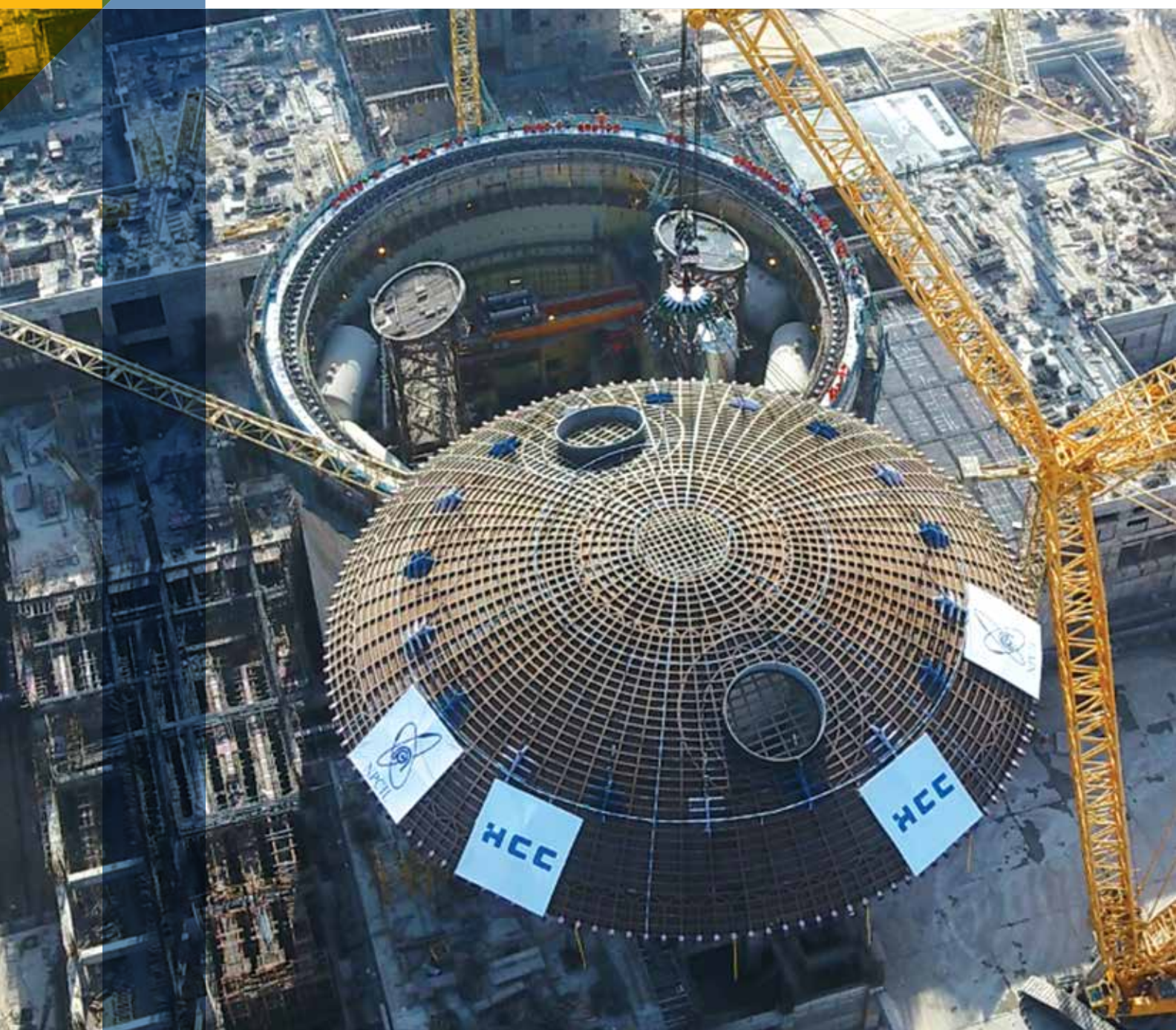


**HCC**



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## HIGHLIGHTS 2017-18

- In FY 2017-18, HCC registered turnover of ₹ 4,575.1 crore vs. ₹ 4,195.9 crore, up 9% y-o-y; and net profit of ₹ 77.5 crore vs. ₹ 59.4 crore, up 30% y-o-y
- Gross debt has reduced substantially to ₹ 3,725 crore as of March 31, 2018, from ₹ 4,397 crore as on March 31, 2017
- HCC has received ₹ 1,416 crore till date under the CCEA's initiative to release 75% of arbitral awards against bank guarantees. The company received fresh Arbitration Awards worth ₹ 977 crore in FY 2017-18
- HCC Concessions' Baharampore Farakka Highways Ltd and Farakka Raiganj Highways Ltd ended FY 2017-18 with revenues of ₹ 158 crore and ₹ 152 crore respectively, with a y-o-y growth of 24% and 124%
- Steiner AG revenue at CHF 806 million (₹ 5,395 crore) and a net profit of CHF 9.5 million (₹ 64 crore)
- Steiner AG secured fresh orders worth CHF 890 million (₹ 6,011 crore). The order backlog is CHF 1.37 billion (₹ 9,260 crore)



# HCC'S MAJOR PROJECTS

- ☐ Major projects completed in past
- ☒ Projects completed in the year
- ☒ Projects in progress
- ☒ New projects
- ☒ BOT projects

## ANDHRA PRADESH

- ☐ Cavern for Crude Oil Storage, Vishakhapatnam
- ☐ Chimney at Vijayawada
- ☐ Godavari Barrage at Rajahmundry
- ☐ Godavari Railway Bridge
- ☐ Papavinasam Dam
- ☒ Polavaram - Right Main Canal
- ☒ Tata Memorial Centre, Hospital
- ☐ Vizag Monolith, West Wall Protection

## ARUNACHAL PRADESH

- ☒ Pare Hydro Power Project

## ASSAM

- ☒ Bogibeel Rail-cum-Road Bridge
- ☐ Brahmaputra Bridge
- ☐ IOCL Refinery at Guwahati
- ☒ NH-37 - Numaligarh to Jorhat Highway
- ☐ NH-54 - Maibang to Nirmbanglo Highway

## BIHAR

- ☐ Barauni Thermal Power Plant
- ☐ Ganga Bridge at Mokameh
- ☐ Munger Rail-cum-Road Bridge
- ☒ Muzaffarpur Thermal Power Plant
- ☐ Sone Barrage
- ☒ Sone Bridge

## CHATTISGARH

- ☐ Bailadila Project
- ☐ Bhilai Steel Plant

## DELHI

- ☒ Delhi Faridabad Elevated Expressway
- ☐ DMRC - Airport Metro Express Line
- ☒ DMRC - Dwarka to Najafgarh
- ☒ DMRC - Janakpuri West to Palam Station
- ☒ DMRC - Netaji Subhash Place to Shalimar Bagh

- ☐ DMRC - Vishwa Vidyalaya to ISBT
- ☒ Flyover linking existing Munirka flyover to Army RR Hospital
- ☐ Water & Sewage Treatment Plants at Okhla, Tihar Jail, Wazirabad

## GOA

- ☐ Goa Barge Berth at Marmugoa

## GUJARAT

- ☐ Gandhinagar Cooling Towers
- ☒ Kachchh Branch Canal
- ☐ Kakrapar Atomic Power Project
- ☐ Kalol Mehsana Gas Pipeline
- ☐ Mehsana to Palanpur Highway
- ☐ Pumped Water Supply Scheme from Kesaria to Sonari
- ☐ Reliance J3 Refinery at Jamnagar
- ☐ Saurashtra Branch Canal
- ☐ Swarnim Gujarat Kutch Water Grid
- ☐ Tapi Road Bridge

## HARYANA

- ☐ Hathnikund Barrage
- ☐ Panipat Chimney
- ☐ Road Bridge at Palwai

## HIMACHAL PRADESH

- ☐ Chamera Hydro Power Project, Stage I
- ☐ Chamera Hydro Power Project, Stage III
- ☐ Kashang Hydro Power Project
- ☐ Nathpa Jhakri Hydro Power Project
- ☒ Sainj Hydro Power Project

- ☒ Tunnels for Sawra Kuddu Hydro Power Project

## JAMMU & KASHMIR

- ☒ Access Road Tunnel to Sawalkote Hydro Power Project
- ☒ AnjiKhad railway cable stayed bridge
- ☐ Chutak Hydro Power Project
- ☒ IRCON Tunnel T13 Project
- ☒ Kishanganga Hydro Power Project
- ☐ Mughal Road
- ☐ Nimoo Bazgo Hydro Power Project
- ☐ Pir Panjal Tunnel
- ☒ Ramban Banihal Highway
- ☐ Salal Hydro Power Project

- ☒ T 49 Tunnel - Dharam-Qazigund
- ☐ Uri-II Hydro Power Project

## JHARKHAND

- ☐ Chandil Dam
- ☐ Grand Trunk Road Improvement Project

## KARNATAKA

- ☒ Bangalore Metro Reach 5, Package 3
- ☐ Cavern for Crude Oil Storage, Padur
- ☐ Kadra Dam
- ☐ Karnataka State Highways Project
- ☐ Sharavati Hydro Power Project
- ☒ Yettinahole Project

## KERALA

- ☐ Brahmapuram Diesel Power Plant
- ☐ Dam across Idamalayar
- ☐ Dam across Moozhiyar and Veluthodu
- ☐ Lower Periyar Hydro Power Project
- ☐ Sebarigiri Dam
- ☐ Tanker Terminal and Fertiliser Berth, Cochin
- ☐ Wellington Bridge, Cochin

## MADHYA PRADESH

- ☒ Bistan Lift Irrigation Scheme
- ☐ Road Bridge over River Indravati
- ☐ Satpura Thermal Power Station
- ☐ Tons Hydro Power Project

## MAHARASHTRA

- ☐ Aerated Lagoons, Mumbai
- ☐ Ambarnath/Ulhasnagar STP
- ☐ Bandra Effluent and Influent Disposal, Mumbai
- ☐ Bandra-Worli Sea Link
- ☒ BARC - Integrated Nuclear Recycle Plant, Tarapur
- ☐ BARC - Reactor, Lab & Spent Fuel Building
- ☒ Bhama Askhed Pipeline
- ☒ Bhandup Pipeline
- ☐ Bhandup Water Treatment Complex
- ☐ Bhorphat Tunnel
- ☒ Construction of 9 Elevated Stations of Pune Metro

- ▲ Construction of 8 Elevated Stations of Pune Metro (2<sup>nd</sup> Order)
- DGNP Dry-Dock and Wharves
- Factory Civil Works for Premier Automobiles Limited
- Ghatkopar High Level Water Tunnel
- Koyna Hydro Power Project Stage I to IV
- Middle Vaitarna Water Pipeline
- Mumbai Metro Line 3: UGC-02
- Mumbai Metro One
- Mumbai-Pune Expressway
- NH-3 MP/Maharashtra Border - Dhule Highway
- NH-4 - Satara Kolhapur Highway
- Nhava Sheva WTP Works, Raigadh
- Pune Paud BOT Road
- Residential towers at Anushakti Nagar
- Surveillance Facility Project at Tarapur
- Trombay Chimney Works
- Vaitarna Dam
- Water Supply Tunnel from Bhandup to Charkop, Mumbai
- Water Treatment Plant, Pune
- Water Tunnel between E Moses Road and Ruparel College, Mumbai
- Water Tunnel between Sewri and Futka
- Water Tunnel from Maroshi to Ruparel College, Mumbai

#### MANIPUR

- Imphal Kangchup Tamenglong Road
- Parallel safety tunnel of T-12
- Railway Tunnel No.1 between Jiribam and Tupul
- Railway Tunnel No. 3 between Jiribam and Tupul
- Railway Tunnel No. 10 between Jiribam and Tupul
- Railway Tunnel No. 12 between Jiribam and Tupul
- Railway Tunnel No. 12 between Tupul and Imphal

#### ORISSA

- Aditya Aluminium Project
- Dam at Upper Kolab
- Naraj Barrage, New Cuttack

- Paradip Port Road
- Road Bridge across Mahanadi

#### PUNJAB

- 140 m High Chimney at Ropar
- Rail Coach Factory at Kapurthala

#### RAJASTHAN

- Chambal Bridge at Dholpur
- East-West Corridor Project
- ▲ Parwan Dam & Tunnel
- Rajasthan Atomic Power Project, Units 1 & 2
- Rajasthan Atomic Power Project, Units 3 & 4
- Rajasthan Atomic Power Project, Units 5 & 6
- Rajasthan Atomic Power Project, Units 7 & 8

#### TAMIL NADU

- Chennai Bypass
- Chennai Ore Berth, Jetty, Wharf
- Ennore Port-Rock Quarrying & Breakwater
- ▲ Fast Reactor Fuel Cycle Facility, Kalpakkam
- High rise buildings at DAE Anupuram
- IGCAR's Fast Reactor Fuel Cycle Facility at Kalpakkam
- Kadamparai Pumped Storage Project
- Kudankulam Nuclear Power Project, Units 1 & 2
- Lower Mettur Hydro Power Project
- Navamalai Irrigation Tunnel
- Tirupur Water Supply Project
- Upper Nirar Irrigation Tunnel

#### TELANGANA

- JCR Devadula Lift Irrigation Scheme Phase I
- JCR Devadula Lift Irrigation Scheme Phase II
- JCR Devadula Lift Irrigation Scheme Phase III
- North-South Corridor NHDP Phase II Package AP-8
- Pranahita Chevella Lift Irrigation Scheme
- Rajiv Dummugudem Lift Irrigation Scheme
- Ramagundam Thermal Power Project

#### UTTAR PRADESH

- Allahabad Bypass
- Gomti Aqueduct
- Maneri Bhali Hydroelectric Power Project
- Naini Cable Stayed Bridge
- Narora Atomic Power Project
- NH - 28 - Lucknow Muzaffarpur Highway
- Rihand Dam
- Rihand STPP
- Sai Aqueduct
- Sharda and Ghogra Barrages
- Varanasi Bridge
- Yamuna Hydro Power Project

#### UTTARAKHAND

- Tapovan Vishnugad Hydro Power Project
- Dhauliganga Hydro Power Project
- Tehri Pumped Storage Project
- Vishnugad Pipalkoti Hydroelectric Power Project

#### WEST BENGAL

- Elevated Road from Park Circus to E.M. Bypass, Kolkata
- Farakka Barrage
- Golden Quadrilateral Road Project - Kolaghat to Kharagpur
- Haldia Docks Project
- Kalyani Bridge
- Kolkata Metro
- Mahananda Barrage
- ★ NH-34 - Bahrampore - Farakka Highway
- ★ NH-34 - Farakka - Raiganj Highway
- Purulia Pumped Storage Project
- Teesta Barrage
- Teesta Low Dam Hydro Power Project Stage IV

#### BHUTAN

- Dagachhu Hydro Power Project
- Kurichhu Hydro Power Project
- Nikachhu Hydro Power Project
- Punatsangchhu Hydro Power Project
- Tala Hydro Power Project

## CHAIRMAN'S LETTER



Dear Shareholder,

While we have still some way to go, your Company has weathered the financial storm that beset it over the last three years, and is now set on a path of profitable growth. Here are the key financials on a standalone basis for 2017-18:

- Though it has been very careful in choosing what it bids for, HCC has increased the order book of its construction business to ₹ 19,188 crore as on 31 March 2018. This includes ₹ 2,277 crore of new orders received in the course of 2017-18.
- Total income increased by 8% to ₹ 4,826 crore.
- However, given a change in your Company's project-mix, operating margins (EBITDA margins, excluding other income) reduced from 17.9% in 2016-17 to 14.1% in 2017-18. EBITDA in 2017-18 was ₹ 644 crore.
- With reduction in overall debt levels, your Company's finance costs reduced by 14.5% to ₹ 660 crore in 2017-18.
- Profit after tax (PAT) increased by 30.5% to ₹ 78 crore in 2017-18. However, after accounting for loss on fair valuation of equity instruments represented in other comprehensive income, total post-tax comprehensive income reduced to ₹ 66 crore.

As I have been sharing with you in my earlier letters, the last three years of the UPA-2 government saw policy paralysis leading to a terrible legacy of stalled infrastructure projects. We are now seeing some progress on this front. Projects that are unviable

and beyond redemption are now being scrapped; while many of those that are potentially viable are being nudged along to their completion.

Even so, the size of the problem remains vast. As on January 2018, some 925 projects with a reported investment of over ₹ 13 lakh crore still carry the tag of 'implementation stalled'.

If you will recall, I had written last year that these stalled projects played a significant role in severely damaging the financial viability of infrastructure developers and engineering and construction (E&C) companies. Enterprises that had spent sizeable working capital to mobilise labour and deploy expensive plant and machinery at various project sites were faced with stalling and inordinate delays — which led to huge cost over-runs and consequential financial strains.

But that was not all. More often than not, government agencies, and by this I mean Government departments, authorities and public sector undertakings, held back payments against contractor claims. Even when independent arbitrators in dispute resolution found in favour of the E&C companies, the clients delayed payments by appealing to a higher court of law.

The outcome has been devastating. All major E&C companies in the infrastructure sector have suffered from massive receivables on their balance sheets, inadequate cash inflows to support their operations while making good the burgeoning interest payments on large working capital exposures.

Though government sector clients still hold back on payments and on making good cost overruns that have occurred for no fault of the contractors, there has been some improvement thanks to a few key initiatives taken by the current NDA government. Let me briefly outline two of these.

- The new Arbitration and Conciliation (Amendment) Act, 2015, which facilitates faster and time bound decision making in arbitration.
- Where public sector undertakings (PSUs) or government departments have challenged any arbitration award that has gone in favour of a contractor, 75% of the award amount to be paid to the contractor or concessionaire against a margin-free bank guarantee.

As on 31 March 2018, your Company has won arbitration claims amounting to ₹ 4,823 crore. Of these, for ₹ 2,744 crore worth of claims, HCC has received letters for 75% payment. That amounted to ₹ 2,046 crore, of which HCC has collected ₹ 1,416 crore.

This money went directly to reducing your Company's corporate debt. That is why there has been a 19.4% reduction in HCC's total non-current borrowings as on 31 March 2018. Thus, finance costs have fallen by 14.5% to ₹ 660 crore.

Moreover, a better balance sheet position on account of payment of these arbitration dues has led to increased allocation of limits from your Company's banks. Here, though, lies a caveat. Given the tightening of credit by banks on account of their NPA overhang, a delay occurred in the sanction of increased limits by the consortium of bankers.

Furthermore, the decision making process of some banks has slowed down for fear of consequences and despite their best intentions to expedite them. A successful navigation of these challenges will unshackle HCC's ability to finance its existing projects and future growth.

Another positive development for your Company as well as the E&C industry as a whole is the present government's clear commitment to infrastructure. In the Union Budget for 2018-19, the Government of India increased budgetary and extra budgetary expenditure on infrastructure by around 20% to ₹ 5.97 lakh crore, with a focus on roads and highways, railways, urban development and airports.

In roads, capital expenditure of ₹ 1.22 lakh crore has been earmarked for expansion of National Highways. Connectivity with the interior, backward and border areas is being sought to be achieved under the Bharatmala Pariyojana programme.

For railways, capital expenditure of ₹ 1.49 lakh crore has been earmarked for doubling of tracks, gauge conversions, track renewals and additional rolling stock. In addition, ₹ 16,800 crore has been allotted for metro rail projects.

If implemented, these will create large opportunities for the E&C players in India. To profitably leverage these prospects, each company must strike a right balance between two goals. The first is to steadily deleverage balance sheets, prune fixed costs and monetise non-core activities in a manner that gives comfort to the banks. The second is to grow their businesses and focus on execution notwithstanding the current liquidity crunch. These are not easy tasks, and not all E&C companies will necessarily be successful. However, given the determined manner in which it has gone about its business in 2017-18, I believe that HCC will succeed.

HCC is a company of firsts and over our nearly 100 year history, we have established many landmark projects across India. Our subsidiary Lavasa is also a first of its kind project – unfortunately, stress there continues. Lack of cooperation among lenders, financial stress in the banking system and constantly changing banking regulations has made financial resolution difficult and tardy. Our focus remains on a resolution in the interest of all stakeholders, and particularly our customers.

The investment climate remains lukewarm with private investment yet to take off. The stressed situation of the banks stems their ability to lend to new investment opportunities.

Rising oil prices portend that there will be serious challenges to containing the fiscal deficit. The constantly changing and sometimes unstable regulatory environment is unsettling and leads to unintended consequences. These, along with the disruption caused by slew of new and yet untested laws, add to economic uncertainties.

Many rules, regulations and laws intended for creating a predictable environment for business and meant to be prospective in nature when brought in at a time of stress, in practice become retrospective in effect and intensify the stress and unpredictability of doing business.

The government must take note that the economy needs serious attention and act to speed up the reforming of administrative processes of decision making. Only this will help the country return to virtuous cycle of investment and growth.

Your Company has effectively dealt with the financial problems of the recent past. Today, with the spirit of determination, which is at the heart of all things HCC, I am confident of an early return to robust growth.

Thank you for your support.

Yours,



Ajit Gulabchand  
Chairman & Managing Director





# PROJECTS

## POWER

1. **Kishanganga Hydro Power Project, J&K:** Hon'ble Prime Minister of India Narendra Modi inaugurated the strategically important and ambitious project on May 19, 2018. This being the first major EPC project of NHPC, HCC has been involved in the whole lifecycle of the project from design through construction and ongoing O&M support.
2. **Powerhouse of Kishanganga HEP**





3

# UPDATE

**3&4. Sainj HEP & Kashang HEP**  
in Himachal Pradesh were  
inaugurated by Himachal Chief  
Minister on September 11 and 12,  
2017



4





1



2

## TRANSPORTATION

1. **DMRC CC30:** The commercial operations of DMRC CC30 package started on March 14, 2018. The Shalimar Baug station constructed in this package was bestowed with the best station awarded by DMRC
2. **Bogibeel Rail-cum-Road Bridge** is nearing completion





## WATER & MARINE PROJECTS

- 1. Kachchh Branch Canal:**  
Mr. Narendra Modi, Hon'ble Prime Minister of India inaugurated Kachchh Branch Canal of Narmada project on May 22, 2017
- 2. DGNP Dry Dock** in Mumbai is in the final stages of completion







## STEINER AG

- 1. Maison Davidoff, Basel:** The new Maison Davidoff headquarters is a five-story building, that combines traditional and transparent elements with sustainable design and building technology
- 2. En Jonchets, Bussigny:** The large residential park offers 224 rental units in 12 apartment blocks as well as a joint car park with 235 underground parking spaces

# COMPANY INFORMATION

## BOARD OF DIRECTORS

Ajit Gulabchand  
Chairman & Managing Director

Rajas R. Doshi

Ram P. Gandhi

Sharad M. Kulkarni

Anil C. Singhvi

Harsha Bangari

Dr. Omkar Goswami

N. R. Acharyulu  
Non-Executive Director

Shalaka Gulabchand Dhawan  
Whole-time Director

Arjun Dhawan  
Group CEO & Whole-time Director

## KEY MANAGERIAL PERSONNEL

Amit Uplenchwar  
Chief Executive Officer – HCC E&C (from January 31, 2018)

Arun V. Karambelkar  
President & CEO – HCC E&C (upto January 31, 2018)

Praveen Sood  
Group Chief Financial Officer

Venkatesan Arunachalam  
Company Secretary (from May 09, 2017)

Sangameshwar Iyer  
Company Secretary (upto May 08, 2017)

## AUDITORS

Walker Chandiok & Co., LLP Chartered Accountants

## ADVOCATES & SOLICITORS

Lex Legal & Partners

Agarwal Law Associates

Cyril Amarchand Mangaldas

## BANKERS/FINANCIAL INSTITUTIONS

Axis Bank Ltd.

Bank of Baroda

Bank of Maharashtra

Canara Bank

Central Bank of India

DBS Bank Ltd

Export Import Bank of India

Export Import Bank of United States

The Federal Bank Ltd.

ICICI Bank Ltd.

IDBI Bank Ltd.

IFCI Limited

Indian Bank

Indian Overseas Bank

The Jammu & Kashmir Bank

LIC of India

NABARD

Oriental Bank of Commerce

Punjab National Bank

SREI Equipment Finance Ltd.

Standard Chartered Bank

State Bank of India

Syndicate Bank

Union Bank of India

United Bank of India

Vijaya Bank

## REGISTRAR & SHARE TRANSFER AGENTS

TSR Darashaw Ltd.

6-10 Haji Moosa Patrawala Industrial Estate,  
20, Dr. E. Moses Road, Near Famous Studio,  
Mahalaxmi, Mumbai- 400 011.

## REGISTERED OFFICE

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



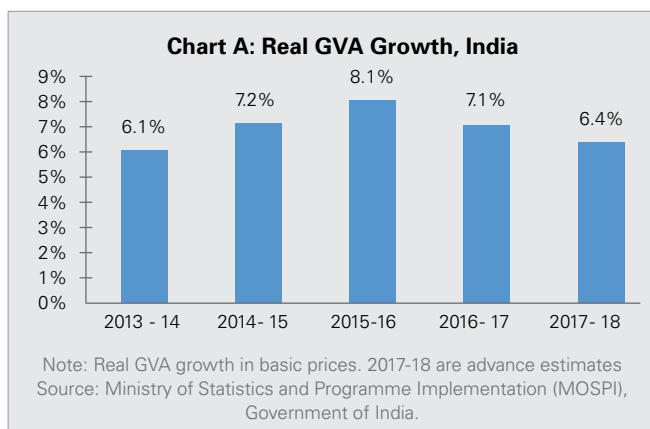
# MANAGEMENT DISCUSSION AND ANALYSIS

## INTRODUCTION

2017-18 was a year of consolidation for the construction sector in India and as one of the leaders in that industry, it was no different for HCC. Firmly entrenched on the path to recovery, HCC focused on reducing its financial leverage and driving organisational change that aimed to deliver operational robustness and sustained long-term profitability. Starting from 2018-19, with the required financial and human resources in place, the Company seems well poised to witness a good growth in execution of its sizeable order backlog.

## MACROECONOMIC REVIEW

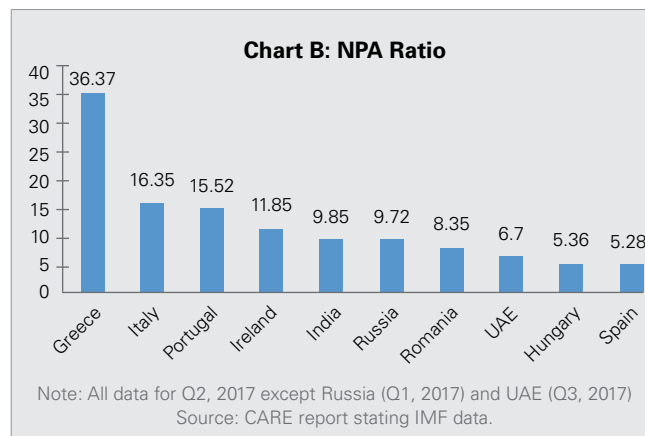
After three years of over 7% growth, the Indian economy slowed down slightly in 2017-18 recording 6.4% growth in real gross value added (GVA). Despite this slowdown, the economy continues to remain one of the fastest growing among major global economies.



From a global perspective, however, there are certain concerns. First, under stress from worsening domestic economic conditions, there are growing protectionist tendencies in some countries especially the USA, and it remains to be seen as to how the situation unfolds. Second, average crude oil (Indian basket) prices have risen by around 14% in 2017-18 compared to 2016-17. Going by the recent trends, the average crude oil prices, which was around US\$ 56-57 per barrel in 2017-18 could rise further by another 10% to 15% in 2018-19. These factors could have a dampening effect to global economic growth.

India is also going through a difficult phase related to its banks and non-performing assets (NPA). The latest Reserve Bank of India (RBI) estimates in September 2017 suggests that gross NPA was ₹ 9 lakh crore, which is 10.5% of the banking assets with restructured assets being an incremental ₹ 1.3 lakh crore. Further, a report by the credit rating agency, CARE, shows that, from a global perspective, India was fifth-worst in terms of bad loans in the system, measured as the ratio of NPA to outstanding loans (see chart B).

In a major development on February 12, 2018, the RBI withdrew a host of restructuring schemes such as 5:25, Strategic Debt



Restructuring (SDR), Scheme for Sustainable Structuring of Stressed Assets (S4A) and Corporate Debt Restructuring (CDR). Instead, the RBI has insisted on capturing early stress on loan accounts immediately in the event of a default.

While this new stance of the RBI will doubtless add transparency about stressed accounts, a proportion of banking assets under the various restructuring schemes that have been withdrawn by the central bank could run the risk of becoming NPAs. Moreover, unless this move is backed by concurrent addition of resources for provisioning or capital infusion, it may create more confusion among the lenders and borrowers alike. Therefore, it is imperative that all stakeholders, under the aegis of the RBI, evolve a cohesive and synchronized joint plan regarding the extent of provisioning and capital required and its mode of funding. In the interim, the present uncertain regulatory environment coupled with the increasing revelations and ongoing probes into frauds and allegations of improprieties against bankers is denting credit availability in the economy.

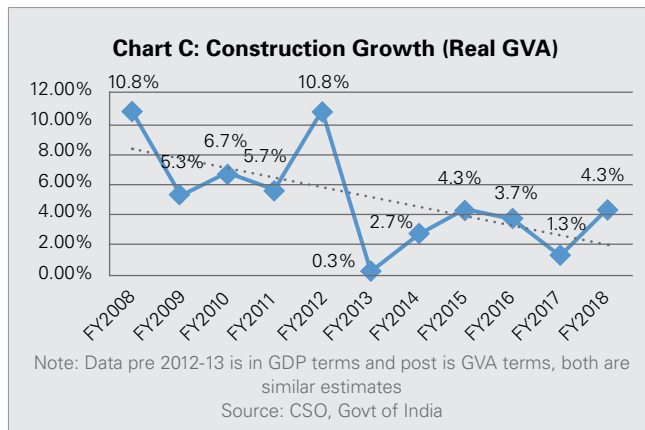
In summary, therefore, though India's GDP and GVA growth witnessed a slowdown in 2017-18 compared to the three earlier years, it is still in a fairly healthy state. Growth in public investments has created a fillip for infrastructure and also increased the ratio of gross domestic capital formation to GDP - for the first time over the last five years. There are concerns regarding the NPA overhang and the possibility of a widening current account deficit due to rising crude oil prices. Equally, greater stability in operationalizing the GST regime in India, likely recovery in investments and a continued commitment to fiscal prudence augur well for the economy. The RBI has pegged GDP growth for 2018-19 at 7% of GDP. HCC believes that such a growth rate will be realized, and that a stage could be set for 7.3% to 7.5% growth in 2019-20.

## INFRASTRUCTURE AND CONSTRUCTION IN INDIA

Over much of the last decade, infrastructure in the country has been characterized by massive under-investment. There are several reasons for this. Primarily, this includes the collapse of Public Private Partnership (PPP), especially in power and

telecom projects; stressed balance sheet of private companies; and issues related to land and forest clearances. The need is to fill the infrastructure investment gap by bringing back investor confidence in the sector and promoting financing from private investment, institutions dedicated for infrastructure financing like National Infrastructure Investment Bank (NIIB) and also global institutions like Asian Infrastructure Investment Bank (AIIB), New Development Bank (erstwhile BRICS Bank), which focus more on sustainable development and infrastructure projects.

With the entire infrastructure development ecosystem under stress in India since 2012, there has been a considerable slowdown in construction activities. The growth momentum achieved between 2007-08 and 2011-12 has completely subsided. Data on construction sector growth represented in Chart C highlights that the levels of growth in the five years before 2012-13 were clearly much higher than what has been witnessed ever since. The only silver lining is that after hitting a nadir of 1.3% in 2016-17, construction growth in India has grown to 4.3% in 2017-18.



This business environment has thrown up several challenges for engineering and construction (E&C) companies in India like HCC. Two of these are key to the turnaround of the construction industry in India.

First, there are the legacy issues of the past six to seven years that have put individual players under very difficult financial pressure. These relate to the adverse effects of the massive build-up of stalled and delayed projects in the country. It is estimated that as of January 2018, around 925 projects with a reported investment of ₹13.25 lakh crore have earned the unfortunate tag of 'implementation stalled'.

Second, there is the urgent need to generate new opportunities for players in the construction sector. In this, to its credit it must be stated that the Government of India (GoI) has been playing a key role, especially in the last couple of years. As an example, it is worthwhile to highlight the expenditure outlays on various infrastructure sectors in the Union Budget for 2018-19. Here is a list.

- GoI has increased budgetary and extra budgetary expenditure on infrastructure by around 20% from ₹ 4.94 lakh crore in 2017-18 to ₹ 5.97 lakh crore for 2018-19. Within the infrastructure sector, the focus areas of growth are clearly road transportation, railways, urban development and airports.

- In roads, capital expenditure of ₹ 1,22,000 crore has been earmarked for expansion of National Highways (more than 9,000-km length was achieved in 2017-18). Connectivity with the interior, backward and border areas of the country is being sought under the recently approved Bharatmala Pariyojana programme.
- For railways, capital expenditure of ₹ 1,48,528 crore is earmarked for 18,000 km of doubling, third and fourth line works, 5,000 km of gauge conversion, 3,600 km of track renewals and rolling stock programme for 12,000 wagons, 5,160 coaches, and 700 locomotives during 2018-19. The work on eastern and western DFC (Domestic Freight Corridor) is going on along with redevelopment of 600 major railway stations. In addition, ₹ 16,800 crore has been allotted for MRTS and Metro projects.

Thus, there are large opportunities in the future. To profitably avail of these prospects, each player in the construction industry in India must strike a balance between two goals. The first is to systematically deleverage their balance sheets, prune fixed costs and monetise non-core activities — and do so in a manner that gives sufficient comfort to the lenders. The second is to grow their businesses and continue to execute despite a substantial liquidity crunch. These are not easy tasks. How E&C majors go about meeting these imperatives and how they can be assisted by banks and their clients will clearly determine the state of the business in the next few years.

## HCC: STRATEGIC DEVELOPMENTS

As one of the leading players in the Indian construction industry, HCC has been exposed to the vagaries of the external business environment faced by the industry in India. The Company has continuously recrafted its strategic positioning and calibrated its business objectives in line with the evolving business environment.

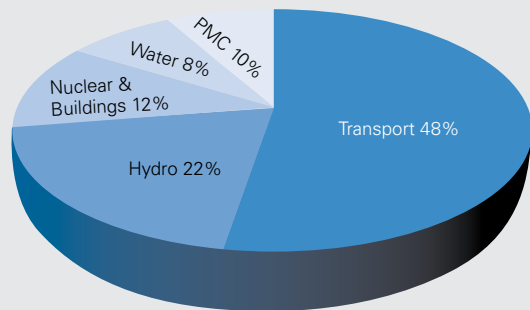
In 2017-18, this strategic intent translated into further enhancing focus on the core construction business. In effect, HCC has had to strike a fine balance between maintaining pace of execution activities, closing completed projects and growing the order book while carefully managing the limited working capital available. The Company has also undertaken several initiatives to monetise or dilute its own positions in non-core businesses.

With concerted efforts, even while focusing on selective orders that meet strict risk return equations, HCC has successfully increased the order book of its construction business to ₹19,188 crore as of March 31, 2018. This includes ₹ 2,277 crore of new orders received in 2017-18. Chart D gives the industry-wise distribution of the Company's order book. The transportation sector (roads and national highways) has emerged as the primary segment with 48% share, followed by hydro (22%), nuclear and buildings with 12%, PMC has 10% share, while water has 8%.

HCC has always followed a rigorous process of working on collections where there have been deviations from project terms by clients and/or project delays due to issues on the client's side. For the majority of such cases, the Company's stands have been vindicated by arbitration panels and courts.



**Chart D: Segment-wise distribution of order backlog**



As of March 31, 2018, the Company has secured ₹ 4,823 crore of arbitration awards. An additional ₹ 4,915 crore are under various stages of arbitration. In 2016, the Cabinet Committee for Economic Affairs (CCEA), recognising payment delays in the construction industry and the resultant stress on company balance sheets, directed Government Agencies to release 75% of award arbitration amount against bank guarantee. HCC has effectively utilized this scheme. As on March 31, 2018, acknowledgement letters by Clients resulting from the CCEA order amounted to ₹ 2,744 crore worth of claims. This resulted in ₹ 2,046 crore of receivables from the process, of which the amount actually collected was ₹ 1,416 crore, while the balance is underway.

While this money does not have any direct impact on the Company's cash flows, it has contributed to a 19.4% reduction in total non-current borrowings as on March 31, 2018, which is further expected to improve.

Changes were introduced to the Arbitration and Conciliation Act 1996 through the enactment of the Arbitration and Conciliation (Amendment) Act 2015 in the previous financial year. The amended Act substantially reduces the stipulated time within which an Arbitration process must be completed. The Arbitral Tribunal must issue the Award within 12 months of being constituted, with a maximum extension of six months thereafter. Early experience with the amended Act has been extremely encouraging, with proceedings under the new Act being completed well within the specified time frames. Equally importantly, the Amendment disposes with the automatic stay on an award in court, which allows for an immediate execution petition in favour of the awardee. These ground-level changes will substantially reduce the time to realization of the company's substantial receivables. The amended Act is not the only piece of legislation aimed at easing dispute resolution and improving the ease of doing business. Legislature has also enacted the Commercial Courts, Commercial Division and Commercial Appellate Division of High Courts Act 2015, by which arbitration-related court proceedings above a specified value will be heard by special Commercial benches or divisions within the relevant High Court. These specialized courts will facilitate speedier disposal of challenges to our arbitral awards. These two reforms put together will enable the company to realize its substantial Awards and Claims, which are currently being challenged in various legal forums, in an expedient manner.

The banks and HCC have partnered effectively to meet the

challenges and develop the business, especially in light of the substantial lock up of the Company's receivables which are either awarded in arbitration or under adjudication. The banks sanctioned HCC a complete solution under the RBI guidelines of S4A scheme. The Company has since been effectively functioning under this new scheme.

The recent circular by the RBI on 12 February has no direct impact on HCC as its S4A scheme was already under implementation. However, what this development means is that all resolution plans which were under the process of finalization under any of the earlier schemes- like the one for HCC's subsidiary, Lavasa Corporation Limited- requires revision.

Given legacy issues and the slowdown in the real estate sector in India, Lavasa has been under financial stress. As the principal investor in the project, HCC was making all efforts to bring in strategic investors who could induct fresh capital and revive the business. While this broad objective was underway, Lavasa was working jointly with a consortium of lenders for a financial solution. With the February 2018 directive of the RBI, the SDR process invoked by Lenders will now give way to a resolution plan in line with the revised framework provided by the RBI. Lavasa's top priority is to safeguard the interests of all stakeholders, especially home buyers.

The subsequent sections provide some more insights into developments during 2017-18 in HCC's core engineering and construction (E&C) business and the strategic investments in infrastructure, real estate and overseas businesses.

## HCC – OPERATIONS REVIEW

### ENGINEERING AND CONSTRUCTION DIVISION

The Company's core business is providing Engineering and Construction (E&C) services for large projects across sectors like Power (Hydro, Nuclear, Thermal), Transportation (Roads, Bridges, Metros, Marine), Water (Irrigation and Water Supply) and Industrial projects.

### BUSINESS DEVELOPMENT

With concerted yet selective bidding, the Company secured several marquee orders. Select details are provided below:

- HCC, as a lead partner in the joint venture with HSEPL, has been awarded a ₹ 672.99 crore contract on EPC basis for the construction of the Parwan Gravity Dam by the Water Resources Department, Government of Rajasthan. HCC's share in the JV is 90% (₹ 605.70 crore).
- As a lead partner in the joint venture with URC Construction Pvt Ltd., HCC has been awarded a ₹ 797.29 crore contract by the Bangalore Metro Rail Corporation Ltd. HCC share in the JV is 51% (₹ 406.61 crore). The project is to be completed in 36 months.
- The Company was awarded the prestigious IGCAR (Indira Gandhi Centre for Atomic Research) contract worth ₹ 763.57 crore for construction of the Fast Reactor Fuel Cycle facility at coastal city of Kalpakkam. The scope of work includes construction of Nuclear Safety Compliant Structures for fuel processing plant for Fast Breeder Reactors and allied

facilities including civil, electrical and mechanical works. The project is to be completed in 48 months.

- As a lead partner in the joint venture with AL FARAA, the Company was awarded ₹ 497.09 crore contract by the Maharashtra Metro Rail Corporation Ltd for the Pune Metro Rail Project. HCC's share in the JV is 51% (₹ 253.5 crore). The project is to be completed in 110 weeks. The contract is for construction of nine elevated metro stations.
- HCC, as a lead partner in the joint venture with AL FARAA, has been awarded another contract of ₹ 484 crore by the Maharashtra Metro Rail Corporation Ltd. for the Pune Metro Rail Project. HCC's share in the JV is 51% (₹ 247 crore). The contract is for construction of eight elevated metro rail stations and PMC on Line II (E-W Corridor) of Pune Metro Rail Project.

## PROJECTS UPDATE

**Transportation:** Some of the notable achievements for projects under execution are:

- Both the Tunnel Boring Machines (TBMs) have been commissioned at Mumbai Metro Project.
- All spans of the fully welded steel rail-cum-road Bogibeel Bridge were launched.
- Girder launching was completed at the bridge over the river Sone in Bihar.
- Work on Delhi Metro (DMRC) CC30 is complete and that of CC34 is nearing completion.



**Hydro Power:** All three units of the Kishanganga HEP were successfully commissioned and Unit 1 has been successfully synchronized with the grid. The project was inaugurated by the Prime Minister of India on May 19, 2018. Two projects in Himachal including the Kashang and the Sainj Hydro Electric Project (HEP) were inaugurated. The Pare HEP is nearing completion.



River Diversion was achieved at the Vishnugad Pipalkoti HEP. Preparations are on for tunnelling using TBMs at two of the projects. At the Nikachhu HEP, 665m of tunnel excavation has been achieved in a month. Work is in progress at the Punatsangchhu HEP, the Tehri Pumped Storage project, the Sawalkote access tunnel and the Sawrakuddu project.



**Nuclear Power:** The prefabricated reactor dome has been erected for Unit 7 at the Rajasthan Atomic Power Project (RAPP). Work on the Integrated Nuclear Recycle Plant for the Bhabha Atomic Research Centre at Tarapur near Mumbai has progressed well.

**Water Supply and Irrigation:** For the Bistan Lift Irrigation project, the design phase is complete and pipe procurement has commenced. Work progress on Package 10 of the Pranahita Chevella Lift Irrigation Scheme (now renamed Kaleshwaram Project) has been well on course.

The Kachchh Branch Canal project has been commissioned; and work on the Bhandup water pipeline is completed.

**Marine Works:** Work on the reconstruction of Dry Dock and Wharves in Mumbai for Director General Naval Project continues to progress well. The project is targeted for completion in the next year.

## MANAGEMENT SYSTEMS

HCC's entire construction operations is optimised and governed through an Integrated Management System (IMS) based on standards stipulated by ISO 9001 for Quality; ISO 14001 for Environment, and BS OHSAS 18001 for Occupational Health and Safety. HCC has implemented IMS at all its construction sites.

The Company strongly believes in delivering quality products to its customers and the backbone of delivering such quality is its processes and systems. To meet this objective, HCC has established SAP-QM (quality management) module at all sites for monitoring quality.

Focus on safety is paramount across HCC's operations. To institutionalise processes that helps the Company maintain the highest safety standards, a Proactive Safety Program has been implemented at all construction sites. This has started paying dividend in terms of reduction in overall incidents at sites. Under the Proactive Safety Program, HCC has started Behaviour Base Safety (BBS) at all its sites to improve the engagement of people in safety. Twelve projects have been operated with over 5



million safe man-hours.

Environment protection is also paramount to HCC's business ethos. The Company has put in place an effective monitoring process to fulfil its commitment to significantly reduce impact on the environment during project execution. HCC is actively working on tree plantation, energy saving and water saving at all their projects.

Customers' feedback is sought every quarter on the Company's performance on various parameters of project delivery. This feedback is integrated into HCC's continuous endeavour to improve performance across various parameters like resource utilisation, quality, safety, environment, HR, contract /customer complaint, time schedule, design, engineering, equipment and risk planning. This focus on taking note of the voice of the customer and promoting internal improvements has played a major role in enhancing customer satisfaction.

## STRATEGIC INVESTMENTS

To leverage market opportunities and create value across different elements of the service chain in the construction and infrastructure development, HCC made certain strategic investments that are managed and developed by subsidiaries where the Company holds majority stake. The Company is revising its strategy across these different businesses with a prime focus to drive value to its core construction activities and optimise its capital utilisation.

## INFRASTRUCTURE DEVELOPMENT

HCC Concessions Limited (HCON) develops portfolios of Design, Build, Finance, Operate and Transfer (DFBOT) assets that generate stable, diversified and growing cash flow streams with high returns on equity. Since inception, HCC Concessions has developed and operated over ₹ 6,000 crore of National Highways in 4 states across India, covering over 1300 lane Km. HCON is supported by HCC Operations & Maintenance Limited (HOML) whose mission is to provide reliable, safe and world class operations and maintenance services to the country's end users.

Of the six National Highway assets developed by the Company:

- It divested its stake in 2 completed road projects in 2015-16.
- HCON's West Bengal (NH-34) assets are earning strong revenue and cash flow:
  1. **Baharampore-Farakka Highways Ltd (BFHL):** During 2017-18, BFHL witnessed an average daily toll collection of ₹ 43.5 lakh, a 13% traffic growth and 18% overall revenue growth. BFHL has received an arbitration award of ₹ 448 crore in its favour on account of land delays by NHAI.
  2. **Farakka-Raiganj Highways Ltd (FRHL):** Average daily toll collection has been ₹ 41.5 lakh for 2017-18 and FRHL has witnessed a traffic growth of 13% in 2017-18. Entire construction is likely to be completed in Q2FY19 when toll rates will increase materially by more than 50% mainly on account of toll charged for Malda bypass.



- The Elevated Highway project from Badarpur to Faridabad has been terminated by HCON on account of a force majeure event. This was on account of a highly punitive Environmental Compensation Charge levied by the Supreme Court that deterred the entry of commercial vehicles in Delhi via the project road. The NHAI has acceded to termination effective on 23 February 2018. Matters related to termination, namely compensation, will be dealt with under the Dispute Resolution Process as per Concession Agreement.
- A six year delay in land acquisition by the NHAI led to termination of the Raiganj Dalkhols Highways Limited project. Matters related to compensation to HCON have been referred to arbitration.

During 2017-18, HCON channelized its resources towards executing the balance construction works, while rigorously following up with authorities for its legitimate rights and managing claims. HCON is also evaluating offers from potential investors for buying majority stake in its road assets, which will help in unlocking the value of investments as well.

HCC is of the view that to make such joint projects truly scalable, the GoI will have to take remarkable steps to uphold the true spirit of Public Private Partnership (PPP) by devising a mechanism to resolve genuine difficulties and claims of private players on a timely basis, with fair and commercial solutions being arrived at outside of a long and arduous legal process. Doing so will increase the viability of PPP projects by reducing risk premiums and allowing for a greater flow of inexpensive capital into them, by lenders and institutional investors alike. This is especially important at the Greenfield or construction stage to scale the ambitious infrastructure challenge we face in India.

HCC played an active role in sensitising the government to the challenges faced and partnered to evolve the Model Concession Agreement (MCA). A case in point is the important revision in the present HAM model where the project cost is not considered static anymore, but increases based on an index when land delays occur.

Given its long standing presence in the infrastructure sector and deep understanding of PPP, HCC plans to grow its engineering and construction order backlog in an integrated fashion with its Concessions arm. The Company's strategy will include suitable tie-ups with international partners and a judicious use of capital on such projects that maximise cash flow and return to the Group on a real time basis.

## STEINER AG

Steiner AG, HCC's wholly owned subsidiary, is one of the leading project developers and general / total contractors (GC/ TC) in Switzerland, offering comprehensive services in the fields of new construction, refurbishment and real estate development.

The business is primarily divided into three offerings. First, the primary business of the company is General Contracting, where it provides complete turnkey building services for clients. Steiner has capabilities to provide the entire chain of services – from design to completion of construction. In such turnkey projects, it manages and optimises costs and time schedules. This model works for new buildings as well as renovation projects. Second, Steiner is involved in real estate development including long standing brownfield projects and redevelopment projects. The focus is on predicting market demand at a very early stage and developing projects that will have a market in the future. Usually, the land price risk is borne by the land owner. Third, there is an evolving model of developing financial vehicles that will fund real estate development. Steiner is working on partnerships with funds to create SPVs that can do such development.

Some of the major projects executed by Steiner AG in last couple of years include:

- The renovation of office building of the International Labor Office, the permanent secretariat of the International Labor Organization (An UN Agency) in Geneva worth CHF 151 million.



- The Riviera-Chablais Hospital, a new hospital complex in Rennaz for Cantons of Vaud and Valais worth CHF 211 million.
- Vulcano Project in Zurich worth CHF 205 million comprising a hotel and residential apartment being developed for CSA Real Estate Switzerland (CSA RES), an investment group of the Credit Suisse Investment Foundation.
- Baloise Park – FAUG sub-project in Basel worth CHF 129.4 million for construction of a 90-meter high-rise building comprising office spaces, 5-star hotel, a conference centre, restaurants and a ballroom.
- Kanton Spital Hospital project in Frauenfeld worth CHF 161 million and includes construction of new HORIZONT building involving replacement of the operating theatre, medical diagnostics facilities and the ward block.

With new orders worth CHF 890 million (₹ 6,011 crore), Steiner's order backlog was CHF 1,370 million (₹ 9.260 crore) as of March 31, 2018. Consolidated revenue remained stable at CHF 806 million (₹ 5,395 crore) for 2017-18, while consolidated PAT increased from CHF 3.2 million (₹ 22 crore) in 2016-17 to CHF 9.5 million (₹ 64 crore) in 2017-18. The company had a healthy cash balance of CHF 107 million (₹ 737 crore) as of March 31, 2018.

Steiner's subsidiary Steiner India generated its first year of profits in 2017-18. Key projects being executed by Steiner India are Aether (Goregaon, Mumbai) by Romell Group, the Photogravurs (Worli, Mumbai) and Holiday Inn Express (Kolkata) by the DS Group, Ipanema (Nariman Point, Mumbai) and Spice Mill (Greater Noida, Delhi).

## INTEGRATED TOWNSHIP: LAVASA

At a time when delayed debt resolutions with existing lenders offered no liquidity to Lavasa and fresh real estate sales have been halted, it was commendable that in 2017-18, Lavasa managed to sustain operations in absence of any external financial support. This was achieved by primarily focusing on optimizing costs, maximizing revenue through operational activities and preserving the value of its assets. All efforts were directed towards maintaining operational activities in the city.



Till date, Lavasa has given possession of 1,285 residential units. It also registered 31 sub-projects with RERA during the year, thereby complying with disclosure requirements.

As of today, tourism remains the mainstay of the project. With footfalls of over a million visitors each year, the city continues to be known as one of the favourite tourist destinations in Maharashtra for weekend retreats, watersports, conventions, etc.

In the hospitality space, the four hotels operating within the city with 253 rooms have reported competitive occupancies in the micro market. The 1,500 plenary capacity Lavasa International Convention Centre (LIICC) hosted some grand conventions and conferences. Capacity increases are expected in the J. Vora Hotel and Ekaant. Retail business at Lavasa, especially in the food and beverages segment continues to do well and grow.

The Environment Management Plan (EMP) continues to be implemented as per the Environment Impact Assessment (EIA) Report submitted to Ministry of Environment, Forests and Climate Change (MoEF & CC), New Delhi. All reports were found to be within the prescribed limits of Maharashtra Pollution



Control Board (MPCB). The company is in process of preparation of thirteenth sixth-monthly Environmental Compliance Report for the period November 2017 to May 2018 and extension of Environment Clearance from the MoEF & CC.

#### Development Status: Dasve and Mugaon

Dasve town has comprehensive public infrastructure in place such as access roads, internal roads, water treatment plant, water distribution network, sewage network, sewage treatment plant, telecom network and services. Work on the 6 km inter-village road from Mugaon to Dhamanohol has been completed. The company had 10,514 acres of land including 455 acres of land on lease by the end of financial year ending March 31, 2017. The value of Lavasa land as valued by a government registered valuer amounts to approximately ₹ 9,280 crore.

## HUMAN RESOURCES (HR)

In 2017-18, while the Company's focus remained on achieving its strategic imperatives through people and people led processes, a few specific actions were initiated. These included making major changes at the very senior leadership level with the appointment of a new CEO and tailoring the organisation structure to be more productive and lean. Focus was also paid to attracting new talent at various levels of the organisation and revamping the Project Management processes leading to ISO 9000:2015 certification.

New initiatives like developing an intranet and re-defining people policies were initiated during 2017-18 to instil greater team spirit among HCC's employees and bringing HCC's numerous sites across India closer through improved interaction, communication and modern people policies. By adopting the new ISO standards, risk analysis and mitigation remained a focus area along with training, with special focus on HSE training and on-boarding. Retaining talent at remote locations remained a challenge for HCC with the increased intake of professionals in projects in urban areas. The number of engineers and officers remained at around 1,600 with couple of projects being at mobilisation and closure phase.

## FINANCIAL REVIEW

The Highlights of the financial performance for 2017-18 are:

- Total income increased by 8% to ₹ 4,826 crore in 2017-18.
- Given a change in the mix of projects operating margins (EBITDA margins excluding other income) reduced from 17.9% in 2016-17 to 14.1% in 2017-18. EBITDA in 2017-18 was ₹ 644 crore.
- With reduction in overall debt levels, finance costs reduced by 14.5% to ₹ 660 crore in 2017-18.
- Profit after tax (PAT) increased by 30.5% to ₹ 78 crore in 2017-18. However, after accounting for loss on fair valuation of equity instruments represented in other comprehensive income, comprehensive PAT reduced to ₹ 66 crore in 2017-18.

**Table 1: Abridged Profit and Loss account of HCC**

(₹ crore)

	2017-18	2016-17
Total Income	4,826	4,458
Construction Cost (including materials/ other expenses)	3,493	3,046
Employee Cost	438	397
EBITDA (excluding other income)	644	754
EBITDA margins (excluding other Income)	14.1%	17.9%
Finance Cost	660	772
Depreciation	123	125
Exceptional items	-	21
Profit before Tax	112	97
Tax	34	38
Profit after Tax	78	59
Other comprehensive income (after Tax)	(12)	22
Total comprehensive income (after Tax)	66	81

## CORPORATE SOCIAL RESPONSIBILITY (CSR): RESPONSIBLE INFRASTRUCTURE

With focus on responsible infrastructure development at HCC, CSR has evolved from being passive philanthropy to corporate community investments, which takes the form of a social partnership initiative creating value for stakeholders. Having said so, as per section 135 of The Companies Act 2013, HCC has formalised a CSR policy keeping Schedule VII in mind. The procedure for effective implementation of the policy has been made.

Some examples of site specific CSR initiatives are given below.

- Education related expenditure for the needy and poor students in Assam.
- Health related initiatives such as cardiac awareness camp, medical camp etc.



## DISASTER RELIEF AND RESPONSE

HCC is a founding member of the World Economic Forum's Disaster Resource Network. In 2017, Disaster Relief work was undertaken by the Vishnugad Pipalkoti Hydro Electric Project in Uttarakhand. The site team took initiative during natural disaster

happened near Vishnuprayag on 12 May 2017. The incident happened at around 4 pm, and the ongoing Shri Badrinath Dham Yatra was halted due to heavy landslides near between Joshimath and Shri Badrinath Dham. Some 15,000 pilgrims were stranded at different places because of the road blockage. The HCC team provided transport facilities to the pilgrims from the blockade points to Joshimath. They were also provided food and water.



Similarly, the Sone Bridge project team distributed over 2000 bags containing 5 Kg rice, 1 Kg chickpeas, 1.5 Ltr vegetable oil, pulses, milk powder and other daily requirements along with fresh drinking water among the flood affected families in Araria district of Bihar in August 2017 and the Farakka Raiganj Highway project (on NH34) team provided drinking water, basic food and refreshment to over 700 families for 5 days during floods in August 2017 in Malda district of West Bengal. They were also provided temporary shelters until the water in their villages receded.

### HIV/AIDS EDUCATION AND AWARENESS.

In recognition of the serious impact of HIV/AIDS on migrant workers, HCC has formed an HIV/AIDS workplace policy and adopted an intervention programme that focuses on educating and raising HIV/AIDS awareness among migrant workers who forms the core of the workforce at the Company's various project sites. HCC observes World AIDS Day every year on 1 December.

### THE CEO WATER MANDATE: UNGC'S INITIATIVE

The Company is committed to monitor and conserve the amount of water used across its construction project sites. HCC, the first Indian company to endorse United Nations Global Compact's 'The CEO Water Mandate' and an industry partner of the World Economic Forum (WEF), makes it a point to embed the principles of water resources management in all its activities.

As a responsible corporate citizen, it has focused on sharing best practices of water stewardship. In doing so, it has adopted various methodologies at its sites to reduce fresh water consumption. For example, HCC installed waste-water treatment plants at various project such as the Padur and Visakhapatnam cavern projects and the Kishanganga hydro-

electric power project, which helped to reduce fresh water consumption by recycling of treated waste-water. HCC also commissioned a decentralised waste water treatment system at the Bogibeel road and bridge project site to treat and reuse the sewage water from toilet blocks.

The Company is also engaged in national and international forum, such as the World Economic Forum, The Energy and Resources Institute, the World Business Council for Sustainable Development, the Alliance for Water Stewardship, CDP (formerly the Carbon Disclosure Project) and the Federation of Indian Chambers of Commerce and Industry.

Rejuvenation of Diversion Based Irrigation System on river Mhalungi at Sinnar (district Nashik, Maharashtra), conserved more water than what was consumed at its construction sites. Thus, HCC achieved status of water positive organization in 2017-18.

## SUSTAINABILITY REPORTING

HCC believes in environmental transparency and disclosing the economic, environmental and social impacts of its activities through sustainability reports. It has published six sustainability reports, each of which had been accredited by the Global Reporting Initiative guidelines with an A+ grade. For seventh and eighth Sustainability Report Company adopted GRI's latest version G4, and now working on newly introduced GRI Standards for upcoming ninth report. The Company engages a third-party assurance provider to review the contents and accuracy of our sustainability reporting.

## INTERNAL CONTROLS AND THEIR ADEQUACY

HCC has an adequate system of internal control to ensure that the resources of the Company are used efficiently and effectively, all assets are safeguarded and protected against loss from unauthorized use or disposition and the transactions are authorised, recorded and reported correctly, financial and other data are reliable for preparing financial information and other data and for maintaining accountability of assets. The internal control is supplemented by extensive programme of internal audits, review by management, documented policies, guidelines and procedures.

## CAUTIONARY STATEMENT

Statements in this 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.



# REPORT ON CORPORATE GOVERNANCE

## COMPANY'S PHILOSOPHY

Hindustan Construction Company ('the Company' or 'HCC') has always been committed to maintain sound corporate governance standards and ethical business practices.

This involves institutionalizing the Company's philosophy on corporate governance across business activities, which is based on the principles of accountability, transparency, responsibility and fairness in all aspects of its operations.

The Company has an active and Independent Board of Directors that provides supervisory, strategic advice and direction. Your Company believes that all actions and plans should be supported by adequate systems and procedures in order to ensure that the decision making process across different levels of management is well-informed and conforms to the highest standards of corporate behaviour.

This Chapter reports the Company's compliance with the Regulation 34(3) read with Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as SEBI Listing Regulations) as given below:

### I. BOARD OF DIRECTORS

#### a) Composition of the Board

The Board of Directors has an optimum combination of Executive and Non Executive Directors and is in conformity with the provisions of Companies Act, 2013 and Regulation 17 of the SEBI Listing Regulations.

The Chairman of the Board of Directors is an Executive Director  
Composition of the Board as on March 31, 2018.

Category	Number of Directors
Chairman and Managing Director (Promoter Director)	1
Whole Time Directors, including a Woman Director who is a Promoter Director	2
Independent Directors	5
Non Executive Director	1
Nominee Director	1

Mr. Arjun Dhawan (DIN 01778379) was appointed as Group Chief Executive Officer (CEO) and Whole-time Director with effect from April 1, 2017 and the same was approved by the Shareholders at the Annual General Meeting held on July 6, 2017.

Mr. N. R. Acharyulu (DIN: 02010249), Non Executive- Non Independent Director retires by rotation and being eligible has offered himself for re-appointment.

Except for Mr. Ajit Gulabchand, Ms. Shalaka Gulabchand Dhawan and Mr. Arjun Dhawan who are related interse, the other Directors of the Company are not related to each other.

#### b) Number of Board Meetings

The Board of Directors met four times during the financial year 2017-18. The meetings were held on May 04, 2017, August 3, 2017, November 2, 2017 and January 31, 2018. The maximum time gap between any two consecutive meetings did not exceed one hundred and twenty days.

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

None of the Directors on the Board is a member of more than ten Board-level committees or Chairman of more than five such committees and none of the Directors serve as an Independent Director in more than seven listed companies.

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.

#### d) Information to the Board

The Company provides information as set out in Regulation 17 read with Part A of Schedule II of the SEBI Listing Regulations to the Board and the Board Committees to the extent applicable.

A detailed agenda folder is sent to each Director seven days in advance of the Board Meetings. All the agenda items are appended with necessary supporting information and documents (except for price sensitive information, which are circulated separately before the meeting) to enable the Board to take informed decisions.

Further, the Board also reviews the Annual financial statements of the Unlisted Subsidiary Companies. Pursuant to Regulation 24 of the SEBI Listing Regulations, the Minutes of the Board Meetings and a statement of all significant transactions and arrangements entered into by the Company's Unlisted Subsidiary Companies are placed before the Board.

#### e) Directors with pecuniary relationship or business transaction with the Company

The Chairman & Managing Director and the Whole time Director(s) receive salary, perquisites and allowances, while all the Non-Executive Directors receive Sitting Fees.

#### f) Remuneration to Directors

Remuneration was paid to Mr. Ajit Gulabchand, Chairman and Managing Director and Mr. Arjun Dhawan, Group CEO & Whole-time Director, as per the limits prescribed under Schedule V of the Companies Act, 2013, pursuant to the approval of the Nomination and Remuneration Committee, Board of Directors and in accordance with the approval of the members of the Company. In respect of Ms. Shalaka Gulabchand Dhawan, Whole-time Director, remuneration was paid to her, pursuant to the approval of the Nomination and Remuneration Committee, the Board of Directors and the Members of the Company.

Table 2 gives the details of remuneration paid / payable to Directors for the year ended March 31, 2018. The Company did not advance loans to any of its Directors during the FY 2017-2018.

**Table 1: Details of the Directors as on March 31, 2018**

Name of the Director	Category	No. of Board meetings held during FY 2017- 18	No. of Board meetings attended during FY 2017-18	Whether attended last AGM	No. 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	4	4	Yes	5	0	2	None
Rajas R. Doshi	Non-Executive Independent Director	4	4	Yes	3	2	2	None
Ram P. Gandhi	Non-Executive Independent Director	4	4	Yes	1	-	-	None
Sharad M. Kulkarni	Non-Executive Independent Director	4	4	Yes	4	3	2	None
Anil C. Singhvi	Non-Executive Independent Director	4	4	Yes	5	1	2	None
Arjun Dhawan**	Group CEO and Whole-time Director	4	4	Yes	4	-	-	None
Harsha Bangari	Non Executive Nominee Director	4	3	No	-	-	-	Nominee of Exim Bank
Shalaka Gulabchand Dhawan**	Whole-time Director	4	4	Yes	3	-	-	None
Dr. Omkar Goswami	Non-Executive Independent Director	4	3	Yes	7	-	7	None
N. R. Acharyulu	Non Executive Non Independent Director	4	4	Yes	-	-	-	None

\* Excludes Private Limited Companies, Foreign Companies and companies registered under Section 8 of the Companies Act, 2013.

# Chairmanship/Membership of Audit Committee and Stakeholder's Relationship Committee in other Public Companies has been considered.

\*\* Ms. Shalaka Gulabchand Dhawan is the daughter and Mr. Arjun Dhawan is the son in law of Mr. Ajit Gulabchand, Chairman and Managing Director of the Company.

**Table 2: Remuneration paid / payable to Directors during the financial year ended March 31, 2018**

Name of the Director	Salaries, Perquisites & Allowances+	Sitting fees*	Total (₹)
Ajit Gulabchand (Chairman & Managing Director)**	3,88,17,648	-	3,88,17,648
Rajas R. Doshi	-	17,00,000	17,00,000
Ram P. Gandhi	-	9,00,000	9,00,000
Sharad M. Kulkarni	-	8,00,000	8,00,000
Anil C. Singhvi	-	24,00,000	24,00,000
Harsha Bangari^	-	3,00,000	3,00,000
Omkar Goswami	-	5,00,000	5,00,000
Arjun Dhawan (Group CEO and Whole-time Director)**	3,87,52,140	-	3,87,52,140
Shalaka Gulabchand Dhawan (Whole-time Director)	1,61,03,563	-	1,61,03,563
N.R. Acharyulu	-	4,00,000	4,00,000
<b>Total</b>	<b>9,36,73,351</b>	<b>70,00,000</b>	<b>10,06,73,351</b>

\*\* Company has paid remuneration to Mr. Ajit Gulabchand and Mr. Arjun Dhawan as per the limits prescribed under Schedule V of the Companies Act, 2013.

+ Perquisites & Allowances include 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.

^ In case of Ms. Harsha Bangari, Nominee Director, the sitting fees for attending Board Meetings are paid by the Company to Exim Bank.

Note: (a) The service contract details and the notice period has been mentioned in the agreement entered with the Chairman and Managing Director, Whole-time Director and Group CEO & Whole-time Director.

(b) There are no outstanding stock options held by these Executive Directors.



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

There were no outstanding stock options held by Non- Executive Directors and the details of the Equity Shares held by the Non- Executive Directors as on March 31, 2018 are given in Table 3 below.

**Table 3: Details of Equity Shares held by Non-Executive Directors as on March 31, 2018**

Name of the Director	Number of Equity Shares
Rajas R. Doshi	32,000
Ram P. Gandhi	48,000
Sharad M. Kulkarni	20,000
Anil C. Singhvi	Nil
Harsha Bangari	Nil
Omkar Goswami	Nil
N.R. Acharyulu	Nil

#### h) Code of Conduct

The Board of Directors has laid down two separate Codes of Conduct ('Code(s)')- one for the Non-Executive Directors including Independent Directors and the other for Executive Directors and Senior Managers (Senior Management). These Codes have been posted on the Company's website – [www.hccindia.com](http://www.hccindia.com) which lays down the standard of conduct to be followed by the Directors and Senior Managers in their business dealings and in particular on matters relating to integrity at the work place, in business practices and in dealing with stakeholders. A declaration that the members of the Board of Directors and Senior Management Personnel have affirmed compliance under the Code during the year 2018 has been signed by Mr. Arjun Dhawan, Group CEO & Whole-time Director and the same is annexed to this Report.

#### i) Familiarisation Programme for Board Members

The Company has a familiarisation program for the Independent Directors with regard to their roles, rights and responsibilities in the Company and provides details regarding the nature of the industry in which the Company operates, the business models of the Company etc. which aims to provide insight to the Independent Directors to understand the business of the Company. Upon induction, the Independent Directors are familiarized with their roles, rights and responsibilities.

The details of the familiarisation program for Independent Directors are available on the Company's website at [http://www.hccindia.com/pdf/familiarisation\\_program\\_for\\_independent\\_directors.pdf](http://www.hccindia.com/pdf/familiarisation_program_for_independent_directors.pdf)

#### j) Nomination and 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 laid down by the Companies Act, 2013 read with relevant Rules thereunder. The Company pays a sitting fee of ₹1,00,000 to each NED for their attendance at every Board meeting or Board constituted Committee Meeting. In respect of Ms. Harsha Bangari, Nominee Director of Exim Bank the sitting fees are paid to Exim Bank.

The extract of Remuneration Policy of the Company has been

provided in the Board's Report which forms part of the Annual Report.

#### k) Independent Directors Meeting

During the year 2017-18, independent Directors of the Company met separately on March 22, 2018 without the presence of other Directors or Management representatives, to review the performance of the Non-Independent Directors, the board and the Chairman of the Company and to assess the quality, quantity and timeliness of flow of information between the Management and the Board.

## II. BOARD COMMITTEES

Details of the role and composition of Audit Committee, Nomination and Remuneration Committee, Stakeholders Relationship Committee including the number of meetings held during the financial year and attendance at meetings, are provided below.

#### a) Audit Committee

As on March 31, 2018, the Audit Committee comprises of three Independent Directors. viz Mr. Sharad M. Kulkarni- (Chairman), Mr. Rajas R. Doshi and Mr. Anil C. Singhvi. All Members of the Audit Committee possess accounting and financial management knowledge.

The Group Chief Executive Officer & Whole-time Director, Group Chief Financial Officer, COO (E&C), CFO (E&C), the Chief Internal Auditor and the representative of the Statutory Auditors are invited for the meetings of the Audit Committee. The Company Secretary is the Secretary to the Committee.

The Audit Committee met four times during the year, i.e. on May 4, 2017, August 3, 2017, November 2, 2017 and January 31, 2018. The minutes of the meetings of the Audit Committee are noted by the Board. The details of the composition of the Committee & attendance at the meetings are given in Table 4.

**Table 4: Details of the Audit Committee:**

Name of the Director	Position	No. of meetings attended
Sharad M. Kulkarni	Chairman	4
Rajas R. Doshi	Member	4
Anil C. Singhvi	Member	4

The Chairman of the Audit Committee was present at the Annual General Meeting of the Company held on July 6, 2017 to answer the Members' queries.

The terms of reference of the Audit Committee are in conformity with the requirements of SEBI Listing Regulations and Section 177(4) of the Companies Act, 2013. Further, the Audit Committee has powers which are in line with the SEBI Listing Regulations. The terms of reference of the Audit Committee include the following:

- Overseeing of the Company's financial reporting process and disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible;

- Recommendation for appointment, remuneration and terms of appointment of auditors of the Company,
  - Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
  - Reviewing, with the Management, the annual financial statements and auditor's report thereon before submission to the Board for approval, with particular reference to:
    - Matters required to be included in the Director's Responsibility Statement to be included in the Board's Report in terms of clause (c) of subsection 3 of Section 134 of the Companies Act, 2013.
    - 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.
    - Modified opinion(s) in the draft audit report.
  - Reviewing with the Management, quarterly financial statements before submission to the Board for approval;
  - Reviewing with the Management, the statement of uses/ application of funds raised through an issue(public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/ prospectus/notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
  - Review and monitor the auditor's independence and performance, and effectiveness of audit process Approval or any subsequent modification of transactions of the Company with related parties;
  - Scrutiny of inter-corporate loans and investments;
  - Valuation of undertakings or assets of the Company, wherever it is necessary;
  - Evaluation of internal financial controls and risk management systems;
  - 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 area of concern;
  - To look into the reasons for substantial defaults in the payment to depositors, debenture holders, members (in case of non-payment of declared dividends) and creditors;
  - To review the functioning of the Whistle Blower mechanism/ Vigil mechanism;
  - Approval for appointment of CFO (i.e. the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc of the candidate;
  - Carrying out any other functions as specified in the terms of reference, as amended from time to time.
  - Review of Information by Audit Committee:
- Besides the above, the role of the Audit Committee includes mandatory review of 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, if any;
  - Internal audit reports relating to internal control weaknesses; and
  - The appointment, removal and terms of remuneration of the Chief Internal Auditor.
  - Statement of deviations:
- Quarterly statements of deviation(s) including report of monitoring agency, if applicable, submitted to the stock exchange(s) in terms of Regulation 32(1) of the SEBI Listing Regulations. Annual statement of funds utilized for purposes of other than those stated in the offer document/prospectus/ notice in terms of Regulation 32(5) of the SEBI Listing Regulations.

#### **b) Nomination and Remuneration Committee**

As of March 31, 2018, this Committee comprised three Independent Directors viz. Mr. Anil Singhvi (Chairman), Mr. Rajas R. Doshi, Dr. Omkar Goswami and Mr. Ajit Gulabchand, Chairman and Managing Director of the Company as Members of this Committee. The Group EVP- HR is invited for the meetings. The Company Secretary is the Secretary to the Committee. This Committee met three times during the financial year i.e. on May 4, 2017, November 2, 2017 and January 31, 2018. The Minutes of the Nomination and Remuneration Committee Meetings are noted by the Board. The details of the composition of the Committee and attendance at the meetings are given in [Table 5](#) below;



**Table 5: Details of the Nomination and Remuneration Committee:**

Name of the Director	Position	No. of meetings attended
Anil C. Singhvi	Chairman	3
Rajas R. Doshi	Member	3
Omkar Goswami	Member	2
Ajit Gulabchand	Member	3

In accordance with Section 178 of the Companies Act, 2013 and SEBI Listing Regulations, the role of the Nomination and Remuneration Committee of the Company is as under:

- Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal.
- Formulation of criteria for evaluation of Independent Directors and the Board.
- Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration of the directors, key managerial personnel and other employees.
- Devising a policy on Board diversity.
- Whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of Independent Directors.

#### c) Stakeholders Relationship Committee

This Committee comprises three Directors viz. Mr. Ram P. Gandhi (Chairman), Mr. Rajas R. Doshi, Independent Director and Mr. Ajit Gulabchand, Chairman and Managing Director of the Company. Mr. Venkatesan Arunachalam, Company Secretary is the Compliance Officer of the Company.

During the financial year 2017-2018, the Committee met four times on May 4, 2017, August 3, 2017, November 2, 2017 and January 31, 2018. The Minutes of the Stakeholders Relationship Committee are noted by the Board.

The details of the composition of the Committee and attendance at the meetings are given in [Table 6](#) below:

**Table 6: Details of the Stakeholders Relationship Committee:**

Name of the Director	Position	No. of meetings attended
Ram P. Gandhi	Chairman	4
Rajas R. Doshi	Member	4
Ajit Gulabchand	Member	4

During the financial year 2017-18, 253 queries/complaints were received by the Company from Members/investors/ authorities, majority of which have been redressed / resolved to date, satisfactorily as shown in [Table 7](#):

The 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 Members relating to transfers, non-receipt of Annual Report, dividend etc.
- All other matters related to shares/debentures

#### d) Corporate Social Responsibility (CSR) Committee:

The Committee comprises three Directors viz. Mr. Ajit Gulabchand (Chairman), Mr. Rajas R. Doshi and Mr. Ram P. Gandhi and the role of the Committee is as under:

- Formulate and recommend to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the Company as specified in Schedule VII of the Companies Act, 2013.
- Recommend the amount of expenditure to be incurred on the activities referred in the CSR policy.
- Monitor the CSR Policy of the Company and its implementation from time to time.
- Such other functions as the Board may deem fit from time to time.

One Meeting of the CSR Committee was held on November 02, 2017. The Minutes of the Corporate Social Responsibility Committee are noted by the Board.

#### e) Risk Management Committee:

Risk Management Committee was constituted voluntarily by the Company and it comprises 5 Members.

This Committee has been delegated with the authority by the Board to review and monitor the implementation of the risk management policy of the Company.

#### Risk Management

The Company has established a well-documented and robust risk management framework under the provisions of Companies Act, 2013. Under this framework, risks are identified across all business processes of the Company on a continuous basis.

Risk Review Committee (Management Committee of the Company) was successful in early identification of financial risk related to borrowing structure & cash flow mismatch due to late realization of claims lodged with clients. These risk were materially mitigated during the last year by implementing financial restructuring scheme introduced by Reserve Bank of India known as 'Scheme for Sustainable Structuring of Stressed Assets (S4A)' with lenders successfully and issue of guidelines by Cabinet Committee of Economic Affairs (CCEA) for release of 75% of arbitration awards in favour of infrastructure companies, respectively.

**Table 7: Details of investor queries/complaints received and attended during financial year 2017-18**

Nature of Queries/ Complaints	Pending as on April 1, 2017	Received during the year	Redressed during the year	Pending as on March 31, 2018
1. Transfer/Transmission/Issue of Duplicate Share Certificates	1	92	93	0
2. Non-receipt of Dividend	2	60	62	0
3. Dematerialisation/ Rematerialisation of Shares	0	2	2	0
4. Complaints received from:				
a. Securities and Exchange Board of India	0	3	3	0
b. Stock Exchange(s) / NSDL / CDSL	0	5	5	0
c. Registrar of Companies / Ministry of Corporate Affairs / Others	0	0	0	0
d. Advocates	0	0	0	0
e. Consumer Forum/Court Case	0	0	0	0
5. Others	0	90	88	2*
<b>Grand Total</b>	<b>3</b>	<b>252</b>	<b>253</b>	<b>2</b>

\* Received in the last week of March 2018 and since resolved.

### III. COMPLIANCE

#### a) Performance Evaluation criteria for Board Directors

Annual performance evaluation of the Directors as well as of the other Board- level Committee has been carried out. The performance evaluation of the Independent Directors was carried out by the entire Board and the performance Evaluation of the Chairman and Non-Independent Directors was carried out by the Independent Directors.

#### b) Accounting treatment in preparation of financial statements.

The financial statements of the Company have been prepared to comply in all material respects with the Indian Accounting Standards ("Ind AS") notified under the Companies (Accounting Standards) Rules, 2015.

#### c) Subsidiary Companies

In accordance with Regulation 24 of the SEBI Listing Regulations, during this financial year none of the companies fall under the category of material non-listed Indian subsidiaries.

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.

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.

Policy for determining "Material Subsidiaries" is available on the website of the Company at ([www.hccindia.com/pdf/HCC\\_Policy\\_for\\_determining\\_Material\\_Subsiidiaries.pdf](http://www.hccindia.com/pdf/HCC_Policy_for_determining_Material_Subsiidiaries.pdf))

#### d) Code for Prevention of Insider Trading Practices & other Policies

The Company has formulated the Codes viz "Code of Conduct for Prevention of Insider Trading" and the "Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information" which allows the formulation of trading plan subject to certain conditions as mentioned in the said Regulations and requires pre-clearance for dealing in the Company's shares. It also prohibits the purchase or sale of Company's securities by the Directors, designated person and connected persons, while in possession of unpublished price sensitive information in relation to the Company and during the period when the trading window is closed. The Company Secretary of the Company, is designated as the Compliance Officer for this Code.

#### e) CEO/CFO Certification

As required under SEBI Listing Regulations, the Group CEO & Whole-time Director and the Group Chief Financial Officer of the Company have submitted a Compliance Certificate for the financial year ended March 31, 2018, which is annexed to this Report.

#### f) Pledge of Equity Shares

In accordance with the Master S4A Framework Agreement entered during FY 2016-17, Hincon Holdings Ltd and Hincon Finance Ltd (Promoter Companies of HCC), had recreated the pledge on 21,60,23,600 and 2,38,95,686 equity shares of ₹1 each respectively held in HCC in favour of Universal Trusteeship Services Ltd, the Security Trustee for the Lenders.

During 2017-18, HCC has entered into facility agreements for availment of additional working capital facilities from the Lenders for Operations and towards Arbitration Bank Guarantees respectively, and as per the terms agreed therein, Master Pledge Agreement was executed on March 29, 2018, inter alia, by Hincon Holdings Ltd (HHL) for recreation of pledge on the entire 21,60,23,600 equity shares held in HCC, representing 21.27% of



the equity share capital of HCC, and by Hicon Finance Ltd (HFL) for recreation of pledge on 2,38,95,686 equity shares held in the Company, representing 2.35% of the equity share capital of HCC.

Thus, in aggregate, Pledge has been created on 23,99,19,286 equity shares in aggregate held by the respective Promoter Companies as above, representing 23.63% of the paid up equity share capital of the Company.

The aggregate shareholding of the Promoters and Members of the Promoter Group as on March 31, 2018, was 28,10,15,080 Equity Shares of ₹ 1 each representing 27.67% of the paid-up Equity Share Capital of the Company.

## IV. SHAREHOLDER INFORMATION

### a) Disclosures regarding the Board of Directors

The Company has received declarations from all the Independent Directors of the Company confirming that they meet with the criteria of Independence as prescribed under the Companies Act, 2013 and SEBI Listing Regulations. Detailed profile of the Directors who are seeking appointment / reappointment at the ensuing Annual General Meeting of the Company is given under the Explanatory Statement to the Notice which is forming part of the Annual Report of the Company.

### b) Means of Communication

In accordance with the SEBI Listing Regulations, the Company has maintained a functional website at [www.hccindia.com](http://www.hccindia.com) containing information about the Company and the same is updated from time to time. The quarterly and annual results are published in Business Standard (English) and Sakal (Marathi), which are national and local dailies respectively and also displayed on the Company's website. Presentations made to institutional investors or to analysts, are also uploaded on the website of the Company.

The Company also disseminates to the Stock Exchanges (i.e. BSE and NSE), 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. A designated email id has been created for Member's correspondence viz., [secretarial@hccindia.com](mailto:secretarial@hccindia.com)

### c) General Body Meetings

The Company generally convenes the Annual General Meeting (AGM) in the month of June/July after the end of the financial year.

#### Postal Ballot:

During the year, no Special Resolutions were passed through postal ballot.

### d) General Shareholder Information

Forthcoming Annual General Meeting

Date : July 12, 2018  
Day : Thursday  
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

Tuesday, July 10, 2018.

### Financial Year

The financial year of the Company covers the financial period from April 1 to March 31. During the financial year under review, the Board Meetings for approval of quarterly and annual financial results were held on the following dates:

1 <sup>st</sup> Quarter Results	: August 03, 2017
2 <sup>nd</sup> Quarter Results	: November 02, 2017
3 <sup>rd</sup> Quarter Results	: January 31, 2018
4 <sup>th</sup> Quarter & Annual Results	: May 3, 2018

The tentative dates of the Board Meetings for consideration of financial results for the year ending March 31, 2019 are as follows:

1 <sup>st</sup> Quarter Results	: August 02, 2018
2 <sup>nd</sup> Quarter Results	: November 01, 2018
3 <sup>rd</sup> Quarter Results	: January 31, 2019
4 <sup>th</sup> Quarter & Annual Results	: May 07, 2019

### Dates of Book Closure

July 6, 2018 to July 12, 2018 (both days inclusive)

### Listing

Presently, the Equity Shares of the Company are listed on the BSE Limited (BSE) and the National Stock Exchange of India Limited (NSE). The Company has paid the annual listing fees for the financial year 2018-2019 to BSE Limited and National Stock Exchange of India Limited. The Company has paid annual custodial fees for the financial year 2018- 2019 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 March 31, 2018.

### Stock Codes:

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

### Corporate Identification Number:

Corporate Identity Number (CIN) of the Company is L45200MH1926PLC001228.

Details of the AGM/EGM held at Walchand Hirachand Hall, Indian Merchants' Chamber, Indian Merchants' Chamber Marg, Churchgate, Mumbai-400 020; in the last three years along with special resolutions passed thereat:

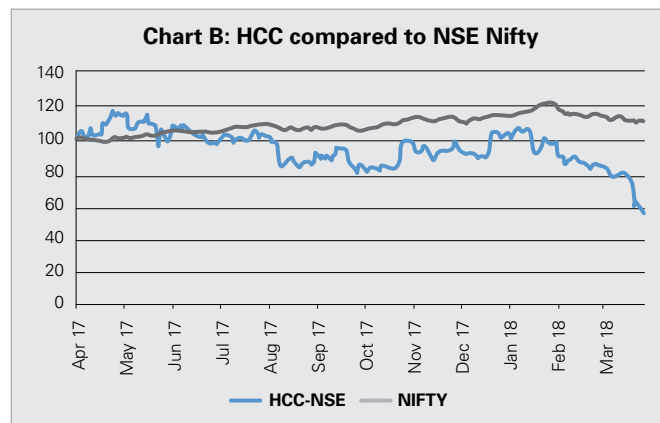
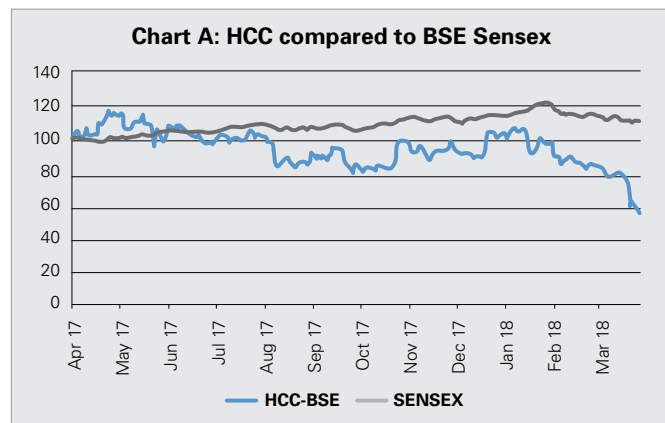
Financial Year	Day, Date and Time	Particulars of Special Resolution passed
2014-15 AGM	Tuesday July 14, 2015 at 11.00 am	<ol style="list-style-type: none"> <li>1. Special Resolution under Section 196, 197 read with Schedule V of the Companies Act, 2013 for approving the appointment of Ms. Shalaka Gulabchand Dhawan as a Whole-time Director of the Company for a period of 5 years w.e.f April 30, 2015.</li> <li>2. Special Resolution under Section 14 of the Companies Act, 2013 to approve and adopt in substitution and to the entire exclusion, of the regulations contained in the existing Articles of Association of the Company.</li> <li>3. Special Resolution pursuant to the provisions of the erstwhile Clause 49(V) of the Equity Listing Agreement, granting consent to sell, transfer or otherwise dispose of the whole or substantially the whole of the entire investments/shares held by HCC Concessions Ltd, a subsidiary of the Company in Nirmal BOT Ltd, Baharampore-Farakka Highways Ltd, Farakka-Raiganj Highways Ltd, Subsidiary Companies and Dhule-Palesner Tollway Ltd, a Joint Venture Company for a consideration and such other terms and conditions as agreed between the parties.</li> <li>4. Enabling Resolution for Issuance of Equity Shares / Securities under Section 42, 62, 71 and other provisions of the Companies Act, 2013 for an amount not exceeding ₹ 1000 crore.</li> </ol>
2015-16 AGM	Thursday, July 14, 2016 at 11.00 am	<ol style="list-style-type: none"> <li>1. Special Resolution under Section 196, 197 of the Companies Act, 2013 for payment of remuneration to Mr. Ajit Gulabchand, Chairman and Managing Director of the Company.</li> <li>2. Special Resolution under Section 42, 62 and 71 of the Companies Act, 2013 for issuing securities of the Company.</li> <li>3. Approval for granting option to Lenders for conversion of debt into equity shares of the Company under the SDR scheme.</li> </ol>
Extra – Ordinary General Meeting	Thursday, January 5, 2017 at 11.00 am	<ol style="list-style-type: none"> <li>1. Approval for conversion of Loan by Lenders into equity shares/ Optionally Convertible Debentures of the Company pursuant to RBI S4A scheme.</li> <li>2. Approval for offer and issue of equity shares and Optionally Convertible Debentures (OCD) on preferential basis pursuant to implementation of HCC S4A scheme.</li> </ol>
2016-17 AGM	Thursday, July 06, 2017 at 11.00 am	<ol style="list-style-type: none"> <li>1. Re-appointment of Mr. Ram P. Gandhi (DIN : 00050625), Independent Director of the Company, to hold office for a second term of three years.</li> <li>2. Re-appointment of Mr. Sharad M. Kulkarni (DIN : 00003640), Independent Director of the Company, to hold office for a second term of three years.</li> <li>3. Payment of revised Remuneration to Mr. Ajit Gulabchand, Chairman &amp; Managing Director of the Company for FY 2016-17</li> <li>4. Payment of Remuneration to Mr. Ajit Gulabchand, Chairman &amp; Managing Director of the Company for FY 2017-2018</li> <li>5. Appointment of Mr. Arjun Dhawan (DIN: 1778379) as Group CEO &amp; Whole-time Director of the Company for a period of five years effective from April 1, 2017 (including terms of remuneration for three years)</li> <li>6. Option to Lenders for conversion of Outstanding Borrowings arising from default of Part A Debt under S4A Scheme and/or default of additional facilities, into Equity Shares of the Company.</li> <li>7. Offer and Issue of Equity Shares of the Company of face value ₹ 1 each and Optionally Convertible Debentures (OCDs) of face value ₹ 1000 each on Preferential basis, pursuant to implementation of S4A Scheme.</li> <li>8. Issue of Securities of the Company</li> </ol>



### Share Price Data: High/Low and Volume during each month of 2017-2018 at BSE and NSE Month Table

Month	BSE			NSE		
	High (₹)	Low (₹)	Volume	High (₹)	Low (₹)	Volume
April 2017	48.00	39.40	36235808	48.10	39.35	180945557
May 2017	47.10	38.30	32423688	47.15	38.20	139496672
June 2017	45.95	38.55	22409279	46.00	38.50	101148423
July 2017	43.05	39.10	18571088	43.10	39.10	94192211
August 2017	42.45	32.65	24491618	42.45	32.60	118374609
September 2017	39.00	31.90	31796736	38.95	31.90	157348738
October 2017	41.10	32.10	24640473	41.20	32.10	136444510
November 2017	40.55	34.50	27403767	40.60	34.45	152922012
December 2017	45.00	33.85	27043438	44.95	33.75	174108726
January 2018	44.00	36.25	52013158	44.10	36.25	294360917
February 2018	40.90	32.75	24614688	41.00	32.70	173052757
March 2018	34.45	21.80	35291184	34.50	21.75	335420730

### Chart A & B show the movement of HCC share prices compared to the principal indices - Sensex & Nifty



Note: For effective comparison all data indexed to 100 as on April 3, 2017 (first trading day of 2017-18)

### Distribution of shareholding as on March 31, 2018

Distribution range of Shares	No. of Shares	Percentage of Shares	No. of Shareholders	Percentage of Shareholders
1 to 500	3,39,27,866	3.34	1,75,950	70.05
501 to 1000	2,97,91,429	2.93	34,829	13.87
1001 to 2000	3,26,81,704	3.22	19,956	7.95
2001 to 3000	1,95,07,548	1.92	7,305	2.91
3001 to 4000	1,18,63,701	1.17	3,210	1.28
4001 to 5000	1,35,02,151	1.33	2,812	1.12
5001 to 10000	3,00,24,617	2.96	3,992	1.59
Greater than 10000	84,41,63,910	83.13	3,083	1.23
<b>Total</b>	<b>1,01,54,62,926</b>	<b>100.00</b>	<b>251,137</b>	<b>100.00</b>

## Shareholding Pattern

Categories	As on March 31, 2018		As on March 31, 2017	
	No of Shares	Percentage of Shareholding	No of Shares	Percentage of Shareholding
Promoter and Promoter Group	28,10,15,080	27.67	28,10,15,080	27.80
Foreign Institutional Investors/FPIs- Corporation	7,43,73,328	7.32	10,93,22,394	10.82
Public Financial Institutions/State Financial Corporation/ Insurance Companies	1,82,61,961	1.80	1,82,61,961	1.81
Mutual Funds (Indian) and UTI	10,85,15,769	10.69	8,81,97,447	8.73
Nationalised and other Banks	22,80,25,309	22.46	22,32,91,429	22.09
NRI/OCBs	93,98,541	0.93	85,69,948	0.85
GDSs	0	0	0	0
Directors and Relatives	1,17,000	0.01	1,17,000	0.01
Investor Education And Protection Fund Authority Ministry of Corporate Affairs	10,30,389	0.10	0	0
Public	29,47,25,549	29.02	28,19,28,376	27.89
<b>Total</b>	<b>1,01,54,62,926</b>	<b>100.00</b>	<b>1,01,07,03,635</b>	<b>100.00</b>

## List of Top 20 Shareholders of the Company as on March 31, 2018

Sr. No.	Name of the Shareholder	Category	No. of Shares	% to Total Capital
1	Hincon Holdings Ltd.	Promoter Company	21,60,23,600	21.27
2	HDFC Trustee Company Limited	Mutual Funds	69,732,622	6.87
3	Hincon Finance Limited	Promoter Company	6,22,61,186	6.13
4	State Bank of India	Nationalized Banks	29,500,105	2.91
5	IDBI Bank Ltd.	Other Banks	25,434,620	2.50
6	Export- Import Bank of India	Other Banks	24,251,091	2.39
7	Punjab National Bank	Nationalized Banks	2,19,55,252	2.16
8	Reliance Capital Trustee Co. Ltd-A/C Reliance Small Cap Fund	Mutual Funds	21,717,742	2.14
9	Canara Bank- Mumbai	Nationalized Banks	1,96,48,966	1.93
10	Axis Bank Limited	Other Banks	1,63,66,572	1.61
11	Abu Dhabi Investment Authority- Lglinv	Foreign Portfolio Investors (Corporate)	1,63,64,000	1.61
12	ICICI Bank Ltd	Other Banks	1,47,51,859	1.45
13	United Bank of India	Nationalized Banks	1,45,69,452	1.43
14	Syndicate Bank	Nationalized Banks	96,93,580	0.95
15	Societe Generale	Foreign Portfolio Investors (Corporate)	84,27,000	0.83
16	IFCI, Mumbai	Indus. Financial Corp of India (IFCI)	75,70,839	0.75
17	Vanguard Emerging Markets Stock Index Fund, Aseries of Vanguard International Equity Index Funds	Foreign Portfolio Investors (Corporate)	74,50,944	0.73
18	Standard Chartered Bank	Foreign Bank	68,33,654	0.67
19	Vanguard Total International Stock Index Fund	Foreign Portfolio Investors (Corporate)	65,04,244	0.64
20	Bank of Baroda	Nationalized Banks	64,65,360	0.64



## Dematerialization of Shares and Liquidity

As on March 31, 2018, 1,00,88,51,403 equity shares representing 99.35 % of the total equity share capital of the Company, 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 March 31, 2018, is given below:

Particulars	No. of Equity shares	Percentage
Physical Segment	66,11,523	0.65
Demat Segment:-		
NSDL	90,53,25,963	89.15
CDSL	10,35,25,440	10.20
<b>Total</b>	<b>1,01,54,62,926</b>	<b>100.00</b>

## Employees Stock Options (ESOPs)

- As on March 31, 2018, the number of options granted (yet to be vested), which are outstanding is 3,00,000 in aggregate, for exercise as per the exercise schedule and are exercisable at a price of ₹ 31.15 per stock option and the same is subject to approval of the shareholders for amendment of the existing Scheme, in line with SEBI (Share Based Employee Benefits) Regulations, 2014.
- 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, no options were vested and exercised by the eligible employees of the Company.

