed Assets				Net Profit	Dividend paid on Preference and Equity shares	Equity Dividend %
	Equity ₹ Lacs	Preference ₹ Lacs	Reserves ₹ Lacs	Debentures ₹ Lacs	Gross Block ₹ Lacs	Net Block ₹ Lacs	Turnover ₹ Lacs			
1926-27	4.00	—	0.30	—	0.58	0.58	N.A.	0.98	0.80	20.00
1927-28	4.00	—	0.30	—	0.53	0.53	N.A.	0.98	0.80	20.00
1928-29	4.00	—	0.25	—	0.53	0.53	N.A.	1.38	1.40	35.00
1929-30	4.00	—	0.25	—	0.50	0.50	N.A.	0.81	0.70	17.50
1930-31	4.00	—	0.25	—	0.84	0.84	N.A.	0.12	—	—
1931-32	4.00	—	0.25	—	0.94	0.84	N.A.	0.44	0.40	10.00
1932-33	8.00	—	0.25	—	1.78	1.28	N.A.	2.19	2.00	25.00
1933-34	8.00	—	0.19	—	3.16	2.66	N.A.	2.67	2.80	35.00
1934-35	12.00	—	0.24	—	3.42	2.82	N.A.	2.19	2.00	16.33
1935-36	12.00	—	0.48	—	4.71	3.96	9.40	1.86	1.75	14.50
1936-37	12.00	—	0.56	—	7.30	6.40	62.96	1.81	—	—
1937-38	12.00	—	0.70	—	8.08	7.18	69.04	-1.90	—	—
1938-39	12.00	—	0.70	—	6.85	5.95	45.50	0.31	—	—
1939-40	12.00	—	0.70	—	6.02	5.12	90.39	3.58	2.40	20.00
1940-41	12.00	—	1.70	—	5.36	4.46	184.58	4.28	4.20	35.00
1941-42	12.00	25.00	1.70	—	4.70	3.80	510.53	7.45	6.18	45.00
1942-43	12.00	25.00	1.70	—	4.66	3.01	574.57	10.59	8.76	60.00
1943-44	12.00	25.00	1.70	—	4.89	1.74	466.69	10.33	8.56	60.00
1944-45	12.00	25.00	2.70	—	3.87	—	—	10.14	1.56	—
1945-46	12.00	25.00	9.70	—	3.99	0.04	175.47	12.89	4.56	25.00
1946-47	12.00	25.00	17.70	—	10.46	6.31	165.70	10.92	4.56	25.00
1947-48	36.00	25.00	1.70	—	12.40	8.25	249.76	8.26	4.56	8.33
1948-49	36.00	25.00	5.70	—	14.46	10.31	263.14	11.20	4.56	8.33
1949-50	36.00	25.00	12.70	—	18.52	14.37	202.49	9.75	5.16	10.00
1950-51	36.00	25.00	15.70	—	21.38	16.23	239.24	9.10	5.16	10.00
1951-52	36.00	25.00	18.70	—	21.89	15.94	299.04	6.22	5.16	10.00
1952-53	36.00	25.00	19.00	—	24.30	17.35	231.57	8.16	5.16	10.00
1953-54	36.00	25.00	21.50	—	24.09	16.64	—	10.65	5.16	10.00
1954-55	36.00	25.00	24.00	—	24.06	14.11	345.62	15.34	5.16	10.00
1955-56	36.00	25.00	25.35	—	27.93	16.01	415.54	17.73	6.06	12.50
1956-57	36.00	25.00	23.34	—	29.42	17.01	769.15	12.46	6.06	12.50
1957-58	36.00	25.00	51.11	—	37.16	25.06	928.37	15.22	6.06	12.50
1958-59	36.00	25.00	66.70	—	38.48	24.10	1080.85	24.37	8.76	20.00
1959-60	36.00	25.00	97.62	—	563.22	210.51	913.84	31.88	8.76	20.00
1960-61	36.00	25.00	129.34	—	575.97	202.46	1037.66	31.08	8.76	20.00
1961-62	72.00	25.00	144.75	—	635.20	225.06	1280.33	59.68	11.45	20.00
1962-63	72.00	25.00	218.32	—	673.22	259.40	1476.12	30.86	15.96	20.00
1963-64	72.00	25.00	280.29	—	744.67	281.65	1837.79	84.51	37.56	50.00
1964-65	72.00	25.00	389.13	—	889.87	364.65	2169.89	120.79	44.76	60.00
1965-66	180.00	25.00	389.81	—	977.45	401.22	2021.32	114.64	46.43	25.00
1966-67	252.00	25.00	391.81	—	1154.51	503.28	1994.93	72.76	46.92	18.00
1967-68	252.00	25.00	427.26	—	1250.05	524.60	1689.72	55.35	31.80	12.00
1968-69	252.00	25.00	472.14	—	1420.94	614.79	2249.82	36.61	31.80	12.00
1969-70	252.00	25.00	492.31	—	1473.64	577.23	2574.57	28.86	31.80	12.00
1970-71	252.00	25.00	468.44	—	1541.99	527.99	2256.93	-37.01	1.56	—
1971-72	252.00	25.00	355.07	—	1580.80	471.42	2294.29	-140.47	1.56	—
1972-73	252.00	25.00	260.62	120.00	1677.91	491.34	2478.09	-136.27	1.56	—
1973-74	252.00	25.00	216.33	120.00	1776.09	481.58	2962.99	-55.70	—	—