## Details regarding Listing and redemption of Debt Securities

During the year under review, the Non Convertible Debentures issued to LIC & Axis Bank were revived w.e.f July 7, 2017 in the F Group-Debt Instruments of the BSE Limited (BSE) and the Company has been carrying out the compliances as required under the SEBI Listing Regulations.

Further the Company has not issued any fresh debentures and debentures worth ₹ 13.45 crore have been redeemed.

The S4A Scheme is implemented for the Company in January 2017 and related formalities were under completion by few lenders. In case of LIC (Debentureholder) the same is awaited.

As of March 31, 2018, an amount of ₹ 41.94 crore was outstanding as regards NCD's held by Axis Bank and an amount of ₹ 78.71 crore was outstanding for NCD's held by LIC.

In respect of the aforesaid debt securities, following are the details of Debenture Trustees:

### Debenture Trustees details:

- Axis Trustees Services Ltd  
(Debenture Trustee for Axis Bank)  
Axis House, Bombay Dyeing Mill compound,  
Pandurang Budhkar Marg, Worli,  
Mumbai 400 025  
Contact Person: Mr. Makarand Kulkarni  
Tel : 022 6226 0073

- IDBI Trusteeship Services Ltd  
(Debenture Trustee for LIC)  
Asian Building, Ground Floor,  
17, R Kamani Marg,  
Ballard Estate, Mumbai 400001  
Contact Person: Mr. Naresh Sachwani  
Tel: 022 4080 7016

## Share Transfer System

The Registrars and Share Transfer Agent 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 members' correspondence

Members 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. House, 20, Dr. E. Moses Road,  
Near Famous Studio, 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 investor related complaints and the same have been displayed on the Company's website: www.hccindia.com

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

### Compliance Officer:

Mr. Venkatesan Arunachalam  
Company Secretary  
Hindustan Construction Co. Ltd.  
Hincon House, Lal Bahadur Shastri Marg,  
Vikhroli (West), Mumbai-400 083, India.  
Tel: +91-22-2575 1000 Fax: +91-22-2577 7568  
Website: www.hccindia.com  
Email: secretarial@hccindia.com

### Investor Relations Officer:

Mr. Santosh Kadam  
Hindustan Construction Co. Ltd.  
Hincon House, Lal Bahadur Shastri Marg,  
Vikhroli (West), Mumbai-400 083, India  
Tel: +91-22-2575 1000 Fax: +91-22-2577 7568  
Website: www.hccindia.com  
Email: secretarial@hccindia.com

**e) Disclosure under Regulation 30 and 46 of SEBI Listing Regulations regarding certain agreements with the media companies:**

Pursuant to the requirement of Regulation 30 of the SEBI Listing Regulations, the Company would like to inform that no agreement(s), back treaties/ contracts/agreements/ MoUs or similar instruments with media companies and/or their associates 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.

**f) Investor safeguards and other information:**

**Dematerialisation of shares**

Members are requested to convert their physical holdings 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.

**Revalidation of Dividend warrants**

Members who have either not opted for NECS/ECS mandate or do not have such a facility with their bankers and who have not encashed earlier dividends paid by the Company, are requested to write to the Company's Share Transfer Agents for revalidation of expired 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 and Equity Shares to Investor Education and Protection Fund (IEPF)**

Pursuant to Section 124 of the Companies Act, 2013 read with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund Rules), 2016 ("IEPF Rules"), the details of Unclaimed dividend and corresponding equity shares transferred to IEPF account during FY 2017-18, has been provided in the Board's Report.

Separate letter to the Members who are yet to encash dividend for the financial year 2010-2011, indicating that the Unclaimed amount will be transferred to IEPF, alongwith the corresponding Equity Shares, if not claimed by the Members before the due date of transfer, is sent separately. Members are once again requested to utilize this opportunity and get in touch with the Company's Registrar and Share Transfer Agents TSR Darashaw Limited at their communication address for encashing the unclaimed dividends.

Members are further requested to note that no claims shall lie against the Company with respect to the unclaimed dividend and share(s) transferred to the IEPF pursuant the IEPF rules.

Dates of declaration of dividend for financial year 2010-11 and the corresponding date when unclaimed dividend is due to be

transferred to the IEPF is given in the following table.

Financial year ended	Date of declaration of dividend	Amount remaining unclaimed / unpaid as on March 31, 2018 (₹)	Last date for claiming unpaid dividend amount (before)	Last date for transfer to IEPF
31.03.2011	10.06.2011	24,90,597.20	16.07.2018	15.08.2018

**Unclaimed Shares under Regulation 39(4) of the SEBI Listing Regulations**

As required under Regulation 39(4) of the SEBI Listing Regulations, the Company has already sent reminders in the past to the shareholders to claim these shares. These share certificates are regularly released on requests received from the eligible shareholders after due verification.

All corporate benefits on such shares viz. bonus shares, etc. shall be transferred in accordance with the provisions of Investor Education and Protection Fund Authority (Accounting, Audit, Transfer, and Refund) Rules, 2016 (IEPF Rules) read with Section 124(6) of the Companies Act, 2013. The eligible shareholders are requested to note the same and take action for claiming the shares from the said account upon giving necessary documents.

**Update Address / E-Mail Address / Bank Details**

To receive all communications/corporate actions promptly, Members holding shares in dematerialised form are requested to please update their address/email 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.

**Electronic Service of Documents to Members at the Registered Email Address**

The Company shall send all documents to Members like General Meeting Notices (including AGM), Annual Reports comprising Audited Financial Statements, Directors' Report, Auditors' Report and any other future communication (hereinafter referred as "documents") in electronic form, in lieu of physical form, to all those Members, whose email address is registered with Depository Participant (DP)/Registrars & Share Transfer Agents (RTA) (hereinafter "registered email address") and made available to us, which has been deemed to be the Member's registered email address for serving the aforesaid documents. We wish to reiterate that Members holding shares in electronic form are requested to please inform any changes in their registered e-mail address to their DP from time to time and Members holding shares in physical form have to write to our RTA, TSR Darashaw Limited at their specified address.

It may be noted that the Annual Report of the Company is available on the Company's website [www.hccindia.com](http://www.hccindia.com) for ready reference.



## V. OTHER DISCLOSURES

1. There were no material related party transactions entered by the Company that may have a potential conflict with the interests of the Company. The Company has formulated a policy on Related Party Transactions and the said Policy is available on the website of the Company at [http://www.hccindia.com/pdf/HCC\\_Policy\\_for\\_Related\\_Party\\_Transactions.pdf](http://www.hccindia.com/pdf/HCC_Policy_for_Related_Party_Transactions.pdf)
2. There were no non-compliances by the Company and no instances of penalties and strictures imposed on the Company by the Stock Exchanges or SEBI or any other statutory authority on any matter related to the capital market during the last three years.
3. The Company promotes ethical behaviour in all its business activities and has put in place a mechanism for reporting illegal or unethical behaviour. The Company has a Vigil Mechanism Policy under which the employees are free to report violations of applicable laws and regulations. The same is posted on the website of the Company [www.hccindia.com](http://www.hccindia.com)
4. The Company has complied with the mandatory requirements of Corporate Governance as specified in the SEBI Listing Regulations.
5. The Company is not dealing in commodities and hence disclosure relating to commodity price risks and commodity hedging activities is not required.
6. Adoption of discretionary requirements of SEBI Listing Regulations is being reviewed by the Company from time to time.
7. There is no Non-Compliance of any requirement of Corporate Governance Report as per Part C of Schedule V of the SEBI Listing Regulations.
8. The policy for the determining material subsidiaries is available on the website of the Company [www.hccindia.com](http://www.hccindia.com)

### **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 SEBI Listing Regulations, which together with this Report on Corporate Governance is annexed to this Report.

## CERTIFICATION BY CEO AND CFO UNDER REGULATION 17(8) OF SEBI LISTING REGULATIONS

The Board of Directors of Hindustan Construction Company Ltd

We have reviewed the financial statements and the cash flow statement of Hindustan Construction Co. Ltd for the year ended March 31, 2018 and that 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

Place : Mumbai

Date : May 3, 2018

**Arjun Dhawan**

Group CEO & Whole-time Director

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## DECLARATION BY THE CEO UNDER REGULATION 34(3) READ WITH PART D OF SCHEDULE V THE SEBI LISTING REGULATIONS

To,

The Members

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 March 31, 2018.

For Hindustan Construction Co Ltd

**Arjun Dhawan**

Group CEO & Whole-time Director

Place : Mumbai

Date : May 3, 2018

## AUDITORS CERTIFICATE ON COMPLIANCE WITH CONDITIONS OF CORPORATE GOVERNANCE

To the Members of Hindustan Construction Company Limited

We have examined the compliance of conditions of corporate governance by Hindustan Construction Company Limited ("the Company") for the year ended on 31 March 2018, as stipulated in Regulations 17 to 27, clauses (b) to (i) of Regulation 46(2) and paragraphs C, D and E of Schedule V to the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations').

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 corporate governance. It is neither an audit nor an expression of an opinion on the financial statements of the Company.

We have examined the relevant records of the Company in accordance with the Generally Accepted Auditing Standards in India, to the extent relevant, and as per the Guidance Note on Certification of Corporate Governance issued by the Institute of Chartered Accountants of India.

In our opinion and to the best of our information and according to our examination of the relevant records and the explanations given to us, we certify that the Company has complied with the conditions of corporate governance as stipulated in the above mentioned Listing Regulations.

We 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.

### Restriction on use

This certificate is issued solely for the purpose of complying with the aforesaid Listing Regulations and may not be suitable for any other purpose.

For **Walker Chandiok & Co LLP**

Chartered Accountants

Firm Registration No. 001076N/N500013

per **Rakesh R. Agarwal**

Partner

Membership No: 109632

Place : Mumbai

Date : May 3, 2018



# BOARD'S REPORT

To,  
The Members of Hindustan Construction Co. Ltd.

## 1. Report

Your Directors have presented the 92<sup>nd</sup> Annual Report together with the Audited Financial Statements for the year ended March 31, 2018.

## 2. Financial Highlights

(As per IND AS)

Standalone (₹ in crore)

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
<b>Income from Operations</b>	<b>4,575.08</b>	<b>4,195.94</b>
Profit before Interest, Depreciation, Exceptional Items, Other Income and Tax	654.39	753.63
Less: Finance Costs	659.97	772.37
Depreciation	122.94	125.28
Exceptional Item	-	21.22
	782.91	918.87
Add: Other Income	251.00	250.44
Add/Less: Exchange Gain/(Loss)	(10.51)	11.76
Profit before Tax	111.97	96.96
Less: Tax Expense	34.44	37.55
Profit/(Loss) after Tax	77.53	59.41
Add: Other Comprehensive Income / Loss	(11.64)	21.51
<b>Total Comprehensive income carried to Other Equity</b>	<b>65.89</b>	<b>80.92</b>

## 3. Dividend

As your Company has restructured its debts under the S4A Scheme it is necessary to conserve and optimise use of resources to promote the growth of the Company. Hence, your Directors have not recommended any dividend for the financial year ended March 31, 2018.

## 4. Allotment of Equity Shares & Optionally Convertible Debentures

During the year under review, the Company has allotted 47,59,291 Equity Shares of the Company of face value ₹1/- each at an issue price of ₹ 41.61 per equity share (including premium of ₹ 40.61 per Equity Share) for an amount of ₹ 19.80 crore and 2,56,716 Optionally Convertible Debentures (OCDs) of face value ₹ 1000/- each for an amount of ₹ 25.67 crore to one Lender as per the terms of the S4A Scheme.

The present paid-up Equity Share Capital of the Company is 1,01,54,62,926 which comprises 1,01,54,62,926 Equity Shares of face value ₹ 1/- each.

## 5. Operations

The Income from Operations of the Company in the year is ₹ 4,575.08 crore as compared to ₹ 4,195.94 crore in the

previous year. The profit before tax is ₹ 111.97 crore as compared to ₹ 96.96 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:

- Parwan Dam & Tunnel, Rajasthan  
Contract Value ₹ 673 crore
- Bangalore Metro Reach 5, Package 3, Karnataka  
Contract Value ₹ 797 crore
- Fast Reactor Fuel Cycle Facility, Kalpakkam, Tamil Nadu  
Contract Value ₹ 764 crore
- Pune Metro Corridor 1, Maharashtra  
Contract Value ₹ 497 crore
- Pune Metro Corridor 2, Maharashtra  
Contract Value ₹ 485 crore

The total balance value of works on hand as on March 31, 2018 is ₹ 19,188 crore.

Decisions are awaited from various clients for tenders submitted by the Company for 4 bids amounting to approx. ₹ 6,052 crore (HCC share ₹ 3,257 crore). Tenders for 13 projects worth ₹ 16,297 crore (HCC share ₹ 13,437 crore) are expected to be

submitted in the near future. The Company has also submitted a prequalification bid for 1 project worth over ₹ 1,200 crore which is under evaluation.

## **Operations of Subsidiaries**

### **i) HCC Infrastructure Company Ltd**

HCC's Infrastructure business develops and operates Road BOT assets. HCC Concessions Ltd. (HCON) is the holding company of all the SPVs, which has developed 6 projects over last decade, of which 2 have been divested since. Last year HCC Concessions' two operational projects in the state of West Bengal, Baharampore-Farakka Highways Ltd (BFHL) and Farakka-Raiganj Highways Ltd (FRHL) earned operational revenue of ₹ 158 crore and ₹ 151 crore respectively on the backdrop of healthy traffic growth of around 13% each. Both projects have huge potential for growth considering further development of West Bengal and North-East India. The balance construction work in these two projects is being taken up and it is planned to complete FRHL in this fiscal and BFHL next year. Upon full completion, substantial revenue growth is expected due to enhancement of toll rates. The Elevated Highway project from Badarpur to Faridabad (BFTL) was terminated by the Company on September 1, 2017 due to Force Majeure event. In case of Raiganj-Dalkhola Highways (RDHL), due to lack of support from NHAI in confirming the related land delay cost overrun to the lenders, the project was terminated on March 31, 2017. For both BFTL and RDHL, with support from HCC Concessions, the said SPVs are pursuing the legitimate termination payment including the lenders' dues along with other claims through arbitration. The claims related to Narmada Bridge (NBTL) rehabilitation works, a closed project, is in advanced stage.

HCON has channelized its resources to rigorously follow up with NHAI for its legitimate rights and managing claims. Claims of various SPVs towards delay and cost escalations, force majeure events, change of scope and termination are under advanced stages of arbitration. In BFHL, an Arbitration Award of ₹ 448 crores was received in favour of SPV as compensation for delays in respect of land acquisition, utility shifting, increase in interest cost (IDC), loss of revenue and increase in other incidental costs for the delays occurred due to Authority's default till August, 2015. Subsequent period claims for BFHL and other SPVs are being pursued. HCON is also evaluating offers from potential investors for buying majority stake in its Road Assets which will help in unlocking the value of investments as well as the money realized from such stake sale can be channelized in more productive use.

### **ii) Steiner AG, Switzerland**

Steiner AG, one of the leading project developers, total and general contractors (TC/GC) in Switzerland, offers comprehensive services in the field of new construction, refurbishment and real estate development. Your Company owns 100% stake in Steiner AG through HCC Mauritius Enterprises Limited and HCC Mauritius Investment Limited, Wholly Owned Subsidiaries.

Steiner AG has registered a revenue of CHF 806.4 million (₹ 5,395 crore) in the financial year 2017-18 compared to CHF

820.6 million (₹ 5,580 crore) in the previous year and a net profit of CHF 9.5 million (₹ 64 crore) compared to a net profit of CHF 3.2 million (₹ 21.7 crore) in the previous year. The Company secured fresh orders worth CHF 890 million (₹ 6,011 crore). The order backlog is CHF 1.37 billion (₹ 9,260 crore) at the end of the year. In addition to this, the Company has secured orders for CHF 394 million (₹ 2,660.3 crore), where the contracts are yet to be signed. The closing cash balance of the Company was CHF 107 million (₹ 737 crore) reflecting the Company's steady financial performance and strong liquidity position.

Steiner India Ltd, 100% subsidiary of Steiner AG, had a revenue of ₹ 51.64 crore and Profit after tax of ₹ 0.27 crore in financial year 2017-2018. Please refer to Page 17 in the Management Discussion and Analysis Report for an overview of Steiner AG & Steiner India businesses.

### **iii) Lavasa Corporation Ltd. – Integrated Urban Development & Management**

In 2017-18, Lavasa and its SPVs managed to sustain operations in the absence of any external financial aid. Operations were cut down to sustainable levels and focus was laid on cost and resource optimization and boosting revenue streams.

The Company's persistent efforts for finding a solution for revival of the project involved project lenders involving Strategic Debt Restructuring (SDR) in September 2017. However, in view of RBI circular on 'Resolution of Stressed Assets – Revised Framework', issued in the month of February 2018, Company and lenders were compelled to alter the plan of action. Company has been actively working on finding an investor / partner, with whom a resolution to debt, and project funding happens, and is under active discussion with credible third parties in this space. In the interim, city's businesses continue to play their role in maximizing the value of Lavasa's assets.

The city continues to be known as one of the favourite tourist destinations in Maharashtra with various attractions. Lavasa received over a million tourists in FY 2017-18. In the hospitality space, the four hotels operating within the city i.e. Mercure, Fortune, Waterfront Shaw and Ekaant Retreat continued to attract tourists and business guests and reported healthy average occupancies. The 1500 plenary capacity Lavasa International Convention Centre (LICC) hosted some grand conventions and conferences during the year serving clients like Forbes, Deloitte etc. Augmentation of room inventory in the city is expected to benefit both the hospitality and retail operators.

On the retail front, a significant area has already been leased to various outlets mainly in the F&B segment. The Dasve Public School, Ecole Hoteliere Lavasa (tie up with Ecole hoteliere de Lausanne, Switzerland) and Christ College are fully operational educational institutions.

Lavasa has initiated a number of development and empowerment programs for the local community like provision of treated drinking water to 18 villages, calligraphy workshops, aptitude tests and counselling for students of Zilla Parishad (ZP) schools, crèche for labor children, medical facilities to villagers and so on.

Lavasa's first town Dasve is ready with all basic infrastructure. The Environment Management Plan (EMP) continues to be implemented as per our Environment Impact Assessment (EIA) Report submitted to Ministry of Environment, Forests & Climate Change (MoEF & CC), New Delhi. The preparation of thirteenth six-monthly Environmental Compliance Report for the period November 2017 to May 2018 and extension of Environment Clearance from MoEF is in progress. The Company had 10,514 acres of land including 455 acres of land on lease as of the end of the previous financial year ended March 31, 2017.

## 6. Subsidiaries and Associate Companies

During the year under review, the following changes have taken place with respect to Subsidiary and Associate Companies:

- 1) On January 22, 2018, Manufakt8048AG was incorporated as a wholly owned subsidiary of Steiner Promotions et Participations SA, which is a wholly owned subsidiary of Steiner AG.
- 2) Pune-Paud Toll Road Company Limited has been amalgamated/ merged with HCC Infrastructure Company Limited w.e.f. March 15, 2018.
- 3) Green Hills Residences Limited, a subsidiary of Lavasa Corporation Ltd (LCL) became a wholly owned subsidiary of LCL w.e.f. May 26, 2017.
- 4) Warasgaon Lakeview Hotels Limited, wherein LCL's shareholding was 19.2%, became an Associate Company of LCL w.e.f. June 9, 2017 and shareholding of LCL has increased to 24.56% on account of release of pledged shares.
- 5) Ecomotel Hotel Limited has ceased to be a subsidiary of LCL w.e.f. March 27, 2018. It has become an Associate Company of LCL and the consequent shareholding of LCL in the said Company has reduced to 40.04%.

The list of Subsidiaries and Associates of your Company as on March 31, 2018, forms a part of Form No. MGT-9, Extract of the Annual Return, which is annexed at Annexure VII to the Board's Report.

The details as required under Rule 8 of the Companies (Accounts) Rules, 2014 regarding the performance and financial position of each of the Subsidiaries, Associates and Joint Ventures of the Company is provided in Form AOC-1 which forms a part of the Consolidated Financial Statements of the Company for the financial year ended March 31, 2018.

The Company has formulated a Policy for determining material subsidiaries, which is uploaded on the website of the Company i.e. [www.hccindia.com](http://www.hccindia.com) and can be accessed at <http://www.hccindia.com/pdf/HCCPolicyfordeterminingMaterialSubsidiaries.pdf>

## 7. Public Deposits

Your Company has not accepted any deposits from the public, or its employees during the year under review.

## 8. Particulars of Loans, Guarantees or Investments

Particulars of Loans, Guarantees and Investments made during

the year as required under the provisions of Section 186 of the Companies Act, 2013 ('Act') are given in the notes to the Financial Statements.

Also, pursuant to Paragraph 2 of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirement) Regulations, 2015, particulars of Loans/Advances given to Subsidiaries have been disclosed in the notes to the Financial Statements.

## 9. Employee Stock Option Scheme (ESOP)

The ESOP Compensation Committee has granted 3,00,000 stock options during the year at an exercise price of ₹ 31.15 per stock option, subject to approval of the Members for amendment of the existing Employee Stock Option Scheme, in line with the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 ('SEBI Regulations').

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, no options got vested in the employees of the Company and 1,20,180 stock options got lapsed.

The particulars with regard to ESOP as on March 31, 2018 as required to be disclosed pursuant to the provisions of Companies (Share Capital and Debentures) Rules, 2014 read with SEBI Regulations, is set out at Annexure I to this Report.

## 10. Consolidated Financial Statements

In accordance with the Companies Act, 2013 and implementation requirements of Indian Accounting Standards ('IND-AS') under Companies Act, 2013 on accounting and disclosure requirements, and as prescribed by SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred as "SEBI Listing Regulations"), the Audited Consolidated Financial Statements are provided in this Annual Report.

Pursuant to Section 129(3) of the Companies Act, 2013, a statement containing the salient features of the financial statements of each of the subsidiaries, Associates and Joint ventures of the Company in the prescribed form AOC-1 is annexed to this report.

Pursuant to Section 136 of the Companies Act, 2013, the financial statements of the subsidiaries are kept for inspection by the Members at the Registered Office of the Company. The said financial statements of the subsidiaries are also available on the website of the Company [www.hccindia.com](http://www.hccindia.com) under the Investors Section.

## 11. Corporate Governance

The Company is committed to maintain the highest standards of Corporate Governance and adheres to the Corporate Governance requirements as stipulated by Securities and Exchange Board of India (SEBI).



The report on Corporate Governance as prescribed in SEBI Listing Regulations forms an integral part of this Annual Report. The requisite certificate from the Auditors of the Company confirming compliance with the conditions of Corporate Governance alongwith a declaration signed by Group CEO & Whole-time Director stating that the members of the Board of Directors and Senior Management personnel have affirmed the compliance with code of conduct of the Board of Directors and Senior Management is attached to the report on Corporate Governance.

## 12. Directors

As per the provisions of Section 152 of the Companies Act, 2013, Mr. N. R. Acharyulu, Non Executive Director of the Company, is due to retire by rotation and, being eligible, has offered himself for re-appointment.

In accordance with Section 196, 197 read with Schedule V of the Companies Act, 2013, Mr. Arjun Dhawan was appointed as Group CEO & Whole-time Director of the Company for a period of 5 years w.e.f. April 1, 2017 (including terms of remuneration for 3 years) and the Members have approved his appointment and remuneration as stated above, at the 91<sup>st</sup> Annual General Meeting of the Company held on July 6, 2017.

Based on the approval of the Nomination and Remuneration Committee and the Board of Directors of the Company at their meetings held on January 31, 2018, Mr. Ajit Gulabchand who will be attaining the age of 70 years on June 28, 2018 was re-appointed as the Managing Director designated as Chairman & Managing Director of the Company, for a period of 5 years with effect from April 1, 2018 (including terms of remuneration for a period of one year i.e. April 1, 2018 to March 31, 2019 in accordance with Schedule V of the Companies Act, 2013) and approval is being sought from the Members vide special resolution at the ensuing Annual General Meeting.

The Independent Directors of the Company viz., Mr. Rajas R. Doshi, Mr. Ram P. Gandhi, Mr. Sharad M. Kulkarni, Mr. Anil C. Singhvi and Dr. Omkar Goswami have furnished necessary declarations to the Company confirming that they meet the criteria of Independence as prescribed under Section 49 of the Act and SEBI Listing Regulations.

The Company has received Form DIR-8 from all Directors pursuant to Section 164(2) and rule 14(1) of Companies (Appointment and Qualification of Directors) Rules, 2014. Brief Profile of the Directors seeking appointment/re-appointment has been given in the Explanatory Statement to the Notice of the ensuing Annual General Meeting.

## 13. Key Managerial Personnel

Following persons are the Key Managerial Personnel of the Company pursuant to Section 2(51) and Section 203 of the Act, read with the Rules framed thereunder:

1. Mr. Ajit Gulabchand, Chairman and Managing Director;
2. Mr. Arjun Dhawan, Group Chief Executive Officer and Whole-time Director;

3. Mr. Amit Uplenchwar, Chief Executive Officer- HCC E & C, w.e.f. January 31, 2018;
4. Mr. Arun V. Karambelkar, President & Chief Executive Officer- HCC E&C, upto January 31, 2018;
5. Mr. Praveen Sood, Chief Financial Officer of the Company designated as Group CFO;
6. Mr. Venkatesan Arunachalam, Company Secretary w.e.f. May 9, 2017;
7. Mr. Sangameshwar Iyer, Company Secretary upto May 8, 2017.

The Board placed on record its appreciation for the services rendered by Mr. Arun V. Karambelkar, during his tenure as CEO (E&C) of the Company.

Remuneration and other details of the said Key Managerial Personnel for the financial year ended March 31, 2018 are provided in Form No. MGT-9, Extract of the Annual Return which is set out at Annexure VII to the Board's Report.

## 14. Board Committees

The Board of Directors of your Company had already constituted various Committees in compliance with the provisions of the Companies Act, 2013 and SEBI Listing Regulations viz. Audit Committee, Nomination and Remuneration Committee, Stakeholders Relationship Committee and CSR Committee.

During financial year 2014-15, in accordance with the provisions of the erstwhile Clause 49 of the Listing Agreement, the Board had voluntarily constituted the Risk Management Committee.

All decisions pertaining to the constitution of Committees, appointment of members and fixing of terms of reference / role of the Committees are taken by the Board of Directors.

Details of the role and composition of these Committees, including the number of meetings held during the financial year and attendance at these meetings, are provided in the Corporate Governance Section of the Annual Report.

## 15. Meetings

A calendar of Board Meetings, Annual General Meetings and Committee Meetings is prepared and circulated in advance to the Directors of your Company. The Board of Directors of your Company met 4 times during 2017-18. The meetings were held on May 4, 2017, August 3, 2017, November 2, 2017 and January 31, 2018. The maximum time gap between any two consecutive meetings did not exceed one hundred and twenty days.

## 16. Familiarisation Programme of Independent Directors

In compliance with the requirements of SEBI Listing Regulations, the Company has put in place a familiarisation programme for Independent Directors to familiarise them with their role, rights and responsibility as Directors, the operations of the Company, business overview etc.

The details of the familiarisation programme are explained in the Corporate Governance Report and the same is also available on the website of the Company and can be accessed by web link [http://www.hccindia.com/pdf/familiarisation\\_program\\_for\\_independent\\_directors.pdf](http://www.hccindia.com/pdf/familiarisation_program_for_independent_directors.pdf)

## 17. Performance Evaluation

Pursuant to the provisions of the Companies Act, 2013 and SEBI Listing Regulations, Annual Performance Evaluation of the Board, the Directors as well as of the Audit Committee, Nomination and Remuneration Committee, Stakeholders Relationship Committee, Executive Committee of Board, Corporate Social Responsibility Committee and Employee Stock Option Compensation Committee has been carried out.

The Performance Evaluation of the Independent Directors was carried out by the Board and the Performance Evaluation of the Chairman and Non-Independent Directors was carried out by the Independent Directors.

## 18. Independent Directors Meeting

During the year under review, the Independent Directors of the Company met on March 22, 2018, inter-alia, for:

- i. Evaluation of performance of Non-Independent Directors and the Board of Directors of the Company as a whole.
- ii. Evaluation of performance of the Chairman of the Company, taking into views of Executive and Non-Executive Directors.
- iii. Evaluation of the quality, content and timelines of flow of information between the Management and the Board that is necessary for the Board to effectively and reasonably perform its duties.

## 19. Criteria for selection of candidates for appointment as Directors, Key Managerial Personnel and Senior Management Personnel:

The Nomination and Remuneration Committee has laid down a well-defined criteria for selection of candidates for appointment as Directors, Key Managerial Personnel and Senior Management Personnel in the Nomination and Remuneration Policy recommended by them and approved by the Board of Directors in May 2014, extract of which is attached to the Board's Report, set out at Annexure II. The same is also available on the Company website and can be accessed by weblink <http://www.hccindia.com/pdf/Nomination-and-Remuneration-Policy.pdf>

## 20. Remuneration Policy for Directors, Key Managerial Personnel and Senior Management Employees:

The Nomination and Remuneration Committee has laid down the policy for remuneration of Directors, Key Managerial Personnel and Senior Management Personnel in the Nomination and Remuneration Policy recommended by them and approved by the Board of Directors in May 2014, extract of which is attached to Board's Report set out at Annexure II. The same is also available on the Company website and can be accessed by weblink <http://www.hccindia.com/pdf/Nomination-and-Remuneration-Policy.pdf>

## 21. CSR Policy:

A brief outline of the Corporate Social Responsibility (CSR) Policy as recommended by the CSR Committee of the Directors and approved by the Board of Directors of the Company in May 2014 and the initiatives undertaken by the Company on CSR activities during the year are set out in Annexure III of this report in the format prescribed in the Companies (Corporate Social Responsibility Policy) Rules, 2014. The said CSR policy is also available on the Company website and can be accessed by weblink [http://www.hccindia.com/pdf/HCC\\_Corporate\\_Social\\_Responsibility\\_Policy.pdf](http://www.hccindia.com/pdf/HCC_Corporate_Social_Responsibility_Policy.pdf)

## 22. Related Party Transactions:

All the related party transactions entered during the year were in the ordinary course of business and on an arm's length basis. The related party transactions attracting the compliance under Section 177 of the Companies Act, 2013 and / or SEBI Listing Regulations were placed before the Audit Committee for necessary approval/review.

The routine related party transactions was placed before the Audit Committee for their omnibus approval. A statement of all related party transactions entered was presented before the Audit Committee on a quarterly basis, specifying the nature, value and any other related terms and conditions of the transactions.

There are no transactions to be reported in Form AOC-2 in terms of Section 134 of the Act read with Companies (Accounts) Rules, 2014. Further the details of the transactions with related parties are provided in the Company's financial statements in accordance with the Indian Accounting Standards.

The Related Party Transactions Policy as approved by the Board of Directors of the Company has been uploaded on the website of the Company at [http://www.hccindia.com/pdf/HCC\\_Policy\\_for\\_Related\\_Party\\_Transactions.pdf](http://www.hccindia.com/pdf/HCC_Policy_for_Related_Party_Transactions.pdf)

## 23. Business Responsibility Statement

As per SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, a Business Responsibility Report, prepared on a voluntary basis covering the principle wise performance of the Company on the nine principles as per National Voluntary Guidelines (NVGs) is attached to this Annual Report.

## 24. Directors' Responsibility Statement

In accordance with the provisions of Section 134 of the Companies Act, 2013, your Directors confirm that:

- (a) in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any.
- (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, 2018 and of the profit 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, 2013 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.
- (e) the internal financial controls have been laid down to be followed by the Company and such controls are adequate and are generally operated effectively during the year.

Internal financial control over carrying cost of investment in subsidiaries and recoverability of dues from subsidiaries, is covered under internal financial control.

The management is of the view that diminution in the carrying cost of investment in subsidiaries, if any, is temporary in nature and recoverability of dues from subsidiaries are good. The view of the management is also supported by a third party expert report.

However, in view of the uncertainties involved, your Auditors have given a qualified opinion in their report in this regard, without quantifying the impact. Other than this, your Auditors have opined that the Company has in, all material respects, maintained adequate internal financial controls over financial reporting (IFCoFR) and that they were operating effectively. This response by Directors is based on the management note given under Para 30 of this report.

## 25. Industrial Relations

The industrial relations continued to be generally peaceful and cordial during the year.

## 26. Transfer of Unclaimed Dividend and Equity Shares to Investor Education and Protection Fund (IEPF)

Pursuant to the applicable provisions of the Companies Act, 2013 read with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 ("the IEPF Rules"), all unpaid or unclaimed dividends are required to be transferred by the Company to IEPF, after the completion of seven years. Further, according to the IEPF Rules, the shares on which dividend has not been paid or claimed by the shareholders for seven consecutive years or more shall also be transferred to IEPF. Accordingly during the year under review, the Company has transferred the unclaimed dividend for the financial year 2009-10 of ₹ 16,04,376 to IEPF and 10,30,389 corresponding equity Shares of face value ₹ 1/- for a total face value of ₹ 10,30,389/-, as per the IEPF Rules to the IEPF account.

## 27. Particulars of Employees and other additional information.

Disclosures with respect to the remuneration of Directors and employees as required under Section 197 of Companies Act, 2013 and Rule 5 (1) Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 has been set out at Annexure IV to this Report.

The information as per Rule 5(2) of the Companies

(Appointment and Remuneration of Managerial Personnel) Rules, 2014 will be provided upon request by any Member of the Company. In terms of Section 136 of the Companies Act, 2013, the Annual Report including the Board's Report and the Audited Accounts are being sent to the Members excluding the same. Any Member interested in obtaining a copy of the same may write to the Company Secretary at the Registered Office of the Company.

## 28. 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 (Accounts) Rules, 2014, is given in Annexure V forming part of this Report.

## 29. Secretarial Standards

The Company has complied with the applicable Secretarial Standards issued by the Institute of Company Secretaries of India.

## 30. Statutory Auditors

The Members of the Company had, at the 88<sup>th</sup> Annual General Meeting ("AGM") held on June 20, 2014, approved the appointment of M/s Walker Chandio & Co. LLP, Chartered Accountants, Mumbai, bearing ICAI Registration No. 001076N as the Statutory Auditors of the Company, to hold office from the conclusion of that AGM until the conclusion of the 6<sup>th</sup> AGM held thereafter.

As per the existing appointment of M/s. Walker Chandio & Co. LLP, Chartered Accountants, Mumbai, their remainder audit period covers the fifth and last year of their appointment upto the conclusion of the next Annual General Meeting to be held in the financial year 2019-20.

As required under Section 139 of the Companies Act, 2013, the Company has obtained a written consent from the Auditors to their continued appointment and also a certificate from them to the effect that their existing appointment is in accordance with the conditions prescribed under the Companies Act, 2013 and the rules made thereunder.

## 30. Statutory Auditors' Remarks

### a. Statutory Auditor's Qualification :

The Auditors' Report to the Members on the Audited Financial Results of the Company for the financial year ended March 31, 2018 contains the following qualification(s) :

As stated in Note 33(a) to the standalone financial statements, the Company's non-current investments as at March 31 2018 include investments aggregating ₹ 630.83 crore in two of its subsidiaries; and non-current loans, other non-current financial assets and other current financial assets as at that date include dues from such subsidiaries aggregating ₹ 580.75 crore, ₹ 43.42 crore and ₹ 6.63 crore, respectively, being considered good and recoverable by the management considering the factors stated in the aforesaid note including valuation report from an independent valuer. However, these subsidiaries



have accumulated losses and their consolidated net worth is fully eroded. Further, these subsidiaries are facing liquidity constraints due to which they may not be able to realize projections made as per their respective business plans. In the absence of sufficient appropriate evidence, we are unable to comment upon the carrying value of these non-current investments and recoverability of the aforesaid dues and the consequential impact, if any, on the accompanying standalone financial statements. Our audit opinion on the standalone financial statements for the year ended March 31, 2017 was also qualified in respect of this matter.

In our opinion and to the best of our information and according to the explanations given to us, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including Ind AS specified under Section 133 of the Act, of the state of affairs (financial position) of the Company as at March 31, 2018, and its profit (financial performance including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

#### **b. Statutory Auditor's Qualification on the Internal Financial Controls relating to the above matter**

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

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

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

In our opinion, except for the possible effects of the material weakness described above in the Basis for Qualified Opinion paragraph, the Company has, in all material respects, maintained adequate IFCoFR as at March 31, 2018, based on internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI and the Company's IFCoFR were operating effectively as at March 31, 2018.

We have considered the material weakness identified and

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

#### **Management Note:**

The Company, as at March 31, 2018, has (i) a non-current investment amounting to ₹ 612.40 crore (March 31, 2017: ₹ 612.40 crore), non-current loans amounting to ₹ 428.19 crore (March 31, 2017: ₹ 380.86 crore) and other non-current financial assets amounting to ₹ 24.35 crore (March 31, 2017: ₹ 21.72 crore) in HREL, a subsidiary, which is holding 68.70% share in Lavasa Corporation Limited (LCL), a step down subsidiary, and (ii) a non-current investment amounting to ₹ 18.43 crore (March 31, 2017: ₹ 18.43 crore), non-current loans amounting to ₹ 152.56 crore (March 31, 2017: ₹ 131.56 crore), other non-current financial assets amounting to ₹ 19.07 crore (March 31, 2017: ₹ 16.45 crore) and other current financial assets amounting to ₹ 6.63 crore (March 31, 2017: ₹ 4.77 crore) in LCL. While such entities have incurred losses during their initial years and consolidated net-worth of both entities as at March 31, 2018 has been fully eroded, the underlying projects in such entities are in the early stages of development and are expected to achieve adequate profitability on substantial completion and/ or have current market values of certain properties which are in excess of the carrying values. The net-worth of these subsidiaries does not represent their true market value as the value of the underlying investments/ assets, based on valuation report of an independent valuer, is substantially higher. Therefore, based on certain estimates like future business plans, growth prospects and other factors, the management believes that the realizable amount of these subsidiaries is substantially higher than the carrying value of the investments, non-current loans, other non-current financial assets and other current financial assets due to which these are considered as good and recoverable.

Based on the above, management believes that the Company's internal financial control in respect of assessment of the carrying value of investments, recoverability of non-current loans, other non-current financial assets and other current financial assets in subsidiaries were operating effectively and there is no material weakness in such controls and procedures.

#### **31. Secretarial Audit:**

Secretarial Audit for the financial year 2017-18 was conducted by M/s. BNP Associates, Company Secretaries in Practice in accordance with the provisions of Section 204 of the Companies Act, 2013. The Secretarial Auditor's Report is attached to this Report at Annexure VI wherein the following observation has been made by the Secretarial Auditor.

In respect of its Non- Convertible Debentures, for which listing got revived on July 7, 2017, the respective compliances under Regulation 50(1) and 60 of SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015 were complied by the Company only from November 2, 2017.

**Management Note:**

The S4A Scheme was implemented for the Company in January 2017 and related formalities were under completion by few Lenders. In view of the same, respective debt compliances under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 were reported/disclosed to the Stock Exchanges and the Debenture Trustees, as applicable, from November 2, 2017, which was the date of publication of the limited reviewed results for the quarter ended 30<sup>th</sup> September 2017, during which quarter the NCDs listing got revived. Thereafter the Company has continued to comply with the debt related provisions of the said regulations in a timely manner.

**32. Cost Audit :**

In compliance with the provisions of Section 148 of the Companies Act, 2013, the Board of Directors of the Company at its meeting held on August 3, 2017 had appointed M/s. Joshi Apte & Associates, Cost Accountants as Cost Auditors of the Company for the financial year 2017-18. In terms of the provisions of Section 148 of the Companies Act, 2013 read with The Companies (Audit and Auditors) Rules, 2014, the remuneration of the Cost Auditors has to be ratified by the Members. Accordingly, necessary resolution is proposed at the ensuing AGM for ratification of the remuneration payable to the Cost Auditors for financial year 2017-18.

**33. Risk Management:**

The Company has established a well-documented and robust risk management framework under the provisions of Companies Act, 2013. The Company has constituted Risk Management Committee in place, which has been delegated with the authority by the Board to review and monitor the implementation of the Risk Management Policy of the Company.

Under this framework, risks are identified across all business processes of the Company on a continuous basis. Once identified, these risks are managed systematically by categorizing them into Enterprise Level Risk & Project Level Risk. These risks are further broken down into various sub-categories of risks such as operational, financial, contractual, order book, project cost & time overrun etc. and proper documentation is maintained in the form of activity log registers, mitigation, reports; and monitored by respective functional heads. Review of these risk and documentation is undertaken by Risk Review Committee regularly at agreed intervals but at least once in a quarter and mainly during Quarterly project reviews

Risk Review Committee was successful in early identification of financial risk related to borrowing structure & cash flow mismatch due to late realization of claims lodged with clients. These risk were materially mitigated during the last year by implementing financial restructuring scheme introduced by Reserve Bank of India known as 'Scheme for Sustainable Structuring of Stressed Assets (S4A)' with lenders successfully and issue of guidelines by Cabinet Committee of Economic Affairs (CCEA) for release of 75% of arbitration awards in favour

of infrastructure companies, respectively. Company has been able to realize substantial monies under CCEA guidelines from its clients. Monies received have been used towards payments to lender thereby reducing lenders dues.

On introduction & implementation of Accounting Standard Indian Accounting Standards ('IND-AS') under Companies Act, 2013 which is applicable from last year, Company in its Notes to Accounts have disclosed risk management objectives and policies for managing financial and reporting risk. (Refer Note 40 to Accounts)

**34. Internal Control Systems and their adequacy**

The Company has Internal Control Systems, commensurate with the size, scale and complexity of its operations. The Internal Audit Department monitors and evaluates the efficacy and adequacy of internal control systems in the Company, its compliance with operating systems, accounting procedures and policies within the Company Based on the report of internal audit function, process owners undertake corrective action in their respective areas and thereby strengthen the controls Significant observations and corrective actions thereon are presented to the Audit Committee from time to time.

**35. Internal Financial Controls and their adequacy**

The Company has in place adequate internal financial controls commensurate with the size, scale and complexity of its operations. The Company has policies and procedures in place for ensuring proper and efficient conduct of its business, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records and the timely preparation of reliable financial information. The Company has adopted accounting policies, which are in line with the Accounting Standards and the Companies Act, 2013.

**36. Vigil Mechanism Policy:**

The Company has a vigil mechanism policy to deal with instances of fraud and mismanagement, if any. The vigil mechanism policy is uploaded on the website of the Company at [www.hccinida.com](http://www.hccinida.com)

**37. Sexual Harassment:**

HCC has always believed in providing a conducive work environment devoid of discrimination and harassment including sexual harassment. HCC has a well formulated Policy on Prevention & Redress of Sexual Harassment. The objective of the policy is to prohibit, prevent and address issues of sexual harassment at the workplace. This policy has striven to prescribe a code of conduct for the employees and all employees have access to the Policy document and are required to strictly abide by it. The policy covers all employees, irrespective of their nature of employment and also applicable in respect of all allegations of sexual harassment made by an outsider against an employee. During the year 2017-18, no case of Sexual Harassment was reported.

**38. Reporting of Frauds :**

There have been no instances of fraud reported by the Statutory Auditors under Section 143 of the Act read with relevant Rules framed thereunder either to the Company or to the Central Government.

**39. Significant and material Orders passed by the Regulators/Courts, if any:**

There are no significant or material orders passed by the Regulators or Courts or Tribunals which would impact the going concern status of your Company and its future operations.

**40. Material changes & commitment if any, affecting financial position of the Company from the end of financial year till the date of the report:**

There have been no material changes and commitments affecting the financial position of the Company which have occurred between the end of the financial year to which the Financial Statements relate and the date of this Report.

**41. Extract of Annual Return:**

The details forming part of the extract of Annual Return in prescribed Form MGT 9 is set out as Annexure VII and forms a part of this Report.

**42. 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 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 promote its development.

For and on behalf of Board of Directors,

**Ajit Gulabchand**  
Chairman & Managing Director

**Registered Office:**

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

Place : Mumbai

Date : May 3, 2018



# ANNEXURE I TO THE BOARD'S REPORT

## DISCLOSURE PURSUANT TO THE COMPANIES (SHARE CAPITAL AND DEBENTURES) RULES, 2014 AND SEBI (SHARE BASED EMPLOYEE BENEFITS) REGULATIONS, 2014 AS AT MARCH 31, 2018:

No.	Particulars	Details
a)	No. of Options outstanding at the beginning of the year	1,20,180 Options under the existing ESOP Scheme of the Company ('Scheme')
b)	No. of Options granted during the year	3,00,000 Options under the existing Scheme, at an exercise price of ₹ 31.15 per stock option, subject to approval of the Members for amendment of the existing Employee Stock Option Scheme, in line with the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 ("SEBI Regulations").
c)	Pricing formula	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.
d)	Vesting Requirements	Refer Paragraph 9 of the ESOP Scheme with respect to Employees with less than 2 years of service, as set out at Annexure C to the AGM Notice
e)	Maximum term /exercise period of the Options granted	Refer Paragraph 11 of the ESOP Scheme regarding exercise of options, as set out at Annexure C to the AGM Notice
f)	No. of Options vested	Nil
g)	No. of Options exercised	Nil
h)	No. of shares arising as a result of exercise of Options	Nil
i)	Money realized by exercise of Options	-
j)	No. of Options lapsed	1,20,180
k)	Variation in the terms of Options	-
l)	No. of Options in force at the end of the year	3,00,000*
m)	No. of Options exercisable at the end of the year	-
n)	Balance Options available for grant	47,450

Employee wise details of Outstanding Options as of March 31, 2018:

Sr. No.	Senior Managerial Personnel Name	Designation	Number of Options granted and in force
1	Mr. Amit Uplenchwar	Chief Executive Officer - HCC E & C	3,00,000*
	Total No. of Options Outstanding		3,00,000*

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

\*Subject to approval of the Members for amendment of the existing Employee Stock Option Scheme, in line with the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 ("SEBI Regulations")

For and on behalf of Board of Directors,

**Ajit Gulabchand**  
Chairman & Managing Director

### Registered Office:

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

Place : Mumbai

Date : May 3, 2018

## ANNEXURE II TO THE BOARD'S REPORT

Based on the recommendation of the Nomination and Remuneration Committee, the Board of Directors (NRC) at its meeting held on May 2, 2014, has formulated specific policies, interalia for identification, appointment and retirement of Directors, Key Managerial Personnel (KMPs) and Senior Management ; and also relating to their remuneration to the Directors.

Extract of the said policies are provided below:

### 1. Policy for Identification, appointment and retirement of Directors and Senior management

- a) A person who is proposed to be appointed as a Director and/or in Senior Management as a KMP should possess adequate qualification, expertise and experience for the position he / she is considered for appointment and has to be recommended by the Committee to the Board for appointment.
- b) A person shall not be eligible for appointment as a Director of a Company if he stands disqualified under the provisions mentioned in Section 164 of the Companies Act, 2013, Rules made thereunder, SEBI Listing Regulations or any other enactment for the time being in force.
- c) The Director shall be appointed as per the procedure laid down under the provisions of the Companies Act, 2013, Rules made thereunder, SEBI Listing Regulations or any other enactment for the time being in force.
- d) Appointment of Independent Directors is subject to compliance of provisions of section 149 of the Companies Act, 2013, read with schedule IV and Rules made thereunder the Act and SEBI Listing Regulations (as amended from time to time ).
- e) On appointment to the Board, Independent Directors shall have to be issued a formal letter of appointment in accordance with the provisions of the Act and the Rules made thereunder.
- f) Appointment of Key Managerial Personnel (KMP) is subject to compliance of provisions of Section 203 of the Companies Act, 2013, read with Rules made thereunder the Act (as amended from time to time).
- g) The appointment of Senior Management Personnel (excluding KMPs) will be decided by the Managing Director and their terms of appointment will be in accordance with the Company Rules and policy framework.

#### 1.1 Term / Tenure of appointment for Directors and Senior Management:

- a) **Managing Director/Whole-time Director:** The Company shall appoint or re-appoint any person as its Managing Director/Whole-time Director for a term not exceeding five years at a time. No re-appointment shall be made earlier than one year before the expiry of term.

The Company shall not appoint or continue the employment of any person as Managing Director/Whole-time Director

who has attained the age of seventy years. Provided that the term of the person holding this position may be extended beyond the age of seventy years with the approval of Members by passing a special resolution.

- b) **Independent Director:** An Independent Director shall hold office for a term up to five consecutive years on the Board of the Company and will be eligible for re-appointment on passing of a special resolution by the Company and disclosure of such appointment in the Board's report.

No Independent Director shall hold office for more than two consecutive terms, but such Independent Director shall be eligible for appointment after expiry of three years of ceasing to become an Independent Director. Provided that an Independent Director shall not, during the said period of three years, be appointed in or be associated with the Company in any other capacity, either directly or indirectly.

At the time of appointment of Independent Director it should be ensured that number of Boards on which such Independent Director serves is restricted to seven listed companies as an Independent Director and three listed companies as an Independent Director in case such person is serving as a Whole-time Director of a listed company or such other number as may be prescribed under the Act.

- c) **Senior Management:** In case of Senior Management (excluding KMPs at Board level, term/tenure of appointment will be as per Company Rules and policy framework.

### 1.2 Retirement and Removal of Directors and Senior Management:

- a) The Director shall retire as per the applicable provisions of the Act.
- b) Should the Board decide, it will have the discretion to retain the Director in the same position/ remuneration or otherwise even after attaining the retirement age, in the interest of the Company subject to necessary approvals under the applicable laws, if any.
- c) Due to reasons for any disqualification mentioned in the Act or the Rules made thereunder or under any other applicable Act, Rules and regulations thereunder, a Director shall be removed from his directorship held with the Company.
- d) Extension of the term of appointment of a KMP (excluding those at Board level) and any Senior Management Personnel beyond his/her retirement age will be decided by the Managing Director.
- e) The proposal for removal of any KMP shall be put forth by the Committee to the Board for approval Removal of Senior Management Personnel (excluding KMPs) will be in line with the provisions of the terms of appointment and will be decided by the Managing Director.

### 2. Policy relating to the remuneration for Directors, Key Managerial Personnel (KMP) and Senior Management employees

## 2.1 General:

- a) The Committee shall ensure that the level and composition of remuneration is reasonable and sufficient to attract retain and motivate Directors of the quality required to run the Company successfully;
- b) Moreover it shall also ensure that the relationship of remuneration to performance is clear and meets appropriate performance benchmarks;
- c) Remuneration for Directors, Key Managerial Personnel and Senior Management should involve a balance between fixed and variable pay reflecting short and long term performance objectives appropriate to the working of the Company and its goals.
- d) The remuneration payable to the Directors of a Company including Managing Director/Whole-time Directors shall be recommended by the Committee to the Board for approval. Such remuneration payment including Commission, if any, shall be in accordance with and subject to the provisions of the Act and approval of the Members of the Company and Central Government, wherever required, as per the provisions of the Act.
- e) In respect of Key Managerial Personnel, the remuneration as approved by the Board of Directors shall be payable to such KMPs. The annual increment to the KMP and Senior Management shall be based on the annual appraisal and shall be determined by the Managing Director.
- f) Professional indemnity and liability insurance for Directors, Key Managerial Personnel and Senior Management not to be treated as remuneration. Provided that if such person is proved to be guilty, the premium paid on such insurance shall be treated as part of the remuneration.

## 2.2 Remuneration to Managing Director/Whole time Directors:

The remuneration for the Managing Director/Whole-time Directors will be governed as per the provisions of the Companies Act, 2013 and the Rules framed thereunder from time to time.

## 2.3 Remuneration to Non- Executive & Independent Directors:

- a) The remuneration payable to Directors who are neither Managing Director nor Whole time Directors will be governed as per the provisions of the Companies Act, 2013 and the Rules framed thereunder from time to time.
- b) **Sitting Fees:** These Directors may receive remuneration by way of fees for attending meetings of the Board or any Committee thereof. Provided that the amount of such fees shall not exceed ₹ 1 Lakh (One Lakh) per meeting of the Board or Committee or such amount as may be prescribed by the Central Government from time to time.
- c) **Remuneration** may be paid by way of commission within the monetary limit approved by Members, subject to the limit as per the applicable provisions of the Companies Act, 2013. Independent Directors shall not be entitled to any stock options of the Company under the Companies Act, 2013.

## 2.4 Remuneration to KMP and Senior Management employees:

As mentioned earlier, the remuneration as approved by the Board of Directors shall be payable to KMPs. The annual increment to the KMP and Senior Management shall be based on the annual appraisal and shall be determined by the Managing Director.

For and on behalf of Board of Directors,

**Ajit Gulabchand**  
Chairman & Managing Director

### Registered Office:

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

Place : Mumbai

Date : May 3, 2018

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# ANNEXURE III TO THE BOARD'S REPORT

## REPORTING ON CORPORATE SOCIAL RESPONSIBILITY (CSR)

[Pursuant to clause (o) of sub-section (3) of section 134 of the Act and Rule 9 of the Companies (Corporate Social Responsibility) Rules, 2014].

### **Brief outline of the Company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs**

As a pioneer and trend-setter in the construction industry in India, HCC is aware of the social responsibilities that accompany its leadership status. The Company remains steadfast on its objective of pursuing holistic growth with responsibility towards the people and the environment. The Company's

CSR philosophy is 'Do Good to Do Well and Do Well to Do Good'. HCC's vision is to be a responsible industry leader and demonstrate environmental, transparent and ethical behavioural practices which will contribute to the economic and sustainable development within the Company, industry, and society at large.

At HCC, CSR has effectively evolved from being engaged in passive philanthropy to corporate community investments, which takes the form of a social partnership initiative creating value for stakeholders.

The HCC CSR Policy has been formulated on May 2, 2014, in compliance with Section 135 of the Companies Act, 2013 ('the Act') read along with the applicable rules thereto and aims at



implementing the CSR activities in accordance with Section 135 and Schedule VII of the Companies Act 2013 and the same is available on the Company website on the specified weblink.

The CSR Committee shall periodically review the implementation of the CSR Policy. The Company's CSR projects or activities will be identified and implemented according to the Board's approved CSR policy. The Company's CSR activities build an important bridge between business operations and social commitment evolving into an integral part of business functions, goals and strategy. The CSR expenditure will be approved by the CSR committee and the reporting thereto will be done annually in the prescribed manner.

### Composition of the CSR Committee

In accordance with Section 135 of the Companies Act, 2013, the Board of Directors of the Company at their meeting held on May 2, 2014, have approved the constitution of the CSR Committee which comprises three directors viz. Mr. Ajit Gulabchand (Chairman), Mr. Rajas R. Doshi and Mr. Ram P. Gandhi.

### Average net profit of the company for last 3 financial years

Year	Profit/Loss (₹ in crore) as computed under Section 198 of the Companies Act, 2013
FY 2014-15	₹ (370.75)
FY 2015-16	₹ 73.11
FY 2016-17	₹ 102.59

Average net profit of the Company for the last three financial years is negative.

### Prescribed CSR expenditure (two per cent of the average net profit stated in item 3 above)

Not Applicable as average net profit of the three preceding years is negative.

### Details of CSR spent during the financial year.

- Total amount to be spent for the financial year: Not Applicable:
- Amount unspent, if any; Not Applicable

c) Manner in which the amount spent during the financial year is detailed below.

Amount in ₹

Sr. No.	CSR Project or activity Identified	Sector in which the project is covered	Projects or programs Local area or other Specify the state and District where projects or programs was undertaken	Amount Outlay (budget) project or programs wise	Amount spent on the projects or programs Sub heads. 1.Direct expenditure on projects or programs 2.Overheads	Cumulative expenditure upto to the reporting period	Amount spent: Direct or through implementing agency	
							Direct	Indirect
1	Cultural Activities for community	Social welfare	J&K	NA	10,000	NA	10,000	-
2	Health Activities for Community	Health	Maharashtra	NA	21,750	NA	21,750	-
3	Foods distribution for disaster affected community	Disaster Relief	Bihar	NA	19,170	NA	19,170	-
4	Essential goods and food distribution for Flood Affected community	Disaster Relief	Bihar	NA	4,97,859	NA	4,97,859	-
5	Transport facilities, food and water for pilgrims affected due to land slides	Disaster Relief	Uttarakhand	NA	50,000	NA	50,000	-
6	Painting Work for Village School	Education	Maharashtra	NA	30,000	NA	30,000	-
7	School Stationary for Students at Government School.	Education	J & K	NA	1,800	NA	1,800	-
8	Monetary support for Educational purpose	Education	Assam	NA	5,00,000	NA	5,00,000	-
9	Educational Programs	Education	J & K	NA	20,000	NA	20,000	-
10	Sports Stationary for students	Sports	J & K		25,000	NA	25,000	-
<b>Total</b>					<b>11,75,579</b>			

**Ajit Gulabchand**

Chairman & Managing Director and  
Chairman of the CSR Committee

### Registered Office:

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

Place : Mumbai  
Date : May 3, 2018

## ANNEXURE IV TO THE BOARD'S REPORT

### PARTICULARS OF EMPLOYEES PURSUANT TO SECTION 197(12) OF THE COMPANIES ACT, 2013 READ WITH RULE 5 (1) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014

- i. The ratio of the remuneration of each Director to the median remuneration of the employees of the company for the financial year.

Mr. Ajit Gulabchand	1:35
Mr. Arjun Dhawan	1:35
Ms. Shalaka Gulabchand Dhawan	1:17

- ii. The percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year.

#### Directors:

Mr. Ajit Gulabchand:	9%
Mr. Arjun Dhawan	0%
Ms. Shalaka Gulabchand Dhawan:	14%

#### Key Managerial Personnel:

Mr. Arun V. Karambelkar: President & CEO – E&C (upto January 31, 2018)	0%
Mr. Amit Uplenchwar, CEO –E&C (from January 31, 2018)	0%
Mr. Praveen Sood, Group CFO	0%
Mr. Sangameshwar Iyer Company Secretary (upto May 8, 2017)	0%
Mr. Venkatesan Arunachalam, Company Secretary (from May 9, 2017)	0%

- iii. The percentage increase in the median remuneration of employees in the financial year – 9.25% approx.

- iv. The number of permanent employees on rolls of the company: 1581 employees as on March 31, 2018.

- v. Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration.

Average Salary Increase for KMPs (other than CMD and WTD):	0%
Average Salary Increase for non KMPs:	6.07%

- vi. Affirmation that the remuneration is as per the Remuneration policy of the Company.

The remuneration paid to employees is as per the remuneration policy of the Company.

For and on behalf of Board of Directors,

**Ajit Gulabchand**  
Chairman & Managing Director

#### Registered Office:

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

Place : Mumbai  
Date : May 3, 2018

# ANNEXURE V TO THE BOARD'S REPORT

## INFORMATION AS PER SECTION 134 READ WITH RULE 8 OF THE COMPANIES (ACCOUNTS) RULES, 2014 FOR THE FINANCIAL YEAR ENDED MARCH 31, 2018.

### I. Conservation of Energy

The 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, FCMA (Flux Compensated Magnetic Amplifier) Starter for Main Crusher Motors, Variable Frequency Drive (VFD) Starting System for Ventilation Fans & EOT/ Gantry Cranes and Use of Energy Efficient Motors in Gantry Cranes.

### II. Technology Absorption

Efforts made in technology absorption.

#### 1. Construction Research and Development (CR&D)

With growing sustainability challenges, CR&D is focusing with greater rigor on materials' costs, process evolution and refinement, enhancement of construction output, quality and continual efficiency improvements. In order to achieve this, internal cross-functional teams are working with Academia, Vendors and other research organisations. Currently CR&D is focusing on:

- i. Exploring alternate construction materials and processes with lower Carbon footprint with an objective of sustainable resource consumption and utilization. This includes selecting methods that have lesser energy foot prints while offering sustainability advantage. Eg. Roller Compacted Concrete (RCC) over conventional dam concrete.
- ii. Philosophy of materials integrated design engineering is taking deeper roots within organization with increasing number of projects recognizing the significance of this philosophy.
- iii. Through collaborations and in various forums, HCC is promoting the philosophy of life-cycle thinking.
- iv. Alternate feasible designs with improved specifications are being explored with an objective of not only optimizing the designs and engineering, but also value engineering.

As a result of various R&D efforts, over 10 technical papers were presented in various forums including international and national research journals, periodicals, conferences and magazines.

#### 2. Technology Absorption and Adaptation

##### a) Efforts made towards technology absorption and adaptations during the last three years are:

1. RCC Dam at Teesta Low Dam Project-IV – Successfully adopting the use of roller compacted concrete as a construction material/ method is underway at Teesta Lower Dam-IV project in West Bengal. This is assisted by material design and supervision from a Malaysian Expert.

2. Continuous forming shutter for tunnel lining is now being increasingly used.
3. 2.432 km concrete pumping at Sainj HEP- The method of placing concrete using long distance pumping was successfully implemented for a distance of 2432 m at Sainj Hydro Power project in Himachal Pradesh.
4. Design and construction of 17 m high RE block wall has been undertaken at NH34, Package-3.
5. Double-shielded TBM at Kishanganga HEP- the technology of using doubled shielded Tunnel Boring Machine (TBM) (Seli make) has been successfully implemented for the head race tunnel. A record boring of 816 meter was achieved in one month (November 12).
6. 125 m span double-decker steel bridge launching at Bogibeel bridge- HCC with its consortium partner from Germany has finalized the method for continuous launching of ten nos. of 125 meter span each road cum railway double-decker steel bridge.
7. Alternative pavement designs & erosion protection at various highway projects-
  - a. Various cementitious, non-cementitious and polymeric soil stabilizers for improving soil properties were experimented.
  - b. Alternative pavement designs using different soil stabilization strategies were implemented at various sections of NH34 road project, Indo-Nepal border road project, Numaligarh-Jorhat road project.
  - c. The technology of using coir mattresses is successfully adopted as erosion protection of embankment and alternative design options for road pavement are under implementation.
8. Optimized design for Tehri PSP- the powerhouse cavern has been designed by using FLAC-3D Software for optimization of rock supports with other design concepts in collaboration with expert from France and Canada is under progress.
9. Top-down construction method for Assam road project- At Assam road project, top-down construction method is used.
10. Simultaneous retrieval of twin tube TBM- For the first time in India, twin tube TBMs were retrieved at the Delhi Metro Railway Corporation (DMRC) project, CC34.

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

- i. Faster progress implying earlier completion of projects
- ii. Efficiency improvements
- iii. Enhancement of quality

**c) Technology adoption during last five financial years:**

Description	Year of Import	Has technology been fully absorbed
Construction of tunnel using double shield Tunnel Boring Machine (TBM)	2012	Absorbed (Kishanganga HEP, DMRC CC34)
Technology for construction of concrete faced rockfill dam (CFRD)	2012	Under Implementation (Kishanganga HEP)
Construction of dry dock using pre-cast cum floating caissons	2012	Under Implementation (DGNP)
Roller Compacted Concrete (RCC) technology at Teesta-IV Low Dam Project	2014	Under Implementation (TLDP-IV)
Use of continuous forming formwork	2014	Sainj HEP and other projects
Pumping of self-compacting concrete	2013 & 2014	Under implementation (RAPP 7&8, Sainj HEP)

Apart from the above, the following measures are taken

- Pre-bid association with renowned consultants in their specialized field of expertise. This is done with the objective of proposing value engineered proposals and enhance competitiveness at the bidding stage and also to bring cost-effectiveness.
- Formation of Engineering Management Expert Panel (MEP)

that provides timely and accurate engineering inputs to various challenging problems in the upcoming and ongoing projects.

**3. Innovation**

Through directed efforts in Innovation, your Company has focused on following ideas:

- Cost reduction through value engineering
- Innovating and adopting new concepts for construction
- Cost reduction by optimization

**III. Foreign Exchange earnings and outgo:**

(a) Total Foreign Exchange used and earned:

Earnings in Foreign Currency:	₹ 103.06 crore
Expenditure in Foreign Currency:	₹ 179.22 crore

For and on behalf of Board of Directors,

**Ajit Gulabchand**  
Chairman & Managing Director

**Registered Office:**

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

Place : Mumbai

Date : May 3, 2018



# ANNEXURE VI TO THE BOARD'S REPORT

## FORM NO. MR 3

### SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED March 31, 2018

[Pursuant to Section 204 (1) of the Companies Act, 2013 and Rule no. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,  
The Members of  
Hindustan Construction Co. Ltd.  
Hincon House,  
Lal Bahadur Shastri Marg,  
Vikhroli West  
Mumbai- 400083

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Hindustan Construction Company Limited (hereinafter called 'the Company') for the year ended on 31<sup>st</sup> March, 2018 (the 'audit period'). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit; we hereby report that in our opinion, the Company has, during the audit period complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2018 according to the provisions of:

- (i) The Companies Act, 2013 (the 'Act') and the Rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the Rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder to the extent of Foreign Direct Investment and External Commercial Borrowings.
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

- (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
- (d) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
- (e) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
- (f) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
- (g) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;

We have also examined compliance with the applicable clauses of the Secretarial Standards issued by the Institute of Company Secretaries of India related to meetings and minutes.

During the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards etc. mentioned above subject to the following observation:-

In respect of its Non- Convertible Debentures, for which listing got revived on July 7, 2017 the respective compliances under Regulation 50(1) and 60 of SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015 were complied by the Company only after November 2, 2017.

During the period under review, provisions of the following regulations were not applicable to the Company:

- (i) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;
- (ii) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; and
- (iii) The Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder to the extent of Overseas Direct Investment.

We further report that –

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and where the same were given at shorter notice than seven days, prior consent thereof were obtained and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Decisions at the meetings of the Board of Directors of the Company and at Committees were carried through on the basis of majority. There were no dissenting views by any member of the Board of Directors during the year under review.

#### **We further report that –**

There are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with the applicable laws, rules, regulations and guidelines.

#### **We further report that –**

During the audit period, the Company has allotted the following securities pursuant to conversion of debt into equity exercised

under the HCC Sustainable Structuring of Stressed Assets Scheme (HCC S4A Scheme) of RBI:

- i. 47,59,291 equity shares of face value Re 1 each at an issue price of ₹ 41.61 (including premium of ₹ 40.61) per share for an aggregate amount of ₹19.80 crore on 17.07.2017
- ii. 2,56,716 optionally convertible debentures of face value ₹1000/- each aggregate to ₹ 25.67 crore on 17.07.2017 with an option to convert into equity shares of the company within period of 18 months from the date of allotment.

**For BNP & Associates**  
Company Secretaries

**Avinash Bagul**  
Partner

FCS 5578 CP No 19862

Place : Mumbai

Date : May 3, 2018

Note: This report is to be read with our letter of even date which is annexed as Annexure A and forms an integral part of this report.

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#### **Annexure A**

To,  
The Members,  
Hindustan Construction Company Limited

Secretarial Audit Report of even date is to be read along with this letter.

1. The compliance of provisions of all laws, rules, regulations, standards applicable to Hindustan Construction Company Limited (the 'Company') is the responsibility of the management of the Company. Our examination was limited to the verification of records and procedures on test check basis for the purpose of issue of the Secretarial Audit Report.
2. Maintenance of secretarial and other records of applicable laws is the responsibility of the management of the Company. Our responsibility is to issue Secretarial Audit Report, based on the audit of the relevant records maintained and furnished to us by the Company, along with explanations where so required.
3. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial and other legal records, legal compliance mechanism and corporate conduct. The verification was done on test check basis to ensure that correct facts as reflected in secretarial and other records were produced to us. We believe that the processes

and practices we followed, provides a reasonable basis for our opinion for the purpose of issue of the Secretarial Audit Report.

4. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
5. Wherever required, we have obtained the management representation about the compliance of laws, rules and regulations and major events during the audit period.
6. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

**For BNP & Associates**  
Company Secretaries

**Avinash Bagul**  
Partner  
FCS 5578 CP No 19862

Place : Mumbai

Date : May 3, 2018

# ANNEXURE VII TO THE BOARD'S REPORT

## FORM NO. MGT-9

### EXTRACT OF ANNUAL RETURN

For the financial year ended on March 31, 2018

[Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014]

#### I. REGISTRATION AND OTHER DETAILS:

i) CIN	L45200MH1926PLC001228
ii) Registration Date	January 27, 1926
iii) Name of the Company	Hindustan Construction Company Limited
iv) Category / Sub-Category of the Company	Company having Share Capital
v) Address of the Registered office and contact details	Hincon House, LBS Marg, Vikhroli (West) Mumbai – 400 083. Tel: +91 22 2575 1000 Fax: +91 22 2577 7568
vi) Whether listed Company Yes / No	Yes
vii) Name, Address and Contact details of Registrar and Transfer Agent, if any	TSR Darashaw Limited 6-10, Haji Moosa Patrawala Industrial Estate, Nr. Famous Studio, 20, Dr. E. Moses Road, Mahalaxmi, Mumbai- 400011

#### II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the Company shall be stated:-

Sr. No.	Name and Description of main products / services	NIC Code of the Product / service	% to total turnover of the Company
1	Engineering and Construction Activities	42101,42201,42204	100%

#### III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sr. No.	Name of the Company	Address	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares Held by the Company / Subsidiary/ Associate Company	Applicable Section
1	Western Securities Limited	Hincon House, LBS Marg, Vikhroli (W) Mumbai- 400 083	U67120MH1985PLC037511	Subsidiary	97.87	2 (87) (ii)
2	HCC Real Estate Limited	Hincon House, LBS Marg, Vikhroli (W) Mumbai- 400 083	U70100MH2005PLC154004	Wholly Owned Subsidiary	100.00	2 (87)(ii)
3	Panchkutir Developers Limited	Hincon House, LBS Marg, Vikhroli (W) Mumbai- 400 083	U45201MH2006PLC165073	Wholly Owned Subsidiary	100.00	2 (87) (ii)
4	HCC Mauritius Enterprises Limited	St James Court – Suite 308, St Denis Street, Port Louis, Republic of Mauritius	Not Applicable	Wholly Owned Subsidiary	100.00	2 (87) (ii)
5	HCC Construction Limited	Hincon House, LBS Marg, Vikhroli (W) Mumbai- 400 083	U45200MH2009PLC190725	Wholly Owned Subsidiary	100.00	2 (87) (ii)
6	Highbar Technologies Limited	Hincon House, LBS Marg, Vikhroli (W) Mumbai- 400 083	U72900MH2009PLC197299	Wholly Owned Subsidiary	100.00	2 (87) (ii)
7	HCC Infrastructure Company Limited	Hincon House, LBS Marg, Vikhroli (W) Mumbai- 400 083	U45400MH2010PLC210944	Wholly Owned Subsidiary	100.00	2 (87) (ii)
8	HCC Mauritius Investment Limited	St James Court Suite 308, St Denis Street, Port Louis, Republic of Mauritius	Not Applicable	Wholly Owned Subsidiary	100.00	2 (87) (ii)

Sr. No.	Name of the Company	Address	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares Held by the Company / Subsidiary/ Associate Company	Applicable Section
9	HRL Township Developers Limited	Hincon House, LBS Marg, Vikhroli (W) Mumbai- 400 083	U45201MH2006PLC163478	Wholly Owned Subsidiary	100.00	2 (87) (ii)
10	HRL (Thane) Real Estate Limited	Hincon House, LBS Marg, Vikhroli (W) Mumbai- 400 083	U45201MH2006PLC163515	Wholly Owned Subsidiary	100.00	2 (87) (ii)
11	Nashik Township Developers Ltd	Hincon House, LBS Marg, Vikhroli (W) Mumbai- 400 083	U45200MH2007PLC167416	Wholly Owned Subsidiary	100.00	2 (87) (ii)
12	Maan Township Developers Ltd	Hincon House, LBS Marg, Vikhroli (W) Mumbai- 400 083	U45200MH2007PLC167462	Wholly Owned Subsidiary	100.00	2 (87) (ii)
13	Charosa Wineries Limited	Hincon House, LBS Marg, Vikhroli (W) Mumbai- 400 083	U52208MH2007PLC176631	Wholly Owned Subsidiary	100.00	2 (87) (ii)
14	Powai Real Estate Developer Limited	Hincon House, LBS Marg, Vikhroli (W) Mumbai- 400 083	U70102MH2009PLC189760	Wholly Owned Subsidiary	100.00	2 (87) (ii)
15	HCC Realty Limited	Hincon House, LBS Marg, Vikhroli (W) Mumbai- 400 083	U70102MH2010PLC200209	Wholly Owned Subsidiary	100.00	2 (87) (ii)
16	HCC Aviation Limited	Hincon House, LBS Marg, Vikhroli (W) Mumbai- 400 083	U63033MH2008PLC182384	Wholly Owned Subsidiary	100.00	2 (87) (ii)
17	Steiner AG	Hagenholzstrasse 56, CH-8050 Zürich, Switzerland	Not Applicable	Wholly Owned Subsidiary	100.00	2 (87) (ii)
18	Steiner Promotions et Participations SA	Route de Lully 5, 1131 Tolochenaz, Switzerland	Not Applicable	Wholly Owned Subsidiary	100.00	2 (87) (ii)
19	Steiner (Deutschland) GmbH	Einsteinstrasse 7, D-33104 Paderborn, Germany	Not Applicable	Wholly Owned Subsidiary	100.00	2 (87) (ii)
20	Manufakt8048 AG	Hagenholzstrasse 56, CH-8050 Zürich, Switzerland	Not Applicable	Wholly Owned Subsidiary	100.00	2 (87) (ii)
21	VM + ST AG	Hagenholzstrasse 56, CH-8050 Zürich, Switzerland	Not Applicable	Wholly Owned Subsidiary	100.00	2 (87) (ii)
22	Steiner Leman SAS	Site d'Archamps- Athéna 1, 74160 Archamps, France	Not Applicable	Wholly Owned Subsidiary	100.00	2 (87) (ii)
23	Eurohotel SA	Rue de Lyon 87, 1203 Genève, Switzerland	Not Applicable	Subsidiary	95.00	2 (87) (ii)
24	Steiner India Limited	Hincon House, LBS Marg, Vikhroli (W) Mumbai- 400 083	U45203MH2011FLC221029	Wholly Owned Subsidiary	100.00	2 (87) (ii)
25	Dhule Palesner Operations & Maintenance Limited	Hincon House, LBS Marg, Vikhroli (W) Mumbai- 400 083	U93000MH2011PLC217639	Wholly Owned Subsidiary	100.00	2 (87) (ii)
26	HCC Power Limited	Hincon House, LBS Marg, Vikhroli (W) Mumbai- 400 083	U40300MH2011PLC218286	Wholly Owned Subsidiary	100.00	2 (87) (ii)
27	HCC Concessions Limited	Hincon House, LBS Marg, Vikhroli (W) Mumbai- 400 083	U45202MH2008PLC178890	Subsidiary	85.45	2 (87) (ii)
28	HCC Operations & Maintenance Limited	Hincon House, LBS Marg, Vikhroli (W) Mumbai- 400 083	U93030MH2012PLC237676	Wholly Owned Subsidiary	100.00	2 (87) (ii)
29	Narmada Bridge Tollway Limited	Hincon House, LBS Marg, Vikhroli (W) Mumbai- 400 083	U45400MH2012PLC232354	Subsidiary	85.45	2 (87) (ii)
30	Badarpur Faridabad Tollway Limited	Hincon House, LBS Marg, Vikhroli (W) Mumbai- 400 083	U45203MH2008PLC184750	Subsidiary	85.45	2 (87) (ii)
31	Baharampore-Farakka Highways Limited	Hincon House, LBS Marg, Vikhroli (W) Mumbai- 400 083	U45200MH2010PLC200748	Subsidiary	85.45	2 (87) (ii)
32	Farakka-Raiganj Highways Limited	Hincon House, LBS Marg, Vikhroli (W) Mumbai- 400 083	U45400MH2010PLC200733	Subsidiary	85.45	2 (87) (ii)



Sr. No.	Name of the Company	Address	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares Held by the Company / Subsidiary/ Associate Company	Applicable Section
33	Raiganj–Dalkhola Highways Limited	Hincon House, LBS Marg, Vikhroli (W) Mumbai- 400 083	U45400MH2010PLC200734	Subsidiary	86.91	2 (87) (ii)
34	HCC Energy Limited	Hincon House, LBS Marg, Vikhroli (W) Mumbai- 400 083	U40300MH2015PLC267394	Wholly Owned Subsidiary	100.00	2 (87) (ii)
35	Lavasa Corporation Limited	Hincon House, LBS Marg, Vikhroli (W) Mumbai- 400 083	U55101MH2000PLC187834	Subsidiary	68.70	2 (87) (ii)
36	Lavasa Hotel Limited	Hincon House, LBS Marg, Vikhroli (W) Mumbai- 400 083	U55100MH2007PLC173728	Wholly Owned Subsidiary	100.00	2 (87) (ii)
37	Lakeshore Watersports Company Limited	Hincon House, LBS Marg, Vikhroli (W) Mumbai- 400 083	U92400MH2008PLC185314	Wholly Owned Subsidiary	100.00	2 (87) (ii)
38	Dasve Convention Center Limited	Hincon House, LBS Marg, Vikhroli (W) Mumbai- 400 083	U70101MH2008PLC185945	Wholly Owned Subsidiary	100.00	2 (87) (ii)
39	Dasve Business Hotel Limited	Hincon House, LBS Marg, Vikhroli (W) Mumbai- 400 083	U55101MH2008PLC185939	Wholly Owned Subsidiary	100.00	2 (87) (ii)
40	Dasve Hospitality Institutes Limited	Hincon House, LBS Marg, Vikhroli (W) Mumbai- 400 083	U55100MH2008PLC186901	Wholly Owned Subsidiary	100.00	2 (87) (ii)
41	Lakeview Clubs Limited	Hincon House, LBS Marg, Vikhroli (W) Mumbai- 400 083	U55101MH2008PLC186900	Wholly Owned Subsidiary	100.00	2 (87) (ii)
42	Dasve Retail Limited	Hincon House, LBS Marg, Vikhroli (W) Mumbai- 400 083	U51109MH2008PLC187367	Wholly Owned Subsidiary	100.00	2 (87) (ii)
43	Full Spectrum Adventure Limited	Hincon House, LBS Marg, Vikhroli (W) Mumbai- 400 083	U74990MH2008PLC188519	Subsidiary	90.91	2 (87) (ii)
44	Spotless Laundry Services Limited	Hincon House, LBS Marg, Vikhroli (W) Mumbai- 400 083	U74990MH2009PLC189732	Subsidiary	76.02	2 (87) (ii)
45	Lavasa Bamboocrafts Limited	Hincon House, LBS Marg, Vikhroli (W) Mumbai- 400 083	U74990MH2009PLC190551	Wholly Owned Subsidiary	100.00	2 (87) (ii)
46	Green Hills Residences Limited	Hincon House, LBS Marg, Vikhroli (W) Mumbai- 400 083	U55101MH2009PLC192224	Wholly Owned Subsidiary	100.00	2 (87) (ii)
47	My City Technology Limited	Hincon House, LBS Marg, Vikhroli (W) Mumbai- 400 083	U72900MH2009PLC194613	Subsidiary	63.00	2 (87) (ii)
48	Reasonable Housing Limited	Hincon House, LBS Marg, Vikhroli (W) Mumbai- 400 083	U70102MH2009PLC195985	Wholly Owned Subsidiary	100.00	2 (87) (ii)
49	Future City Multiservices SEZ Limited	Hincon House, LBS Marg, Vikhroli (W) Mumbai- 400 083	U45400MH2009PLC197467	Wholly Owned Subsidiary	100.00	2 (87) (ii)
50	Verzon Hospitality Limited	Hincon House, LBS Marg, Vikhroli (W) Mumbai- 400 083	U55204MH2010PLC198686	Wholly Owned Subsidiary	100.00	2 (87) (ii)
51	Rhapsody Commercial Space Limited	Hincon House, LBS Marg, Vikhroli (W) Mumbai- 400 083	U74930MH2010PLC198921	Wholly Owned Subsidiary	100.00	2 (87) (ii)
52	Valley View Entertainment Limited	Hincon House, LBS Marg, Vikhroli (W) Mumbai- 400 083	U74990MH2010PLC199136	Wholly Owned Subsidiary	100.00	2 (87) (ii)
53	Whistling Thrush Facilities Services Limited	Hincon House, LBS Marg, Vikhroli (W) Mumbai- 400 083	U74900MH2010PLC199381	Subsidiary	51.00	2 (87) (ii)
54	Warasgaon Tourism Limited	Hincon House, LBS Marg, Vikhroli (W) Mumbai- 400 083	U63040MH2010PLC200459	Wholly Owned Subsidiary	100.00	2 (87) (ii)
55	Our Home Service Apartments Limited	Hincon House, LBS Marg, Vikhroli (W) Mumbai- 400 083	U74900MH2010PLC200692	Wholly Owned Subsidiary	100.00	2 (87) (ii)
56	Warasgaon Power Supply Limited	Hincon House, LBS Marg, Vikhroli (W) Mumbai- 400 083	U40101MH2010PLC200845	Wholly Owned Subsidiary	100.00	2 (87) (ii)

Sr. No.	Name of the Company	Address	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares Held by the Company / Subsidiary/ Associate Company	Applicable Section
57	Sahyadri City Management Limited	Hincon House, LBS Marg, Vikhroli (W) Mumbai- 400 083	U74900MH2010PLC200834	Wholly Owned Subsidiary	100.00	2 (87) (ii)
58	Hill City Service Apartments Limited	Hincon House, LBS Marg, Vikhroli (W) Mumbai- 400 083	U45400MH2010PLC201322	Wholly Owned Subsidiary	100.00	2 (87) (ii)
59	Kart Racers Limited	Hincon House, LBS Marg, Vikhroli (W) Mumbai- 400 083	U74900MH2010PLC201574	Subsidiary	90.00	2 (87) (ii)
60	Warasgaon Infrastructure Providers Limited	Hincon House, LBS Marg, Vikhroli (W) Mumbai- 400 083	U45200MH2010PLC201647	Wholly Owned Subsidiary	100.00	2 (87) (ii)
61	Nature Lovers Retail Limited	Hincon House, LBS Marg, Vikhroli (W) Mumbai- 400 083	U74990MH2010PLC202616	Wholly Owned Subsidiary	100.00	2 (87) (ii)
62	Warasgaon Valley Hotels Limited	Hincon House, LBS Marg, Vikhroli (W) Mumbai- 400 083	U55101MH2010PLC210104	Wholly Owned Subsidiary	100.00	2 (87) (ii)
63	Rosebay Hotels Limited	Hincon House, LBS Marg, Vikhroli (W) Mumbai- 400 083	U55101MH2010PLC210289	Wholly Owned Subsidiary	100.00	2 (87) (ii)
64	Mugaon Luxury Hotels Limited	Hincon House, LBS Marg, Vikhroli (W) Mumbai- 400 083	U55101MH2010PLC210390	Wholly Owned Subsidiary	100.00	2 (87) (ii)
65	Warasgaon Assets Maintenance Limited	Hincon House, LBS Marg, Vikhroli (W) Mumbai- 400 083	U74990MH2011PLC219078	Wholly Owned Subsidiary	100.00	2 (87) (ii)
66	Warasgaon Lakeview Hotels Limited	Hincon House, LBS Marg, Vikhroli (W) Mumbai- 400 083	U55100MH2007PLC173733	Associate Company	24.56	2 (6)
67	Hill View Parking Services Limited	Hincon House, LBS Marg, Vikhroli (W) Mumbai- 400 083	U74120MH2011PLC219079	Wholly Owned Subsidiary	100.00	2 (87) (ii)
68	Ecomotel Hotel Limited	Hincon House, LBS Marg, Vikhroli (W) Mumbai- 400 083	U55101MH2008PLC185873	Associate Company	40.04	2 (6)
69	Highbar Technocrat Limited	Hincon House, LBS Marg, Vikhroli (W) Mumbai- 400 083	U55204MH2010PLC210078	Associate Company	49.00	2 (87) (ii)
70	Andromeda Hotels Limited	Hincon House, LBS Marg, Vikhroli (W) Mumbai- 400 083	U55101MH2010PLC199240	Associate Company	40.03	2 (6)
71	Knowledge Vistas Limited	401 & 402, 4 <sup>th</sup> Floor, Kaatyayni Busines Park, OFF:Mahakali Caves Road, MIDC,Andheri, Kurla Road, Mumbai- 400093	U80301MH2009PLC190552	Associate Company	49.00	2 (6)
72	Bona Sera Hotels Limited	640-B, Khorshed Villa, Khareghat Road, Parsi Colony, Dadar, Mumbai – 400 014	U55101MH2008PLC185253	Associate Company	26.00	2 (6)
73	Evostate AG	Hagenholzstrasse 56, 8050 Zürich, Switzerland	Not Applicable	Associate Company	30.00	2 (6)
74	Projektentwicklungsges Parking Kunstmuseum AG	Kunstmuseum Basel AG, c/o Peter Andreas Zahn, St. Jakobs-Strasse 7, 4052 Basel, Switzerland	Not Applicable	Associate Company	38.64	2 (6)
75	MCR Managing Corp. Real Estate AG	Route de Lully 5, 1131,Tolochenaz, Switzerland	Not Applicable	Associate Company	30.00	2 (6)
76	Apollo Lavasa Health Corporation Limited	Plot No. 13, Parsik Hill Road, Off. Uran Road, Sector 23, CBD Belapur, Navi Mumbai 400614	U85100MH2007PLC176736	Associate Company	49.00	2(6)
77	Starlit Resort Limited	Hincon House, LBS Marg, Vikhroli (W) Mumbai- 400 083	U55204MH2010PLC210107	Associate Company	26.00	2(6)
78	Nirmal BOT Limited	Unit No 316 & 317, CWing, 3 <sup>rd</sup> Floor, Kanakia Zillion, LBS Marg, BKC Annexe, Mumbai 400070	L45201MH2006PLC164728	Associate Company	22.22	2 (6)

#### IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

##### i) Category-wise Share Holding

Category of Members	No. of shares held at the beginning of the year				No. of shares held at the end of the year				% change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
1. Indian									
a) Individual/HUF	21,27,294	0	21,27,294	0.21	21,27,294	0	21,27,294	0.21	0.00
b) Central Govt.or State Govt.	0	0	0	0	0	0	0	0	0
c) Bodies Corporates	27,88,87,786	0	27,88,87,786	27.59	27,88,87,786	0	27,88,87,786	27.46	-0.13
d) Bank/FI	0	0	0	0	0	0	0	0	0
e) Any other	0	0	0	0	0	0	0	0	0
SUB TOTAL: (A) (1)	28,10,15,080	0	28,10,15,080	27.80	28,10,15,080	0	28,10,15,080	27.67	-0.13
2. Foreign									
a) NRI- Individuals	0	0	0	0	0	0	0	0	0
b) Other Individuals	0	0	0	0	0	0	0	0	0
c) Bodies Corp.	0	0	0	0	0	0	0	0	0
d) Banks/FI	0	0	0	0	0	0	0	0	0
e) Any other	0	0	0	0	0	0	0	0	0
SUB TOTAL (A) (2)	0	0	0	0	0	0	0	0	0
Total Shareholding of Promoter (A)= (A)(1)+(A) (2)	28,10,15,080	0	28,10,15,080	27.80	28,10,15,080	0	28,10,15,080	27.67	-0.13
B. Public Shareholding									
1. Institutions									
a) Mutual Funds/UTI	8,81,88,447	9,000	8,81,97,447	8.73	10,85,09,269	6,500	10,85,15,769	10.69	1.96
b) Banks/FI	23,31,68,746	2,500	23,31,71,246	23.07	23,79,02,626	2,500	23,79,05,126	23.43	0.36
c) Central Govt	0	0	0	0	0	0	0	0	0
d) State Govt.	0	0	0	0	0	0	0	0	0
e) Venture Capital Fund	0	0	0	0	0	0	0	0	0
f) Insurance Companies	83,82,144	0	83,82,144	0.83	83,82,144	0	83,82,144	0.83	0.00
g) FIIS//FPIs-Corp	10,92,56,394	66,000	10,93,22,394	10.82	7,43,08,828	64,500	7,43,73,328	7.32	-3.49
h) Foreign Venture Capital Funds	0	0	0	0	0	0	0	0	0
i) Others (specify)	0	0	0	0	0	0	0	0	0
SUB TOTAL (B)(1):	43,89,95,731	77,500	43,90,73,231	43.44	42,91,02,867	73,500	42,91,76,367	42.26	-1.18
2. Non Institutions									
a) Bodies corporates									
i. Indian	3,32,31,645	87,500	3,33,19,145	3.30	3,40,33,986	73,000	3,41,06,986	3.36	0.06
ii. Overseas	0	0	0	0	0	0	0	0	0
b) Individuals									
i. Individual Members holding nominal share capital upto ₹ 1 lakh	17,72,74,178	74,40,963	18,47,15,141	18.28	20,04,16,325	62,92,163	20,67,08,488	20.36	2.08

Category of Members	No. of shares held at the beginning of the year				No. of shares held at the end of the year				% change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
ii. Individuals Members holding nominal share capital in excess of ₹ 1 lakh	3,13,19,108	1,68,000	3,14,87,108	3.12	2,23,29,929	1,68,000	2,24,97,929	2.22	-0.90
c) Others (specify)									
i. Clearing Members	2,22,34,760	0	2,22,34,760	2.20	2,09,82,513	0	2,09,82,513	2.07	-0.13
ii. LLP	5,41,526	0	5,41,526	0.05	3,38,566	0	3,38,566	0.03	-0.02
iii. Ind- HUF	96,79,616	0	96,79,616	0.96	1,01,93,787	3,000	1,01,96,787	1.00	0.05
iv. Investor Education and Protection Fund	0	0	0	0.00	10,30,389	0	10,30,389	0.10	0.10
v. Trust	68,080	0	68,080	0.01	11,280	0	11,280	0.00	-0.01
vi. NRI- Individuals	85,68,088	1,860	85,69,948	0.85	93,96,681	1,860	93,98,541	0.93	0.08
<b>SUB TOTAL (B)(2):</b>	<b>28,29,17,001</b>	<b>76,98,323</b>	<b>29,06,15,324</b>	<b>28.75</b>	<b>29,87,33,456</b>	<b>65,38,023</b>	<b>30,52,71,479</b>	<b>30.06</b>	<b>1.31</b>
<b>Total Public Shareholding (B)= (B) (1)+(B)(2)</b>	<b>72,19,12,732</b>	<b>77,75,823</b>	<b>72,96,88,555</b>	<b>72.20</b>	<b>72,78,36,323</b>	<b>66,11,523</b>	<b>73,44,47,846</b>	<b>72.33</b>	<b>0.13</b>
Shares held by C. Custodian for GDRs & ADRs	0	0	0	0	0	0	0	0	0
<b>Grand Total (A+B+C)</b>	<b>1,00,29,27,812</b>	<b>77,75,823</b>	<b>1,01,07,03,635</b>	<b>100.00</b>	<b>1,00,88,51,403</b>	<b>66,11,523</b>	<b>1,01,54,62,926</b>	<b>100.00</b>	<b>0.00</b>

ii) Shareholding of Promoters:

Sr. No.	Member's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the Company	% of Shares Pledged/ encumbered to total shares	No. of Shares	% of total Shares of the Company	% of Shares Pledged/ encumbered to total shares	
1	Ajit Gulabchand	21,17,294	0.21	0	21,17,294	0.21	0.00	0.00
2	Hincon Holdings Ltd	21,60,23,600	21.37	100	21,60,23,600	21.27	100.00	-0.10
3	Hincon Finance Limited	6,22,61,186	6.16	38.38	6,22,61,186	6.13	38.38	-0.03
4	Shalaka Gulabchand Dhawan	10,000	0.00	0	10,000	0.00	0.00	0.00
5	Shalaka Investment Pvt Ltd	5,38,000	0.05	0	5,38,000	0.05	0.00	0.00
6	Arya Capital Management Pvt Ltd	65,000	0.01	0	65,000	0.01	0.00	0.00
<b>Total</b>		<b>28,10,15,080</b>	<b>27.80</b>	<b>85.38</b>	<b>28,10,15,080</b>	<b>27.67</b>	<b>85.38</b>	<b>-0.13</b>

iii) Change in Promoters' Shareholding:

	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company

At the beginning of the year

Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (eg allotment / transfer / bonus / sweat equity etc)

At the end of the year

There is no change in promoter holding.



## iv) Shareholding Pattern of top ten Members (other than Directors, Promoters)

Sr. No.	Name of the Member	Shareholding at the beginning of the year		Shareholding at the end of the year	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
1	HDFC Trustee Company Limited	7,00,21,087	6.93	6,97,32,622	6.87
2	State Bank of India	2,72,08,324	2.69	2,95,00,105	2.91
3	IDBI Bank Limited	2,54,34,620	2.52	2,54,34,620	2.50
4	Export- Import Bank of India	2,42,51,091	2.40	2,42,51,091	2.39
5	Punjab National Bank	2,19,55,252	2.17	2,19,55,252	2.16
6	Reliance Capital Trustee Co. Ltd	89,69,700	0.89	2,17,17,742	2.14
7	Canara Bank-Mumbai	1,96,03,966	1.94	1,96,48,966	1.93
8	Axis Bank Ltd	1,64,71,241	1.63	1,63,66,572	1.61
9	Abu Dhabi Investment Authority- Lglinv	1,63,64,000	1.62	1,63,64,000	1.61
10	ICICI Bank Limited	1,46,77,601	1.45	1,47,51,859	1.45
11	Siwa Holdings Limited	3,60,82,151	3.57	0	0.00

## v) Shareholding of Directors and Key Managerial Personnel:

Sr. No.	Directors / Key Managerial Personnel	Shareholding at the beginning of the year		Shareholding at the end of the year	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
<b>Directors</b>					
1	Mr. Ajit Gulabchand	21,17,294	0.21	21,17,294	0.21
2	Mr. Rajas R. Doshi	32,000	0.00	32,000	0.00
3	Mr. Ram P. Gandhi	48,000	0.00	48,000	0.00
4	Mr. Sharad M. Kulkarni	20,000	0.00	20,000	0.00
5	Mr. Anil C. Singhvi	0	0.00	0	0.00
6	Ms. Harsha Bangari	0	0.00	0	0.00
7	Dr. Omkar Goswami	0	0.00	0	0.00
8	Mr. Arjun Dhawan	0	0.00	0	0.00
9	Ms. Shalaka Gulabchand Dhawan	10,000	0.00	10,000	0.00
10	Mr. N. R. Acharyulu	0	0.00	0	0.00
<b>Key Managerial Personnel</b>					
1	Mr. Arun V. Karambelkar (Upto 31.01.2018)	2,000	0.00	2,000	0.00
2	Mr. Amit Uplenchwar (from 31.01.2018)	0	0.00	0	0.00
3	Mr. Praveen Sood	1,000	0.00	1,000	0.00
4	Mr. Sangameshwar Iyer (upto 08.05.2017)	0	0.00	0	0.00
5	Mr. Venkatesan Arunachalam (from 09.05.2017)	0	0.00	0	0.00

## V. INDEBTEDNESS (IND-AS)

Indebtedness of the Company including interest outstanding/accrued but not due for payment

₹ crore

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	3,248.11	1,148.58	-	4,396.69
ii) Interest due but not paid	66.77	-	-	66.77
iii) Interest accrued but not due	102.68	-	-	102.68
<b>Total (i+ii+iii)</b>	<b>3,417.56</b>	<b>1,148.58</b>	<b>-</b>	<b>4,566.14</b>
Change in Indebtedness during the financial year				
• Addition	1,330.04	-	-	1,330.04
• Reduction	730.74	1,146.86	-	1,877.60
Net Change	599.30	(1,146.86)	-	(547.56)
Indebtedness at the end of the financial year			-	
i) Principal Amount	3,723.68	1.72	-	3,725.40
ii) Interest due but not paid	6.17	-	-	6.17
iii) Interest accrued but not due	287.01	-	-	287.01
<b>Total (i+ii+iii)</b>	<b>4,016.86</b>	<b>1.72</b>	<b>-</b>	<b>4,018.58</b>

## VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A) Remuneration paid / payable to Managing Director, Whole-time Directors and/or Manager:

(Amount in ₹)

Sr. No.	Particulars of Remuneration	Mr. Ajit Gulabchand	Mr. Arjun Dhawan	Ms. Shalaka Gulabchand Dhawan	Total Amount
1	Gross salary				
(a)	Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	2,93,40,000	3,37,70,400	1,37,01,275	7,68,11,675
(b)	Value of perquisites u/s 17(2) Income-tax Act, 1961	43,95,600	39,600	10,03,725	54,38,925
(c)	Profits in lieu of salary under section 17(3) Income tax Act, 1961				
2	Stock Option (Nos)*	-	-	-	-
3	Sweat Equity				
4	Commission				
-	as % of profit				
-	others, specify				
5	Others, please specify (Contribution to Provident Fund and other Funds)	50,82,048*	49,42,140*	13,98,563*	1,14,22,751
<b>Total</b>		<b>3,88,17,648</b>	<b>3,87,52,140</b>	<b>1,61,03,563</b>	<b>9,36,73,351</b>
	Ceiling as per the Act	The remuneration paid is within the ceiling as per the Act			

\* Retirals not forming a part of the remuneration, as prescribed by the Act.

## B) Remuneration to other Directors

(Amount in ₹)

Sr. No.	Particulars of Remuneration	Rajas R Doshi	Ram P Gandhi	Sharad M Kulkarni	Anil Singhvi	Harsha Bangari	Dr. Omkar Goswami	N. R. Acharyulu	Total Amount
1.	Independent Directors								
	• Fee for attending board / committee meetings	17,00,000	9,00,000	8,00,000	24,00,000	-	5,00,000	-	63,00,000
	• Commission	-	-	-	-	-	-	-	-
	• Others	-	-	-	-	-	-	-	-
	<b>Total (1)</b>	<b>17,00,000</b>	<b>9,00,000</b>	<b>8,00,000</b>	<b>24,00,000</b>	<b>-</b>	<b>5,00,000</b>	<b>-</b>	<b>63,00,000</b>
2.	Other Non-Executive Directors								
	• Fee for attending board / committee meetings	-	-	-	-	3,00,000	-	4,00,000	7,00,000
	• Commission	-	-	-	-	-	-	-	-
	• Others	-	-	-	-	-	-	-	-
	<b>Total (2)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,00,000</b>	<b>-</b>	<b>4,00,000</b>	<b>7,00,000</b>
	<b>Total (B)=(1+2)</b>	<b>17,00,000</b>	<b>9,00,000</b>	<b>8,00,000</b>	<b>24,00,000</b>	<b>3,00,000</b>	<b>5,00,000</b>	<b>4,00,000</b>	<b>70,00,000</b>
	Total Managerial Remuneration								@9,36,73,351

@ Total remuneration paid / payable to Chairman and Managing Director and the Whole-time Directors of the Company.

## C) Remuneration to Key Managerial Personnel other than MD/ Manager/WTD

(Amount in ₹)

Sr. no.	Particulars of Remuneration	Key Managerial Personnel				
		Arun Karambelkar (upto 31.01.2018)	Amit Uplenchwar (from 31.01.2018)	Praveen Sood	Sangameshwar Iyer (upto 08.05.2017)	Venkatesan Arunachalam (from 09.05.2017)
1	Gross salary					
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	2,92,89,465	48,92,520	3,01,18,874	10,77,393	45,30,551
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	1,41,510	6,706	28,800	26,829	77,015
	(c) Profits in lieu of salary under section 17(3) Income tax Act, 1961	-	-	-	-	-
2	Stock Option (Nos.)	-	3,00,000*	-	-	-
3	Sweat Equity	-	-	-	-	-
4	Commission - as % of profit - others, specify	-	-	-	-	-
	Others, please specify Provident Fund & other Funds	86,808	1,98,145	-	19,664	3,16,146
	<b>Total</b>	<b>2,95,17,783</b>	<b>5,09,7371</b>	<b>30,147,674</b>	<b>11,23,886</b>	<b>49,23,712</b>

\* These option are granted subject to approval of the Members for amendment of the existing ESOP Scheme, in line with SEBI (Share Based Employee Benefits) Regulations, 2014.

## VI. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCLT/ COURT]	Appeal made, if any (give Details)
A. COMPANY- NIL					
Penalty					
Punishment					
Compounding					
B. DIRECTORS- NIL					
Penalty					
Punishment					
Compounding					
C. OTHER OFFICERS IN DEFAULT – NIL					
Penalty					
Punishment					
Compounding					

NONE



# DIVIDEND DISTRIBUTION POLICY

The equity shares of Hindustan Construction Company Limited (the 'Company') are listed on BSE Ltd. (BSC), Mumbai and National Stock Exchange of India Ltd (NSE). As per the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ( 'SEBI Listing Regulations'), as amended, the Company is required to formulate a Dividend Distribution Policy which shall be disclosed in its Annual Report and on its website.

The Board of Directors of the Company ("the Board") has approved the Dividend Distribution Policy of the Company ('the Policy') on February 2, 2017, which endeavors for fairness, consistency and sustainability while distributing profits to the Members.

The factors that will be considered while arriving at the quantum of dividend(s) payable shall be :

- Any Current year profits and outlook in line with the development of internal and external environment.
- Operating cash flows and treasury position keeping in view the total debt to equity ratio.
- Possibilities of alternate deployment of cash for future growth, e.g. capital expenditure etc., which has a potential to create greater value for Members in the long run.
- Providing for unforeseen events and contingencies with financial implications.

The Board may, as and when they consider it fit, recommend final dividend, to the Members for their approval in the general meeting of the Company.

In case the Board proposes not to distribute the profit, the grounds thereof and information on utilisation of the undistributed profit, if any, shall be disclosed to the Members in the Annual Report of the Company.

The dividend distribution shall be in accordance with the applicable provisions of the Companies Act, 2013, Rules framed thereunder, if any, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and any other legislations governing dividends and the Articles of Association of the Company, as in force and as amended from time to time.

The Board is authorised to change/amend this policy from time to time at its sole discretion and/or in pursuance of any amendments made in the Companies Act, 2013, SEBI Listing Regulations etc.

In the event of any conflict between the provisions of these policies and the Companies Act, 2013/SEBI Listing Regulations or any other statutory enactments, rules, the provisions of Companies Act, 2013/SEBI Listing Regulations or statutory enactments, rules, as the case may be applicable, shall prevail.

The policy shall be made available on the Company's website and shall also be disclosed in the Company's Annual Report.

This policy document does not solicit investments in the Company's securities. Nor is it an assurance of guaranteed returns (in any form), for investments in the Company's equity shares.

# BUSINESS RESPONSIBILITY REPORT (BRR)

## SECTION A: GENERAL INFORMATION ABOUT THE COMPANY

Disclosures	Information / Reference sections				
Corporate Identity Number (CIN) of the Company	L45200MH1926PLC001228				
Name of the Company	Hindustan Construction Company Ltd				
Registered Address	Hincon House, Lal Bahadur Shastri Marg, Vikhroli (W), Mumbai 400 083, India				
Website	www.hccindia.com				
E-mail id	secretarial@hccindia.com				
Financial Year Reported	2017-2018				
Sector(s) that the Company is engaged in (industrial activity code-wise)	The Company is engaged in business of Engineering, Procurement and Construction EPC segment.				
	<table> <tr> <th>Description</th><th>Industrial Group</th></tr> <tr> <td>Engineering and Construction Activities</td><td>42101, 42201, 42204</td></tr> </table>	Description	Industrial Group	Engineering and Construction Activities	42101, 42201, 42204
Description	Industrial Group				
Engineering and Construction Activities	42101, 42201, 42204				
List three key products/services that the Company manufactures/provides (as in balance sheet)	Engineering and Construction Activities				
Total number of locations where business activity is undertaken by the Company:	i. Number of International Locations: (Provide details of major 5) The Company's projects at Bhutan are at various stages of operations ii. Number of National Locations : 18- Presently the Company executes various projects across 18 states in India				
Markets served by the Company – Local/State/ National/International/ :	HCC executes projects across various states in the country and at Bhutan (outside India)				

## SECTION B: FINANCIAL DETAILS OF THE COMPANY

Disclosures	Information / Reference sections
1 Paid up Capital	₹ 1,01,54,62,926
2 Income from Operations	₹ 4,575.08 crore
3 Profit After Taxes	₹ 77.53 crore
4 Profit After Taxes and other Comprehensive income	₹ 65.89 crore
5 Total Spending on Corporate Social Responsibility (CSR)	
a. In terms of Section 135 of the Companies Act, 2013 :	As the average net profit of last three preceding years is negative under Section 198 of the Companies Act, 2013, the Company is not required to allocate any amount towards CSR expenditure. However the Company has voluntarily spent INR 11,75,579 towards CSR activities.
b. As percentage of profit after tax (%) :	Not Applicable
6 List the activities as per Schedule VII of Company's Act, 2013 in which expenditure in 4 above has been incurred:	a. Education, b. Environment, c. Health, d. Disaster Relief

## SECTION C: OTHER DETAILS

Disclosures	Information / Reference sections
1 Does the Company have any Subsidiary Company/ Companies	Yes
2 Do the Subsidiary Company/Companies participate in the BR Initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s)	Yes, through their own BR initiatives
3 Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%]	Not Applicable

## SECTION D: BR INFORMATION

### 1. Details of Directors/ Directors responsible for BR

No.	Particulars	Details
a.	Details of the Director/Director responsible for implementation of the BR policy/policies	
1	DIN Number	00011094
2	Name	Ms. Shalaka Gulabchand Dhawan
3	Designation	Whole-time Director
b.	Details of the BR head	
1	DIN Number (if applicable)	Not Applicable
2	Name	Mr. Aditya Jain
3	Designation	Group EVP – Human Resources
4	Telephone number	+91 22 2575 1000 / 1721
5	e-mail id	aditya.jain@hccindia.com

### 2. Principle-wise (as per NVGs) BR Policy/policies

a) Details of compliance (Reply in Y/N)

No	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1	Do you have a policy/ policies for...	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2	Has the policy being formulated in consultation with the relevant stakeholders?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3	Does the policy conform to any national / international standards? If yes, specify? (50 words)	Yes, the policies confirm to statutory provisions as well as ILO and UN Mandate.								
4	Has the policy being approved by the Board? Is yes, has it been signed by MD/ owner/ CEO/ appropriate Board Director? Yes: MD	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5	Does the company have a specified committee of the Board/ Director/ Official to oversee the implementation of the policy?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6	Indicate the link for the policy to be viewed online?	On company's internal public folder.								
7	Has the policy been formally communicated to all relevant internal and external stakeholders?	Yes, to all relevant stakeholders.								
8	Does the company have in-house structure to implement the policy/ policies.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
9	Does the Company have a grievance redressal mechanism related to the policy/ policies to address stakeholders' grievances related to the policy/ policies?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
10	Has the company carried out independent audit/ evaluation of the working of this policy by an internal or external agency?	Yes, Internal Audits and IMS Audits.								

b) If answer to the question at serial number 1 against any principle, is 'No', please explain why: (Tick up to 2 options): Not Applicable.

### 3. Government Related to BR

a	Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company.	Annually.
b	Does the Company publish a BR or a Sustainability Report?	Yes. The sustainability Report as per GRI standards.
	What is the hyperlink for viewing this report?	<a href="http://www.hccindia.com/four_pillars.php?page=corporate_stewardship&amp;id=11">http://www.hccindia.com/four_pillars.php?page=corporate_stewardship&amp;id=11</a> .
	How frequently it is published?	Annually.

## SECTION E: PRINCIPLE \ WISE PERFORMANCE

### Principle 1: Businesses should conduct and govern themselves with Ethics, Transparency and Accountability:

1	Does the policy relating to ethics, bribery and corruption cover only the company?	The policy covers the company, as well as group companies, JVs, and subsidiaries.
	Does it extend to the Group/Joint Ventures/ Suppliers/ Contractors/NGOs /Others?	Yes, as above.
2	How many stakeholder complaints have been received in the past financial year	Nil.
	What percentage was satisfactorily resolved by the management?	Not Applicable.

### Principle 2: Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle

1	List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities.	<ul style="list-style-type: none"> <li>i. Engineering Designs</li> <li>ii. Integrated Management System</li> </ul>
2	For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product(optional): <ul style="list-style-type: none"> <li>i. Reduction during sourcing/production/ distribution achieved since the previous year throughout the value chain?</li> </ul>	<p><b>Steps taken during Engineering Design:</b></p> <p><b>Raw Material Optimum use</b></p> <ul style="list-style-type: none"> <li>A. <b>Cut to length Plates at Bogibeel Project site:</b> Tailor made plates of required size are procured in order to reduce the wastage in cutting the plate.</li> <li>B. <b>Plates from Essar for Sawarakuddu:</b> The supplier made to work on process tightening to manufacture the plates to achieve tolerances tighter than the one specified by the IS standards.</li> <li>C. <b>Coupler Use for Savings:</b> At DMRC 30 and 66, BARC, IGCAR, Reinforcement Couplers used to avoid overlapping of Bars.</li> <li>D. <b>Cut and Bend Rebars:</b> At Mumbai Metro 3 to avoid material wastage.</li> </ul> <p><b>Energy Conservation:</b></p> <ul style="list-style-type: none"> <li>A. Usage of Load Sharing System in D.G. sets.</li> <li>B. APFC (Automatic Power Factor Controller) panels.</li> <li>C. FCMA (Flux Compensated Magnetic Amplifier) Starter for Main Crusher Motors.</li> <li>D. Variable Frequency Drive (VFD) Starting System for Ventilation Fans &amp; EOT/ Gantry Cranes.</li> <li>E. Use of Energy Efficient Motors in Gantry Cranes.</li> </ul> <p><b>Steps taken under IMS:</b></p> <p><b>Energy Conservation:</b></p> <p>Use of LED fixtures at all the new projects is compulsory as per IMS procedure.</p> <p><b>Water Conservation:</b> At every project site, IMS procedure for 4R (Reduce Reuse Recycle, Recharge) is followed. Sedimentation tanks are provided at each batching plant where the supernatant water is reused for dust suppression. Desalination plant and waste water treatment plants are also provided wherever appropriate.</p>
	<ul style="list-style-type: none"> <li>ii. Reduction during usage by consumers (energy, water) has been achieved since the previous year?</li> </ul>	Not Applicable. HCC is not in business of manufacturing goods or consumable products. Hence savings during the usage by the consumer/ end user is not applicable.

3	Does the company have procedures in place for sustainable sourcing (including transportation)?	Yes.								
	i. If yes, what percentage of your inputs was sourced sustainably?	Approximately 75%								
4	Has the company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work?	Yes. Apart from 75% of major raw materials, remaining items like Aggregates, Sand, etc are procured locally. Also the general stores material required for workmen and officers camps is procured locally which impacts the local market in positive way.								
	If yes, what steps have been taken to improve their capacity and capability of local and small vendors?	At the project sites, steps are undertaken to award small / petty contracts to locals pertaining to job work, equipment (including vehicle) supply, supplies, manpower etc., thereby building the capacity / capability at the local level.								
5	Does the company have a mechanism to recycle products and waste?	Yes.  Recycling the product is not applicable as consumable goods and the associated packaging material is not applicable. Hazardous Waste is recycled or disposed as per Statutory provisions. Used oil being disposed through authorized recycler & Batteries are being sent back to supplier under buy back option only. Scrap and general recyclable materials are disposed through authorized vendors for recycling. Reusing of the Product or packaging material is not applicable for HCC.								
	If yes what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%).	<table><tr><th>Material</th><th>Qty disposed in FY 2017-18</th></tr><tr><td>Steel</td><td>9,100 Metric Ton</td></tr><tr><td>Oil</td><td>31.7 KL</td></tr><tr><td>Cement Bags</td><td>406,000 nos</td></tr></table>	Material	Qty disposed in FY 2017-18	Steel	9,100 Metric Ton	Oil	31.7 KL	Cement Bags	406,000 nos
Material	Qty disposed in FY 2017-18									
Steel	9,100 Metric Ton									
Oil	31.7 KL									
Cement Bags	406,000 nos									

**Principle 3: Businesses should promote the well-being of all employees:**

1	Please indicate the Total number of employees			1581 Officers
2	Please indicate the Total number of employees hired on temporary/contractual/casual basis			58 Officers
3	Please indicate the Number of permanent women employees			62 Officers
4	Please indicate the Number of permanent employees with disabilities			4 Officers
5	Do you have an employee association that is recognized by management.			Yes, for workmen
6	What percentage of your permanent employees is members of this recognized employee association?			100% of the permanent workmen
7	Please indicate the Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year.			Nil
	Sr No	Category	No of complaints filed during the financial year	No of complaints pending as on end of the financial year
	1	Child labour/forced labour/ involuntary labour	Nil	Nil
	2	Sexual harassment	Nil	Nil
	3	Discriminatory employment	Nil	Nil
8	What percentage of your under mentioned employees were given safety & skill up-gradation training in the last year?			
	Permanent Employees			40% (Officers)
	Permanent Women Employees			18%(Officers)
	Casual/Temporary/Contractual Employees			27%(Officers)
	Employees with Disabilities			25%(Officers)



**Principle 4: Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized:**

1	Has the company mapped its internal and external stakeholders?	Yes
2	Out of the above, has the company identified the disadvantaged, vulnerable & marginalized stakeholders.	Only for the internal stakeholders.
3	Are there any special initiatives taken by the company to engage with the disadvantaged, vulnerable and marginalized stakeholders.	As applicable.

**Principle 5: Businesses should respect and promote human rights:**

1	Does the policy of the company on human rights cover only the company or extend to the Group/Joint Ventures/Suppliers/Contractors/ NGOs/Others?	Yes. Company as well as group companies, JVs, and Subsidiaries.
2	How many stakeholder complaints have been received in the past financial year	Nil.
3	and what percent was satisfactorily resolved by the management?	Not Applicable.

**Principle 6: Business should respect, protect, and make efforts to restore the environment:**

1	Does the policy related to Principle 6 cover only the company or extends to the Group/Joint Ventures/Suppliers/Contractors/NGOs/others	Yes, extends to company, as well as group companies, JVs, and Subsidiaries and contractors.
2	Does the company have strategies/ initiatives to address global environmental issues such as climate change, global warming, etc? Y/N.  If yes, please give hyperlink for webpage etc. (Sustainability Report's link)	Yes. Initiatives undertaken are: 1. Member of UN Global Compact (UNGC), 2. Signatory to CEO Water Mandate 3. Signatory to WEF's CEO climate Leaders 4. Signatory to 'Caring for Climate'
3	Does the company identify and assess potential environmental risks?	Yes, under EMS, Aspect Impact Register is maintained at all the projects that covers the Risks.
4	Does the company have any project related to Clean Development Mechanism? If Yes, whether any environmental compliance report is filed?	No
5	Has the company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy, etc.  If yes, please give hyperlink for web page etc.	Yes. For Energy Efficiency 1. Usage of Load Sharing system in DG Sets 2. Automatic Factor Power controller Panels 3. Flux compensated Magnetic Amplifier starters for crusher motors 4. Use of Variable Frequency Drive for Ventilation Fans and gantry cranes 5. Use of LED lightings for new projects.
6	Are the Emissions/Waste generated by the company within the permissible limits given by CPCB/SPCB for the financial year being reported?	Yes, is complied with.
7	Number of show cause/ legal notices received from CPCB/SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year.	

**Principle 7: Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner:**

1	Is your company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with	Yes 1. Member, CII National Council 2. Member, CII Associations Council 3. CII Task Force on Ease of Doing Business 2017-18 4. CII National Committee on Infrastructure & PPP 2017-18. 5. Member of Steering Board, Future of Construction, WEF 6. Member of UK India Business Council (UKIBC) Advisory Council 7. Member of Governor's Steering Board of the Infrastructure and Urban Development (IU) Community at the World Economic Forum (WEF)
2	Have you advocated/lobbied through above associations for the advancement or improvement of public good? If Yes, specify the broad areas:	Yes 1. 21-23 April: World Economic Forum, Community of Chairmen, Annual Retreat 2017 2. 1-2 June : Swiss Economic Forum 2017, Interlaken 3. 25-26 June : Horasis India Meeting, 2017, Interlaken 4. 4-6 Oct: Panelist: Water-Secure India, India Economic Summit, 2017 5. 23-26 Jan: Discussion leader- Urban Migration Peril or Promise?, World Economic Forum Annual Meeting 2018, Davos 6. 13-16 March 2018: MIPIM Fair, Nice.

**Principle 8: Businesses should support inclusive growth and equitable development:**

1	Does the company have specified programmes/initiatives/projects in pursuit of the policy related to Principle 8? If yes, details thereof.	Yes. HCC has a well crafted CSR policy in tune with Section 135/Schedule VII of Companies Act, 2013. On the basis of needs of the community around the Projects, either observed or on the basis of requests, the initiatives for the benefit of society are chosen and implemented.
2	Are the programmes/projects undertaken through in-house team/own foundation/external NGO/government structures/any other organization?	In house team and external agencies.
3	Have you done any impact assessment of your initiative?	No
4	What is your company's direct contribution to community development projects- Amount in INR and the details of the projects undertaken.	₹ 11,75,579 for the year 2017-18. The initiatives undertaken are Education, Environment, Health & Disaster Relief
5	Have you taken steps to ensure that this community development initiative is successfully adopted by the community?	Yes.

**Principle 9: Businesses should engage with and provide value to their customers and consumers in a responsible manner:**

1	What percentage of customer complaints/consumer cases are pending as on the end of financial year.	Nil.
2	Does the company display product information on the product label, over and above what is mandated as per local laws?	Not Applicable
3	Is there any case filed by any stakeholder against the company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years and pending as on end of financial year.	No.
4	Did your company carry out any consumer survey/ consumer satisfaction trends?	Yes. Customer Satisfaction surveys being carried out as the compliance of QMS (ISO 9001- IMS)

# INDEPENDENT AUDITOR'S REPORT

To the Members of Hindustan Construction Company Limited

## Report on the Standalone Financial Statements

1. We have audited the accompanying standalone financial statements of Hindustan Construction Company Limited ('the Company'), which comprise the Balance Sheet as at 31 March 2018, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended and a summary of the significant accounting policies and other explanatory information.

## Management's Responsibility for the Standalone Financial Statements

2. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ('the Act') with respect to the preparation of these standalone financial statements that give a true and fair view of the state of affairs (financial position), profit or loss (financial performance including other comprehensive income), cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards ('Ind AS') specified under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

## Auditor's Responsibility

3. Our responsibility is to express an opinion on these standalone financial statements based on our audit.
4. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.
5. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether these standalone financial statements are free from material misstatement.
6. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial

statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial controls relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

7. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion on these standalone financial statements.

## Basis for Qualified Opinion

8. As stated in Note 33(a) to the standalone financial statements, the Company's non-current investments as at 31 March 2018 include investments aggregating ₹ 630.83 crore in two of its subsidiaries; and non-current loans, other non-current financial assets and other current financial assets as at that date include dues from such subsidiaries aggregating ₹ 580.75 crore, ₹ 43.42 crore and ₹ 6.63 crore, respectively, being considered good and recoverable by the management considering the factors stated in the aforesaid note including valuation report from an independent valuer. However, these subsidiaries have accumulated losses and their consolidated net worth is fully eroded. Further, these subsidiaries are facing liquidity constraints due to which they may not be able to realize projections made as per their respective business plans. In the absence of sufficient appropriate evidence, we are unable to comment upon the carrying value of these non-current investments and recoverability of the aforesaid dues and the consequential impact, if any, on the accompanying standalone financial statements. Our audit opinion on the standalone financial statements for the year ended 31 March 2017 was also qualified in respect of this matter.

## Qualified Opinion

9. In our opinion and to the best of our information and according to the explanations given to us, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including Ind AS specified under Section 133 of the Act, of the state of affairs (financial position) of the Company as at 31 March 2018, and its profit (financial performance including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

## Emphasis of Matters

10. We draw attention to:
  - a) Note 33(b) to the standalone financial statements regarding

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

- b) Note 34 to the standalone financial statements regarding uncertainties relating to recoverability of unbilled work-in-progress (other current financial assets), non-current trade receivables and current trade receivables aggregating ₹ 686.24 crore, ₹ 123.29 crore and ₹ 214.38 crore, respectively, as at 31 March 2018, which represent various claims raised in the earlier years in respect of projects substantially closed or suspended and where the claims are currently under negotiations/discussions/arbitration/litigation. Pending the ultimate outcome of these matters, which is presently unascertainable, no adjustments have been made in the accompanying standalone financial statements. Our opinion is not qualified in respect of this matter.
- c) Note 26.1 and 26.3 to the standalone financial statements regarding remuneration of ₹ 10.66 crore paid for each of the financial years ended 31 March 2014 and 31 March 2016 to the Chairman and Managing Director (CMD), which is in excess of the limits prescribed under the provisions of the erstwhile Companies Act, 1956/ Companies Act, 2013, respectively and for which the Company has filed an application for review / an application, respectively with the Central Government; however approval in this regard is pending till date. Our opinion is not qualified in respect of this matter.

#### Other Matters

11. We did not audit the separate financial statements of six joint operations, included in these standalone financial statements, whose financial statements reflect total assets of ₹ 29.73 crore and net liabilities of ₹ 38.57 crore as at 31 March 2018, and total revenues of ₹ 19.90 crore for the year ended on that date, as considered in these standalone financial statements. The Company had prepared separate set of statutory financial statements of these joint operations for the years ended 31 March 2018 in accordance with accounting principles generally accepted in India and which have been audited by other auditors under generally accepted auditing standards applicable in India. Our opinion in so far as it relates to the amounts and disclosures in respect of these joint operations is solely based on report of the other auditors and the conversion adjustments prepared by the management of the Company, which have been audited by us. Our opinion is not qualified in respect of this matter.

#### Report on Other Legal and Regulatory Requirements

12. As required by the Companies (Auditor's Report) Order, 2016 ('the Order') issued by the Central Government of India in terms of Section 143(11) of the Act, we give in the Annexure I, a statement on the matters specified in paragraphs 3 and 4 of the Order.
13. Further to our comments in Annexure I, as required by Section 143(3) of the Act, we report that:
  - a) We have sought and except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - b) Except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - c) The standalone financial statements dealt with by this report are in agreement with the books of account;
  - d) Except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, in our opinion, the aforesaid standalone financial statements comply with Ind AS specified under Section 133 of the Act;
  - e) The matters described in paragraphs 8, 10(a) and 10(b) under the Basis for Qualified Opinion/Emphasis of Matters paragraphs, in our opinion, may have an adverse effect on the functioning of the Company;
  - f) On the basis of the written representations received from the directors and taken on record by the Board of Directors, none of the directors is disqualified as at 31 March 2018 from being appointed as a director in terms of Section 164(2) of the Act;
  - g) The qualification relating to the maintenance of accounts and other matters connected therewith are as stated in the Basis for Qualified Opinion paragraph;
  - h) We have also audited the internal financial controls over financial reporting (IFCoFR) of the Company as at 31 March 2018 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date and our report dated May 3, 2018 as per Annexure II expressed a qualified opinion;
  - i) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us:
    - i. The Company, as detailed in Notes 6.1, 32 A(i) to (iii) and 34 to the standalone financial statements, has disclosed the impact of pending litigations on its financial position;
    - ii. Except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the Company, as detailed in Note 18.1 to the standalone

financial statements, has made provision, as required under the applicable law or Ind AS, for material foreseeable losses, if any, on long-term contracts including derivative contracts;

- iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company;
- iv. The disclosure requirements relating to holdings as well as dealings in specified bank notes were applicable for the period from 8 November 2016 to 30 December 2016 which are not relevant to these standalone financial

statements. Hence, reporting under this clause is not applicable.

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

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

Place : Mumbai  
Date : May 3, 2018

## ANNEXURE I TO THE INDEPENDENT AUDITOR'S REPORT

Based on the audit procedures performed for the purpose of reporting a true and fair view on the financial statements of the Company and taking into consideration the information and explanations given to us and the books of account and other records examined by us in the normal course of audit, and to the best of our knowledge and belief, we report that:

- i. a) The Company has maintained proper records showing full particulars, including quantitative details and situation of its fixed assets.
- b) The fixed assets have been physically verified by the management during the year and no material discrepancies were noticed on such verification. In our opinion, the frequency of verification of the fixed assets is reasonable having regard to the size of the Company and the nature of its assets.
- c) The title deeds of all the immovable properties (which are included under the head 'Property, plant and equipment') are held in the name of the Company.
- ii. In our opinion, the management has conducted physical verification of inventory at reasonable intervals during the year and no material discrepancies between physical inventory and book records were noticed on physical verification.
- iii. The Company has granted unsecured loans to four companies covered in the register maintained under Section 189 of the Act; and with respect to the same:
  - a) In our opinion the terms and conditions of such loans are not, prima facie, prejudicial to the Company's interest;
  - b) The schedule of repayment of the principal and the payment of the interest has not been stipulated and hence we are unable to comment as to whether repayments/receipts of the principal amount and the interest are regular;
  - c) In the absence of stipulated schedule of repayment of principal and payment of interest, we are unable to comment as to whether there is any amount which is overdue for more than 90 days and whether reasonable steps have been taken by the Company for recovery of the principal amount and interest.

- iv. In our opinion, the Company has complied with the provisions of Sections 185 and 186 of the Act, to the extent applicable, in respect of loans, investments, guarantees and security.
- v. In our opinion, the Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.
- vi. We have broadly reviewed the books of account maintained by the Company pursuant to the Rules made by the Central Government for the maintenance of cost records under sub-section (1) of Section 148 of the Act in respect of Company's products/services and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- vii. a) Undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of custom, duty of excise, value added tax, goods and service tax (GST), cess and other material statutory dues, as applicable, have not been regularly deposited with the appropriate authorities and there have been significant delays in a large number of cases. Undisputed amounts payable in respect thereof, which were outstanding at the year-end for a period of more than six months from the date they became payable are as follows:

### Statement of arrears of statutory dues outstanding for more than six months

Name of the statute	Nature of dues	Amount ₹ crore	Period to which the amount relates	Due Date	Date of Payment
The Sales Tax Act	Sales Tax/ Value Added Tax/Entry Tax	0.17	April 2016 to August 2016	Various due dates	Not paid till date



Name of the statute	Nature of dues	Amount ₹ crore	Period to which the amount relates	Due Date	Date of Payment
Employees' Provident Funds & Miscellaneous Provisions Act, 1952	Provident Fund	1.44	April 2017 to August 2017	Various due dates	Not paid till date

(b) There are no dues in respect of duty of customs and duty of excise that have not been deposited with the appropriate authorities on account of any dispute. The dues outstanding in respect of income-tax, sales-tax, service-tax and value added tax on account of disputes, are as follows:

#### Statement of Disputed Dues

Name of the statute	Nature of dues	Amount ₹ crore	Amount Paid Under Protest ₹ crore	Period to which the amount relates	Forum where dispute is pending
The Income Tax Act, 1961	Income Tax	15.54	15.54	A.Y. 2006-07 to 2010-11	Income Tax Appellate Tribunal
		2.47	2.47	A.Y. 2015-16	Commissioner of Income Tax (Appeals)
The Sales Tax Act	Sales Tax/ Value Added Tax/ Entry Tax	4.70	-	A.Y. 1997-98 and A.Y. 2012-13	High Court
		56.36	0.49	A.Y. 1996-97 to A.Y. 2000-01, A.Y. 2005-06, A.Y. 2006-07 and A.Y. 2013-14 to 2015-16	Tribunal
		92.96	2.88	A.Y. 2002-03 and A.Y. 2004-05 to A.Y. 2013-14	Commissioner level up to Appellate Authority
The Finance Act, 1994	Service tax including interest and penalty, as applicable	314.44	-	January 2006 to March 2015	Taxation Tribunal
		56.76	1.73	April 2011 to March 2013	Commissioner level up to Appellate Authority

viii. There are no loans or borrowings payable to government. The Company has defaulted in repayment of following dues to the financial institution, banks and debenture holders during the year, which were paid on or before the Balance Sheet date.

₹ crore				
Debenture Holders	Days	Principal	Interest	Total
AXIS- Non-Convertible Debentures	0-30	5.33	2.92	8.25
	31-90	2.67	1.54	4.21
	91-180	2.67	1.47	4.14

₹ crore				
Banks	Days	Principal	Interest	Total
Axis Bank	0-30	1.33	7.74	9.07
	31-90	3.33	3.09	6.43
	91-180	3.33	0.24	3.58
Bank of Baroda	0-30	1.39	1.67	3.06
	31-90	0.69	0.15	0.85
Bank of Maharashtra	0-30	-	1.01	1.01
	31-90	0.67	0.33	1.01
	91-180	0.67	0.33	1.00
Canara Bank	0-30	-	6.08	6.08
	31-90	17.20	6.76	23.97
	91-180	8.60	6.42	15.02
	181-365	-	1.11	1.11
Central Bank of India	0-30	1.11	2.76	3.87
	31-90	2.97	0.37	3.33
Development Bank of Singapore	0-30	-	1.05	1.05
	31-90	2.54	0.59	3.12
	91-180	2.54	0.94	3.47
	181-365	2.54	0.04	2.58
Federal Bank	0-30	0.55	1.12	1.67
	31-90	-	0.03	0.03
IDBI Bank	0-30	18.03	12.06	30.09
	31-90	6.01	3.71	9.72
Indian Overseas Bank	0-30	2.12	4.18	6.30
	31-90	-	0.89	0.89
	91-180	2.12	-	2.12
Oriental Bank of Commerce	0-30	-	0.44	0.44
	31-90	1.67	0.13	1.80
	91-180	3.34	-	3.34
Punjab National Bank	0-30	1.01	0.95	1.97
	31-90	3.04	1.18	4.21
	91-180	-	0.30	0.30
State Bank of Hyderabad	0-30	1.06	1.75	2.81
	31-90	-	0.65	0.65
State Bank of Mysore	0-30	2.21	3.20	5.41
	31-90	-	1.88	1.88
State Bank of Travancore	0-30	0.32	0.57	0.89
	31-90	-	0.18	0.18
Syndicate Bank	0-30	8.62	7.34	15.96
	31-90	4.31	2.02	6.33
	91-180	-	1.13	1.13
Union Bank of India	0-30	2.16	2.20	4.36
	31-90	-	0.03	0.03
United Bank of India	0-30	6.66	8.59	15.25
	31-90	6.66	4.55	11.21
	91-180	6.66	3.23	9.89

₹ crore				
Financial Institutions	Days	Principal	Interest	Total
Export Import Bank of India	0-30	11.13	14.97	26.10
	31-90	3.57	8.90	12.47
	91-180	7.56	2.53	10.09
Industrial Finance Corporation of India	0-30	-	4.55	4.55
	31-90	6.76	2.20	8.95
	91-180	3.38	1.48	4.86
National Bank of Agriculture and Development	0-30	-	0.87	0.87
	31-90	2.10	0.87	2.97
	91-180	2.10	0.85	2.95
SREI Equipment Finance Limited	0-30	2.54	4.21	6.76
	31-90	2.54	1.14	3.69
	91-180	-	1.12	1.12

The Company has defaulted in repayment of following dues to the financial institutions, banks and debenture holders during the year, which were not paid as at the Balance Sheet date.

₹ crore				
Banks	Days	Principal	Interest	Total
Standard Chartered Bank	0-30	48.35	0.15	48.50
	31-90	3.38	0.92	4.30
	91-180	3.38	-	3.38
	181-365	6.77	1.83	8.60
	>365	-	2.64	2.64
Export Import Bank of United States	0-30	-	0.63	0.63
	31-90	3.23	-	3.23
	91-180	3.23	-	3.23
	181-365	6.45	-	6.45
	>365	15.36	-	15.36

- ix. The Company did not raise moneys by way of initial public offer or further public offer (including debt instruments) during the year. In our opinion, the term loans were applied for the purposes for which the loans were obtained.
- x. No fraud by the Company or on the Company by its officers

or employees has been noticed or reported during the period covered by our audit.

- xi. Managerial remuneration has been paid and provided by the Company in accordance with the requisite approvals mandated by the provisions of Section 197 of the Act read with Schedule V to the Act.
- xii. In our opinion, the Company is not a Nidhi Company. Accordingly, provisions of clause 3(xii) of the Order are not applicable.
- xiii. In our opinion, all transactions with the related parties are in compliance with Sections 177 and 188 of Act, where applicable, and the requisite details have been disclosed in the standalone financial statements, as required by the applicable Ind AS.
- xiv. During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures except for allotment of equity shares and optionally convertible debentures during the year to a lender pursuant to the Scheme for Sustainable Structuring of Stressed Assets (S4A Scheme) adopted by the Joint Lender's Forum as stated in notes 15(g) and 16.1 to the standalone financial statements. In respect of the same, in our opinion, the Company has complied with the requirements of Section 42 of the Act and Rules framed thereunder.
- xv. In our opinion, the Company has not entered into any non-cash transactions with the directors or persons connected with them covered under Section 192 of the Act.
- xvi. The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

For **Walker Chandiok & Co LLP**

Chartered Accountants

Firm's Registration No.: 001076N/N500013

per **Rakesh R. Agarwal**

Partner

Membership No.: 109632

Place : Mumbai

Date : May 3, 2018

## ANNEXURE II TO THE INDEPENDENT AUDITOR'S REPORT

### Independent Auditor's report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

1. In conjunction with our audit of the standalone financial statements of Hindustan Construction Company Limited ("the Company") as at and for the year ended 31 March 2018, we have audited the internal financial controls over financial reporting ("IFCoFR") of the Company as at that date.

### Management's Responsibility for Internal Financial Controls

2. The Company's Board of Directors is responsible for

establishing and maintaining internal financial controls based on internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting ('the Guidance Note') issued by the Institute of Chartered Accountants of India ('the ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of the Company's business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors,

the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

### Auditor's Responsibility

3. Our responsibility is to express an opinion on the Company's IFCoFR based on our audit. We conducted our audit in accordance with the Standards on Auditing, issued by the ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of IFCoFR, and the Guidance Note issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate IFCoFR were established and maintained and if such controls operated effectively in all material respects.
4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the IFCoFR and their operating effectiveness. Our audit of IFCoFR included obtaining an understanding of IFCoFR, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion on the Company's IFCoFR.

### Meaning of Internal Financial Controls over Financial Reporting

6. A company's IFCoFR is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's IFCoFR include those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

### Inherent Limitations of Internal Financial Controls over Financial Reporting

7. Because of the inherent limitations of IFCoFR, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the IFCoFR to future periods are subject to

the risk that IFCoFR may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### Basis for Qualified opinion

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

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

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

### Qualified Opinion

10. In our opinion, except for the possible effects of the material weakness described above in the Basis for Qualified Opinion paragraph, the Company has, in all material respects, maintained adequate IFCoFR as at 31 March 2018, based on internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI and the Company's IFCoFR were operating effectively as at 31 March 2018.
11. We have considered the material weakness identified and reported above in determining the nature, timing, and extent of audit tests applied in our audit of the standalone financial statements of the Company as at and for the year ended 31 March 2018, and the material weakness has affected our opinion on the standalone financial statements of the Company and we have issued a qualified opinion on the standalone financial statements.

For **Walker Chandiok & Co LLP**

Chartered Accountants

Firm's Registration No.: 001076N/N500013

per **Rakesh R. Agarwal**

Partner

Membership No.: 109632

Place : Mumbai

Date : May 3, 2018

# BALANCE SHEET AS AT MARCH 31, 2018

			₹ crore
Particulars	Note No.	As at March 31, 2018	As at March 31, 2017
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	3	597.60	594.56
Capital work-in-progress	3	160.38	187.18
Intangible assets	4	0.34	0.91
Financial assets			
Investments	5	703.42	718.63
Trade receivables	6	1,375.13	1,429.09
Loans	7	1,965.62	1,739.03
Other financial assets	8	260.89	236.18
Income tax assets (net)	9	79.38	26.46
Other non-current assets	10	127.75	157.93
<b>Total non-current assets</b>		<b>5,270.51</b>	<b>5,089.97</b>
<b>Current assets</b>			
Inventories	11	179.33	233.31
Financial assets			
Investments	12	77.72	77.72
Trade receivables	6	2,397.79	2,086.55
Cash and cash equivalents	13	122.03	77.64
Other bank balances	14	75.41	41.97
Loans	7	18.67	23.27
Other financial assets	8	2,872.43	3,420.53
Other current assets	10	212.34	153.02
<b>Total current assets</b>		<b>5,955.72</b>	<b>6,114.01</b>
<b>Total Assets</b>		<b>11,226.23</b>	<b>11,203.98</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity share capital	15	101.55	101.08
Other equity		2,673.39	2,588.90
<b>Total equity</b>		<b>2,774.94</b>	<b>2,689.98</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Financial liabilities			
Borrowings	16	2,283.41	2,832.33
Other financial liabilities	17	12.05	14.23
Provisions	18	41.32	40.12
Deferred tax liabilities (net)	9	37.48	23.18
<b>Total non-current liabilities</b>		<b>2,374.26</b>	<b>2,909.86</b>
<b>Current liabilities</b>			
Financial liabilities			
Borrowings	19	1,027.72	1,148.58
Trade payables	20	1,810.14	1,616.40
Other financial liabilities	17	1,108.21	918.12
Other current liabilities	21	1,978.78	1,789.79
Provisions	18	152.18	131.25
<b>Total current liabilities</b>		<b>6,077.03</b>	<b>5,604.14</b>
<b>Total Equity And Liabilities</b>		<b>11,226.23</b>	<b>11,203.98</b>

Notes 1 to 44 form an integral part of the standalone financial statements  
This is the Balance Sheet referred to in our audit report of even date

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

For and on behalf of the Board of Directors

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

**Praveen Sood**  
Group Chief Financial Officer  
FCA 072412

**Venkatesan Arunachalam**  
Company Secretary  
ACS 12644

**Ajit Gulabchand**  
**Arjun Dhawan**  
  
**Shalaka Gulabchand Dhawan**  
**Rajas R. Doshi**  
**Ram P. Gandhi**  
**Sharad M. Kulkarni**  
**Anil C. Singhvi**  
**Omkar Goswami**  
**N. R. Acharyulu**

DIN: 00010827  
DIN: 01778379  
  
DIN: 00011094  
DIN: 00050594  
DIN: 00050625  
DIN: 00003640  
DIN: 00239589  
DIN: 00004258  
DIN: 02010249

Chairman & Managing Director  
Group Chief Executive Officer &  
Whole-Time Director  
Whole-Time Director

Directors

Place : Mumbai  
Dated : May 3, 2018

# STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2018

₹ crore

Particulars	Note No.	Year Ended March 31, 2018	Year Ended March 31, 2017
<b>Income</b>			
Revenue from operations	22	4,575.08	4,195.94
Other income	23	251.00	262.20
<b>Total income</b>		<b>4,826.08</b>	<b>4,458.14</b>
<b>Expenses</b>			
Cost of construction materials consumed	24	1,072.66	868.59
Purchase of traded goods	-	-	0.39
Subcontracting expenses	-	1,901.25	1,603.75
Construction expenses	25	407.55	453.95
Employee benefits expense	26	437.97	396.80
Finance costs	27	659.97	772.37
Depreciation and amortisation expense	28	122.94	125.28
Other expenses	29	111.77	118.83
<b>Total expenses</b>		<b>4,714.11</b>	<b>4,339.96</b>
<b>Profit before exceptional items and tax</b>		<b>111.97</b>	<b>118.18</b>
Exceptional items	30	-	21.22
<b>Profit before Tax</b>		<b>111.97</b>	<b>96.96</b>
<b>Tax expense</b>			
Current income tax	9	20.14	20.85
Deferred income tax	9	14.30	16.70
		<b>34.44</b>	<b>37.55</b>
<b>Profit for the year (A)</b>		<b>77.53</b>	<b>59.41</b>
<b>Other comprehensive income (OCI)</b>			
(a) Items not to be reclassified subsequently to profit or loss (net of tax)			
- Gain on fair value of defined benefit plans as per actuarial valuation		3.57	2.22
- Gain / (loss) on fair value of equity instruments		(15.21)	19.29
(b) Items to be reclassified subsequently to profit or loss		-	-
<b>Other comprehensive income / (loss) for the year, net of tax (B)</b>		<b>(11.64)</b>	<b>21.51</b>
<b>Total comprehensive income for the year, net of tax (A+B)</b>		<b>65.89</b>	<b>80.92</b>
Earning per equity share of nominal value ₹ 1 each			
Basic and diluted (in ₹)	31	0.76	0.71

Notes 1 to 44 form an integral part of the standalone financial statements

This is the statement of profit and loss and referred to in our audit report of even date

For **Walker Chandio & Co LLP**

Chartered Accountants

Firm Registration No. 001076N / N500013

For and on behalf of the Board of Directors

**Rakesh R. Agarwal**

Partner

Membership No.: 109632

**Praveen Sood**

Group Chief Financial Officer

FCA 072412

**Venkatesan Arunachalam**

Company Secretary

ACS 12644

**Ajit Gulabchand**

**Arjun Dhawan**

**Shalaka Gulabchand Dhawan**

**Rajas R. Doshi**

**Ram P. Gandhi**

**Sharad M. Kulkarni**

**Anil C. Singhvi**

**Omkar Goswami**

**N. R. Acharyulu**

DIN: 00010827

DIN: 01778379

DIN: 00011094

DIN: 00050594

DIN: 00050625

DIN: 00003640

DIN: 00239589

DIN: 00004258

DIN: 02010249

*Chairman & Managing Director  
Group Chief Executive Officer &  
Whole-Time Director  
Whole-Time Director*

*Directors*

Place : Mumbai  
Dated : May 3, 2018



# CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2018

₹ crore

Particulars	Year Ended March 31, 2018	Year Ended March 31, 2017
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit before tax	111.97	96.96
<b>Adjustments for</b>		
Depreciation and amortisation expense	122.94	125.28
Finance costs	659.97	772.37
Interest income	(246.17)	(220.42)
Trade receivables and unbilled work in progress written off (exceptional item)	-	35.97
Gain on restructuring of debts	-	(14.75)
Share issue expenses	-	4.02
Dividend income	(0.03)	(0.03)
Profit on sale of investment	(0.03)	-
Unrealised foreign exchange loss/ (gain) (net)	10.44	(11.77)
Loss on sale of property, plant and equipment (net)	0.57	2.35
Excess provision no longer required written back	(1.72)	(2.15)
	<b>545.97</b>	<b>690.87</b>
<b>Operating profit before working capital changes</b>	657.94	787.83
<b>Adjustments for changes in working capital:</b>		
(Increase) / Decrease in trade receivables	(257.28)	(886.42)
(Increase) / Decrease in loans and advances / other advances	524.36	23.66
(Increase) / Decrease in inventories	53.98	(59.84)
Increase / (Decrease) trade and other payables	450.30	243.50
Increase in provisions	18.42	5.62
Increase / (Decrease) in advance from contractees	(57.03)	543.61
	<b>732.75</b>	<b>(129.87)</b>
<b>Cash generated from operations</b>	1,390.69	657.96
Direct taxes paid (net of refunds received)	(73.06)	(18.48)
<b>Net cash generated from operating activities</b>	<b>1,317.63</b>	<b>639.48</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(12.80)	(207.88)
Proceeds from sale of property, plant and equipment	11.29	12.33
Proceeds from sale of long-term investments	0.03	-
Inter corporate deposits given	(21.14)	-
Inter corporate deposits recovered	7.10	-
Net proceeds from / (investments in) bank deposits (having original maturity of more than three months)	(35.85)	0.48
Interest received	1.60	0.30
Dividend received	0.03	0.03
<b>Net cash used in investing activities</b>	<b>(49.74)</b>	<b>(194.74)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from issue of equity share capital (including securities premium)	19.80	808.56
Proceeds from/ (repayments of) long-term borrowings (net)	(550.43)	229.11

# CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2018

₹ crore

Particulars	Year Ended March 31, 2018	Year Ended March 31, 2017
Repayments of short-term borrowings (net)	(120.88)	(901.31)
Inter-corporate deposits taken	0.02	0.25
Interest and other finance charges	(571.92)	(569.18)
Share issue expenses	-	(4.02)
Dividend paid	(0.16)	(0.18)
<b>Net cash used in financing activities</b>	<b>(1,223.57)</b>	<b>(436.77)</b>
<b>Net increase in cash and cash equivalents (A+B+C)</b>	<b>44.32</b>	<b>7.97</b>
Cash and cash equivalents at the beginning of the year	77.64	69.66
Unrealised foreign exchange gain	0.07	0.01
Cash and cash equivalents at the end of the year (Refer note 13)	<b>122.03</b>	<b>77.64</b>

Note:-

- The cash flow statement has been prepared under the indirect method as set out in Indian Accounting Standard (Ind AS 7) statement of cash flows. Effective 1 April 2017, the Company adopted the amendment to Ind AS 7, which require the entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the Balance Sheet for liabilities arising from financing activities, to meet the disclosure requirement.
- Additions to property, plant and equipment include movements of capital work-in-progress, capital advances and capital creditors respectively during the year.

Notes 1 to 44 form an integral part of the standalone financial statements  
This is the cash flow statement referred to in our audit report of even date

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

For and on behalf of the Board of Directors

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

**Praveen Sood**  
Group Chief Financial Officer  
FCA 072412

**Venkatesan Arunachalam**  
Company Secretary  
ACS 12644

Place : Mumbai  
Dated : May 3, 2018

**Ajit Gulabchand**  
**Arjun Dhawan**

DIN: 00010827  
DIN: 01778379

*Chairman & Managing Director*  
*Group Chief Executive Officer &*  
*Whole-Time Director*  
*Whole-Time Director*

**Shalaka Gulabchand Dhawan**

DIN: 00011094

**Rajas R. Doshi**  
**Ram P. Gandhi**  
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**N. R. Acharyulu**

DIN: 00050594  
DIN: 00050625  
DIN: 00003640  
DIN: 00239589  
DIN: 00004258  
DIN: 02010249

*Directors*

**STANDALONE STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2018**

**a) Equity share capital**

Particulars	Number	₹ crore
Equity shares of ₹ 1 each issued, subscribed and paid		
As at 1 April 2016	77,91,58,906	77.92
Issue of equity shares [Refer note 15(g)]	23,15,44,729	23.15
<b>As at 31 March 2017</b>	<b>1,01,07,03,635</b>	<b>101.07</b>
Issue of equity shares [Refer note 15(g)]	47,59,291	0.47
<b>As at 31 March 2018</b>	<b>1,01,54,62,926</b>	<b>101.54</b>

**b) Other equity**

Particulars	Reserves and surplus							Other comprehensive income			Total equity attributable to equity holders
	Capital contribution from subsidiary	Capital reserve (Forfeited equity share warrants)	Forfeited debentures account	Securities premium reserve	Debtenture redemption reserve	Foreign currency monetary translation reserve	General reserve	Retained earnings	Net gain on fair value of defined benefit plans	Net gain/ (loss) on fair value of equity instruments	
<b>As at 1 April 2016</b>	<b>29.54</b>	<b>15.19</b>	<b>0.02</b>	<b>1,323.25</b>	<b>54.99</b>	<b>4.19</b>	<b>174.38</b>	<b>132.88</b>	<b>3.29</b>	<b>(12.33)</b>	<b>1,725.40</b>
Profit for the year	-	-	-	-	-	-	-	59.41	-	-	59.41
Other comprehensive income for the year	-	-	-	-	-	-	-	-	2.22	19.29	21.51
Issue of share capital [Refer note 15(g)]	-	-	-	785.40	-	-	-	-	-	-	785.40
Restatement of foreign currency monetary translation items	-	-	-	-	-	(2.14)	-	-	-	-	(2.14)
Amortization of foreign currency monetary translation items	-	-	-	-	-	(0.68)	-	-	-	-	(0.68)
<b>As at 31 March 2017</b>	<b>29.54</b>	<b>15.19</b>	<b>0.02</b>	<b>2,108.65</b>	<b>54.99</b>	<b>1.37</b>	<b>174.38</b>	<b>192.29</b>	<b>5.51</b>	<b>6.96</b>	<b>2,588.90</b>
Profit for the year	-	-	-	-	-	-	-	77.53	-	-	77.53
Other comprehensive income for the year	-	-	-	-	-	-	-	-	3.57	(15.21)	(11.64)
Issue of share capital [Refer note 15(g)]	-	-	-	19.33	-	-	-	-	-	-	19.33
Restatement of foreign currency monetary translation items	-	-	-	-	-	(0.09)	-	-	-	-	(0.09)
Amortization of foreign currency monetary translation items	-	-	-	-	-	(0.64)	-	-	-	-	(0.64)
<b>As at 31 March 2018</b>	<b>29.54</b>	<b>15.19</b>	<b>0.02</b>	<b>2,127.98</b>	<b>54.99</b>	<b>0.64</b>	<b>174.38</b>	<b>269.82</b>	<b>9.08</b>	<b>(8.25)</b>	<b>2,673.39</b>

# STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2018

## NATURE AND PURPOSE OF RESERVES

### i. Capital reserve

The Company recognizes profit or loss on purchase or cancellation (including forfeiture) of its own equity instruments to capital reserve.

### ii. Forfeited debentures account

The Company recognizes profit or loss on purchase or cancellation (including forfeiture) of its own debentures to forfeited debentures account.

### iii. Securities premium reserve

Securities premium is used to record the premium on issue of shares or debentures. The reserve will be utilised in accordance with the provisions of the Act.

### iv. Debenture redemption reserve

The Company is required to create a debenture redemption reserve out of the profits which are available for payment of dividend to be utilised for the purpose of redemption of debentures in accordance with the provisions of the Act.

### v. Foreign currency monetary translation account

Exchange difference arising on translation of the long term monetary asset is accumulated in separate reserve within equity. The cumulative amount is reclassified to the Statement of Profit and Loss over the life of the monetary asset on a straight line basis.

### vi. Net gain on fair value of defined benefit plans

The Company has recognised remeasurement gains/ (loss) on defined benefit plans in OCI. These changes are accumulated within the OCI reserve within other equity. The Company transfers amounts from this reserve to retained earnings when the relevant obligations are derecognised.

### vii. Net gain / (loss) on fair value of equity instruments

The Company has elected to recognise changes in the fair value of certain investments in equity securities in OCI. These changes are accumulated within the OCI reserve within other equity. The Company transfers amounts from this reserve to retained earnings when the relevant equity securities are derecognised.

Notes 1 to 44 form an integral part of the standalone financial statements  
This is the Statement of change in equity referred to in our audit report of even date

For **Walker Chandiok & Co LLP**

Chartered Accountants

Firm Registration No. 001076N / N500013

For and on behalf of the Board of Directors

**Rakesh R. Agarwal**

Partner

Membership No.: 109632

**Praveen Sood**

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DIN: 00050594  
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DIN: 00003640  
DIN: 00239589  
DIN: 00004258  
DIN: 02010249

Directors

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION AS AT AND FOR THE YEAR ENDED MARCH 31, 2018

### NOTE 1 CORPORATE INFORMATION

Hindustan Construction Company Limited ("the Company" or "HCC") is a public limited company incorporated and domiciled in India. The Company having CIN L45200MH1926PLC001228, is principally engaged in the business of providing engineering and construction services. Its shares are listed on two recognised stock exchanges in India- the Bombay Stock Exchange and the National Stock Exchange. The registered office of the Company is located at Hincon House, LBS Marg, Vikhroli (West), Mumbai - 400 083, India.

The standalone financial statements ("the financial statements") of the Company for the year ended 31 March 2018 were authorised for issue in accordance with resolution of the Board of Directors on May 3, 2018.

### NOTE 2.1 SIGNIFICANT ACCOUNTING POLICIES

#### i. Basis of Preparation

The financial statements of the Company have been prepared to comply in all material respects with the Indian Accounting Standards ("Ind AS") notified under the Companies (Accounting Standards) Rules, 2015.

The financial statements have been prepared under the historical cost convention with the exception of certain financial assets and liabilities and share based payments which have been measured at fair value, on an accrual basis of accounting.

The Company's financial statements are reported in Indian Rupees, which is also the Company's functional currency, and all values are rounded to the nearest crores (INR 0,000,000), except when otherwise indicated. Amount presented as "0.00\* " are non zero numbers rounded off in crore.

#### ii. Operating cycle for current and non-current classification:

All the assets and liabilities have been classified as current or non-current, wherever applicable, as per the operating cycle of the Company as per the guidance set out in Schedule III to the Act. Operating cycle for the business activities of the Company covers the duration of the project/ contract/ service including the defect liability period, wherever applicable, and extends upto the realisation of receivables (including retention monies) within the credit period normally applicable to the respective project.

#### iii. Accounting Estimates

The preparation of the financial statements, in conformity with the recognition and measurement principles of Ind AS, requires the management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities as at the date of financial statements and the results of operation during the reported period. Although these estimates are based upon management's best knowledge of current

events and actions, actual results could differ from these estimates which are recognised in the period in which they are determined.

#### iv. Key estimates and assumptions

The key estimates and assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the financial statements.

##### a) Contract estimates

The Company, being a part of construction industry, prepares budgets in respect of each project to compute project profitability. The two major components of contract estimate are 'claims arising during construction period' (described below) and 'budgeted costs to complete the contract'. While estimating these components various assumptions are considered by the management such as (i) Work will be executed in the manner expected so that the project is completed timely (ii) consumption norms will remain same (iii) Assets will operate at the same level of productivity as determined (iv) Wastage will not exceed the normal % as determined etc. (v) Estimates for contingencies (vi) There will be no change in design and the geological factors will be same as communicated and (vii) price escalations etc. Due to such complexities involved in the budgeting process, contract estimates are highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

##### b) Recoverability of claims

The Company has claims in respect of cost over-run arising due to client caused delays, suspension of projects, deviation in design and change in scope of work etc., which are at various stages of negotiation/discussion with the clients or under arbitration. The realisability of these claims are estimated based on contractual terms, historical experience with similar claims as well as legal opinion obtained from internal and external experts, wherever necessary. Changes in facts of the case or the legal framework may impact realisability of these claims.

##### c) Valuation of investment in/ loans to subsidiaries/joint ventures

The Company has performed valuation for its investments in equity of certain subsidiaries and joint ventures for assessing whether there is any impairment in the fair value.



## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION AS AT AND FOR THE YEAR ENDED MARCH 31, 2018

When the fair value of investments in subsidiaries cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the discounted cash flow model. Similar assessment is carried for exposure of the nature of loans and interest receivable thereon. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as expected earnings in future years, liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of these investments.

### d) Deferred tax assets

In assessing the realisability of deferred income tax assets, management considers whether some portion or all of the deferred income tax assets will not be realized. The ultimate realization of deferred income tax assets is dependent upon the generation of future taxable income during the periods in which the temporary differences become deductible. Management considers the scheduled reversals of deferred income tax liabilities, projected future taxable income, and tax planning strategies in making this assessment. Based on the level of historical taxable income and projections for future taxable income over the periods in which the deferred income tax assets are deductible, management believes that the Company will realize the benefits of those deductible differences. The amount of the deferred income tax assets considered realizable, however, could be reduced in the near term if estimates of future taxable income during the carry forward period are reduced.

### e) Defined benefit plans

The cost and present value of the gratuity obligation and compensated absences are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, attrition rate and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

### v. Fair value measurement

The Company measures financial instruments, at fair value at each balance sheet date. (Refer Note 38)

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, In the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1- Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3- Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

At each reporting date, the Management analyses the movements in the values of assets and liabilities which are required to be remeasured or re-assessed as per the Company's accounting policies. For this analysis, the Management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

The Management also compares the change in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

### vi. Property, Plant and Equipment (Tangible Assets)

Property, Plant and Equipment are stated at cost of acquisition including attributable interest and finance costs, if any, till the date of acquisition/ installation of the assets less accumulated depreciation and accumulated impairment losses, if any.

Subsequent expenditure relating to Property, Plant and Equipment is capitalised only when it is probable that future economic benefits associated with the item will flow to

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION AS AT AND FOR THE YEAR ENDED MARCH 31, 2018

the Company and the cost of the item can be measured reliably. All other repairs and maintenance costs are charged to the Statement of Profit and Loss as incurred. The cost and related accumulated depreciation are eliminated from the financial statements, either on disposal or when retired from active use and the resultant gain or loss are recognised in the Statement of Profit and Loss.

Capital work-in-progress, representing expenditure incurred in respect of assets under development and not ready for their intended use, are carried at cost. Cost includes related acquisition expenses, construction cost, related borrowing cost and other direct expenditure.

### vii. Intangible Assets

Intangible assets are stated at cost, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably, less accumulated amortisation and accumulated impairment losses, if any.

Intangible assets mainly comprise of license fees and implementation cost for software and other application software acquired / developed for in-house use.

### viii. Depreciation and amortisation

Depreciation and amortisation is provided as follows:

- a) In respect of buildings and sheds, on the written down value basis considering the useful lives prescribed in Schedule II to the Act.
- b) In respect of furniture and fixtures, office equipment, computers, plant and equipment, heavy vehicles, light vehicles and speed boat on straight line basis at rates determined on the basis of useful lives prescribed in Schedule II to the Act, on a pro-rata basis. However, certain class of plant and machinery used in construction projects are depreciated on a straight line basis considering the useful life determined based on the technical evaluation and the management's experience of use of the assets, that is a period of two to twelve years, as against the period of nine to twenty years as prescribed in Schedule II to the Act.
- c) In respect of helicopter and aircraft, on straight line basis considering the useful life, that is a period of eighteen years and fourteen years, respectively, determined based on the technical evaluation and the management's experience of use of the assets, as against the period of twenty years as prescribed in Schedule II to the Act.
- d) Leasehold improvements are amortised over the useful lives prescribed in Schedule II to the Act or the period of lease, whichever is lower.
- e) Software and implementation costs including users license fees and other application software costs are amortised on a straight line basis, from the date they are available for use, over their estimated useful lives that is a period of three to five years.

The useful lives have been determined based on technical evaluation carried out by the management's expert, in order to reflect the actual usage of the assets. The estimated useful life and residual values are reviewed at each financial year end and the effect of any change in the estimates of useful life/residual value is accounted on prospective basis.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

### ix. Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

#### a) Financial Assets

##### i. Initial Recognition

In the case of financial assets, not recorded at fair value through profit or loss (FVPL), financial assets are recognised initially at fair value plus transaction costs that are directly attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

##### ii. Subsequent Measurement

For purposes of subsequent measurement, financial assets are classified in following categories:

##### Financial Assets at Amortised Cost

Financial assets are subsequently measured at amortised cost if these financial assets are held within a business model with an objective to hold these assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Interest income from these financial assets is included in finance income using the effective interest rate ("EIR") method. Impairment gains or losses arising on these assets are recognised in the Statement of Profit and Loss.

##### Financial Assets Measured at Fair Value

Financial assets are measured at fair value through Other Comprehensive Income ('OCI') if these financial assets are held within a business model with an objective to hold these assets in order to collect contractual cash flows or to sell these financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Movements in the carrying amount are taken through OCI, except for the

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION AS AT AND FOR THE YEAR ENDED MARCH 31, 2018

recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in the Statement of Profit and Loss.

In respect of equity investments (other than for investment in subsidiaries and associates) which are not held for trading, the Company has made an irrevocable election to present subsequent changes in the fair value of such instruments in OCI. Such an election is made by the Company on an instrument by instrument basis at the time of transition for existing equity instruments/ initial recognition for new equity instruments.

Financial asset not measured at amortised cost or at fair value through OCI is carried at FVPL.

### iii. Impairment of Financial Assets

In accordance with Ind AS 109, the Company applies the expected credit loss ("ECL") model for measurement and recognition of impairment loss on financial assets and credit risk exposures.

The Company follows 'simplified approach' for recognition of impairment loss allowance on trade receivables. Simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECL at each reporting date, right from its initial recognition.

For recognition of impairment loss on other financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 12-month ECL.

ECL is the difference between all contractual cash flows that are due to the group in accordance with the contract and all the cash flows that the entity expects to receive (i.e., all cash shortfalls), discounted at the original EIR. Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date.

ECL impairment loss allowance (or reversal) recognised during the period is recognised as income/ expense in the Statement of Profit and Loss.

### iv. De-recognition of Financial Assets

The Company de-recognises a financial asset only when the contractual rights to the cash flows from

the asset expire, or it transfers the financial asset and substantially all risks and rewards of ownership of the asset to another entity.

If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognizes its retained interest in the assets and an associated liability for amounts it may have to pay.

If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

## b) Equity Instruments and Financial Liabilities

Financial liabilities and equity instruments issued by the Company are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

### i. Equity Instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments which are issued for cash are recorded at the proceeds received, net of direct issue costs. Equity instruments which are issued for consideration other than cash are recorded at fair value of the equity instrument.

### ii. Financial Liabilities

#### Initial Recognition

Financial liabilities are classified, at initial recognition, as financial liabilities at FVPL, loans and borrowings and payables as appropriate. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

#### Subsequent Measurement

The measurement of financial liabilities depends on their classification, as described below

#### Financial liabilities at FVPL

Financial liabilities at FVPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as at FVPL. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. Gains or losses on liabilities held for trading are recognised in the Statement of Profit and Loss.

Financial guarantee contracts issued by the Company are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION AS AT AND FOR THE YEAR ENDED MARCH 31, 2018

that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the amount of loss allowance determined as per impairment requirements of Ind AS 109 and the amount recognised less cumulative amortisation. Amortisation is recognised as finance income in the Statement of Profit and Loss.

### Financial liabilities at amortised cost

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in the Statement of Profit and Loss.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the Statement of Profit and Loss.

Where the Company issues optionally convertible debenture, the fair value of the liability portion of such debentures is determined using a market interest rate for an equivalent non-convertible debenture. This value is recorded as a liability on an amortised cost basis until extinguished on conversion or redemption of the debentures. The remainder of the proceeds is attributable to the equity portion of the instrument. This is recognised and included in shareholders' equity (net of income tax) and are not subsequently re-measured.

Where the terms of a financial liability is re-negotiated and the Company issues equity instruments to a creditor to extinguish all or part of the liability (debt for equity swap), a gain or loss is recognised in the Statement of Profit and Loss; measured as a difference between the carrying amount of the financial liability and the fair value of equity instrument issued.

### De-recognition of Financial Liabilities

Financial liabilities are de-recognised when the obligation specified in the contract is discharged, cancelled or expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as de-recognition of the original liability and recognition of a new liability. The difference in the respective carrying amounts is recognised in the Statement of Profit and Loss.

### c) Offsetting Financial Instruments

Financial assets and financial liabilities are offset and the net amount is reported in the Balance Sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis to realise the assets and settle the liabilities simultaneously.

### x. Employee Benefits

#### a) Defined Contribution Plan

Contributions to defined contribution schemes such as provident fund, employees' state insurance, labour welfare fund and superannuation scheme are charged as an expense based on the amount of contribution required to be made as and when services are rendered by the employees. Company's provident fund contribution, in respect of certain employees, is made to a government administered fund and charged as an expense to the Statement of Profit and Loss. The above benefits are classified as Defined Contribution Schemes as the Company has no further obligations beyond the monthly contributions.

#### b) Defined Benefit Plan

In respect of certain employees, provident fund contributions are made to a trust administered by the Company. The interest rate payable to the members of the trust shall not be lower than the statutory rate of interest declared by the Central Government under the Employees Provident Funds and Miscellaneous Provisions Act, 1952 and shortfall, if any, shall be made good by the Company. Accordingly, the contribution paid or payable and the interest shortfall, if any, is recognised as an expense in the period in which services are rendered by the employee.

The Company also provides for gratuity which is a defined benefit plan the liabilities of which is determined based on valuations, as at the balance sheet date, made by an independent actuary using the projected unit credit method. Re-measurement, comprising of actuarial gains and losses, in respect of gratuity are recognised in the OCI, in the period in which they occur and is not eligible to be reclassified to the Statement of Profit and Loss in subsequent periods. Past service cost is recognised in the Statement of Profit and Loss in the year of plan amendment or curtailment. The classification of the Company's obligation into current and non-current is as per the actuarial valuation report.

#### c) Leave entitlement and compensated absences

Accumulated leave which is expected to be utilised within next twelve months, is treated as short-term employee benefit. Leave entitlement, other than short term compensated absences, are provided based on a actuarial valuation, similar to that of gratuity benefit. Re-measurement, comprising of actuarial gains and losses, in respect of leave entitlement are recognised in the Statement of Profit and Loss in the period in which they occur.

#### d) Short-term Benefits

Short-term employee benefits such as salaries, wages, performance incentives etc. are recognised as expenses at the undiscounted amounts in the Statement of Profit and Loss of the period in which the related service is rendered. Expenses on non-accumulating compensated absences is recognised in the period in which the absences occur.

# SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION AS AT AND FOR THE YEAR ENDED MARCH 31, 2018

## xi. Inventories

The stock of construction materials, stores, spares and embedded goods and fuel is valued at cost or net realisable value, whichever is lower. Cost is determined on weighted average basis and includes all applicable cost of bringing the goods to their present location and condition. Net realisable value is estimated selling price in ordinary course of business less the estimated cost necessary to make the sale.

## xii. Cash and Cash Equivalents

Cash and cash equivalents in the Balance Sheet comprises of cash at banks and on hand and short-term deposits with an original maturity of three month or less, which are subject to an insignificant risk of changes in value.

## xiii. Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker regularly monitors and reviews the operating result of the whole Company as one segment of "Engineering and Construction". Thus, as defined in Ind AS 108 "Operating Segments", the Company's entire business falls under this one operational segment and hence the necessary information has already been disclosed in the Balance Sheet and the Statement of Profit and Loss.

## xiv. Borrowing Costs

Borrowing costs consist of interest and other costs that the Company incurs in connection with the borrowing of funds. Also, the EIR amortisation is included in finance costs.

Borrowing costs relating to acquisition, construction or production of a qualifying asset which takes substantial period of time to get ready for its intended use are added to the cost of such asset to the extent they relate to the period till such assets are ready to be put to use. All other borrowing costs are expensed in the Statement of Profit and Loss in the period in which they occur.

## xv. Foreign Exchange Translation of Foreign Projects and Accounting of Foreign Exchange Transaction

### a) Initial Recognition

Foreign currency transactions are initially recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction. However, for practical reasons, the Company uses a monthly average rate if the average rate approximate the actual rate at the date of the transactions.

### b) Conversion

Monetary assets and liabilities denominated in foreign currencies are reported using the closing rate at the reporting date. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction.

## c) Treatment of Exchange Difference

Exchange differences arising on settlement/ restatement of short-term foreign currency monetary assets and liabilities of the Company are recognised as income or expense in the Statement of Profit and Loss.

Exchange differences arising on long-term foreign currency monetary items related to acquisition of a fixed asset are capitalised and depreciated over the remaining useful life of the asset and exchange differences arising on other long-term foreign currency monetary items are accumulated in the "Foreign Currency Monetary Translation Reserve" and amortised over the remaining life of the concerned monetary item.

## xvi. Revenue Recognition

### Revenue from operations

#### a) Revenue from 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 including claims/variations as per Ind AS 11, Construction Contracts, and total cost till completion of the contract and the profit so determined proportionate to the percentage of the actual work done.

Revenue is recognised as follows:

- In case of item rate contracts on the basis of physical measurement of work actually completed, at the Balance Sheet date.
- In case of Lump sum 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.

Advance payments received from contractee for which no services are rendered are presented as 'Advance from contractee'.

#### b) Accounting of Supply Contracts-Sale of Goods

Revenue from supply contract is recognised when the substantial risk and rewards of ownership is transferred to the buyer, which is generally on dispatch, and the collectability is reasonably measured. Revenue from product sales are shown as net of all applicable taxes and discounts.

#### c) Accounting for Claims

Claims are accounted as income in the period of receipt of arbitration award or acceptance by client or evidence of acceptance received. Interest awarded, being in the nature of additional compensation under the terms of



## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION AS AT AND FOR THE YEAR ENDED MARCH 31, 2018

the contract, is accounted as other operating revenue on receipt of favourable arbitration award.

### Other Income

#### a) Interest Income

Interest income is accrued on a time proportion basis, by reference to the principal outstanding and the applicable Effective Interest Rate (EIR).

#### b) Dividend Income

Dividend is recognised when the right to receive the payment is established, which is generally when shareholders approve the dividend.

#### c) Other Income

Other items of income are accounted as and when the right to receive such income arises and it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably.

### xvii. Interest in Joint Arrangements

As per Ind AS 111- Joint Arrangements, investment in Joint Arrangement is classified as either Joint Operation or Joint Venture. The classification depends on the contractual rights and obligations of each investor rather than legal structure of the Joint Arrangement. The Company classifies its Joint Arrangements as Joint Operations.

The Company recognises its direct right to assets, liabilities, revenue and expenses of Joint Operations and its share of any jointly held or incurred assets, liabilities, revenues and expenses. These have been incorporated in the financial statements under the appropriate headings.

### xviii. Income Tax

Income tax comprises of current and deferred income tax. Income tax is recognised as an expense or income in the Statement of Profit and Loss, except to the extent it relates to items directly recognised in equity or in OCI.

#### a) Current Income Tax

Current income tax is recognised based on the estimated tax liability computed after taking credit for allowances and exemptions in accordance with the Income Tax Act, 1961. Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

#### b) Deferred Income Tax

Deferred tax is determined by applying the Balance Sheet approach. Deferred tax assets and liabilities are recognised for all deductible temporary differences between the financial statements' carrying amount of existing assets and liabilities and their respective tax base. Deferred tax assets and liabilities are measured using the enacted tax rates or tax rates that are substantively enacted at the Balance Sheet date. The effect on deferred tax assets and liabilities of a change in tax rates is recognised in the period that includes

the enactment date. Deferred tax assets are only recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Such assets are reviewed at each Balance Sheet date to reassess realisation.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Minimum Alternative Tax ("MAT") credit is recognised as an asset only when and to the extent it is probable that the Company will pay normal income tax during the specified period.

### xix. Leases

Leases, where the lessor effectively retains substantially all the risks and benefits of ownership over the leased term, are classified as operating leases. Operating lease payments are recognised as an expense in the Statement of Profit and Loss on a straight-line basis over the lease term except where the lease payments are structured to increase in line with expected general inflation. Assets acquired on finance lease are capitalised at fair value or present value of minimum lease payment at the inception of the lease, whichever is lower.

### xx. Impairment of Non-Financial Assets

As at each Balance Sheet date, the Company assesses whether there is an indication that a non-financial asset may be impaired and also whether there is an indication of reversal of impairment loss recognised in the previous periods. If any indication exists, or when annual impairment testing for an asset is required, the Company determines the recoverable amount and impairment loss is recognised when the carrying amount of an asset exceeds its recoverable amount.

Recoverable amount is determined:

- In case of an individual asset, at the higher of the assets' fair value less cost to sell and value in use; and
- In case of cash generating unit (a group of assets that generates identified, independent cash flows), at the higher of cash generating unit's fair value less cost to sell and value in use.

In assessing value in use, the estimated future cash flows are discounted to their present value using pre-tax discount rate that reflects current market assessments of the time value of money and risk specified to the asset. In determining fair value less cost to sell, recent market transaction are taken into account. If no such transaction can be identified, an appropriate valuation model is used.

Impairment losses of continuing operations, including impairment on inventories, are recognised in the Statement of Profit and Loss, except for properties previously revalued

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION AS AT AND FOR THE YEAR ENDED MARCH 31, 2018

with the revaluation taken to OCI. For such properties, the impairment is recognised in OCI up to the amount of any previous revaluation.

When the Company considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss is reversed through the Statement of Profit and Loss.

### xxi. Trade receivables

A receivable is classified as a 'trade receivable' if it is in respect of the amount due on account of goods sold or services rendered in the normal course of business. Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the EIR method, less provision for impairment.

### xxii. Trade payables

A payable is classified as a 'trade payable' if it is in respect of the amount due on account of goods purchased or services received in the normal course of business. These amounts represent liabilities for goods and services provided to the Company prior to the end of the financial year which are unpaid. These amounts are unsecured and are usually settled as per the payment terms stated in the contract. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the EIR method.

### xxiii. Earnings Per Share

Basic earnings per share is computed by dividing the net profit or loss for the period attributable to the equity shareholders of the Company by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period and for all periods presented is adjusted for events, such as bonus shares, other than the conversion of potential equity shares, that have changed the number of equity shares outstanding, without a corresponding change in resources.

Diluted earnings per share is computed by dividing the net profit or loss for the period attributable to the equity shareholders of the Company and weighted average number of equity shares considered for deriving basic earnings per equity share and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares. The dilutive potential equity shares are adjusted for the proceeds receivable had the equity shares been actually issued at fair value (i.e. the average market value of the outstanding equity shares).

### xxiv. Provisions, Contingent Liabilities and Contingent Assets

A provision is recognised when the Company has a present obligation (legal or constructive) as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, in respect of which a reliable estimate can be made of the amount of obligation. Provisions (excluding gratuity and compensated absences) are determined based on management's estimate required to settle the obligation at the Balance Sheet date. In case the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost. These are reviewed at each Balance Sheet date and adjusted to reflect the current management estimates.

Contingent liabilities are disclosed in respect of possible obligations that arise from past events, whose existence would be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company. A contingent liability also arises, in rare cases, where a liability cannot be recognised because it cannot be measured reliably.

Contingent assets are disclosed where an inflow of economic benefits is probable.

### xxv. Share Issue Expenses

Share issue expenses are charged off against available balance in the Securities premium reserve.

### xxvi. Share Based Payments

Certain employees of the Company are entitled to remuneration in the form of equity settled instruments, for rendering services over a defined vesting period. Equity instruments granted are measured by reference to the fair value of the instrument at the date of grant. The fair value determined at the grant date is expensed over the vesting period of the respective tranches of such grants. The stock compensation expense is determined based on the Company's estimate of equity instruments that will eventually vest using fair value in accordance with Ind-AS 102, Share based payment.

### xxvii. Exceptional Items

When items of income and expense within profit or loss from ordinary activities are of such size, nature or incidence that their disclosure is relevant to explain the performance of the enterprise for the period, the nature and amount of such material items are disclosed separately as exceptional items.

## NOTE 2.2 RECENT ACCOUNTING PRONOUNCEMENTS

### 1. Appendix B to Ind AS 21, Foreign currency transactions and advance consideration:

Appendix B to Ind AS 21, Foreign currency transactions and advance consideration: On 28 March 2018, Ministry of Corporate Affairs ("MCA") has notified the Companies

## **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION AS AT AND FOR THE YEAR ENDED MARCH 31, 2018**

(Indian Accounting Standards) Amendment Rules, 2018 containing Appendix B to Ind AS 21, Foreign currency transactions and advance consideration which clarifies the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income, when an entity has received or paid advance consideration in a foreign currency.

The amendment will come into force from 1 April 2018. The Company is evaluating the requirement of the amendment and the impact on the financial statements. The effect on adoption of Ind AS 21 is expected to be insignificant.

### **2. Ind AS 115, Revenue from Contract with Customers:**

In March 2018, the Ministry of Corporate Affairs has notified the Companies (Indian Accounting Standards) Amended Rules, 2018 ("amended rules"). As per the amended rules, Ind AS 115 "Revenue from contracts with customers" supersedes Ind AS 11, "Construction contracts" and Ind AS 18, "Revenue" and is applicable for all accounting periods commencing on or after 1 April 2018.

Ind AS 115 introduces a new framework of five step model for the analysis of revenue transactions. The model specifies

that revenue should be recognised when (or as) an entity transfer control of goods or services to a customer at the amount to which the entity expects to be entitled. Further the new standard requires enhanced disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers. The new revenue standard is applicable to the Company from 1 April 2018.

The standard permits two possible methods of transition:

- i. Retrospective approach- Under this approach the standard will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8 - Accounting Policies, Changes in Accounting Estimates and Errors
- ii. Retrospectively with cumulative effect of initially applying the standard recognized at the date of initial application (cumulative catch- up approach)

The Company is evaluating the requirement of the amendment and the impact on the financial statements. The effect on adoption of Ind AS 115 is expected to be insignificant.

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION AS AT AND FOR THE YEAR ENDED MARCH 31, 2018

### NOTE 3 PROPERTY, PLANT AND EQUIPMENT

₹ crore

Particulars	Freehold land	Leasehold improvements	Building and sheds	Plant and equipment	Furniture and fixtures	Vehicles	Office equipment	Helicopter/ Aircraft	Speed boat	Computers	Total
<b>Net carrying value (at deemed cost)</b>											
As at 1 April 2016	8.68	8.97	12.95	615.29	7.49	45.41	0.81	129.79	1.04	3.06	833.49
Additions	-	-	6.44	39.11	-	0.19	3.61	-	-	0.79	50.14
Disposals	-	-	-	(14.91)	(0.12)	(0.20)	(0.52)	-	-	(0.02)	(15.77)
Adjustments	-	(8.97)	-	(2.17)	8.97	-	-	(1.05)	-	-	(3.22)
<b>As at 31 March 2017</b>	<b>8.68</b>	<b>-</b>	<b>19.39</b>	<b>637.32</b>	<b>16.34</b>	<b>45.40</b>	<b>3.90</b>	<b>128.74</b>	<b>1.04</b>	<b>3.83</b>	<b>864.64</b>
Additions	-	-	2.97	125.14	0.01	7.90	0.03	-	-	0.69	136.74
Disposals	-	-	(0.24)	(16.81)	-	(0.35)	(0.02)	-	-	(0.03)	(17.45)
Adjustments	-	-	-	0.30	-	-	-	0.23	-	-	0.53
<b>As at 31 March 2018</b>	<b>8.68</b>	<b>-</b>	<b>22.12</b>	<b>745.95</b>	<b>16.35</b>	<b>52.95</b>	<b>3.91</b>	<b>128.97</b>	<b>1.04</b>	<b>4.49</b>	<b>984.46</b>
<b>Accumulated depreciation</b>											
As at 1 April 2016	-	2.00	0.87	116.81	1.31	13.78	0.22	10.37	0.11	0.98	146.45
Depreciation charge	-	1.83	1.03	98.04	1.33	10.42	0.29	10.55	0.11	1.10	124.70
Accumulated depreciation on disposals	-	-	-	(0.91)	(0.03)	(0.05)	(0.08)	-	-	(0.00)	(1.07)
Adjustments	-	(3.83)	-	-	3.83	-	-	-	-	-	-
<b>As at 31 March 2017</b>	<b>-</b>	<b>-</b>	<b>1.90</b>	<b>213.94</b>	<b>6.44</b>	<b>24.15</b>	<b>0.43</b>	<b>20.92</b>	<b>0.22</b>	<b>2.08</b>	<b>270.08</b>
Depreciation charge	-	-	1.93	98.28	2.44	7.12	0.70	10.57	0.10	1.23	122.37
Accumulated depreciation on disposals	-	-	(0.03)	(5.40)	-	(0.16)	(0.00)	-	-	(0.00)	(5.59)
<b>As at 31 March 2018</b>	<b>-</b>	<b>-</b>	<b>3.80</b>	<b>306.82</b>	<b>8.88</b>	<b>31.11</b>	<b>1.13</b>	<b>31.49</b>	<b>0.32</b>	<b>3.31</b>	<b>386.86</b>
<b>Net carrying value</b>											
As at 31 March 2017	8.68	-	17.49	423.38	9.90	21.25	3.47	107.82	0.82	1.75	594.56
<b>As at 31 March 2018</b>	<b>8.68</b>	<b>-</b>	<b>18.32</b>	<b>439.13</b>	<b>7.47</b>	<b>21.84</b>	<b>2.78</b>	<b>97.48</b>	<b>0.72</b>	<b>1.18</b>	<b>597.60</b>
Net carrying value								<b>March 31, 2018</b>		March 31, 2017	
Property, plant and equipment								597.60		594.56	
Capital work-in-progress								160.38		187.18	

### NOTE 4 INTANGIBLE ASSETS

(₹ crore)

Particulars	Computer software	Total
<b>Net carrying value (at deemed cost)</b>		
As at 1 April 2016	2.65	2.65
Additions	-	-
Disposals	-	-
<b>As at 31 March 2017</b>	<b>2.65</b>	<b>2.65</b>
Additions	-	-
Disposals	-	-
<b>As at 31 March 2018</b>	<b>2.65</b>	<b>2.65</b>
<b>Accumulated amortisation</b>		
As at 1 April 2016	1.16	1.16
Amortisation charge	0.58	0.58
<b>As at 31 March 2017</b>	<b>1.74</b>	<b>1.74</b>
<b>Amortisation charge</b>	<b>0.57</b>	<b>0.57</b>
<b>As at 31 March 2018</b>	<b>2.31</b>	<b>2.31</b>
<b>Net carrying value</b>		
Net carrying value		
As at 31 March 2017	0.91	0.91
<b>As at 31 March 2018</b>	<b>0.34</b>	<b>0.34</b>
Net carrying value		<b>March 31, 2018</b>
Intangible assets		0.34
		March 31, 2017
		0.91

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION AS AT AND FOR THE YEAR ENDED MARCH 31, 2018

### NOTE 5 NON-CURRENT INVESTMENTS

₹ crore

	As at March 31, 2018	As at March 31, 2017
<b>I. Investments valued at deemed cost, fully paid up</b>		
Investments in equity shares		
i) In subsidiary companies in India	644.75	644.75
ii) In subsidiary companies outside India	34.55	34.55
iii) In other companies	-	0.00 *
<b>II. Investments valued at amortised cost</b>		
Investment in preference shares		
- In a subsidiary company In India	0.00 *	0.00 *
<b>III. Investments in equity shares in others carried at fair value through OCI, fully paid up</b>	24.12	39.33
	<b>703.42</b>	<b>718.63</b>

#### Note 5.1 Detailed list of non-current investments

₹ crore

	As at March 31, 2018		As at March 31, 2017	
	Unquoted	Quoted	Unquoted	Quoted
<b>I. Investments valued at deemed cost, fully paid up</b>				
<b>a) Investments in equity shares:</b>				
<b>i) In subsidiary companies in India</b>				
- HCC Real Estate Limited [Refer notes 33(a)] 66,193,185 (31 March 2017: 66,193,185) equity shares of ₹ 10 each	612.40	-	612.40	-
- Lavasa Corporation Limited [Refer notes 33(c)] 2,387 (31 March 2017: 2,387) equity shares of ₹ 10 each	18.43	-	18.43	-
- Highbar Technologies Limited (Refer notes 5.2 and 5.3) 6,250,000 (31 March 2017: 6,250,000) equity shares of ₹ 10 each	6.25	-	6.25	-
- Western Securities Limited 1,957,500 (31 March 2017: 1,957,500) equity shares of ₹ 10 each	5.38	-	5.38	-
- HCC Infrastructure Company Limited [Refer notes 33(b)] 250,000 (31 March 2017: 250,000) equity shares of ₹ 10 each	2.24	-	2.24	-
- HCC Construction Limited 50,000 (31 March 2017: 50,000) equity shares of ₹ 10 each	0.05	-	0.05	-
	<b>644.75</b>	<b>-</b>	<b>644.75</b>	<b>-</b>
<b>ii) In subsidiary companies outside India</b>				
- HCC Mauritius Enterprises Limited (Refer notes 5.2) 5,005,000 (31 March 2017: 5,005,000) equity shares of USD 1 each	23.38	-	23.38	-
- HCC Mauritius Investments Limited (Refer notes 5.2) 1,000,000 (31 March 2017: 1,000,000) equity shares of USD 1 each	11.17	-	11.17	-
	<b>34.55</b>	<b>-</b>	<b>34.55</b>	<b>-</b>
<b>iii) In other companies</b>				
- Vikhroli Corporate Park Private Limited (VCPPL) Nil (31 March 2017: 260) equity shares of ₹ 10 each	-	-	0.00*	-
	<b>-</b>	<b>-</b>	<b>0.00</b>	<b>-</b>



## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION AS AT AND FOR THE YEAR ENDED MARCH 31, 2018

### Note 5.1 Detailed list of non-current investments...contd.

₹ crore

	As at March 31, 2018		As at March 31, 2017	
	Unquoted	Quoted	Unquoted	Quoted
<b>II. Investments carried at amortised cost</b>				
<b>a) Investment in preference shares</b>				
<b>In a subsidiary company in India</b>				
- Lavasa Corporation Limited [Refer note 33(a)] 28 (31 March 2017: 28) 6% Cumulative Redeemable Preference Shares of ₹ 10 each	0.00*	-	0.00*	-
<b>III. Investments in equity shares in others carried at fair value through OCI, fully paid up</b>				
- Housing Development Finance Corporation Limited 15,220 (31 March 2017: 15,220) equity shares of ₹ 2 each	-	2.78	-	2.28
- HDFC Bank Limited 2,500 (31 March 2017: 2,500) equity shares of ₹ 10 each	-	0.47	-	0.36
- Khandwala Securities Limited 3,332 (31 March 2017: 3,332) equity shares of ₹ 10 each	-	0.01	-	0.01
- Walchand Co-op. Housing Society Limited 5 (31 March 2017: 5) equity shares of ₹ 50 each	0.00*	-	0.00*	-
- Shushrusha Citizens Co-Op. Hospitals Limited 100 (31 March 2017: 100) equity shares of ₹ 100 each	0.00*	-	0.00*	-
- Hincan Finance Limited 120,000 (31 March 2017: 120,000) equity shares of ₹ 10 each	20.86	-	36.68	-
	<b>20.86</b>	<b>3.26</b>	<b>36.68</b>	<b>2.65</b>
<b>Total non-current investments</b>	<b>700.16</b>	<b>3.26</b>	<b>715.98</b>	<b>2.65</b>
		<b>703.42</b>		<b>718.63</b>
<b>Details:</b>				
<b>Aggregate of non-current investments:</b>				
i. Book value of investments	700.16	3.26	715.98	2.65
ii. Market value of investments	-	3.26	-	2.65
(i) Investments carried at cost	679.30	-	679.30	-
(ii) Investments carried at amortised cost	0.00*	-	0.00*	-
(iii) Investments carried at fair value through OCI	20.86	3.26	36.68	2.65
	<b>700.16</b>	<b>3.26</b>	<b>715.98</b>	<b>2.65</b>

**Note 5.2** The Company has pledged the following shares in favour of the lenders as a part of the financing agreements for facilities taken by subsidiary companies as indicated below:

(₹ crore)

Name of the Company	No. of equity shares pledged	
	March 31, 2018	March 31, 2017
Highbar Technologies Limited	1,875,000	1,875,000
HCC Mauritius Enterprise Limited	5,005,000	5,005,000
HCC Mauritius Investments Limited	1,000,000	1,000,000

**Note 5.3** The Company has given a "Non Disposal Undertaking" to the lenders of Highbar Technologies Limited to the extent of 3,074,940 (31 March 2017: 3,074,940) equity shares

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION AS AT AND FOR THE YEAR ENDED MARCH 31, 2018

### NOTE 6 TRADE RECEIVABLES

	As at March 31, 2018	As at March 31, 2017
<b>Unsecured, considered good</b>		
<b>Non-current</b>		
Trade receivables (Refer notes 6.1 and 34) ^	1,375.13	1,429.09
[Including retention ₹ 0.79 crore (31 March 2017: ₹ 0.79 crore)]		
<b>Total non-current trade receivables</b>	<b>1,375.13</b>	<b>1,429.09</b>
<b>Current</b>		
a) Trade receivables (Refer note 34)^^	2,113.02	2,071.89
[including retention of ₹ 420.25 crore (31 March 2017: ₹ 364.91 crore)]		
b) Receivables from related parties ^^^ (Refer note 39)	284.77	14.66
[including retention of ₹ 13.76 crore (31 March 2017: ₹ 13.76 crore)]		
<b>Total current trade receivables</b>	<b>2,397.79</b>	<b>2,086.55</b>
<b>Total trade receivables</b>	<b>3,772.92</b>	<b>3,515.64</b>

^ Net off advance received against work bill / claims ₹ 200.02 crore (31 March 2017: ₹ 68.14 crore)

^^ Net off advance received against work bill ₹ 1,509.30 crore (31 March 2017: ₹ 375.58 crore)

^^^ Net off advance received against work bill ₹ 439.85 crore (31 March 2017: ₹ 460.98 crore)

**Note 6.1** Non-current trade receivables, current trade receivables and other financial assets as at 31 March 2018 include ₹ 1,375.13 crore, ₹ 1,431.49 crore (net of advances ₹ 1,709.31 crore) and ₹ Nil respectively [31 March 2017 : ₹ 1,429.09 crore, ₹ 1,439.38 crore (net of advances ₹ 443.64 crore) and ₹ 79.85 crore] representing claims awarded in arbitration in favour of the Company and which have been challenged by the customers in High Courts/ Supreme Court. Current trade receivables include ₹ 221.51 crore of claims awarded in arbitration which are unchallenged as at 31 March 2018.