1974-75	252.00	25.00	301.11	120.00	1825.94	462.49	3006.50	61.65	—	—
1975-76	252.00	25.00	320.23	120.00	1890.47	471.69	2529.62	15.98	19.81	6.00
1976-77	252.00	25.00	435.82	120.00	1994.99	508.35	3485.71	-46.25	51.96	20.00
1977-78	252.00	25.00	384.81	96.00	2111.14	594.75	2903.63	145.71	16.68	6.00
1978-79	252.00	25.00	387.43	80.42	2170.42	595.93	3146.53	21.38	24.24	9.00
1979-80	252.00	25.00	409.90	64.85	2255.96	582.63	4181.76	45.31	24.24	9.00
1980-81	252.00	25.00	608.98	49.28	3122.81	1152.64	6916.96	233.58	39.36	15.00
1981-82	252.00	25.00	755.81	45.71	3991.44	1598.37	10989.86	184.07	39.36	15.00
1982-83	252.00	25.00	1861.51	42.14	4744.49	2745.66	11021.23	422.90	39.36	15.00
1983-84	628.54	25.00	2046.45	38.57	5022.30	2748.32	10989.89	513.13	81.46	15.00
1984-85	629.96	25.00	2253.89	1035.00	5627.17	3052.75	9178.04	231.06	96.06	15.00
1985-86	629.98	25.00	2057.21	1035.00	6329.50	3311.65	8426.38	-195.12	1.56	—
1986-87	630.00	25.00	1710.57	1035.00	6578.91	3102.10	9885.49	-346.64	—	—
1987-88	630.00	25.00	1672.72	990.83	6445.07	2653.76	12334.37	21.98	59.83	9.00
1988-89 (14 months)	630.00	25.00	1772.71	1032.15	6282.70	2308.82	12223.19	202.61	102.62	16.00
1989-91 (18 months)	630.00	—	1820.25	1421.60	6685.51	2477.79	12794.33	161.05	113.46	18.00
1991-92 (15 months)	775.13	—	1824.84	1031.78	6318.24	2015.47	11232.57	64.95	60.36	8.00
1992-93	775.90	—	2006.60	800.65	7033.20	2488.91	11072.27	275.01	93.25	12.00
1993-94	775.98	—	2624.81	547.16	7949.79	3101.73	14292.85	812.48	194.27	25.00
1994-95	776.79	—	3955.22	451.73	8442.89	2899.08	22037.40	1562.96	232.96	30.00
1995-96	2002.55	—	5499.23	7120.58	9890.04	4770.48	24695.24	1050.63	304.84	17.50
1996-97	2003.04	—	5559.82	7206.41	16083.41	10493.38	31170.13	324.51	200.03	10.00
1997-98	2003.04	—	5771.45	7133.23	17112.45	10743.31	37563.57	431.97	200.03	10.00
1998-99	2003.04	—	6348.45	7059.89	27251.87	18942.28	62540.25	924.66	300.46	15.00
99-2000	2003.04	—	8043.55	6962.16	29566.64	19839.21	53077.22	2139.83	400.66	20.00
2000-01	2003.05	—	10145.17	6142.13	34454.43	23602.22	56585.93	2653.54	500.83	25.00
2001-02 (9 months)	2003.06	—	9986.63	5819.92	41916.96	28851.20	46394.16	4274.91	600.72	30.00
2002-03	2003.06	—	11948.68	7000.00	48911.08	35820.96	78923.25	2865.64	800.96	40.00
2003-04	2003.06	—	14387.18	7000.00	54821.32	36943.13	117135.67	3567.98	1001.20	50.00
2004-05	2293.61	—	33004.80	9800.00	62076.02	43804.21	157654.05	7401.96	1375.77	60.00
2005-06	2563.16	—	86418.93	8933.33	77280.60	59949.11	202814.87	12479.81	1793.75	70.00
2006-07	2563.16	—	87845.40	17966.67	110118.56	74616.08	239450.36	3675.96	1921.87	75.00
2007-08	2563.16	—	96323.45	16900.00	140970.45	95307.98	310434.07	10875.74	2050.00	80.00
2008-09	2563.16	—	96403.00	20500.00	168283.00	112819.00	351832.00	12535.00	2050.00	80.00
2009-10	3033.16	—	148683.00	18333.00	181418.00	114969.00	386297.00	8144.00	2426.00	80.00
2010-11	6066.00	—	146153.00	16667.00	198749.00	118428.00	414905.00	7100.00	2426.00	40.00

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Cover Image: Gigantic Tunnel Boring Machine cutting a 14.7 km tunnel below the 1.4km high Himalayan mountains at the Kishanganga Hydro Power Project, Jammu & Kashmir.