As decided by the Cabinet Committee on Economic Affairs (CCEA) (Government of India) during the previous year, in respect of claims where arbitration awards have been decided in favour of the Company but further challenged by clients, the clients shall pay 75% of the arbitral award amount to the Company, in an escrow account, against a bank guarantee (BG). As at 31 March 2018, the Company has received letters from its customers conveying release of 75% of the arbitral award amount resulting in a payout aggregating ₹ 2,046.03 crore (31 March 2017: ₹ 1,882 crore), of which the Company has realised ₹ 1,416.10 crore (31 March 2017: ₹ 148.39 crore). The balance amount is presently pending on account of completion of certain formalities by the Company. The Company is also pursuing with customers for issuance of similar payout letters for the balance amounts.

**Note 6.2** There are no trade receivables due from any director or any officer of the Company, either severally or jointly with any other person, or from any firms or private companies in which any director is a partner, a director or a member.

**Note 6.3** Trade receivables, except receivables on account of claims awarded in arbitration in favour of the Company, are non-interest bearing and are generally on terms of 30 to 90 days.

### NOTE 7 LOANS

	As at March 31, 2018	As at March 31, 2017
<b>Unsecured, considered good</b>		
<b>Non-current</b>		
a) Loans to subsidiaries (Refer notes 33 and 39)	1,962.01	1,736.73
b) Security and other deposits		
- related parties (Refer note 39)	0.50	0.50
- others	3.11	1.80
<b>Total non-current loans</b>	<b>1,965.62</b>	<b>1,739.03</b>
<b>Current</b>		
Security and other deposits	18.67	23.27
<b>Total current loans</b>	<b>18.67</b>	<b>23.27</b>
<b>Total loans</b>	<b>1,984.29</b>	<b>1,762.30</b>

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION AS AT AND FOR THE YEAR ENDED MARCH 31, 2018

**Note 7.1** Disclosure pursuant to the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, in respect of loans and advances in the nature of Loans and advance in the nature of loans given to subsidiaries (as defined under the Act) for business purposes.

₹ crore

Name of the entity	Outstanding balance		Maximum balance outstanding during the year	
	As at March 31, 2018	As at March 31, 2017	Year ended March 31, 2018	As at March 31, 2017
i. HCC Infrastructure Company Limited [Refer note 33 (b)]	1,281.40	1,124.36	1,281.40	1,130.06
ii. HCC Real Estate Limited (HREL) ^ [Refer note 33 (a)]	428.19	380.86	428.19	380.86
iii. Lavasa Corporation Limited [Refer note 33 (a)]	152.56	131.56	152.56	131.56
iv. HCC Mauritius Enterprise Limited ^^	97.47	97.56	97.47	97.56
v. Highbar Technologies Limited	2.39	2.39	2.39	2.39
vi. HCC Concessions Limited	-	-	-	3.64
<b>Total</b>	<b>1,962.01</b>	<b>1,736.73</b>	<b>1,962.01</b>	<b>1,746.07</b>

^ The Company has given a contractual interest free loan amounting to ₹ 294.27 crore (31 March 2017: ₹ 294.27 crore) to HREL

^^ The Company has given a contractual loan bearing an interest rate of "3 months LIBOR +3%" and "6 months LIBOR +4%"

**Note 7.2** Investment by the loanee in the Company's/ subsidiary companies shares [Refer note (i) below]

**HCC Infrastructure Company Limited has invested in following subsidiary companies:**

₹ crore

Name of the entity	As at March 31, 2018	As at March 31, 2017
<b>Equity shares</b>		
HCC Concessions Limited ^	573.48	573.48
HCC Power Limited	0.50	0.50
Dhule Palesner Operations & Maintenance Limited	0.50	0.50
HCC Operations & Maintenance Limited	0.05	0.05
<b>Preference Shares</b>		
HCC Concessions Limited ^	285.99	285.99
<b>Total</b>	<b>860.52</b>	<b>860.52</b>

^ Subsidiary as per the Act; however, classified as a Joint Venture under Ind AS

**HCC Real Estate Limited has invested in following subsidiary companies:**

₹ crore

Name of the entity	As at March 31, 2018	As at March 31, 2017
<b>Equity shares</b>		
Lavasa Corporation Limited	452.23	448.59
Maan Township Developers Limited	11.70	11.70
Nashik Township Developers Limited	-	0.91
HRL Township Developers Limited	-	0.28
HRL (Thane) Real Estate Limited	19.50	19.60
Charosa Wineries Limited	23.63	23.63
Powai Real Estate Limited	-	0.05
HCC Aviation Limited	-	0.05
Pune-Paud Toll Road Company Limited	-	25.56
HCC Realty Limited	0.03	0.05
<b>Preference shares</b>		
Lavasa Corporation Limited	75.60	66.39
<b>Total</b>	<b>582.69</b>	<b>596.81</b>

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION AS AT AND FOR THE YEAR ENDED MARCH 31, 2018

**Note 7.2** Investment by the loanee in the Company's/ subsidiary companies shares [Refer note (i) below]...contd.

**Lavasa Corporation Limited has invested in following subsidiary companies:**

₹ crore

Name of the entity	As at March 31, 2018	As at March 31, 2017
<b>Equity shares</b>		
Dasve Business Hotel Limited	0.05	0.05
Dasve Convention Centre Limited	0.05	0.05
Dasve Hospitality Institutes Limited	5.55	5.55
Lakeshore Watersports Company Limited	0.05	0.05
Lakeview Clubs Limited	0.05	0.05
Lavasa Hotel Limited	0.05	0.05
Dasve Retail Limited	0.05	0.05
Full Spectrum Adventure Limited	0.05	0.05
Lavasa Bamboocrafts Limited	0.05	0.05
My City Technology Limited	14.93	14.93
Reasonable Housing Limited	0.05	0.05
Rhapsody Commercial Spaces Limited	0.05	0.05
Verzon Hospitality Limited	0.41	0.41
Future City Multiservices SEZ Limited	0.05	0.05
Valley View Entertainment Limited	0.05	0.05
Warasgaon Tourism Limited	0.05	0.05
Our Home Service Apartments Limited	0.05	0.05
Warasgaon Power Supply Limited	5.05	5.05
Sahyadri City Management Limited	0.05	0.05
Kart Racers Limited	0.05	0.05
Warasgaon Infrastructure Providers Limited	0.05	0.05
Hill City Service Apartments Limited	0.05	0.05
Nature Lovers Retail Limited	0.05	0.05
Warasgaon Valley Hotels Limited	0.05	0.05
Rosebay Hotels Limited	0.05	0.05
Mugaon Luxury Hotels Limited	0.05	0.05
Warasgaon Assets Maintenance Company Limited	702.97	666.89
Hill View Parking Services Limited	0.05	0.05
Spotless Laundry Services Limited ^	7.08	7.08
Green Hills Residences Limited ^	3.38	2.36
Whistling Thrush Facilities Services Limited ^	0.23	0.23
Ecomotel Hotel Limited ^	-	13.26
<b>Preference shares</b>		
Dasve Business Hotels Limited ^	23.40	23.40
Dasve Convention Center Limited ^	51.78	51.78
Dasve Hospitality Institutes Limited ^	17.06	17.06
Lakeshore Watersports Company Limited ^	10.98	10.98
Lakeview Clubs Limited ^	19.36	19.36
Dasve Retail Limited ^	78.91	78.91
Lavasa Bamboocrafts Limited ^	7.90	7.90

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION AS AT AND FOR THE YEAR ENDED MARCH 31, 2018

**Note 7.2** Investment by the loanee in the Company's/ subsidiary companies shares [Refer note (i) below]...contd.

₹ crore

Name of the entity	As at March 31, 2018	As at March 31, 2017
Reasonable Housing Limited ^	19.66	19.66
Future City Multiservices SEZ Limited ^	1.69	1.69
Warasgaon Tourism Limited ^	9.84	9.84
Sahyadri City Management Limited ^	38.71	38.71
Hill City Service Apartments Limited ^	10.33	10.33
Nature Lovers Retail Limited ^	1.73	1.73
Warasgaon Assets Maintenance Company Limited	0.71	0.62
<b>Total</b>	<b>1,032.81</b>	<b>1,008.88</b>

^ Subsidiary as per the Act; however, classified as a Joint Venture under Ind AS

**HCC Mauritius Enterprise Limited has invested in following subsidiary company:**

₹ crore

Name of the entity	As at March 31, 2018	As at March 31, 2017
<b>Equity shares</b>		
Steiner AG [Refer note (ii) below]	211.12	208.57
<b>Total</b>	<b>211.12</b>	<b>208.57</b>

**HCC Concessions Limited has invested in following subsidiary companies**

₹ crore

Name of the entity	As at March 31, 2018	As at March 31, 2017
<b>Equity shares</b>		
Badarpur Faridabad Tollways Limited ^	98.00	234.37
Baharampore-Farakka Highways Limited ^	33.30	33.33
Farakka-Raiganj Highways Limited ^	37.00	37.00
Raiganj-Dalkhola Highways Limited ^	27.00	27.00
Nirmal BOT Limited ^	-	-
Narmada Bridge Tollways Limited ^	0.05	0.05
<b>Convertible Cumulative Preference Shares</b>		
Baharampore-Farakka Highways Limited	172.25	172.25
Farakka-Raiganj Highways Limited	200.22	200.22
Raiganj-Dalkhola Highways Limited	107.15	107.15
<b>Total</b>	<b>674.97</b>	<b>811.37</b>

^ Subsidiary as per the Act; however, classified as a Joint Venture under Ind AS

Note (i) Investments include adjustments carried out under Ind AS

Note (ii) Includes increase/ decrease in investments on account of exchange rate fluctuations

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION AS AT AND FOR THE YEAR ENDED MARCH 31, 2018

### NOTE 8: OTHER FINANCIAL ASSETS

₹ crore

	As at March 31, 2018	As at March 31, 2017
<b>Non-current</b>		
a) Receivables from related parties		
- interest (Refer notes 33 and 39)	201.60	179.30
- against sale of assets (Refer note 39)	56.83	56.83
b) Margin money deposits	2.46	0.05
<b>Total non-current financial assets</b>	<b>260.89</b>	<b>236.18</b>
<b>Current</b>		
a) Unbilled work-in-progress ^ (Refer note 34)	2,820.96	3,373.18
b) Receivables from related parties (Refer note 33 and 39)	46.91	40.37
c) Interest accrued on deposits/ advances	3.98	2.57
d) Others	0.58	4.41
<b>Total current financial assets</b>	<b>2,872.43</b>	<b>3,420.53</b>
<b>Total other financial assets</b>	<b>3,133.32</b>	<b>3,656.71</b>

^ Net off advance received against work bill ₹ 199.23 crore (31 March 2017: ₹ 213.28 crore)

### NOTE 9: INCOME TAX ASSETS (NET)

i. The following table provides the details of income tax assets and liabilities as at 31 March 2018 and 31 March 2017:

₹ crore

	As at March 31, 2018	As at March 31, 2017
a) Income tax assets	277.67	223.54
b) Current income tax liabilities	198.29	197.08
<b>Net balance</b>	<b>79.38</b>	<b>26.46</b>

ii. The gross movement in the current tax asset/ (liability) for the years ended 31 March 2018 and 31 March 2017 is as follows:

₹ crore

	Year ended March 31, 2018	Year ended March 31, 2017
Net current income tax asset at the beginning	26.46	28.83
Income tax paid	73.06	18.48
Current income tax expense	(20.14)	(20.85)
<b>Net current income tax asset at the end</b>	<b>79.38</b>	<b>26.46</b>

iii. Income tax expense in the Statement of Profit and Loss comprises:

₹ crore

	Year ended March 31, 2018	Year ended March 31, 2017
Current income taxes	20.14	20.85
Deferred income taxes ^	14.30	16.70
<b>Income tax expenses (net)</b>	<b>34.44</b>	<b>37.55</b>

^ Deferred income taxes for the years ended 31 March 2018 and 31 March 2017 relates to origination and reversal of temporary differences and is net of MAT credit entitlement of ₹ 19.58 crore (31 March 2017: ₹ 16.83 crore)



## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION AS AT AND FOR THE YEAR ENDED MARCH 31, 2018

### NOTE 9: INCOME TAX ASSETS (NET)...contd.

- iv. A reconciliation of the income tax provision to the amount computed by applying the statutory income tax rate to the profit before income taxes is as below:

	Year ended March 31, 2018	Year ended March 31, 2017
Profit before income tax	111.97	96.96
Applicable income tax rate	34.61%	34.61%
<b>Computed expected tax expense</b>	<b>38.75</b>	<b>33.55</b>
Tax expense/ (income) of jointly controlled operations	0.15	(4.02)
Effect of expenses not allowed for tax purpose	7.84	5.14
Effect of income not considered for tax purpose	(12.55)	2.89
Others	0.25	-
<b>Income tax expense charged to the Statement of Profit and Loss</b>	<b>34.44</b>	<b>37.55</b>

₹ crore

- v. Components of deferred income tax assets and liabilities arising on account of temporary differences are:

₹ crore

	As at March 31, 2018	As at March 31, 2017
<b>a) Deferred income tax liability</b>		
- Claims/arbitration awards	1,554.34	1,217.24
- Timing difference on tangible and intangible assets depreciation and amortisation	61.83	72.21
- Others	7.44	7.64
	<b>1,623.61</b>	<b>1,297.09</b>
<b>(b) Deferred income tax asset</b>		
- Business loss/ unabsorbed depreciation	(1,394.56)	(1,103.66)
- MAT credit entitlement	(146.50)	(126.52)
- Others	(45.07)	(43.73)
	<b>(1,586.13)</b>	<b>(1,273.91)</b>
<b>Total deferred tax liabilities (net)</b>	<b>37.48</b>	<b>23.18</b>

### NOTE 10: OTHER ASSETS

₹ crore

	As at March 31, 2018	As at March 31, 2017
<b>Non-current</b>		
a) Capital advances	4.74	12.92
b) Balances with government authorities	111.35	128.24
c) Prepaid expenses	0.25	0.80
d) Financial guarantees	11.41	15.97
<b>Total other non-current assets</b>	<b>127.75</b>	<b>157.93</b>
<b>Current</b>		
a) Advance to suppliers and sub-contractors	89.80	91.77
b) Balances with government authorities	99.89	39.23
c) Prepaid expenses	13.81	14.80
d) Financial guarantees	4.55	4.53
e) Other current assets	4.29	2.69
<b>Total other current assets</b>	<b>212.34</b>	<b>153.02</b>
<b>Total other assets</b>	<b>340.09</b>	<b>310.95</b>

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION AS AT AND FOR THE YEAR ENDED MARCH 31, 2018

### NOTE 11: INVENTORIES

₹ crore

	As at March 31, 2018	As at March 31, 2017
a) Construction materials, stores, spares and embedded goods	175.41	225.13
b) Fuel	3.92	7.86
c) Materials in transit	-	0.32
<b>Total inventories</b>	<b>179.33</b>	<b>233.31</b>

### NOTE 12: CURRENT INVESTMENTS

₹ crore

	As at March 31, 2018	As at March 31, 2017
Investments in unquoted equity shares valued at deemed cost, fully paid up		
a) In a subsidiary company in India	50.02	50.02
b) In joint ventures in India	27.70	27.70
<b>Total current investments</b>	<b>77.72</b>	<b>77.72</b>

#### Note 12.1 Detailed list of current investments

Investments in unquoted equity shares valued at deemed cost, fully paid up		
<b>a) In a subsidiary company in India</b>		
- Panchkutir Developers Limited (Refer note 12.3) 1,400,000 (31 March 2017: 1,400,000) equity shares of ₹ 10 each	50.02	50.02
<b>b) In joint ventures in India</b>		
- Raiganj Dalkhola Highways Limited (Refer note 12.2 and 12.4) 3,000,000 (31 March 2017: 3,000,000) equity shares of ₹ 10 each	3.00	3.00
- Baharampore Farakka Highways Limited (Refer note 12.2 and 12.4) 11,700,000 (31 March 2017: 11,700,000) equity shares of ₹ 10 each	11.70	11.70
- Farakka Raiganj Highways Limited (Refer note 12.2 and 12.4) 13,000,000 (31 March 2017: 13,000,000) equity shares of ₹ 10 each	13.00	13.00
- Dhule Palesner Tollways Limited 100 (31 March 2017: 100) equity shares of ₹ 10 each fully paid	0.00	0.00
<b>Total current investments</b>	<b>77.72</b>	<b>77.72</b>

**Note 12.2** The Company has pledged the following shares in favour of the lenders as a part of the financing agreements for facilities taken by joint ventures as indicated below:

₹ crore

	No. of equity shares pledged	
	As at March 31, 2018	As at March 31, 2017
Raiganj Dalkhola Highways Limited	510,000	510,000
Baharampore Farakka Highways Limited	510,000	510,000
Farakka Raiganj Highways Limited	510,000	510,000

**Note 12.3** The Company has received ₹ 10 crore (31 March 2017: ₹ 10 crore) as advance towards sale of investment in Panchkutir Developers Limited

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION AS AT AND FOR THE YEAR ENDED MARCH 31, 2018

**Note 12.4** Pursuant to Shareholders Agreement (SHA) executed on 9 August 2011, the Company is required to hold 100% equity stake in HCC Infrastructure Company Limited (HIL) until Private Equity Investor gets an exit from HCC Concessions Limited (HCL) through means as specified in the SHA and there are certain other customary restrictions on pledging / creation of any encumbrance over shares / assets of HIL/ BOT SPVs.

The Company has given inter alia an undertaking in respect of investment in Baharampore- Farakka Highways Limited, Farakka- Raiganj Highways Limited., Dhule Palesner Tollways Limited and Raiganj- Dalkhola Highways Limited to National Highways Authority of India (NHA) that it will not transfer its shareholding till the commercial operation date. The Company has entered into sale agreement with HCL to sell these shares at book value at future dates on fulfilment of that obligation as per undertaking given to NHA. The Company has received full consideration of ₹ 27.70 crore (31 March 2017: ₹ 27.70 crore) for transfer of the above shares at book value from HCL, subject to necessary approvals and consents to the extent required in the following BOT SPV's.

	As at March 31, 2018		As at March 31, 2017	
	₹ crore	No. of Shares	₹ crore	No. of Shares
<b>Name of the BOT SPV</b>				
Baharampore Farakka Highways Limited	11.70	11,700,000	11.70	11,700,000
Farakka Raiganj Highways Limited	13.00	13,000,000	13.00	13,000,000
Raiganj Dalkhola Highways Limited	3.00	3,000,000	3.00	3,000,000
Dhule Palesner Tollways Limited	0.00*	100	0.00*	100
<b>Total</b>	<b>27.70</b>	<b>27,700,100</b>	<b>27.70</b>	<b>27,700,100</b>

### NOTE 13: CASH AND CASH EQUIVALENTS

₹ crore

	As at March 31, 2018	As at March 31, 2017
a) Balances with banks		
- Current accounts in Indian rupees	62.39	67.19
- Current accounts in foreign currency	0.92	0.36
b) Cash on hand	0.62	0.93
c) Cheques on hand	58.10	9.16
<b>Total cash and cash equivalents</b>	<b>122.03</b>	<b>77.64</b>

### NOTE 14: OTHER BANK BALANCES

₹ crore

	As at March 31, 2018	As at March 31, 2017
a) Deposits with maturity of more than 3 months and less than 12 months	14.19	-
b) Earmarked balances with banks for:		
- Margin money deposits with original maturity of more than 3 months and remaining maturities of less than 12 months <sup>^</sup>	60.97	41.56
- Balances with bank for unpaid dividend <sup>^^</sup>	0.25	0.41
<b>Total other bank balances</b>	<b>75.41</b>	<b>41.97</b>

<sup>^</sup> Includes deposits of ₹ 6.43 crore earmarked against Debenture Redemption Reserve

<sup>^^</sup> There are no amounts due and outstanding to be credited to the Investor Education and Protection Fund as at 31 March 2018.

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION AS AT AND FOR THE YEAR ENDED MARCH 31, 2018

### NOTE 15 EQUITY SHARE CAPITAL

₹ crore

		As at March 31, 2018	As at March 31, 2017
<b>Authorised share capital</b>			
1,250,000,000	Equity shares of ₹ 1 each (31 March 2017: 1,250,000,000 equity shares of ₹ 1 each)	125.00	125.00
10,000,000	Redeemable cumulative preference shares of ₹ 10 each (31 March 2017: 10,000,000 preference shares of ₹ 10 each)	10.00	10.00
<b>Total authorised equity share capital</b>		<b>135.00</b>	<b>135.00</b>
<b>Issued, subscribed and paid-up equity share capital:</b>			
1,015,462,926	Equity shares of ₹ 1 each fully paid up (31 March 2017: 1,010,703,635 equity shares of ₹ 1 each)	101.54	101.07
	Add : 13,225 Forfeited equity shares (31 March 2017: 13,225 equity shares)	0.01	0.01
<b>Total issued, subscribed and paid-up equity share capital</b>		<b>101.55</b>	<b>101.08</b>

#### a. Reconciliation of the equity shares outstanding at the beginning and at the end of the reporting year

	Number	₹ crore
<b>As at 1 April 2016</b>	<b>779,158,906</b>	<b>77.92</b>
Issued during the year [Refer note 15(g) and 16.1]	231,544,729	23.15
<b>As at 31 March 2017</b>	<b>1,010,703,635</b>	<b>101.07</b>
Issued during the year [Refer note 15(g) and 16.1]	4,759,291	0.47
<b>As at 31 March 2018</b>	<b>1,015,462,926</b>	<b>101.54</b>

#### b. Terms/rights attached to equity shares:

The Company has only one class of equity shares having a par value of ₹ 1 per share. Each holder of equity share is entitled to one vote per share. The Company declares and pays dividends in Indian Rupees. The dividend proposed by the Board of Directors, if any, is subject to the approval of the shareholders in the ensuing Annual General Meeting, except interim dividend, if any.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

#### c. Shares held by subsidiary company:

Western Securities Limited, a subsidiary company, holds 52,000 equity shares (31 March 2017: 52,000 equity shares) in the Company.

#### d. Shareholding of more than 5%:

	As at March 31, 2018		As at March 31, 2017	
Name of the Shareholder	% held	No. of shares	% held	No. of shares
<b>Promoter</b>				
Hincon Holdings Limited	21.27%	216,023,600	21.37%	216,023,600
Hincon Finance Limited	6.13%	62,261,186	6.16%	62,261,186
<b>Non-promoter</b>				
HDFC Trustee Company Limited	6.87%	69,732,622	6.93%	70,021,087

#### e. Shares reserved for issue under Employee Stock Options Scheme (ESOP):

As at 31 March 2018, there are 300,000 (31 March 2017: 120,180) stock options granted during the year which are outstanding and convertible into equal number of equity shares of ₹ 1 each convertible at an exercise price of ₹ 31.15 per share [Refer note e(i)(c) below].

During the year ended 31 March 2018, none of the options were exercised / converted into equity shares and 120,180 (31 March 2017: 1,534,450) stock options got lapsed.

# SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION AS AT AND FOR THE YEAR ENDED MARCH 31, 2018

## NOTE 15 EQUITY SHARE CAPITAL...contd.

### i. Options granted

- a) The Company offered 4,458,800 Stock Options on 25 April 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.

In accordance with the approval of the board of directors and shareholders of the Company, the ESOP Compensation Committee at its meeting held on 20 July 2009 repriced 4,131,600 options at ₹ 104.05 per equity share.

- b) The ESOP Compensation Committee of the Company at its Meeting held on 12 August 2010 decided to double the number of employee stock options (vested and unvested), not exercised and in-force, as on the Record Date i.e. 11 August 2010 and halved the exercise price on account of issuance and allotment of Bonus Equity Shares in the proportion of 1:1.

Accordingly, 3,553,760 employee stock options in-force granted by the Company on 25 April 2008 were doubled i.e. 7,107,520 and the exercise price in respect of the same was reduced from ₹104.05 to ₹ 52.03 per equity share and none of the options are outstanding as at 31 March 2018.

- c) The ESOP Compensation Committee of the Company at its Meeting held on 20 March 2018 has approved a grant of 300,000 options, in accordance with the terms and conditions contained in the existing HCC Employee Stock Option Scheme of the Company ('Scheme') (each option carrying entitlement for one equity share of the face value of ₹ 1 each) at an exercise price of ₹ 31.15 per equity share, subject to approval of the shareholders for amendment of the existing Scheme, in line with the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 ("SEBI Regulations").

### ii. Settlement Through Equity Shares

### iii. Options vested Nil options (31 March 2017: Nil) remain vested and outstanding as at 31 March 2018

## f. Bonus shares/ buy back/shares for consideration other than cash issued during past five years:

- (i) Aggregate number and class of shares allotted as fully paid up pursuant to contracts without payment being received in cash- Nil

- (ii) Aggregate number and class of shares allotted as fully paid up by way of bonus shares- Nil

- (iii) Aggregate number and class of shares bought back- Nil

- g. Pursuant to the approval of the shareholders at the Extra Ordinary General Meeting held on 5 January 2017, the allotment committee of the Board of Directors at its meetings held on 6 January 2017 and 19 January 2017 allotted collectively to the lenders 231,544,729 equity shares of face value of ₹ 1 each at a premium of ₹ 33.92 per share aggregating ₹ 808.55 crore and 14,414,874 optionally convertible debentures (OCDs) of face value of ₹ 1,000 each at par (carrying coupon rate of 0.01% p.a.) aggregating ₹ 1,441.49 crore. Further, pursuant to the approval of the shareholders at the Annual General Meeting held on 6 July 2017, the allotment committee of the Board of Directors at its meeting held on 17 July 2017 allotted to a lender 4,759,291 equity shares of face value of ₹ 1 each at a premium of ₹ 40.61 per share aggregating ₹ 19.80 crore and 256,716 OCDs of face value of ₹ 1,000 each at par (carrying coupon rate of 0.01% p.a.) aggregating ₹ 25.67 crore on preferential basis as part of the Scheme for Sustainable Structuring of Stressed Assets (S4A Scheme). The implementation of the S4A Scheme and the consequent allotment of equity shares/ OCDs have been made in respect of all the lenders except for few lenders who will be allotted equity shares and OCDs once they exercise their option. Number of equity shares/OCDs to be allotted will be determined based on the share price prevailing at the time of such allotment. (Also refer Note 16.1)

# SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION AS AT AND FOR THE YEAR ENDED MARCH 31, 2018

## NOTE 16 BORROWINGS

₹ crore

	Effective interest rate	As at March 31, 2018	As at March 31, 2017
<b>Non-current portion:</b>			
<b>Secured</b>			
<b>(A) Non-Convertible Debentures (RTL-1)</b>	10.13% - 15.73%	67.37	114.03
<b>(B) Rupee Term Loans (RTL-A)</b>			
(i) From Banks	11.75% - 12.00%	83.97	103.74
(ii) From Others	11.75%	47.12	52.46
<b>(C) Rupee Term Loans (RTL-1)</b>			
(i) From Banks	9.80% - 14.16%	135.22	195.26
(ii) From Others	9.76% - 9.90%	138.01	199.97
<b>(D) Rupee Term Loans (RTL-2)</b>			
(i) From Banks	9.84% - 13.62%	359.62	528.57
(ii) From Others	9.86% - 9.95%	90.09	130.80
<b>(E) Working Capital Term Loan from Banks (WCTL-2)</b>			
(i) From Bank	11.10%	6.49	8.70
(ii) From Others	11.10%	12.32	8.70
<b>(F) Foreign Currency Term Loans from Banks</b>	3.51% - 6.16%	6.42	60.55
<b>(G) 0.01% Optionally Convertible Debentures (OCDs) [Refer note 15 (g)]</b>	11.50%		
(i) From Banks		1,090.66	1,167.59
(ii) From Others		246.12	261.96
<b>Total non-current borrowings (A+B+C+D+E+F+G)</b>		<b>2,283.41</b>	<b>2,832.33</b>
<b>Current maturities of long-term borrowings</b>			
<b>Secured</b>			
<b>(A) Non-Convertible Debentures (RTL-1)</b>	10.13% - 15.73%	42.87	30.66
<b>(B) Rupee Term Loans (RTL-A)</b>			
(i) From Bank	11.75% - 12.00%	8.13	-
(ii) From Others	11.75%	5.07	1.05
<b>(C) Rupee Term Loans (RTL-1)</b>			
(i) From Banks	9.80% - 14.16%	38.06	41.45
(ii) From Others	9.76% - 9.90%	40.42	42.75
<b>(D) Rupee Term Loans (RTL-2)</b>			
(i) From Banks	9.84% - 13.62%	101.51	143.00
(ii) From Others	9.86% - 9.95%	27.80	33.42
<b>(E) Working Capital Term Loan from Banks (WCTL-1)</b>	11.10%	-	17.63
<b>(F) Working Capital Term Loan from Banks (WCTL-2)</b>			
(i) From Bank	11.10%	1.26	2.58
(ii) From Others	11.10%	4.20	-
<b>(G) Foreign Currency Term Loans from Banks</b>	3.51% - 6.16%	144.95	103.24
<b>Total current maturities of long-term borrowings (A+B+C+D+E+F+G) (Refer note 17)</b>		<b>414.27</b>	<b>415.78</b>
<b>Total borrowings</b>		<b>2,697.68</b>	<b>3,248.11</b>

Note: For security details and terms of repayment, refer note 16.2 below.



## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION AS AT AND FOR THE YEAR ENDED MARCH 31, 2018

### Note 16.1

#### Restructuring of borrowings under Corporate Debt Restructuring Scheme (CDR Scheme) and Scheme for Sustainable Structuring of Stressed Assets (S4A Scheme):

The Company received Letter of Approval (LOA) on 29 June 2012 issued by the Corporate Debt Restructuring Empowered Group (CDREG) approving the CDR Scheme. The CDR related documents had been executed and creation of security was completed. During the previous year, the Company has implemented the S4A Scheme. The Joint Lender's Forum (JLF) adopted the S4A Scheme with reference date as 12 July 2016. The S4A Scheme was duly approved by the Reserve Bank of India's mandated Overseeing Committee (OC) on 4 November 2016. Under the S4A Scheme, the Company's total debts amounting to ₹ 5,107 crores as at 1 October 2016 have been bifurcated into sustainable debt, to be serviced as per existing terms and conditions of those debts, and remainder debts (to the extent of 47.5% of the fund based exposure of the Company) have been converted into fully paid up equity shares in favour of the lenders by following principle of proportionate loss and balance in OCDs collectively in favour of the lenders. [Also refer note 15 (g)]

### Note 16.2 Details of security and terms of repayment

#### I. Secured

##### (A) Non-convertible debentures

###### i) Axis

These debentures are classified as RTL-1. These debentures carry an interest yield of 11.50% p.a. and are repayable in 31 quarterly instalments commencing 15 April 2014 and ending on 15 October 2021. These are secured by way of registered mortgage over 231.66 acres of Lavasa land situated in 5 villages namely Village Admal, Bhode, Gadle, Padalghar and Ugavali in taluka Mulshi, District Pune, Maharashtra.

###### ii) LIC

These debentures are classified as RTL-1. These debentures carry an interest yield of 11.50% p.a. and are repayable in 31 quarterly instalments commencing 15 April 2014 and ending on 15 October 2021. Refer note 16.2.1 for security details.

##### (B) Rupee Term Loans (RTL-A)

RTL-A carries interest rate of 11.75% p.a. (Individual Bank's Base Rate + Applicable Spread), payable monthly, to be reset annually with a two years moratorium and repayment terms of five years starting from financial year 2017-18. The said facility is having same security as RTL-1 lenders under the CDR Scheme.

##### (C) Rupee Term Loans 1 (RTL-1) and Rupee Term Loans 2 (RTL-2)

RTL- 1 and RTL- 2 carry an interest yield of 11.50% p.a. and are repayable in 31 quarterly instalments commencing 15 April 2014 and ending on 15 October 2021. Refer note 16.2.1 for security details.

##### (D) Working Capital Term Loan (WCTL-1)

Working Capital Term Loan (WCTL-1) carries an interest rate ranging from 11.10% p.a. to 11.75% p.a. (floating) linked to Monitoring Institution's base rate. These are repayable in 16 quarterly instalments commencing 15 April 2014 and ending on 15 January 2018. Refer note 16.2.1 for security details.

##### (E) Working Capital Term Loan (WCTL-2)

Working Capital Term Loan (WCTL-2) carries an interest rate ranging from 11.10% p.a. to 11.75% p.a. (floating) linked to Monitoring Institution's base rate. These are repayable in 31 quarterly instalments commencing 15 April 2014 and ending on 15 October 2021. Refer note 16.2.1 for security details.

##### (F) Foreign Currency Term Loan from banks

###### i) Standard Chartered Bank - External Commercial Borrowings (ECB) USD 13.36 million

As at 31 March 2018, the ECB loan from Standard Chartered Bank carries an interest rate of 5.81% p.a. (3 month LIBOR plus 350 basis points). This loan is repayable in 17 quarterly instalments commencing 15 April 2014 and ending on 15 March 2018. The facility is secured by first charge by way of hypothecation of plant and machinery acquired under the facility described in the first schedule to the memorandum of hypothecation executed on 10 November 2009.

###### ii) Development Bank of Singapore - ECB USD 10.18 million

As at 31 March 2018, the ECB loan from Development Bank of Singapore carries an interest rate of 6.16% p.a. (3 month LIBOR plus 385 basis points). This loan is repayable in 17 quarterly instalments commencing 5 October 2014 and ending on

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION AS AT AND FOR THE YEAR ENDED MARCH 31, 2018

### Note 16.2 Details of security and terms of repayment...contd.

5 October 2018. The facility is secured by first charge by way of hypothecation of plant and machinery and heavy vehicles acquired under the facility described in the schedule I (2) to the deed of hypothecation executed on 29 April 2010.

#### iii) Export Import Bank of United States - ECB USD 9.36 million

As at 31 March 2018, the ECB loan from Export Import Bank of United States carries an interest rate of 3.51% (3 month LIBOR plus 120 basis points). This loan is repayable in 35 equal quarterly instalments commencing 16 March 2011 and ending on 16 September 2019. The facility is secured by first priority mortgage and security interest to and in favour of Wilmington Trust Company (the security trustee) on one Hawker model 4000 airframe bearing manufacture's serial number RC-26 together with two installed model PW208 engines more particularly described under Clause 2.1 as per the Aircraft Charge Agreement executed on 6 January 2011.

### (G) Optionally Convertible Debentures (OCDs)

OCDs have been issued to the lenders as part of the S4A Scheme with a tenor of 10 years and a coupon of 0.01% with an interest yield of 11.50% p.a. in yield equalization compounded on a quarterly basis. After the expiry of eighteen months from the date of issuance, the OCDs will be converted into non-convertible debentures in case of non occurrence of event of default as per the guidelines of the S4A Scheme. The repayment of the OCD commences from the 6<sup>th</sup> anniversary of the allotment date. Details of maturity have been provided below. Also refer note 16.2.2 for security details.

Date of Repayment	₹ crores
30 September 2022	285.51
30 September 2023	282.41
30 September 2024	263.91
30 September 2025	254.90
30 September 2026	250.05

### Note 16.2.1 RTL-1, RTL-2, WCTL-1 and WCTL-2 are secured in the form of:

1. The parcel of land (immovable non-residential property) admeasuring 22 acres and 24 gunthas at Tara Village, Panvel Taluka described as the First Mortgaged Properties.
2. All the present and future movable assets of the Borrower (excluding 'Current Assets' and 'Specified Assets') as the Second Mortgaged Properties.
3. All current assets of the Borrower (other than those forming part of 'Additional Assets') as the Third Mortgaged Properties.
4. All of the 'Additional Assets' collectively referred to as the Fourth Mortgaged Properties.
5. All of the 'Specified Assets' collectively referred to as the Fifth Mortgaged Properties.

The terms 'Current Assets', 'Specified Assets' and 'Additional Assets' have been defined in the Master Restructuring Agreement (MRA).

The above security having ranking in respect to RTL1, WCTL1 and RTL-A are as below:

1. A first ranking and pari passu security interest by way of legal mortgage over the First Mortgaged Properties and Second Mortgaged Properties.
2. A second ranking and pari passu security interest by way of legal mortgage over the Third Mortgaged Properties, Fourth Mortgaged Properties and the Fifth Mortgaged Properties.

The above security having ranking in respect to RTL2 and WCTL2 are as below:

A second ranking and pari passu security interest by way of legal mortgage over all the Mortgaged Properties.

Collateral security pari-passu with lenders defined in MRA:

1. Corporate guarantee of HCC Real Estate Limited (HREL) for ₹ 9,477.60 crore, against which HREL's outstanding amount is ₹ 7,616.59 crore (31 March 2017: ₹ 8,496.48 crore).
2. First pari-passu charge on 154,151,669 shares of the Company and second charge on 85,767,617 equity shares of the Company held by Hicon Holdings Limited and Hicon Finance Limited.
3. Personal guarantee of the Chairman and Managing Director of the Company.

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION AS AT AND FOR THE YEAR ENDED MARCH 31, 2018

### Note 16.2.2 Optionally Convertible Debentures (OCDs) are secured in the form of:

1. First ranking pari passu charge on all of the Company's Property, plant and equipment (immovable and movable) [excluding the Specified Assets and Excluded Assets]; and
2. Second ranking and pari passu security interest by way of a legal mortgage over the First, Second and the Fifth Mortgaged Properties as specified in the mortgage deed.

Collateral security pari-passu with all S4A lenders:

1. Corporate guarantee of HCC Real Estate Limited (HREL) for ₹ 9,477.60 crore, against which HREL's outstanding amount is ₹ 7,616.59 crore (31 March 2017: ₹ 8,496.48 crore).
2. First pari-passu charge on Pledge of 85,767,617 equity shares of the Company and second charge on 154,151,669 equity shares of the Company held by Hincon Holdings Limited and Hincon Finance Limited.
3. Personal guarantee of the Chairman and Managing Director of the Company

**Note 16.2.3** As at 31 March 2018, in relation to Term Loans, contractual loan principal amounting to ₹ 90.15 crore (31 March 2017: ₹ 70.12 crore) and contractual interest amounting to ₹ 6.16 crore (31 March 2017: ₹ 66.77 crore) are due and outstanding pertaining to the period 1 April 2017 to 31 March 2018. Subsequent to the year end, the Company has paid ₹ Nil (31 March 2017: ₹ 234.55 crore) to various lenders which is pending appropriation between principal and interest.

**Note 16.3** Master Restructuring Agreement (MRA) as well as the provisions of the Master Circular on Corporate Debt Restructuring issued by the Reserve Bank of India, provide a right to the CDR lenders to get a recompense of their waiver and sacrifices made as part of the CDR proposal. The recompense payable by the Company depends on various factors including improved performance of the Company and other conditions. In view of subsequent implementation of S4A scheme, wherein total debts of the Company as of 1 October 2016 have been bifurcated into sustainable debt, to be serviced as per existing terms and conditions of those debts, and remainder converted into fully paid up equity shares and OCDs, the aggregate present value of the recompense amount payable to erstwhile CDR lenders as per the MRA is likely to undergo major changes and would be ascertained post completion of discussions with the Monitoring Institution.

### Note 16.4 Net debt reconciliation

An analysis of net debt and the movement in net debt for the year ended 31 March 2018 is as follows:

₹ crore

	As at March 31, 2018	As at March 31, 2017
Cash and Cash equivalents	122.03	77.64
Liquid Investments	77.72	77.72
Current borrowings	(1,027.72)	(1,148.58)
Non-current borrowings	(2,990.86)	(3,417.56)
<b>Net debt</b>	<b>(3,818.83)</b>	<b>(4,410.78)</b>

	Other Assets		Liabilities from financing activities		Total
	Cash and Cash equivalents	Liquid Investments	Non-current borrowings	Current borrowings	
<b>Net debt as at 1 April 2017</b>	<b>77.64</b>	<b>77.72</b>	<b>(3,417.56)</b>	<b>(1,148.58)</b>	<b>(4,410.78)</b>
Cash flows	44.39	-	550.43	120.86	715.68
Interest expense	-	-	(358.03)	(113.53)	(471.56)
Interest paid			234.30	113.53	347.83
<b>Net debt as at 31 March 2018</b>	<b>122.03</b>	<b>77.72</b>	<b>(2,990.86)</b>	<b>(1,027.72)</b>	<b>(3,818.83)</b>

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION AS AT AND FOR THE YEAR ENDED MARCH 31, 2018

### NOTE 17 OTHER FINANCIAL LIABILITIES

₹ crore

	As at March 31, 2018	As at March 31, 2017
<b>Non-current</b>		
Financial guarantees	12.05	14.23
<b>Total non-current financial liabilities</b>	<b>12.05</b>	<b>14.23</b>
<b>Current</b>		
a) Current maturities of long-term borrowings (Refer note 16)	414.27	415.78
b) Interest accrued but not due	287.01	102.68
c) Interest accrued and due	6.17	66.77
d) Unpaid dividends ^	0.25	0.41
e) Advance towards sale of investments (Refer notes 12.3 and 12.4)	37.70	37.70
f) Financial guarantees	3.18	4.16
g) Others		
i) Due to employees	112.19	86.57
ii) Interest payable on contractee advances	93.01	128.69
iii) Due to related parties (Refer note 39)	1.54	1.08
iv) Liability for capital goods	106.29	16.81
v) Other liabilities	46.60	57.47
<b>Total current financial liabilities</b>	<b>1,108.21</b>	<b>918.12</b>
<b>Total other financial liabilities</b>	<b>1,120.26</b>	<b>932.35</b>
^ Not due for credit to Investor Education and Protection Fund		
Other financial liabilities carried at amortised cost	1,082.56	894.65
Other financial liabilities carried at FVPL	37.70	37.70

### NOTE 18 PROVISIONS

₹ crore

	As at March 31, 2018	As at March 31, 2017
<b>Non-current</b>		
Provision for employee benefits (Refer note 37)		
- Gratuity	27.06	29.55
- Leave entitlement and compensated absences	14.26	10.57
<b>Total non-current provisions</b>	<b>41.32</b>	<b>40.12</b>
<b>Current</b>		
a) Provision for employee benefits (Refer note 37)		
- Gratuity	8.14	3.67
- Leave entitlement and compensated absences	2.75	4.71
b) Provision for cost to completion (Refer note 18.1)	141.29	122.87
(includes provision for foreseeable losses ₹ 20.48 crore (31 March 17 : ₹ 104.53 crore))		
<b>Total current provisions</b>	<b>152.18</b>	<b>131.25</b>
<b>Total provisions</b>	<b>193.50</b>	<b>171.37</b>

**Note 18.1** The Company has adequately recognized expected losses on projects wherever it was probable that total contract costs will exceed total contract revenue.

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION AS AT AND FOR THE YEAR ENDED MARCH 31, 2018

### NOTE 19 CURRENT BORROWINGS

₹ crore

	As at March 31, 2018	As at March 31, 2017
<b>I. Secured</b>		
<b>Rupee Loan from Banks</b> (Refer note 19.1 below)		
(i) Cash credit facilities (Repayable on demand)	982.24	1,104.62
(ii) Working capital demand loan (Repayable on demand)	32.87	32.87
(iii) Buyer's credit	10.89	9.39
<b>II. Unsecured (Repayable on demand)</b>		
Loans from related parties (Refer note 39)	1.72	1.70
<b>Total current borrowings (I+II)</b>	<b>1,027.72</b>	<b>1,148.58</b>

**Note 19.1** Security for Cash Credit Facilities, Working Capital Demand Loan and Buyer's Credit:

1. The parcel of land (immovable non-residential property) admeasuring 22 acres and 24 gunthas at Tara Village, Panvel Taluka described as the First Mortgaged Properties.
2. All the present and future movable assets of the Borrower (excluding 'Current Assets' and 'Specified Assets') as the Second Mortgaged Properties.
3. All current assets of the Borrower (other than those forming part of 'Additional Assets') as the Third Mortgaged Properties.
4. All of the 'Additional Assets' collectively referred to as the Fourth Mortgaged Properties.
5. All of the 'Specified Assets' collectively referred to as the Fifth Mortgaged Properties.

The terms 'Current Assets', 'Specified Assets' and 'Additional Assets' have been defined in the MRA.

The above security having ranking as below:

1. A first ranking and pari passu security interest by way of legal mortgage over the Third and Fourth Mortgaged Properties.
2. In the form of a second ranking and pari passu security interest by way of a legal mortgage over the First, Second and the Fifth Mortgaged Properties.

Collateral security pari-passu with lenders defined in MRA are same as indicated in note 16.2.1.

The Company has provided first charge over specific property, plant and equipment (having WDV of ₹ 50 crore) of the Company for the loan extended by Export Import Bank of India (EXIM Bank) to HCC Mauritius Enterprise Limited through Loan Agreement dated 27 September 2010. The same security has also been extended for the loan of USD 25 million given by EXIM Bank to HCC Mauritius Investment Limited.

YES Bank, the lender of HCC Infrastructure Company Limited, a subsidiary company, is having subservient charge on identified receivables of the Company. YES Bank issued No Objection Certificate (NOC) on 4 September 2012 for ceding first charge in favour of working capital lenders and second charge in favour of term lenders.

The securities towards working capital facilities also extend to guarantees given by the banks on behalf of the Company.

### NOTE 20 TRADE PAYABLES

₹ crore

	As at March 31, 2018	As at March 31, 2017
- Total outstanding dues of Micro Enterprises and Small Enterprises (Refer note 20.1)	5.15	3.55
- Total outstanding dues of creditors other than Micro Enterprises and Small Enterprises	1,804.99	1,612.85
<b>Total trade payables</b>	<b>1,810.14</b>	<b>1,616.40</b>

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION AS AT AND FOR THE YEAR ENDED MARCH 31, 2018

**Note 20.1** The Company has amounts due to micro and small suppliers registered under the Micro, Small and Medium Enterprises Development Act 2006 (MSMED Act), as at 31 March 2018.

The disclosure pursuant to the said Act is as under:

	As at March 31, 2018	As at March 31, 2017
Principal amount due to suppliers under MSMED Act	5.15	3.55
Interest accrued and due to suppliers under MSMED Act on the above amount	0.35	0.63
Payment made to suppliers (other than interest) beyond appointed day during the year	1.36	0.54
Interest paid to suppliers under MSMED Act	-	-
Interest due and payable to suppliers under MSMED Act towards payments already made	0.35	0.16
Interest accrued and remaining unpaid at the end of the accounting year	0.35	0.64
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act.	3.45	3.10

Note: This information, as required to be disclosed under the MSMED Act, has been determined to the extent such parties have been identified on the basis of information available with the Company.

**Note 20.2** Trade payables are non-interest bearing and are normally settled as per the payment terms stated in the contract.

## NOTE 21 OTHER CURRENT LIABILITIES

	As at March 31, 2018	As at March 31, 2017
a) Advance from contractees	1,651.88	1,708.91
b) Statutory dues payable	59.84	71.22
c) Due to customers	247.72	-
d) Other liabilities	19.34	9.66
<b>Total other current liabilities</b>	<b>1,978.78</b>	<b>1,789.79</b>

## NOTE 22 REVENUE FROM OPERATIONS

	Year ended March 31, 2018	Year ended March 31, 2017
a) Contract revenue	3,993.24	3,653.94
Add: Company's share of turnover in integrated joint ventures	19.90	45.58
	4,013.14	3,699.52
b) Sale of products	-	17.32
c) Other operating revenue	561.94	479.10
<b>Total revenue from operations</b>	<b>4,575.08</b>	<b>4,195.94</b>



## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION AS AT AND FOR THE YEAR ENDED MARCH 31, 2018

### NOTE 23 OTHER INCOME

₹ crore

	Year ended March 31, 2018	Year ended March 31, 2017
a) Interest received on financial assets carried at amortised cost	246.17	220.42
b) Dividend from long-term investments	0.03	0.03
c) Other non-operating income		
- Interest received on income tax refund	1.30	12.04
- Exchange gain (net)	-	11.76
- Profit on sale of investments	0.03	-
- Excess provision no longer required written back	1.72	2.15
- Rental income	1.28	15.55
- Miscellaneous	0.47	0.25
<b>Total other income</b>	<b>251.00</b>	<b>262.20</b>

### NOTE 24 COST OF CONSTRUCTION MATERIALS CONSUMED

₹ crore

	Year ended March 31, 2018	Year ended March 31, 2017
Stock at beginning of the year	225.13	168.69
Add: Purchases	1,039.27	933.96
	1,264.40	1,102.65
Less: Sale of scrap and unserviceable material	16.33	8.93
	1,248.07	1,093.72
Less: Stock at the end of the year	175.41	225.13
<b>Total cost of construction materials consumed</b>	<b>1,072.66</b>	<b>868.59</b>

### NOTE 25 CONSTRUCTION EXPENSES

₹ crore

	Year ended March 31, 2018	Year ended March 31, 2017
a) Power, fuel and water	117.65	126.08
b) Insurance	40.14	42.26
c) Rates and taxes	124.90	168.98
d) Rent (Refer note 25.1)	43.33	56.75
e) Transportation	47.09	33.94
f) Others	34.44	25.94
<b>Total construction expenses</b>	<b>407.55</b>	<b>453.95</b>

**Note 25.1** The Company has taken various construction equipment and vehicles under non-cancellable operating leases. The future minimum lease payments in respect of these as at 31 March 2018 are as follows:

₹ crore

	As at March 31, 2018	As at March 31, 2017
Minimum lease rental payments		
i) Payable not later than one year	3.47	1.32
ii) Payable later than one year and not later than five years	0.98	1.32
iii) Payable later than five years	-	-
	<b>4.45</b>	<b>2.64</b>

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION AS AT AND FOR THE YEAR ENDED MARCH 31, 2018

### Note 25.1...contd.

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.

Further, the Company has entered into cancellable operating lease for office premises and employee accommodation. Tenure of leases generally vary between one year to four years. Terms of the lease include operating terms for renewal, terms of cancellation etc.

### NOTE 26 EMPLOYEE BENEFITS EXPENSE (NET OF RECOVERIES AT COST)

₹ crore

	Year ended March 31, 2018	Year ended March 31, 2017
a) Salaries and wages	391.40	353.74
b) Contribution to provident and other funds [Refer note 37(B)(a)]	22.46	20.64
c) Staff welfare	24.11	22.42
<b>Total employee benefits expense</b>	<b>437.97</b>	<b>396.80</b>

**Note 26.1** For each of the years ended 31 March 2014 and 31 March 2016, the Company has paid remuneration of ₹ 10.66 crore to the Chairman and Managing Director (CMD) based on the approval by shareholders and the applications filed with the Ministry of Corporate Affairs ('the Ministry') for their approval. The Ministry had approved ₹1.92 crore for 31 March 2014 for which the Company has filed an application to review the same. For the year ended 31 March 2016, amount payable as per the limits prescribed under the Companies Act amounted to ₹ 1.21 crore. Pending receipt of the aforesaid approvals, an aggregate of ₹ 18.19 crore as at 31 March 2018, is held in trust by the CMD.

**Note 26.2** In respect of year ended 31 March 2015, the Company has provided for remuneration for CMD of ₹ 10.66 crore. The Company has made an application to the Ministry seeking its approval for payment of ₹ 10.66 crore which is in excess of the limits specified under Schedule V to the Act.

### NOTE 27 FINANCE COSTS (NET OF RECOVERIES AT COST)

₹ crore

	Year ended March 31, 2018	Year ended March 31, 2017
a) Interest expense on:		
- debentures	189.79	103.75
- others	420.47	625.27
b) Other borrowing costs		
- guarantee commission	38.78	24.30
- finance charges	10.93	19.05
<b>Total finance costs</b>	<b>659.97</b>	<b>772.37</b>

### NOTE 28 DEPRECIATION AND AMORTISATION EXPENSE (REFER NOTES 3 AND 4)

₹ crore

	Year ended March 31, 2018	Year ended March 31, 2017
a) Depreciation of tangible assets	122.37	124.70
b) Amortisation of intangible assets	0.57	0.58
<b>Total depreciation and amortisation expense</b>	<b>122.94</b>	<b>125.28</b>

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION AS AT AND FOR THE YEAR ENDED MARCH 31, 2018

### NOTE 29 OTHER EXPENSES (NET OF RECOVERIES AT COST)

₹ crore

	Year ended March 31, 2018	Year ended March 31, 2017
a) Stationery, postage, telephone and advertisement	6.33	7.15
b) Travelling and conveyance	13.20	14.56
c) Professional	34.32	36.99
d) Repairs and maintenance- building	4.75	6.72
e) Repairs and maintenance- others	6.58	7.90
f) Computer maintenance and development	10.41	12.74
g) Directors' sitting fees	0.70	0.88
h) Auditors' remuneration:		
i) Audit fees	1.35	1.25
ii) Tax audit fees	0.20	0.20
iii) Limited review fees	0.70	0.70
iv) Certification fees	0.60	1.29
v) Reimbursement of out of pocket expenses	0.02	0.01
	2.87	3.45
i) Loss on sale of property, plant and equipment (net)	0.57	2.35
j) Exchange loss (net)	10.51	-
k) Miscellaneous	21.53	26.09
<b>Total other expenses</b>	<b>111.77</b>	<b>118.83</b>

The Company is not liable to incur any expenses on CSR as per section 135 of the Act.

### NOTE 30 EXCEPTIONAL ITEMS

₹ crore

	Year ended March 31, 2018	Year ended March 31, 2017
a) Trade receivables and work in progress written off [Refer note 40(ii)(a)]	-	35.97
b) Gain on restructuring of debts	-	(14.75)
<b>Total exceptional items [(Income)/ expense]</b>	<b>-</b>	<b>21.22</b>

### NOTE 31 EARNINGS PER SHARE (EPS)

₹ crore

	Year ended March 31, 2018	Year ended March 31, 2017
<b>Basic and diluted EPS</b>		
A. Profit computation for basic earnings per share of ₹ 1 each		
Net profit as per the Statement of Profit and Loss available for equity shareholders (₹ crore)	77.53	59.41
B. Weighted average number of equity shares for EPS computation (Nos.)	1,014,067,737	831,600,386
C. EPS- Basic and Diluted EPS (₹)	0.76	0.71

The options granted to employees under the Employee stock option (ESOP) plan and the optionally convertible debentures do not qualify as potential equity shares outstanding during the periods, based on the present conditions prevalent, and hence have not been considered in the determination of diluted earnings per share.

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION AS AT AND FOR THE YEAR ENDED MARCH 31, 2018

### NOTE 32 CONTINGENT LIABILITIES AND COMMITMENTS

₹ crore

	As at March 31, 2018	As at March 31, 2017
A. Contingent liabilities		
(i) Claims not acknowledged as debts by the Company	22.28	22.23
(ii) Income tax liability that may arise in respect of which the Company is in appeals	17.99	24.63
(iii) Sales tax liability / Works Contract Tax liability / Service Tax / Customs liability that may arise in respect of matters in appeal	184.72	145.50
(iv) Corporate Guarantees: The Company has provided an undertaking to pay in the event of default on loan given by lenders to the following related parties:		
a) Lavasa Corporation Limited	376.58	300.29
b) HCC Mauritius Enterprises Limited	44.64	42.98
c) HCC Mauritius Investment Limited	185.31	180.21
(v) Counter indemnities given to banks in respect of contracts executed by subsidiaries and joint ventures	30.06	71.87

It is not practicable for the Company to estimate the timings of cash outflows, if any, in respect of the above pending resolution of the respective proceedings. The Company does not expect any reimbursements in respect of the above contingent liabilities except in respect of matter stated in (iv) above. Future cash outflows in respect of the above are determinable only on receipt of judgments/ decisions pending with various forums/ authorities. The Company does not expect any outflow of economic resources in respect of the above and therefore no provision is made in respect thereof.

₹ crore

	As at March 31, 2018	As at March 31, 2017
B. Commitments		
(i) Capital Commitment (net of advances)	25.58	123.10
(ii) Put option given to lenders of a subsidiary company to sell debentures to the Company in the event of default (including interest and penal charges thereon)	709.82	598.51

### NOTE 33

- (a) The Company, as at 31 March 2018, has (i) a non-current investment amounting to ₹ 612.40 crore (31 March 2017: ₹ 612.40 crore), non-current loans amounting to ₹ 428.19 crore (31 March 2017: ₹ 380.86 crore) and other non-current financial assets amounting to ₹ 24.35 crore (31 March 2017: ₹ 21.72 crore) in HREL, a subsidiary, which is holding 68.70% share in Lavasa Corporation Limited (LCL), a step down subsidiary, and (ii) a non-current investment amounting to ₹ 18.43 crore (31 March 2017: ₹ 18.43 crore), non-current loans amounting to ₹ 152.56 crore (31 March 2017: ₹ 131.56 crore), other non-current financial assets amounting to ₹ 19.07 crore (31 March 2017: ₹ 16.45 crore) and other current financial assets amounting to ₹ 6.63 crore (31 March 2017: ₹ 4.77 crore) in LCL. While such entities have incurred losses during their initial years and consolidated net-worth of both entities as at 31 March 2018 has been fully eroded, the underlying projects in such entities are in the early stages of development and are expected to achieve adequate profitability on substantial completion and/ or have current market values of certain properties which are in excess of the carrying values. The net-worth of these subsidiaries does not represent their true market value as the value of the underlying investments/ assets, based on valuation report of an independent valuer, is substantially higher. Therefore, based on certain estimates like future business plans, growth prospects and other factors, the management believes that the realizable amount of these subsidiaries is substantially higher than the carrying value of the investments, non-current loans, other non-current financial assets and other current financial assets due to which these are considered as good and recoverable.
- (b) The Company, as at 31 March 2018, has a non-current investment amounting to ₹ 2.24 crore (31 March 2017: ₹ 2.24 crore), non-current loans amounting to ₹ 1,281.40 crore (31 March 2017: ₹ 1,124.36 crore) and other non-current financial assets amounting to ₹ 158.18 crore (31 March 2017: ₹ 141.14 crore) in its subsidiary HCC Infrastructure Company Limited (HIL) which is holding 85.45% in HCC Concessions Limited (HCL) having various Build, Operate and Transfer (BOT) SPVs under its fold. While HCL has incurred losses during its initial years and consolidated net-worth as at 31 March 2018 has been fully eroded, the underlying projects are expected to achieve adequate profitability on substantial completion. The net-worth of this subsidiary does not represent its true market value as the value of the underlying investments / assets, based on valuation report of an

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION AS AT AND FOR THE YEAR ENDED MARCH 31, 2018

### NOTE 33...contd.

independent valuer, is higher. Therefore, based on certain estimates like future business plans, growth prospects and other factors, the management believes that the realizable amount of the subsidiary is higher than the carrying value of the non-current investments, non-current loans and other non-current financial assets due to which these are considered as good and recoverable.

### NOTE 34

'Unbilled work-in-progress (Other current financial assets)', 'Non-current trade receivables' and 'current trade receivables' include ₹ 686.24 crore (31 March 2017: ₹ 911.80 crore), ₹ 123.39 crore (31 March 2017: ₹ 123.39 crore) and ₹ 214.38 crore (31 March 2017: ₹ 90.30 crore), respectively, outstanding as at 31 March 2018 which represent various claims raised earlier, based on the terms and conditions implicit in the contracts and other receivables in respect of closed/suspended projects. These claims are mainly in respect of cost over-run arising due to client caused delays, suspension of projects, deviation in design and change in scope of work; for which Company is at various stages of negotiation/discussion with the clients or under arbitration/ litigation. Non-current trade receivables also include arbitration awards received in favour of the Company, which have been subsequently set aside by District Court/ High Courts against which the Company has preferred appeals at High Courts/ Supreme Court and has been legally advised that it has good case on merits. Considering the contractual tenability, progress of negotiations/ discussions/ arbitration/ litigations, the management is confident of recovery of these receivables.

### NOTE 35 DISCLOSURE IN ACCORDANCE WITH IND AS 11 'CONSTRUCTION CONTRACTS' - AMOUNT DUE FROM / TO CUSTOMERS ON CONSTRUCTION CONTRACTS

	As at March 31, 2018	As at March 31, 2017
Contract revenue for the year	4,013.14	3,699.52
Aggregate amount of cost incurred and recognized profits less recognized losses up to the reporting date on contract under progress	27,314.18	38,253.29
Advances received from contractees	1,651.88	1,708.91
Retention money	434.80	379.35
Gross amount due from customer for contract work (net of retention)	6,159.08	6,509.47
Gross amount due to customer for contract work	247.72	-

### NOTE 36 INTERESTS IN OTHER ENTITIES

#### a) Joint operations (unincorporated)

The Company's share of interest in joint operations as at 31 March 2018 is set out below. The principal place of business of all these joint operations is in India.

Name of the entity	% of ownership interest held by the Company		Name of the ventures' partner	Principal activities
	As at March 31, 2018	As at March 31, 2017		
HCC- L&T Purulia Joint Venture	57.00	57.00	Larsen and Toubro Limited	Construction
Nathpa Jhakri Joint Venture	40.00	40.00	Impregilio-Spa, Italy	Construction
Kumagai- Skanska- HCC- Itochu Joint Venture	19.60	19.60	Skanska, Kumagai	Construction
Alpine- Samsung Joint Venture	33.00	33.00	Itochu, Alpine Meyreder Bau, Samsung Corporation	Construction
Alpine- HCC Joint Venture	49.00	49.00	Alpine Meyreder Bau	Construction
HCC- Samsung Joint Venture CC-34	50.00	50.00	Samsung C&T Corporation	Construction

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION AS AT AND FOR THE YEAR ENDED MARCH 31, 2018

### NOTE 36 INTERESTS IN OTHER ENTITIES...contd.

#### i) Classification of joint arrangements

The joint venture agreements in relation to the above mentioned joint operations require unanimous consent from all the parties for all relevant activities. All co-venturers have direct rights to the assets of the joint venture and are also jointly and severally liable for the liabilities incurred by the joint venture. These joint ventures are therefore classified as a joint operation and the Company recognises its direct right to the jointly held assets, liabilities, revenue and expenses. In respect of these contracts (assessed as AOP under the Income tax laws), the services rendered to the joint ventures are accounted as income on accrual basis.

	As at March 31, 2018	As at March 31, 2017
₹ crore		
<b>ii) Summarised balance sheet</b>		
Total assets	29.73	50.54
Total liabilities	68.30	71.90
<b>iii) Contingent liability as at reporting date</b>		
Contingent liability	7.05	2.54

	Year ended March 31, 2018	Year ended March 31, 2017
₹ crore		
<b>iv) Summarised statement of profit and loss account</b>		
Revenue	19.90	45.58
Other income	0.83	1.96
Total expenses (including taxes)	38.39	39.84

#### b) Joint operations on work sharing basis

Contracts executed in joint venture under work sharing arrangement (consortium) is set out below. The principal place of business of all these joint operations is in India and they are engaged in construction business.

i) HCC Van Oord ACZ Joint Venture	xiii) HCC- Halcrow Joint Venture
ii) Samsung- HCC Joint Venture	xiv) HCC- Laing- Sadbhav
iii) L & T- HCC Joint Venture	xv) HCC- MEIL- NCC- WPIL Joint Venture
iv) HCC- KBL Joint Venture	xvi) HCC- DSD- VNR Joint Venture
v) HCC- NCC Joint Venture	xvii) MEIL- IVRCL- HCC- WPIL Joint Venture
vi) HCC- CEC Joint Venture	xviii) Alstom Hydro France- HCC Joint Venture
vii) HCC- NOVA Joint Venture	xix) HCC- MMS (MMRCL) Joint Venture
viii) HCC- CPL Joint Venture	xx) HCC- LCESPL (Bistan Lift) Joint venture
ix) HCC- MEIL- CBE Joint Venture	xxi) HCC- HSEPL Joint Venture
x) HCC- MEIL- BHEL Joint Venture	xxii) HCC- AL FARA'A Joint Venture
xi) HCC- MEIL- SEW- AAG Joint Venture	xxiii) HCC- URCC Joint Venture
xii) HCC- MEIL- SEW Joint Venture	

#### Classification of work executed on sharing basis

Contracts executed in joint venture under work sharing arrangement (consortium) is accounted to the extent work executed by the Company as that of an independent contract.

#### c) Jointly controlled entity (joint venture)

The Company's joint venture as at 31 March 2018 is set out below. It has share capital consisting solely of equity shares and the proportion of ownership interests held equals the voting rights held by the Company. The principal place of business of this joint venture is in India and is engaged in tolling operations.



## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION AS AT AND FOR THE YEAR ENDED MARCH 31, 2018

### NOTE 36 INTERESTS IN OTHER ENTITIES...contd.

Name of the entity	Name of the joint venture partner	% of ownership interest held by the Company	
		As at March 31, 2018	As at March 31 2017
Farakka Raiganj Highways Limited	Hindustan Construction Company Limited HCC Concessions Limited	89.23%	89.23%
Baharampore Farakka Highways Limited	Hindustan Construction Company Limited HCC Concessions Limited	89.23%	89.23%
Raiganj Dalkhola Highways Limited	Hindustan Construction Company Limited HCC Concessions Limited	86.91%	86.91%

₹ crore

	As at March 31, 2018	As at March 31 2017
<b>i) Summarised balance sheet</b>		
Total assets	2,485.89	2,551.77
Total liabilities	2,105.95	2,115.37
Equity	379.94	436.40
<b>ii) Contingent liability/ capital commitment as at reporting date</b>		
Capital & Other commitment	55.58	852.93
Contingent liability	1,767.12	1,173.52

₹ crore

	Year ended March 31, 2018	Year ended March 31, 2017
<b>iii) Summarised statement of profit and loss account</b>		
Revenue	489.24	504.26
Other income	3.91	1.58
Total expenses (including taxes)	549.62	534.80

### NOTE 37 DISCLOSURE RELATING TO EMPLOYEE BENEFITS AS PER IND AS 19 'EMPLOYEE BENEFITS'

#### A Defined benefit obligations - Gratuity (unfunded)

The gratuity plan is governed by the Payment of Gratuity Act, 1972 under which an employee who has completed five years of service is entitled to specific benefits. The level of benefits provided depends on the member's length of service and salary at retirement age.

₹ crore

	Year ended March 31, 2018	Year ended March 31, 2017
<b>a) Changes in defined benefit obligations</b>		
Present value of obligation as at the beginning of the year	30.98	29.92
Interest cost	2.25	2.38
Current service cost	2.82	2.54
Remeasurements- Net actuarial gains	(3.57)	(2.22)
Benefits paid	(3.18)	(1.64)
	<b>29.30</b>	<b>30.98</b>
Add: Provision for separated employees	5.90	2.24
<b>Present value of obligation as at the end of the year</b>	<b>35.20</b>	<b>33.22</b>

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION AS AT AND FOR THE YEAR ENDED MARCH 31, 2018

### NOTE 37 DISCLOSURE RELATING TO EMPLOYEE BENEFITS AS PER IND AS 19 'EMPLOYEE BENEFITS' ...contd.

₹ crore

	Year ended March 31, 2018	Year ended March 31, 2017
<b>b) Expenses recognised in the Statement of Profit and Loss</b>		
Interest cost	2.25	2.38
Current service cost	2.82	2.54
<b>Total</b>	<b>5.07</b>	<b>4.92</b>
<b>c) Remeasurement gains recognised in OCI</b>		
Actuarial changes arising from changes in financial assumptions	(1.07)	1.64
Experience adjustments	(2.30)	(3.86)
Changes in demographic assumptions	(0.20)	-
<b>Total</b>	<b>(3.57)</b>	<b>(2.22)</b>

₹ crore

	March 31, 2018	March 31, 2017
<b>d) Actuarial assumptions</b>		
Discount rate	7.82% p.a.	7.27% p.a.
Salary escalation rate (over a long-term)	8.00% p.a.	8.00% p.a.
Mortality rate	Indian assured lives mortality (2006-08)	Indian assured lives mortality (2006-08)
Average future working lifetime	11 Years	13 years

The attrition rate varies from 4% to 8% (31 March 2017: 2% to 8%) for various age groups

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

#### e) Quantities sensitivity analysis for significant assumption is as below:

Sensitivity for significant actuarial assumptions is computed by varying one actuarial assumption used for the valuation of the defined benefit obligation, keeping all other actuarial assumptions constant. The significant actuarial assumptions are discount rate, salary escalation rate and attrition rate.

₹ crore

	March 31, 2018	March 31, 2017
	<b>1% increase</b>	
i. Discount rate	(1.79)	(2.32)
ii. Salary escalation rate (over a long-term)	1.98	2.61
iii. Attrition rate	(0.05)	(0.15)
	<b>1% decrease</b>	
i. Discount rate	2.00	2.65
ii. Salary escalation rate (over a long-term)	(1.81)	(2.33)
iii. Attrition rate	0.05	0.16

The sensitivity analysis presented above may not be representative of the actual charge in the defined benefit obligation as it is unlikely that the change in assumption would occur in isolation of one another as the assumptions may be correlated.

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION AS AT AND FOR THE YEAR ENDED MARCH 31, 2018

### NOTE 37 DISCLOSURE RELATING TO EMPLOYEE BENEFITS AS PER IND AS 19 'EMPLOYEE BENEFITS'...contd.

₹ crore

	March 31, 2018	March 31, 2017
<b>f) Maturity analysis of defined benefit obligation</b>		
Within the next 12 months	2.23	1.44
Between 2 and 5 years	9.31	9.95
Between 6 and 10 years	18.14	12.35
<b>Total expected payments</b>	<b>29.68</b>	<b>23.74</b>

### B. Defined contribution plans

₹ crore

	Year ended March 31, 2018	Year ended March 31, 2017
a) The Company has recognised the following amounts in the Statement of Profit and Loss for the year:		
(i) Contribution to provident fund	18.45	16.01
(ii) Contribution to super annuation fund	4.01	4.63
	<b>22.46</b>	<b>20.64</b>

- b) The expenses for leave entitlement and compensated absences is recognized in the same manner as gratuity and provision of ₹ 17.01 crore (31 March 2017: ₹ 15.28 crore) has been made as at 31 March 2018.

### C. Current / non-current classification

₹ crore

	March 31, 2018	March 31, 2017
<b>Gratuity</b>		
Current	8.14	3.67
Non-current	27.06	29.55
	<b>35.20</b>	<b>33.22</b>
<b>Leave entitlement (including sick leave)</b>		
Current	2.75	4.71
Non-current	14.26	10.57
	<b>17.01</b>	<b>15.28</b>

## NOTE 38 FINANCIAL INSTRUMENTS

The fair value of the financial assets are included at amounts at which the instruments could be exchanged in a current transaction between willing parties other than in a forced or liquidation sale.

The following methods and assumptions were used to estimate the fair value:

- Fair value of cash and short term deposits, trade and other short term receivables, trade payables, other current liabilities, approximate their carrying amounts largely due to the short-term maturities of these instruments.
- Financial instruments with fixed and variable interest rates are evaluated by the Company based on parameters such as interest rates and individual credit worthiness of the counterparty. Based on this evaluation, allowances are taken to account for the expected losses of these receivables.

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION AS AT AND FOR THE YEAR ENDED MARCH 31, 2018

### NOTE 38 FINANCIAL INSTRUMENTS...contd.

#### A Financial instruments by category

The carrying value and fair value of financial instruments by categories as at 31 March 2018 were as follows:

the carrying value and fair value of financial instruments by categories as at 31 March 2018 were as follows:

₹ crore

Particulars	Refer note	Amortised cost	Financial assets/ liabilities at fair value through profit or loss		Financial assets/ liabilities at fair value through OCI		Total carrying value	Total fair value
			Designated upon initial recognition	Mandatory	Designated upon initial recognition	Mandatory		
<b>Assets:</b>								
Investments								
Investment in preference shares	5	0.00 *	-	-	-	-	0.00 *	0.00 *
Investments in equity shares (unquoted)	5	-	-	-	20.86	-	20.86	20.86
Investments in equity shares (quoted)	5	-	-	-	3.26	-	3.26	3.26
Trade receivables	6	3,772.92	-	-	-	-	3,772.92	3,772.92
Loans	7	1,984.29	-	-	-	-	1,984.29	1,984.29
Others financial assets	8	3,133.32	-	-	-	-	3,133.32	3,133.32
Cash and cash equivalents	13	122.03	-	-	-	-	122.03	122.03
Other bank balances	14	75.41	-	-	-	-	75.41	75.41
<b>Liabilities:</b>								
Borrowings (including current maturities of long-term borrowings)	16, 19	3,725.40	-	-	-	-	3,725.40	3,725.40
Trade payables	20	1,810.14	-	-	-	-	1,810.14	1,810.14
Other financial liabilities	17	705.99	-	-	-	-	705.99	705.99

The carrying value and fair value of financial instruments by categories as at 31 March 2017 were as follows:

the carrying value and fair value of financial instruments by categories as at 31 March 2017 were as follows:

Particulars	Refer note	Amortised cost	Financial assets/ liabilities at fair value through profit or loss		Financial assets/ liabilities at fair value through OCI		Total carrying value	Total fair value
			Designated upon initial recognition	Mandatory	Designated upon initial recognition	Mandatory		
<b>Assets:</b>								
Investments								
Investment in preference shares	5	0.00 *	-	-	-	-	0.00 *	0.00 *
Investments in equity shares (unquoted)	5	-	-	-	36.68	-	36.68	36.68
Investments in equity shares (quoted)	5	-	-	-	2.65	-	2.65	2.65
Trade receivables	6	3,515.64	-	-	-	-	3,515.64	3,515.64
Loans	7	1,762.30	-	-	-	-	1,762.30	1,762.30
Others financial assets	8	3,656.71	-	-	-	-	3,656.71	3,656.71
Cash and cash equivalents	13	77.64	-	-	-	-	77.64	77.64
Other bank balances	14	41.97	-	-	-	-	41.97	41.97
<b>Liabilities:</b>								
Borrowings (including current maturities of long-term borrowings)	16, 19	4,396.69	-	-	-	-	4,396.69	4,396.69
Trade payables	20	1,616.40	-	-	-	-	1,616.40	1,616.40
Other financial liabilities	17	516.57	-	-	-	-	516.57	516.57

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION AS AT AND FOR THE YEAR ENDED MARCH 31, 2018

### NOTE 38 FINANCIAL INSTRUMENTS...contd.

#### B Fair value hierarchy

**Level 1**- Quoted prices (unadjusted) in active markets for identical assets or liabilities

**Level 2**- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)

**Level 3**- Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs)

The following table presents fair value hierarchy of assets and liabilities measured at fair value on a recurring basis as of March 31, 2018:

₹ crore

Particulars	March 31, 2018			March 31, 2017		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
<b>Assets</b>						
Investments in equity shares (quoted)	3.26	-	-	2.65	-	-
Investments in equity shares (unquoted)	-	20.86	-	-	36.68	-

### NOTE 39 DISCLOSURE IN ACCORDANCE WITH IND-AS 24 RELATED PARTY TRANSACTIONS

#### A. Names of related parties and nature of relationship

Name of the entity	Country of incorporation	Company's holding as at (%) ^		Subsidiaries of
		March 31, 2018	March 31, 2017	
<b>a) Subsidiaries</b>				
Western Securities Limited	India	97.87	97.87	Hindustan Construction Company Limited
HCC Real Estate Limited	India	100.00	100.00	Hindustan Construction Company Limited
Panchkutir Developers Limited	India	100.00	100.00	Hindustan Construction Company Limited
HCC Mauritius Enterprises Limited	Mauritius	100.00	100.00	Hindustan Construction Company Limited
HCC Construction Limited	India	100.00	100.00	Hindustan Construction Company Limited
Highbar Technologies Limited	India	100.00	100.00	Hindustan Construction Company Limited
HCC Infrastructure Company Limited	India	100.00	100.00	Hindustan Construction Company Limited
HCC Mauritius Investments Limited	Mauritius	100.00	100.00	Hindustan Construction Company Limited
Lavasa Corporation Limited	India	68.70	68.70	HCC Real Estate Limited
HRL (Thane) Real Estate Limited	India	100.00	100.00	HCC Real Estate Limited
HRL Township Developers Limited	India	100.00	100.00	HCC Real Estate Limited
Nashik Township Developers Limited	India	100.00	100.00	HCC Real Estate Limited
Maan Township Developers Limited	India	100.00	100.00	HCC Real Estate Limited
Charosa Wineries Limited	India	100.00	100.00	HCC Real Estate Limited
Powai Real Estate Developer Limited	India	100.00	100.00	HCC Real Estate Limited
HCC Realty Limited	India	100.00	100.00	HCC Real Estate Limited
HCC Aviation Limited	India	100.00	100.00	HCC Real Estate Limited
HCC Operation and Maintenance Limited	India	100.00	100.00	HCC Infrastructure Company Limited
Dhule Palesner Operations & Maintenance Limited	India	100.00	100.00	HCC Infrastructure Company Limited
HCC Power Limited	India	100.00	100.00	HCC Infrastructure Company Limited
HCC Energy Limited	India	100.00	100.00	HCC Power Limited

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION AS AT AND FOR THE YEAR ENDED MARCH 31, 2018

### NOTE 39 DISCLOSURE IN ACCORDANCE WITH IND-AS 24 RELATED PARTY TRANSACTIONS...contd.

Name of the entity	Country of incorporation	Company's holding as at (%) ^		Subsidiaries of
		March 31, 2018	March 31, 2017	
Dasve Business Hotel Limited	India	100.00	100.00	Lavasa Corporation Limited
Dasve Hospitality Institutes Limited	India	100.00	100.00	Lavasa Corporation Limited
Dasve Convention Center Limited	India	100.00	100.00	Lavasa Corporation Limited
Dasve Retail Limited	India	100.00	100.00	Lavasa Corporation Limited
Full Spectrum Adventure Limited	India	90.91	90.91	Lavasa Corporation Limited
Future City Multiservices SEZ Limited	India	100.00	100.00	Lavasa Corporation Limited
Hill City Service Apartments Limited	India	100.00	100.00	Lavasa Corporation Limited
Hill View Parking Services Limited	India	100.00	100.00	Lavasa Corporation Limited
Kart Racers Limited	India	90.00	90.00	Lavasa Corporation Limited
Lakeshore Watersports Company Limited	India	100.00	100.00	Lavasa Corporation Limited
Lakeview Clubs Limited	India	100.00	100.00	Lavasa Corporation Limited
Lavasa Bamboocrafts Limited	India	100.00	100.00	Lavasa Corporation Limited
Lavasa Hotel Limited	India	100.00	100.00	Lavasa Corporation Limited
Mugaon Luxury Hotels Limited	India	100.00	100.00	Lavasa Corporation Limited
My City Technology Limited	India	63.00	63.00	Lavasa Corporation Limited
Nature Lovers Retail Limited	India	100.00	100.00	Lavasa Corporation Limited
Our Home Service Apartments Limited	India	100.00	100.00	Lavasa Corporation Limited
Reasonable Housing Limited	India	100.00	100.00	Lavasa Corporation Limited
Rhapsody Commercial Space Limited	India	100.00	100.00	Lavasa Corporation Limited
Rosebay Hotels Limited	India	100.00	100.00	Lavasa Corporation Limited
Sahyadri City Management Limited	India	100.00	100.00	Lavasa Corporation Limited
Valley View Entertainment Limited	India	100.00	100.00	Lavasa Corporation Limited
Verzon Hospitality Limited	India	100.00	100.00	Lavasa Corporation Limited
Warasgaon Assets Maintenance Limited	India	100.00	100.00	Lavasa Corporation Limited
Warasgaon Infrastructure Providers Limited	India	100.00	100.00	Lavasa Corporation Limited
Warasgaon Power Supply Limited	India	100.00	100.00	Lavasa Corporation Limited
Warasgaon Tourism Limited	India	100.00	100.00	Lavasa Corporation Limited
Warasgaon Valley Hotels Limited	India	100.00	100.00	Lavasa Corporation Limited
Green Hills Residences Limited	India	100.00	60.00	Lavasa Corporation Limited
Steiner AG	Switzerland	100.00	100.00	HCC Mauritius Enterprises Limited 66% HCC Mauritius Investments Limited 34%
Steiner Promotions et Participations SA	Switzerland	100.00	100.00	Steiner- AG
Steiner (Deutschland) GmbH	Germany	100.00	100.00	Steiner- AG
VM + ST AG	Switzerland	100.00	100.00	Steiner- AG
Steiner Leman SAS	France	100.00	100.00	Steiner- AG
Eurohotel SA	Switzerland	95.00	95.00	Steiner- AG
Steiner India Limited	India	100.00	100.00	Steiner- AG
Manufakt8048 AG (w.e.f. 22 January 2018)	Switzerland	100.00	-	Steiner Promotions et Participations SA

^ including through subsidiary companies



## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION AS AT AND FOR THE YEAR ENDED MARCH 31, 2018

### NOTE 39 DISCLOSURE IN ACCORDANCE WITH IND-AS 24 RELATED PARTY TRANSACTIONS...contd.

Name of the entity	Country of incorporation	Company's holding as at (%) ^	
		March 31, 2018	March 31, 2017
<b>b) Joint Venture</b>			
HCC Concessions Limited	India	85.45	85.45
Narmada Bridge Tollways Limited	India	85.45	85.45
Badarpur Faridabad Tollways Limited	India	85.45	85.45
Baharampore-Farakka Highways Limited	India	89.23	89.23
Farakka-Raiganj Highways Limited	India	89.23	89.23
Raiganj-Dalkhola Highways Limited	India	86.91	86.91
Ecomotel Hotel Limited	India	40.00	51.00
Spotless Laundry Services Limited	India	76.02	76.02
Whistling Thrush Facilities Services Limited	India	51.00	51.00
Apollo Lavasa Health Corporation Limited	India	49.00	49.00
Andromeda Hotels Limited	India	40.03	40.03
Bona Sera Hotels Limited	India	26.00	26.00
Starlit Resort Limited	India	26.00	26.00
Nirmal BOT Limited	India	22.22	22.22
<b>c) Associates</b>			
Warasgaon Lake View Hotels Limited	India	24.56	19.11
Knowledge Vistas Limited	India	49.00	49.00
Evostate AG	Switzerland	30.00	30.00
MCR Managing Corp. Real Estate	Switzerland	30.00	30.00
Projektentwicklungsges. Parking Kunstmuseum AG	Switzerland	38.64	38.64
Evostate Immobilien AG (w.e.f. 12 October 2017)	Switzerland	30.00	-
Highbar Technocrat Limited (w.e.f. 21 July 2016) (previously known as Osprey Hospitality Limited)	India	49.00	49.00

<b>d) Other Related Parties</b>	<b>Relationship</b>
Gulabchand Foundation (formed under section 25 of the Companies Act, 1956)	Other related party
Hincon Holdings Limited	Other related party
Hincon Finance Limited	Other related party
HCC Employee's Provident Fund (refer note below)	Post-employment contribution plan
Note: Refer note 37B(a) for information on transaction related to post-employment contribution plan	

### B. Key Management Personnel and Relative of Key Management Personnel

Mr. Ajit Gulabchand	Chairman and Managing Director
Mr. Arjun Dhawan	Relative of Key Management Personnel Group Chief Executive Officer and Whole Time Director w.e.f. 1 April 2017
Mr. Rajgopal Nogja	Group Chief Operating Officer and Whole Time Director (upto 2 May 2016) and Group Chief Executive Officer (w.e.f 3 May 2016 to 31 March 2017)
Ms. Shalaka Gulabchand Dhawan	Whole Time Director
Mr. Rajas R. Doshi	Independent Director
Mr. Ram P. Gandhi	Independent Director

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION AS AT AND FOR THE YEAR ENDED MARCH 31, 2018

### NOTE 39 DISCLOSURE IN ACCORDANCE WITH IND-AS 24 RELATED PARTY TRANSACTIONS...contd.

Mr. Sharad M. Kulkarni	Independent Director
Mr. Anil C. Singhvi	Independent Director
Dr. Omkar Goswami	Independent Director
Mr. N. R. Acharyulu	Non Executive Director
Mr. Praveen Sood	Group Chief Financial Officer
Mr. Arun V. Karambelkar	President and Chief Executive Officer- E&C (upto 31 January 2018)
Mr. Amit Uplenchwar	Chief Executive Officer- E&C (w.e.f. 31 January 2018)
Mr. Sangameshwar Iyer	Company Secretary (upto 8 May 2017)
Mr. Venkatesan Arunachalam	Company Secretary (w.e.f. 9 May 2017)

#### C. Nature of Transactions

	Year ended March 31, 2018	Year ended March 31, 2017
₹ crore		
<b>Transactions with related parties:</b>		
<b>Revenue from operations</b>		
- Joint Venture	350.86	351.39
<b>Interest received on Inter Corporate Deposits</b>		
- Subsidiaries	232.70	212.41
- Joint Venture	-	0.34
	<b>232.70</b>	<b>212.75</b>
<b>Finance Income on corporate guarantees</b>		
- Subsidiaries	2.88	4.15
<b>Services rendered</b>		
- Subsidiaries	4.71	4.79
- Joint Venture	0.54	4.08
- Associates	0.02	-
- Other related parties	-	0.52
	<b>5.27</b>	<b>9.39</b>
<b>Interest expense on corporate guarantee</b>		
- Subsidiaries	4.54	4.66
- Joint Venture	-	0.06
	<b>4.54</b>	<b>4.72</b>
<b>Other Expenses</b>		
- Subsidiaries	3.24	8.01
- Joint Venture	0.06	1.61
- Associates	1.35	-
- Other related parties	-	0.55
	<b>4.65</b>	<b>10.17</b>
<b>Inter corporate deposit given during the year</b>		
- Subsidiaries	206.64	195.28

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION AS AT AND FOR THE YEAR ENDED MARCH 31, 2018

### NOTE 39 DISCLOSURE IN ACCORDANCE WITH IND-AS 24 RELATED PARTY TRANSACTIONS...contd.

	Year ended March 31, 2018	Year ended March 31, 2017
<b>Inter corporate deposit recovered</b>		
- Subsidiaries	7.10	6.25
- Joint Venture	-	3.64
	<b>7.10</b>	<b>9.89</b>
<b>Inter corporate deposit repaid</b>		
- Subsidiaries	-	0.75
<b>Inter corporate deposit taken during the year</b>		
- Subsidiaries	0.02	0.25
<b>Remuneration paid / payable during the year</b>		
- Key Management Personnel	18.38	22.45
<b>Directors' sitting fees paid / payable during the year</b>		
- Key Management Personnel	0.67	0.83

	As at March 31, 2018	As at March 31, 2017
<b>Outstanding balances:</b>		
<b>Outstanding receivables</b>		
<b>Trade Receivable</b>		
- Joint Venture	284.77	14.66
<b>Unbilled work-in-progress</b>		
- Joint Venture	428.17	367.86
<b>Interest Receivable</b>		
- Subsidiaries	201.60	179.30
<b>Receivable towards reimbursements</b>		
- Subsidiaries	46.32	43.54
- Associates	0.43	-
- Other related parties	2.28	1.72
	<b>49.03</b>	<b>45.26</b>
<b>Inter-Corporate Deposit given</b>		
- Subsidiaries	1,962.01	1,736.73
<b>Security Deposit</b>		
- Subsidiaries	0.50	0.50
<b>Against Sale of Assets</b>		
- Subsidiaries	56.83	56.83
<b>Financial Guarantee given on behalf of Company</b>		
- Subsidiaries	15.96	20.50
<b>Outstanding payables</b>		
<b>Inter corporate deposits taken</b>		
- Subsidiaries	1.14	1.12
- Joint Venture	0.58	0.58
	<b>1.72</b>	<b>1.70</b>
<b>Payable to related parties</b>		
- Subsidiaries	0.07	-

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION AS AT AND FOR THE YEAR ENDED MARCH 31, 2018

### NOTE 39 DISCLOSURE IN ACCORDANCE WITH IND-AS 24 RELATED PARTY TRANSACTIONS...contd.

	As at March 31, 2018	As at March 31, 2017
- Joint Venture	151.56	126.50
- Associates	-	0.15
- Other related parties	1.54	1.08
	<b>153.17</b>	<b>127.73</b>
<b>Financial Guarantee given by Company</b>		
- Subsidiaries	15.23	18.39
<b>Due to customers</b>		
- Joint Venture	213.64	-
<b>Bank guarantees given and outstanding as at the end of the year</b>		
- Subsidiaries	-	1.00
- Joint Venture	30.06	70.87
<b>Corporate guarantees given and outstanding at the end of the year</b>		
- Subsidiaries	606.53	523.48
<b>Corporate guarantees taken and outstanding at the end of the year</b>		
- Subsidiaries	7,616.59	8,346.08
<b>Remuneration payable</b>		
- Key Management Personnel	16.88	13.80

#### Notes

- (i) The above figure does not include provisional gratuity liability valued by an actuary, as separate figures are not available.
- (ii) Refer notes 16.2 and 19.1 for personal guarantee provided by CMD, shares pledged and other security created in respect of borrowing by the Company or the related parties.
- (iii) Refer notes 5.2, 5.3 and 12.2 for pledge of shares for facilities taken by joint venture.

### NOTE 40 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The Company's focus is to foresee the unpredictability of financial markets and seek to minimize potential adverse effects on its financial performance.

#### i Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk. Major financial instruments affected by market risk includes loans and borrowings.

##### a Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's total debt obligations with floating interest rates.

##### Interest rate sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected. With all other variables held constant, the Company's profit before tax is affected through the impact on floating rate borrowings, as follows:

	March 31, 2018	March 31, 2017
Increase in basis points	50 basis points	50 basis points
Effect on profit before tax, decrease by	7.27	12.10
Decrease in basis points	50 basis points	50 basis points
Effect on profit before tax, increase by	7.27	12.10

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION AS AT AND FOR THE YEAR ENDED MARCH 31, 2018

### NOTE 40 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES...contd.

The assumed movement in basis points for the interest rate sensitivity analysis is based on the currently observable market environment, showing a significantly higher volatility than in prior years.

#### b Foreign currency risk

The Company has several balances in foreign currency and consequently the Company is exposed to foreign exchange risk. The exchange rate between the rupee and foreign currencies has changed substantially in recent years, which has affected the results of the Company, and may fluctuate substantially in the future. The Company evaluates exchange rate exposure arising from foreign currency transactions and follows established risk management policies.

The following table analysis foreign currency risk from financial instruments as at 31 March 2018:

₹ crore

Particulars	USD	EUR	SEK
<b>Liabilities</b>			
Loans from banks	2.31	-	-
Buyers' credit	0.14	0.02	-
Advance from contractee	0.16	0.62	-
Trade payables	1.32	0.34	0.10
Interest accrued on loans	0.12	-	-
	<b>4.05</b>	<b>0.98</b>	<b>0.10</b>
<b>Assets</b>			
Inter corporate deposits and interest thereon	1.79	-	-
Advance to suppliers	0.02	-	-
Trade receivables	-	0.23	-
Bank balances	0.00 *	0.00 *	-
Unbilled work-in-progress	-	0.36	-
	<b>1.81</b>	<b>0.59</b>	<b>-</b>
<b>Net liabilities</b>	<b>2.24</b>	<b>0.39</b>	<b>0.10</b>

The following table analysis foreign currency risk from financial instruments as at 31 March 2017

₹ crore

Particulars	USD	EUR	SEK
<b>Liabilities</b>			
Loans from banks	2.51	-	-
Buyers' credit	0.01	0.13	-
Advance from contractee	0.16	0.65	-
Trade payables	0.04	0.56	0.16
Interest accrued on loans	0.09	-	-
	<b>2.81</b>	<b>1.34</b>	<b>0.16</b>
<b>Assets</b>			
Inter corporate deposits and interest thereon	1.76	-	-
Advance to suppliers	-	0.11	-
Trade receivables	-	0.23	-
Bank balances	0.00*	0.00*	-
Unbilled work-in-progress	-	0.44	-
	<b>1.76</b>	<b>0.78</b>	<b>-</b>
<b>Net liabilities</b>	<b>1.05</b>	<b>0.56</b>	<b>0.16</b>

# SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION AS AT AND FOR THE YEAR ENDED MARCH 31, 2018

## NOTE 40 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES...contd.

### Sensitivity analysis

The Company's exposure in foreign currency is not material and hence the impact of any significant fluctuation in the exchange rates is not expected to have a material impact of the operating profits of the Company.

### c Equity price risk

The Company's listed and non-listed equity securities are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Company manages the equity price risk through diversification and by placing limits on individual and total equity instruments. Reports on the equity portfolio are submitted to the Company's senior management on a regular basis. The Company's Board of Directors reviews and approves all equity investment decisions.

### Sensitivity analysis

As at 31 March 2018, the exposure to listed equity securities at fair value was ₹ 3.26 crore. A decrease of 10% on the NSE market index could have an impact of approximately ₹ 0.33 crore on the OCI or equity attributable to the Company. An increase of 10% in the value of the listed securities would also impact OCI and equity. These changes would not have a material effect on the profit or loss of the Company.

## ii Credit risk

Credit risk refers to the risk of default on its obligation by the counterparty resulting in a financial loss. The maximum exposure of the financial assets are contributed by trade receivables, unbilled work-in-progress, cash and cash equivalents and receivable from group companies.

- a Credit risk on trade receivables and unbilled work-in-progress is limited as the customers of the Company mainly consists of the government promoted entities having a strong credit worthiness. For other customers, the Company uses a provision matrix to compute the expected credit loss allowance for trade receivables and unbilled work-in-progress. The provision matrix takes into account available external and internal credit risk factors such as credit ratings from credit rating agencies, financial condition, ageing of accounts receivable and the Company's historical experience for customers.

The following table gives details in respect of percentage of revenues generated from government promoted agencies and others:

Particulars	31 March, 2018 %	31 March, 2017 %
Revenue from government promoted agencies	90.38	89.33
Revenue from others	9.62	10.67
	<b>100.00</b>	<b>100.00</b>

The following table gives details in respect of contract revenues generated from the top customer and top 5 customers for the year ended:

	March 31, 2018	March 31, 2017
Revenue from top customer	410.43	605.29
Revenue from top five customers	1,850.52	2,209.67

₹ crore

For the year ended 31 March 2018, one (31 March 2017: four) customers, individually, accounted for more than 10% of the revenue.

The movement of the allowance for lifetime expected credit loss is stated below: ^

Balance at the beginning of the year	—	—
Balance at the end of the year	—	—

- b Credit risk on cash and cash equivalents is limited as the Company generally invest in deposits with banks and financial institutions with high credit ratings.



## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION AS AT AND FOR THE YEAR ENDED MARCH 31, 2018

### NOTE 40 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES...contd.

#### iii Liquidity risk

Liquidity is defined as the risk that the Company will not be able to settle or meet its obligations on time or at a reasonable price. The Company's treasury department is responsible for liquidity, funding as well as settlement management. In addition, processes and policies related to such risks are overseen by senior management. Management monitors the Company's net liquidity position through rolling forecasts on the basis of expected cash flows.

The table below provides details regarding the contractual maturities of significant financial liabilities:

₹ crore

Particulars	On demand	Less than 1 year	1 - 5 years	More than 5 years	Total
<b>As at 31 March 2018</b>					
Borrowings (including current maturities of long-term borrowings)	1,106.98	335.01	1,514.55	768.86	3,725.40
Trade payables	418.44	1,391.70	-	-	1,810.14
Interest accrued	6.17	287.01	-	-	293.18
Other financial liabilities	253.59	109.47	47.66	2.09	412.81
<b>Total</b>	<b>1,785.18</b>	<b>2,123.19</b>	<b>1,562.21</b>	<b>770.95</b>	<b>6,241.53</b>
<b>As at 31 March 2017</b>					
Borrowings (including current maturities of long-term borrowings)	1,209.31	355.05	1,679.14	1,153.19	4,396.69
Trade payables	515.74	1,100.66	-	-	1,616.40
Interest accrued	66.77	102.68	-	-	169.45
Other financial liabilities	274.22	20.97	49.84	2.09	347.12
<b>Total</b>	<b>2,066.04</b>	<b>1,579.36</b>	<b>1,728.98</b>	<b>1,155.28</b>	<b>6,529.66</b>

### NOTE 41 CAPITAL MANAGEMENT

For the purpose of the Company's capital management, capital includes issued equity capital and all other equity reserves attributable to the equity holders of the Company. The Company strives to safeguard its ability to continue as a going concern so that they can maximise returns for the shareholders and benefits for other stake holders. The aim to maintain an optimal capital structure and minimise cost of capital.

The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Company may return capital to shareholders, issue new shares or adjust the dividend payment to shareholders (if permitted). Consistent with others in the industry, the Company monitors its capital using the gearing ratio which is total debt divided by total capital (equity).

	<b>As at March 31, 2018</b>	As at March 31, 2017
Total debt	3,725.40	4,396.69
Total equity	2,774.94	2,689.98
<b>Total debt to equity ratio (Gearing ratio)</b>	<b>1.34</b>	<b>1.63</b>

In the long run, the Company's strategy is to maintain a gearing ratio of less than 1.25.

In order to achieve this overall objective, the Company's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the borrowings that define the capital structure requirements. Breaches in meeting the financial covenants would permit the lenders to immediately call loans and borrowings. Subsequent to restructuring of the borrowings as stated in note 16, there have been no communications from the banks in this regard which might have a negative impact on the gearing ratio.

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION AS AT AND FOR THE YEAR ENDED MARCH 31, 2018

**Note 42** The Company is principally engaged in a single business segment viz. "Engineering and Construction". Also, refer note 40(ii) for information on revenue from major customers.

**Note 43** Disclosure of unhedged foreign currency exposure as at 31 March 2018

Particulars	Currency	March 31, 2018		March 31, 2017	
		Foreign currency in crore	₹ crore	Foreign currency in crore	₹ crore
<b>Assets</b>					
Inter corporate deposits and interest thereon					
- Non-current	USD	1.51	97.47	1.51	97.56
- Current	USD	0.28	17.81	0.25	16.38
Advance to suppliers	USD	0.02	1.22	-	-
	EUR	-	-	0.11	7.62
	AUD	-	-	-	-
	SEK	-	-	-	-
Trade receivables	EUR	0.23	18.16	0.23	16.07
Bank balances	USD	0.00 *	0.46	0.00 *	0.19
	EUR	0.00 *	0.46	0.00 *	0.17
Unbilled work-in-progress	EUR	0.36	28.32	0.44	31.60
<b>Liabilities</b>					
Loans from banks					
- Non-current	USD	0.10	6.42	0.93	60.55
- Current	USD	2.21	144.95	1.58	103.24
Buyers' credit	USD	0.14	9.07	0.01	0.59
	EUR	0.02	1.82	0.13	8.80
Advance from contractee	USD	0.16	10.70	0.16	10.65
	EUR	0.62	50.30	0.65	45.32
Trade payables	USD	1.32	86.44	0.04	2.47
	EUR	0.34	27.40	0.56	38.83
	SEK	0.10	0.81	0.16	1.17
Interest accrued on loans	USD	0.12	7.92	0.09	5.62
<b>Net liability</b>			<b>(181.93)</b>		<b>(107.65)</b>

**Note 44** \* represents amount less than ₹ 1 lakh.

This is a summary of significant accounting policies and other explanatory information referred to in our report of even date

For **Walker Chandiok & Co LLP**

Chartered Accountants

Firm Registration No. 001076N / N500013

For and on behalf of the Board of Directors

**Rakesh R. Agarwal**

Partner

Membership No.: 109632

**Praveen Sood**

Group Chief Financial Officer

FCA 072412

**Venkatesan Arunachalam**

Company Secretary

ACS 12644

Place : Mumbai  
Dated : May 3, 2018

**Ajit Gulabchand**

**Arjun Dhawan**

**Shalaka Gulabchand Dhawan**

**Rajas R. Doshi**

**Ram P. Gandhi**

**Sharad M. Kulkarni**

**Anil C. Singhvi**

**Omkar Goswami**

**N. R. Acharyulu**

DIN: 00010827

DIN: 01778379

DIN: 00011094

DIN: 00050594

DIN: 00050625

DIN: 00003640

DIN: 00239589

DIN: 00004258

DIN: 02010249

Chairman & Managing Director

Group Chief Executive Officer &

Whole-Time Director

Whole-Time Director

Directors

## ANNEXURE I

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

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

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

#### II. Audit Qualification

##### a. Details of Audit Qualification:

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

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

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

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

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

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

	We have considered the material weakness identified and reported above in determining the nature, timing, and extent of audit tests applied in our audit of the 31 March 2018 standalone financial statements of the Company, and the material weakness has affected our opinion on the standalone financial statements of the Company and we have issued a qualified opinion on the standalone financial statements.
b. Type of Audit Qualification	Qualified Opinion
c. Frequency of qualification:	This is the third year of qualification
d. For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views:	Not Applicable
e. For Audit Qualification(s) where the impact is not quantified by the auditor:	
(i) Management's estimation on the impact of audit qualification:	<p>Nil.</p> <p>While the said entities have incurred losses during their initial years and consolidated net-worth of both entities as at 31 March 2018 has been fully eroded, the underlying projects in such entities are in the early stages of development and are expected to achieve adequate profitability on substantial completion and/or have current market values of certain properties which are in excess of the carrying values. The net-worth of these subsidiaries does not represent their true market value as the value of the underlying investments/ assets, based on valuation report of an independent valuer, is substantially higher. Therefore, based on certain estimates like future business plans, growth prospects and other factors, the management believes that the realizable amount of these subsidiaries is substantially higher than the carrying value of the investments, non-current loans, other non-current financial assets and other current financial assets due to which these are considered as good and recoverable.</p> <p>Thus management believes that the Company's internal financial control in respect of assessment of the carrying value of investments, recoverability of non-current loans, other non-current financial assets and other current financial assets in subsidiaries were operating effectively and there is no material weakness in such controls and procedures.</p>
(ii) If management is unable to estimate the impact, reasons for the same:	Not Applicable
(iii) Auditors' Comments on (i) or (ii) above:	Included in details of auditor's qualification
<b>III. Signatories:</b>	
For <b>Walker Chandiok &amp; Co LLP</b> Chartered Accountants Firm's Registration No.: 001076N/N500013  per <b>Rakesh R. Agarwal</b> Partner Membership No.: 109632  Place : Mumbai Date : May 3, 2018	For Hindustan Construction Company Limited  <b>Ajit Gulabchand</b> Chairman & Managing Director  <b>Praveen Sood</b> Group Chief Financial Officer  <b>Sharad M. Kulkarni</b> Audit Committee Chairman

# INDEPENDENT AUDITOR'S REPORT

To The Members of Hindustan Construction Company Limited

## Report on the Consolidated Financial Statements

- 1) We have audited the accompanying consolidated financial statements of Hindustan Construction Company Limited ('the Holding Company') and its subsidiaries (the Holding Company and its subsidiaries together referred to as 'the Group'), its associates and joint ventures which comprise the Consolidated Balance Sheet as at 31 March 2018, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity for the year then ended and a summary of the significant accounting policies and other explanatory information.

## Management's Responsibility for the Consolidated Financial Statements

- 2) The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 ('the Act') that give a true and fair view of the consolidated state of affairs (consolidated financial position), consolidated profit or loss (consolidated financial performance including other comprehensive income), consolidated cash flows and consolidated changes in equity of the Group including its associates and joint ventures in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act. The Holding Company's Board of Directors and the respective Board of Directors/management of the subsidiaries included in the Group, and its associates and joint ventures are responsible for the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error. Further, in terms of the provisions of the Act, the respective Board of Directors/management of the companies included in the Group, and its associate companies and joint venture companies covered under the Act are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error. These financial statements have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

## Auditor's Responsibility

- 3) Our responsibility is to express an opinion on these consolidated financial statements based on our audit.
- 4) While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.
- 5) We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether these consolidated financial statements are free from material misstatement.
- 6) An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial controls relevant to the Holding Company's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.
- 7) We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred in paragraph 14 of the Other Matters paragraph, is sufficient and appropriate to provide a basis for our qualified audit opinion on these consolidated financial statements.

## Basis for Qualified Opinion

- 8) As stated in Note 35.2 to the consolidated financial statements, relating to the Group's carrying value of net assets (capital employed) aggregating ₹ 3,244.18 crore (including capital work in progress amounting to ₹ 1,196.80 crore stated in Note 35.3), goodwill amounting to ₹ 95.04 crore and non-controlling interest amounting to ₹ 482.99 crore as at 31 March 2018 in Lavasa Corporation Limited (LCL), being considered good and recoverable by the management. However, this subsidiary has accumulated losses and its consolidated net worth is fully eroded as at 31 March 2018. Further, this subsidiary is facing liquidity constraints due to which it may not be able to realize projections made as per its business plans. In the absence of sufficient appropriate evidence, we are unable to comment upon the carrying value of these assets and the consequential impairment losses, if any, on the

accompanying consolidated financial statements. Our opinion on the consolidated financial statements for the year ended 31 March 2017 was also qualified in respect of this matter.

- 9) We draw attention to the following qualifications to the audit opinion on the consolidated financial statements of HCC Real Estate Limited (HREL), a subsidiary of the Holding Company, issued by us vide our report dated 2 May 2018 on matters which are relevant to our opinion on the consolidated financial statements of the Group, and reproduced by us as under:
- (i) Note 16.4 to the consolidated financial statements, regarding a subsidiary company, LCLs, 'non-current borrowings' and 'other current financial liabilities' which include balances amounting to ₹ 537.16 crore and ₹ 2,530.41 crore, respectively as at 31 March 2018 in respect of which direct confirmations from the respective lenders have not been received, although we have been able to perform alternate procedures with respect to these balances. However, in the absence of such confirmations from the lenders, we are unable to comment on the adjustments that would be required to the carrying value of these balances on account of changes, if any, in the terms and conditions of the transactions, and the consequential impact, on the accompanying consolidated financial statements.
  - (ii) Note 16.6 to the consolidated financial statements, regarding a subsidiary company, Warasgaon Assets Maintenance Limited (WAML)'s, 'other current financial liabilities' which include balances amounting to ₹ 1,030.34 crores as at 31 March 2018 pertaining to borrowings from lenders which have been classified as non-performing assets and in respect of which direct confirmations from the respective lenders have not been received. In the absence of such confirmations from lenders, we are unable to comment on the adjustments that would be required to the carrying value of these balances on account of changes, if any, in the terms and conditions of the transactions, and the consequential impact, on the accompanying consolidated financial statements.
  - (iii) Note 16.7 to the consolidated financial statements, regarding a subsidiary company, Dasve Retail Limited (DRL)'s, 'other current financial liabilities' which include balances amounting to ₹ 19.83 crore as at 31 March 2018 pertaining to borrowing from a bank which has been classified as non-performing asset and in respect of which direct confirmation from the bank has not been received. In the absence of such confirmation from the bank, we are unable to comment on the adjustments that would be required to the carrying value of these balances on account of changes, if any, in the terms and conditions of the transactions, and the consequential impact, on the accompanying consolidated financial statements.
  - (iv) Note 35.6 to the consolidated financial statements, relating to HREL Group's carrying value of net assets (capital employed) aggregating ₹ 85.26 crore as at 31 March 2018 in Charosa Wineries Limited (CWL),

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

### Qualified Opinion

- 10) In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors on separate financial statements and on the other financial information of the subsidiaries, associates and joint ventures, except for the possible effects of the matters described in the Basis for Qualified Opinion paragraph above, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs (consolidated financial position) of the Group, its associates and joint ventures as at 31 March 2018, and their consolidated loss (consolidated financial performance including other comprehensive loss), their consolidated cash flows and consolidated changes in equity for the year ended on that date.

### Emphasis of Matters

- 11) We draw attention to:
- a) Note 34 to the consolidated financial statements, regarding uncertainties relating to recoverability of unbilled work-in-progress (other current financial assets), non-current trade receivables and current trade receivables aggregating ₹ 686.24 crore, ₹ 123.39 crore and ₹ 214.38 crore, respectively, as at 31 March 2018, which represent various claims raised in the earlier years in respect of projects substantially closed or suspended and where the claims are currently under negotiations/ discussion/ arbitration/ litigations. Pending the ultimate outcome of these matters, which is presently unascertainable, no adjustments have been made in the accompanying consolidated financial statements. Our opinion is not modified in respect of this matter.
  - b) Note 33.1 to the consolidated financial statements, regarding Group's non-current investment in HCC Concessions Limited (HCL), a joint venture company of HCC Infrastructure India Limited (HICL), aggregating ₹ 292.81 crore as at 31 March 2018. The consolidated net-worth of the aforesaid joint venture has been fully eroded; however, based on certain estimates and



other factors, including joint venture's future business plans, growth prospects and valuation report from an independent valuer, as described in the said note, management believes that the realizable amount is higher than the carrying value of the investments due to which these are considered as good and recoverable. Our opinion is not modified in respect of this matter.

- c) Note 27.1 to the consolidated financial statements, regarding remuneration of ₹ 10.66 crore paid for each of the financial years ended 31 March 2014 and 31 March 2016 to the Chairman and Managing Director (CMD), which is in excess of the limits prescribed under the provisions of the erstwhile Companies Act, 1956/ the Companies Act, 2013, respectively and for which the Company has filed an application for review / an application, respectively with the Central Government; however approval in this regard is pending till date. Our opinion is not modified in respect of this matter.
- 12) We draw attention to the following emphasis of matters and material uncertainty related to going concern included in the audit report issued by us dated 2 May 2018 on the consolidated financial statements of HREL, a subsidiary company of the Holding Company, on matters which are relevant to our opinion on the consolidated financial statements of the Group, and reproduced by us as under:
- a) Note 35.1 to the consolidated financial statements, which describe the uncertainty related to the outcome of appeal filed by LCL with National Green Tribunal against the Order of the Ministry of Environment and Forests dated 9 November 2011 according environment clearances which are subject to compliance of certain terms and conditions by LCL. Pending the final outcome, which is presently unascertainable, no adjustments have been made in the consolidated financial statements as the management is of the view that they have sufficient grounds to believe that no additional costs will be incurred to comply with the conditions imposed. Our opinion is not modified in respect of this matter.
  - b) Note 16.5 to the consolidated financial statements, which describe that interest and principal in respect of non-convertible debenture holders (secured against land asset of LCL), listed on BSE, are overdue as at 31 March 2018. The management of LCL is in the process of restructuring such debentures and has intimated the stock exchange regarding the same. Consequently, the management of LCL believes that such overdue will not have any implications on the consolidated financial statements. Our opinion is not modified in respect of this matter.
  - c) Note 9.1 to the consolidated financial statements, which describe the restatement of the comparative financial statements of LCL for the year ended 31 March 2017, to correct an error in the deferred tax liabilities recorded as at 31 March 2017 in accordance with the requirements of Ind AS 8- Accounting policies, changes in accounting estimates and errors. Further, as described in the said note this restatement does not have an impact on the opening balance sheet of the preceding period. Our opinion is not modified in respect of this matter.
- d) Note 35.5 to the consolidated financial statements, regarding a subsidiary company, HRELs, 'non-current investments' in its joint ventures and associates, and non-current loans and current trade receivables which include dues from such joint ventures and associates aggregating ₹ 51.66 crore, ₹ 56.34 crore and ₹ 19.48 crore, respectively. The net worth of the aforesaid joint ventures and associates as at 31 March 2018 has been either fully or significantly eroded and most of the entities have incurred losses or do not have any operations during the year ended 31 March 2018. The operations of these joint ventures and associates are dependent on the project undertaken by the respective companies as a group. Based on this and other factors stated in aforementioned note, management of HREL has considered these balances as fully recoverable. Our opinion is not modified in respect of this matter.
- e) Note 35.7 to the consolidated financial statements, which indicates that HREL Group has incurred net loss of ₹ 961.30 crore during the year ended 31 March 2018 and as of that date, has accumulated losses amounting to ₹ 2,223.59 crore and which has resulted in complete erosion of its net-worth and its current liabilities exceeded its current assets by ₹ 3,883.31 crore. The operations of the HREL Group are dependent on the effectiveness of the project undertaken by LCL and its components. LCL and its two subsidiaries have defaulted in repayment of borrowings from the lenders and is in the process of submitting a resolution plan to the consortium of lenders for revival of its business and restructuring the repayment of borrowings. LCL has also defaulted in repayment of dues to non-convertible debentures and is in the process of restructuring the terms of repayment with them. The above factors indicate a material uncertainty, which may cast significant doubt about the HREL Group's ability to continue as a going concern. Basis the factors mentioned in the aforesaid note, management is of the view that going concern basis of accounting is appropriate. Our opinion is not modified in respect of this matter.
- 13) We draw attention to the following emphasis of matters included in the audit report issued by an independent firm of Chartered Accountants, vide their report dated 2 May 2018, on the consolidated financial statements of HCC Infrastructure Company Limited (HICL), a subsidiary company of the Holding Company, on matters which are relevant to our opinion on the consolidated financial statements of the Group, and reproduced by us as under:
- a) Note 36.1 to the consolidated financial statements, in respect of Raiganj-Dalkhola Highways Limited (RDHL) a joint venture company of HICL, where National Highway Authority of India (NHAI) has served notice of termination of contract to RDHL due to delay in re-start of work at project. For the reasons mentioned

in the note, as per terms of the contract, RDHL is confident to full recovery of its claims of ₹ 368.00 crore made before the Arbitration for wrongful termination of the project. In view of this, cost incurred by RDHL appearing under intangible assets under development amounting to ₹ 177.42 crore is considered fully recoverable by the management of RDHL. Hence, no provision for such loss is considered necessary. Our opinion is not modified in respect of this matter.

- b) Note 36.2 to the consolidated financial statements. RDHL has filed a claim before arbitration for wrongful termination of the project by NHAI. Also, it has filed another claim for cost incurred on the project till the date of termination for which the constitution of Arbitral Tribunal to adjudicate this claim is awaited. Management of RDHL is confident of full recovery of its claims. Also, the net-worth of RDHL is positive and hence management views the entity as a going concern. However, these conditions along with other matters as set forth in the aforesaid note, indicate the existence of a material uncertainty that may cast significant doubt about RDHL's ability to continue as a going concern. The appropriateness of assumption of going concern is critically dependent upon the RDHL's ability to succeed in its claim of wrongful termination before the arbitration. Our opinion is not modified in respect of this matter.
- c) Note 37 to the consolidated financial statements, regarding, a joint venture company of HICL, Badarpur Faridabad Tollways Limited (BFTL), whose net-worth is negative as at 31 March 2018 as the accumulated losses have exceeded the paid up share capital of BFTL. Consequent to the intention to issue termination notice issued by BFTL vide letter dated 31 March 2017, BFTL issued the termination notice to NHAI on 1 September 2017, terminating the Concession Agreement (CA) of the project entered into by BFTL with NHAI dated 4 September 2008 due to various reasons/ authority defaults mentioned therein and demanded termination payment of ₹ 775.00 crore. NHAI refuted the termination initiated by BFTL. NHAI, in turn, issued suspension notice dated 28 August 2017 and took over the project. Subsequent to its suspension notice, NHAI terminated the CA, vide letter dated 23 February 2018. BFTL refuted NHAI's termination stating that NHAI's termination is invalid, as BFTL had already terminated CA, vide termination notice dated 1 September 2017. BFTL has referred termination dispute for resolution as per Dispute Resolution Procedure (Arbitration) provided in the CA. Based on the legal advice obtained in this respect, BFTL has represented that it is confident of recovering the amount from NHAI and therefore has accounted the same under current financial assets in its standalone financial statements. Despite negative net-worth, the management of BFTL views the entity as going concern. These conditions indicate existence of material uncertainty that may cast significant doubt about BFTL's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

- d) Note 33.2 to the consolidated financial statements, in respect of HICL group's accumulated losses exceeding its equity by ₹ 1,557.65 crore. HICL group has incurred loss of ₹ 200.60 crore during the year ended 31 March 2018. Despite negative net worth of the HICL's group, the consolidated financial statements of HICL group have been prepared on a going concern basis for the reasons mentioned in the aforesaid note. The appropriateness of the basis is inter alia dependent upon HICL group's ability to generate higher fair market value by HICL, of its investment in joint venture, namely HCL and ongoing incubation of other infrastructure businesses which will create further value for the HICL group. These conditions, along with other matters as set forth in aforesaid note, indicate the existence of a material uncertainty that may cast significant doubt about HICL group's ability to continue as going concern. Our opinion is not modified in respect of this matter.

### Other Matters

- 14) (a) We did not audit the financial statements/financial information of eighteen subsidiaries, whose financial statements/financial information reflect total assets of ₹ 4,071.11 crore and net liabilities of ₹ 1,156.88 crore as at 31 March 2018 and total revenues of ₹ 5,526.25 crore and net cash inflows of ₹ 125.50 crore for the year ended on that date, as considered in these consolidated financial statements. The consolidated financial statements also include the Group's share of net loss (including other comprehensive income) of ₹ 35.95 crore for the year ended 31 March 2018, as considered in the consolidated financial statements, in respect of four associates and seven joint ventures, whose financial statements / financial information have not been audited by us. These financial statements/ financial information have been audited by other auditors whose reports have been furnished to us by the management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, associates and joint ventures, and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries, associates and joint ventures, is based solely on the reports of the other auditors.

Our opinion on the consolidated financial statements and our report on other legal and regulatory requirements below, are not modified in respect of the above matter with respect to our reliance on the work done by, and the reports of the, other auditors.

- (b) Further, the consolidated financial statements include financial statements/ financial information of seven joint operations, whose financial statements/financial information reflect total assets of ₹ 29.73 crore and net liabilities of ₹ 38.64 crore as at 31 March 2018 and total revenues of ₹ 19.90 crore for the year ended on that date. The Holding Company had prepared separate set of financial statements of these joint operations for the years ended 31 March 2018 in accordance

with accounting principles generally accepted in India and which have been audited by other auditors under generally accepted auditing standards applicable in India. Our opinion in so far it relates to the amounts and disclosure in respect of these joint operations is solely based on report of the other auditors and the conversion adjustments prepared by the management of the Holding Company, which have been audited by us.

Our opinion on the consolidated financial statements and our report on other legal and regulatory requirements below, are not modified in respect of the above matter with respect to our reliance on the work done by, and the reports of the, other auditors.

- 15) We did not audit the financial information of a subsidiary, whose financial information reflect total assets of ₹ 47.52 crore and net liabilities of ₹ 43.54 crore as at 31 March 2018 and total revenues of ₹ 0.56 crore for the year ended on that date, as considered in these consolidated financial statements. The consolidated financial statements also include Group's share of net loss (including other comprehensive income) of ₹ 0.80 crore for the year ended 31 March 2018, as considered in the consolidated financial statements, in respect of two associates and three joint ventures, whose financial information have not been audited by us. These financial information are unaudited and have been furnished to us by the management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiary, associates and joint ventures, and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiary, associates and joint ventures, are based solely on such unaudited financial information. In our opinion and according to the information and explanations given by the management, these financial statements/financial information are not material to the Group.

Our opinion above on the consolidated financial statements, and our report on other legal and regulatory requirements below, are not modified in respect of the above matter with respect to our reliance on the financial statements/financial information certified by the management.

### Report on Other Legal and Regulatory Requirements

- 16) As required by Section 143 (3) of the Act, based on our audit and on the consideration of the reports of the other auditors on separate financial statements and other financial information of the subsidiaries, associates and joint ventures, we report, to the extent applicable, that:
- We have sought and except for the possible effects of the matters described in the Basis for Qualified Opinion paragraphs, obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the aforesaid consolidated financial statements;
  - In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so

far as it appears from our examination of those books and the reports of the other auditors, except for the possible effects of the matters described in paragraph 8 and paragraph 9 of the Basis for Qualified Opinion paragraph with respect to the financial statements of the Holding Company and HREL, a subsidiary of the Holding Company, respectively;

- The consolidated financial statements dealt with by this report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements;
- Except for the possible effects of the matters described in the Basis for Qualified Opinion paragraphs, in our opinion, the aforesaid consolidated financial statements comply with the Ind AS prescribed under section 133 of the Act;
- The matters described in paragraphs 8, 9, 11, 12 and 13 under the Basis for Qualified Opinion and Emphasis of Matters paragraphs, in our opinion, may have an adverse effect on the functioning of the Holding Company, HREL group and HICL group, subsidiaries of the Holding Company;
- On the basis of the written representations received from the directors of the Holding Company and taken on record by the Board of Directors of the Holding Company and the reports of the other statutory auditors of its subsidiary companies, associate companies and joint ventures companies covered under the Act, none of the directors of the Group companies, its associate companies and joint venture companies, covered under the Act, is disqualified as at 31 March 2018 from being appointed as a director in terms of Section 164 (2) of the Act;
- The qualifications relating to the maintenance of accounts and other matters connected therewith are as stated in paragraph 8 and paragraph 9 of the Basis for Qualified Opinion paragraph, with respect to the Holding Company and HREL, a subsidiary of the Holding Company, respectively;
- With respect to the adequacy of the internal controls over financial reporting of the Holding Company, its subsidiary companies, associate companies, joint venture companies covered under the Act and the operating effectiveness of such controls, refer to our separate Report in 'Annexure I';
- With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditors on separate financial statements and also the other financial information of the subsidiaries, associates and joint ventures:
  - except for the possible effects of the matters described in paragraphs 8 and 9 of the Basis for Qualified Opinion paragraph, the consolidated financial statements disclose the impact of

- pending litigations on the consolidated financial position of the Group, its associates and joint ventures as detailed Notes 6.1, 16.4, 16.5, 16.6, 16.7, 27.1 32(i), (ii) (iii) and (vi), 34, 35.1, 35.7, 36.1, 36.2 and 37, to in the consolidated financial statements;
- ii. except for the possible effects of the matters described in Basis for Qualified Opinion paragraph, provision has been made in the consolidated financial statements, as required under the applicable law or Ind AS, for material foreseeable losses on long-term contracts including derivative contracts, as detailed in Note 18.2 to the consolidated financial statements;
  - iii. there has been no delay in transferring amounts, required to be transferred to the Investor Education and Protection Fund by the Holding Company and its subsidiary companies and
  - iv. the disclosure requirements relating to holdings as well as dealings in specified bank notes were applicable for the period from 8 November 2016 to 30 December 2016 which are not relevant to these consolidated financial statements. Hence, reporting under this clause is not applicable.
- For **Walker Chandiok & Co LLP**  
Chartered Accountants  
Firm's Registration No.: 001076N/N500013
- per **Rakesh R. Agarwal**  
Partner  
Membership No.: 109632
- Place : Mumbai  
Date : May 3, 2018

## ANNEXURE I TO THE INDEPENDENT AUDITOR'S REPORT

### Independent Auditor's report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ('the Act')

1. In conjunction with our audit of the consolidated financial statements of the Hindustan Construction Company Limited ('the Holding Company') and its subsidiaries, (the Holding Company and its subsidiaries together referred to as 'the Group'), its associates and its joint ventures as at and for the year ended 31 March 2018, we have audited the internal financial controls over financial reporting (IFCoFR) of the Holding Company, its forty eight subsidiary companies, three associate companies and fourteen joint ventures, which are companies covered under the Act, as at that date.

### Management's Responsibility for Internal Financial Controls

2. The respective Board of Directors of the Holding Company, its forty eight subsidiary companies, three associate companies and fourteen joint ventures companies, which are companies covered under the Act, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting ('the Guidance Note') issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of the company's business, including adherence to the company's policies, the safeguarding of the company's assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

### Auditors' Responsibility

3. Our responsibility is to express an opinion on the IFCoFR of the Holding Company, its subsidiary companies, its associate companies and joint venture companies as aforesaid, based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of IFCoFR and the Guidance Note issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate IFCoFR were established and maintained and if such controls operated effectively in all material respects.
4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the IFCoFR and their operating effectiveness. Our audit of IFCoFR includes obtaining an understanding of IFCoFR, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.
5. We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our qualified opinion on the IFCoFR of the Holding Company, its subsidiary companies, associate companies and joint venture companies, as aforesaid.

### Meaning of Internal Financial Controls over Financial Reporting

6. A company's IFCoFR is a process designed to provide reasonable assurance regarding the reliability of financial

reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's IFCoFR includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

### **Inherent Limitations of Internal Financial Controls over Financial Reporting**

7. Because of the inherent limitations of IFCoFR, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the IFCoFR to future periods are subject to the risk that the IFCoFR may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### **Basis for Qualified Opinion**

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

The Holding Company internal financial controls in respect of supervisory and review controls over process of determining of the carrying value of subsidiary's net assets (capital employed), goodwill on consolidation and non-controlling interest were not operating effectively. Absence of aforesaid assessment in accordance with the accounting principles generally accepted in India could potentially result in a material misstatement in the carrying value of aforesaid assets and consequently, also impact the loss (financial performance including other comprehensive loss) after tax.

We draw attention to the following material weakness included in the report on IFCoFR issued by us dated 2 May 2018 on consolidated financial statements of HREL, a subsidiary company of the Holding Company, and reproduced by us as under:

Charosa Wineries Limited's, a subsidiary company, internal financial controls in respect of supervisory and review controls over process of determining of the carrying value of net assets (capital employed) were not operating effectively. Absence of aforesaid assessment in accordance with the accounting principles generally accepted in India could potentially result in a material misstatement in the carrying value of aforesaid assets and consequently, also impact the

loss (financial performance including other comprehensive loss) after tax.

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

### **Qualified Opinion**

10. In our opinion and based on the consideration of the reports of the other auditors on IFCoFR of the eight subsidiaries companies, an associate company and seven joint venture companies, except for the possible effects of the material weakness described above in the Basis for Qualified Opinion paragraph, the Holding Company, its forty eight subsidiary companies, its three associate companies and fourteen joint venture companies, which are companies covered under the Act, have, in all material respects, adequate IFCoFR and such controls were operating effectively as at 31 March 2018, based on internal control over financial reporting criteria established by the respective companies considering the essential components of internal control stated in the Guidance Note issued by the ICAI.
11. We have considered the material weaknesses identified and reported above in determining the nature, timing, and extent of audit tests applied in our audit of the consolidated financial statements of the Group and its associate companies and joint venture companies, which are companies covered under the Act as at and for the year ended 31 March 2018, and the material weakness has affected our opinion on the consolidated financial statements of the Group and its associate companies and joint venture companies, which are companies covered under the Act and we have issued a qualified opinion on the consolidated financial statements.

### **Other Matters**

12. We did not audit the IFCoFR in so far as it relates to eight subsidiary companies, which are companies covered under the Act, whose financial statements/financial information reflect total assets of ₹ 407.69 crore and net liabilities of ₹ 1,532.98 crore as at 31 March 2018, total revenues of ₹ 102.07 crore and net cash inflows of ₹ 1.63 crore for the year ended on that date, as considered in these consolidated financial statements. The consolidated financial statements also include the Group's share of net loss (including other comprehensive income) of ₹ 32.29 crore for the year ended 31 March 2018, in respect of an associate and seven joint ventures, which are companies covered under the Act, whose IFCoFR have not been audited by us. The IFCoFR in so far as it relates to such subsidiary companies, associate company and joint venture companies have been audited by other auditors whose reports have been furnished to us by the management and our report on the adequacy and operating effectiveness of the IFCoFR for the Holding Company, its forty eight subsidiary companies, its three associate companies and fourteen joint venture companies, as aforesaid, under

Section 143(3)(i) of the Act in so far as it relates to such subsidiary companies, associate company and joint venture companies is based solely on the reports of the auditors of such companies.

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

13. We did not audit the IFCoFR in so far as it relates to a subsidiary company, which is company covered under the Act, whose financial statement/financial information reflect total assets of ₹ 47.52 crore and net liabilities of ₹ 43.54 crore as at 31 March 2018, total revenues of ₹ 0.56 crore and net cash inflows of ₹ 0.02 crore for the year ended on that date, as considered in these consolidated financial statements. The consolidated financial statements also include the Group's share of net loss (including other comprehensive income) of ₹ 0.80 crore for the year ended 31 March 2018, in respect of two associates and three joint ventures, which are companies covered under the Act, whose IFCoFR have not been audited by us. The IFCoFR in so far as it relates to a subsidiary company, two associate companies and three joint venture companies are unaudited and our report on the adequacy and operating effectiveness

of the IFCoFR for the Holding Company, its forty eight subsidiary companies, its three associate companies and fourteen joint venture companies, as aforesaid, under Section 143(3)(i) of the Act in so far as it relates to a subsidiary company, two associate companies and three joint venture companies is based solely on representation provided by the management. In our opinion and according to the information and explanations given to us by the management, these financial statements/ financial information are not material to the Group.

Our opinion is not modified in respect of this matter with respect to our reliance on representation provided by the management.

For **Walker Chandiok & Co LLP**

Chartered Accountants

Firm's Registration No.: 001076N/N500013

per **Rakesh R. Agarwal**

Partner

Membership No.: 109632

Place : Mumbai

Date : May 3, 2018



# CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2018

		₹ crore	
Particulars	Note No.	As at March 31, 2018	As at March 31, 2017
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	3	1,556.10	1,558.94
Capital work-in-progress	3	1,713.92	1,890.42
Investment property	3.2	2.73	2.74
Goodwill	4	134.40	124.49
Other Intangible assets	4	36.05	25.22
Biological assets	3	1.49	1.62
<b>Financial assets</b>			
Investments	5	391.90	442.89
Trade receivables	6	1,375.13	1,429.09
Loans	7	79.60	25.04
Other financial assets	8	8.18	7.45
Deferred tax assets (net)	9	0.72	26.70
Income tax assets (net)	9	120.64	69.63
Other non current assets	10	117.10	143.80
<b>Total non-current assets</b>		<b>5,537.96</b>	<b>5,748.03</b>
<b>Current assets</b>			
Inventories	11	2,504.06	2,607.94
<b>Financial assets</b>			
Investments	12	25.19	33.23
Trade receivables	6	2,465.28	2,307.70
Cash and cash equivalents	13	404.18	227.74
Other bank balances	14	547.91	531.40
Loans	7	19.98	83.37
Other financial assets	8	4,705.00	5,120.43
Other current assets	10	455.36	433.92
<b>Total current assets</b>		<b>11,126.96</b>	<b>11,345.73</b>
Assets classified as held for sale	3.1	-	2.00
<b>TOTAL ASSETS</b>		<b>16,664.92</b>	<b>17,095.76</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity share capital	15	101.55	101.07
Other equity		(1,169.63)	(369.06)
Equity attributable to owners of the parent		<b>(1,068.08)</b>	<b>(267.99)</b>
Non-controlling interests		(482.99)	(207.09)
<b>Total equity</b>		<b>(1,551.07)</b>	<b>(475.08)</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
<b>Financial liabilities</b>			
Borrowings	16	3,661.66	6,154.37
Other financial liabilities	17	0.28	1.00
Provisions	18	170.14	184.00
Deferred tax liabilities (net)	9	40.23	49.83
Other non-current liabilities	21	0.06	0.13
<b>Total non-current liabilities</b>		<b>3,872.37</b>	<b>6,389.33</b>
<b>Current liabilities</b>			
<b>Financial liabilities</b>			
Borrowings	19	1,123.24	1,240.36
Trade payables	20	3,646.95	3,462.92
Other financial liabilities	17	6,361.05	3,460.56
Other current liabilities	21	2,937.53	2,808.07
Provisions	18	274.85	209.60
<b>Total current liabilities</b>		<b>14,343.62</b>	<b>11,181.51</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>16,664.92</b>	<b>17,095.76</b>

Notes 1 to 46 form an integral part of the consolidated financial statements

This is the Consolidated Balance Sheet referred to in our audit report of even date

For **Walker Chandiok & Co LLP**

Chartered Accountants

Firm Registration No. 001076N / N500013

**Rakesh R. Agarwal**

Partner

Membership No.: 109632

**Praveen Sood**

Group Chief Financial Officer

FCA 072412

**Venkatesan Arunachalam**

Company Secretary

ACS 12644

Place : Mumbai  
Dated : May 3, 2018

For and on behalf of the Board of Directors

**Ajit Gulabchand**

**Arjun Dhawan**

DIN: 00010827

DIN: 01778379

**Shalaka Gulabchand Dhawan**

DIN: 00011094

**Rajas R. Doshi**

DIN: 00050594

**Ram P. Gandhi**

DIN: 00050625

**Sharad M. Kulkarni**

DIN: 00003640

**Anil C. Singhvi**

DIN: 00239589

**Omkar Goswami**

DIN: 00004258

**N. R. Acharyulu**

DIN: 02010249

Chairman & Managing Director  
Group Chief Executive Officer &  
Whole-Time Director  
Whole-Time Director

Directors

# CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2018

₹ crore

Particulars	Note No.	Year Ended March 31, 2018	Year Ended March 31, 2017
<b>Income</b>			
Revenue from operations	22	10,132.46	9,866.78
Other income	23	56.08	81.07
<b>Total income</b>		<b>10,188.54</b>	<b>9,947.85</b>
<b>Expenses</b>			
Cost of construction materials consumed	24	1,073.69	870.27
Purchase of traded goods		0.18	0.83
Subcontracting expenses		6,437.95	6,278.76
Change in Inventories	25	49.85	(0.21)
Construction expenses	26	476.61	567.88
Employee benefits expense	27	1,021.61	995.44
Finance costs	28	1,525.38	1,542.87
Depreciation and amortisation expense	4.2	201.33	205.82
Other expenses	29	303.06	392.47
<b>Total expenses</b>		<b>11,089.66</b>	<b>10,854.13</b>
<b>Loss before exceptional items and tax</b>		<b>(901.12)</b>	<b>(906.28)</b>
Exceptional items	30	(160.19)	(21.22)
<b>Loss before share of (profit)/loss of associates and joint ventures and tax</b>		<b>(1,061.31)</b>	<b>(927.50)</b>
Share of loss of associates and joint ventures		(38.90)	(94.66)
<b>Loss before tax</b>		<b>(1,100.21)</b>	<b>(1,022.16)</b>
Tax expense/ (credit)			
Current income tax	9	29.22	50.25
Deferred income tax	9	(39.43)	(89.81)
		<b>(10.21)</b>	<b>(39.56)</b>
<b>Loss for the year</b>		<b>(1,090.00)</b>	<b>(982.60)</b>
<b>Other comprehensive income/(loss) (OCI)</b>			
(a) Items not to be reclassified subsequently to profit or loss (net of tax)			
- Gain on fair value of defined benefit plans as per actuarial valuation		38.16	57.39
- Loss on fair value of equity instruments		(15.00)	20.13
(b) Items to be reclassified subsequently to profit or loss (net of tax)			
- Loss on exchange fluctuations		(29.43)	(17.40)
<b>Other comprehensive income/(loss) for the year, net of tax</b>		<b>(6.27)</b>	<b>60.12</b>
<b>Total comprehensive loss for the year, net of tax</b>		<b>(1,096.27)</b>	<b>(922.48)</b>
<b>Total comprehensive loss for the year attributable to:</b>			
Non controlling interest		(275.90)	(224.58)
Owners of the parent		(820.37)	(697.90)
Earnings per equity share of nominal value ₹ 1 each			
Basic and diluted (in ₹)	31	(8.03)	(9.12)

Notes 1 to 46 form an integral part of the consolidated financial statements

This is the Consolidated Statement of Profit and Loss referred to in our audit report of even date

For **Walker Chandiok & Co LLP**

Chartered Accountants

Firm Registration No. 001076N / N500013

For and on behalf of the Board of Directors

**Rakesh R. Agarwal**

Partner

Membership No.: 109632

**Praveen Sood**

Group Chief Financial Officer

FCA 072412

**Venkatesan Arunachalam**

Company Secretary

ACS 12644

**Ajit Gulabchand**

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DIN: 00010827

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DIN: 00011094

DIN: 00050594

DIN: 00050625

DIN: 00003640

DIN: 00239589

DIN: 00004258

DIN: 02010249

*Chairman & Managing Director*

*Group Chief Executive Officer &*

*Whole-Time Director*

*Whole-Time Director*

*Directors*

# CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2018

₹ crore

Particulars	Year Ended March 31, 2018	Year Ended March 31, 2017
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net loss before tax	(1,100.21)	(1,022.16)
<b>Adjustments for</b>		
Depreciation and amortisation expense	201.33	205.82
Finance costs	1,525.38	1,542.87
Interest income	(26.59)	(18.72)
Profit on sale of non-current investments (net)	(0.08)	-
Trade receivables and work in progress written off	-	35.97
Gain on restructuring of debts	-	(14.75)
Gain on fair valuation of current investments	(1.19)	-
Impairment loss provision on financial / non-financial assets	168.30	65.91
Provision for foreseeable losses	12.79	53.12
Provision for warranty	39.62	(12.10)
Dividend income	(0.48)	(1.20)
Foreign currency monetary translation (net)	-	(2.82)
Unrealised foreign exchange loss/ (gain) (net)	7.71	(10.02)
Loss on sale of property, plant and equipment (net)	0.57	2.35
Excess provision no longer required written back	(2.83)	(2.37)
	<b>1,924.52</b>	<b>1,844.07</b>
<b>Operating profit before working capital changes</b>	<b>824.32</b>	<b>821.91</b>
<b>Adjustments for changes in working capital:</b>		
(Increase) / Decrease in trade receivables	(103.61)	(1,019.20)
(Increase) / Decrease in loans and advances / other advances	255.00	(410.44)
(Increase) / Decrease in inventories	103.87	(198.85)
Increase / (Decrease) in trade and other payables	464.78	96.15
Increase / (Decrease) in advance from contractees	(118.07)	780.74
	<b>601.97</b>	<b>(751.60)</b>
<b>Cash generated from operations</b>	<b>1,426.29</b>	<b>70.31</b>
Direct taxes paid (net of refunds received)	(24.41)	(22.67)
<b>Net cash generated from operating activities</b>	<b>1,401.88</b>	<b>47.64</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment (including capital work in progress and capital advances)	44.16	(244.02)
Proceeds from sale of property, plant and equipment	12.96	16.29
Proceeds from sale of non-current investments	45.77	142.87
Net investments in bank deposits (having original maturity of more than three months)	(17.24)	14.92
Interest received	24.03	9.77
Dividend received	0.48	1.20
<b>Net cash generated from/ (used in) investing activities</b>	<b>110.16</b>	<b>(58.97)</b>

# CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2018

₹ crore

Particulars	Year Ended March 31, 2018	Year Ended March 31, 2017
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from issue of share capital (including securities premium)	19.81	808.56
Proceeds from/ (repayments of) non-current borrowings (net)	(207.26)	1,208.64
Proceeds from/ (repayments of) current borrowings (net)	(117.12)	(909.32)
Interest and other finance charges	(1,030.92)	(1,062.09)
Dividend paid	(0.16)	(0.18)
<b>Net cash (used in)/generated from financing activities</b>	<b>(1,335.65)</b>	<b>45.61</b>
<b>Net increase in cash and cash equivalents (A+B+C)</b>	<b>176.39</b>	<b>34.28</b>
Cash and cash equivalents at the beginning of the year	227.74	193.45
Unrealised foreign exchange gain	0.05	0.01
Cash and cash equivalents at the end of the year (Refer note 13)	<b>404.18</b>	<b>227.74</b>

Note:-

- The cash flow statement has been prepared under the indirect method as set out in Indian Accounting Standard (Ind AS 7) statement of cash flows. Effective April 1, 2017, the Company adopted the amendment to Ind AS 7, which require the entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the Balance Sheet for liabilities arising from financing activities, to meet the disclosure requirement.
- Additions to property, plant and equipment include movements of capital work-in-progress, capital advances and capital creditors respectively during the year.

Notes 1 to 46 form an integral part of the consolidated financial statements

This is the Consolidated Cash Flow Statement referred to in our audit report of even date

For **Walker Chandiok & Co LLP**

Chartered Accountants

Firm Registration No. 001076N / N500013

For and on behalf of the Board of Directors

**Rakesh R. Agarwal**

Partner

Membership No.: 109632

**Praveen Sood**

Group Chief Financial Officer

FCA 072412

**Venkatesan Arunachalam**

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**Ram P. Gandhi**

DIN: 00050625

**Sharad M. Kulkarni**

DIN: 00003640

**Anil C. Singhvi**

DIN: 00239589

**Omkar Goswami**

DIN: 00004258

**N. R. Acharyulu**

DIN: 02010249

Chairman & Managing Director

Group Chief Executive Officer &

Whole-Time Director

Whole-Time Director

Directors

Place : Mumbai

Dated : May 3, 2018

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2018

## a) Equity share capital

Particulars	Number		₹ crore
Equity shares of ₹ 1 each issued, subscribed and paid			
As at April 1, 2016	779,106,906		77.91
Issue of equity shares [Refer note 15(f)]	231,544,729		23.15
<b>As at March 31, 2017</b>	<b>1,010,651,635</b>		<b>101.06</b>
Issue of equity shares [Refer note 15(f)]	4,759,291		0.48
<b>As at March 31, 2018</b>	<b>1,015,410,926</b>		<b>101.54</b>

## b) Other equity

Particulars	Reserves and surplus					Other comprehensive income						Total equity attributable to equity holders
	Capital reserve	Forfeited debentures account	Securities premium reserve	Debenture redemption reserve	Foreign currency monetary translation account	General reserve	Retained earnings	Net gain on fair value of defined benefit plans	Net gain/ (loss) on fair value of equity instruments	Gain/ (loss) on exchange fluctuations	Non-controlling interest	
<b>As at April 1, 2016</b>	<b>53.05</b>	<b>0.02</b>	<b>1,323.25</b>	<b>85.46</b>	<b>4.19</b>	<b>180.24</b>	<b>(2,236.32)</b>	<b>25.67</b>	<b>(12.36)</b>	<b>34.26</b>	<b>17.49</b>	<b>(560.03)</b>
Loss for the year	-	-	-	-	-	-	(982.60)	-	-	-	(224.58)	(758.02)
Other comprehensive income for the year	-	-	-	-	-	-	-	57.39	20.13	(17.40)	-	60.12
- Issue of share capital [Refer note 15(f)]	-	-	785.40	-	-	-	-	-	-	-	-	785.40
- Restatement of foreign currency monetary translation items	-	-	-	-	(2.14)	-	-	-	-	-	-	(2.14)
- Amortization of foreign currency monetary translation items	-	-	-	-	(0.68)	-	-	-	-	-	-	(0.68)
<b>As at March 31, 2017</b>	<b>53.05</b>	<b>0.02</b>	<b>2,108.65</b>	<b>85.46</b>	<b>1.37</b>	<b>180.24</b>	<b>(3,218.92)</b>	<b>83.06</b>	<b>7.77</b>	<b>16.86</b>	<b>(207.09)</b>	<b>(475.35)</b>
<b>Deferred tax adjustment (Refer Note 9.1)</b>	-	-	-	-	-	-	<b>106.29</b>	-	-	-	-	<b>106.29</b>
<b>Restated balance as at March 31, 2017</b>	<b>53.05</b>	<b>0.02</b>	<b>2,108.65</b>	<b>85.46</b>	<b>1.37</b>	<b>180.24</b>	<b>(3,112.63)</b>	<b>83.06</b>	<b>7.77</b>	<b>16.86</b>	<b>(207.09)</b>	<b>(369.07)</b>
Loss for the year	-	-	-	-	-	-	(1,090.00)	-	-	-	(275.90)	(814.10)
Other comprehensive income for the year	-	-	-	-	-	-	-	38.16	(15.00)	(29.43)	-	(6.27)
Impact of acquisition/disposal of partial interest in subsidiary	-	-	-	-	-	-	30.46	-	-	-	-	30.46
Addition / (deletion) during the year	-	-	-	-	-	-	(29.25)	-	-	-	-	(29.25)
- Issue of share capital [Refer note 15(f)]	-	-	19.33	-	-	-	-	-	-	-	-	19.33
- Restatement of foreign currency monetary translation items	-	-	-	-	(0.09)	-	-	-	-	-	-	(0.09)
- Amortization of foreign currency monetary translation items	-	-	-	-	(0.64)	-	-	-	-	-	-	(0.64)
<b>As at 31 March 2018</b>	<b>53.05</b>	<b>0.02</b>	<b>2,127.98</b>	<b>85.46</b>	<b>0.64</b>	<b>180.24</b>	<b>(4,201.42)</b>	<b>121.22</b>	<b>(7.23)</b>	<b>(12.57)</b>	<b>(482.99)</b>	<b>(1,169.63)</b>

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2018

## NATURE AND PURPOSE OF RESERVES

### i. Capital reserve

The Group recognizes profit or loss on purchase or cancellation (including forfeiture) of its own equity instruments to capital reserve.

### ii. Forfeited debentures account

The Group recognizes profit or loss on purchase or cancellation (including forfeiture) of its own debentures to forfeited debentures account.

### iii. Securities premium reserve

Securities premium is used to record the premium on issue of shares or debentures. The reserve will be utilised in accordance with the provisions of the Act.

### iv. Debenture redemption reserve

The Group is required to create a debenture redemption reserve out of the profits which are available for payment of dividend to be utilised for the purpose of redemption of debentures in accordance with the provisions of the Act.

### v. Foreign currency monetary translation account

Exchange difference arising on translation of the long term monetary items is accumulated in separate reserve within equity. The cumulative amount is reclassified to the Statement of Profit and Loss over the life of the monetary items on a straight line basis.

### vi. Net gain/ (loss) on fair value of defined benefit plans

The Group has recognised remeasurement gains/ (loss) on defined benefit plans in OCI. These changes are accumulated within the OCI reserve within other equity. The Group transfers amounts from this reserve to retained earnings when the relevant obligations are derecognised.

### vii. Net gain/ (loss) on fair value of equity instruments

The Group has elected to recognise changes in the fair value of certain investments in equity securities in OCI. These changes are accumulated within the OCI reserve within other equity. The Group transfers amounts from this reserve to retained earnings when the relevant equity securities are derecognised.

Notes 1 to 46 form an integral part of the consolidated financial statements

This is the Consolidated Statement of Changes in Equity referred to in our audit report of even date.

For **Walker Chandio & Co LLP**

Chartered Accountants

Firm Registration No. 001076N / N500013

For and on behalf of the Board of Directors

**Rakesh R. Agarwal**

Partner

Membership No.: 109632

**Praveen Sood**

Group Chief Financial Officer

FCA 072412

**Venkatesan Arunachalam**

Company Secretary

ACS 12644

**Ajit Gulabchand**

**Arjun Dhawan**

**Shalaka Gulabchand Dhawan**

**Rajas R. Doshi**

**Ram P. Gandhi**

**Sharad M. Kulkarni**

**Anil C. Singhvi**

**Omkar Goswami**

**N. R. Acharyulu**

DIN: 00010827

DIN: 01778379

DIN: 00011094

DIN: 00050594

DIN: 00050625

DIN: 00003640

DIN: 00239589

DIN: 00004258

DIN: 02010249

*Chairman & Managing Director*

*Group Chief Executive Officer &*

*Whole-Time Director*

*Whole-Time Director*

*Directors*

# SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION AS AT AND FOR THE YEAR ENDED MARCH 31, 2018

## NOTE 1 CORPORATE INFORMATION

Hindustan Construction Company Limited ("the Company" or "Parent" or "HCC") is a public company domiciled in India and is incorporated under the provisions of the Companies Act applicable in India. Its shares are listed on two recognised stock exchanges in India- the Bombay Stock Exchange and the National Stock Exchange. The registered office of the Company having CIN L45200MH1926PLC001228 is located at Hincon House, LBS Marg, Vikhroli (West), Mumbai- 400 083, India.

The financial statements comprises the financial statements of the Company and its subsidiaries (the Company and its subsidiaries referred to as the "Group") and its associates and joint arrangements. The Group is principally engaged in the business of providing engineering and construction services, real estate, infrastructure and urban development and management. These consolidated financial statements ("the financial statements") of the Group for the year ended March 31, 2018 were authorised for issue in accordance with resolution of the Board of Directors on May 3, 2018.

## NOTE 2.1 SIGNIFICANT ACCOUNTING POLICIES

### i. Basis of Preparation

The financial statements of the Group have been prepared to comply in all material respects with the Indian Accounting Standards ("Ind AS") notified under the Companies (Accounting Standards) Rules, 2015.

The financial statements have been prepared under the historical cost convention with the exception of certain financial assets and liabilities and share based payments which have been measured at fair value, on an accrual basis of accounting.

The Company's financial statements are reported in Indian Rupees, which is also the Company's functional currency, and all values are rounded to the nearest crores (INR 0,000,000), except when otherwise indicated. Amount presented as "-\* " are non zero numbers rounded off in crore and represents amount less than INR 100,000.

All the assets and liabilities have been classified as current or non-current, wherever applicable, as per the operating cycle of the Group as per the guidance set out in Schedule III to the Act. Operating cycle for the business activities of the Group covers the duration of the project/ contract/ service including the defect liability period, wherever applicable, and extends upto the realisation of receivables (including retention monies) within the credit period normally applicable to the respective project.

In case of certain companies of the Group, operating cycle for the business activities, based on the nature of products and time between the acquisition of assets for processing and their realization in cash or cash equivalents have been ascertained as twelve months for the purpose of current / non-current classification of assets and liabilities.

### ii. Principles of Consolidation

The financial statements have been prepared on the following basis:

### a) Subsidiaries

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date the control ceases.

The acquisition method of accounting is used to account for business combination by the Group.

The Group combines the separate financial statements of the parent and its subsidiaries line by line adding together like items of assets, liabilities, contingent liability, equity, income and expenses. Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary and practicable to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit and loss, consolidated statement of changes in equity and balance sheet, respectively.

The consolidated financial statements have been presented to the extent possible, in the same manner as Parent Company's standalone financial statements.

### b) Associates

Associates are all entities over which the Group has significant influence but no control or joint control. This is generally the case where the Group holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting, after initially being recognised at cost.

### c) Joint arrangements

Under Ind AS 111 Joint Arrangements, investments in joint arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement.

#### Joint operations

The Group recognises its direct right to the assets, liabilities, contingent liabilities, revenues and expenses of joint operations and its share of any jointly held or incurred assets, liabilities, revenues and expenses. These have been incorporated in the financial statements under the appropriate headings.

#### Joint ventures

Interests in joint ventures are accounted for using the equity method, after initially being recognised at cost in the consolidated balance sheet.



## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION AS AT AND FOR THE YEAR ENDED MARCH 31, 2018

### d) Equity method

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in profit and loss, and the Group's share of other comprehensive income of the investee in other comprehensive income ("OCI"). Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment.

When the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity accounted investees have been changed where necessary and practicable to ensure consistency with the policies adopted by the Group.

The carrying amount of the equity accounted investments are tested for impairment in accordance with the policy described in note (x).

### e) Change in ownership interests

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests or reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised within equity.

When the Group ceases to consolidate or equity account for an investment because of a loss of control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit and loss. The fair value becomes the initial carrying amount for the purposes of subsequent accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in OCI in respect of that entity are reclassified to profit or loss as if the Group had directly disposed of the related assets and liabilities.

If the ownership interest in a joint venture or an associate is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognised in OCI are reclassified to profit or loss where appropriate.

f) The financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. If a member of the Group uses accounting policies other than those adopted in the financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to that Group member's separate financial statements in preparing the financial statements to ensure conformity with the Group's accounting policies, wherever necessary and practicable.

g) Notes to the financial statements represent notes involving items which are considered material and are accordingly disclosed. Materiality for the purpose is assessed in relation to the information contained in the financial statements. Further, additional statutory information disclosed in separate financial statements of the subsidiary and/or a parent having no bearing on the true and fair view of the financial statements has not been disclosed in these financial statements.

### iii. Accounting Estimates

The preparation of the financial statements, in conformity with the recognition and measurement principles of Ind AS, requires the management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities as at the date of financial statements and the results of operation during the reported period. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates which are recognised in the period in which they are determined.

#### Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the financial statements.

#### Contract estimates

The Group, being a part of construction industry, prepares budgets in respect of each project to compute project profitability. The two major components of contract estimate are 'claims arising during construction period' (described below) and 'budgeted costs to complete the contract'. While estimating these components various assumptions are considered by the management such as (i) Work will be executed in the manner expected so that the project is

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION AS AT AND FOR THE YEAR ENDED MARCH 31, 2018

completed timely (ii) consumption norms will remain same (iii) Assets will operate at the same level of productivity as determined (iv) Wastage will not exceed the normal % as determined etc. (v) Estimates for contingencies (vi) There will be no change in design and the geological factors will be same as communicated and (vii) price escalations etc. Due to such complexities involved in the budgeting process, contract estimates are highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

### Recoverability of claims

The Group has claims in respect of cost over-run arising due to client caused delays, suspension of projects, deviation in design and change in scope of work etc., which are at various stages of negotiation/discussion with the clients or under arbitration. The realisability of these claims are estimated based on contractual terms, historical experience with similar claims as well as legal opinion obtained from internal and external experts, wherever necessary. Changes in facts of the case or the legal framework may impact realisability of these claims.

### Deferred tax assets

In assessing the realizability of deferred income tax assets, management considers whether some portion or all of the deferred income tax assets will not be realized. The ultimate realization of deferred income tax assets is dependent upon the generation of future taxable income during the periods in which the temporary differences become deductible. Management considers the scheduled reversals of deferred income tax liabilities, projected future taxable income, and tax planning strategies in making this assessment. Based on the level of historical taxable income and projections for future taxable income over the periods in which the deferred income tax assets are deductible, management believes that the Group will realize the benefits of those deductible differences. The amount of the deferred income tax assets considered realizable, however, could be reduced in the near term if estimates of future taxable income during the carry forward period are reduced.

### Defined benefit plans

The cost and present value of the gratuity obligation and compensated absences are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, attrition rate and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

### iv. Fair value measurement

The Group measures financial instruments, at fair value at each balance sheet date. (Refer Note 41)

Fair value is the price that would be received to sell an

asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, In the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1- Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3- Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

At each reporting date, the Management analyses the movements in the values of assets and liabilities which are required to be remeasured or re-assessed as per the Group's accounting policies. For this analysis, the Management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

The Management also compares the change in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

# SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION AS AT AND FOR THE YEAR ENDED MARCH 31, 2018

## v. Property, Plant and Equipment

Property, Plant and Equipment are stated at cost of acquisition including attributable interest and finance costs, if any, till the date of acquisition/ installation of the assets less accumulated depreciation and accumulated impairment losses, if any. Subsequent expenditure relating to Property, Plant and Equipment is capitalised only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are charged to the Statement of Profit and Loss as incurred. The cost and related accumulated depreciation are eliminated from the financial statements, either on disposal or when retired from active use and the resultant gain or loss are recognised in the Statement of Profit and Loss.

Where cost of a part of the asset ("asset component") is significant to total cost of the asset and useful life of that part is different from the useful life of the remaining asset, useful life of that significant part is determined separately and such asset component is depreciated over its separate useful life.

One percent of the cost of purchase of land is accounted as property, plant and equipment, whereas the balance amount is accounted as stock in trade. The pro-rata amount recorded under property, plant and equipment is reversed as and when any parcel of the land is disposed off.

Capital work-in-progress, representing expenditure incurred in respect of assets under development and not ready for their intended use, are carried at cost. Cost includes related acquisition expenses, construction cost, related borrowing cost and other direct expenditure.

## vi. Investment Property

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Investment property is measured at cost.

## vii. Intangible Assets

Intangible assets comprise of license fees and implementation cost for software and other application software acquired / developed for in-house use. These assets are stated at cost, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably, less accumulated amortisation and accumulated impairment losses, if any.

Costs relating to trademark and design have been treated as intangible assets which also comprise license fees, other implementation costs for software and application software acquired for in-house use.

## viii. Service concession arrangements

The Group recognises an intangible asset arising from a

service concession arrangement to the extent it has a right to charge for use of the concession infrastructure. The fair value, at the time of initial recognitions of such an intangible asset received as consideration for providing construction or upgrade services in a service concession arrangement, is regarded to be its cost. Subsequent to initial recognition, the intangible assets is measured at cost, less any accumulated amortisations and accumulated impairment losses.

## ix Depreciation/ Amortisation

### a) Depreciation/ amortisation is provided:

- i. In respect of buildings and sheds, on the written down value basis considering the useful lives prescribed in Schedule II to the Act.
- ii. In respect of furniture and fixtures, office equipment, computers, plant and machinery, heavy vehicles, light vehicles and speed boat on straight line basis at rates determined on the basis of useful lives prescribed in Schedule II to the Act, on a pro-rata basis. However, certain class of plant and machinery used in construction projects are depreciated on a straight line basis considering the useful life determined based on the technical evaluation and the management's experience of use of the assets, that is a period of three to twelve years, as against the period of nine to twenty years as prescribed in Schedule II to the Act.
- iii. In respect of bearer plants (including oak barrels), on straight line basis over the estimated useful life of four to twenty years on pro-rata basis.
- iv. In respect of certain subsidiaries incorporated in India, on building, plant and machinery, computers, office equipment, furniture and fixtures and motor vehicles is provided on written down value basis considering the useful life determined based on the technical evaluation and the management's experience of use of the assets that is a period of three to twelve years, as against the period of nine to twenty years as prescribed in Schedule II to the Act.
- v. In respect of helicopter and aircraft, on straight line basis considering the useful life, that is a period of eighteen years and fourteen years, respectively, determined based on the technical evaluation and the management's experience of use of the assets, as against the period of twenty years as prescribed in Schedule II to the Act.
- vi. Leasehold improvements are amortised over the useful lives prescribed in Schedule II to the Act or the period of lease, whichever is lower.
- vii. Software and implementation costs including users license fees and other application software costs are amortised on a straight line basis, from the date they are available for use, over their estimated useful lives that is a period of three to five years.

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION AS AT AND FOR THE YEAR ENDED MARCH 31, 2018

viii. Trademark and design cost are amortised over their estimated useful lives that is a period of ten years.

- b) The useful lives have been determined based on technical evaluation carried out by the management's expert, in order to reflect the actual usage of the assets. The asset's useful lives are reviewed and adjusted, if appropriate, at the end of each reporting period. The change in estimated useful lives is a change in an accounting estimate and is applied prospectively.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

- c) For overseas subsidiaries, associates and joint arrangements, depreciation is provided based on estimated useful lives of the fixed assets as determined by the management of such subsidiaries, associates and joint arrangements. In view of different sets of environment in which such entities operate in their respective countries, depreciation is provided based on the management experience of use of assets in respective geographies and local laws. These entities follow straight line method of depreciation spread over the useful life of each individual asset.

### d) Impairment of Goodwill

Goodwill is tested for impairment on an annual basis and wherever there is an indication that the recoverable amount of a cash generating unit is less than its carrying amount based on a number of factors including operation results, business plans, future cash flows and economic conditions. The recoverable amount of cash generating unit is determined based on higher of value-in-use and fair value less cost to sell.

### x. Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

#### a) Financial Assets

##### Initial Recognition

Financial assets, not recorded at fair value through profit or loss (FVPL), are recognised initially at fair value plus transaction costs that are directly attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

##### Subsequent Measurement

For purposes of subsequent measurement, financial assets are classified in following categories:

##### Financial Assets at Amortised Cost

Financial assets are subsequently measured at amortised

cost if these financial assets are held within a business model with an objective to hold these assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Interest income from these financial assets is included in finance income using the effective interest rate ("EIR") method. Impairment gains or losses arising on these assets are recognised in the Statement of Profit and Loss.

##### Financial Assets Measured at Fair Value

Financial assets are measured at fair value through OCI if these financial assets are held within a business model with an objective to hold these assets in order to collect contractual cash flows or to sell these financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in the Statement of Profit and Loss.

In respect of equity investments (other than for investment in subsidiaries and associates) which are not held for trading, the Group has made an irrevocable election to present subsequent changes in the fair value of such instruments in OCI. Such an election is made by the Group on an instrument by instrument basis at the time of transition for existing equity instruments/ initial recognition for new equity instruments.

Financial asset not measured at amortised cost or at fair value through OCI is carried at FVPL.

##### Impairment of Financial Assets

In accordance with Ind AS 109, the Group applies the expected credit loss ("ECL") model for measurement and recognition of impairment loss on financial assets and credit risk exposures.

The Group follows 'simplified approach' for recognition of impairment loss allowance on trade receivables. Simplified approach does not require the Group to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECL at each reporting date, right from its initial recognition.

For recognition of impairment loss on other financial assets and risk exposure, the Group determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 12-month ECL.

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION AS AT AND FOR THE YEAR ENDED MARCH 31, 2018

ECL is the difference between after contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the entity expects to receive (i.e. after all cash shortfalls), discounted at the original EIR. Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date.

ECL impairment loss allowance (or reversal) recognised during the period is recognised as income/ expense in the Statement of Profit and Loss.

### De-recognition of Financial Assets

The Group de-recognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all risks and rewards of ownership of the asset to another entity.

If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognizes its retained interest in the assets and an associated liability for amounts it may have to pay.

If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

### b) Equity Instruments and Financial Liabilities

Financial liabilities and equity instruments issued by the Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

#### Equity Instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments which are issued for cash are recorded at the proceeds received, net of direct issue costs. Equity instruments which are issued for consideration other than cash are recorded at fair value of the equity instrument.

#### Financial Liabilities

##### 1. Initial Recognition

Financial liabilities are classified, at initial recognition, as financial liabilities at FVPL, loans and borrowings and payables as appropriate. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

##### 2. Subsequent Measurement

The measurement of financial liabilities depends on their classification, as described below:

#### Financial liabilities at FVPL

Financial liabilities at FVPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as at FVPL. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. Gains or losses on liabilities held for trading are recognised in the Statement of Profit and Loss.

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the amount of loss allowance determined as per impairment requirements of Ind AS 109 and the amount recognised less cumulative amortisation. Amortisation is recognised as finance income in the Statement of Profit and Loss.

#### Financial liabilities at amortised cost

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in the Statement of Profit and Loss.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the Statement of Profit and Loss.

Where the Group issues optionally convertible debentures, the fair value of the liability portion of such debentures is determined using a market interest rate for an equivalent non-convertible debenture. This value is recorded as a liability on an amortised cost basis until extinguished on conversion or redemption of the debentures. The remainder of the proceeds is attributable to the equity portion of the instrument. This is recognised and included in shareholders' equity (net of income tax) and are not subsequently re-measured.

Where the terms of a financial liability is re-negotiated and the Group issues equity instruments to a creditor to extinguish all or part of the liability (debt for equity swap), a gain or loss is recognised in the Statement of Profit and Loss; measured as a difference between the carrying amount of the financial liability and the fair value of equity instrument issued.

##### 3. De-recognition of Financial Liabilities

Financial liabilities are de-recognised when the obligation specified in the contract is discharged,

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION AS AT AND FOR THE YEAR ENDED MARCH 31, 2018

cancelled or expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as de-recognition of the original liability and recognition of a new liability. The difference in the respective carrying amounts is recognised in the Statement of Profit and Loss.

### c Offsetting Financial Instruments

Financial assets and financial liabilities are offset and the net amount is reported in the Balance Sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis to realise the assets and settle the liabilities simultaneously.

### xi. Employee Benefits

#### a) Defined Contribution Plan

Contributions to defined contribution schemes such as provident fund, employees' state insurance, labour welfare fund and superannuation scheme are charged as an expense based on the amount of contribution required to be made as and when services are rendered by the employees. Group's provident fund contribution, in respect of certain employees of the Company and its Indian subsidiaries is made to a government administered fund, and charged as an expense to the Statement of Profit and Loss. The above benefits are classified as Defined Contribution Schemes as the Group has no further obligations beyond the monthly contributions.

#### b) Defined Benefit Plan

In respect of certain employees, provident fund contributions are made to a trust administered by the Group. The interest rate payable to the members of the trust shall not be lower than the statutory rate of interest declared by the Central Government under the Employees Provident Funds and Miscellaneous Provisions Act, 1952 and shortfall, if any, shall be made good by the Group. Accordingly, the contribution paid or payable and the interest shortfall, if any, is recognised as an expense in the period in which services are rendered by the employee. The Group also provides for gratuity which is a defined benefit plan the liabilities of which are determined based on valuations, as at the balance sheet date, made by an independent actuary using the projected unit credit method. Re-measurement, comprising of actuarial gains and losses, in respect of gratuity are recognised in the OCI, in the period in which they occur. Re-measurement recognised in OCI are not reclassified to the Statement of Profit and Loss in subsequent periods. Past service cost is recognised in the Statement of Profit and Loss in the year of plan amendment or curtailment. The classification of the Group's obligation into current and non-current is as per the actuarial valuation report.

In case of foreign subsidiaries, the post-employment benefit plan, in the form of a pension, qualify as defined benefit plans. For the purposes of determining the defined

benefit obligation at the reporting date, the total defined benefit obligations, made by an independent actuary using the projected unit credit method, are compared to the fair value of the plan assets and resultant surplus or shortfall is recognised as an asset or liability, respectively. Re-measurement, comprising of actuarial gains and losses, in respect of this pension plan are recognised in the OCI, in the period in which they occur.

### c) Leave entitlement and compensated absences

Accumulated leave which is expected to be utilised within next twelve months, is treated as short-term employee benefit. Leave entitlement, other than short term compensated absences, are provided based on a actuarial valuation, similar to that of gratuity benefit. Re-measurement, comprising of actuarial gains and losses, in respect of leave entitlement are recognised in the Statement of Profit and Loss in the period in which they occur.

### d) Short-term Benefits

Short-term employee benefits such as salaries, wages, performance incentives etc. are recognised as expenses at the undiscounted amounts in the Statement of Profit and Loss of the period in which the related service is rendered. Expenses on non-accumulating compensated absences is recognised in the period in which the absences occur.

### xii. Inventories

#### a) Raw material, Stores, Spares, Fuel

The stock of construction materials, stores, spares and embedded goods and fuel is valued at cost or net realisable value ('NRV'), whichever is lower. Cost is determined on weighted average basis and includes all applicable cost of bringing the goods to their present location and condition. Net realisable value is estimated selling price in ordinary course of business less the estimated cost necessary to make the sale.

#### b) Finished Goods (including Traded and Semi-finished goods)

Finished Goods, traded goods and semi-finished goods are valued at the lower of the cost and NRV. Cost is determined on weighted average basis and include all applicable cost of bringing the goods in their present location and condition. NRV is the estimated selling price in ordinary course of business less the estimated cost necessary to make the sale.

### c) Land and Floor Space Index (FSI) Development Right

- i. Cost of land accounted as stock in trade is treated as:
  - (a) Floor Space Index (FSI)- 95% and
  - (b) Land- 5%, both being distinct items of inventory.

Cost of FSI and Land are recognised on a weighted average basis and includes purchase / acquisition cost plus all direct and indirect expenditure incurred in connection with the purchase of land. Borrowing costs

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION AS AT AND FOR THE YEAR ENDED MARCH 31, 2018

and overhead expenditure on sectoral / nodal / city level infrastructure, in respect of FSI under development are treated as an element of cost in view of substantial period of time required for development. Land and FSI are valued at lower of cost and net realisable value. Land or FSI utilized for own construction is transferred to Property, Plants and Equipment at cost. Net realisable value is estimated selling price in ordinary course of business less the estimated cost necessary to make the sale.

The stock of raw material stores, food and beverages, groceries and provisions, other guest amenities, other consumables, information technology material, finished products including traded goods and semi finished goods are stated at lower of cost or net realizable value.

### ii. Inventory in Real Estate projects

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. 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. Indirect expenses are allocated to the respective items at the time of their completion or capitalization into Property, Plant and Equipment. Borrowing costs relating to qualifying real estate projects are capitalized over the entire duration of the project. Undeveloped land (including development costs) and finished units which are held for sale are valued at the lower of cost and NRV.

### d) Project work in progress

Project work-in-progress is valued at the contract rates and site mobilisation expenditure of incomplete contracts are stated at the lower of cost and net realisable value.

### xiii. Cash and Cash Equivalents

Cash and cash equivalents in the Balance Sheet comprises of cash at banks and on hand and short-term deposits with an original maturity of three month or less, which are subject to an insignificant risk of changes in value.

### xiv. Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

Revenue and expenses directly attributable to segments are reported under each reportable segment. Expenses which are not directly identifiable to each reporting segment are allocated on the basis of associated revenue of the segment and manpower efforts. All other expenses which are not attributable or allocable to segments are disclosed as unallocable expenses. Assets and liabilities that are directly attributable or allocable to segments are disclosed under

each reportable segment and all other assets and liabilities are disclosed as unallocable. Property, plant and equipment that could be used interchangeably among segments are not allocated to reportable segments.

### xv. Borrowing Costs

Borrowing costs consist of interest and other costs that the Group incurs in connection with the borrowing of funds. Also, the EIR amortisation is included in finance costs.

Borrowing costs relating to acquisition, construction or production of a qualifying asset which takes substantial period of time to get ready for its intended use are added to the cost of such asset to the extent they relate to the period till such assets are ready to be put to use. All other borrowing costs are expensed in the Statement of Profit and Loss in the period in which they occur.

Capitalisation of borrowing costs ceases when substantially all the activities necessary to prepare the asset for its intended use or sale are complete. Capitalisation of borrowing cost is suspended during extended periods in which active development is interrupted unless that period is a necessary part of the process for the construction of the asset.

### xvi. Foreign Exchange Translation of Foreign Projects and Accounting of Foreign Exchange Transaction

#### a) Initial Recognition

Foreign currency transactions are initially recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction. However, for practical reasons, the Group uses a monthly average rate if the average rate approximate is the actual rate at the date of the transactions.

#### b) Conversion

Monetary assets and liabilities denominated in foreign currencies are reported using the closing rate at the reporting date. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction.

#### c) Treatment of Exchange Difference

Exchange differences arising on settlement/ restatement of short-term foreign currency monetary assets and liabilities of the Group are recognised as income or expense in the Statement of Profit and Loss.

Exchange differences arising on long-term foreign currency monetary items related to acquisition of a fixed asset are capitalised and depreciated over the remaining useful life of the asset and exchange differences arising on other long-term foreign currency monetary items are accumulated in the "Foreign Currency Monetary Translation Account" and amortised over the remaining life of the concerned monetary item.



## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION AS AT AND FOR THE YEAR ENDED MARCH 31, 2018

### d) Group companies

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

1. assets and liabilities are translated at the closing rate at the date of the balance sheet
2. income, expenses and cash flow items are translated at average exchange rates for the respective periods; and
3. All resulting exchange differences are recognised in OCI.

When a subsidiary is disposed off, in full, the relevant amount is transferred to the Statement of Profit and Loss. However, when change in the parent's ownership does not result in loss of control of a subsidiary, such changes are recorded through equity.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and borrowings and other financial instrument designated as hedges of such investment, are recognised in OCI. When a foreign operation is sold, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing exchange rate.

### xvii. Government Grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants relating to income are deferred and recognised in the profit and loss over the period necessary to match them with the costs that they are intended to compensate and presented within other income. Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred income and are credited to profit or loss on a straight line basis over the expected lives of the related assets and presented with other income.

### xviii. Revenue Recognition

#### a) Accounting of Construction Contracts

The Group 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 including claims/ variations as per Ind AS 11, Construction Contracts, and total cost till completion of the contract and the profit so

determined proportionate to the percentage of the actual work done.

Revenue is recognised as follows:

- In case of item rate contracts on the basis of physical measurement of work actually completed, at the Balance Sheet date.
- In case of Lump sum 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.

Advance payments received from contractee for which no services are rendered are presented as 'Advance from contractee'.

#### b) Accounting of Supply Contracts-Sale of Goods

Revenue from supply contract is recognised when the substantial risk and rewards of ownership is transferred to the buyer, which is generally on dispatch, and the collectability is reasonably measured. Revenue from product sales are shown as net of all applicable taxes and discounts.

#### c) Accounting for Claims

Claims are accounted as income in the period of receipt of arbitration award or acceptance by client or evidence of acceptance received. Interest awarded, being in the nature of additional compensation under the terms of the contract, is accounted as other operating revenue on receipt of favourable arbitration award.

#### d) Dividend Income

Dividend is recognised when the right to receive the payment is established, which is generally when shareholders approve the dividend.

#### e) Finance and Other Income

Finance income is accrued on a time proportion basis, by reference to the principal outstanding and the applicable EIR. Other income is accounted for on accrual basis. Where the receipt of income is uncertain, it is accounted for on receipt basis.

#### f) Software service contracts

Revenue from software development (fixed price, fixed time frame contracts, including system development and integration contracts) is recognised as per percentage of completion method where there is no uncertainty as to measurement or collectability.

In case of sales of services, revenue is recognised in the accounting year in which the services are rendered, by reference to stage of completion of the specific transaction and assessed on the basis of actual services provided as a proportion of the total services to be provided. The stage

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION AS AT AND FOR THE YEAR ENDED MARCH 31, 2018

of completion is measured by reference to the proportion that service cost incurred for the work performed to date bears to the estimated total service cost. Service cost incurred to date excludes cost that relate to future activity on the contract. Such cost are recognised as an asset and classified under unbilled work-in-progress.

Annual maintenance service contracts are recognised proportionately over the year in which the services are rendered.

Revenue for sale of user license for software application is recognised on the transfer of title/products, in accordance with the sales contract.

### g) Sale of Land, Constructed units and FSI

Revenue is recognised in the period in which agreement to lease is executed. Income from sale of land (including on a long term lease basis) is recognised on transfer of all significant risks and rewards of ownership to the buyers and a reasonable expectation of collection of 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 cost.

### h) Revenue from Real Estate projects

Revenue from Total and General Contracting (TC/GC)

Long-term contracts for the construction of third-party real estate are accounted for using the percentage of completion (POC) method. The degree of completion is determined on the basis of the physical measurement of work performed on the construction site. The different executed activities of the project are measured based on available units in comparison to the total quantities needed for the completion (surveys of the work performed-method). With the application of the surveys of the work performed method, the difference between contract costs incurred and contract cost recognised (billed) is adjusted to the "cost incurred on GC/TC project" under unbilled /work in progress.

Contract costs are recognized as an expense in the year 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/inventorised 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.

Revenue from Real Estate Development

Revenue from the sale of real estate projects is recognised on the transfer of title or the transfer of material risks and rewards to the purchaser. Real estate investor projects are accounted for as construction contracts based on POC.

Accordingly, revenue and the gains of development is recognised along the construction of the project.

The separate sale of project development rights and plans is accounted for as sale and gains are realised at the time of the transfer of risks and rewards. Revenue from sale of real estate development projects with multiple buyers (i.e. condominium projects) is recognised if the POC is above 25%.

Revenue from constructed properties for all projects is recognized in accordance with the "Guidance Note on Accounting for Real Estate Transactions" ('Guidance Note'). As per this Guidance Note, the revenue has been recognized on percentage of completion method and on the percentage of actual project costs incurred thereon to total estimated project cost, provided the conditions specified in Guidance Note are satisfied.

### i) Project management consultancy fees

Revenue from project management consultancy fees is recognised on accrual basis, as per terms of the agreement with the customer.

### j) Revenue from rent

Rent is recognised on time proportionate basis.

### k) Revenue from services (Room rent and allied services)

Revenue comprises of revenue from room rent and other allied services relating to hotel operation. Revenue is recognised upon rendering of services and the collectability is reasonably measured.

### l) Other miscellaneous incomes (Tuition fees, Installation and other services)

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured.

## xix. Income Tax

Income tax comprises of current and deferred income tax. Income tax is recognised as an expense or income in the Statement of Profit and Loss, except to the extent it relates to items directly recognised in equity or in OCI.

### a) Current Income Tax

Current income tax is recognised based on the estimated tax liability computed after taking credit for allowances and exemptions in accordance with the applicable income tax rate for each jurisdiction. Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

### b) Deferred Income Tax

Deferred tax is determined by applying the Balance Sheet approach. Deferred tax assets and liabilities are recognised

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION AS AT AND FOR THE YEAR ENDED MARCH 31, 2018

for all deductible temporary differences between the financial statements' carrying amount of existing assets and liabilities and their respective tax base. Deferred tax assets and liabilities are measured using the enacted tax rates or tax rates that are substantively enacted at the Balance Sheet date. The effect on deferred tax assets and liabilities of a change in tax rates is recognised in the period that includes the enactment date. Deferred tax assets are only recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Such assets are reviewed at each Balance Sheet date to reassess realisation.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Minimum Alternative Tax ("MAT") credit is recognised as an asset only when and to the extent it is probable that the Company will pay normal income tax during the specified period.

### xx. Leases

Leases, where the lessor effectively retains substantially all the risks and benefits of ownership over the leased term, are classified as operating leases. Operating lease payments are recognised as an expense in the Statement of Profit and Loss on a straight-line basis over the lease term except where the lease payments are structured to increase in line with expected general inflation. Assets acquired on finance lease are capitalised at fair value or present value of minimum lease payment at the inception of the lease, whichever is lower.

### xxi. Impairment of Non-Financial Assets

As at each Balance Sheet date, the Group assesses whether there is an indication that a non-financial asset may be impaired and also whether there is an indication of reversal of impairment loss recognised in the previous periods. If any indication exists, or when annual impairment testing for an asset is required, the Group determines the recoverable amount and impairment loss is recognised when the carrying amount of an asset exceeds its recoverable amount.

Recoverable amount is determined:

- In case of an individual asset, at the higher of the asset's fair value less cost to sell and value in use; and
- In case of cash generating unit (a group of assets that generates identified, independent cash flows), at the higher of cash generating unit's fair value less cost to sell and value in use.

In assessing value in use, the estimated future cash flows are discounted to their present value using pre-tax discount rate that reflects current market assessments of

the time value of money and risk specified to the asset. In determining fair value less cost to sell, recent market transaction are taken into account. If no such transaction can be identified, an appropriate valuation model is used.

Impairment losses of continuing operations, including impairment on inventories, are recognised in the Statement of Profit and Loss, except for properties previously revalued with the revaluation taken to OCI. For such properties, the impairment is recognised in OCI up to the amount of any previous revaluation.

When the Group considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss is reversed through the Statement of Profit and Loss.

### xxii. Trade receivables

A receivable is classified as a 'trade receivable' if it is in respect of the amount due on account of goods sold or services rendered in the normal course of business. Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the EIR method, less provision for impairment.

### xxiii. Trade payables

A payable is classified as a 'trade payable' if it is in respect of the amount due on account of goods purchased or services received in the normal course of business. These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year which are unpaid. These amounts are unsecured and are usually settled as per the payment terms stated in the contract. Trade and other payables are presented as current liabilities unless payment is not due within the normal operating cycle after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the EIR method.

### xxiv. Earnings Per Share

Basic earnings per share is computed by dividing the net profit or loss for the period attributable to the equity shareholders of the Company by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period and for all periods presented is adjusted for events, such as bonus shares, other than the conversion of potential equity shares, that have changed the number of equity shares outstanding, without a corresponding change in resources.

Diluted earnings per share is computed by dividing the net profit or loss for the period attributable to the equity shareholders of the Company and weighted average number of equity shares considered for deriving basic earnings per equity share and also the weighted average number of equity shares that could have been issued upon

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION AS AT AND FOR THE YEAR ENDED MARCH 31, 2018

conversion of all dilutive potential equity shares. The dilutive potential equity shares are adjusted for the proceeds receivable had the equity shares been actually issued at fair value (i.e. the average market value of the outstanding equity shares).

### xxv. Provisions, Contingent Liabilities and Contingent Assets

A provision is recognised when the Group has a present obligation (legal or constructive) as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, in respect of which a reliable estimate can be made of the amount of obligation. Provisions (excluding gratuity and compensated absences) are determined based on management's estimate required to settle the obligation at the Balance Sheet date. In case the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost. These are reviewed at each Balance Sheet date and adjusted to reflect the current management estimates.

Contingent liabilities are disclosed in respect of possible obligations that arise from past events, whose existence would be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. A contingent liability also arises, in rare cases, where a liability cannot be recognised because it cannot be measured reliably.

Contingent assets are disclosed where an inflow of economic benefits is probable.

### xxvi. Provision for warranty

In case of real estate projects of a subsidiary, the estimated liability for warranty is recorded on the building and its components during the construction period. These estimates are established using historical information on the nature, frequency and average cost of obligations and management estimates regarding possible future incidence based on corrective actions during the construction period under warranty phase.

### xxvii. Resurfacing expenses

Resurfacing costs are recognised and measured in accordance with Ind AS 37 "Provisions, Contingent Liabilities and Contingent Assets" i.e. at the best estimate of the expenditure required to settle the present obligation at each reporting date.

### xxviii. Securities Premium Account

- (i) Securities premium includes:
  - A. The difference between the face value of the equity shares and the consideration received in respect of shares issued pursuant to Stock Option Scheme.

- B. The fair value of the stock options which are treated as expense, if any, in respect of shares allotted pursuant to Stock Options Scheme.

- (ii) The issue expenses of securities which qualify as equity instruments are written off against securities premium account.

### xix. Share Based Payments

Certain employees of the Group are entitled to remuneration in the form of equity settled instruments, for rendering services over a defined vesting period. Equity instruments granted are measured by reference to the fair value of the instrument at the date of grant. The fair value determined at the grant date is expensed over the vesting period of the respective tranches of such grants. The stock compensation expense is determined based on the Group's estimate of equity instruments that will eventually vest using fair value in accordance with Ind-AS 102, Share based payment.

### xxx. Exceptional Items

When items of income and expense within profit or loss from ordinary activities are of such size, nature or incidence that their disclosure is relevant to explain the performance of the enterprise for the period, the nature and amount of such material items are disclosed separately as exceptional items.

## NOTE 2.2 RECENT ACCOUNTING PRONOUNCEMENTS

### 1. Appendix B to Ind AS 21, Foreign currency transactions and advance consideration:

Appendix B to Ind AS 21, Foreign currency transactions and advance consideration: On 28 March 2018, Ministry of Corporate Affairs ("MCA") has notified the Companies (Indian Accounting Standards) Amendment Rules, 2018 containing Appendix B to Ind AS 21, Foreign currency transactions and advance consideration which clarifies the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income, when an entity has received or paid advance consideration in a foreign currency.

The amendment will come into force from April 1, 2018. The Group is evaluating the requirement of the amendment and the impact on the financial statements. The effect on adoption of Ind AS 21 is expected to be insignificant.

### 2. Ind AS 115, Revenue from Contract with Customers:

In March 2018, the Ministry of Corporate Affairs has notified the Companies (Indian Accounting Standards) Amended Rules, 2018 ("amended rules"). As per the amended rules, Ind AS 115 "Revenue from contracts with customers" supersedes Ind AS 11, "Construction contracts" and Ind AS 18, "Revenue" and is applicable for all accounting periods commencing on or after April 1, 2018.

## **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION AS AT AND FOR THE YEAR ENDED MARCH 31, 2018**

Ind AS 115 introduces a new framework of five step model for the analysis of revenue transactions. The model specifies that revenue should be recognised when (or as) an entity transfer control of goods or services to a customer at the amount to which the entity expects to be entitled. Further the new standard requires enhanced disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers. The new revenue standard is applicable to the Company from April 1, 2018.

The standard permits two possible methods of transition:

- i) Retrospective approach- Under this approach the

standard will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8 - Accounting Policies, Changes in Accounting Estimates and Errors

- ii) Retrospectively with cumulative effect of initially applying the standard recognized at the date of initial application (cumulative catch- up approach)

The Group is evaluating the requirement of the amendment and the impact on the financial statements. The effect on adoption of Ind AS 115 is expected to be insignificant.

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION AS AT AND FOR THE YEAR ENDED MARCH 31, 2018

### NOTE 3 PROPERTY, PLANT AND EQUIPMENT

₹ crore

Particulars	Freehold land	Leasehold Land	Leasehold improvements	Building and sheds	Plant and equipment	Furniture and fixtures	Vehicles	Office equipment	Helicopter/ Aircraft	Speed boat	Computers	Total	Biological Assets
Net carrying value (at deemed cost)													
As at April 1, 2016	18.08	21.43	9.69	849.29	737.11	15.75	35.59	77.00	129.79	1.05	4.45	1,899.23	1.87
Additions	-	-	2.85	2790	39.24	-	0.16	2.90	-	-	0.59	73.64	-
Disposals	-	(1.31)	-	-	(19.45)	(0.22)	(0.26)	(0.97)	-	-	(1.96)	(24.17)	-
Adjustments	-	-	-	-	(2.17)	-	-	-	(1.05)	-	-	(3.22)	-
<b>As at March 31, 2017</b>	<b>18.08</b>	<b>20.12</b>	<b>12.54</b>	<b>877.19</b>	<b>754.73</b>	<b>15.53</b>	<b>35.49</b>	<b>78.93</b>	<b>128.74</b>	<b>1.05</b>	<b>3.08</b>	<b>1,945.48</b>	<b>1.87</b>
Additions	-	29.62	-	29.71	128.98	0.01	7.91	5.82	-	-	2.46	204.50	-
Disposals	-	(0.68)	-	(0.55)	(20.33)	-	(0.49)	(0.29)	-	-	(1.70)	(24.03)	-
Adjustments	-	-	-	-	0.30	-	-	-	0.23	-	-	0.54	-
<b>As at March 31, 2018</b>	<b>18.08</b>	<b>49.06</b>	<b>12.54</b>	<b>906.35</b>	<b>863.68</b>	<b>15.54</b>	<b>42.91</b>	<b>84.47</b>	<b>128.97</b>	<b>1.05</b>	<b>3.84</b>	<b>2,126.49</b>	<b>1.87</b>
Accumulated depreciation													
As at April 1, 2016	-	0.03	2.13	62.10	100.57	3.80	3.35	11.24	10.37	0.11	0.84	194.51	0.12
Depreciation charge	-	0.05	2.17	46.49	117.64	2.26	10.55	9.26	10.55	0.11	1.11	200.19	0.13
Accumulated depreciation on disposals	-	(0.18)	-	-	(5.46)	(0.12)	(0.12)	(0.52)	-	-	(1.79)	(8.19)	-
<b>As at March 31, 2017</b>	<b>-</b>	<b>(0.10)</b>	<b>4.30</b>	<b>108.59</b>	<b>212.75</b>	<b>5.94</b>	<b>13.78</b>	<b>19.98</b>	<b>20.92</b>	<b>0.22</b>	<b>0.16</b>	<b>386.54</b>	<b>0.25</b>
Depreciation charge	-	1.49	0.43	44.37	115.59	3.53	7.24	10.98	10.57	0.11	1.67	195.97	0.13
Accumulated depreciation on disposals	-	(0.07)	-	(0.41)	(8.90)	-	(0.21)	(0.28)	-	-	(1.68)	(11.55)	-
Adjustments	-	-	-	-	(0.62)	-	-	-	-	-	0.00	(0.62)	-
Impairment loss	-	-	-	0.02	-	0.02	-	-	-	-	-	0.05	-
<b>As at March 31, 2018</b>	<b>-</b>	<b>1.32</b>	<b>4.73</b>	<b>152.58</b>	<b>318.82</b>	<b>9.49</b>	<b>20.81</b>	<b>30.68</b>	<b>31.49</b>	<b>0.33</b>	<b>0.14</b>	<b>570.38</b>	<b>0.38</b>
Net carrying value													
As at March 31, 2017	18.08	20.22	8.24	768.60	541.98	9.59	21.71	58.95	107.82	0.82	2.92	1,558.94	1.62
<b>As at March 31, 2018</b>	<b>18.08</b>	<b>47.74</b>	<b>7.81</b>	<b>753.77</b>	<b>544.86</b>	<b>6.05</b>	<b>22.10</b>	<b>53.78</b>	<b>97.48</b>	<b>0.72</b>	<b>3.70</b>	<b>1,556.10</b>	<b>1.49</b>

₹ crore

Net carrying value	March 31, 2018	March 31, 2017
Property, plant and equipment	1,556.10	1,558.94
Biological Assets	1.49	1.62
Capital work-in-progress	1,713.92	1,890.42

### Note 3.1 Assets classified as held for sale

₹ crore

Particulars	As at March 31, 2018	As at March 31, 2017
Building and capital work in progress (CWIP)	-	2.00
<b>Total asset classified as held for sale</b>	<b>-</b>	<b>2.00</b>

The Group, intends to dispose of a parcel of land along with the building and CWIP constructed on it. Certain component of the building which was under construction has also been earmarked as held for sale in "as is where is" basis. Buyer for these assets has been identified and the carrying value has been adjusted against the booking advance received during the year ended March 31, 2018.

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION AS AT AND FOR THE YEAR ENDED MARCH 31, 2018

### Note 3.2 Investment Property

₹ crore

Particulars	Building	Land Reserve	Total
<b>Gross carrying value</b>			
As at April 1, 2016	2.36	2.06	4.41
Additions	-	-	-
Disposals	-	-	-
Adjustments (foreign exchange)	-	(0.12)	(0.12)
<b>As at March 31, 2017</b>	<b>2.36</b>	<b>1.94</b>	<b>4.30</b>
Additions	-	-	-
Disposals	-	-	-
Adjustments (foreign exchange)	-	0.11	0.11
<b>As at March 31, 2018</b>	<b>2.36</b>	<b>2.05</b>	<b>4.41</b>
<b>Accumulated amortisation</b>			
As at April 1, 2016	1.51	-	1.51
Depreciation charge	0.04	-	0.04
<b>As at March 31, 2017</b>	<b>1.55</b>	<b>-</b>	<b>1.55</b>
Depreciation charge	0.13	-	0.13
<b>As at March 31, 2018</b>	<b>1.68</b>	<b>-</b>	<b>1.68</b>
<b>Net carrying value</b>			
As at March 31, 2017	0.80	1.94	2.74
<b>As at March 31, 2018</b>	<b>0.67</b>	<b>2.05</b>	<b>2.73</b>

### Information regarding income and expenditure of Investment Property (Building)

₹ crore

	March 31, 2018	March 31, 2017
Rental Income derived from investment property	0.06	0.06
Direct operating Expenses (including repairs and maintenance) generating rental income	(0.22)	(0.08)
Profit arising from investment properties before depreciation and indirect expenses	(0.16)	(0.02)
Less : Depreciation	(0.13)	(0.04)
Profit arising from investment properties before indirect expenses	(0.29)	(0.06)

Note:

(a) The Fair Value of the Building, situated in Mumbai, Maharashtra, India as at the Balance Sheet date is ₹ 13.36 crore.

(b) The Fair Value of the Land, situated in Switzerland as at the Balance Sheet date is ₹ 2.06 crore (CHF 300,000).

## NOTE 4 INTANGIBLE ASSETS

₹ crore

Particulars	Computer software	Trade marks	Total	Goodwill
<b>Gross carrying value</b>				
As at April 1, 2016	37.88	0.74	38.62	126.69
Additions	1.85	0.13	1.98	-
Disposals	(3.83)	-	(3.83)	-
<b>As at March 31, 2017</b>	<b>35.90</b>	<b>0.87</b>	<b>36.77</b>	<b>126.69</b>
Additions	16.42	-	16.42	30.46
Disposals	-	-	-	-
<b>As at March 31, 2018</b>	<b>52.32</b>	<b>0.87</b>	<b>53.19</b>	<b>157.15</b>



## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION AS AT AND FOR THE YEAR ENDED MARCH 31, 2018

### NOTE 4 INTANGIBLE ASSETS...contd.

				₹ crore
Particulars	Computer software	Trade marks	Total	Goodwill
<b>Accumulated amortisation</b>				
As at April 1, 2016	6.49	0.73	7.22	-
Amortisation charge	5.50	-	5.50	-
Adjustment	(1.17)	-	(1.17)	2.20
<b>As at March 31, 2017</b>	<b>10.82</b>	<b>0.73</b>	<b>11.55</b>	<b>2.20</b>
Amortisation charge	5.24	-	5.24	-
Accumulated amortisation		-	-	-
Impairment loss	-	-	-	30.46
Adjustment	0.35	-	0.35	(9.91)
As at March 31, 2018	16.41	0.73	17.14	22.75
<b>Net carrying value</b>				
As at March 31, 2017	<b>25.08</b>	<b>0.14</b>	<b>25.22</b>	<b>124.49</b>
<b>As at March 31, 2018</b>	<b>35.91</b>	<b>0.14</b>	<b>36.05</b>	<b>134.40</b>

			₹ crore
Net carrying value	March 31, 2018	March 31, 2017	
Intangible assets	36.05	25.22	

#### Note 4.1 Impairment testing for goodwill

- (a) Goodwill recognised in accordance with the requirement of Ind AS 103 on additional acquisition of shares of a subsidiary, Green Hills Residences Limited, have been tested for impairment. As there is no promising business prospect which justifies its operational viability, hence value in use negligible. Accordingly, entire amount aggregating ₹ 30.46 crore recognised as goodwill during acquisition is provided for through statement of profit and loss.
- (b) Goodwill amounting ₹ 134.40 crore (March 31, 2017: ₹ 124.49 crore) to is tested for impairment annually in accordance with the Group's procedure for determining the recoverable amount of such assets. The recoverable amount of the assets/CGU is based on value in use. The value in use is determined based on discounted cash flow projections. The fair value measurement has been categorised as level 3 fair value based on the inputs to the valuation technique used. The cash flow projections include specific estimates for five years and terminal growth rate thereafter. The terminal growth rate has been determined based on management's estimates of the EBITDA margins. Based on the above, no impairment provision considered necessary as the recoverable value of the CGU exceeded the carrying value.

#### Note 4.2 Depreciation and amortisation expense

			₹ crore
	March 31, 2018	March 31, 2017	
Depreciation of tangible assets	196.09	200.32	
Amortisation of intangible assets	5.24	5.50	
<b>Total depreciation and amortisation expense</b>	<b>201.33</b>	<b>205.82</b>	

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION AS AT AND FOR THE YEAR ENDED MARCH 31, 2018

### NOTE 5 NON-CURRENT INVESTMENTS

₹ crore

	As at March 31, 2018	As at March 31, 2017
<b>I. Investments valued at deemed cost, fully paid up</b>		
Investment in equity shares		
In associates in India	17.65	15.43
In associates outside India	13.18	18.70
In joint venture in India	330.68	355.18
<b>II. Investments valued at amortised cost</b>		
Investments in other instruments	1.65	0.34
<b>III. Investments in equity shares in others carried at fair value through OCI, fully paid up</b>		
In India	24.17	48.41
Outside India	4.57	4.83
	<b>391.90</b>	<b>442.89</b>

#### Note 5.1 Detailed list of non-current investments

₹ crore

	As at March 31, 2018		As at March 31, 2017	
	Unquoted	Quoted	Unquoted	Quoted
<b>I. Investments valued at deemed cost, fully paid up</b>				
<b>Investments in equity shares:</b>				
<b>In associate in India</b>				
Knowledge Vistas Limited 310,481 (March 31, 2017: 310,481) equity shares of ₹ 10 each	13.19	-	13.45	-
Warasgaon Lakeview Hotels Limited (w.e.f. 1 March 2017) (Refer note 5.2) 140,897 (March 31, 2017: Nil) equity shares of ₹ 10 each	12.13	-	-	-
Highbar Technocrat Limited 99,940 (March 31, 2017: 49,440) equity shares of ₹ 10 each	5.52	-	1.98	-
	30.84	-	15.43	-
Less: Impairment provision	(13.19)	-	-	-
	<b>17.65</b>	<b>-</b>	<b>15.43</b>	<b>-</b>
<b>In associates outside India</b>				
Evostate AG, Zurich 30 (March 31, 2017: 30) equity shares of CHF 1,000 each	0.18	-	5.87	-
Projektentwicklungsges. Parking AG Basel 850 (March 31, 2017: 850) equity shares of CHF 1,000 each	3.51	-	3.48	-
MCR Managing Corp 30 (March 31, 2017: 30) equity shares of CHF 1,000 each	9.49	-	9.35	-
	<b>13.18</b>	<b>-</b>	<b>18.70</b>	<b>-</b>
<b>In joint ventures in India</b>				
HCC Concessions Limited 2,917,151 (March 31, 2017: 2,917,151) equity shares of ₹ 10 each	292.81	-	314.40	-
Ecomotel Hotel Limited 11,096,289 (March 31, 2017: 10,132,240) equity shares	6.00	-	6.23	-
Green Hills Residences Limited (Upto 25 July 2017) (Refer Note 5.3) Nil (March 31, 2017: 53,319) equity shares	-	-	0.00*	-
Whistling Thrush Facilities Services Limited 27,540 (March 31, 2017: 27,540) equity shares of ₹ 10 each	0.00*	-	0.00*	-

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION AS AT AND FOR THE YEAR ENDED MARCH 31, 2018

### Note 5.1 Detailed list of non-current investments...contd.

₹ crore

	As at March 31, 2018		As at March 31, 2017	
	Unquoted	Quoted	Unquoted	Quoted
Spotless Laundry Services Limited 96,437 (March 31, 2017: 96,437) equity shares of ₹ 10 each	0.00*	-	0.00*	-
Bona Sera Hotels Limited 122,563 (March 31, 2017: 122,563) equity shares of ₹ 10 each	0.00*	-	0.00*	-
Starlit Resort Limited 49,400 (March 31, 2017: 49,400 ) equity shares of ₹ 10 each	3.89	-	3.93	-
Andromeda Hotels Limited 61,470 (March 31, 2017: 61,470) equity shares of ₹ 10 each	2.90	-	2.95	-
Apollo Lavasa Health Corporation Limited 626,808 (March 31, 2017: 626,808) equity shares of ₹ 10 each	25.08	-	27.67	-
	<b>330.68</b>	<b>-</b>	<b>355.18</b>	<b>-</b>
<b>II. Investments in other instruments</b>				
<b>Corporate guarantee</b>				
(a) In joint venture	0.40	-	0.34	-
(b) In associates	1.25	-	-	-
	<b>1.65</b>	<b>-</b>	<b>0.34</b>	<b>-</b>
<b>III. Investment in equity shares in others carried at fair value through OCI, fully paid up In India</b>				
Punjab National Bank Limited 4,715 (March 31, 2017: 4,715) equity shares of ₹ 2 each	-	0.05	-	0.05
Hubtown Limited 10 (March 31, 2017: 10) equity shares of ₹ 10 each	-	0.00*	-	0.00*
Ansal Housing and Construction Limited 30 (March 31, 2017: 30) equity shares of ₹ 10 each	-	0.00*	-	0.00*
Ansal Properties and Infrastructure Limited 10 (March 31, 2017: 10) equity shares of ₹ 5 each	-	-	-	0.00*
Ashiana Housing Limited 175 (March 31, 2017: 175) equity shares of ₹ 2 each	-	0.00*	-	0.00*
DLF Limited 10 (March 31, 2017 : 10) equity shares of ₹ 2 each	-	0.00*	-	0.00*
HDIL Limited 12 (March 31, 2017 : 12) equity shares of ₹ 10 each	-	-	-	0.00*
Indiabulls Real Estate Limited 10 (March 31, 2017 : 10) equity shares of ₹ 10 each	-	0.00*	-	0.00*
Mahindra Lifestyle Limited 10 (March 31, 2017 : 10) equity shares of ₹ 10 each	-	0.00*	-	0.00*
Orbit Corporation Limited 20 (March 31, 2017 : 20) equity shares of ₹ 10 each	-	-	-	0.00*
Parshwanath Developers Limited 20 (March 31, 2017 : 20) equity shares of ₹ 10 each	-	-	-	0.00*
Peninsula Land Limited 50 (March 31, 2017: 50) equity shares of ₹ 2 each	-	0.00*	-	0.00*
Shoba Developers Limited 10 (March 31, 2017: 10) equity shares of ₹ 10 each	-	0.00*	-	0.00*
Unitech Limited 10 (March 31, 2017: 10) equity shares of ₹ 2 each	-	-	-	0.00*

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION AS AT AND FOR THE YEAR ENDED MARCH 31, 2018

### Note 5.1 Detailed list of non-current investments...contd.

₹ crore

	As at March 31, 2018		As at March 31, 2017	
	Unquoted	Quoted	Unquoted	Quoted
D S Kulkarni Developers Limited 10 (March 31, 2017: Nil) equity shares of ₹ 10 each	-	-	-	0.03
Hindustan Kohinoor Co Op Society 45 (March 31, 2017: 45) equity shares of ₹ 50 each	0.00*	-	-	0.00*
Khandwala Securities Limited 3,332 (March 31, 2017: 3,332) equity shares of ₹ 10 each	-	0.01	-	0.01
Housing Development Finance Corporation Limited 15,220 (March 31, 2017: 15,220) equity shares of ₹ 2 each	-	2.78	-	2.28
HDFC Bank Limited 2,500 (March 31, 2017: 2,500) equity shares of ₹ 10 each	-	0.47	-	0.36
Walchand Co-op. Housing Society Limited 5 (March 31, 2017: 5) equity shares of ₹ 50 each	0.00*	-	0.00*	-
Shushrusha Citizens Co-Op. Hospitals Limited 100 (March 31, 2017 : 100) equity shares of ₹ 100 each	0.00*	-	0.00*	-
Hincon Finance Limited 120,000 (March 31, 2017 : 120,000) equity shares of ₹ 10 each	20.86	-	36.68	-
Vikhroli Corporate Park Private Limited Nil (March 31, 2017: 260) equity shares of ₹ 10 each	-	-	0.00*	-
Space Theme Park India Limited 50,000 (March 31, 2017: 50,000) equity shares of ₹ 10 each	-	-	-	-
Osprey Hospitality Limited 60 (March 31, 2017: 60) equity shares of ₹ 10 each	0.00*	-	0.00*	-
Warasgaon Lakeview Hotels Limited (upto 28 February 2017) (Refer note 5.2) Nil (March 31, 2017: 109,646) equity shares of ₹ 10 each	-	-	9.00	-
	<b>20.86</b>	<b>3.31</b>	<b>45.68</b>	<b>2.73</b>
<b>Outside India</b>				
Radio- und Fernsehgenossenschaft Zürich-Schaffhausen 1 (March 31, 2017 : 1) equity shares of CHF 50 each	0.01	-	0.00*	-
Opernhaus Zürich AG 10 (March 31, 2017 : 10) equity shares of CHF 900 each	0.05	-	0.04	-
Genossenschaft Theater für den Kt. Zürich 1 (March 31, 2017 : 1) equity shares of CHF 300 each	0.00*	-	0.00*	-
Betriebsges. Kongresshaus Zürich AG 30 (March 31, 2017 : 30) equity shares of CHF 1,000 each	0.28	-	0.26	-
AG Hallenstadion Zürich 10 (March 31, 2017 : 10) equity shares of CHF 100 each	0.03	-	0.00*	-
MTZ Medizinisches Therapiezentrum 50 (March 31, 2017 : 50) equity shares of CHF 1,000 each	0.33	-	0.32	-
Mobimo Holding AG 720 (March 31, 2017 : 720) equity shares of CHF 29 each	-	1.27	-	1.56
Goldbach Media AG 6,000 (March 31, 2017 : 6,000) equity shares of CHF 1.25 each	-	1.45	-	1.68
MCH Group AG 2,100 (March 31, 2017 : 2,100) equity shares of CHF 10 each	-	1.15	-	0.97
	<b>0.70</b>	<b>3.87</b>	<b>0.62</b>	<b>4.21</b>
<b>Total non-current investments</b>	<b>384.72</b>	<b>7.18</b>	<b>435.95</b>	<b>6.94</b>
		<b>391.90</b>		<b>442.89</b>

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION AS AT AND FOR THE YEAR ENDED MARCH 31, 2018

### Note 5.1 Detailed list of non-current investments...contd.

₹ crore

	As at March 31, 2018		As at March 31, 2017	
	Unquoted	Quoted	Unquoted	Quoted
<b>Details:</b>				
<b>Aggregate of non-current investments:</b>				
(i) Carrying value of investments (net of impairment loss)	384.72	7.18	435.95	6.94
(ii) Market value of investments	-	7.18	-	6.94
(i) Investments carried at deemed cost	361.51	-	389.31	-
(ii) Investments carried at amortised cost	1.65	-	0.34	-
(iii) Investments carried at fair value through OCI	21.56	7.18	46.30	6.94
	<b>384.72</b>	<b>7.18</b>	<b>435.95</b>	<b>6.94</b>

**Note 5.2** During the current year, L&T Infrastructure Finance Limited has transferred back the shares of Warasgaon Lake View Hotels Limited (WLVHL), invoked by them during the previous year due to default in debt obligations. Consequent to this, Group's stake in WLVHL has been restated at 24.56% and accordingly considered and accounted for this investment as an associate.

**Note 5.3** In respect of Green Hills Residencies Limited (GHRL), in earlier years, the cancellation of joint venture agreement by LCL, of a subsidiary company, was challenged by the investor and the matter was referred to the arbitration. During the year 2016-17, joint venturer entered into agreement and the disputes were settled amicably. As per the settlement agreement, equity shares held by investor have been transferred to LCL during the current year, which has resulted 100% holding by LCL in GHRL.

### Note 5.4 The Group's share of (loss)/profit from equity accounted investments is as follows:

₹ crore

	As at March 31, 2018	As at March 31, 2017
<b>In joint venture</b>		
HCC Concessions Limited	(565.66)	(544.08)
Ecomotel Hotel Limited	0.02	0.24
Whistling Thrush Facilities Services Limited	(0.23)	(0.23)
Spotless Laundry Services Limited	(7.08)	(7.08)
Bona Sera Hotels Limited	-	-
Starlit Resort Limited	(0.37)	(0.32)
Andromeda Hotels Limited	1.07	1.11
Apollo Lavasa Health Corporation Limited	(22.14)	(19.55)
<b>In associate</b>		
Highbar Technocrat Limited	5.52	1.98
Knowledge Vistas Limited	(1.14)	(0.87)
Warasgaon Lakeview Hotels Limited (upto 28 February 2017)	(0.78)	(3.91)
Evostate AG	(22.44)	(16.74)
MCR Managing Corp	9.49	9.35
Projektentwicklungsges. Parking AG Basel	(0.37)	(0.40)
	<b>(604.11)</b>	<b>(580.50)</b>

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION AS AT AND FOR THE YEAR ENDED MARCH 31, 2018

### NOTE 6 TRADE RECEIVABLES

₹ crore

	As at March 31, 2018	As at March 31, 2017
<b>Unsecured, considered good unless otherwise stated</b>		
<b>Non-current</b>		
Trade receivables (Refer notes 6.1 and 34) ^	1,375.13	1,429.09
[Including retention ₹ 0.79 crore (March 31, 2017: ₹ 0.79 crore)]		
<b>Total non-current trade receivables</b>	<b>1,375.13</b>	<b>1,429.09</b>
<b>Current</b>		
a) Trade receivables (Refer note 34) ^^		
- Unsecured considered good	2,180.51	2,293.04
[including retention of ₹ 420.25 crore (March 31, 2017: ₹ 364.91 crore)]		
- Unsecured considered doubtful	33.24	19.48
- Less: Impairment loss provision	(33.24)	(19.48)
b) Receivables from related parties ^^^ (Refer note 39)	284.77	14.66
[including retention of ₹ 13.76 crore (March 31, 2017: ₹ 13.76 crore)]		
<b>Total current trade receivables</b>	<b>2,465.28</b>	<b>2,307.70</b>
<b>Total trade receivables</b>	<b>3,840.41</b>	<b>3,736.79</b>

^ Net off advance received against work bill / claims ₹ 200.02 crore (March 31, 2017: ₹ 68.14 crore)

^^ Net off advance received against work bill / claims ₹ 1,509.30 crore (March 31, 2017: ₹ 375.58 crore)

^^^ Net off advance received against work bill / claims ₹ 439.85 crore (March 31, 2017: ₹ 460.98 crore)

**Note 6.1** Non-current trade receivables, current trade receivables and other financial assets as at March 31, 2018 include ₹ 1,375.13 crore, ₹ 1,431.49 crore (net of advances ₹ 1,709.31 crore) and ₹ Nil respectively [March 31, 2017 : ₹ 1,429.09 crore, ₹ 1,439.38 crore (net of advances ₹ 443.64 crore) and ₹ 79.85 crore] representing claims awarded in arbitration in favour of the Company and which have been challenged by the customers in High Courts/ Supreme Court. Current trade receivables include ₹ 221.51 crore of claims awarded in arbitration which are unchallenged as at March 31, 2018.

As decided by the Cabinet Committee on Economic Affairs (CCEA) (Government of India) during the previous year, in respect of claims where arbitration awards have been decided in favour of the Company but further challenged by clients, the clients shall pay 75% of the arbitral award amount to the Company, in an escrow account, against a bank guarantee (BG). As at March 31, 2018, the Company has received letters from its customers conveying release of 75% of the arbitral award amount resulting in a payout aggregating ₹ 2,046.03 crore (March 31, 2017: ₹ 1,882 crore), of which the Company has realised ₹ 1,416.10 crore (March 31, 2017: ₹ 148.39 crore). The balance amount is presently pending on account of completion of certain formalities by the Company. The Company is also pursuing with customers for issuance of similar payout letters for the balance amounts.

**Note 6.2** There are no trade receivables due from any director or any officer of the Group, either severally or jointly with any other person, or from any firms or private companies in which any director is a partner, a director or a member.

**Note 6.3** Trade receivables, except receivables on account of claims awarded in arbitration in favour of the Group, are non-interest bearing and are generally on terms of 30 to 90 days.

### NOTE 7 LOANS

₹ crore

	As at March 31, 2018	As at March 31, 2017
<b>Non-current</b>		
Loans to related parties [Refer note 39]		
- Unsecured considered good	56.89	-
- Unsecured considered doubtful	21.34	-
Less: Impairment loss provision	(21.34)	-

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION AS AT AND FOR THE YEAR ENDED MARCH 31, 2018

### NOTE 7 LOANS...contd.

	As at March 31, 2018	As at March 31, 2017
Security and other deposits		
- related parties (Refer note 39)	2.51	3.34
- others	20.20	21.70
<b>Total non-current loans</b>	<b>79.60</b>	<b>25.04</b>
<b>Current</b>		
Security and other deposits	19.98	27.09
Loans to related parties		
- Unsecured considered good	-	49.96
- Unsecured considered doubtful	-	21.34
Less: Impairment loss provision	-	(21.34)
Loans to others		
- Unsecured considered good	-	6.32
- Unsecured considered doubtful	42.43	42.43
Less: Impairment loss provision	(42.43)	(42.43)
<b>Total current loans</b>	<b>19.98</b>	<b>83.37</b>
<b>Total loans</b>	<b>99.58</b>	<b>108.41</b>

### NOTE 8: OTHER FINANCIAL ASSETS

	As at March 31, 2018	As at March 31, 2017
<b>Non-current</b>		
Margin money deposits	8.18	7.45
Application money paid towards share purchase		
- Unsecured considered doubtful	5.62	5.62
Less: Impairment loss provision	(5.62)	(5.62)
<b>Total non-current financial assets</b>	<b>8.18</b>	<b>7.45</b>
<b>Current</b>		
Unbilled work-in-progress ^ (Refer note 34)	4,686.08	5,102.03
Interest accrued on deposits/ advances	16.89	14.33
Other assets	2.03	4.07
<b>Total current financial assets</b>	<b>4,705.00</b>	<b>5,120.43</b>
<b>Total other financial assets</b>	<b>4,713.18</b>	<b>5,127.88</b>

^ Net off advance received against work bill ₹ 199.23 crore (March 31, 2017: ₹ 213.28 crore)

### NOTE 9: INCOME TAX ASSETS (NET)

i. The following table provides the details of income tax assets and liabilities as at March 31, 2018 and March 31, 2017:

	As at March 31, 2018	As at March 31, 2017
a) Income tax assets	330.82	269.81
b) Current income tax liabilities	210.18	200.18
<b>Net balance</b>	<b>120.64</b>	<b>69.63</b>



## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION AS AT AND FOR THE YEAR ENDED MARCH 31, 2018

### NOTE 9: INCOME TAX ASSETS (NET)...contd.

ii. The gross movement in the current tax asset/ (liability) for the years ended March 31, 2018 and March 31, 2017 is as follows:

	Year ended March 31, 2018	Year ended March 31, 2017
Net current income tax asset at the beginning	69.63	94.68
Income tax paid	80.23	25.20
Current income tax expense	(29.22)	(50.25)
<b>Net current income tax asset at the end</b>	<b>120.64</b>	<b>69.63</b>

iii. Income tax expense in the Statement of Profit and Loss comprises:

	Year ended March 31, 2018	Year ended March 31, 2017
Current income taxes	29.22	50.25
Deferred income taxes credit ^	(39.43)	(89.81)
<b>Income tax expenses / (credit) (net)</b>	<b>(10.21)</b>	<b>(39.56)</b>

^ Deferred income taxes for the years ended March 31, 2018 and March 31, 2017 relates to origination and reversal of temporary differences and is net of MAT credit entitlement of ₹ 19.58 crore (March 31, 2017: ₹ 16.83 crore)

iv. A reconciliation of the income tax provision to the amount computed by applying the statutory income tax rate to the loss before income taxes is as below:

	Year ended March 31, 2018	Year ended March 31, 2017
Loss before income tax	(1,100.21)	(1,022.16)
Enacted tax rates in India	34.61%	34.61%
<b>Computed expected tax expense</b>	<b>(380.78)</b>	<b>(353.77)</b>
Tax expense (credits) of jointly controlled operations	0.15	(4.03)
Tax effect of overseas taxes	18.34	29.03
Effect of expenses not allowed for tax purpose	364.37	365.45
Effect of income not considered for tax purpose	(12.55)	2.88
Others	0.26	-
<b>Income tax expense credit/(charge) to the Statement of Profit and Loss</b>	<b>(10.21)</b>	<b>39.56</b>

v. Components of deferred income tax assets and liabilities arising on account of temporary differences are:

	As at March 31, 2018	As at March 31, 2017
<b>Deferred income tax liability</b>		
Timing difference on tangible and intangible assets depreciation and amortisation	182.54	151.99
Claims/arbitration awards	1,554.34	1,217.24
Deemed equity investment	353.04	353.04
Impacts of recognition of financial instruments measured initially at fair value and subsequently at amortised cost	445.89	1,042.50
Others	10.18	179.05

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION AS AT AND FOR THE YEAR ENDED MARCH 31, 2018

### NOTE 9: INCOME TAX ASSETS (NET)...contd.

₹ crore

	As at March 31, 2018	As at March 31, 2017
<b>Deferred income tax asset</b>		
Business loss/ unabsorbed depreciation	(1,928.21)	(1,813.80)
Impacts of recognition of financial instruments measured initially at fair value and subsequently at amortised cost	(183.81)	(437.42)
MAT credit entitlement	(229.30)	(209.36)
Others	(165.16)	(353.82)
<b>Deferred tax liabilities/ (assets) before restatement</b>	<b>39.51</b>	<b>129.42</b>
Deferred tax adjustments (Refer note 9.1)	-	(106.29)
<b>Total deferred tax liabilities / (net)</b>	<b>39.51</b>	<b>23.13</b>
Deferred tax liabilities in case of some entities	40.23	49.83
Deferred tax assets in case of some entities	0.72	26.70
Net deferred tax liabilities	39.51	23.13

**Note 9.1** During the year ended March 31, 2018, the Group has restated the financial results for the year ended March 31, 2017, in accordance with the requirements of Ind-AS 8- 'Accounting Policies, Changes in Accounting Estimates and Errors' on account of de-recognition of deferred tax liabilities amounting to ₹ 106.29 crore. The restatement adjustments resulted in a net decrease of ₹ 106.29 crore to the previously reported net loss for the year ended March 31, 2017 and reduced the deferred tax liabilities by the same amount as at that date. Retained earnings as at April 1, 2017 within the statement of changes in equity has been restated to adjust the impact of such deferred tax adjustments relating to prior years. However this restatement does not have an impact on the opening balance sheet of the preceding period.

### NOTE 10: OTHER ASSETS

₹ crore

	As at March 31, 2018	As at March 31, 2017
<b>Non-current</b>		
Capital advances		
- Unsecured considered good	4.77	13.53
- Unsecured considered doubtful	0.62	-
Less: Impairment loss provision	(0.62)	-
Balances with government authorities	111.35	128.24
Prepaid expenses	0.98	2.03
<b>Total other non-current assets</b>	<b>117.10</b>	<b>143.80</b>
<b>Current</b>		
Advance to suppliers and sub-contractors		
- Unsecured considered good	247.21	282.87
- Unsecured considered doubtful	42.41	27.39
Less: Impairment loss provision	(42.41)	(27.39)
Balances with government authorities	143.02	74.52
Prepaid expenses	24.44	33.01
Other assets	40.69	43.52
<b>Total other current assets</b>	<b>455.36</b>	<b>433.92</b>
<b>Total other assets</b>	<b>572.46</b>	<b>577.72</b>

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION AS AT AND FOR THE YEAR ENDED MARCH 31, 2018

### NOTE 11: INVENTORIES

₹ crore

	As at March 31, 2018	As at March 31, 2017
Land and development rights (Refer note 11.1)	2,167.63	2,220.51
Project work in progress	154.31	151.29
Food and beverages	0.16	0.11
Construction material, stores, spares and embedded goods	175.76	225.52
Fuel	3.93	7.86
Materials in transit	-	0.32
Finished units	2.27	2.33
<b>Total inventories</b>	<b>2,504.06</b>	<b>2,607.94</b>

**Note 11.1** In case of a subsidiary, cost of land includes:

- ₹ 12.71 crore (March 31, 2017 ₹ 12.71 crore) in respect of which sale deed is yet to be executed in favour of the subsidiary.
- ₹ 0.11 crore (March 31, 2017 ₹ 0.11 crore) in respect of which irrevocable Power of Attorney is obtained in favour of the subsidiary.
- ₹ 0.36 crore (March 31, 2017 ₹ 0.36 crore) not covered by the Master Plan in respect of which sale deed is yet to be executed in the name of the subsidiary.

### NOTE 12: CURRENT INVESTMENTS

₹ crore

	As at March 31, 2018	As at March 31, 2017
<b>Investments accounted for using the equity method</b>		
<b>Investment in joint venture</b>		
- Raiganj Dalkhola Highways Limited 3,000,000 (March 31, 2017: 3,000,000) equity shares of ₹ 10 each fully paid	4.11	5.30
- Baharampore Farakka Highways Limited 11,700,000 (March 31, 2017: 11,700,000) equity shares of ₹ 10 each fully paid	0.45	1.34
- Farakka Raiganj Highways Limited 13,000,000 (March 31, 2017: 13,000,000) equity shares of ₹ 10 each fully paid	8.92	22.13
- Dhule Palesner Tollways Limited 100 (March 31, 2017: 100) equity shares of ₹ 10 each fully paid	0.00*	0.00*
<b>Investments in others carried at fair value through OCI</b>		
Investment in mutual funds	11.71	4.46
<b>Total current investments</b>	<b>25.19</b>	<b>33.23</b>
<b>Details:</b>		
<b>Aggregate of current investments:</b>		
(i) Book value of investments	13.48	28.77
(ii) Market value of investments	11.71	4.46
(i) Investments carried at cost	-	-
(ii) Investments carried at amortised cost	13.48	28.77
(iii) Investments carried at fair value through OCI	11.71	4.46
	<b>25.19</b>	<b>33.23</b>

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION AS AT AND FOR THE YEAR ENDED MARCH 31, 2018

### Note 12.1 Detailed list of current investments

₹ crore

	As at March 31, 2018	As at March 31, 2017
<b>I. The Group's share of loss from equity accounted investments is as follows:</b>		
<b>In joint venture in India</b>		
- Raiganj Dalkhola Highways Limited (Refer note 12.2)	(1.19)	-
- Baharampore Farakka Highways Limited (Refer note 12.2)	(16.28)	(15.39)
- Farakka Raiganj Highways Limited (Refer note 12.2)	(16.59)	(3.38)
<b>Total share of loss from equity accounted investments</b>	<b>(34.06)</b>	<b>(18.77)</b>

**Note 12.2** The Group has pledged the following shares in favour of the lenders as a part of the financing agreements for facilities taken by subsidiary companies and joint ventures as indicated below:

₹ crore

	No. of equity shares pledged	
	As at March 31, 2018	As at March 31, 2017
<b>Name of the Company</b>		
Raiganj Dalkhola Highways Limited	510,000	510,000
Baharampore Farakka Highways Limited	510,000	510,000
Farakka Raiganj Highways Limited	510,000	510,000

**Note 12.3** Pursuant to Shareholders Agreement (SHA) executed on 9 August 2011, the Company is required to hold 100% equity stake in HCC Infrastructure Company Limited (HIL) until Private Equity Investor gets an exit from HCC Concessions Limited (HCL) through means as specified in the SHA and there are certain other customary restrictions on pledging / creation of any encumbrance over shares / assets of HIL/ BOT SPVs.

The Company has given inter alia an undertaking in respect of investment in Baharampore- Farakka Highways Limited, Farakka-Raiganj Highways Limited., Dhule Palesner Tollways Limited and Raiganj- Dalkhola Highways Limited to National Highways Authority of India (NHAI) that it will not transfer its shareholding till the commercial operation date. The Company has entered into sale agreement with HCL to sell these shares at book value at future dates on fulfilment of that obligation as per undertaking given to NHAI. The Company has received full consideration of ₹ 27.70 crore (March 31, 2017: ₹ 27.70 crore) for transfer of the above shares at book value from HCL, subject to necessary approvals and consents to the extent required in the following BOT SPV's.

	As at March 31, 2018		As at March 31, 2017	
	₹ crore	No. of Shares	₹ crore	No. of Shares
<b>Name of the BOT SPV</b>				
Baharampore Farakka Highways Limited	11.70	11,700,000	11.70	11,700,000
Farakka Raiganj Highways Limited	13.00	13,000,000	13.00	13,000,000
Raiganj Dalkhola Highways Limited	3.00	3,000,000	3.00	3,000,000
Dhule Palesner Tollways Limited	0.00	100	0.00	100
<b>Total</b>	<b>27.70</b>	<b>27,700,100</b>	<b>27.70</b>	<b>27,700,100</b>

### NOTE 13: CASH AND CASH EQUIVALENTS

₹ crore

	As at March 31, 2018	As at March 31, 2017
Balances with banks		
- Current accounts in Indian rupees	74.98	81.33
- Current accounts in foreign currency	270.24	136.16
Cash on hand	0.85	1.09
Cheques on hand	58.11	9.16
<b>Total cash and cash equivalents</b>	<b>404.18</b>	<b>227.74</b>

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION AS AT AND FOR THE YEAR ENDED MARCH 31, 2018

### NOTE 14 OTHER BANK BALANCES

₹ crore

	As at March 31, 2018	As at March 31, 2017
<b>Earmarked balances with banks for:</b>		
Deposits with maturity of more than 3 months and less than 12 months	14.19	47.49
Earmarked balances with bank for		
- Margin money deposit with original maturity of more than 3 months and remaining maturities of less than 12 months (Refer note 14.2)	533.47	483.50
- Balances with bank for unpaid dividend	0.25	0.41
<b>Total other bank balances</b>	<b>547.91</b>	<b>531.40</b>

**Note 14.1** There are no amounts due and outstanding to be credited to the Investor Education and Protection Fund as at March 31, 2018.

**Note 14.2** Includes deposits of ₹ 6.43 crore earmarked against Debenture Redemption Reserve

### NOTE 15 EQUITY SHARE CAPITAL

₹ crore

	As at March 31, 2018	As at March 31, 2017
<b>Authorised share capital</b>		
1,250,000,000 Equity shares of ₹ 1 each (March 31, 2017: 1,250,000,000 equity shares of ₹ 1 each)	125.00	125.00
10,000,000 Redeemable cumulative preference shares of ₹ 10 each (March 31, 2017: 10,000,000 preference shares of ₹ 10 each)	10.00	10.00
<b>Total authorised equity share capital</b>	<b>135.00</b>	<b>135.00</b>
<b>Issued, subscribed and paid-up equity share capital:</b>		
1,015,410,926 Equity shares of ₹ 1 each fully paid up (March 31, 2017: 1,010,651,635 equity shares of ₹ 1 each)	101.54	101.06
Add : 13,225 Forfeited equity shares (March 31, 2017: 13,225 equity shares)	0.01	0.01
<b>Total issued, subscribed and paid-up equity share capital</b>	<b>101.55</b>	<b>101.07</b>

#### a. Reconciliation of the equity shares outstanding at the beginning and at the end of the reporting year

	Number	₹ crore
<b>As at April 1, 2016</b>	<b>779,106,906</b>	<b>77.91</b>
Issued during the year	231,544,729	23.15
<b>As at March 31, 2017</b>	<b>1,010,651,635</b>	<b>101.06</b>
Issued during the year [Refer note 15(f)]	4,759,291	0.48
<b>As at March 31, 2018</b>	<b>1,015,410,926</b>	<b>101.54</b>

#### b. Terms/rights attached to equity shares:

The Company has only one class of equity shares having a par value of ₹ 1 per share. Each holder of equity share is entitled to one vote per share. The Company declares and pays dividends in Indian Rupees. The dividend proposed by the Board of Directors, if any, is subject to the approval of the shareholders in the ensuing Annual General Meeting, except interim dividend, if any.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

# SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION AS AT AND FOR THE YEAR ENDED MARCH 31, 2018

## NOTE 15 EQUITY SHARE CAPITAL...contd.

### c. Shareholding of more than 5%:

Name of the Shareholder	As at March 31, 2018		As at March 31, 2017	
	% held	No. of shares	% held	No. of shares
<b>Promoter</b>				
Hincon Holdings Limited	21.27%	216,023,600	21.37%	216,023,600
Hincon Finance Limited	6.13%	62,261,186	6.16%	62,261,186
<b>Non-promoter</b>				
HDFC Trustee Company Limited	6.87%	69,732,622	6.93%	70,021,087

### d. Shares reserved for issue under Employee Stock Options Scheme (ESOP):

As at March 31, 2018, there are 300,000 (March 31, 2017: 120,180) stock options granted during the year which are outstanding and convertible into equal number of equity shares of ₹ 1 each convertible at an exercise price of ₹ 31.15 per share [Refer note d(ii)(c) below].

During the year ended March 31, 2018, none of the options were exercised / converted into equity shares and 120,180 (March 31, 2017: 1,534,450) stock options got lapsed.

#### i. Options granted

- a) The Company offered 4,458,800 Stock Options on 25 April 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.

In accordance with the approval of the board of directors and shareholders of the Company, the ESOP compensation committee at its meeting held on 20 July 2009 repriced 4,131,600 options at ₹ 104.05 per equity share.

- b) The ESOP Compensation Committee of the Company at its Meeting held on 12 August 2010 decided to double the number of employee stock options (vested and unvested), not exercised and in-force, as on the Record Date i.e. 11 August 2010 and halved the exercise price on account of issuance and allotment of Bonus Equity Shares in the proportion of 1:1.

Accordingly, 3,553,760 employee stock options in-force granted by the Company on 25 April 2008 were doubled i.e. 7,107,520 and the exercise price in respect of the same was reduced from ₹104.05 to ₹ 52.03 per equity share and none of the options are outstanding as on March 31, 2018.

- c) The ESOP Compensation Committee of the Company at its Meeting held on 20 March 2018 has approved a grant of 300,000 options, in accordance with the terms and conditions contained in the existing HCC Employee Stock Option Scheme of the Company ('Scheme') (each option carrying entitlement for one equity share of the face value of ₹ 1 each) at an exercise price of ₹ 31.15, subject to approval of the shareholders for amendment of the existing Scheme, in line with the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 ("SEBI Regulations").

ii. Settlement Through Equity Shares

iii. Options vested Nil number of options remain vested and outstanding as at March 31, 2018

### e. Bonus shares/ buy back/shares for consideration other than cash issued during past five years:

- (i) Aggregate number and class of shares allotted as fully paid up pursuant to contracts without payment being received in cash- Nil
- (ii) Aggregate number and class of shares allotted as fully paid up by way of bonus shares- Nil
- (iii) Aggregate number and class of shares bought back- Nil

- f. Pursuant to the approval of the shareholders at the Extra Ordinary General Meeting held on 5 January 2017, the allotment committee of the Board of Directors at its meetings held on 6 January 2017 and 19 January 2017 allotted collectively to the lenders 231,544,729 equity shares of face value of ₹ 1 each at a premium of ₹ 33.92 per share aggregating ₹ 808.55 crore and 14,414,874 optionally convertible debentures (OCDs) of face value of ₹ 1,000 each at par (carrying coupon rate of 0.01% p.a.) aggregating ₹ 1,441.49 crore. Further, pursuant to the approval of the shareholders at the Annual General Meeting held on 6 July 2017, the allotment committee of the Board of Directors at its meeting held on 17 July 2017 allotted to a lender 4,759,291 equity shares of face value of ₹ 1 each at a premium of ₹ 40.61 per share aggregating ₹ 19.80 crore and 256,716 OCDs of face value of ₹ 1,000 each at par (carrying coupon rate of 0.01% p.a.) aggregating ₹ 25.67 crore on preferential basis as part of the Scheme for Sustainable Structuring of Stressed Assets (S4A Scheme). The implementation of the S4A Scheme and the consequent

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION AS AT AND FOR THE YEAR ENDED MARCH 31, 2018

### NOTE 15 EQUITY SHARE CAPITAL...contd.

allotment of equity shares/ OCDs have been made in respect of all the lenders except for few lenders who will be allotted equity shares and OCDs once they exercise their option. Number of equity shares/OCDs to be allotted will be determined based on the share price prevailing at the time of such allotment. (Also refer Note 16.1)

### NOTE 16 BORROWINGS

₹ crore

	Effective interest rate	As at March 31, 2018	As at March 31, 2017
<b>Non-current portion:</b>			
<b>I. Secured</b>			
<b>A. Non-Convertible Debentures (Refer Note 16.2.1)</b>	10.13% - 15.73%	67.37	114.03
<b>B. 0.01% Optionally Convertible Debentures (OCDs) (Refer Note 16.2.2)</b>	11.50%		
(i) From banks		1,090.66	1,167.59
(ii) From others		246.12	261.96
<b>C. Foreign Currency Term Loans from Banks (Refer Note 16.2.3)</b>	2.05% - 6.16%	51.05	60.55
<b>D. Rupee Term Loans (RTL-A) (Refer Note 16.2.4)</b>			
(i) From Banks	11.75% - 12.00%	83.97	103.74
(ii) From Others	11.75%	47.12	52.46
<b>E. Rupee Term Loans (RTL-1) (Refer Note 16.2.5)</b>			
(i) From Banks	9.80% - 14.17%	135.22	195.26
(ii) From Others	9.76% - 9.90%	138.01	199.97
<b>F. Rupee Term Loans (RTL-2) (Refer Note 16.2.6)</b>			
(i) From Banks	9.84% - 13.62%	359.62	528.57
(ii) From Others	9.86% - 9.95%	90.09	130.80
<b>G. Working Capital Term Loan from Banks (WCTL-2) (Refer Note 16.2.8)</b>			
(i) From Banks	11.10%	6.49	8.70
(ii) From Others	11.10%	12.32	8.70
<b>H. Consortium loan from banks (Refer Note 16.2.10)</b>	14.60% - 18.75%	18.55	975.08
<b>I. Other loans</b>			
(i) From Banks (Refer Note 16.2.11)	12.56% - 20.50%	415.57	934.31
(ii) From Others (Refer Note 16.2.12)	15.10% - 17.85%	13.43	606.44
<b>Subtotal (I)</b>		<b>2,775.59</b>	<b>5,348.16</b>
<b>II. Unsecured</b>			
<b>A. Fully Convertible Debentures (Refer Note 16.3.1)</b>	14.50%		19.07
<b>B. Share Warrants - Unsecured (Refer Note 16.3.2)</b>	14.50%	4.57	7.11
<b>C. Financial Institutions/others (Refer Note 16.3.3)</b>	6.15%	319.50	258.45
<b>D. Cumulative Redeemable Preference Shares (Refer Note 16.3.5)</b>	14.50%	99.52	117.67
<b>E. Compulsory Convertible Preference Shares (Refer Note 16.3.4)</b>	14.50%	462.48	403.91
<b>Subtotal (II)</b>		<b>886.07</b>	<b>806.21</b>
<b>Total non-current borrowings (I+II)</b>		<b>3,661.66</b>	<b>6,154.37</b>



## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION AS AT AND FOR THE YEAR ENDED MARCH 31, 2018

### NOTE 16 BORROWINGS...contd.

₹ crore

	Effective interest rate	As at March 31, 2018	As at March 31, 2017
<b>Current maturities of long-term borrowings:</b>			
<b>I. Secured</b>			
<b>A. Non-Convertible Debentures (Refer Note 16.2.1)</b>	10.13% - 15.73%	973.13	805.87
<b>B. Foreign Currency Term Loans from Banks (Refer Note 16.2.3)</b>	2.05% - 6.16%	144.95	141.72
<b>C. Rupee Term Loans (RTL-A) (Refer Note 16.2.4)</b>			
(i) From Banks	11.75% - 12.00%	8.13	-
(ii) From Others	11.75%	5.07	1.05
<b>D. Rupee Term Loans (RTL-1) (Refer Note 16.2.5)</b>			
(i) From Banks	9.80% - 14.17%	38.06	41.45
(ii) From Others	9.76% - 9.90%	40.42	42.75
<b>E. Rupee Term Loans (RTL-2) (Refer Note 16.2.6)</b>			
(i) From Banks	9.84% - 13.65%	101.51	143.00
(ii) From Others	9.86% - 9.95%	27.80	33.42
<b>F. Working Capital Term Loan from Banks (WCTL-1) (Refer Note 16.2.7)</b>	11.10%	-	17.63
<b>G. Working Capital Term Loan from Banks (WCTL-2) (Refer Note 16.2.8)</b>			
(i) From Banks	11.10%	1.26	2.58
(ii) From Others	11.10%	4.20	-
<b>H. Consortium loan from banks (Refer Note 16.2.10)</b>	14.60% - 18.75%	1,743.01	734.16
<b>I. Other loans</b>			
(i) From Banks (Refer Note 16.2.11)	12.56% - 20.50%	768.39	263.62
(ii) From Others (Refer Note 16.2.12)	15.10% - 17.85%	775.56	157.97
<b>Subtotal (I)</b>		<b>4,631.49</b>	<b>2,385.22</b>
<b>II. Unsecured</b>			
<b>A. Fully Convertible Debentures (Refer Note 16.3.1)</b>	14.50%	22.18	-
<b>B. Share Warrants - Unsecured (Refer Note 16.3.2)</b>	14.50%	0.09	-
<b>C. Cumulative Redeemable Preference Shares (Refer Note 16.3.5)</b>	14.50%	16.91	-
<b>Subtotal (II)</b>		<b>39.18</b>	<b>-</b>
<b>Total Current Maturities of long term borrowings (I+II)</b>		<b>4,670.67</b>	<b>2,385.22</b>
<b>Total Borrowings</b>		<b>8,332.33</b>	<b>8,539.59</b>

#### Note 16.1 Borrowings

##### Restructuring of borrowings under Corporate Debt Restructuring Scheme (CDR Scheme) and Scheme for Sustainable Structuring of Stressed Assets (S4A Scheme):

The Company received Letter of Approval (LOA) on 29 June 2012 issued by the Corporate Debt Restructuring Empowered Group (CDREG) approving the CDR Scheme. The CDR related documents had been executed and creation of security was completed. During the previous year, the Company has implemented the S4A Scheme. The Joint Lender's Forum (JLF) adopted the S4A Scheme with reference date as 12 July 2016. The S4A Scheme was duly approved by the Reserve Bank of India's mandated Overseeing Committee (OC) on 4 November 2016. Under the S4A Scheme, the Company's total debts amounting to ₹ 5,107 crores as at 1 October 2016 have been bifurcated into sustainable debt, to be serviced as per existing terms and conditions of those debts, and remainder debts (to the extent of 47.5% of the fund based exposure of the Company) have been converted into fully paid up equity shares in favour of the lenders by following principle of proportionate loss and balance in OCDs collectively in favour of the lenders.

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION AS AT AND FOR THE YEAR ENDED MARCH 31, 2018

### 16.2 Details of security and terms of repayment

₹ crore

16.2.1 Non-Convertible Debentures	As at March 31, 2018	As at March 31, 2017
<p>i) 11.50% AXIS non-convertible debentures (RTL-1)</p> <p>On restructuring by the CDREG, these debentures are classified as RTL-1. These debentures carry an interest yield of 11.50% p.a. and are repayable in 31 quarterly instalments commencing 15 April 2014 and ending on 15 October 2021. These are secured by way of registered mortgage over 231.66 acres of Lavasa land situated in 5 villages namely Village Admal, Bhode, Gadle, Padalghar and Ugavali in taluka Mulshi, District Pune, Maharashtra. Refer note 16.2.9 for security details.</p>	40.38	53.94
<p>ii) 11.50% LIC non-convertible debentures (RTL- 1)</p> <p>On restructuring by the CDREG, these debentures are classified as RTL-1. These debentures carry an interest yield of 11.50% p.a. and are repayable in 31 quarterly instalments commencing 15 April 2014 and ending on 15 October 2021. Refer note 16.2.9 for security details.</p>	69.86	90.75
<p>iii) 1 (March 31, 2017: 1) 10.75% NCD having face value of ₹ 1,000,000,000</p> <p>Subscribed ₹ 10,000 lakhs in the form of Deep Discount Convertible Debentures ("DDCD") by a bank. On 3 September 2010, vide supplementary agreement, the bank converted the existing DDCD into 1 (one) NCD aggregating ₹ 10,000 Lakhs for the tenor of 5 years. This NCD with effect from 12 February 2014 carries a coupon rate of 12.50% per annum, payable quarterly on subscription amount. The investor and the ultimate holding company had a put/call option respectively to sell/ purchase the NCD at the end of 39<sup>th</sup>, 48<sup>th</sup> and 60<sup>th</sup> month from the closing date 13 May 2010.</p> <p>(Secured by exclusive charge created by English mortgage deed on land situated at village Dhamanhol Taluka Mulshi admeasuring 1 acre. Also, secured by second charge on land of Lavasa project admeasuring 6,806.69 acres and premises, buildings constructed or to be constructed thereon).</p>	146.09	131.21
<p>iv) 150 (March 31, 2017: 150) 14% NCD having total face value of ₹ 150,000,000.</p> <p>"Subscribed ₹ 1,500 lakhs in the form of NCD on 2 July 2013 for the tenor of 5 years and 9 months by a party. This NCD carry a coupon rate of 14% per annum, payable quarterly on subscription amount.</p> <p>(Secured by charge created by English mortgage deed on land of Lavasa project admeasuring 30 acres. Corporate guarantee to the extent 100% of outstanding balance given by the holding company)"</p>	51.01	45.32
<p>"v) 50 (March 31, 2017: 50 ) 16% NCD having total face value of ₹ 2,500,000,000.</p> <p>NCDs carry a coupon of 9% per annum on the subscription value of NCD with a YTM of 16% per annum and were to be redeemed on 6 January 2015. These NCD carry a put/call option which were exercisable on 6 January 2013, 6 January 2014 and 6 January 2015.</p> <p>(Secured by charge created by English mortgage deed on 747 acres of land)"</p>	563.73	453.30
<p>vi) 1,020 (March 31, 2017: 1,020) 14% NCD having total face value of ₹ 994,500,000.</p> <p>"Subscribed ₹ 10,200 lakhs in the form of NCD on 2 July 2013 for the tenor of 5 years and 9 months by a party. This NCD carries a coupon rate of 14% per annum, payable quarterly on subscription amount.</p> <p>(Secured by first pari passu charge created by English mortgage deed on land of Lavasa project admeasuring 6,806.69 acres and premises, buildings constructed or to be constructed thereon including all present and future moveable assets of the Company. Corporate guarantee to the extent 50% of outstanding balance given by promoters and other shareholders to the extent of their equity share in the Company)."</p>	169.43	145.38

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION AS AT AND FOR THE YEAR ENDED MARCH 31, 2018

### 16.2.2 0.01% Optionally Convertible Debentures (OCDs)

OCDs have been issued to the lenders as part of the S4A Scheme with a tenor of 10 years and a coupon of 0.01% with an interest yield of 11.50% p.a. in yield equalization compounded on a quarterly basis. After the expiry of eighteen months from the date of issuance, the OCDs will be converted into non-convertible debentures in case of non occurrence of event of default as per the guidelines of S4A Scheme. The repayment of the OCD commences from the 6<sup>th</sup> anniversary of the allotment date. Details of maturity have been provided below.

Date of Repayment	₹ in crores
30 September 2022	285.51
30 September 2023	282.41
30 September 2024	263.91
30 September 2025	254.90
30 September 2026	250.05

### Security details and terms of repayment

1. First ranking pari passu charge on all of the Hindustan Construction Company Limited's Property, plant and equipment (both immovable and movable) [excluding the Specified Assets and Excluded Assets]
2. Second ranking and pari passu security interest by way of a legal mortgage over the First, Second and the Fifth Mortgaged Properties as specified in the mortgage deed. The security creation would be done as per stipulated time frame.

### Collateral security pari-passu with all S4A lenders:

1. Corporate guarantee of HCC Real Estate Limited (HREL) for ₹ 9,477.60 crore, against which HREL's outstanding amount is ₹ 7,616.59 crore (March 31, 2017: ₹ 8,496.48 crore).
2. First par-passu charge on Pledge of 85,767,617 equity shares of Hindustan Construction Company Limited and second charge on 154,151,669 equity shares of the Company held by Hincan Holdings Limited and Hincan Finance Limited.
3. Personal guarantee of the Chairman and Managing Director of the Company

### 16.2.3 Foreign Currency Term Loans from Banks

	₹ crore	
	As at March 31, 2018	As at March 31, 2017
<b>(i) Standard Chartered Bank - External Commercial Borrowings (ECB) USD 13.36 million</b>	61.88	61.58
As at March 31, 2018, the ECB loan from Standard Chartered Bank carries an interest rate of 5.81% p.a. (3 month LIBOR plus 350 basis points). This loan is repayable in 17 quarterly instalments commencing 15 April 2014 and ending on 15 March 2018. The facility is secured by first charge by way of hypothecation of plant and machinery acquired under the facility described in the first schedule to the memorandum of hypothecation executed on 10 November 2009.		
<b>(ii) Development Bank of Singapore - ECB USD 10.18 million</b>	41.49	54.83
As at March 31, 2018, the ECB loan from Development Bank of Singapore carries an interest rate of 6.16% p.a. (3 month LIBOR plus 385 basis points). This loan is repayable in 17 quarterly instalments commencing 5 October 2014 and ending on 5 October 2018. The facility is secured by first charge by way of hypothecation of plant and machinery and heavy vehicles acquired under the facility described in the schedule I (2) to the deed of hypothecation executed on 29 April 2010.		

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION AS AT AND FOR THE YEAR ENDED MARCH 31, 2018

### 16.2.3 Foreign Currency Term Loans from Banks...contd.

₹ crore

	As at March 31, 2018	As at March 31, 2017
<b>(iii) Export Import Bank of United States - ECB USD 9.36 million</b>	48.00	47.38
As at March 31, 2018, the ECB loan from Export Import Bank of United States carries an interest rate of 3.51% (3 month LIBOR plus 120 basis points). This loan is repayable in 35 equal quarterly instalments commencing 16 March 2011 and ending on 16 September 2019. The facility is secured by first priority mortgage and security interest to and in favour of Wilmington Trust Company (the security trustee) on one Hawker model 4000 airframe bearing manufacture's serial number RC-26 together with two installed model PW208 engines more particularly described under Clause 2.1 as per the Aircraft Charge Agreement executed on 6 January 2011.		
<b>(iv) Export-Import Bank of India</b>	44.63	38.48
Foreign currency loans from Export-Import Bank of India availed by HCC Mauritius Enterprise Limited, a subsidiary company, carrying interest rate of 3 months USD LIBOR + 500 basis points) as at March 31, 2018. This loan is repayable in 10 quarterly instalments commencing after a moratorium of thirty months from the date of disbursement of the loan. This loan is secured by exclusive charge on (i) pledge of equity shareholding of the borrower held by HCC (ii) a first charge over specific fixed assets of HCC having written down value of ₹ 50 crore (iii) pledge of 33% equity share holding of Steiner AG, a subsidiary company (iv) undertaking for non-disposal of shareholding in Steiner AG.		

### 16.2.4 Rupee Term Loans (RTL-A)

RTL-A Term Loan carries interest rate of 11.75% p.a. (Individual Bank's Base Rate + Applicable Spread), payable monthly, to be reset annually with a two years moratorium and repayment terms of five years starting from financial year 2017-18. The said facility is having same security as RTL-1 lenders under the CDR Scheme. Refer note 16.2.9 for security details.

### 16.2.5 Rupee Term Loans (RTL-1)

RTL- 1 carry an interest yield of 11.50% p.a. and are repayable in 31 quarterly instalments commencing 15 April 2014 and ending on 15 October 2021. Refer note 16.2.9 for security details.

### 16.2.6 Rupee Term Loans (RTL-2)

RTL- 2 carry an interest yield of 11.50% p.a. and are repayable in 31 quarterly instalments commencing 15 April 2014 and ending on 15 October 2021. Refer note 16.2.9 for security details.

### 16.2.7 Working Capital Term Loan from Banks (WCTL-1)

HCC Limited has Working Capital Term Loan (WCTL-1) which carries an interest rate ranging from 11.10% p.a. to 11.75% p.a. (floating) linked to Monitoring Institution's base rate. These are repayable in 16 quarterly instalments commencing 15 April 2014 and ending on 15 January 2018. Refer note 16.2.9 for security details.

### 16.2.8 Working Capital Term Loan from Banks (WCTL-2)

HCC Limited has Working Capital Term Loan (WCTL-2) which carries an interest rate ranging from 11.10% p.a. to 11.75% p.a. (floating) linked to Monitoring Institution's base rate. These are repayable in 31 quarterly instalments commencing 15 April 2014 and ending on 15 October 2021. Refer note 16.2.9 for security details.

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION AS AT AND FOR THE YEAR ENDED MARCH 31, 2018

### 16.2.9 Nature of Security

RTL-1, RTL-2, WCTL-1 and WCTL-2 are secured in the form of:

1. The parcel of land (immovable non-residential property) admeasuring 22 acres and 24 gunthas at Tara Village, Panvel Taluka described as the First Mortgaged Properties.
2. All the present and future movable assets of the Borrower (excluding 'Current Assets' and 'Specified Assets') as the Second Mortgaged Properties.
3. All current assets of the Borrower (other than those forming part of 'Additional Assets') as the Third Mortgaged Properties.
4. All of the 'Additional Assets' collectively referred to as the Fourth Mortgaged Properties.
5. All of the 'Specified Assets' collectively referred to as the Fifth Mortgaged Properties.

The terms 'Current Assets', 'Specified Assets' and 'Additional Assets' have been defined in the Master Restructuring Agreement (MRA).

The above security having ranking in respect to RTL1, WCTL1 and RTL-A are as below:

1. A first ranking and pari passu security interest by way of legal mortgage over the First Mortgaged Properties and Second Mortgaged Properties.
2. A second ranking and pari passu security interest by way of legal mortgage over the Third Mortgaged Properties, Fourth Mortgaged Properties and the Fifth Mortgaged Properties.

The above security having ranking in respect to RTL2 and WCTL2 are as below:

A second ranking and pari passu security interest by way of legal mortgage over all the Mortgaged Properties.

Collateral security pari-passu with lenders defined in MRA:

1. Corporate guarantee of HCC Real Estate Limited (HREL) for ₹ 9,477.60 crore, against which HREL's outstanding amount is ₹ 7,616.59 crore (March 31, 2017: ₹ 8,496.48 crore).
2. First pari-passu charge on 154,151,669 shares of the Company and second charge on 85,767,617 equity shares of the Company held by Hincan Holdings Limited and Hincan Finance Limited.
3. Personal guarantee of the Chairman and Managing Director of the Company.

### 16.2.10 Consortium loan from banks

	₹ crore	
	As at March 31, 2018	As at March 31, 2017
<b>Nature of security</b>		
Secured by charge created by English mortgage deed on land of Lavasa project admeasuring 6,806.69 acres and premises, buildings constructed or to be constructed thereon including all present and future moveable assets. Corporate guarantee to the extent 50% of outstanding balance given by promoters and other shareholders to the extent of their equity share in LCL.	807.77	837.40
Primary Security:- First charge/hypothecation on the current assets including receivables of Warasgaon Assets Maintenance Limited ("WAML"). First charge on all bank accounts of WAML including but no limit to Escrow account to be established by WAML. Negative lien on concession right acquired in respect of transportation infrastructure under the concession agreement. Collateral Security:- First pari passu charge on land including building across all villages of Mugaon, Bhoini, Admal, Dhamanohol, Mose, Plase, Padalghar, Wadavali, Dasve, Bembatmal, Gadle, Koloshi, Patharset, Saiv, Sakhari, Ugavali & Bhode. Immovable and movable fixed assets, current assets, receivables, investments and all bank accounts	439.56	412.12

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION AS AT AND FOR THE YEAR ENDED MARCH 31, 2018

### 16.2.10 Consortium loan from banks...contd.

₹ crore

	As at March 31, 2018	As at March 31, 2017
Pledge of entire shareholding of Lavasa Corporation Limited in WAML Pledge of entire shareholding of Lavasa Corporation Limited in Sahayadri City Management Limited ("SCML") Pledge of promoters holding in WAML. Pledge of promoter holding in SCML		
Primary Security- First charge/ hypothecation on the current assets including receivables of LCL. First charge on all bank accounts of the Company including but not limited to the Escrow account to be established by LCL. Negative lien on rights acquired in respect of infrastructure assets under the concession agreement executed between the promoter and LCL. Collateral Security- Land of 3366.18 hectares including building across all villages of Mugaon, Bhoini, Admal, Dhamanohol, Mose, Plase, Padalghar, Wadavali, Dasve, Bembatmal, Gadle, Koloshi, Patharset, Saiv, Sakhari, Ugavali & Bhode. Immovable and movable fixed assets, Current assets, receivables, investments and all bank accounts Share Pledge (on First Pari Passu Basis with existing Lenders of LCL excluding Asset Reconstruction Company (India) Limited) Pledge of entire shareholding in the Company by existing shareholders to the lenders of WAML Pledge of promoter (Lavasa Corporation Limited) holding on WAML Pledge of promoter (Lavasa Corporation Limited) holding in SCML	514.22	459.72
	1,761.56	1,709.24
Terms of repayment There are various loans under the consortium loan and have various repayment terms as follows: Funded interest term loan from banks (FITL 1a) Carrying interest rate ranging from 14.10% p.a. to 16.75 % p.a. is repayable in 8 to 25 structured quarterly installments commencing from March 2012 and ending in March 2018.	24.69	26.45
Funded interest term loan (FITL TL 1b) Carrying interest rate of 14.95 % p.a. is repayable in 8 structured quarterly installments commencing from June 2014 and ending in March 2016.	6.53	6.53
Term loan from banks (TL 1a) Carrying interest rate ranging from 14.10% p.a. to 16.75 % p.a. is repayable in 25 structured quarterly installments commencing from March 2012 and ending in March 2018 Carrying interest rate of 15.25 % p.a. is repayable in 23 structured quarterly installments commencing from March 2012 and ending in March 2018	119.40 8.89	124.53 14.23
Term loan from banks (TL 1b) Interest rate ranging from 14.10% p.a. to 14.95 % p.a. is repayable in 6 to 25 structured quarterly installments commencing from March 2012 and ending in March 2019	293.60	302.62
Term loan from banks (TL 1c) Loan aggregating to ₹ 35,467.29 lakhs (March 31, 2017: ₹ 36,304.75 lakhs) carrying interest rate ranging from 12.60% p.a. to 13.35 % p.a. is repayable in 20 structured quarterly installments commencing from June 2014 and ending in March 2019 Tenor of 20 years (including 2 years of moratorium period and repayment over 18 years). Loan to be repaid in 72 quarterly structured installments starting from 31 December 2017 and ending on 30 September 2035	354.67 953.78	363.05 871.84
	<b>1,761.56</b>	<b>1,709.24</b>

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION AS AT AND FOR THE YEAR ENDED MARCH 31, 2018

### 16.2.11 Other loans from banks

₹ crore

	As at March 31, 2018	As at March 31, 2017
<b>Nature of security</b>		
Secured by exclusive registered mortgage of land of Lavasa project admeasuring 364 acres. Also second charge by way of mortgage deed on land of Lavasa project admeasuring 6,806.69 acres and premises, buildings constructed or to be constructed thereon and corporate guarantee to the extent 100% of outstanding balance given by promoter.	259.05	260.14
Secured by exclusive registered mortgage of land of Lavasa project admeasuring 62 acres. Also, second charge by way of mortgage deed on land of Lavasa project admeasuring 6,806.69 acres and premises, buildings constructed or to be constructed thereon and corporate guarantee to the extent 50% of outstanding balance given by shareholders to the extent of their equity shares in LCL.	69.97	69.97
Second charge by way of mortgage deed on land of Lavasa project admeasuring 6,806.69 acres and premises, buildings constructed or to be constructed thereon and corporate guarantee to the extent 100% of outstanding balance given by promoter.	225.00	225.00
Secured by exclusive registered mortgage of land of Lavasa Project admeasuring 188 acres. Also, first pari passu charged over 649 acres on pari passu charge basis together with loans taken by its subsidiary. Also, second charge by way of mortgage deed on land of Lavasa project admeasuring 6,806.69 acres and premises, buildings constructed or to be constructed thereon and corporate guarantee to the extent 50% of outstanding balance given by promoters and other shareholders to the extent of their equity share in Lavasa Corporation Limited	147.99	147.99
a) Secured by exclusive charge by way of registered mortgage on retail built up area to provide two time cover for the overdraft facility. The charged would be released as when Dasve Retail Limited ("DRL") sells the built up space.	18.64	17.95
b) The total assets coverage ratio to be maintained at two times during the entire tenor of the facility based on the market value of land and any constructed property thereon.		
c) Exclusive charge on movable assets, current assets, including entire present and future lease receivables and Escrow/TRA held with the bank.		
d) Negative lien on entire net block of DRL.		
e) Unconditional and irrevocable corporate guarantee of Lavasa Corporation Limited for the entire loan.		
Exclusive first charge on the current assets and movable fixed assets of Lavasa Hotels Limited ("LHL"). Negative lien on the immovable fixed asset of LHL.	3.42	4.00
a) Mortgage over all the fixed and current assets including future assets of Charosa Wineries Limited.	69.71	70.38
b) Pledge over 21,00,000 shares held by HCC Real Estate Limited.		
c) 100% Corporate Guarantee given by Holding Company, HCC Real Estate Limited.		
Secured by mortgage (first charge) of unencumbered land of Lavasa Corporation Limited. Entire loan classified as Current financial liability.	22.42	22.42
	<b>816.20</b>	<b>817.85</b>
<b>Terms of repayment</b>		
Carrying interest rate ranging from 13.10% p.a. to 15.85% is repayable in 12 structured quarterly installments commencing from June 2018 and ending in March 2021.	477.01	478.10
Carrying interest rate ranging from 10.56% p.a. to 14.40% p.a. is repayable in 6 to 14 structured quarterly installments commencing from March 2017 and ending in March 2021.	225.00	225.00



## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION AS AT AND FOR THE YEAR ENDED MARCH 31, 2018

### 16.2.11 Other loans from banks...contd.

₹ crore

	As at March 31, 2018	As at March 31, 2017
Carrying interest rate of 13.35% p.a. is repayable in 28 structured quarterly installments commencing from June 2018 and ending in March 2025.	18.64	17.95
Carrying interest rate of 11.85% p.a. is repayable in 28 structured quarterly installments, commencing 27 months after the date of initial disbursement i.e. 27 March 2012.	3.42	4.00
Carrying interest rate of 13.57% p.a. is repayable in 28 structured quarterly installments, commencing 36 months after the date of initial disbursement i.e. 28 December 2012.	69.71	70.38
Secured by mortgage (first charge) of unencumbered land of Lavasa Corporation Limited. Entire loan classified as Current financial liability.	22.42	22.42
	<b>816.20</b>	<b>817.85</b>
Term Loan from ICICI bank carrying interest rate of ICICI Base Rate (9.25% p.a.) plus 2.25% p.a. This loan is repayable in 10 years in 28 structured quarterly instalments commencing from 15 April 2016 and ending on 15 January 2023. This term loan is secured by (i) first exclusive charge on the current assets and fixed assets of the borrower (ii) mortgage over land situated at Kavsar, Thane, Maharashtra (32 acres) of HRL (Thane) Real Estate Limited on first pari-passu basis (iii) pledge over 30% shareholding of HREL in HRL (Thane) Real Estate Limited. (iv) Escrow over differential rent receivables from DHL (v) pledge over 30% shareholding of HCC in Highbar Technologies Limited. (vi) Corporate Guarantee of HRL (Thane) Real Estate Limited. (vii) Non disposal undertaking for 70% shares of HRL (Thane) Real Estate Limited held by promoters (viii) Non disposal undertaking for 70% shares of Highbar Technologies Limited held by promoters.	<b>9.00</b>	<b>9.50</b>
Rupee Loan are availed from the bank and carry interest @ 12.5% p.a (Base rate plus spread of 2.5%). The loans are repayable in 5 years with moratorium of 24 months followed by structured equal quarterly repayment with 20%, 30%, & 50% repayment in 3 <sup>rd</sup> , 4 <sup>th</sup> , & 5 <sup>th</sup> year respectively, commencing from 1 January 2014. The loans are secured by way of : a) Second charge on entire assets of the Company (including moveable and immovable, fixed assets and current assets), excluding investments, both present and future, b) Residual charge over identified receivables of the Company of ₹ 6,261,600,000 c) Irrevocable and unconditional corporate guarantee of ₹ 2,000,000,000 given by the Company for securing the loan along with applicable interest, d) An irrevocable and unconditional undertaking given by the Company HCC Infrastructure Company Limited to the bank with respect to liquidity events conditions, conditions related to accelerated repayments. e) A pledge by the Company of 636,100 equity shares and 56,006,020 0.001% Compulsory Convertible Cumulative Preference shares held by it in HCC Concessions Limited, a subsidiary, in favour of the Bank for securing the loan of ₹ 2,000,000,000 along with applicable interest. f) Irrevocable and unconditional corporate guarantee of Charosa Wineries Limited for securing the loan of ₹ 2,000,000,000 along with applicable interest.	11.86	9.13
<b>Term loan from bank</b>		
a) Term loans are repayable in 16 consecutive quarterly instalments commencing from the third year of the loan	51.72	60.15
b) Extension of the Charge on the pledge of shares of HCC Infrastructure Company Limited (HICL) in HCC Concessions Ltd already charged to the bank at HCC Infrastructure Company Limited		

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION AS AT AND FOR THE YEAR ENDED MARCH 31, 2018

### 16.2.11 Other loans from banks...contd.

₹ crore

	As at March 31, 2018	As at March 31, 2017
c) Extension of second pari passu charge over entire assets of HICL(Including movable and immovable fixed assets(If any) and current assets), excluding investments, both present and future provided for the bank facility at HICL for Loan amount of ₹ 58,00,00,000		
d) Corporate guarantee of HCC Infrastructure Company Limited in a form and manner acceptable to the bank		
e) First Pari Passu Charge on all assets of Borrower		
<b>Term loan from bank</b>	271.00	274.00
i) Current rate of Interest range between 10.65% to 11.25% p.a.		
ii) First Pari passu charge on all assets of the Borrower		
iii) Extension of Pledge of Shares HCC Infrastructure Company Limited (HICL) in HCC Concessions Limited already pledged with the bank for the HCC Infrastructure Company Limited		
iv) Unconditional and irrevocable Guarantee from HCC Infrastructure Company Limited		
v) Unconditional and irrevocable Guarantee from the Comapny		
vi) Extension of the second pari passu charge over entire assets of HCC Infrastructure Limited		
vii) Pledge over 30% equity shares of HCC Power Ltd held by HCC Infrastructure Company Limited in favour of IDBI Trusteeship Services Ltd as Security Trustee for TL 1, TL 2, TL 3 & TL 4 sanctioned by lender to HCC Power Limited, to be reduced to 15% on repayment of 50% of the sanctioned facilities. Terms of repayment : Term loans are repayable in 20 consecutive quarterly instalments commencing from the third year of the loan as set forth in sanction letter dated 10 December 2015.		
<b>Term loan from bank</b>	24.18	27.30
a) First pari passu charge on all assets of the Company		
b) Extension of the charge on the pledge of shares of HCC Infrastructure Company Limited in HCC Concessions Ltd already charged to the bank Loan at HICL for loan amount of ₹ 30,00,00,000		
c) Extension of second pari passu charge over entire assets of HICL(Including movable and immovable fixed assets(If any) and current assets), excluding investments, both present and future provided for the Yes Bank Limited facility at HICL.		
d) Corporate guarantee of HCC Infrastructure Company Limited in a form and manner acceptable to YBL		
e) Term loans are repayable in 16 consecutive quarterly instalments commencing from the third year of the loan		

### 16.2.12 Other loans from financial institutions

₹ crore

	As at March 31, 2018	As at March 31, 2017
<b>Nature of security</b>		
Secured by exclusive registered mortgage of land of Lavasa project admeasuring 169 acres. Also, second charge by way of mortgage deed on land of Lavasa project admeasuring 6,806.69 acres and premises, buildings constructed or to be constructed thereon and corporate guarantee to the extent 100% of outstanding balance given by the shareholders.	75.71	75.71

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION AS AT AND FOR THE YEAR ENDED MARCH 31, 2018

### 16.2.12 Other loans from financial institutions...contd.

₹ crore

	As at March 31, 2018	As at March 31, 2017
First pari passu charged by way of registered mortgage of land of Lavasa project admeasuring 26 acres and corporate guarantee to the extent 100% of outstanding balance given by the shareholders.	110.20	110.20
Secured by exclusive registered mortgage on piece and parcel of the Land admeasuring 6 acres or thereabout being Lot No. 202 situated on Thicket Street, Survey No. 113, Hissa No. 1, Survey No. 103, Hissa No. 1, of Village Dasve, Taluka Mulshi, District Pune, Maharashtra, and the said twenty two (22) Buildings admeasuring not more than 160,000 sq ft. built up area equivalent to 14,869.88 sq mtrs or thereabout to be constructed on the said Land.	75.07	75.07
First charge by way of hypothecation on the entire current assets including receivables of Warasgaon Power Supply Limited ("WPPSL"), present and future. First charge on all bank accounts of WPSL including but not limited to the Escrow Account including any Reserve Account to be established by WPSL.  Second pari-passu charge by way of mortgage on the specific marketable immovable assets of the Lavasa Corporation Limited (Holding Company) so has to maintain a minimum Fixed Asset Coverage Ratio (FACR) of 1.25 times during the currency of the facility based on the market value of security at all point of time. WPSL is in the process of creating the said charge.  Charge cum assignment of all the project documents including insurance documents. Negative lien on concession rights in whatsoever manner acquired in respect of Power Assets at Lavasa under the Concession Agreement executed between the Company and WPSL.  The Lender and borrower have a put/call option respectively at the end of 5 <sup>th</sup> year from the date of first disbursement and every year thereafter. Unconditional and irrevocable corporate guarantee of Lavasa Corporation Limited"	259.19	264.00
First charge/hypothecation on the current assets including receivables of WAML. First charge on all bank accounts of WAML including but no limit to escrow account to be established by WAML  Negative lien on concession right acquired in respect of transportation infrastructure under the concession agreement.  First pari passu charge on land of entire land including building across all villages of Mugaon, Bhoini, Admal, Dhamanohol, Mose, Plase, Padalghar, Wadavali, Dasve, Bembatmal, Gadle, Koloshi, Patharset, Saiv, Sakhari, Ugavali and Bhode.  Immovable and movable fixed assets, current assets, receivables, investments and all bank accounts.  Corporate guarantee has been given by Lavasa Corporation Limited and HCC Real Estate Limited	46.10	46.10
A first pari passu charge by way of hypothecation charge on all movable fixed assets of WAML both present and future.  A first pari passu charge by way of hypothecation charge on current assets, book debts, operating cash flows, receivables, commission, revenue whatsoever nature and wherever arising.  A first pari passu on all of borrower's bank accounts including but not limited to the Trust and Retention Account opened in a designated bank  Negative lien on concession right acquired in respect of transportation infrastructure under the concession agreement as specified by WAML	222.72	193.33
	<b>788.99</b>	<b>764.41</b>

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION AS AT AND FOR THE YEAR ENDED MARCH 31, 2018

### 16.2.12 Other loans from financial institutions...contd.

₹ crore

	As at March 31, 2018	As at March 31, 2017
<b>Terms of repayment</b>		
Carrying interest rate of 18.50 % p.a. is repayable post 2 years from the effective date of disbursement of loan i.e. on 24 April 2012, in 16 structured quarterly installments commencing from April 2014 and ending in January 18.	89.75	89.75
Carrying interest rate of 15.75 % p.a. is repayable post 3 years 9 months from the effective date of disbursement of loan in 12 structured quarterly installments commencing from June 2018 and ending in March 2021.	75.71	75.71
Carrying interest rate of 14.00 % p.a. is repayable post 3 years 8 months from the effective date of disbursement of loan i.e. on 13 October 2014, in 12 structured quarterly installments commencing from June 2018 and ending in March 2021.	20.45	20.45
Carrying interest rate of 10.56 % p.a. is repayable in 14 structured quarterly installments commencing from June 2016 and ending in September 2019	75.07	75.07
Carrying interest rate of WPSL PLR minus 2.75% p.a. payable monthly. The interest rate is floating and indexed to WPSL PLR. Loan is repayable in 40 structured quarterly installments beginning after 2 years from the effective date.	259.19	264.00
Tenor of 20 years (including 2 years of moratorium period and repayment over 18 years). Loan to be repaid in 72 quarterly structured installments starting from 31 December 2017 and ending on 30 September 2035	268.82	239.43
	<b>788.99</b>	<b>764.41</b>

### II. Unsecured

₹ crore

	As at March 31, 2018	As at March 31, 2017
<b>16.3.1 Fully Convertible Debentures (FCD)</b>		
1 LCL (March 31, 2017: 1) 0% Fully Convertible Debenture having face value of ₹ 120,000,000	22.18	19.07
FCD subscribed on 28 September 2012 for a tenor of 2 years, which is compulsorily convertible into such number of equity shares aggregating 0.150528% of the subscribed and outstanding equity share capital at the end of 2 years from the date of allotment. LCL has an option to redeem the said FCD at redemption value of ₹ 1,505.28 lakhs at the end of 2 years from the date of allotment. The said option to convert has been extended further for a period of 4 years from 27 September 2014		
<b>16.3.2 Share Warrants - Unsecured</b>		
Share warrant issued on preferential basis with a warrant subscription price of ₹ 812,500,000 to subscribe to 2.03125% of the fully diluted equity share capital of the Company as on the date of exercise of the warrant which can be exercised at any time within a further extended period of 4 years over the earlier period of 9 years (warrant exercise period) from the closing date i.e. 30 March 2009. Party can exercise the warrant in part or whole for a maximum 5 times during the above warrant exercise period or at the time of Initial Public Offer (IPO). Any non conversion during the above period or part conversion would lead to forfeiture of the warrant subscription price to the extent of unconverted portion.	4.57	7.03
Share warrant amounting to ₹ 585,000,000 issued on preferential basis with a warrant subscription price of ₹ 1,000,000 per warrant. This warrant entitles to subscribe to 1.4625% of the fully diluted equity share capital of the Company as on the date of exercise of the share warrant which can be exercised at any time till 30 September 2018. Party can exercise the share warrant in part or whole for a maximum 5 times during the warrant exercise period or at the time of IPO. Any non conversion during the period or part conversion would lead to forfeiture of the warrant subscription price to the extent of unconverted portion.	0.09	0.08

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION AS AT AND FOR THE YEAR ENDED MARCH 31, 2018

₹ crore

	As at March 31, 2018	As at March 31, 2017
<b>16.3.3 Financial Institutions/others</b>		
The Foreign Currency loan from the bank availed by HCC Mauritius Investment Limited, a subsidiary company has been restrucured with a cut-off date of 30 June 2017, bearing an interest rate of LIBOR 3M + 500 bps per annum payable quarterly. The spread over LIBOR would be subject to change in case of (a) drawal beyond availability period and / or (b) changes in market conditions. This loan shall be repaid in 31 quarterly instalments commencing from 30 September 2017 from the date of first drawal ending on 31 March 2025.	182.13	129.43
Foreign currency loans from the bank availed by HCC Mauritius Enterprise Limited, a subsidiary company, carrying interest rate of 3 months USD LIBOR + 500 basis points) as at March 31, 2018. This loan is repayable in 10 quarterly instalments commencing after a moratorium of thirty months from the date of disbursement of the loan. This loan is secured by exclusive charge on (i) pledge of equity shareholding of the borrower held by HCC (ii) a first charge over specific fixed assets of HCC having written down value of ₹ 50 crore (iii) pledge of 33% equity share holding of Steiner AG, a subsidiary company (iv) undertaking for non-disposal of shareholding in Steiner AG.	137.37	129.02
<b>Note 16.3.4 Compulsory convertible preference shares (refer note I below)</b>		
LCL 525,000,000 (March 31, 2017- 525,000,000) 0.001 % compulsorily convertible preference shares of ₹ 10 each fully paid up	462.48	403.91
<b>Note 16.3.5 Cumulative redeemable preference shares (refer note II below)</b>		
LCL 37,249,997 (March 31, 2017- 37,249,997) 6% cumulative redeemable preference shares of ₹ 10 each fully paid up	116.43	117.67

### Note I) Compulsorily convertible preference shares

#### Reconciliation of preference shares outstanding at the beginning and at the end of the year

##### i) Compulsorily convertible preference shares

	As at March 31, 2018		As at March 31, 2017	
	No of shares	₹ crores	No of shares	₹ crores
At the beginning of the year	525,000,000	52.50	525,000,000	52.50
Shares issued during the year	-	-	-	-
<b>At the end of the year</b>	<b>525,000,000</b>	<b>52.50</b>	<b>525,000,000</b>	<b>52.50</b>

##### ii) Compulsorily convertible preference shares

	As at March 31, 2018		As at March 31, 2017	
	No of shares	% holding	No of shares	% holding
Axis Bank	525,000,000	100.00%	525,000,000	100.00%

##### iii) Conversion terms, rights and restrictions attached to compulsorily convertible preference shares (CCPS) :

- In case of equity raising other than through IPO – the investor will have an option to convert in to equity shares at 20% discount to the last available price of such issuance happens.
- In case of equity raising by way of IPO – the investor will mandatory convert into equity shares at 20% discount to the proposed IPO price band.
- The CCPS with accrued YTM of 12% p.a. will be mandatorily be converted into equity shares at the end of 20 years. The conversion will happen at higher of price at which last equity raised or at book value as per latest audited balance sheet prior to the date of conversion.
- The CCPS instrument holder has a put option on the holding company w.e.f. 30 September 2017 while the holding company has a call option on the CCPS instrument holder.

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION AS AT AND FOR THE YEAR ENDED MARCH 31, 2018

### II) Cumulative redeemable preference shares

#### i) Cumulative redeemable preference shares

	As at March 31, 2018		As at March 31, 2017	
	No of shares	₹ crore	No of shares	₹ crore
At the beginning of the year	37,249,997	3.72	37,249,997	3.72
Shares issued during the year	-	-	-	-
<b>At the end of the year</b>	<b>37,249,997</b>	<b>3.72</b>	<b>37,249,997</b>	<b>3.72</b>

#### ii) Details of shareholders holding more than 5% of preference shares of the Company and shares held by the holding Company.

Redeemable cumulative preference shares	As at March 31, 2018		As at March 31, 2017	
	No of shares	% holding	No of shares	% holding
HCC Real Estate Company Limited, Holding Company	22,400,097.00	60.13%	22,400,097.00	60.13%
Avantha Realty Limited	5,600,422.00	15.03%	5,600,422.00	15.03%
Venkateshwara Hatcheries Private Limited	5,152,697.00	13.83%	5,152,697.00	13.83%
Vinay V Maniar	4,094,646.00	10.99%	4,094,646.00	10.99%

#### iii) Redemption terms :

- 27,000,000 cumulative redeemable preference shares will be redeemed in 3 instalments on 30 January 2020, 30 January 2021 and 30 January 2022 in proportion of 20%, 40% and 40% of the paid up amount together with premium of ₹ 10 each respectively.
- 250,000 cumulative redeemable preference shares will be redeemed in 3 instalments on 5 June 2021, 5 June 2022 and 5 June 2023 in proportion of 20%, 40% and 40% of the paid up amount together with premium of ₹ 10 each respectively.
- 9,999,997 redeemable cumulative preference shares, will be redeemed in 3 instalments at the end of 7<sup>th</sup>, 8<sup>th</sup> and 9<sup>th</sup> year (i.e. 1 May 2018, 1 May 2019 and 1 May 2020 respectively) from the date of allotment (2 May 2011) in proportion of 20%, 40% and 40% of the paid up amount together with premium of ₹ 90 each in the same proportion respectively.

#### iv) Rights and restrictions :

Dividend on redeemable cumulative preference shares proposed by Board of Directors is subject to approval of the shareholders in the Annual General Meeting. Each holder of preference share is entitled to one vote per share only on resolutions placed before the Company which directly affects the rights attached to preference shares. Cumulative preference shareholders are entitled to vote on every resolution if preference dividend remains unpaid for 2 years. As per the Common Loan Agreement with consortium lenders, the Company has to satisfy the conditions set therein before declaring preference dividend.

**Note 16.4** In respect of LCL's, a subsidiary company, non-current borrowings' and 'other current financial liabilities' include balances amounting to ₹ 537.16 crore and ₹ 2,530.41 crore, respectively as at March 31, 2018 which were classified as Non-Performing Assets (NPAs) by the lenders during earlier years as there were continuing defaults in repayments of interest and principal amounts. In the absence of confirmations from the lenders, LCL has provided for interest and other penal charges on these borrowings based on the latest communication available from the respective lenders at the interest rate specified in the agreement. LCL's management believes that amount payable on settlement will not exceed the liability provided in books in respect of these borrowings.

**Note 16.5** In respect of LCL, a subsidiary company, interest and principal in respect of non-convertible debenture holders (secured against land asset of LCL), listed on BSE, are overdue as at March 31, 2018. LCL is in the process of restructuring such debentures and has intimated the stock exchange regarding the same. Consequently, the management of LCL expects that such overdue interest will not have any implications on the financial statements. Further, in view of the loss for the year, LCL has not created the Debenture Redemption Reserve for a cumulative amount of ₹ 8,774.58 lakhs (March 31, 2017: ₹ 8,774.58 lakhs) in terms of Section 71(4) of the Companies Act, 2013 and Rule 18(7) of the Companies (Share Capital and Debentures) Rules, 2014. LCL shall create the Debenture Redemption Reserve out of profits, if any, in the future years. As required by provision of Section 73 of the Act, LCL is required to deposit 15 per cent of the amount maturing during the next financial in a scheduled bank which has not been deposited considering the present financial condition of LCL.

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION AS AT AND FOR THE YEAR ENDED MARCH 31, 2018

**Note 16.6** A subsidiary of LCL, Warasgaon Assets Management Limited's (WAML) 'other current financial liabilities' as at March 31, 2018 includes ₹ 1,030.34 crore, which were classified as NPA by the lenders during earlier years as there were continuing defaults in repayments of interest and principal amounts. In the absence of confirmations from the lenders, WAML has provided for interest and other penal charges on these borrowings based on the latest communication available from the respective lenders at the interest rate specified in the agreement. WAML's management believes that amount payable on settlement will not exceed the liability provided in books in respect of these borrowings. Further, certain lenders have not recalled for the existing facilities at present. Accordingly, classification of these borrowings into current and non-current as at March 31, 2018 is based on the original maturity terms stated in the agreements with the lenders.

**Note 16.7** A subsidiary of LCL, Dasve Retail Limited's (DRL) 'other current financial liabilities', include balances amounting to ₹ 19.83 crore as at March 31, 2018, which have been classified as NPA by the lender during the current year, consequent to defaults in repayments of interest amounts. In the absence of confirmations from the bank, DRL has provided for interest and other penal charges on these borrowings based on the latest communication available from the lender at the interest rate specified in the agreement. DRL's management believes that amount payable on settlement will not exceed the liability provided in books in respect of these borrowings.

**Note 16.8** As at March 31, 2018, contractual loan principal amounting to ₹ 90.15 crore (March 31, 2017: ₹ 70.12 crore) and contractual interest amounting to ₹ 6.16 crore (March 31, 2017: ₹ 66.77 crore) are due and outstanding pertaining to the period April 1, 2017 to March 31, 2018. Subsequent to the year end, the Company has paid ₹ Nil (March 31, 2017: ₹ 234.55 crore) to various lenders which is pending appropriation between principal and interest. In case of the subsidiaries, loan principal amounting to ₹ 1,263.01 crore (March 31, 2017: ₹ 916.70 crore) and interest amounting to ₹ 931.77 crore (March 31, 2017: ₹ 737.82 crore) is due and outstanding to be paid as at March 31, 2018.

### Note 16.9 Net Debt Reconciliation

An analysis of net debt and the movement in net debt for the year ended March 31, 2018 is as follows:

₹ crore

Particulars	March 31, 2018	March 31, 2017
Cash and Cash Equivalents	404.18	227.74
Liquid Investments (i)	11.71	4.46
Current Borrowings (Incl Current maturities of long-term borrowing debts & Interest Accrued)	(7,002.91)	(4,304.44)
Non-Current Borrowings (Incl Interest Accrued)	(3,661.66)	(6,154.37)
<b>Net Debt</b>	<b>(10,248.68)</b>	<b>(10,226.61)</b>

Particulars	Other Assets		Liabilities from Financing Activities		Total
	Cash and Cash Equivalents	Liquid Investments	Non-Current Borrowings	Current Borrowings	
<b>Net Debt as at March 31, 2017</b>	227.74	4.46	(6,154.37)	(4,304.44)	<b>(10,226.61)</b>
Cash Flows (Net)	176.44	-	-	-	<b>176.44</b>
Interest Expense	-	-	(1,525.38)	(287.20)	<b>(1,812.58)</b>
Interest paid	-	-	1,030.92	267.25	<b>1,298.17</b>
-Acquisitions/ Disposals	-	7.25	2,987.17	(2,678.52)	<b>315.90</b>
<b>Net Debt as at March 31, 2018</b>	<b>404.18</b>	<b>11.71</b>	<b>(3,661.66)</b>	<b>(7,002.91)</b>	<b>(10,248.68)</b>



## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION AS AT AND FOR THE YEAR ENDED MARCH 31, 2018

### NOTE 17 OTHER FINANCIAL LIABILITIES

₹ crore

	As at March 31, 2018	As at March 31, 2017
<b>Non-current</b>		
Security deposits	0.28	0.66
Others	-	<b>0.34</b>
<b>Total non-current other financial liabilities</b>	<b>0.28</b>	<b>1.00</b>
<b>Current</b>		
Current maturities of long-term borrowings (Refer note 16)	4,670.67	2,385.22
Interest accrued but not due	292.02	114.85
Interest accrued and due	916.98	564.02
Unpaid dividends ^	0.25	0.41
Advance towards sale of investments (Refer note 12.3)	37.70	37.70
Security deposits	3.20	4.95
Financial guarantees	0.94	1.83
Retention deposit payable	37.22	35.42
Others		
i) Due to employees	119.33	94.33
ii) Interest payable on contractee advances	93.01	128.69
iii) Liability for capital goods	106.29	16.81
iv) Other liabilities	83.44	76.33
<b>Total current other financial liabilities</b>	<b>6,361.05</b>	<b>3,460.56</b>
<b>Total other financial liabilities</b>	<b>6,361.33</b>	<b>3,461.56</b>
^ Not due for credit to Investor Education and Protection Fund		
Other financial liabilities carried at amortised cost	6,323.63	3,423.86
Other financial liabilities carried at FVPL	37.70	37.70

### NOTE 18 PROVISIONS

₹ crore

	As at March 31, 2018	As at March 31, 2017
<b>Non-current</b>		
Provision for employee benefits		
- Gratuity	28.72	31.19
- Pension fund	57.79	71.55
- Leave entitlement and compensated absences	14.76	11.14
Provision for warranty (Refer note 18.1)	68.87	70.12
<b>Total non-current provisions</b>	<b>170.14</b>	<b>184.00</b>
<b>Current</b>		
a) Provision for employee benefits		
- Gratuity	9.15	4.13
- Leave entitlement and compensated absences	3.83	5.69
Provision for warranty (Refer note 18.1)	77.38	36.51
Provision for cost to completion (Refer note 18.2)	176.06	163.27
(includes provision for foreseeable losses ₹ 55.25 crore (31 March 17 : ₹ 144.92 crore))		
Provision for pension fund	8.43	-
<b>Total current provisions</b>	<b>274.85</b>	<b>209.60</b>
<b>Total provisions</b>	<b>444.98</b>	<b>393.60</b>

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION AS AT AND FOR THE YEAR ENDED MARCH 31, 2018

**Note 18.1** Detail of provision in respect of warranty is as stated below:

₹ crore

Particulars	As at March 31, 2018	As at March 31, 2017
<b>Opening provision as at the beginning of the year</b>	106.63	118.73
Addition during the year	98.07	54.51
Utilized during the year	(58.45)	(43.13)
Unused amount reversed during the year	-	(23.48)
<b>Closing provision as at the end of the year</b>	<b>146.25</b>	<b>106.63</b>
Non current	68.87	70.12
Current	77.38	36.51
<b>Total</b>	<b>146.25</b>	<b>106.63</b>

This provision represent estimates made towards estimated liability arising out of contractual obligations in respect of warranties. After the handover of the building there is a warranty liability, which lasts between 2 and 10 years, depending on the building and its components. During construction the warranty provision is recorded based on past experience and, in general, remains unchanged during construction. Actual warranty costs are recorded against the warranty provision of projects in warranty phase. On reporting date, future warranty costs are estimated and if needed the warranty provisions are increased or released. The timing of outflows will vary as and when the obligations arise.

**Note 18.2** The Group has adequately recognized expected losses on projects wherever it was probable that total contract costs will exceed total contract revenue.

## NOTE 19 CURRENT BORROWINGS

₹ crore

	As at March 31, 2018	As at March 31, 2017
<b>I. Secured</b>		
<b>Rupee Loan from Banks</b>		
(i) Cash credit facilities (Repayable on demand) (Refer note 19.1)	992.04	1,114.24
(ii) Working capital demand loan (Repayable on demand) (Refer notes 19.1 and 19.2)	120.30	116.15
(iii) Buyer's credit (Refer note 19.1)	10.90	9.39
	<b>1,123.24</b>	<b>1,239.78</b>
<b>II. Unsecured (Repayable on demand)</b>		
Loans from related parties (Refer note 39)	-	0.58
<b>Total current borrowings (I+II)</b>	<b>1,123.24</b>	<b>1,240.36</b>

**Note 19.1** Security for Cash Credit Facilities, Working Capital Demand Loan and Buyer's Credit:

1. The parcel of land (immovable non-residential property) admeasuring 22 acres and 24 gunthas at Tara Village, Panvel Taluka described as the First Mortgaged Properties.
2. All the present and future movable assets of the Borrower (excluding 'Current Assets' and 'Specified Assets') as the Second Mortgaged Properties.
3. All current assets of the Borrower (other than those forming part of 'Additional Assets') as the Third Mortgaged Properties.
4. All of the 'Additional Assets' collectively referred to as the Fourth Mortgaged Properties.
5. All of the 'Specified Assets' collectively referred to as the Fifth Mortgaged Properties.

The terms 'Current Assets', 'Specified Assets' and 'Additional Assets' have been defined in the MRA.

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION AS AT AND FOR THE YEAR ENDED MARCH 31, 2018

The above security having ranking as below:

1. A first ranking and pari passu security interest by way of legal mortgage over the Third and Fourth Mortgaged Properties.
2. In the form of a second ranking and pari passu security interest by way of a legal mortgage over the First, Second and the Fifth Mortgaged Properties.

Collateral security pari-passu with all CDR lenders are same as indicated in note 16.2.1.

The Company has provided first charge over specific property, plant and equipment (having WDV of ₹ 50 crore) of the Company for the loan extended by Export Import Bank of India (EXIM Bank) to HCC Mauritius Enterprise Limited through Loan Agreement dated 27 September 2010. The same security has also been extended for the loan of USD 25 million given by EXIM Bank to HCC Mauritius Investment Limited.

YES Bank, the lender of HCC Infrastructure Company Limited, a subsidiary company is having subservient charge on identified receivables of the Company. The bank issued NOC on 4 September 2012 for ceding first charge in favour of working capital lenders and second charge in favour of term lenders.

The securities towards working capital facilities also extend to guarantees given by the banks on behalf of the Company.

**Note 19.2** Security details, repayment terms and other particulars in respect of loans availed by the subsidiary company:

Working Capital Demand Loan from bank include loan facilities availed by Steiner AG, a subsidiary company, aggregating ₹ 87.43 crore (March 31, 2017: ₹ 83.28 crore) secured by first charge by way of a (i) mortgage on land in favour of a foreign bank (Project: Vista Nobile) (ii) mortgage on a land in favour of a foreign bank (Project: BASF Wandenswil)

### NOTE 20 TRADE PAYABLES

	As at March 31, 2018	As at March 31, 2017
- Total outstanding dues of Micro Enterprises and Small Enterprises	5.87	4.23
- Total outstanding dues of creditors other than Micro Enterprises and Small Enterprises	3,641.08	3,458.69
<b>Total trade payables</b>	<b>3,646.95</b>	<b>3,462.92</b>

**Note 20.1** The Group has amounts due to micro and small suppliers registered under the Micro, Small and Medium Enterprises Development Act 2006 (MSMED Act), as at March 31, 2018.

The disclosure pursuant to the said Act is as under:

	As at March 31, 2018	As at March 31, 2017
Principal amount due to suppliers under MSMED Act	5.87	4.23
Interest accrued and due to suppliers under MSMED Act on the above amount	1.19	1.39
Payment made to suppliers (other than interest) beyond appointed day during the year	1.49	0.68
Interest paid to suppliers under MSMED Act	-	-
Interest due and payable to suppliers under MSMED Act towards payments already made	0.36	0.16
Interest accrued and remaining unpaid at the end of the accounting year	1.20	1.40
The amount of further interest remaining due and payable in the succeeding years	4.29	3.86

Note: This information, as required to be disclosed under the MSMED Act, has been determined to the extent such parties have been identified on the basis of information available with the Company.

**Note 20.2** Trade payables are non-interest bearing and are normally settled as per the payment terms stated in the contract.

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION AS AT AND FOR THE YEAR ENDED MARCH 31, 2018

### NOTE 21 OTHER LIABILITIES

₹ crore

	As at March 31, 2018	As at March 31, 2017
<b>Non-Current</b>		
Deferred lease liability	0.06	0.13
<b>Total other non-current liability</b>	<b>0.06</b>	<b>0.13</b>
<b>Current</b>		
Advance from customers	2,569.19	2,687.27
Statutory dues payable	89.12	100.28
Due to customers	247.72	-
Other liabilities	31.50	20.52
<b>Total other current liabilities</b>	<b>2,937.53</b>	<b>2,808.07</b>
<b>Total other liabilities</b>	<b>2,937.58</b>	<b>2,808.20</b>

### NOTE 22 REVENUE FROM OPERATIONS

₹ crore

	Year ended March 31, 2018	Year ended March 31, 2017
Contract revenue	9,433.60	9,224.94
Sale of products	2.33	18.80
Sale of land	4.10	42.80
Food & beverages	7.48	6.99
Income from sale of software products and licenses	18.75	22.43
Income from services	77.99	38.84
Other operating revenue	588.21	511.98
<b>Total revenue from operations</b>	<b>10,132.46</b>	<b>9,866.78</b>

### NOTE 23 OTHER INCOME

₹ crore

	Year ended March 31, 2018	Year ended March 31, 2017
Interest received on financial assets carried at amortised cost	25.13	6.68
Interest received on Income tax refund	1.46	12.04
Dividend from non-current investments	0.48	1.20
Rental Income	6.58	17.95
Gain on fair valuation of current investments	1.19	-
Exchange gain (net)	-	10.02
Excess provision no longer required, written back	2.83	2.37
Profit on sale of non-current investments (net)	0.08	-
Miscellaneous	18.33	30.81
<b>Total other income</b>	<b>56.08</b>	<b>81.07</b>

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION AS AT AND FOR THE YEAR ENDED MARCH 31, 2018

### NOTE 24 COST OF CONSTRUCTION MATERIALS CONSUMED

₹ crore

	Year ended March 31, 2018	Year ended March 31, 2017
Stock at beginning of the year	236.14	169.08
Add: Purchases	1,035.99	946.26
	<b>1,272.14</b>	<b>1,115.34</b>
Less: Sale of scrap and unserviceable material	16.33	8.93
	<b>1,255.81</b>	<b>1,106.41</b>
Less: Stock at the end of the year	182.12	236.14
<b>Total cost of construction materials consumed</b>	<b>1,073.69</b>	<b>870.27</b>

### NOTE 25 CHANGE IN INVENTORIES

₹ crore

	Year ended March 31, 2018	Year ended March 31, 2017
Opening inventory	2,371.80	2371.59
Less: Closing inventory	2,321.95	2371.80
	<b>49.85</b>	<b>(0.21)</b>

### NOTE 26 CONSTRUCTION EXPENSES

₹ crore

	Year ended March 31, 2018	Year ended March 31, 2017
Power, fuel and water	125.49	126.08
Rates and taxes	126.95	168.98
Insurance	46.14	50.87
Rent [Refer note 26.1]	89.30	109.77
Transportation	43.33	33.94
Land development charge	10.97	52.43
Others	34.43	25.94
	<b>476.61</b>	<b>568.01</b>
Less : capitalised	-	(0.13)
<b>Total construction expenses</b>	<b>476.61</b>	<b>567.88</b>

**Note 26.1** The Group has taken various construction equipment and vehicles under non-cancellable operating leases. The future minimum lease payments in respect of these as at March 31, 2018 are as follows:

₹ crore

	As at March 31, 2018	As at March 31, 2017
<b>MINIMUM LEASE RENTAL PAYMENTS</b>		
i) Payable not later than one year	41.95	42.62
ii) Payable later than one year and not later than five years	82.26	114.73
iii) Payable later than five years	4.10	4.30
	<b>128.31</b>	<b>161.65</b>

The lease agreement provides for an option to the Group to renew the lease period at the end of the non-cancellable period. There are no exceptional/ restrictive covenants in the lease agreements.

Further, the Group has entered into cancellable operating lease for office premises and employee accommodation. Tenure of leases generally vary between one year to four years. Terms of the lease include operating terms for renewal, terms of cancellation etc.

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION AS AT AND FOR THE YEAR ENDED MARCH 31, 2018

### NOTE 27 EMPLOYEE BENEFITS EXPENSE (NET OF RECOVERIES AT COST)

₹ crore

	Year ended March 31, 2018	Year ended March 31, 2017
Salaries and wages	885.23	865.67
Contribution to provident and other funds	67.23	65.01
Staff welfare	69.15	64.76
<b>Total employee benefits expense</b>	<b>1,021.61</b>	<b>995.44</b>

**Note 27.1** For each of the years ended 31 March 2014 and March 31, 2016, the Company has paid remuneration of ₹ 10.66 crore to the Chairman and Managing Director (CMD) based on the approval by shareholders and the applications filed with the Ministry of Corporate Affairs ('the Ministry') for their approval. The Ministry had approved ₹ 1.92 crore for 31 March 2014 for which the Company has filed an application to review the same. For the year ended March 31, 2016, amount payable as per the limits prescribed under the Companies Act amounted to ₹ 1.21 crore. Pending receipt of the aforesaid approvals, an aggregate of ₹ 18.19 crore as at March 31, 2018, is held in trust by the CMD.

**Note 27.2** In respect of year ended 31 March 2015, the Company has provided for remuneration for CMD of ₹ 10.66 crore. The Company has made an application to the Ministry seeking its approval for payment of ₹ 10.66 crore which is in excess of the limits specified under Schedule V to the Act.

### NOTE 28 FINANCE COSTS (NET OF RECOVERIES AT COST)

₹ crore

	Year ended March 31, 2018	Year ended March 31, 2017
Interest expense on:		
- debentures	334.06	225.31
- others	1,129.66	1,267.10
Other borrowing costs		
- guarantee commission	42.26	25.21
- finance charges	19.40	25.52
Less : capitalised	-	(0.27)
<b>Total finance costs</b>	<b>1,525.38</b>	<b>1,542.87</b>

### NOTE 29 OTHER EXPENSES (NET OF RECOVERIES AT COST)

₹ crore

	Year ended March 31, 2018	Year ended March 31, 2017
Stationery, postage, telephone and advertisement	7.52	9.75
Travelling and conveyance	15.86	18.44
Professional	66.41	84.63
Repairs and maintenance	37.61	27.75
Directors' sitting fees [Refer note 39(C)]	0.75	0.93
Auditors' remuneration:		
i) Audit fees	4.58	4.47
ii) Tax audit fees	0.20	0.20
iii) Limited review fees	0.74	0.70
iv) Certification fees	0.89	1.57
v) Reimbursement of out of pocket expenses	0.04	0.01
	6.45	6.95

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION AS AT AND FOR THE YEAR ENDED MARCH 31, 2018

### NOTE 29 OTHER EXPENSES (NET OF RECOVERIES AT COST)...contd.

₹ crore

	Year ended March 31, 2018	Year ended March 31, 2017
Office expenses	33.95	38.86
Operation and maintenance	13.37	56.07
Warranty expenses [Refer note 18.1]	58.45	43.13
Selling and distribution expenses	6.80	9.23
Exchange loss (net)	7.78	-
Computer maintenance expenses	7.35	12.74
Impairment loss provision		
- on trade receivables	0.80	15.92
- advance to suppliers	7.32	49.98
Loss on sale of property, plant and equipment (net)	0.57	2.35
Miscellaneous	32.07	15.74
<b>Total other expenses</b>	<b>303.06</b>	<b>392.47</b>

**Note 29.1** The Group is not liable to incur any expenses on CSR as per section 135 of the Companies Act, 2013.

### NOTE 30 EXCEPTIONAL ITEMS

₹ crore

	Year ended March 31, 2018	Year ended March 31, 2017
a) Trade receivables and work in progress written off	-	(35.97)
b) Gain on restructuring of debts	-	14.75
c) Impairment loss provision		
- on trade receivables	(12.96)	-
- capital work in progress	(108.45)	-
- goodwill	(30.46)	-
- advance to suppliers	(8.32)	-
<b>Total exceptional items [Income/ (expense)]</b>	<b>(160.19)</b>	<b>(21.22)</b>

### NOTE 31 EARNINGS PER SHARE (EPS)

₹ crore

	Year ended March 31, 2018	Year ended March 31, 2017
<b>Basic and diluted EPS</b>		
A. Profit/(loss) computation for basic earnings per share of ₹ 1 each		
Net loss as per the Statement of Profit and Loss available for equity shareholders ₹ crore	(814.09)	(758.02)
B. Weighted average number of equity shares for EPS computation (Nos.)	1,014,015,737	831,548,386
C. Loss per share- Basic and Diluted EPS (₹)	(8.03)	(9.12)

The options granted to employees under the Employee stock option (ESOP) plan and the optionally convertible debentures do not qualify as potential equity shares outstanding during the periods, based on the present conditions prevalent, and hence have not been considered in the determination of diluted earnings per share.



## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION AS AT AND FOR THE YEAR ENDED MARCH 31, 2018

### NOTE 32 CONTINGENT LIABILITIES AND COMMITMENTS

₹ crore

	As at March 31, 2018	As at March 31, 2017
<b>A. Contingent liabilities</b>		
(i) Claims not acknowledged as debts by the Group	321.63	325.88
(ii) Income tax liability that may arise in respect of which Group is in appeals	55.25	57.19
(iii) Sales tax liability / works contract tax liability / service tax / customs liability that may arise in respect of matters in appeal	200.75	174.54
(iv) Corporate guarantee	3.06	3.06
(v) Counter indemnities given to banks in respect of contracts executed by joint ventures	1,895.59	1,958.79

It is not practicable for the Group to estimate the timings of cash outflows, if any, in respect of the above pending resolution of the respective proceedings. The Group does not expect any reimbursements in respect of the above contingent liabilities except in respect of matter stated in (iv) above. The Group does not expect any outflow of economic resources in respect of the above and therefore no provision is made in respect thereof.

(vi) Others

During the current year, in response to appeal filed by certain customers of the Company, Maharashtra Real Estate Appellate Tribunal (Appellate Tribunal) set aside the order of the Maharashtra Real Estate (Regulation & Development) Act (MahaRERA) and adjudicated that the Real Estate (Regulation & Development) Act (RERA) is applicable to the transactions in the nature of lease entered by the Company with its customers. The Company's management is of the view that the township was registered with MahaRERA, because it has various types of transactions, including sale of villas, hotels etc. as well as leased apartments. The Company has filed an appeal in the High Court challenging the order of the Appellate Tribunal which is presently sub judice. Based on the contractual terms and the legal advice received by the Company, the management believes that it has a good case and no provision is required in respect of this matter.

₹ crore

	As at March 31, 2018	As at March 31, 2017
<b>B. Commitments</b>		
Capital Commitment (net of advances)	25.58	123.10

**C. Other commitments:**

With regard to land parcels at Vikhroli (East) held by the Company, the Notification under Section 3C(1) under the Maharashtra Slum Area (Improvement & Redevelopment) Act, 1971 declaring the said property at Vikhroli (East) as "Slum Rehabilitation Area" has been challenged by some persons and Appeals preferred by both the parties are pending in the Bombay High Court. Similarly, a suit filed in the High Court by some persons for declaration that they are Lessees of the said property is also pending. Suit filed by the Company for vacant and peaceful possession of part of the said land is pending in the Small Causes Court, Mumbai. No Liability is expected in aforesaid matter.

**Note 33.1** The Group, as at March 31, 2018, has a non-current investment amounting to ₹ 292.81 crore (March 31, 2017: ₹ 315.40 crore) and other current financial assets amounting to ₹ Nil (March 31, 2017: ₹ 4.97 crore) in HCC Concessions Limited (HCL), a joint venture company of HICL (85.45% holding), having various Build, Operate and Transfer (BOT) SPVs under its fold. While HCL has incurred losses during its initial years and consolidated net-worth as at March 31, 2018 has been fully eroded, the underlying projects are expected to achieve adequate profitability on substantial completion. The net-worth of this entity does not represent its true market value as the value of the underlying investments/ assets, based on valuation report of an independent valuer, is higher. Therefore, based on certain estimates like future business plans, growth prospects and other factors, the management believes that the realizable amount of the entity is higher than the carrying value of the investments due to which these are considered as good and recoverable.

**Note 33.2** In respect of HICL, management is of the view that diminution in the net worth of HICL is temporary in nature given significantly higher fair market value of its investments in HCL, a joint venture company of HICL, and ongoing incubation of other infrastructure businesses which will create further value for HICL. During the year ended March 31, 2018, based on valuation done by the Independent valuer, HCL has been valued at ₹ 2,298.14 crore. The Group owns 85.45% equity stake in HCL. In view of this, the financial statements of HICL group have been prepared on a going concern basis.

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION AS AT AND FOR THE YEAR ENDED MARCH 31, 2018

**Note 34** 'Unbilled work-in-progress (Other current financial assets), 'Non-current trade receivables' and 'Current trade receivables' include ₹ 686.24 crore (March 31, 2017: ₹ 911.80 crore), ₹ 123.39 crore (March 31, 2017: ₹ 123.39 crore) and ₹ 214.38 crore (March 31, 2017: ₹ 90.30 crore), respectively, outstanding as at March 31, 2018 which represent various claims raised earlier, based on the terms and conditions implicit in the contracts and other receivables in respect of closed/suspended projects. These claims are mainly in respect of cost over-run arising due to client caused delays, suspension of projects, deviation in design and change in scope of work; for which Group is at various stages of negotiation/discussion with the clients or under arbitration/litigation. Non-current trade receivables also include arbitration awards received in favour of the Group, which have been subsequently set aside by District Court/ High Courts against which the Group has preferred appeals at High Courts/ Supreme Court and has been legally advised that it has good case on merits. Considering the contractual tenability, progress of negotiations/ discussions/ arbitration/ litigations, the management is confident of recovery of these receivables.

**Note 35.1** In respect of LCL, a subsidiary company, the Ministry of Environment & Forests (MoEF), Government of India, vide its order dated 9 November 2011, accorded Environment Clearance to 2,048 hectares (5,058 acres) of the project subject to compliance of certain terms and conditions. Accordingly, construction has resumed at project site from 9 November 2011. LCL has filed an appeal before the National Green Tribunal, New Delhi (NGT) challenging some of the conditions prescribed in the said Order which is pending before NGT. The management believes that the matter will be decided in their favour without any financial loss to LCL.

**Note 35.2** LCL, a subsidiary company, has incurred losses and consolidated net-worth as at March 31, 2018 has been fully eroded. The underlying projects in such entity are in the early stages of development and are expected to achieve adequate profitability on substantial completion and/ or have current market values of certain properties which are in excess of the carrying values and accordingly management, based on valuation report of an independent valuer is of the view that there is no impairment in value of LCL net assets (capital employed) of ₹ 3,244.18 crore (March 31, 2017: ₹ 4,124.40 crore). Similarly, no diminution in value of goodwill amounting to ₹ 95.04 crore (March 31, 2017: ₹ 95.04 crore) and non-controlling interest amounting to ₹ 482.99 crore (March 31, 2017: ₹ 207.09 crore) of LCL is considered necessary.

**Note 35.3** LCL's capital work-in-progress (CWIP) as at March 31, 2018 includes amounts aggregating ₹ 1,196.80 crore (March 31, 2017: ₹ 1,233.39 crore), carrying from earlier years, in respect of the projects presently under construction. The underlying projects in LCL are in initial stages of development and are expected to achieve adequate profitability on substantial completion and/ or have current market values of certain properties which are in excess of the carrying values and accordingly management, based on certain estimates like future business plans, growth prospects and other factors and also the valuation report of an independent valuer, is of the view that, no adjustments are required to the carrying value of the CWIP as at March 31, 2018.

**Note 35.4** In respect of LCL, a subsidiary company did not have an audit committee during the current year as required under Section 177 of the Act and presently is in the process of constituting this committee.

**Note 35.5** A subsidiary company, HCC Real Estate Limited's (HREL), non-current investments as at March 31, 2018 include investments aggregating ₹ 51.66 crore (March 31, 2017: ₹ 54.57 crore) in its joint ventures and associates and other non-current loans and current trade receivables as on that date include dues from such joint ventures and associates aggregating ₹ 56.34 crore (March 31, 2017: ₹ 49.96 crore) and ₹ 19.48 crore (March 31, 2017: ₹ 12.37 crore) respectively, being considered good and recoverable by the management. The net worth of the aforesaid joint ventures and associates as at March 31, 2018 has been either fully or significantly eroded and most of the entities have incurred losses or do not have any operations during the year ended March 31, 2018. The operations of these joint ventures and associates are dependent on the project undertaken by the respective companies as a group. The underlying projects in HREL are in the early stages of development and are expected to achieve adequate profitability on substantial completion and/ or have current market values of certain properties which are in excess of the carrying values and accordingly management, based on certain estimates like future business plans, growth prospects and other factors and also the valuation report of an independent valuer, is of the view that, no adjustments are required to the carrying value of these investments and receivables as at March 31, 2018.

**Note 35.6** Charosa Wineries Limited (CWL), a subsidiary company, has incurred losses and its net worth has fully eroded as on March 31, 2018. The management of CWL has implemented certain cost savings schemes and such subsidiary is in the process of negotiating with the lenders for debt restructuring. Based on the evaluation of the business prospects and plans formulated, management is confident of revival of operations and rescheduling of its debts. Thus, management is of the view that there is no impairment in the value of CWL net assets (capital employed) of ₹ 85.26 crore.

**Note 35.7** HREL, a subsidiary company, has incurred consolidated net loss of ₹ 961.30 crore during the year ended March 31, 2018 and has also suffered losses from operations during the preceding financial years and as of that date and its current liabilities exceeded its current assets by ₹ 3,883.31 crore. LCL, a subsidiary of HREL, also has external borrowings from banks and financial institutions, principal and interest repayment of which has been delayed and has also defaulted in dues payable to debenture

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION AS AT AND FOR THE YEAR ENDED MARCH 31, 2018

### Note 35.7...contd.

holders. The operations of LCL group are dependent on the project undertaken by it and other entities in the group as a whole. The lenders of LCL had invoked Strategic Debt Restructuring (SDR) with reference date of 20 September 2017 as part of a comprehensive solution. The SDR process was withdrawn by the Reserve Bank of India vide its circular dated 12 February 2018. As per the revised framework in case of default as at 1 March 2018, LCL has to formulate the resolution plan which can be further restructuring or change in ownership through investor followed by restructuring. LCL is in the process of formulating the resolution plan along with the lenders and it is also in the process of reassessing its business plan in view of expected growth opportunities and intends to significantly expand its business operations going forward. Basis this, HREL's group management has prepared the financial statements on a "Going Concern" basis.

**Note 36.1** In respect of Raiganj Dalkhola Highway Limited (RDHL), a jointly controlled entity, on March 31, 2017, NHAI had terminated the Concession Agreement of the project by issuing termination notice. RDHL refuted the concessionaire default alleged by NHAI and requested for withdrawal of termination. However, NHAI did not withdraw the termination notice. Consequently, since the delay was on account of default by NHAI, RDHL has notified NHAI that the termination shall be deemed to occur on account of Authority Default and accordingly, RDHL shall be entitled for the termination payment as per terms of the Concession Agreement. In view of this, the cost incurred by RDHL till March 31, 2018 appearing in its financial statement under intangible assets under development amounting to ₹ 177.42 crore is considered fully recoverable by the management of RDHL.

**Note 36.2** RDHL has accumulated cost incurred on the project till March 31, 2017 as an intangible asset under development. After the termination, RDHL has preferred two claims against NHAI before arbitration, a claim for ₹ 368 crore on account of wrongful termination of contract and claim of ₹ 802 crore for losses suffered by RDHL due to wrongful termination of the contract. Arbitral tribunal has been constituted for hearing the claims. Based on the legal advice, RDHL's management is of the view that these claims are fully recoverable and as a result, the intangible asset under development representing the cost incurred till the date of termination doesn't require any impairment. RDHL is confident of full recovery of its claims. Also the net worth of RDHL is positive as per books of accounts as at March 31, 2018. The Management of RDHL therefore views this entity as a going concern and the financial statement have been prepared accordingly.

**Note 37** Consequent to the 'intention to issue termination notice' issued by Badarpur Faridabad Tollways Limited (BFTL), a jointly controlled entity of HCC Infrastructure Company Limited (HICL), vide letter dated March 31, 2017, BFTL has issued termination notice to NHAI on 1 September 2017, terminating the Concession Agreement (CA) of the project entered with NHAI due to various reasons / authority defaults mentioned therein and demanded termination payment of ₹ 775 crore. NHAI has refuted the termination initiated by BFTL. NHAI, in turn, issued suspension notice and took over the project. Subsequent to its suspension notice, the NHAI terminated the concession agreement on 23 February 2018. BFTL has refuted NHAI's termination stating that NHAI's termination is invalid. BFTL has referred this matter for arbitration. Based on the legal advice obtained in this respect, management of BFTL is confident of recovering the amount from NHAI and has therefore accounted the same in the financial statements. In view of the above, going concern assumption is considered to be appropriate and the financial statement has been drawn accordingly.

### NOTE 38 DETAILS OF EMPLOYEES STOCK OPTION SCHEME FOR LCL, A SUBSIDIARY COMPANY

	₹ crore	
	March 31, 2018	March 31, 2017
a. Outstanding as at beginning of the year	430,305	874,064
b. Granted during the year	-	-
c. Forfeited during the year	-	-
d. Exercised during the year	-	-
e. Expired / cancelled / lapsed during the year	430,305	443,759
f. Outstanding at the end of the year	-	430,305
g. Exercisable at the end of the year	-	430,305

Note: During the current year, all the options existing as at March 31, 2017 have been lapsed and accordingly no charge has been made to the statement of profit and loss.

# SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION AS AT AND FOR THE YEAR ENDED MARCH 31, 2018

## NOTE 39 DISCLOSURE IN ACCORDANCE WITH IND-AS 24 RELATED PARTY TRANSACTIONS

### A. Names of related parties and nature of relationship

Name of the entity	Country of incorporation	Company's holding as at (%) ^	
		March 31, 2018	March 31, 2017
<b>a) Joint Venture</b>			
HCC Concession Limited	India	85.45	85.45
Narmada Bridge Tollways Limited	India	85.45	85.45
Badarpur Faridabad Tollways Limited	India	85.45	85.45
Baharampore-Farakka Highways Limited	India	89.23	89.23
Farakka-Raiganj Highways Limited	India	89.23	89.23
Raiganj-Dalkhola Highways Limited	India	86.91	86.91
Ecomotel Hotel Limited (w.e.f. 27 March 2018)	India	40.00	51.00
Spotless Laundry Services Limited	India	76.02	76.02
Whistling Thrush Facilities Services Limited	India	51.00	51.00
Apollo Lavasa Health Corporation Limited	India	49.00	49.00
Andromeda Hotels Limited	India	40.03	40.03
Bona Sera Hotels Limited	India	26.00	26.00
Starlit Resort Limited	India	26.00	26.00
Nirmal BOT Limited	India	22.22	22.22
<b>b) Associates</b>			
Warasgaon Lake View Hotels Limited (w.e.f. 9 June 2017) (Previously known as Lavasa Star Hotel Limited)	India	24.56	19.11
Knowledge Vistas Limited	India	49.00	49.00
Evostate AG	Switzerland	30.00	30.00
MCR Managing Corp. Real Estate	Switzerland	30.00	30.00
Projektentwicklungsges. Parking Kunstmuseum AG	Switzerland	38.64	38.64
Evostate Immobilien AG (w.e.f. 12 October 2017)	Switzerland	30.00	-
Highbar Technocrat Limited (w.e.f. 21 July 2016) (previously known as Osprey Hospitality Limited)	India	49.00	49.00

<b>c) Other Related Parties</b>	<b>Relationship</b>
Gulabchand Foundation	Other related party
Hincon Holdings Limited	Other related party
Hincon Finance Limited	Other related party
HCC Employee's Provident Fund	Post-employment contribution plan
Stiftung der Steniner AG (Steiner pension foundation)	Post-employment benefit plan

<b>d) Key Management Personnel and Relative of Key Management Personnel</b>	
Mr. Ajit Gulabchand	Chairman and Managing Director
Mr. Arjun Dhawan	Relative of Key Management Personnel Group Chief Executive Officer and Whole Time Director (w.e.f. April 1, 2017)
Mr Rajgopal Nogja	Group Chief Operating Officer and Whole Time Director (upto 2 May 2016) and Group Chief Executive Officer (w.e.f 3 May 2016 to March 31, 2017)
Ms. Shalaka Gulabchand Dhawan	Whole time Director

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION AS AT AND FOR THE YEAR ENDED MARCH 31, 2018

Mr. Rajas R. Doshi	Independent Director
Mr. Ram P. Gandhi	Independent Director
Mr. Sharad M. Kulkarni	Independent Director
Mr. Anil C. Singhvi	Independent Director
Dr. Omkar Goswami	Independent Director
Mr. N. R. Acharyulu	Non Executive Director
Mr. Praveen Sood	Group Chief Financial Officer
Mr. Arun V. Karambelkar	President & Chief Executive Officer- E&C (upto 31 January 2018)
Mr. Amit Uplenchwar	Chief Executive Officer- E&C (w.e.f. 31 January 2018)
Mr. Sangameshwar Iyer	Company Secretary (upto 8 May 2017)
Mr. Venkatesan Arunachalam	Company Secretary (w.e.f. 9 May 2017)

### B. Nature of Transactions

₹ crore

	Year ended March 31, 2018	Year ended March 31, 2017
<b>Transactions with related parties:</b>		
<b>Interest on ICD received</b>		
- Joint venture	7.80	5.09
- Other related party	-	5.09
	<b>7.80</b>	<b>10.18</b>
<b>Interest on lease deposit</b>		
- Other related party	0.31	0.30
	<b>0.31</b>	<b>0.30</b>
<b>Rendering of services</b>		
- Joint venture	0.19	0.13
- Other related party	-	1.45
- Associates	3.36	8.28
	<b>3.55</b>	<b>9.86</b>
<b>Receiving of services</b>		
- Joint venture	0.19	0.13
- Other related party	-	1.45
	<b>0.19</b>	<b>1.58</b>
<b>Work bill receipts including sales of products</b>		
- Joint venture	<b>350.86</b>	<b>351.39</b>
	<b>350.86</b>	<b>351.39</b>
<b>Other income</b>		
- Associate	0.02	-
- Joint Venture	0.58	4.17
- Other Related Party	-	0.52
	<b>0.60</b>	<b>4.69</b>
<b>Interest expense on CG</b>		
- Joint Venture	-	0.06
	<b>-</b>	<b>0.06</b>

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION AS AT AND FOR THE YEAR ENDED MARCH 31, 2018

### NOTE 39 DISCLOSURE IN ACCORDANCE WITH IND-AS 24 RELATED PARTY TRANSACTIONS...contd.

₹ crore

	Year ended March 31, 2018	Year ended March 31, 2017
<b>Other expenses</b>		
- Associate	3.68	2.12
- Joint Venture	0.28	1.61
- Other Related Party	10.07	11.38
	<b>14.03</b>	<b>15.11</b>
<b>Inter corporate deposit given during the year</b>		
- Joint venture	-	2.59
	<b>-</b>	<b>2.59</b>
<b>Conversion of receivables into inter-corporate deposit</b>		
- Joint venture	-	3.64
	<b>-</b>	<b>3.64</b>
<b>Inter corporate deposit recovered</b>		
- Joint venture	-	6.35
- Associates	2.81	-
- Other related party	-	30.97
	<b>2.81</b>	<b>37.32</b>
<b>Inter corporate deposit taken during the year</b>		
- Associates	0.01	-
- Joint venture	4.59	18.26
- Other related party	-	4.92
	<b>4.60</b>	<b>23.18</b>
	<b>As at March 31, 2018</b>	<b>As at March 31, 2017</b>
<b>Outstanding balances:</b>		
<b>Outstanding receivables</b>		
<b>Trade Receivable</b>		
- Joint Venture	274.44	11.17
- Associates	10.33	3.49
	<b>284.77</b>	<b>14.66</b>
<b>Interest receivable</b>		
- Joint venture	12.29	11.67
	<b>12.29</b>	<b>11.67</b>
<b>Receivable from related party</b>		
- Associates	28.08	23.53
- Other related party	2.28	1.72
- Joint venture	-	0.03
	<b>30.36</b>	<b>25.28</b>
<b>Inter-corporate deposit</b>		
- Joint venture	56.89	49.96
- Other related party	21.34	21.34
	<b>78.23</b>	<b>71.30</b>
<b>Un-billed work-in-progress</b>		
- Joint venture	271.64	344.09
	<b>271.64</b>	<b>344.09</b>

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION AS AT AND FOR THE YEAR ENDED MARCH 31, 2018

### NOTE 39 DISCLOSURE IN ACCORDANCE WITH IND-AS 24 RELATED PARTY TRANSACTIONS...contd.

	As at March 31, 2018	As at March 31, 2017
₹ crore		
<b>Security deposit given</b>		
- Other related party	2.51	3.34
	<b>2.51</b>	<b>3.34</b>
<b>Outstanding payables</b>		
<b>Inter-corporate deposits</b>		
- Joint venture	0.58	0.58
	<b>0.58</b>	<b>0.58</b>
<b>Payable to related party</b>		
- Associate	-	0.15
- Joint venture	42.73	126.50
- Other related party	1.54	1.08
	<b>44.27</b>	<b>127.73</b>
<b>Trade payables</b>		
- Associates	0.00	0.00
- Joint venture	4.47	5.81
- Other related party	-	6.10
	<b>4.47</b>	<b>11.91</b>
<b>Interest payable on ICD</b>		
- Joint venture	0.21	-
	<b>0.21</b>	<b>-</b>
<b>Quasi equity investment against inter corporate deposit and interest accrued</b>		
- Joint venture	0.94	1.83
	<b>0.94</b>	<b>1.83</b>
<b>Bank guarantees given and outstanding as at the end of the year</b>		
- Joint venture	30.06	70.87
	<b>30.06</b>	<b>70.87</b>
<b>Corporate guarantees given and outstanding at the end of the year</b>		
- Associates	0.88	16.19
- Joint Venture	0.07	9.38
	<b>0.94</b>	<b>25.57</b>

### C. Details of transactions relating to persons referred to in item [39(A)(d)] above

	Year ended March 31, 2018	Year ended March 31, 2017
₹ crore		
Transactions with related parties:		
Remuneration for the year	18.38	22.45
Directors' sitting fees	0.75	0.93
	<b>19.13</b>	<b>23.38</b>
	<b>As at March 31, 2018</b>	<b>As at March 31, 2017</b>
Outstanding remuneration	16.88	13.80
	<b>16.88</b>	<b>13.80</b>

#### Notes

- (i) The above figure does not include provisional gratuity liability valued by an actuary, as separate figures are not available.
- (ii) Refer notes 16.2 and 19.1 for personal guarantee provided by CMD, shares pledged and other security created in respect of borrowing by the Company or the related parties.
- (iii) Refer notes 12.2 for pledge of shares for facilities taken by joint venture.



# SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION AS AT AND FOR THE YEAR ENDED MARCH 31, 2018

## NOTE 40 INTERESTS IN OTHER ENTITIES

### a) Joint operations (unincorporated)

Name of the entity	% of ownership interest held by the Company		Name of the ventures' partner	Principal activities
	As at March 31, 2018	As at March 31, 2017		
HCC-L&T Purulia Joint Venture	57.00	57.00	Larsen and Toubro Limited	Construction
Nathpa Jhakri Joint venture	40.00	40.00	Impregilio-Spa, Italy	Construction
Kumagai-Skanska Joint venture	19.60	19.60	Skanska, Kumagai	Construction
HCC-Itochu-Alpine-Samsung Joint Venture	33.00	33.00	Itochu, Alpine Meyreder Bau, Samsung Corporation	Construction
Alpine- HCC Joint Venture	49.00	49.00	Alpine Meyreder Bau	Construction
HCC- Samsung Joint Venture CC-34	50.00	50.00	Samsung Corporation	Construction
ARGE Prime tower	45.00	45.00	Losinger Construction AG	Construction

### i) Classification of joint arrangements

The joint venture agreements in relation to the above mentioned joint operations require unanimous consent from all the parties for all relevant activities. All co-venturers have direct rights to the assets of the joint venture and are also jointly and severally liable for the liabilities incurred by the joint venture. These joint ventures are therefore classified as a joint operation and the Company recognises its direct right to the jointly held assets, liabilities, revenue and expenses. In respect of these contracts (assessed as AOP under the Income tax laws), the services rendered to the joint ventures are accounted as income on accrual basis.

₹ crore

	As at March 31, 2018	As at March 31, 2017
<b>ii) Summarised balance sheet</b>		
Total assets	43.09	61.22
Total liabilities	74.01	75.00
<b>iii) Contingent liability as at reporting date</b>		
Contingent liability	7.05	2.54
	<b>Year ended March 31, 2018</b>	<b>Year ended March 31, 2017</b>
<b>iv) Summarised statement of profit and loss account</b>		
Revenue	19.90	45.58
Other income	0.83	1.96
Total expenses (including taxes)	38.39	39.84

### b) Joint operations on work sharing basis

Contracts executed in joint venture under work sharing arrangement (consortium) is set out below. The principal place of business of all these arrangements is in India and are engaged in construction business.

i) HCC Van Oord ACZ Joint Venture	xiii) HCC- Halcrow Joint Venture
ii) Samsung- HCC Joint Venture	xiv) HCC- Laing- Sadbhav
iii) L & T- HCC Joint Venture	xv) HCC- MEIL- NCC- WPIL Joint Venture
iv) HCC- KBL Joint Venture	xvi) HCC- DSD- VNR Joint Venture
v) HCC- NCC Joint Venture	xvii) MEIL- IVRCL- HCC- WPIL Joint Venture
vi) HCC- CEC Joint Venture	xviii) Alstom Hydro France- HCC Joint Venture
vii) HCC- NOVA Joint Venture	xix) HCC- MMS (MMRCL) Joint Venture
viii) HCC- CPL Joint Venture	xx) HCC- LCESPL (Bistan Lift) Joint venture
ix) HCC- MEIL- CBE Joint Venture	xxi) HCC- HSEPL Joint Venture
x) HCC- MEIL- BHEL Joint Venture	xxii) HCC- AL FARA'A Joint Venture
xi) HCC- MEIL- SEW- AAG Joint Venture	xxiii) HCC- URCC Joint Venture
xii) HCC- MEIL- SEW Joint Venture	

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION AS AT AND FOR THE YEAR ENDED MARCH 31, 2018

### NOTE 40 INTERESTS IN OTHER ENTITIES---contd.

Classification of work executed on sharing basis

Contracts executed in joint venture under work sharing arrangement (consortium) is accounted to the extent work executed by the Group as that of an independent contract.

### NOTE 41 FINANCIAL INSTRUMENTS

The fair value of the financial assets are included at amounts at which the instruments could be exchanged in a current transaction between willing parties other than in a forced or liquidation sale.

The following methods and assumptions were used to estimate the fair value:

- Fair value of cash and short term deposits, trade and other short term receivables, trade payables, other current liabilities, approximate their carrying amounts largely due to the short-term maturities of these instruments
- Financial instruments with fixed and variable interest rates are evaluated by the Group based on parameters such as interest rates and individual credit worthiness of the counterparty. Based on this evaluation, allowances are taken to account for the expected losses of these receivables.

#### A Financial instruments by category

The carrying value and fair value of financial instruments by categories as at March 31, 2018 were as follows:

₹ crore

Particulars	Amortised cost	Financial assets/ liabilities at fair value through profit or loss		Financial assets/ liabilities at fair value through OCI		Total carrying value	Total fair value
		Designated upon initial recognition	Mandatory	Designated upon initial recognition	Mandatory		
<b>Assets:</b>							
Investments							
Investments in equity shares (unquoted)	376.64	-	-	21.56	-	398.20	398.20
Investments in equity shares (quoted)	-	-	-	7.18	-	7.18	7.18
Investment in mutual funds	-	-	-	11.71	-	11.71	11.71
Trade receivables	3,840.41	-	-	-	-	3,840.41	3,840.41
Loans	99.59	-	-	-	-	99.59	99.59
Others financial assets	4,713.18	-	-	-	-	4,713.18	4,713.18
Cash and cash equivalents	404.18	-	-	-	-	404.18	404.18
Other bank balances	547.91	-	-	-	-	547.91	547.91
<b>Liabilities:</b>							
Borrowings	4,784.90	-	-	-	-	4,784.90	4,784.90
Trade payables	3,646.95	-	-	-	-	3,646.95	3,646.95
Other financial liabilities	6,361.34	-	-	-	-	6,361.34	6,361.34

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION AS AT AND FOR THE YEAR ENDED MARCH 31, 2018

### NOTE 41 FINANCIAL INSTRUMENTS...contd.

The carrying value and fair value of financial instruments by categories as at March 31, 2017 were as follows: ₹ crore

Particulars	Amortised cost	Financial assets/ liabilities at fair value through profit or loss		Financial assets/ liabilities at fair value through OCI		Total carrying value	Total fair value
		Designated upon initial recognition	Mandatory	Designated upon initial recognition	Mandatory		
Assets:							
Investments							
Investments in equity shares (unquoted)	418.42	-	-	46.30	-	464.72	464.72
Investments in equity shares (quoted)	-	-	-	6.93	-	6.93	6.93
Investment in mutual funds	-	-	-	4.46	-	4.46	4.46
Trade receivables	3,736.79	-	-	-	-	3,736.79	3,736.79
Loans	108.41	-	-	-	-	108.41	108.41
Others financial assets	5,127.88	-	-	-	-	5,127.88	5,127.88
Cash and cash equivalents	227.74	-	-	-	-	227.74	227.74
Other bank balances	531.40	-	-	-	-	531.40	531.40
Liabilities:							
Borrowings	7,394.74	-	-	-	-	7,394.74	7,394.74
Trade payables	3,462.92	-	-	-	-	3,462.92	3,462.92
Other financial liabilities	3,461.57	-	-	-	-	3,461.57	3,461.57

#### B Fair value hierarchy

**Level 1** - Quoted prices (unadjusted) in active markets for identical assets or liabilities

**Level 2** - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)

**Level 3** - Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs)

The following table presents fair value hierarchy of assets and liabilities measured at fair value on a recurring basis:

Particulars	March 31, 2018			March 31, 2017		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
<b>Assets</b>						
Investments in equity shares (quoted)	7.18	-	-	6.93	-	-
Investments in equity shares (unquoted)	-	-	21.56	-	-	46.30
Investment in mutual funds	11.71	-	-	4.46	-	-

### NOTE 42 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The group's focus is to foresee the unpredictability of financial markets and seek to minimize potential adverse effects on its financial performance.

#### i Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk. Major financial instruments affected by market risk includes loans and borrowings.

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION AS AT AND FOR THE YEAR ENDED MARCH 31, 2018

### NOTE 42 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES...contd.

#### a Interest rate risk

Majority of the long term borrowings of the Group bear fixed interest rate, thus interest rate risk is limited for the Group.

#### b Foreign currency risk

The Group has several balances in foreign currency and consequently the Group is exposed to foreign exchange risk. The exchange rate between the rupee and foreign currencies has changed substantially in recent years, which has affected the results of the Group, and may fluctuate substantially in the future. The Group evaluates exchange rate exposure arising from foreign currency transactions and follows established risk management policies.

The following table analyses foreign currency risk from financial instruments as at March 31, 2018:

₹ crore

Particulars	USD	EUR	GBP	SEK
<b>Assets</b>				
Advance to suppliers	0.02	0.01	0.00	-
Trade receivables	0.81	0.23	-	-
Bank balances	11.31	0.00	-	-
Unbilled work-in-progress	28.72	0.36	-	-
	40.86	0.60	0.00	-
<b>Liabilities</b>				
Loans from banks	14.12	-	-	-
Buyers' credit	0.14	0.02	-	-
Advance from contractee	0.16	0.62	-	-
Trade payables	26.07	0.34	-	0.10
Interest on loans	0.47	-	-	-
	40.96	0.98	-	0.10
<b>Net assets / (liabilities)</b>	<b>(0.10)</b>	<b>(0.38)</b>	<b>0.00</b>	<b>(0.10)</b>

The following table analyses foreign currency risk from financial instruments as at March 31, 2017:

₹ crore

Particulars	USD	EUR	GBP	SEK
<b>Assets</b>				
Advance to suppliers	-	1.07	0.10	-
Trade receivables	1.19	0.23	-	-
Bank balances	9.54	0.00*	-	-
Unbilled work-in-progress	27.24	0.44	-	-
	37.97	1.74	0.10	-
<b>Liabilities</b>				
Loans from banks	8.88	-	-	-
Buyers' credit	0.01	0.13	-	-
Advance from contractee	11.04	0.65	-	-
Trade payables	26.06	0.82	0.01	0.16
Interest on loans	0.66	-	-	-
	46.65	1.60	0.01	0.16
<b>Net assets / (liabilities)</b>	<b>(8.69)</b>	<b>0.14</b>	<b>0.09</b>	<b>(0.16)</b>

# SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION AS AT AND FOR THE YEAR ENDED MARCH 31, 2018

## NOTE 42 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES...contd.

### Sensitivity analysis

The Group's exposure in foreign currency is not material and hence the impact of any significant fluctuation in the exchange rates is not expected to have a material impact of the operating profits of the Group.

### c Equity price risk

The Group's listed and non-listed equity securities are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Group manages the equity price risk through diversification and by placing limits on individual and total equity instruments. Reports on the equity portfolio are submitted to the Group's senior management on a regular basis. The Group's Board of Directors reviews and approves all equity investment decisions. As at March 31, 2018, the exposure to listed equity securities at fair value was ₹ 18.89 crore. A decrease of 10% on the NSE market index could have an impact of approximately ₹ 1.89 crore on the OCI or equity attributable to the Company. An increase of 10% in the value of the listed securities would also impact OCI and equity. These changes would not have a material effect on the profit or loss of the Company.

### ii Credit risk

Credit risk refers to the risk of default on its obligation by the counterparty resulting in a financial loss. The maximum exposure of the financial assets are contributed by trade receivables, unbilled work-in-progress, cash and cash equivalents and receivable from group companies.

- a Credit risk on trade receivables and unbilled work-in-progress is limited as the customers of the Group mainly consists of the government promoted entities having a strong credit worthiness. For other customers, the Group uses a provision matrix to compute the expected credit loss allowance for trade receivables and unbilled work-in-progress. The provision matrix takes into account available external and internal credit risk factors such as credit ratings from credit rating agencies, financial condition, ageing of accounts receivable and the Group's historical experience for customers.

The following table gives details in respect of percentage of revenues generated from government promoted agencies and others:

Particulars	March 31, 2018 %	March 31, 2017 %
Revenue from government promoted agencies	63.83	46.31
Revenue from others	36.17	53.69
	<b>100.00</b>	<b>100.00</b>

The following table gives details in respect of contract revenues generated from the top customer and top 5 customers for the year ended:

	March 31, 2018	March 31, 2017
	₹ crore	
Revenue from top customer	410.43	605.29
Revenue from top five customers	1,850.52	2,448.47

For the year ended March 31, 2018, one (March 31, 2017: four) customers, individually, accounted for more than 10% of the revenue.

The movement of the allowance for lifetime expected credit loss is stated below: ^

	March 31, 2018	March 31, 2017
	₹ crore	
Balance at the beginning of the year	19.48	19.48
Balance at the end of the year	33.24	19.48

^The Group has written off ₹ 13.76 crore and ₹ 15.92 crore towards amounts not recoverable during the years ended March 31, 2018 and March 31, 2017, respectively.

- b Credit risk on cash and cash equivalents is limited as the Group generally invest in deposits with banks and financial institutions with high credit ratings.

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION AS AT AND FOR THE YEAR ENDED MARCH 31, 2018

### NOTE 42 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES...contd.

#### iii Liquidity risk

Liquidity is defined as the risk that the Group will not be able to settle or meet its obligations on time or at a reasonable price. The Group's treasury department is responsible for liquidity, funding as well as settlement management. In addition, processes and policies related to such risks are overseen by senior management. Management monitors the Group's net liquidity position through rolling forecasts on the basis of expected cash flows.

The table below provides details regarding the contractual maturities of significant financial liabilities:

Particulars	On demand	Less than 1 year	1 - 5 years	More than 5 years	Total
<b>As at March 31, 2018</b>					
Borrowings	1,112.35	10.89	7,099.78	1,232.56	<b>9,455.57</b>
Trade payables	-	3,646.95	-	-	<b>3,646.95</b>
Interest accrued	1,010.01	292.02	-	-	<b>1,302.02</b>
Other financial liabilities	-	5,047.26	9.97	2.09	<b>5,059.32</b>
<b>Total</b>	<b>2,122.36</b>	<b>8,997.12</b>	<b>7,109.75</b>	<b>1,234.65</b>	<b>19,463.87</b>
<b>As at March 31, 2017</b>					
Borrowings	1,230.97	9.39	6,952.86	1,586.73	<b>9,779.95</b>
Trade payables	-	3,462.92	-	-	<b>3,462.92</b>
Interest accrued	692.72	114.85	-	-	<b>807.56</b>
Other financial liabilities	-	2,639.77	12.14	2.09	<b>2,654.00</b>
<b>Total</b>	<b>1,923.69</b>	<b>6,226.93</b>	<b>6,965.00</b>	<b>1,588.82</b>	<b>16,704.43</b>

### NOTE 43 CAPITAL MANAGEMENT

For the purpose of the Group's capital management, capital includes issued equity capital and all other equity reserves attributable to the equity holders of the Group. The Group strives to safeguard its ability to continue as a going concern so that they can maximise returns for the shareholders and benefits for other stake holders. The aim to maintain an optimal capital structure and minimise cost of capital.

The Group manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Group may return capital to shareholders, issue new shares or adjust the dividend payment to shareholders (if permitted). Consistent with others in the industry, the Group monitors its capital using the gearing ratio which is total debt divided by total capital plus total debt.

	₹ crore	
	<b>As at March 31, 2018</b>	As at March 31, 2017
Total debt	9,455.57	9,779.95
Total equity plus total debt	7,904.50	9,304.87
<b>Total debt to equity ratio (Gearing ratio)</b>	<b>1.20</b>	<b>1.05</b>

In the long run, the Group's strategy is to maintain a gearing ratio of less than 1.25.

In order to achieve this overall objective, the Group's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the borrowings that define the capital structure requirements. Breaches in meeting the financial covenants would permit the lenders to immediately call loans and borrowings. Subsequent to restructuring of the borrowings as stated in note 16, there have been no communications from the banks in this regard which might have a negative impact on the gearing ratio.

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION AS AT AND FOR THE YEAR ENDED MARCH 31, 2018

### NOTE 44: INTEREST IN OTHER ENTITIES

#### 44.1 Subsidiaries

The Group's subsidiaries as at March 31, 2018 are set out below. Unless otherwise stated, they have share capital consisting solely of equity shares that are held directly by the Group, and the proportion of ownership interests held equals the voting rights held by the Group. The country of incorporation is also their principal place of business.

₹ crore

Name of the entity	Country of incorporation	Ownership interest held by the group (%) ^		Ownership interest held by non controlling interests (%)		Principal activities
		March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017	
Western Securities Limited	India	97.87	97.87	2.13	2.13	Insurance auxilliary services
HCC Real Estate Limited	India	100.00	100.00	-	-	Real Estate Development
Panchkutir Developers Limited	India	100.00	100.00	-	-	Real Estate Development
HCC Mauritius Enterprises Limited	Mauritius	100.00	100.00	-	-	Investment company
HCC Construction Limited	India	100.00	100.00	-	-	Construction
Highbar Technologies Limited	India	100.00	100.00	-	-	IT Consulting
HCC Infrastructure Company Limited	India	100.00	100.00	-	-	Toll Management
HCC Mauritius Investments Limited	Mauritius	100.00	100.00	-	-	Investment company
Lavasa Corporation Limited	India	68.70	68.70	31.30	31.30	Township development
HRL (Thane) Real Estate Limited	India	100.00	100.00	-	-	Real Estate Development
HRL Township Developers Limited	India	100.00	100.00	-	-	Real Estate Development
Nashik Township Developers Limited	India	100.00	100.00	-	-	Real Estate Development
Maan Township Developers Limited	India	100.00	100.00	-	-	Real Estate Development
Charosa Wineries Limited	India	100.00	100.00	-	-	Wineries
Powai Real Estate Developer Limited	India	100.00	100.00	-	-	Real Estate Development
HCC Realty Limited	India	100.00	100.00	-	-	Real Estate Development
Pune Paud Toll Road Company Limited ^^	India	-	100.00	-	-	Toll Management
HCC Aviation Limited	India	100.00	100.00	-	-	Aircraft services
HCC Operation and Maintenance Limited	India	100.00	100.00	-	-	Operation & Maintenance of Road
Dhule Palesner Operations & Maintenance Limited	India	100.00	100.00	-	-	Operation & Maintenance of Road



## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION AS AT AND FOR THE YEAR ENDED MARCH 31, 2018

### NOTE 44: INTEREST IN OTHER ENTITIES...contd.

₹ crore

Name of the entity	Country of incorporation	Ownership interest held by the group (%) ^		Ownership interest held by non controlling interests (%)		Principal activities
		March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017	
HCC Power Limited	India	100.00	100.00	-	-	Power Development
HCC Energy Limited (Incorporated on 11 August 2015)	India	100.00	100.00	-	-	Power Development
Lavasa Hotel Limited	India	100.00	100.00	-	-	Hotel (Hospitality)
Lakeshore Watersports Company Limited	India	100.00	100.00	-	-	Watersport operations
Dasve Convention Center Limited	India	100.00	100.00	-	-	Hospitality services
Dasve Business Hotel Limited	India	100.00	100.00	-	-	Entertainment and Hospitality
Dasve Hospitality Institutes Limited	India	100.00	100.00	-	-	Educational services
Lakeview Clubs Limited	India	100.00	100.00	-	-	Clubs
Dasve Retail Limited	India	100.00	100.00	-	-	Retail and leasing business
Full Spectrum Adventure Limited	India	90.91	90.91	9.09	9.09	Adventure Sports
Lavasa Bamboocrafts Limited	India	100.00	100.00	-	-	Manufacturing and sale of bamboo articles

₹ crore

Name of the entity	Country of incorporation	Ownership interest held by the group (%) ^		Ownership interest held by non controlling interests (%)		Principal activities
		March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017	
My City Technology Limited	India	63.00	63.00	37.00	37.00	Information and Communication Technology
Reasonable Housing Limited	India	100.00	100.00	-	-	Housing business
Future City Multiservices Sez Limited	India	100.00	100.00	-	-	Development of SEZ
Verzon Hospitality Limited	India	100.00	100.00	-	-	Hostel services
Rhapsody Commercial Space Limited	India	100.00	100.00	-	-	Leasing business
Valley View Entertainment Limited	India	100.00	100.00	-	-	Entertainment services
Warasgaon Tourism Limited	India	100.00	100.00	-	-	Transport and Tourism
Our Home Service Apartments Limited	India	100.00	100.00	-	-	Hotel (Hospitality)

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION AS AT AND FOR THE YEAR ENDED MARCH 31, 2018

### NOTE 44: INTEREST IN OTHER ENTITIES...contd.

₹ crore

Name of the entity	Country of incorporation	Ownership interest held by the group (%) ^		Ownership interest held by non controlling interests (%)		Principal activities
		March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017	
Warasgaon Power Supply Limited	India	100.00	100.00	-	-	Infrastructure-BOT basis
Sahyadri City Management Limited	India	100.00	100.00	-	-	City management
Hill City Service Apartments Limited	India	100.00	100.00	-	-	Hotel (Hospitality)
Kart Racers Limited	India	89.90	89.90	10.10	10.10	Adventure Sports
Warasgaon Infrastructure Providers Limited	India	100.00	100.00	-	-	Infrastructure services
Nature Lovers Retail Limited	India	100.00	100.00	-	-	Retail services
Warasgaon Valley Hotels Limited	India	100.00	100.00	-	-	Hotel (Hospitality)
Rosebay Hotels Limited	India	100.00	100.00	-	-	Hotel (Hospitality)
Mugaon Luxury Hotels Limited	India	100.00	100.00	-	-	Hotel (Hospitality)
Warasgaon Assets Maintenance Limited	India	100.00	100.00	-	-	Infrastructure-BOT basis
Hill View Parking Services Limited	India	100.00	100.00	-	-	Parking services
Steiner AG	Switzerland	100.00	100.00	-	-	Real Estate Development
Steiner Promotions et Participations SA	Switzerland	100.00	100.00	-	-	Real Estate Development
Steiner (Deutschland) GmbH	Germany	100.00	100.00	-	-	Real Estate Development
VM + ST AG	Switzerland	100.00	100.00	-	-	Real Estate Development
Steiner Leman SAS**	France	100.00	100.00	-	-	Real Estate Development
Eurohotel SA	Switzerland	95.00	95.00	5.00	5.00	Real Estate Development
Steiner India Limited	India	100.00	100.00	-	-	Real Estate Construction
Manufakt8048 AG	Switzerland	100.00	-	-	-	Real Estate Development
Green Hills Residences Limited**	India	100.00	-	-	-	Hostel Services

^ including through subsidiary companies

^^As per order dated 9 March 2018 of National Company Law Tribunal, the scheme of merger of Pune Paud Toll Road Company Limited with HCC Infrastructure Company Limited is retrospectively effected from April 1, 2016

\*\* was considered as joint venture for the year ended March 31, 2017

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION AS AT AND FOR THE YEAR ENDED MARCH 31, 2018

### NOTE 44: INTEREST IN OTHER ENTITIES...contd.

#### 44.2 Non-controlling interests (NCI)

The following table summarises the information relating to each of the subsidiaries that has NCI. The amounts disclosed for each subsidiary are before intra-group eliminations

₹ crore

Particulars	Western Securities Limited		Lavasa Corporation Limited		Full Spectrum Adventure Limited	
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
<b>NCI percentage</b>	<b>2.13%</b>	<b>2.13%</b>	<b>31.30%</b>	<b>31.30%</b>	<b>9.09%</b>	<b>9.09%</b>
Non-current assets	2.31	2.50	2,662.76	4,054.77	3.34	3.45
Current assets	0.29	0.24	2,144.02	2,559.73	0.57	0.98
Assets held for sale	-	-	-	2.00	-	-
Non-current liabilities	0.51	0.53	636.80	2,706.09	0.02	0.02
Current liabilities	0.20	0.22	6,020.81	3,334.32	24.09	21.30
<b>Net assets</b>	<b>1.88</b>	<b>1.99</b>	<b>(1,850.82)</b>	<b>576.09</b>	<b>(20.20)</b>	<b>(16.89)</b>
<b>Net assets attributable to NCI</b>	<b>0.04</b>	<b>0.04</b>	<b>(579.31)</b>	<b>180.32</b>	<b>(1.84)</b>	<b>(1.08)</b>
Revenue	0.20	0.32	64.94	64.33	1.95	2.28
<b>Profit for the year</b>	<b>0.09</b>	<b>0.19</b>	<b>(943.44)</b>	<b>(253.42)</b>	<b>(3.31)</b>	<b>(2.60)</b>
Other comprehensive income	(0.07)	0.08	(0.01)	0.02	0.00	0.00
<b>Total comprehensive income</b>	<b>(0.11)</b>	<b>0.19</b>	<b>(872.12)</b>	<b>(166.27)</b>	<b>(3.31)</b>	<b>(2.60)</b>
Profit/(Loss) allocated to NCI	-	0.00	(295.30)	(79.32)	(0.30)	(0.24)
OCI allocated to NCI	(0.00)	0.00	(0.00)	0.00	0.00	0.00
<b>Total comprehensive income allocated to NCI</b>	<b>(0.00)</b>	<b>0.00</b>	<b>(295.30)</b>	<b>(79.32)</b>	<b>(0.30)</b>	<b>(0.24)</b>
Cash flow from operating activities	0.05	0.44	(5.44)	(103.67)	0.46	(0.25)
Cash flow from investing activities	(0.07)	(0.63)	(36.06)	(70.68)	-	-
Cash flow from financing activities	-	(2.00)	39.63	173.84	(0.54)	0.00
<b>Net increase/ (decrease) in cash and cash equivalents</b>	<b>(0.02)</b>	<b>(2.18)</b>	<b>(1.87)</b>	<b>(0.51)</b>	<b>(0.08)</b>	<b>(0.25)</b>

₹ crore

Particulars	Kart Racers Limited		My City Technology Limited		Euro hotel SA	
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
<b>NCI percentage</b>	<b>10.10%</b>	<b>10.10%</b>	<b>37.00%</b>	<b>37.00%</b>	<b>5.00%</b>	<b>5.00%</b>
Non-current assets	-	-	0.38	0.80	-	-
Current assets	-	-	13.31	14.03	0.12	0.03
Non-current liabilities	-	-	0.00	0.02	-	-
Current liabilities	0.23	0.20	4.92	4.39	9.65	7.16
<b>Net assets</b>	<b>(0.23)</b>	<b>(0.20)</b>	<b>8.76</b>	<b>10.43</b>	<b>(9.53)</b>	<b>(7.13)</b>
<b>Net assets attributable to NCI</b>	<b>(0.02)</b>	<b>(0.02)</b>	<b>3.24</b>	<b>3.86</b>	<b>(0.48)</b>	<b>(0.36)</b>
Revenue	-	0.00	0.46	0.59	-	-
<b>Profit for the year</b>	<b>(0.03)</b>	<b>(0.03)</b>	<b>(1.66)</b>	<b>(1.96)</b>	<b>(2.08)</b>	<b>(0.09)</b>
Other comprehensive income	-	-	0.00	0.01	-	-
<b>Total comprehensive income</b>	<b>(0.03)</b>	<b>(0.03)</b>	<b>(1.66)</b>	<b>(1.95)</b>	<b>(2.08)</b>	<b>(0.09)</b>

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION AS AT AND FOR THE YEAR ENDED MARCH 31, 2018

### NOTE 44: INTEREST IN OTHER ENTITIES...contd.

₹ crore

Particulars	Kart Racers Limited		My City Technology Limited		Euro hotel SA	
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
Profit/(Loss) allocated to NCI	(0.00)	(0.00)	(0.62)	(0.72)	(0.10)	(0.00)
Dividend paid to NCI	-	-	-	-	-	-
OCI allocated to NCI	-	-	0.00	0.00	-	-
<b>Total comprehensive income allocated to NCI</b>	<b>(0.00)</b>	<b>(0.00)</b>	<b>(0.62)</b>	<b>(0.72)</b>	<b>(0.10)</b>	<b>(0.00)</b>
Cash flow from operating activities	-	(0.04)	(0.15)	(0.14)	0.09	(0.03)
Cash flow from investing activities	-	-	0.15	0.10	-	-
Cash flow from financing activities	-	0.04	-	0.01	-	-
<b>Net increase/ (decrease) in cash and cash equivalents</b>	<b>-</b>	<b>(0.00)</b>	<b>(0.01)</b>	<b>(0.02)</b>	<b>0.09</b>	<b>(0.03)</b>

### 44.3 Interest in associates and joint venture

₹ crore

	Note	Carrying amount as at	
		March 31, 2018	March 31, 2017
Interest in associates	See (A) below	30.83	34.13
Interest in joint ventures	See (B) below	344.16	384.94
		<b>374.99</b>	<b>419.07</b>

#### (A) Interest in associates

The Group's associates as at March 31, 2018 are set out below. Unless otherwise stated, they have share capital consisting solely of equity shares that are held directly by the Group, and the proportion of ownership interests held equals the voting rights held by the Group. The country of incorporation is also their principal place of business.

This is a summary of significant accounting policies and other explanatory information referred to in our report of even date

₹ crore

Name of the entity	Country of incorporation	Ownership interest (%)	Carrying amount as at *		Principal activities
			March 31, 2018	March 31, 2017	
Warasgaon Lake View Hotels Limited	India	24.56	12.13	-	Hospitality
Knowledge Vistas Limited	India	49.00	13.19	13.45	Education
Evostate AG	Switzerland	30.00	0.18	5.87	Real estate development
MCR Managing Corporate Real Estate AG	Switzerland	30.00	9.49	9.35	Real estate development
Projektentwicklungsgesellschaft Parking Kunstmuseum Basel AG	Switzerland	39.00	3.51	3.48	Real estate development
Highbar Technocrat Limited (w.e.f. 21 July 2016)	India	49.00	5.52	1.98	IT services
(previously known as Osprey Hospitality Limited)					
			44.01	34.13	
less: Impairment provision			(13.19)	-	
<b>Total</b>			<b>30.83</b>	<b>34.13</b>	

\* Unlisted entity- no quoted price available

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION AS AT AND FOR THE YEAR ENDED MARCH 31, 2018

### NOTE 44: INTEREST IN OTHER ENTITIES...contd.

Refer Note 44.4 for the summarised financial information for associates. The information disclosed reflects the amount presented in the financial statement of the relevant associates and not Group's share of those amounts. They have been amended to reflect adjustments made by the Group when using the equity method, including fair value adjustments at the time of acquisition and modifications for difference in accounting policies.

Group share of capital commitment and contingent liability in relation to its interest in associates is Nil

#### (B) Interest in joint ventures

The Group's joint ventures as at March 31, 2018 are set out below. Unless otherwise stated, they have share capital consisting solely of equity shares that are held directly by the Group, and the proportion of ownership interests held equals the voting rights held by the Group. The country of incorporation is also their principal place of business.

₹ crore

Name of the entity	Country of incorporation	Ownership interest (%)	Carrying amount as at*		Principal activities
			March 31, 2018	March 31, 2017	
Green Hills Residences Limited	India	100.00	-	-	Hostel
Whistling Thrush Facilities Services Limited	India	51.00	-	-	Facility management services
Starlit Resort Limited	India	26.00	3.89	3.93	Hospitality
Ecomotel Hotel Limited	India	40.00	6.00	6.23	Hospital health care services
Andromeda Hotels Limited	India	40.03	2.90	2.95	Hospitality
Apollo Lavasa Health Corporation Limited	India	49.00	25.08	27.68	Hospital health care services
Bona Sera Hotels Limited	India	26.00	-	-	Hospitality
Spotless Laundry Services Limited	India	76.02	-	-	Laundry services
HCC Concessions Limited	India	85.45	292.81	315.39	Concessionaries services
Baharampore-Farakka Highways Ltd	India	89.23	0.45	1.34	Toll management
Farakka-Raiganj Highways Ltd	India	89.23	8.92	22.13	Toll management
Raiganj-Dalkhola Highways Ltd	India	86.91	4.11	5.30	Toll management
			<b>344.16</b>	<b>384.94</b>	

\* Unlisted entity- no quoted price available

Refer Note 44.5 for the table below provide summarised financial information for joint ventures. The information disclosed reflects the amount presented in the financial statement of the relevant associates and not Group's share of those amounts. They have been amended to reflect adjustments made by the Group when using the equity method, including fair value adjustments at the time of acquisition and modifications for difference in accounting policies.

Though the Group's investment in below mentioned entities exceed 50% of the total share capital, these entities have been classified as joint venture. The management has assessed whether or not the group has control over these entities based on whether the group has practical ability to direct relevant activities unilaterally. In these cases, based on specific shareholders agreement, the management concluded that the group does not have practical ability to direct the relevant activities unilaterally but has such ability along with the other shareholders. The details in respect these entities are as under :

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION AS AT AND FOR THE YEAR ENDED MARCH 31, 2018

### NOTE 44: INTEREST IN OTHER ENTITIES...contd.

Name of the entity	(%) of share holding as at March 31, 2018
Spotless Laundry Services Limited	76.02
Whistling Thrush Facilities Services Limited	51.00
HCC Concessions Limited	85.45
Baharampore-Farakka Highways Limited	89.23
Farakka-Raiganj Highways Limited	89.23
Raiganj-Dalkhola Highways Limited	86.91

₹ crore

	March 31, 2018	March 31, 2017
Group share of capital commitment and contingent liability in relation to its interest in associates is as below:		
<b>Contingent liability</b>		
Claims not acknowledged as debts by the group	2,674.23	1,665.81
Income Tax liability that may arise in respect of which group is in appeals	8.55	3.91
Sales Tax Liability that may arise in respect of which group is in appeals	15.32	28.70
Corporate Guarantee given to Banks	944.23	944.23
<b>Commitments</b>		
Capital Commitment (net of advances)	62.05	998.20

### Unrecognized share of losses of Joint Ventures

The Group has not recognised losses in relation to its interests in the following joint ventures as the Group has no obligation in respect of these losses.

₹ crore

Particulars	For the year ended March 31, 2018	As at March 31, 2018	For the year ended March 31, 2017	As at March 31, 2017
Green Hills Residences Limited	*^	*^	(0.41)	(15.92)
Spotless Laundry Services Limited	(6.41)	(16.14)	(3.72)	(9.73)
Bona Sera Hotels Limited	0.08	(0.33)	(0.11)	(0.41)
Whistling Thrush Facilities Services Limited	(0.16)	(0.16)	-	-
	<b>(6.49)</b>	<b>(16.63)</b>	<b>(4.24)</b>	<b>(26.05)</b>

Note: In respect of Green Hills Residences Limited (GHRL), in earlier years, the cancellation of joint venture agreement by LCL, a subsidiary company, was challenged by the investor and the matter was referred to the arbitration. During the year 2016-17, joint ventures entered into agreement and the disputes were settled amicably. As per the settlement agreement, equity shares held by investor have been transferred to LCL during the current year, which has resulted 100% holding by LCL in GHRL.

During the years ended March 31, 2018 and March 31, 2017, the Group did not receive dividends from any of its joint ventures.

\*^ Indicates disclosures that are not required

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION AS AT AND FOR THE YEAR ENDED MARCH 31, 2018

### NOTE 44: INTEREST IN OTHER ENTITIES...contd.

Note 44.4 Table below provide summarised financial information for associates

₹ crore

Particulars	Warasgaon Lake View Hotels Limited		Highbar Technocrat Limited (Earlier known as Osprey Hospitality Ltd)"		Knowledge Vistas Limited	
	March 31, 2018*	March 31, 2017	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
Non-current assets	112.36	112.26	1.09	2.91	**	**
Current assets	1.97	1.85	30.83	13.61	**	**
Non-current liabilities	44.00	44.46	0.51	0.16	**	**
Current liabilities	18.56	26.19	19.25	11.52	**	**
<b>Net assets</b>	51.77	43.47	12.16	4.84	**	**
Revenue	-	-	50.17	25.08	**	**
Other Income	14.37	0.14	0.32	0.07	*^	*^
Construction Cost	-	-	11.43	-	*^	*^
Employee cost	-	-	19.34	9.53	*^	*^
Finance cost	6.05	10.49	0.01	-	*^	*^
Depreciation	0.01	0.01	0.10	0.30	*^	*^
Other expenses	0.01	0.02	12.26	9.38	*^	*^
Profit/ (loss) for the year	8.30	(10.37)	7.35	5.96	**	**
Tax expenses	-	(0.55)	1.96	1.97	*^	*^
Profit/ (loss) for the year after tax	8.30	(9.82)	5.39	3.99	*^	*^
Other comprehensive income	-	-	(0.03)	(0.04)	**	**
Total comprehensive income	8.30	(9.82)	5.36	3.94	**	**

₹ crore

Particulars	MCR Managing Corporate Real Estate AG		Projektentwicklungsgesellschaft AG		Evostate AG	
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
Non-current assets	-	-	-	-	0.69	5.58
Current assets	84.17	92.23	28.32	21.14	0.11	50.75
Non-current liabilities	12.84	13.98	-	5.47	-	-
Current liabilities	39.53	46.91	14.81	6.67	0.05	0.06
<b>Net assets</b>	31.80	31.34	13.51	9.00	0.75	56.28
Revenue	-	50.87	-	-	-	-
Other Income	0.29	-	-	-	-	128.31
Construction Cost	0.15	42.50	1.38	0.16	-	-
Employee cost	-	-	-	-	-	-
Finance cost	-	-	-	-	-	-
Depreciation	0.05	0.14	0.25	-	0.00	-
Other expenses	0.08	0.52	0.28	0.10	0.09	-
Profit/ (loss) for the year	0.01	7.72	(1.90)	(0.27)	(0.09)	128.31
Tax expenses	(1.25)	(1.81)	-	-	0.01	0.03
Profit/ (loss) for the year after tax	(1.24)	9.53	(1.90)	(0.27)	(0.08)	128.28
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income	(1.24)	9.53	(1.90)	(0.27)	(0.08)	128.28

\* Unaudited

\*\* financials not available



## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION AS AT AND FOR THE YEAR ENDED MARCH 31, 2018

### NOTE 44: INTEREST IN OTHER ENTITIES...contd.

Note 44.5 Table below provide summarised financial information for joint venture

₹ crore

Particulars	Raiganj-Dalkhola Highways Ltd		Baharampore-Farakka Highways Ltd		Farakka-Raiganj Highways Ltd		HCC Concessions Limited	
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
<b>Non-Current Assets</b>								
Property, Plant and Equipment	177.58	177.58	952.69	883.27	1,586.96	1,478.06	0.34	0.47
Capital work-in-progress	-	-	-	-	-	-	-	-
Financial Assets	0.06	0.06	4.70	5.05	6.72	7.21	948.95	948.90
Income tax asset (net)	0.43	0.43	2.72	2.58	1.74	1.59	-	-
Deferred tax assets (net)	-	-	-	-	-	-	2.55	2.42
Other Non-Current Assets	-	90.00	5.34	104.48	5.16	39.47	12.28	9.40
<b>Current Assets</b>								
Inventories	-	-	-	-	-	-	-	-
Financial Assets	0.02	0.05	25.19	98.79	34.33	48.03	40.27	47.56
Current tax assets (net)	-	-	-	-	-	-	-	-
Other Current Assets	90.00	0.01	13.10	47.53	2.41	2.09	0.26	1.46
<b>Non-Current Liabilities</b>								
Financial Liabilities	89.11	91.19	657.30	638.28	985.90	942.16	18.79	20.58
Other Non-Current Liabilities	-	-	-	-	13.01	17.04	-	-
Provisions	-	-	-	90.29	38.10	10.67	0.82	0.59
<b>Current Liabilities</b>								
Financial Liabilities	61.24	47.32	98.51	268.41	404.03	361.16	9.21	13.71
Other Current Liabilities	0.05	0.07	7.26	6.81	3.83	2.15	0.41	0.96
Provisions	-	-	106.21	-	-	-	1.72	0.95
<b>Total Equity</b>	<b>117.70</b>	<b>129.55</b>	<b>134.46</b>	<b>137.90</b>	<b>192.46</b>	<b>243.26</b>	<b>973.70</b>	<b>973.42</b>
Revenue	-	15.13	263.62	230.86	313.50	345.98	19.87	25.51
Cost of raw material and components consumed	-	15.13	102.42	94.74	160.06	269.09	-	-
Depreciation and amortization	-	-	33.02	33.05	51.21	23.01	0.13	0.86
Finance Cost	11.47	-	54.55	50.99	89.22	34.83	0.04	0.45
Employee Benefits	-	-	-	-	-	-	5.70	7.07
Other Expenses	0.38	0.57	77.07	73.09	63.81	31.36	13.73	16.47
Provision for doubtful debts	-	-	-	-	-	-	-	-
Profit before tax	(11.85)	(0.57)	(3.44)	(21.01)	(50.81)	(12.31)	0.27	0.65
Income Tax Expense	-	-	-	-	-	-	(0.00)	-
Profit for the year (continuing operations)	(11.85)	(0.57)	(3.44)	(21.01)	(50.81)	(12.31)	0.27	0.65
Other Comprehensive Income	-	-	-	-	-	-	0.01	-
Total Comprehensive Income for the year (continuing operations)	(11.85)	(0.57)	(3.44)	(21.01)	(50.81)	(12.31)	0.28	0.65

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION AS AT AND FOR THE YEAR ENDED MARCH 31, 2018

### NOTE 44: INTEREST IN OTHER ENTITIES...contd.

₹ crore

Particulars	Andromeda Hotels Limited		Green Hills Residences Limited		Whistling Thrush Facilities Services Ltd		Starlit Resort Limited	
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
<b>Non-Current Assets</b>								
Property, Plant and Equipment	4.13	12.70	*	0.00	0.01	0.01	13.75	13.70
Capital work-in-progress	8.59	-	*	-	-	-	0.49	0.49
Financial Assets	0.00	-	*	-	0.00	0.00	0.00	0.00
Income tax asset (net)	-	-	*	-	1.11	-	0.04	0.04
Deferred tax assets (net)	-	-	*	-	-	-	-	-
Other Non-Current Assets	-	-	*	0.00	-	-	-	-
<b>Current Assets</b>	-	-	*	-	-	-	-	-
Inventories	-	-		-	-	-	0.14	0.14
Financial Assets	0.00	0.53	*	0.03	6.11	6.39	1.36	1.70
Current tax assets (net)	-	-	-	-	-	-	0.62	0.60
Other Current Assets	-	0.00	*	0.00	0.04	1.16	0.07	0.12
<b>Non-Current Liabilities</b>	-	-	*	-	-	-	-	-
Financial Liabilities	0.40	-	*	-	-	-	-	0.01
Other Non-Current Liabilities	4.65	-	*	-	-	-	-	-
Provisions	-	-	*	-	-	-	0.03	0.08
<b>Current Liabilities</b>	-	-	*	-	-	-	-	-
Financial Liabilities	-	5.49	*	27.11	8.78	7.83	1.41	1.52
Other Current Liabilities	0.11	0.11	*	0.00	0.03	0.96	0.00	0.00
Provisions	-	-	*	-	-	-	(0.04)	0.16
<b>Total Equity</b>	<b>7.57</b>	<b>7.64</b>	<b>*</b>	<b>(27.08)</b>	<b>(1.54)</b>	<b>(1.23)</b>	<b>15.08</b>	<b>15.03</b>
Revenue	-	-	*	-	0.07	0.01	3.47	3.96
Cost of raw material and components consumed	-	-	*	-	-	-	0.62	0.60
Depreciation and amortization	0.00	0.00	*	0.00	0.00	0.00	-	0.19
Finance Cost	0.06	0.04	*	-	0.22	0.25	0.00	0.00
Employee Benefits	-	-	*	-	0.02	0.19	1.03	0.92
Other Expenses	0.01	0.05	*	0.01	0.12	0.84	1.77	1.80
Provision for doubtful debts	-	-	*	0.68	-	-	-	-
Profit before tax	(0.07)	(0.09)	*	(0.69)	(0.30)	(1.27)	0.05	0.44
Income Tax Expense	-	-	*	-	-	-	-	0.16
Profit for the year (continuing operations)	(0.07)	(0.09)	*	(0.69)	(0.30)	(1.27)	0.05	0.28
Other Comprehensive Income	-	-	*	-	-	-	-	-
Total Comprehensive Income for the year (continuing operations)	(0.07)	(0.09)	*	(0.69)	(0.30)	(1.27)	0.05	0.28

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION AS AT AND FOR THE YEAR ENDED MARCH 31, 2018

### NOTE 44: INTEREST IN OTHER ENTITIES...contd.

₹ crore

Particulars	Apollo Lavasa Health Corporation Limited		Spotless Laundry Services Limited		Ecomotel Hotel Limited		Bona Sera Hotels Limited	
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
<b>Non-Current Assets</b>								
Property, Plant and Equipment	74.51	76.24	7.79	12.68	14.98	16.42	4.47	5.04
Capital work-in-progress	0.91	-	-	-	-	-	-	-
Financial Assets	0.19	0.19	0.65	0.61	0.21	0.01	0.41	0.37
Income tax asset (net)	-	-	0.02	-	0.18	-	-	-
Deferred tax assets (net)	-	-	-	-	-	0.43	2.55	2.71
Other Non-Current Assets	-	-	-	-	0.09	-	-	-
<b>Current Assets</b>	-	-	-	-	-	-	-	-
Inventories	-	-	-	-	0.35	-	0.20	0.19
Financial Assets	0.77	1.09	0.01	0.07	0.89	1.15	6.81	5.16
Current tax assets (net)	0.06	-	-	-	-	-	-	-
Other Current Assets	0.04	0.08	0.06	0.11	0.55	0.85	0.09	0.06
<b>Non-Current Liabilities</b>	-	-	-	-	-	-	-	-
Financial Liabilities	-	-	-	-	-	4.05	0.03	0.06
Other Non-Current Liabilities	-	-	-	-	-	-	-	-
Provisions	-	0.02	-	-	0.07	0.08	0.17	0.14
<b>Current Liabilities</b>	-	-	-	-	-	-	-	-
Financial Liabilities	14.66	13.82	29.33	26.16	9.98	13.31	7.29	7.15
Other Current Liabilities	9.67	7.93	1.35	1.03	0.26	0.14	7.04	6.47
Provisions	0.12	-	-	-	0.05	-	0.01	0.01
<b>Total Equity</b>	<b>52.04</b>	<b>55.82</b>	<b>(22.14)</b>	<b>(13.71)</b>	<b>6.90</b>	<b>1.28</b>	<b>(0.00)</b>	<b>(0.29)</b>
Revenue	0.59	0.70	0.07	0.05	11.28	11.71	12.03	10.95
Cost of raw material and components consumed	-	0.51	-	-	0.76	0.65	-	-
Depreciation and amortization	0.82	0.96	1.46	1.68	1.59	1.78	0.86	1.06
Finance Cost	1.69	1.52	3.61	3.08	1.99	2.13	0.69	0.98
Employee Benefits	0.58	0.62	-	0.01	3.24	3.24	3.37	3.05
Other Expenses	1.28	1.00	3.43	0.17	6.06	5.32	6.66	6.26
Provision for doubtful debts	-	-	-	-	-	-	-	-
Profit before tax	(3.78)	(3.91)	(8.43)	(4.89)	(2.35)	(1.41)	0.45	(0.42)
Income Tax Expense	-	-	-	-	-	-	0.16	-
Profit for the year (continuing operations)	(3.78)	(3.91)	(8.43)	(4.89)	(2.35)	(1.41)	0.29	(0.42)
Other Comprehensive Income	-	0.01	-	-	0.03	0.02	-	-
Total Comprehensive Income for the year (continuing operations)	(3.78)	(3.90)	(8.43)	(4.89)	(2.32)	(1.39)	0.29	(0.42)

\* Indicates disclosures that are not required

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION AS AT AND FOR THE YEAR ENDED MARCH 31, 2018

**Note 45** 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. Also, refer note 42(ii) for information on revenue from major customers.

The Group's operations predominantly relate to 'Engineering and Construction', 'Infrastructure', '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 segment and also amounts allocated on a reasonable basis.

₹ crore		
Particulars	Year ended March 31, 2018	Year ended March 31, 2017
<b>Segment revenue</b>		
Engineering and construction	9,975.88	9,770.43
Infrastructure	72.65	36.40
Real Estate	1.70	1.07
Comprehensive urban development and management	64.94	102.09
Others	24.34	28.42
Less: Inter segment revenue	(7.05)	(71.63)
<b>Total</b>	<b>10,132.46</b>	<b>9,866.78</b>
<b>Segment profit / (loss) before finance cost and tax</b>		
Engineering and construction	623.75	699.04
Infrastructure	34.41	8.09
Real Estate	(13.75)	(16.25)
Comprehensive urban development and management	(38.34)	(71.30)
Others	(8.76)	(2.90)
Less: Un-allocable expenditure net of unallocable income	(1,498.43)	(1,522.96)
<b>Profit / (loss) before exceptional items and tax</b>	<b>(901.12)</b>	<b>(906.28)</b>
Exceptional items		
- Engineering and construction	-	(21.22)
- Comprehensive urban development and management	(160.19)	-
<b>Profit / (loss) before share of profit/ (loss) of associates and joint ventures and tax</b>	<b>(1,061.31)</b>	<b>(927.50)</b>

₹ crore		
Particulars	As at March 31, 2018	As at March 31, 2017
<b>Segment Assets</b>		
- Engineering and construction	11,427.10	11,493.73
- Infrastructure	25.24	20.60
- Real Estate	239.61	278.06
- Comprehensive urban development and management	4,727.01	4,919.70
- Others	84.56	102.51
Unallocable assets	161.40	281.16
	<b>16,664.92</b>	<b>17,095.76</b>

# SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION AS AT AND FOR THE YEAR ENDED MARCH 31, 2018

## NOTE 45...contd.

₹ crore		
Particulars	As at March 31, 2018	As at March 31, 2017
<b>Segment Liabilities</b>	7,294.14	6,619.37
- Engineering and construction	220.23	192.39
- Infrastructure	38.08	474.68
- Real Estate	1,482.84	1,054.78
- Comprehensive urban development and management	42.86	27.54
- Others	9,137.84	9,202.08
Unallocable liabilities	<b>18,215.99</b>	<b>17,570.84</b>

The Company is domiciled in India. The amount of its revenue from external customers broken down by location of customers is shown in the below table:

₹ crore		
Particulars	Year ended March 31, 2018	Year ended March 31, 2017
<b>Revenue from External Customers</b>		
- In India	4,731.67	4,358.05
- Outside India	5,400.79	5,508.73
	<b>10,132.46</b>	<b>9,866.78</b>
	<b>As at March 31, 2018</b>	<b>As at March 31, 2017</b>
<b>Asset</b>	13,293.24	13,834.47
- In India	3,371.68	3,261.29
- Outside India	<b>16,664.92</b>	<b>17,095.76</b>

**Notes 45.1** Segment asset excludes current and non-current investments, deferred tax assets and advance payment of income tax.

**Notes 45.2** Segment liabilities excludes borrowings (including current borrowings) and current maturities of long term borrowing, deferred tax liability, accrued interest and non-controlling interests.

**Note 46** \* represents amount less than ₹ 1 lakh.

This is a Summary of significant accounting policies and other explanatory information referred to in our report of even date

For <b>Walker Chandio &amp; Co LLP</b> Chartered Accountants Firm Registration No. 001076N / N500013		For and on behalf of the Board of Directors	
<b>Rakesh R. Agarwal</b> Partner Membership No.: 109632	<b>Praveen Sood</b> Group Chief Financial Officer FCA 072412	<b>Ajit Gulabchand Arjun Dhawan</b>	DIN: 00010827 DIN: 01778379
		<b>Shalaka Gulabchand Dhawan</b>	DIN: 00011094
		<b>Rajas R. Doshi</b>	DIN: 00050594
		<b>Ram P. Gandhi</b>	DIN: 00050625
		<b>Sharad M. Kulkarni</b>	DIN: 00003640
		<b>Anil C. Singhvi</b>	DIN: 00239589
		<b>Omkar Goswami</b>	DIN: 00004258
		<b>N. R. Acharyulu</b>	DIN: 02010249
Place : Mumbai Dated : May 3, 2018	<b>Venkatesan Arunachalam</b> Company Secretary ACS 12644	<div style="display: flex; align-items: center;"> <div style="font-size: 3em; margin-right: 10px;">}</div> <div> <b>Chairman &amp; Managing Director</b>  <b>Group Chief Executive Officer &amp; Whole-Time Director</b>  <b>Whole-Time Director</b>   <b>Directors</b> </div> </div>	

## ANNEXURE I

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

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

(Amount in ₹ crore)

I.	Sl. No.	Particulars	Audited Figures (as reported before adjusting for qualifications)	Adjusted Figures (audited figures after adjusting for qualifications)
	1	Turnover/Total Income	10,188.54	10,188.54
	2	Total Expenditure	11,089.66	Not Ascertainable (Refer II (e) (ii) below)
	3	Net Profit/(Loss)	(1,090.00)	Not Ascertainable (Refer II (e) (ii) below)
	4	Earnings per Share	(8.03)	Not Ascertainable (Refer II (e) (ii) below)
	5	Total Assets	16,664.92	Not Ascertainable (Refer II (e) (ii) below)
	6	Total Liabilities	18,215.99	Not Ascertainable (Refer II (e) (ii) below)
	7	Net Worth	(1,551.07)	Not Ascertainable (Refer II (e) (ii) below)
	8	Any other financial item(s) (as felt appropriate by the management)	-	-
II.	<b>Audit Qualification</b>			
	a.	Details of Audit Qualification:	Auditor's Qualification	
			A. Independent Auditor's report on Financial Results (Consolidated):	
			<p>i) As stated in Note 11(a) to the consolidated financial results, relating to the Group's carrying value of net assets (capital employed) aggregating ₹ 3,244.18 crore [including capital work in progress ₹ 1,196.80 crore stated in Note 11(c)], goodwill on consolidation amounting to ₹ 95.04 crore and non-controlling interest amounting to ₹ 482.99 crore as at March 31, 2018 in Lavasa Corporation Limited (LCL), being considered good and recoverable by the management. However, this subsidiary has accumulated losses and its consolidated net worth is fully eroded as at March 31, 2018. Further, this subsidiary is facing liquidity constraints due to which it may not be able to realize projections made as per its business plans. In the absence of sufficient appropriate evidence, we are unable to comment upon the carrying value of these assets and the consequential impairment losses, if any, on the consolidated financial results. Our opinion on the consolidated financial results for the year ended March 31, 2017 was also qualified in respect of this matter.</p> <p>ii) The Independent Auditors of certain subsidiaries have qualified their audit opinion on the financial statements for the year ended March 31, 2017 reproduced by us as under:</p> <p>a) Note 11(b) to the consolidated financial results, regarding a subsidiary company, LCL's, 'non-current borrowings' and 'other current financial liabilities' which include balances amounting to ₹ 537.16. crore and ₹ 2,530.41 crore, respectively as at March 31, 2018 in respect of which direct confirmations from the respective lenders have not been received, although we have been able to perform alternate procedures with respect to these balances. However, in the absence of such confirmations from the lenders, we are unable to comment on the adjustments that would be required to the carrying value of these balances on account of changes, if any, in the terms and conditions of the transactions, and the consequential impact, on the consolidated financial results.</p> <p>b) Note 11(d) to the consolidated financial results, regarding a subsidiary company, Warasgaon Assets Maintenance Limited (WAML)'s, 'other current financial liabilities' which include balances amounting to ₹ 1,030.34 crore as at March 31, 2018 pertaining to borrowings from lenders which have been classified as non-performing assets and in respect of which direct confirmations from the respective lenders have not been received. In the absence of such confirmations from lenders, we are unable to comment</p>	

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on the adjustments that would be required to the carrying value of these balances on account of changes, if any, in the terms and conditions of the transactions, and the consequential impact, on the consolidated financial results.

- c) As stated in Note 11(e) to the consolidated financial results, regarding a subsidiary company Dasve Retail Limited (DRL)'s, 'other current financial liabilities' which include balances amounting to ₹ 19.83 crore as at March 31, 2018 pertaining to borrowing from a bank which has been classified as non-performing asset and in respect of which direct confirmation from the bank has not been received. In the absence of such confirmation from the bank, we are unable to comment on the adjustments that would be required to the carrying value of these balances on account of changes, if any, in the terms and conditions of the transactions, and the consequential impact, on the consolidated financial results.
- d) Note 11(f) to the consolidated financial results, relating to HREL Group's carrying value of net assets (capital employed) aggregating ₹ 85.26 crore as at March 31, 2018 in Charosa Wineries Limited (CWL), a subsidiary company, being considered good and recoverable by the management. However, this subsidiary has accumulated losses and the net worth has been fully eroded as at March 31, 2018 and its borrowings payable to bank and other payables exceeds the market value of its assets as on that date. Management has assessed that no adjustments are required to the carrying value of the net assets which is not in accordance with the requirement of Ind AS 36, Impairment of Assets. Consequently, in the absence of sufficient appropriate audit evidence to support the management's contention, we are unable to comment upon adjustment, if any, that are required to the carrying value of these net assets and the consequential impact on the consolidated financial results.

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B.

- (i) Auditor's Qualification on the Internal Financial Controls relating to matter stated in II(a) A(i):

In our opinion, according to the information and explanations given to us and based on our audit procedure performed, the following material weakness have been identified in the operating effectiveness of the Company's internal financial control over financial reporting (IFCoCR) as at March 31, 2018:

The Company internal financial controls in respect of supervisory and review controls over process of determining of the carrying value of subsidiaries' net assets (capital employed), goodwill and non controlling interest of the Company's subsidiaries were not operating effectively. Absence of aforesaid assessment in accordance with the accounting principles generally accepted in India could potentially result in a material misstatement in the carrying value of aforesaid assets and consequently, also impact the loss (financial performance including other comprehensive income) after tax.

- (ii) Auditor's Qualification on the Internal Financial Controls relating to matter stated in II(a) A(ii) (a) (b) and (c) : Nil
- (iii) Auditor's Qualification on the Internal Financial Controls relating to matter stated in II(a) A(ii) (d):

In our opinion, according to the information and explanations given to us and based on our audit procedure performed, the following material weakness have been identified in the operating effectiveness of a subsidiary company, CWLs IFCoCR as at March 31, 2018:

CWLs internal financial controls in respect of supervisory and review controls over process of determining of the carrying value of net assets (capital employed) were not operating effectively. Absence of aforesaid assessment in accordance with the accounting principles generally accepted in India could potentially result in a material misstatement in the carrying value of aforesaid assets and consequently, also impact the loss (financial performance including other comprehensive income) after tax.

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



We have considered the material weaknesses identified and reported above in determining the nature, timing, and extent of audit tests applied in our audit of the consolidated financial statements of the Group, its associate and joint venture companies as at and for the year ended March 31, 2018, and the material weaknesses have affected our opinion on the consolidated financial statements of the Group and we have issued a qualified opinion on the consolidated financial statements.

b.	Type of Audit Qualification:	Qualified Opinion
c.	Frequency of Qualification:	Qualification II (a) A (i) has been appearing from the year ended March 31, 2016 Qualification II (a) A (ii), (a), (b), (c) and (d) have been included for the first time during the year ended March 31, 2018"
d.	For Audit Qualification (s) where the impact is quantified by the auditor, Management views:	Not Applicable
e.	For Audit Qualification (s) where the impact is not quantified by the auditor:	
i)	Management's estimation on the impact of audit qualification:	<p>For matter referred in II (a) A (i). Nil. With reference to above mentioned qualification, the said entity has incurred losses and consolidated net-worth as at March 31, 2018 has been fully eroded. The underlying projects in such entity are in the early stages of development and are expected to achieve adequate profitability on substantial completion and/ or have current market values of certain properties which are in excess of the carrying values and accordingly management, based on valuation report of an independent valuer is of the view that there is no impairment in value of LCL net assets (capital employed). Similarly, no diminution in value of goodwill and non-controlling interest of said entity considered necessary. Thus management believes that the Company's internal financial control in respect of assessment of the carrying value of subsidiary net assets (capital employed), goodwill and non-controlling interest were operating effectively and there is no material weakness in such controls and procedures.</p> <p>For matter referred in II (a) A (ii), (d): Nil. Charosa Wineries Limited (CWL), a subsidiary company, has incurred losses and its net worth has fully eroded as on March 31, 2018. The management of CWL has implemented certain cost savings schemes and such subsidiary is in the process of negotiating with the lenders for debt restructuring. Based on the evaluation of the business prospects and plans formulated, management is confident of revival of operations and rescheduling of its debts. Thus, management is of the view that there is no impairment in the value of CWL net assets (capital employed) of ₹ 85.26 crore.</p>
ii)	If management is unable to estimate the impact, reasons for the same:	<p>with reference to above mentioned qualification no. II (a) A (ii), (a): LCL's non-current borrowings' and 'other current financial liabilities' include balances amounting to ₹ 537.16 crore and ₹ 2,530.41 crore, respectively as at March 31, 2018 which were classified as Non-Performing Assets (NPAs) by the lenders during earlier years as there were continuing defaults in repayments of interest and principal amounts. In the absence of confirmations from the lenders, LCL has provided for interest and other penal charges on these borrowings based on the latest communication available from the respective lenders at the interest rate specified in the agreement. LCL's management believes that amount payable on settlement will not exceed the liability provided in books in respect of these borrowings.</p> <p>with reference to above mentioned qualification no. II (a) A (ii), (b): A subsidiary of LCL, Warasgaon Assets Management Limited's (WAML) 'other current financial liabilities' as at March 31, 2018 includes ₹ 1,030.34 crore, which were classified as NPA by the lenders during earlier years as there were continuing defaults in repayments of interest and principal amounts. In the absence of confirmations from the lenders, WAML has provided for interest and other penal charges on these borrowings based on the latest communication available from the respective lenders at the interest rate specified in the agreement. WAML's management believes that amount payable on settlement will not exceed the liability provided</p>

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in books in respect of these borrowings. Further, certain lenders have not recalled for the existing facilities at present. Accordingly, classification of these borrowings into current and non-current as at March 31, 2018 is based on the original maturity terms stated in the agreements with the lenders.

with reference to above mentioned qualification no. II (a) A (ii), (c): A subsidiary of LCL, Dasve Retail Limited's (DRL) 'other current financial liabilities', include balances amounting to ₹ 19.83 crore as at March 31, 2018, which have been classified as NPA by the lender during the current year, consequent to defaults in repayments of interest amounts. In the absence of confirmations from the bank, DRL has provided for interest and other penal charges on these borrowings based on the latest communication available from the lender at the interest rate specified in the agreement. DRL's management believes that amount payable on settlement will not exceed the liability provided in books in respect of these borrowings.

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iii) Auditors' comments on (i) or (ii) above

Included in details of auditor's qualification stated above

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### III. Signatories:

For **Hindustan Construction Company Limited**

**Ajit Gulabchand**

Chairman & Managing Director

**Praveen Sood**

Group Chief Financial Officer

For **Walker Chandio & Co LLP**

Chartered Accountants

Firm Registration No. 001076N / N500013

**Sharad M. Kulkarni**

Audit Committee Chairman

**Rakesh R. Agarwal**

Partner

Membership No.: 109632

Place : Mumbai

Date : May 3, 2018

# FORM AOC-I

## Pursuant to first proviso to sub-section (3) of Section 129 read with rule 5 of Companies (Accounts) Rules, 2014

Statement containing silent features of the financial statement of subsidiaries\associates\joint venture

### Part "A": Subsidiaries

₹ crore

Sr. No	Name of the subsidiary	Reporting period	Reporting currency / Exchange rate	Share capital	Reserves & surplus	Total assets	Total Liabilities	Investments	Turnover	Profit before taxation	Provision for taxation	Deferred Tax	Profit after taxation	Proposed Dividend	Extent of Holding (In Percentage)
1	HCC Construction Limited	01.04.2017-31.03.2018	INR	0.05	(0.03)	0.05	0.03	-	-	0.05	-	-	0.05	-	100%
2	Highbar Technologies Limited	01.04.2017-31.03.2018	INR	6.25	7.51	49.28	35.52	5.52	21.81	1.79	0.03	(0.11)	1.86	-	100%
3	Panchkurt Developers Limited	01.04.2017-31.03.2018	INR	1.40	42.01	104.05	60.63	-	-	0.18	-	-	0.18	-	100%
4	HCC Operations & Maintenance Limited	01.04.2017-31.03.2018	INR	0.05	29.60	153.01	123.36	0.01	72.65	30.15	8.79	-	21.36	-	100%
5	HCC Power Limited	01.04.2017-31.03.2018	INR	0.50	(2.37)	318.72	320.59	1.16	-	(4.42)	-	-	(4.42)	-	100%
6	HCC Energy Limited	01.04.2017-31.03.2018	INR	0.05	(0.05)	311.26	311.26	-	-	(0.03)	-	-	(0.03)	-	100%
7	HCC Infrastructure Company Limited	01.04.2017-31.03.2018	INR	0.25	(1,002.66)	949.00	1,951.41	86723	720	(194.92)	-	-	(194.92)	-	100%
8	Dhule Palesner Operations & Maintenance Limited	01.04.2017-31.03.2018	INR	0.50	(0.03)	116.99	116.52	2.26	-	(0.06)	-	-	(0.06)	-	100%
9	Steiner India Limited	01.04.2017-31.03.2018	INR	7.16	9.45	128.75	112.14	8.13	45.81	0.34	0.07	-	0.27	-	100%
10	HCC Real Estate Limited	01.04.2017-31.03.2018	INR	66.19	417.13	1,188.96	705.65	64738	-	(30.38)	-	-	(30.38)	-	100%
11	Western Securities Limited	01.04.2017-31.03.2018	INR	2.00	(0.12)	2.60	0.71	0.24	0.20	0.09	0.13	-	(0.04)	-	97.87%
12	Charosa Wineries Limited	01.04.2017-31.03.2018	INR	7.00	(113.14)	52.01	158.15	-	2.33	(29.03)	-	-	(29.03)	-	100%
13	Dasve Business Hotel Limited	01.04.2017-31.03.2018	INR	0.05	6.31	18.69	12.33	-	0.16	(11.97)	-	-	(11.97)	-	100%
14	Dasve Convention Center Limited	01.04.2017-31.03.2018	INR	0.05	(73.72)	65.16	138.83	-	5.32	(8.12)	-	-	(8.12)	-	100%
15	Dasve Hospitality Institutes Limited	01.04.2017-31.03.2018	INR	0.11	(43.85)	28.95	72.70	-	2.54	(10.56)	-	-	(10.56)	-	100%
16	Dasve Retail Limited	01.04.2017-31.03.2018	INR	0.05	33.41	56.02	22.55	-	1.74	(22.26)	-	-	(22.26)	-	100%
17	Full Spectrum Adventure Limited	01.04.2017-31.03.2018	INR	0.06	(20.25)	3.91	24.11	-	1.95	(3.31)	-	-	(3.31)	-	90.91%
18	Future City Multiservices SEZ Limited	01.04.2017-31.03.2018	INR	0.05	0.76	0.83	0.02	-	-	(0.00)	-	-	(0.00)	-	100%
19	HCC Aviation Limited	01.04.2017-31.03.2018	INR	0.05	(15.82)	0.08	15.85	-	-	0.01	-	-	0.01	-	100%
20	HCC Realty Limited	01.04.2017-31.03.2018	INR	0.05	(0.03)	0.02	0.01	-	-	0.01	-	-	0.01	-	100%
21	Hill City Service Apartments Limited	01.04.2017-31.03.2018	INR	0.05	5.03	6.72	1.64	-	-	(0.08)	-	-	(0.08)	-	100%
22	Hill View Parking Services Limited	01.04.2017-31.03.2018	INR	0.05	(0.03)	0.03	0.01	-	-	(0.00)	-	-	(0.00)	-	100%
23	HRL (Thane) Real Estate Limited	01.04.2017-31.03.2018	INR	0.10	(14.13)	18.98	33.01	-	-	(11.46)	-	-	(11.46)	-	100%
24	HRL Township Developers Limited	01.04.2017-31.03.2018	INR	0.10	(0.43)	0.00	0.33	-	-	(0.05)	-	-	(0.05)	-	100%
25	Kart Racers Limited	01.04.2017-31.03.2018	INR	0.05	(0.28)	0.00	0.23	-	-	(0.03)	-	-	(0.03)	-	89.90%

**Part "A": Subsidiaries**

₹ crore

Sr. No	Name of the subsidiary	Reporting period	Reporting currency / Exchange rate	Share capital	Reserves & surplus	Total assets	Total Liabilities	Investments	Turnover	Profit before taxation	Provision for taxation	Deferred Tax	Profit after taxation	Proposed Dividend	Extent of Holding (In Percentage)
26	Lakeshore Watersports Company Limited	01.04.2017-31.03.2018	INR	0.05	3.34	3.81	0.41	-	2.18	0.42	-	-	0.42	-	100%
27	Lakeview Clubs Limited	01.04.2017-31.03.2018	INR	0.05	(43.59)	4752	91.06	-	0.62	(4.87)	-	-	(4.87)	-	100%
28	Lavasa Bamboocrfts Limited	01.04.2017-31.03.2018	INR	0.05	(1.33)	0.10	1.39	-	0.00	(0.26)	-	-	(0.26)	-	100%
29	Lavasa Corporation Limited	01.04.2017-31.03.2018	INR	795.94	(429.20)	6,376.87	6,010.12	2,037.88	158.68	(753.42)	-	(71.34)	(682.08)	-	68.70%
30	Lavasa Hotel Limited	01.04.2017-31.03.2018	INR	0.05	(24.52)	5.59	30.06	-	9.25	(5.24)	-	-	(5.24)	-	100%
31	Maan Township Developers Limited	01.04.2017-31.03.2018	INR	0.10	(5.75)	10.73	16.39	-	1.70	(12.64)	-	-	(12.64)	-	100%
32	Mugaon Luxury Hotels Limited	01.04.2017-31.03.2018	INR	0.05	(0.12)	1743	1750	-	-	(0.03)	-	-	(0.03)	-	100%
33	My City Technology Limited	01.04.2017-31.03.2018	INR	0.29	8.48	13.69	4.92	0.03	0.46	(1.66)	-	-	(1.66)	-	63%
34	Nashik Township Developers Limited	01.04.2017-31.03.2018	INR	0.10	(1.52)	0.12	1.54	-	-	(0.18)	-	-	(0.18)	-	100%
35	Nature Lovers Retail Limited	01.04.2017-31.03.2018	INR	0.05	(0.12)	0.00	0.07	-	-	(0.00)	-	-	(0.00)	-	100%
36	Our Home Service Apartments Limited	01.04.2017-31.03.2018	INR	0.05	(0.07)	0.00	0.02	-	-	(0.01)	-	-	(0.01)	-	100%
37	Powai Real Estate Developers Limited	01.04.2017-31.03.2018	INR	0.05	(0.06)	0.02	0.00	-	-	(0.01)	-	-	(0.01)	-	100%
38	Reasonable Housing Limited	01.04.2017-31.03.2018	INR	0.05	9.65	31.12	21.42	-	1.47	(0.08)	-	-	(0.08)	-	100%
39	Rhapsody Commercial Space Limited	01.04.2017-31.03.2018	INR	0.05	(5.16)	10.71	15.82	-	-	(1.44)	-	-	(1.44)	-	100%
40	Rosebay Hotels Limited	01.04.2017-31.03.2018	INR	0.05	(0.04)	0.01	(0.00)	-	-	(0.00)	-	-	(0.00)	-	100%
41	Sahyadri City Management Limited	01.04.2017-31.03.2018	INR	0.05	(28.10)	15.57	43.62	-	16.82	(6.71)	-	-	(6.71)	-	100%
42	Valley View Entertainment Limited	01.04.2017-31.03.2018	INR	0.05	(0.05)	0.02	0.02	-	-	(0.00)	-	-	(0.00)	-	100%
43	Verzon Hospitality Limited	01.04.2017-31.03.2018	INR	0.05	(2.25)	18.70	20.90	-	1.65	(0.82)	-	-	(0.82)	-	100%
44	Warasgaon Assets Maintenance Limited	01.04.2017-31.03.2018	INR	708	(334.94)	1,095.75	1,423.61	-	124.82	(50.92)	-	-	(50.92)	-	100%
45	Warasgaon Infrastructure Providers Limited	01.04.2017-31.03.2018	INR	0.05	(752)	6.40	13.87	-	-	(0.30)	-	-	(0.30)	-	100%
46	Warasgaon Power Supply Limited	01.04.2017-31.03.2018	INR	0.10	(240.08)	92.43	332.41	-	18.91	(21.50)	-	-	(21.50)	-	100%
47	Warasgaon Tourism Limited	01.04.2017-31.03.2018	INR	0.05	(80.34)	1.99	82.29	-	1.17	(0.15)	-	-	(0.15)	-	100%
48	Warasgaon Valley Hotels Limited	01.04.2017-31.03.2018	INR	0.05	(0.04)	0.02	0.01	-	-	(0.00)	-	-	(0.00)	-	100%
49	Green Hills Residences Limited	01.04.2017-31.03.2018	INR	0.09	(27.18)	0.03	27.12	-	0.00	(0.01)	-	-	(0.01)	-	100%

## Part "A": Subsidiaries

₹ crore

Sr. No	Name of the subsidiary	Reporting period	Reporting currency / Exchange rate	Share capital	Reserves & surplus	Total assets	Total Liabilities	Investments	Turnover	Profit before taxation	Provision for taxation	Deferred Tax	Profit after taxation	Proposed Dividend	Extent of Holding (In Percentage)
<b>Foreign Subsidiary Companies</b>															
1	HCC Mauritius Investment Limited	01.04.2017-31.03.2018	INR	6.55	(32.66)	161.14	187.25	29.14	-	(784)	-	-	(784)	-	100%
			USD	0.10	(0.49)	2.46	2.86	0.44	-	(0.10)	-	-	(0.10)	-	
2	HCC Mauritius Enterprises Limited	01.04.2017-31.03.2018	INR	32.78	(46.73)	212.24	226.19	211.12	-	5.55	-	-	5.55	-	100%
			USD	0.50	(0.71)	3.24	3.45	3.22	-	0.09	-	-	0.09	-	
3	Steiner AG, Zurich	01.04.2017-31.03.2018	INR	270.08	132.40	3,158.64	2,756.16	133.84	5,254.67	33.05	1.65	-	31.40	-	100%
			CHF	4.00	1.33	47.17	41.85	0.12	80.64	1.22	0.27	-	0.96	-	
4	Steiner (Deutschland) GmbH Paderborn	01.01.2017-31.12.2017	INR	77.55	(19.79)	81.39	23.63	0.17	-	1.11	-	-	1.11	-	100%
			EUR	1.02	(0.26)	1.07	0.31	0.00	-	0.01	-	-	0.01	-	
5	VM & ST AG, Zurich	01.04.2017-31.03.2018	INR	6.74	0.18	6.94	0.02	-	0.08	0.04	-	-	0.04	-	100%
			CHF	0.10	0.00	0.10	0.00	-	-	(0.00)	-	-	(0.00)	-	
6	Steiner Leman SAS	01.04.2017-31.03.2018	INR	1.19	(0.40)	0.88	0.09	-	-	(0.36)	-	-	(0.36)	-	100%
			EUR	0.02	(0.01)	0.01	0.00	-	-	(0.00)	-	-	(0.00)	-	
7	Eurohotel SA, Geneva	01.04.2017-31.03.2018	INR	0.67	(10.20)	0.12	9.65	-	-	(2.08)	-	-	(2.08)	-	95%
			CHF	0.01	(0.15)	0.00	0.14	-	-	(0.03)	-	-	(0.03)	-	
8	Steiner Promotions et Participations SA	01.04.2017-31.03.2018	INR	20.28	(5.63)	334.81	320.16	0.68	-	(8.55)	(1.61)	-	(6.94)	-	100%
			CHF	0.30	(0.08)	4.96	4.74	0.01	-	(0.13)	(0.02)	-	(0.10)	-	
9	Manufakt8048 AG, Zurich	01.04.2017-31.03.2018	INR	0.68	(0.24)	14.29	13.85	-	-	(0.24)	-	-	(0.24)	-	100%
			CHF	0.01	(0.00)	0.21	0.21	-	-	(0.00)	-	-	(0.00)	-	

**Part "B": Associates and Joint Ventures**

**Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures**

Sr. No	Name of Associates/Joint Ventures	Knowledge Vistas Limited	Highbar Technocrat Ltd	Evostate AG	MCR Managing Corporate Real-estate AG	Projecten twicklungs gesellschaft Parking Kunstmuseum Basel AG	Ecomotel Hotel Limited	Spotless Laundry Services Limited	Whistling Thrush Facilities Services Limited	Andromeda Hotels Limited	
											₹ crore
1	Latest audited Balance Sheet Date	31-Mar-17	31-Mar-18	31-Dec-17	31-Dec-17	31-Dec-17	31-Mar-18	31-Mar-18	31-Mar-18	31-Mar-18	31-Mar-18
2	Date on which the Associate or Joint Venture was associated or acquired	24-Apr-10	21-Jul-16	1-May-10	31-Mar-17	1-May-10	2-Sep-10	13-Apr-09	19-Jul-11	31-Mar-14	
3	Shares of Associate/Joint Ventures held by the company at the year end.										
	-No.	310,481	99,940	30	30	850	11,096,289	96,437	27,540	61,470	
	-Amount of Investment in Associates/Joint Venture	13.19	5.52	0.18	9.49	3.52	6.00	7.08	0.23	2.90	
	-Extend of Holding %	49.00%	49.00%	30.00%	30.00%	38.64%	40.00%	76.02%	51.00%	40.03%	
4	Description of how there is significant influence	Associate -Significant Influence over Share Capital	Associate -Significant Influence over Share Capital	Associate -Significant Influence over Share Capital	Associate -Significant Influence over Share Capital	Associate -Significant Influence over Share Capital	Joint Venture	Joint Venture	Joint Venture	Joint Venture	
5	Reason why the associate/joint venture is not consolidated.	Consolidated- Equity Method	Consolidated- Equity Method	Consolidated- Equity Method	Consolidated- Equity Method	Consolidated- Equity Method	Consolidated- Equity Method	Consolidated- Equity Method	Consolidated- Equity Method	Consolidated- Equity Method	
6	Whether company has commenced the operations	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No	
7	Networth attributable to Shareholders as per latest audited Balance Sheet	26.37	12.16	6.66	31.63	9.07	6.90	(22.15)	(1.54)	7.57	
8	Profit / Loss for the year	(2.14)	5.38	(0.09)	(1.51)	(0.47)	(2.35)	(8.43)	(0.30)	(7.28)	
	i. Considered in Consolidation	(1.05)	2.64	(0.03)	(0.45)	(0.18)	(0.94)	(6.41)	(0.16)	(2.92)	
	i. Not Considered in Consolidation	(1.09)	2.74	(0.06)	(1.06)	(0.29)	(1.41)	(2.02)	(0.15)	(4.37)	

**Part "B": Associates and Joint Ventures**

**Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures**

Sr. No	Name of Associates/ Joint Ventures	Bona Sera Hotels Limited	Starlit Resort Limited	Apollo Lavasa Health Corporation Limited	HCC Concession Ltd	Narmada Bridge Tollway Ltd	Badarpur Faridabad Tollway Ltd	Baharampore-Farakka Highways Ltd	Farakka-Raiganj Highways Ltd	Raiganj-Dalkhola Highways Ltd	Nirmal BOT Limited	Warasgaon Lake View Hotels Limited
1	Latest audited Balance Sheet Date	31-Mar-18	31-Mar-18	31-Mar-18	31-Mar-18	31-Mar-18	31-Mar-18	31-Mar-18	31-Mar-18	31-Mar-18	31-Mar-18	31-Mar-18
2	Date on which the Associate or Joint Venture was associated or acquired	16-Apr-09	14-May-15	16-Nov-15	1-Apr-15	1-Apr-15	1-Apr-15	1-Apr-15	1-Apr-15	1-Apr-15	1-Apr-15	9-Jun-17
3	Shares of Associate/ Joint Ventures held by the company at the year end.											
	-No.	122,563	49,400	626,808	2,867,151	50,000	98,000,000	33,300,000	370,000,000	27,000,000	8,190,000	140,957
	-Amount of Investment in Associates/Joint Venture	2.31	3.89	25.08	292.81	0.05	98.00	33.30	370.00	27.00	4.71	12.13
	-Extend of Holding %	26.00%	26.00%	49.00%	85.45%	85.45%	85.45%	89.23%	89.23%	86.91%	22.22%	24.56%
4	Description of how there is significant influence	Joint Venture	Joint Venture	Joint Venture	Joint Venture	Joint Venture	Joint Venture	Joint Venture	Joint Venture	Joint Venture	Joint Venture	Associate -Significant Influence over Share Capital
5	Reason why the associate/joint venture is not consolidated.	Consolidated - Equity Method	Consolidated - Equity Method	Consolidated - Equity Method	NA	NA	NA	NA	NA	NA	NA	NA
6	Whether company has commenced the operations	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
7	Networth attributable to Shareholders as per latest audited Balance Sheet	(0.0027)	15.00	52.04	973.70	(8.25)	(313.16)	134.46	192.46	117.70	NA	51.77
8	Profit / Loss for the year	0.29	(0.03)	(3.78)	0.28	(3.44)	(46.28)	(3.44)	(50.81)	(11.85)	NA	8.30
i.	Considered in Consolidation	0.08	(0.01)	(1.85)	0.24	(2.94)	(39.54)	(3.07)	(45.33)	(10.30)	NA	2.04
i.	Not Considered in Consolidation	0.21	(0.02)	(1.93)	0.04	(0.50)	(6.73)	(0.37)	(5.47)	(1.55)	NA	6.26



**DISCLOSURE MANDATED BY SCHEDULE III BY WAY OF ADDITIONAL INFORMATION**

Name of Entity	Net assets(Total assets- Total Liabilities)		Share in profit or loss	
	Amount (₹ crore)	As % of consolidated Net Asset	Amount (₹ crore)	As % of consolidated Profit or Loss
<b>Consolidated</b>	(1,551.07)		(820.37)	
<b>Parent Company</b>				
Hindustan Construction Company Limited	2,774.94	-178.90%	65.89	-8.03%
<b>Indian Subsidiary Companies</b>				
1 HCC Construction Limited	0.02	0.00%	0.05	-0.01%
2 Highbar Technologies Limited	13.76	-0.89%	1.86	-0.23%
3 Panchkutir Developers Limited	43.41	-2.80%	0.18	-0.02%
4 HCC Operations & Maintenance Limited	29.65	-1.91%	21.36	-2.60%
5 HCC Power Limited	(1.87)	0.12%	(4.42)	0.54%
6 HCC Energy Limited	0.00	0.00%	(0.03)	0.00%
7 HCC Infrastructure Company Limited	(1,002.41)	64.63%	(194.92)	23.76%
8 Dhule Palesner Operations & Maintenance Limited	0.47	-0.03%	(0.06)	0.01%
9 Steiner India Limited	16.61	-1.07%	0.27	-0.03%
10 HCC Real Estate Limited	483.32	-31.16%	(30.38)	3.70%
11 Western Securities Limited	1.88	-0.12%	(0.04)	0.00%
12 Charosa Wineries Limited	(106.14)	6.84%	(29.03)	3.54%
13 Dasve Business Hotel Limited	6.36	-0.41%	(11.97)	1.46%
14 Dasve Convention Center Limited	(73.67)	4.75%	(8.12)	0.99%
15 Dasve Hospitality Institutes Limited	(43.74)	2.82%	(10.56)	1.29%
16 Dasve Retail Limited	33.46	-2.16%	(22.26)	2.71%
17 Full Spectrum Adventure Limited	(20.20)	1.30%	(3.31)	0.40%
18 Future City Multiservices SEZ Limited	0.81	-0.05%	(0.00)	0.00%
19 HCC Aviation Limited	(15.77)	1.02%	0.01	0.00%
20 HCC Realty Limited	0.02	0.00%	0.01	0.00%
21 Hill City Service Apartments Limited	5.08	-0.33%	(0.08)	0.01%
22 Hill View Parking Services Limited	0.02	0.00%	(0.00)	0.00%
23 HRL (Thane) Real Estate Limited	(14.03)	0.90%	(11.46)	1.40%
24 HRL Township Developers Limited	(0.33)	0.02%	(0.05)	0.01%
25 Kart Racers Limited	(0.23)	0.02%	(0.03)	0.00%
26 Lakeshore Watersports Company Limited	3.39	-0.22%	0.42	-0.05%
27 Lakeview Clubs Limited	(43.54)	2.81%	(4.87)	0.59%
28 Lavasa Bamboocrafts Limited	(1.28)	0.08%	(0.26)	0.03%
29 Lavasa Corporation Limited	366.75	-23.64%	(682.08)	83.14%
30 Lavasa Hotel Limited	(24.47)	1.58%	(5.24)	0.64%
31 Maan Township Developers Limited	(5.65)	0.36%	(12.64)	1.54%
32 Mugaon Luxury Hotels Limited	(0.07)	0.00%	(0.03)	0.00%
33 My City Technology Limited	8.76	-0.56%	(1.66)	0.20%
34 Nashik Township Developers Limited	(1.42)	0.09%	(0.18)	0.02%
35 Nature Lovers Retail Limited	(0.07)	0.00%	(0.00)	0.00%
36 Our Home Service Apartments Limited	(0.02)	0.00%	(0.01)	0.00%
37 Powai Real Estate Developers Limited	(0.01)	0.00%	(0.01)	0.00%
38 Reasonable Housing Limited	9.70	-0.63%	(0.08)	0.01%

Name of Entity		Net assets(Total assets- Total Liabilities)		Share in profit or loss	
		Amount (₹ crore)	As % of consolidated Net Asset	Amount (₹ crore)	As % of consolidated Profit or Loss
39	Rhapsody Commercial Space Limited	(5.11)	0.33%	(1.44)	0.18%
40	Rosebay Hotels Limited	0.01	0.00%	(0.00)	0.00%
41	Sahyadri City Management Limited	(28.05)	1.81%	(6.71)	0.82%
42	Valley View Entertainment Limited	(0.00)	0.00%	(0.00)	0.00%
43	Verzon Hospitality Limited	(2.20)	0.14%	(0.82)	0.10%
44	Warasgaon Assets Maintenance Limited	(327.86)	21.14%	(50.92)	6.21%
45	Warasgaon Infrastructure Providers Limited	(7.47)	0.48%	(0.30)	0.04%
46	Warasgaon Power Supply Limited	(239.98)	15.47%	(21.50)	2.62%
47	Warasgaon Tourism Limited	(80.29)	5.18%	(0.15)	0.02%
48	Warasgaon Valley Hotels Limited	0.01	0.00%	(0.00)	0.00%
49	Green Hills Residences Limited	(27.09)	1.75%	(0.01)	0.00%
Foreign Subsidiary Companies					
1	Steiner AG, Zurich	INR	402.48	-25.95%	31.40
		CHF	5.33		0.96
2	Steiner (Deutschland)GmbH Paderborn	INR	57.76	-3.72%	1.11
		EUR	0.76		0.01
3	VM & ST AG, Zurich	INR	6.92	-0.45%	0.04
		CHF	0.10		(0.00)
4	Steiner Leman SAS	INR	0.79	-0.05%	(0.36)
		EUR	0.01		(0.00)
5	HCC Mauritius Investment Limited	INR	(26.11)	1.68%	(2.08)
		USD	(0.39)		(0.03)
6	HCC Mauritius Enterprises Limited	INR	(13.95)	0.90%	(6.94)
		USD	(0.21)		(0.10)
7	Eurohotel SA, Geneva	INR	(9.53)	0.61%	(2.08)
		CHF	(0.14)		(0.03)
8	Steiner Promotions et Participations SA	INR	14.65	-0.94%	(6.94)
		CHF	0.22		(0.10)
9	Manufakt8048 AG, Zurich	INR	0.44	-0.03%	(0.24)
		CHF	0.01		(0.00)
Minority Interest in all subsidiaries		(482.99)	31.14%	(275.90)	33.63%
Joint Ventures					
1	Starlit Resort Limited	3.90	-0.25%	(0.01)	0.00%
2	Ecomotel Hotel Limited	2.76	-0.18%	(0.94)	0.11%
3	Andromeda Hotels Limited	3.03	-0.20%	(2.92)	0.36%
4	Apollo Lavasa Health Corporation Limited	25.50	-1.64%	(1.85)	0.23%
5	Whistling Thrush Facilities Services Limited	(0.78)	0.05%	(0.16)	0.02%
6	HCC Concession Limited	832.03	-53.64%	0.24	-0.03%
7	Narmada Bridge Tollway Limited	(7.05)	0.45%	(2.94)	0.36%
8	Badarpur Faridabad Tollway Limited	(267.59)	17.25%	(39.54)	4.82%

Name of Entity		Net assets( Total assets- Total Liabilities)		Share in profit or loss		
		Amount (₹ crore)	As % of consolidated Net Asset	Amount (₹ crore)	As % of consolidated Profit or Loss	
9	Baharampore-Farakka Highways Limited	119.98	-7.74%	(3.07)	0.37%	
10	Farakka-Raiganj Highways Limited	171.73	-11.07%	(45.33)	5.53%	
11	Raiganj-Dalkhola Highways Limited	102.29	-6.60%	(10.30)	1.26%	
12	Spotless Laundry Services Limited	(16.83)	1.09%	(6.41)	0.78%	
14	Bona Sera Hotels Limited	(0.00)	0.00%	0.08	-0.01%	
15	Nirmal BOT Limited	NA	NA	NA	NA	
Associate Companies						
Indian						
1	Warasgaon Lake View Hotels Limited	12.71	-0.82%	2.04	-0.25%	
2	Knowledge Vistas Limited	-	0.00%	(1.05)	0.00%	
3	Highbar Technocrat Limited (w.e.f. 21 July 2016) (previously known as Osprey Hospitality Limited)	5.96	-0.38%	2.64	-0.32%	
Foreign						
1	Evostate AG	INR	2.00	-0.13%	(0.03)	0.00%
		CHF	0.03		(0.00)	
2	MCR Managing Corporate Real Estate AG	INR	9.49	-0.61%	(0.45)	0.06%
		CHF	0.14		(0.00)	
3	Projektentwicklungsgesellschaft Parking Kunstmuseum Basel AG	INR	3.51	-0.23%	(0.18)	0.02%
		CHF	0.05		(0.00)	

# NOTICE

**NOTICE** is hereby given that the Ninety-second Annual General Meeting of the Members of Hindustan Construction Company Limited ('Company') will be held on Thursday, July 12, 2018 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. Adoption of the Audited Standalone and Consolidated Financial Statements of the Company

To receive, consider and adopt

- a) the Audited Standalone Financial Statements of the Company for the financial year ended March 31, 2018 including the Audited Balance Sheet as at March 31, 2018 and the Statement of Profit & Loss for the year ended on that date together with the Reports of the Board of Directors and Auditors thereon; and
- b) the Audited Consolidated Financial Statements of the Company for the financial year ended March 31, 2018 including the Audited Consolidated Balance Sheet as at March 31, 2018 and the Consolidated Statement of Profit & Loss for the year ended on that date together with the Reports of the Auditors thereon.

### 2. Appointment of Mr. N. R. Acharyulu (DIN: 02010249), who retires by rotation and being eligible, offers himself for re-appointment as a Director

To consider and if thought fit, to pass the following resolution as a **Special Resolution**:

**"RESOLVED THAT** pursuant to Section 152 and other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) and Regulation 17 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended by SEBI(Listing Obligations and Disclosure Requirements)(Amendment) Regulations, 2018, effective from April 1, 2019, Mr. N. R. Acharyulu (DIN:02010249) who retires by rotation and being eligible, offers himself for re-appointment, be and is hereby re-appointed as a Director of the Company liable to retire by rotation.

**RESOLVED FURTHER THAT**, consent of the Members be and is hereby accorded to Mr. N.R. Acharyulu to continue his directorship, upon attainment of the age of seventy-five years on May 22, 2019, upto the conclusion of his term as a Director, liable to retire by rotation."

## SPECIAL BUSINESS

### 3. Continuance of Directorship of Mr. Sharad M. Kulkarni (DIN : 00003640), Independent Director of the Company

To consider and if thought fit, to pass, the following resolution as a **Special Resolution**:

**"RESOLVED THAT** pursuant to Regulation 17 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended by SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018 effective from April 1, 2019, consent of the Members of the Company be and is hereby accorded to the continuance of Directorship of Mr. Sharad M. Kulkarni (DIN : 00003640) who was re-appointed as an Independent Director of the Company, at the 91<sup>st</sup> AGM of the Company held on July 6, 2017, in accordance with the applicable provisions of the Companies Act, 2013 and has attained the age of seventy-nine years, to hold office as a Non-Executive Independent Director upto the conclusion of the 94<sup>th</sup> Annual General Meeting of the Company to be held in the calendar year 2020.

**RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorised to do all acts and take all such steps as may be necessary, proper and expedient to give effect to this resolution."

### 4. Re-appointment of Mr. Ajit Gulabchand (DIN: 00010827) as Chairman & Managing Director of the Company for a period of five years effective from April 1, 2018 (including terms of remuneration for FY 2018-19)

To consider and if thought fit, to pass, the following resolution as a **Special Resolution**:

**"RESOLVED THAT** pursuant to the provisions of Sections 196, 197 read with Schedule V and other applicable provisions if any, of the Companies Act, 2013, and the rules made thereunder (including any amendments thereto or statutory modifications or re-enactment thereof for the time being in force) ("the Act") and subject to all other sanctions, approvals and permissions 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 sanctions, approvals and permissions, consent of the Members of the Company be and is hereby accorded to the re-appointment of Mr. Ajit Gulabchand (DIN: 00010827) as the Managing Director designated as Chairman & Managing Director of the Company, for a period of 5 years w.e.f. April 1, 2018, who will be attaining the age of seventy years on June 28, 2018 and the terms of appointment are as set out in the draft agreement to be entered into between the Company and Mr. Ajit Gulabchand, as placed before this meeting and initialed by the Company Secretary for the purpose of identification.

**RESOLVED FURTHER THAT** in accordance with Section 197 read with Schedule V of the Companies Act, 2013, approval be and is hereby accorded for payment of the following remuneration to Mr. Ajit Gulabchand for a period of one year from April 1, 2018 to March 31, 2019 (FY 2018-19) equivalent to double the prescribed limits under Section II of Part II of Schedule V of the Companies Act, 2013, computed based on the Effective Capital of the Company as on March 31, 2018 pursuant to the Explanation provided in Section IV of Schedule V of the Companies Act, 2013.

(Amount in ₹)				
Financial Year	Annual Salary	Perquisites and Allowances (per annum)	Retirals (per annum)	Total (per annum)
2018-19	2,85,60,000	1,44,600	41,34,000	3,28,38,600**

\*\* Within limits prescribed under Schedule V of the Companies Act, 2013.

#### Explanation :

For the purpose of calculating perquisites and allowances as a part of the remuneration of Mr. Ajit Gulabchand for FY 2018-19, the same shall be evaluated as per the Income Tax Rules, 1962 for Valuation of Perquisites read with the Income Tax Act, 1961 or any amendments thereto or any modifications or statutory re-enactment thereof and / or any other Rules or Regulations framed for the said purpose. In the absence of any such provision for valuation of any perquisites and allowances in the said Rules, the same shall be evaluated at its actual cost to the Company.

In addition to the above, Mr. Ajit Gulabchand is entitled to the following perquisites, which shall not be included in the computation of the ceiling on remuneration.

- Provision for use of Company's car for office duties and telephone and other communication facilities at residence.
- Contribution to Provident Fund, Superannuation Fund or Annuity Fund to the extent these either singly or put together are not taxable under the Income Tax Act, 1961 or any amendments thereto or any modifications or statutory re-enactment thereof and / or any rules / regulations made thereunder.
- Gratuity/Insurances as per the Rules of the Company.
- One month's leave for every eleven months of service and such other benefits in accordance with the Rules of the Company.
- Encashment of leave at the end of the tenure.

**RESOLVED FURTHER THAT** the Board of Directors of the Company (hereinafter referred to as the "Board") (which term shall be deemed to include any duly authorized Committee thereof, for the time being exercising the powers conferred on the Board by this Resolution, including the Nomination and Remuneration Committee) be and is hereby authorized to revise, amend, alter and / or vary the terms and conditions in relation to the above remuneration in such manner as may be permitted in accordance with the provisions of the Act and / or to the extent as may be required, by the concerned authority, if any, while according their approval.

**RESOLVED FURTHER THAT** for the purpose of giving effect to this resolution, the Board be and is hereby authorized to do all such acts, deeds, matters and things as it may, in its absolute discretion deem necessary, proper or desirable including making of an application to regulatory authorities, execution of necessary documents and to settle any questions, difficulties and / or doubts that may arise in this regard in order to implement and give effect to the foregoing resolution."

## 5 Payment of Remuneration to Ms. Shalaka Gulabchand Dhawan, Whole-time Director

To consider and if thought fit, to pass, the following resolution as an **Ordinary Resolution**:

**"RESOLVED THAT** pursuant to the provisions of Sections 196, 197 read with Schedule V and other applicable provisions if any, of the Companies Act, 2013, and the rules made thereunder (including any amendments thereto or statutory modifications or re-enactment thereof for the time being in force) (" the Act") and subject to all other sanctions, approvals and permissions 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 sanctions, approvals and permissions, consent of the Members of the Company be and is hereby accorded for the payment of the following remuneration to Ms. Shalaka Gulabchand Dhawan, Whole-time Director, for the period i.e. April 30, 2018 to April 29, 2019, which is within the single limit of remuneration, computed based on the Effective Capital of the Company as on March 31, 2018 pursuant to the Explanation provided in Section IV of Schedule V of the Companies Act, 2013 :

(Amount in ₹)			
Period	Annual Salary	Perquisites and Allowances (per annum)	Total (per annum)
30-04-2018 to 29-04-2019	81,00,000	81,00,000*	1,62,00,000**

\* Restricted to 100% of Annual Salary.

\*\* Within limits prescribed under Schedule V of the Companies Act, 2013.

#### Explanation:

For the purpose of calculating perquisites and allowances, the same shall be evaluated as per the Income Tax Rules, 1962 for Valuation of Perquisites read with the Income Tax Act, 1961 or any amendments thereto or any modifications or statutory re-enactment thereof and / or any other Rules or Regulations framed for the said purpose. In the absence of any such provision for valuation of any perquisites and allowances in the said Rules, the same shall be evaluated at its actual cost to the Company.

In addition to the above, Ms. Shalaka Gulabchand Dhawan is entitled to the following perquisites, which shall not be included in the computation of the ceiling on remuneration.

- Provision for use of Company's car for office duties and telephone and other communication facilities at residence.
- Contribution to Provident Fund, Superannuation Fund or Annuity Fund to the extent these either singly or put together are not taxable under the Income Tax Act, 1961 or any amendments thereto or any modifications or statutory re-enactment thereof and / or any rules / regulations made thereunder.
- Gratuity / Insurances as per the Rules of the Company.
- One month's leave for every eleven months of service and such other benefits in accordance with the Rules of the Company.

- e) Encashment of leave at the end of the tenure.

**RESOLVED FURTHER THAT** the Board of Directors of the Company (hereinafter referred to as the "Board") (which term shall be deemed to include any duly authorized Committee thereof, for the time being exercising the powers conferred on the Board by this Resolution, including the Nomination and Remuneration Committee) be and is hereby authorized to revise, amend, alter and / or vary the terms and conditions in relation to the above remuneration in such manner as may be permitted in accordance with the provisions of the Act and / or to the extent as may be required, by the concerned authority, if any, while according their approval.

**RESOLVED FURTHER THAT** for the purpose of giving effect to this resolution, the Board be and is hereby authorized to do all such acts, deeds, matters and things as it may, in its absolute discretion deem necessary, proper or desirable including making of an application to regulatory authorities, execution of necessary documents and to settle any questions, difficulties and / or doubts that may arise in this regard in order to implement and give effect to the foregoing resolution."

**6. Ratification of Remuneration to Cost Auditor for FY 2017-18:**

To consider and if thought fit, to pass the following resolution as an **Ordinary Resolution**:

**"RESOLVED THAT** pursuant to the provisions of Section 148 (3) of the Companies Act, 2013 read with Companies (Audit and Auditors) Rules, 2014 (including any amendments thereto or any statutory modification(s) or re-enactment thereof for the time being in force), the remuneration payable to M/s. Joshi Apte & Associates, Cost Accountants, (Firm Registration No. 00240), appointed by the Board of Directors of the Company as Cost Auditors to conduct the audit of the cost records of the Company for the financial year 2017-18, amounting to ₹ 2,75,000 (Rupees Two Lakh Seventy Five Thousand Only) as also the payment of service tax as applicable and reimbursement of out of pocket expenses incurred by them in connection with the aforesaid audit be and is hereby ratified and confirmed."

**7. Amendment to the existing HCC Employees Stock Option Scheme, to bring the Scheme in conformity with the SEBI (Share Based Employee Benefits) Regulations, 2014:**

To consider and if thought fit, to pass the following resolution as a **Special Resolution**:

**"RESOLVED THAT** in accordance with the applicable provisions of the Memorandum and Articles of Association of the Company, the applicable provisions of the Companies Act, 2013 (the "Act"), and the applicable rules framed thereunder, including any statutory modification(s) or re-enactment thereof for the time being in force and in accordance with the provisions contained in the Securities and Exchange Board of India ("SEBI") (Share Based Employee Benefits) Regulations, 2014 ("SEBI Regulations"), as amended and modified from time to time and the provisions of any other applicable laws or regulations and

in compliance with the listing agreement entered into by the Company with the stock exchanges where the equity shares of the Company are listed and subject to such other approvals, permissions and sanctions as may be necessary and subject to such conditions and modifications as may be prescribed or imposed while granting such approvals, permissions and sanctions and as agreed to by the board of directors of the Company (hereinafter referred to as the "Board" which term shall include any committee, including the 'ESOP Compensation Committee' constituted by the Board to exercise its powers, including the powers, conferred by this resolution), the consent of the Members of the Company be and is hereby accorded to the amendments carried out by the ESOP Compensation Committee at its Meeting dated March 20, 2018, to the existing HCC Employee Stock Option Scheme of the Company ("Scheme") earlier approved vide postal ballot on December 10, 2007 as per erstwhile Securities and Exchange Board of India (Employees Stock Option Scheme and Employees Stock Purchase Scheme) Guidelines, 1999, in order to bring the existing Scheme in conformity with the SEBI Regulations, as per the details set out in the Explanatory Statement annexed to the Notice convening this meeting and a copy of which amended Scheme is placed before this meeting and initialed by the Company Secretary for the purpose of identification.

**RESOLVED FURTHER THAT** for the purpose of giving effect to the above resolution, the Board be and is hereby authorised on behalf of the Company, to take all actions and to do all such acts, deeds, matters and things as it may in its absolute discretion deem necessary, expedient or proper and to settle all questions, difficulties or doubts at any stage without requiring the Board to obtain any further consent or approval of the Members of the Company.

**RESOLVED FURTHER THAT** the Board be and is hereby authorised to delegate all or any of the powers herein conferred, to any committee or any one or more directors of the Company."

**8. Extension of the period of conversion of the Optionally Convertible Debentures (OCDs) of face value ₹ 1000/- each issued by the Company:**

To consider and if thought fit, to pass the following resolution as a **Special Resolution**:

**"RESOLVED THAT** in addition to and in partial modification of the resolution passed by the Members at the Extraordinary General Meeting of the Company held on January 5, 2017 and the 91<sup>st</sup> Annual General Meeting of the Company held on July 6, 2017 and pursuant to letter No. CFD/DIL-1/YJ/AG/15251/2018 dated May 24, 2018 issued by SEBI ("SEBI Approval") to ICICI Bank Limited granting exemption to the Company from the applicability of Regulation 75 of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 ("SEBI ICDR Regulations") relating to the tenure and period for conversion of the OCDs issued by the Company and as confirmed by ICICI Bank Ltd vide their letter dated June 5, 2018, consent of the Members of the Company be and is hereby accorded to the Board of directors ("Board") (hereinafter which term shall be deemed to include any Committee constituted by the Board ("Committee") to

exercise its powers, including the powers conferred by this resolution), with effect from July 05, 2018, interalia, for extending the tenure of the Optionally Convertible Debentures (OCDs) issued to the lenders under the Reserve Bank of India's (RBI) Scheme for Sustainable Structuring of Stressed Assets ("S4A Scheme"), implemented for the Company including the option to the lenders to convert the OCDs into equity shares of the Company, in accordance with the terms thereof including in case of any event of default or default in payment, during such extended period of conversion, upto a period of 10 years from the date of allotment of the respective OCDs or such other period as may be permitted in future, by the Securities and Exchange Board of India and agreed by the OCD Holders;

**RESOLVED FURTHER THAT** for the purposes of giving effect to this resolution, the Board of the Company be and is hereby authorised to finalise, settle and execute such documents, deeds, writings, papers, and/or agreements as may be required and do all such acts, deeds, matters and things, as they may in their discretion deem fit, necessary or appropriate."

## 9. Issue of Securities of the Company

To consider and if thought fit, to pass, the following resolution as a **Special Resolution**:

**"RESOLVED THAT** pursuant to Section 42, 62, 71 and other applicable provisions, if any, of the Companies Act, 2013 and the rules made thereunder (including any amendments thereto or any statutory modifications and / or re-enactment thereof for the time being in force (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, the Issue of Foreign Currency Convertible Bonds and Ordinary Shares (Through Depository Receipt Mechanism) Scheme, 1993, as amended and modified from time to time 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 Reserve Bank of India ("RBI"), Stock Exchanges, the Securities and Exchange Board of India ("SEBI") including the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the "SEBI Regulations") 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 / regulatory 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 may be agreed upon by the Board of Directors of the

Company as deemed appropriate (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), 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 as may be permitted), Equity Shares and / or Equity Shares through depository receipts including American Depository Receipts (ADRs), Global Depository Receipts (GDRs) and / or Foreign Currency Convertible Bonds (FCCBs), 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 or with or without detachable warrants with a right exercisable by the warrant holders to convert or subscribe to the Equity Shares or otherwise, in registered or bearer form, whether rupee denominated or denominated in foreign currency (collectively referred as "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 (QIP) in accordance with the SEBI Regulations, or by any one or more combinations of the above 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 investors, including residents and / or non-residents and / or qualified institutional buyers and / or institutions / banks and / or incorporated bodies and / or individuals and / or trustees and / or stabilizing agent or otherwise, whether or not such Investors are Members of the Company, as may be deemed appropriate by the Board and as permitted under applicable laws and regulations, for an aggregate amount not exceeding ₹ 1,000 crore (Rupees one thousand 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, the Stock Exchanges on which such securities will be listed, finalization of allotment of the Securities on the basis of the subscriptions received including details on face value, premium, rate of interest, redemption period, manner of redemption, amount of premium on redemption, the ratio / number of Equity Shares to be allotted on redemption/ conversion, period of conversion, fixing of record date or book closure dates, etc., as the case may be applicable, 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 to be 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 QIP, FCDs, PCDs, OCDs or any other Securities, which are convertible into or exchangeable with the Equity Shares of the Company (hereinafter collectively referred as "Other Specified Securities" and together with Equity Shares of the Company (hereinafter referred as "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, the same 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 the SEBI Regulations and the Specified Securities shall not be eligible to be sold except as may be permitted from time to time under the SEBI Regulations.

**RESOLVED FURTHER THAT** the Company may, in accordance with applicable laws, also offer a discount of such percentage as permitted under applicable laws on the price calculated in accordance with the pricing formula provided under the SEBI Regulations.

**RESOLVED FURTHER THAT** in the event of issue of Specified Securities by way of a QIP, 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 date as may be decided by the Board and as 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, the number of Equity Shares and / or conversion price in relation to Equity Shares that may be issued and allotted on conversion shall be appropriately adjusted for corporate actions including 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, if 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** in the event the Securities are proposed to be issued as American Depositary Receipts ("ADRs") or Global Depositary Receipts ("GDRs"), pursuant to the provisions of the Issue of Foreign Currency Convertible Bonds and Ordinary Shares (Through Depositary Receipt Mechanism) Scheme, 1993 and other applicable pricing provisions issued by the Ministry of Finance, the relevant date for the purpose of pricing the Equity Shares to be issued pursuant to such issue shall be the date of the meeting in which the Board or duly authorised committee of directors decides to open such issue after the date of this resolution or such other date as may be decided by the Board subject to the relevant provisions of the applicable law, rules and regulations as amended from time to time, in relation to the proposed issue of the securities.

**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, things and matters connected therewith, as it may, in its absolute discretion deem necessary, desirable or incidental thereto including without limitation the determination of terms and conditions for issuance of Securities including the number of Securities that may be offered in domestic and international markets and proportion thereof, timing for issuance of such Securities and shall be entitled to vary, modify or alter any of the terms and conditions as it may deem expedient, the entering into and executing arrangements / agreements for managing, 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, 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 executing other agreements, including any amendments or supplements thereto, as necessary or appropriate and to finalise, approve and issue any document(s), including but not limited to prospectus and / or letter of offer and / or circular, documents and agreements including conducting 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** for the purpose of giving effect to any offer, issue or allotment of Equity Shares or Securities or instruments representing the same, as described above,

the Board be and is hereby authorised on behalf of the Company to seek listing of any or all of such Securities on one or more Stock Exchanges in India or outside India and the listing of Equity Shares underlying the ADRs and / or GDRs on the Stock Exchanges in India.

**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."

**10. Delivery of documents on the Members through a particular mode if required by the Member.**

To consider and if thought fit, to pass the following resolution as an **Ordinary Resolution**:

**"RESOLVED THAT** pursuant to Section 20 and other applicable provisions, if any, of the Companies Act, 2013 and relevant Rules prescribed thereunder, consent of the Company be and is hereby accorded to charge a fee from a Member in advance, a sum equivalent to the estimated expenses of delivery of the documents through a particular

mode if a request has been received from the Member by the Company for delivery of any document through a particular mode, provided such request alongwith such fee has been duly realised by the Company at least one week in advance of the dispatch of the document(s) by the Company.

**RESOLVED FURTHER THAT** for the purpose of giving effect to this resolution, any of the Key Managerial Personnel of the Company be and are hereby severally authorized to do all such acts, deeds, matters and things as they may in their absolute discretion deem necessary, proper, desirable or expedient and to settle any question, difficulty, or doubt that may arise in respect of the matter aforesaid, including determination of the estimated fees to be paid in advance for delivery of the document(s)."

By Order of the Board  
For **Hindustan Construction Co. Ltd**

**Venkatesan Arunachalam**  
Company Secretary

**Registered Office:**

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

Place : Mumbai

Date : June 8, 2018

**NOTES – FORMING A PART OF THE NOTICE :**

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT PROXY / PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.**

**A PERSON CAN ACT AS PROXY ON BEHALF OF MEMBERS NOT EXCEEDING FIFTY (50) IN NUMBER AND HOLDING IN THE AGGREGATE NOT MORE THAN TEN PERCENT OF THE TOTAL SHARE CAPITAL OF THE COMPANY CARRYING VOTING RIGHTS. A MEMBER HOLDING MORE THAN TEN PERCENT OF THE TOTAL SHARE CAPITAL OF THE COMPANY CARRYING VOTING RIGHTS MAY APPOINT A SINGLE PERSON AS PROXY AND SUCH PERSON SHALL NOT ACT AS A PROXY FOR ANY OTHER MEMBER.**

**IN ORDER THAT THE APPOINTMENT OF A PROXY IS EFFECTIVE, THE INSTRUMENT APPOINTING A PROXY MUST BE RECEIVED AT THE REGISTERED OFFICE OF THE COMPANY, DULY COMPLETED AND SIGNED, NOT LATER THAN FORTY-EIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING. I.E. BY 11.00 A.M. ON TUESDAY, JULY 10, 2018.**

2. Corporate Members intending to send their authorised representatives to attend the Annual General Meeting, pursuant to Section 113 of the Companies Act, 2013, are requested to send a duly certified copy of their Board Resolution together with the respective specimen signature of the representative(s) authorised under the said resolution to attend and vote on their behalf at the Meeting.

3. Members, Proxies and Authorised representatives are requested to bring to the Meeting, the Attendance Slip enclosed herewith duly completed and signed for attending the Meeting.
4. In case of joint holders attending the Meeting, the joint holder who is higher in the order of names will be entitled to vote at the Meeting, if not already voted through remote e-voting.
5. A Route Map showing the directions to reach the venue of the Annual General Meeting is given at the end of this Notice as per the requirement of the Secretarial Standards-2 on 'General Meeting'.
6. The Register of Members and the Share Transfer Books of the Company will remain closed from Friday, July 6, 2018 to Thursday, July 12, 2018 (both days inclusive) for the purpose of the Annual General Meeting of the Company.
7. The Register of Directors and Key Managerial Personnel and their shareholding, maintained under Section 170 of the Companies Act, 2013 will be available for inspection by the Members at the Annual General Meeting of the Company.

The Register of Contracts or Arrangements in which the Directors are interested, maintained under Section 189 of the Companies Act, 2013 will be available for inspection by the Members at the Annual General Meeting of the Company.

8. In compliance with the provisions of Section 129(3) of the Companies Act, 2013, (the Act), the Audited Financial Statements of the Company includes the Consolidated Financial Statements of the Company as defined in the Act for consideration and adoption by the Members of the Company.
9. The Explanatory Statement setting out the material facts pursuant to Section 102 of the Companies Act, 2013 ("the Act"), relating to the Special Business to be transacted at the ensuing Annual General Meeting (AGM) is annexed hereto and forms part of this Notice.
10. **The Members are requested to:**
  - a) Intimate change in their registered address, if any, to the Company's Registrar and Share Transfer Agents, TSR Darashaw Limited at 6-10, Haji Moose Patrawala Indl. Estate, 20, Dr. E. Moses Road, Near Famous Studio, 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 TSR Darashaw Limited immediately of the change in residential status on return to India for permanent settlement.
  - d) Please note that in accordance with the provisions of Section 72 of the Companies Act, 2013, Members are entitled to make nominations in respect of the Equity Shares held by them. Members desirous of making nominations may procure the prescribed form SH-13 from the Registrar & Share Transfer Agents, TSR Darashaw Limited and have it duly filled, signed and sent back to them, in respect of shares held in physical form. Members holding shares in dematerialised mode, should file their nomination with their Depository Participant (DP).
11. **Green Initiative:**

Ministry of Corporate Affairs and SEBI has encouraged paperless communication as a contribution to greener environment.

Members holding shares in physical mode are requested to register their e-mail IDs with Company's Registrar and Share Transfer Agents, TSR Darashaw Limited at 6-10, Haji Moosa Patrawala Indl. Estate, 20, Dr. E. Moses Road, Near Famous Studio, Mahalaxmi, Mumbai- 400 011 and Members holding shares in demat mode are requested to register their e-mail IDs with their respective Depository Participants (DPs) in case the same is still not registered.

If there is any change in the e-mail ID already registered with the Company, Members are requested to immediately notify such change to the Registrars & Share Transfer Agents of the Company in respect of shares held in physical form and to their respective DPs in respect of shares held in electronic form.
12. In terms of Section 101 and 136 of the Companies Act, 2013 read together with the Rules made thereunder, the copy of the Annual Report for 2017-18 including Audited Financial Statements, Board's report etc. and this Notice of the 92<sup>nd</sup> Annual General Meeting of the Company interalia indicating the process and manner of remote e-voting alongwith Attendance Slip and Proxy Form is being sent by electronic mode, to all those Members whose e-mail IDs are registered with their respective Depository Participants unless any Member has requested for a physical copy of the same. Even after registering for e-communication, Members are entitled to receive such communication in physical form by post, free of cost, upon making a request for the same. For any such communication, the Members may also send requests to the Company's investor email id: [secretarial@hccindia.com](mailto:secretarial@hccindia.com). For Members who have not registered their email address, physical copies of the Annual Report for 2017-18 and this Notice of the 92<sup>nd</sup> Annual General Meeting of the Company interalia indicating the process and manner of remote e-voting alongwith Attendance Slip and Proxy Form is being sent to them in the permitted mode.
13. Members may also note that the Notice of the 92<sup>nd</sup> Annual General Meeting and the Annual Report for 2017-18 of the Company will also be available on the Company's website [www.hccindia.com](http://www.hccindia.com) for their download.
14. The Ministry of Corporate Affairs has notified certain amendments to the Companies Act, 2013 on May 7, 2018 whereby interalia, first proviso to Section 139 seeking ratification of the Member at every Annual General Meeting for the appointment of Auditor has been omitted.
15. **Appointment / Re-appointment of Directors:**

Details of the Directors seeking appointment / re-appointment at the Annual General Meeting, as required in terms of Regulation 36(3) of the SEBI (Listing Obligation and Disclosure Requirement) regulations, 2015 ('SEBI Listing Regulations') is provided in Annexure A to the Explanatory Statement to the Notice.
16. a) The Company has transferred to the Investor Education and Protection Fund (IEPF) on the due date, the unclaimed dividend for the financial year ended March 31, 2010.
 

Further pursuant to Section 124(6) of Companies Act, 2013 read with Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 (hereinafter referred to as "the IEPF Rules"), shares corresponding to the Dividend for FY 2009-10 which had remained unclaimed for a period of seven consecutive years has also been transferred by the Company to IEPF.
- b) Members wishing to claim dividends, which remain unclaimed are requested to correspond with TSR Darashaw Limited, Registrar & Share Transfer Agents. Members are requested to note that dividends not claimed within seven years ('Unclaimed Dividend') from the date of transfer to the Company's Unpaid Dividend Account, will be transferred to the Investor Education Protection Fund and the shares corresponding to such Unclaimed Dividend shall also be transferred by the

Company to IEPF as per Section 124 of the Companies Act, 2013

- c) The Company has uploaded/will be uploading the details of the Unclaimed amounts of Dividend of the Members as on July 12, 2018 (date of Annual General Meeting) as per the Investor Education and Protection Fund (Uploading of Information regarding unpaid and unclaimed amounts lying with Companies) Rules, 2012, on the website of the Ministry of Corporate Affairs [www.mca.gov.in](http://www.mca.gov.in).

#### 17. Voting:

All persons whose names are recorded in the Register of Members or in the Register of Beneficial Owners maintained by the Depositories as on the cut-off date namely, July 5, 2018 only shall be entitled to vote at the General Meeting by availing the facility of remote e-voting or voting by use of electronic voting or poll paper at the General Meeting venue. If a person was a Member as on the date of dispatch of the notice but has ceased to be a Member as on the cut-off date i.e. July 5, 2018, he / she shall not be entitled to vote. Such person should treat this Notice for information purpose only.

#### General Information :

In compliance with the provisions of Section 108 of the Companies Act, 2013, Rule 20 of the Companies (Management and Administration) Rules, 2014 and sub clause (1) & (2) of Regulation 44 of SEBI Listing Regulations, the Company is pleased to provide remote e-voting facilities to its Members in respect of the business to be transacted at the 92<sup>nd</sup> Annual General Meeting (AGM) of the Company. The Company has engaged the services of National Securities Depository Ltd (NSDL) as authorised agency to provide the facility of casting the votes by the Members using an electronic voting system from a place other than venue of the AGM) ('remote e-voting'). It is clarified that it is not mandatory for a Member to vote using remote e-voting facility.

The facility for voting through electronic voting or poll paper shall be made available at the AGM for those Members who have not cast their votes earlier.

The Members who have cast their votes by remote e-voting prior to the AGM may also attend and participate in the AGM but they shall not be entitled to cast their vote again at the AGM.

Members can opt for only one mode of voting i.e. either by remote e-voting or voting at the AGM by electronic voting or poll paper. In case Members cast their votes through both the modes, voting done by remote e-voting shall prevail and the votes cast at the AGM shall be treated as invalid.

Resolutions passed by Members through remote e-voting or through electronic voting or poll paper at the AGM, are deemed to have been passed as if they have been passed at the AGM.

The remote e-voting period will commence on Sunday, July 8, 2018 (9:00 am) and will end on Wednesday, July 11, 2018 (5:00 pm). During this period, Members of the Company, holding shares either in physical form or in dematerialized form, as on

the cut-off date of July 5, 2018, may cast their vote by remote e-voting. The remote e-voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the Member, the Member shall not be allowed to change it subsequently.

The voting rights of Members shall be in proportion of the paid-up equity share capital of the Company as on the cut-off date i.e. July 5, 2018.

Mr. B. Narasimhan, Proprietor, B. N & Associates, Practising Company Secretary (Membership No. FCS 1303 and Certificate of Practice No. 10440) has been appointed as the Scrutinizer to scrutinize the remote e-voting process and voting at AGM, in a fair and transparent manner and he has communicated his willingness to be appointed and will be available for the same purpose.

The Chairman shall, at the AGM, at the end of discussion on the resolutions on which voting is to be held, allow voting with the assistance of the Scrutinizer, by use of electronic voting or poll paper for all those Members who are present at the AGM but have not cast their votes by availing the remote e-voting facility.

The Scrutinizer shall after the conclusion of voting at the general meeting venue, will first ensure that the number of votes cast at the meeting is recorded and thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and shall make, not later than three days of the conclusion of the AGM, a consolidated Scrutinizer's Report of the total votes cast in favour or against, if any, to the Chairman or a person authorized by him in writing, who shall countersign the same and declare the result of the voting forthwith.

The Results declared alongwith the report of the Scrutinizer shall be placed on the website of the Company [www.hccindia.com](http://www.hccindia.com) and on the website of NSDL immediately after the declaration of result by the Chairman or a person authorized by him in writing. The results shall also be uploaded on the BSE Listing Portal and on the NSE NEAPS Portal.

Subject to receipt of requisite number of votes, the Resolutions shall be deemed to be passed on the date of the Annual General Meeting i.e. Thursday, July 12, 2018.

#### Voting through Electronic means :

##### Process and manner for remote e-voting :

#### A. For Members whose e-mail addresses are registered with the Company / Depositories :

Step 1 : Log-in to NSDL e-Voting system at <https://www.evoting.nsdl.com/>

Step 2 : Cast your vote electronically on NSDL e-Voting system.

Details on Step 1 is mentioned below:

How to Log-in to NSDL e-Voting website?

1. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <https://www.evoting.nsdl.com/> either on a Personal Computer or on a mobile.

2. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholders' section.
3. A new screen will open. You will have to enter your User ID, your Password and a Verification Code as shown on the screen.

Alternatively, if you are registered for NSDL eservices i.e. IDEAS, you can log-in at <https://eservices.nsdl.com/> with your existing IDEAS login. Once you log-in to NSDL eservices after using your log-in credentials, click on e-Voting and you can proceed to Step 2 i.e. Cast your vote electronically.

4. Your User ID details are given below :

Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical	Your User ID is:
a) For Members who hold shares in demat account with NSDL.	8 Character DP ID followed by 8 Digit Client ID  For example if your DP ID is IN300*** and Client ID is 12***** then your user ID is IN300***12*****.
b) For Members who hold shares in demat account with CDSL.	16 Digit Beneficiary ID  For example if your Beneficiary ID is 12***** then your user ID is 12*****.
c) For Members holding shares in Physical Form.	EVEN Number followed by Folio Number registered with the company  For example if folio number is 001*** and EVEN is 101456 then user ID is 101456001***.

5. Your password details are given below:

- a) If you are already registered for e-Voting, then you can use your existing password to login and cast your vote.
- b) If you are using NSDL e-Voting system for the first time, you will need to retrieve the 'initial password' which was communicated to you. Once you retrieve your 'initial password', you need to enter the 'initial password' and the system will force you to change your password.
- c) How to retrieve your 'initial password'?
  - (i) If your email ID is registered in your demat account or with the company, your 'initial password' is communicated to you on your email ID. Trace the email sent to you from NSDL from your mailbox. Open the email and open the attachment i.e. a .pdf file. Open the .pdf file. The password to open the .pdf file is your 8 digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your 'User ID' and your 'initial password'.
  - (ii) If your email ID is not registered, your 'initial password' is communicated to you on your postal address.

6. If you are unable to retrieve or have not received the "Initial password" or have forgotten your password:
  - a) Click on "Forgot User Details/Password?" (If you are holding shares in your demat account with NSDL or CDSL) option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com).
  - b) Physical User Reset Password? (If you are holding shares in physical mode) option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com).
  - c) If you are still unable to get the password by aforesaid two options, you can send a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) mentioning your demat account number/ folio number, your PAN, your name and your registered address.
7. After entering your password, tick on Agree to "Terms and Conditions" by selecting on the check box.
8. Now, you will have to click on "Login" button.
9. After you click on the "Login" button, Home page of e-Voting will open.

Details on Step 2 is given below:

How to cast your vote electronically on NSDL e-Voting system?

1. After successful login at Step 1, you will be able to see the Home page of e-Voting. Click on e-Voting. Then, click on Active Voting Cycles.
2. After click on Active Voting Cycles, you will be able to see all the companies "EVEN" in which you are holding shares and whose voting cycle is in active status.
3. Select "EVEN" of company for which you wish to cast your vote.
4. Now you are ready for e-Voting as the Voting page opens.
5. Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on "Submit" and also "Confirm" when prompted.
6. Upon confirmation, the message "Vote cast successfully" will be displayed.
7. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
8. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

#### General Guidelines for shareholders

1. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer by e-mail to [evoting.hcc@gmail.com](mailto:evoting.hcc@gmail.com) with a copy marked to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in).
2. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go

through the "Forgot User Details/Password?" or "Physical User Reset Password?" option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com) to reset the password.

3. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the download section of [www.evoting.nsdl.com](http://www.evoting.nsdl.com) or call on toll free no.: 1800-222-990 or send a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in)

**B. For Members whose e-mail addresses are not registered with the Company / Depositories :**

- i) Such Members [including those Members who have requested for a physical copy] will receive a physical copy of the Notice of AGM. Initial password is provided as below / at the bottom of the Attendance Slip for the AGM:

EVEN	USER ID	PASSWORD / PIN
(Remote e-voting Event Number)		

- ii) Please follow step 1 and Step 2 mentioned above, to cast vote.

**Additional Information :**

In case Members have any queries relating to remote e-voting, they are requested to refer the 'Frequently Asked Questions (FAQs) for Members' and 'Remote e-voting User Manual for Members' available at the downloads section of [www.evoting.nsdl.com](http://www.evoting.nsdl.com) or call on toll free no.: 1800-222-990.

Members may also send their queries relating to e-voting to Ms. Pallavi Mhatre, Assistant. Manager, NSDL at :  
E-mail id: [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in); Toll free No.: 1800-222-990; Tel. No. : 022 2499 4545

Members are requested to update their mobile numbers and e-mail IDs in the user profile details of the folio, which may be used by the Company for sending future communication(s) to them.

Any person, who acquires shares of the Company and becomes a Member of the Company after despatch of the notice and holding shares as of the cut-off date i.e. July 5, 2018, may obtain the login ID and password by sending a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) or Issuer / RTA. However, if you are already registered with NSDL for remote e-voting then you can use your existing user ID and password for casting your vote. If you have forgotten your password, you can reset your password by using 'Forgot User Details / Password?' or 'Physical User Reset Password?' option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com) or contact NSDL at the following toll free no.: 1800-222-990.

18. All documents referred to in the accompanying Notice and the Explanatory Statement shall be open for inspection at the Registered Office of the Company between 11.00 am and 1 pm on all working days except Saturdays, upto and including the date of the Annual General Meeting of the Company.

By Order of the Board  
For **Hindustan Construction Co. Ltd**

**Venkatesan Arunachalam**  
Company Secretary

**Registered Office:**

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

Place : Mumbai  
Date : June 8, 2018

## ANNEXURE TO THE NOTICE

### (EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013)

#### Ordinary Business

##### Item No. 2

As per the provisions of Section 152 of the Companies Act, 2013, Mr. N. R. Acharyulu (DIN 02010249), Non Executive- Non Independent Director of the Company, is due to retire by rotation and being eligible has offered himself for re-appointment.

On May 9, 2018, SEBI has notified amendments to the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (SEBI LODR Regulations) in order to implement the recommendations made by the Committee on Corporate Governance under the Chairmanship of Shri Uday Kotak. The amendments, interalia, have different implementation dates.

In Regulation 17 of the SEBI (LODR) Regulations, new sub-regulation (1A) has been inserted, as follows, which shall come into force from April 1, 2019.

"No listed entity shall appoint a person or continue the directorship of any person as a Non-Executive Director who has

attained the age of seventy-five years, unless a special resolution is passed to that effect, in which case the explanatory statement annexed to the notice for such motion, shall indicate the justification for appointing such a person."

Members are informed that Mr.N.R.Acharyulu would be attaining the age of seventy-five years on May 22, 2019.

In view of the aforesaid amendment to SEBI LODR Regulations, it is proposed to seek approval of the Members vide special resolution at the ensuing Annual General Meeting, for the re-appointment and continuance of Mr. Acharyulu, upon attainment of seventy-five years, as a Non-Executive Director of the Company, liable to retire by rotation.

A justification note for continuance of directorship of Mr.Acharyulu, upon attaining the age of seventy-five years, is appended below, for the consideration of the Members. which was also placed before the Nomination and Remuneration Committee and Board

Mr. N. R. Acharyulu (DIN 02010249) was appointed as a Non Executive- Non Independent Director of the Company with effect from May 2, 2016.

Mr. Acharyulu has a distinguished career having more than forty eight years of enriched experience and has held various leadership positions during his long stint. A Mechanical Engineer from Andhra University, Mr. Acharyulu joined HCC in 1970 as Junior Engineer at Idukki Hydroelectric Power project in Kerala. During his career with HCC, he was entrusted with responsibilities of heading the Plant and Equipment department since 1991. Thereafter he headed the Construction Engineering and Methodology Group (CEMG) in 2001 for some time before he was made the Project Controller of the Water Supply and Irrigation projects in 2004. He was then made the Head of Water Vertical in 2007 and later given the independent responsibility of Claims Task force in 2011. Mr. Acharyulu became the Chief Operating Officer of HCC in mid of 2012 and then was made the Chief Business Development Officer of the Company in 2014. Upon conclusion of his contract period, he was appointed as the Non-Executive- Non Independent Director on the Board with effect from May 2, 2016.

In accordance with Section 152 of the Companies Act, 2013, Mr. Acharyulu being eligible has offered himself for re-appointment as a Director liable to retire by rotation at the forthcoming 92<sup>nd</sup> Annual General Meeting of the Company.

Considering the experience and long standing association of Mr. N. R. Acharyulu with the Company, his re-appointment as a Non-executive Director and continuance after attaining the age of seventy-five years on May 22, 2019, would be of immense benefit to the Company.

The Nomination and Remuneration Committee has vide circular resolution passed on June 8, 2018 recommended the said proposal to Board and the Board vide circular resolution of even date has considered and recommended the passing of the Special Resolution at Item No. 2 of the accompanying Notice for approval by the Members of the Company.

The Members of the Company are requested to accord their approval to the re-appointment of Mr. Acharyulu vide special resolution.

None of the Directors, Key Managerial Persons (KMPs) or their respective relatives are in any way concerned or interested, financially or otherwise, in the resolution mentioned at Item No. 2 of this Notice except to the extent of their respective shareholding in the Company, If any.

**FOLLOWING EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013 (THE "ACT") INCLUDING ANNEXURE A, B & C, SETS OUT ALL MATERIAL FACTS RELATING TO THE BUSINESSES MENTIONED FROM ITEM NOS. 3 TO 10**

**Special Business**

**Item No. 3**

On May 9, 2018, SEBI has notified amendments to the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('SEBI LODR Regulations') in order to implement the recommendations made by the Committee on Corporate Governance under the Chairmanship of Shri Uday Kotak whereby, interlia, in Regulation 17 of the SEBI (LODR) Regulations, new sub-regulation (1A) has been inserted, as follows, which shall come into force from April 1, 2019.

"No listed entity shall appoint a person or continue the directorship of any person as a Non-Executive Director who has attained the age of seventy-five years, unless a special resolution is passed to that effect, in which case the explanatory statement annexed to the notice for such motion, shall indicate the justification for appointing such a person."

Members are informed that Mr. Sharad M. Kulkarni, who was re-appointed as a Non-Executive Independent Director by the Members vide special resolution passed at the 91<sup>st</sup> Annual General Meeting of the Company held on July 6, 2017, for a second term of three years i.e. from the conclusion of the 91<sup>st</sup> Annual General Meeting of the Company upto the conclusion of the 94<sup>th</sup> Annual General Meeting of the Company to be held in the calendar year 2020, has already attained the age of seventy-nine years.

In view of the aforesaid amendment to SEBI LODR Regulations, it is proposed to seek approval of the Members vide special resolution at the ensuing Annual General Meeting, for the continuance of Sharad Kulkarni who has already attained the age of seventy-nine years, as a Non-Executive Independent Director of the Company, upto the expiry of his present term.

A justification note for continuance of directorship of Mr. Sharad Kulkarni, who has already attained the age of seventy-nine years, is appended below, for the consideration of the Members. which was also placed before the Nomination and Remuneration Committee and Board.

Mr. Sharad M. Kulkarni, was formally appointed as an Independent Director of the Company as per the requirements of the Companies Act, 2013 ('Act') at the 88<sup>th</sup> AGM of the Company held on June 20, 2014 for a term of three years i.e. upto the conclusion of the 91<sup>st</sup> Annual General Meeting of the Company in the calendar year 2017. and thereafter has been re-appointed as an Independent Director of the Company vide special resolution passed by the Members at the 91<sup>st</sup> AGM of the Company held on July 6, 2017 for a term of three years.

The Company has received a declaration from Mr. Sharad Kulkarni at the start of this financial year, that he meets with the criteria of independence as specified in the Companies Act, 2013 read with the Companies (Appointment and Qualification of Directors) Rules, 2014 and the same was noted by the Board at their meeting held on May 3, 2018.

Mr. Sharad M. Kulkarni joined the Board of Directors of the Company on August 10, 2001. He holds a Bachelors Degree in Engineering (B.E.) from University of Pune and is a Fellow of the Institute of Engineers India. He is also a Fellow of the Institution of Management, UK and a Fellow of the Institute of Directors, UK.

He is a Corporate Advisor & Management Consultant and his areas of expertise covers Business Development, International Alliance Management, Strategic Planning, Technology & Innovation Advisory, Financial Services and Corporate Governance.

He consults and advises several Indian and International companies. He is actively associated with NGO's and Educational Trusts. He has been a CEO & President of major International



and Indian corporate entities during his varied 54 years of Global experience both in India & abroad.

Mr. Kulkarni is also a Director on the Board of various other Companies viz., Bayer Crop Science Ltd, Camlin Fine Sciences Ltd, KEC International Ltd, Navin Fluoroine International Ltd, J.M. Financial Trustee Company Pvt. Ltd and Raychem RPG Pvt. Ltd.

He is also the Chairman of the Audit Committee of the Company and a Member / Chairman of several Committees of other public limited companies.

Mr. Sharad Kulkarni holds 20,000 equity shares of ₹ 1/- each in the Company.

Considering the long standing experience and contribution of Mr. Sharad Kulkarni, his continuance on the Board, after attaining the age of seventy-nine years, as a Non-Executive Independent Director, would be in the interest of the Company.

The Nomination and Remuneration Committee has vide circular resolution passed on June 8, 2018 recommended the said proposal to Board and the Board vide circular resolution of even date has considered and recommended the passing of the Special Resolution at Item No. 3 of the accompanying Notice for approval by the Members of the Company.

The Members of the Company are requested to accord their approval to the continuance of Directorship of Mr. Sharad Kulkarni vide special resolution.

None of the Directors, Key Managerial Persons (KMPs) or their respective relatives are in any way concerned or interested, financially or otherwise, in the resolution mentioned at Item No. 3 of this Notice except to the extent of their respective shareholding in the Company, If any.

#### Item No. 4

Mr. Ajit Gulabchand was re-appointed as the Managing Director designated as Chairman & Managing Director of the Company, for a period of 5 years with effect from April 1, 2013, including terms of remuneration for a period of 3 years (i.e. April 1, 2013 to March 31, 2016), in accordance with the approval accorded by the Members, at the Annual General Meeting of the Company held on June 21, 2013.

Pursuant to the approval of the Nomination and Remuneration Committee (NRC) and the Board at their respective meetings held on February 2, 2017 and May 4, 2017 and the approval of the Members at the Annual General Meeting held on July 6, 2017, payment of following remuneration was approved for Mr. Ajit Gulabchand for FY 2016-17 and FY 2017-18, respectively equivalent to doubled limit of remuneration as per Section II of Part II of Schedule V of the Companies Act, 2013.

(Amount in ₹)

Financial Year	Annual Salary	Perquisites and Allowances (per annum)	Retirals (per annum)	Total (per annum)
2016-17	2,69,64,000	1,44,600	38,94,600	3,10,03,200#
2017-18	2,93,40,000	1,44,600	42,51,000	3,37,35,600#

# As per the limits prescribed under Schedule V of the Companies Act, 2013.

As the earlier term of contract of Mr. Ajit Gulabchand as Chairman & Managing Director of the Company was upto March 31, 2018, the Nomination and Remuneration Committee (NRC) and the Board at their respective meetings held on January 31, 2018, have approved the re-appointment of Mr. Ajit Gulabchand, as the Managing Director of the Company designated as Chairman & Managing Director, for a period of 5 years with effect from April 1, 2018, based on the justification note as appended below for his re-appointment, who will be attaining the age of 70 years on June 28, 2018, and have also approved the payment of remuneration for FY 2018-19 equivalent to the doubled limit of remuneration as per Section II of Part II of Schedule V of the Companies Act, 2013, based on the Effective Capital of the Company as on March 31, 2018 pursuant to the explanation provided in Section IV of Schedule V of the Companies Act, 2013 and thereafter noted the following remuneration for FY 2018-19, at their respective meetings held on May 3, 2018, subject to necessary approval from the Members of the Company.

(Amount in ₹)

Financial Year	Annual Salary	Perquisites and Allowances (per annum)	Retirals (per annum)	Total (per annum)
2018-19	2,85,60,000	1,44,600	41,34,000	3,28,38,600**

\*\* Within the limits prescribed under Schedule V of the Companies Act, 2013.

The terms and conditions of Mr. Gulabchand's remuneration may be revised, amended, altered and / or varied from time to time by the Board and / or Nomination and Remuneration Committee in such manner as may be permitted in accordance with the provisions of the Act and / or to the extent as may be required, by the concerned authority, if any, while according approvals, if any.

Section 197 read with Section II of Part II of Schedule V to the Companies Act 2013 ('Act'), inter alia, necessitates the Company to comply inter alia with the conditions stipulated thereunder including seeking approval from the Members for payment of managerial remuneration for a period not exceeding three years, if in any financial year, during the currency of the tenure of a managerial person, it has no profits or its profits are inadequate. Further as per Schedule V of the Act, the limit of remuneration can be exactly doubled subject to special resolution by the Members.

In case of appointment/re-appointment of managerial person, who has attained the age of 70 years, a justification note has to be placed before the Members to seek their approval vide special resolution for the same, as per Section 196 read with Schedule V of the Act, is as under, which was also placed before the Nomination and Remuneration Committee and Board.

Mr. Ajit Gulabchand's earlier term of re-appointment as Managing Director designated as Chairman & Managing Director of the Company got completed on March 31, 2018. Mr. Gulabchand will be attaining 70 years and hence Members' approval is sought vide special resolution, in accordance with the requirements of Section 196(3) (a) read with Part I of Schedule V of the Companies Act, 2013.

India is transitioning through broad based economic recovery after unleashing major structural reforms such as the introduction of Goods and Services Tax (GST), insolvency resolution and bank

recapitalization. The Government has begun the task of unlocking the full growth potential of the Indian economy and infrastructure will be the key reform pillars to make growth more inclusive.

At a time when the infrastructure sector, including HCC, is passing through financial stress and complexities, it is necessary that Mr. Ajit Gulabchand continues to provide the strength and consistency of leadership needed to deliver a world-class business in HCC through an assertive strategy.

Mr. Gulabchand with his enriched experience in the construction industry has guided the overall growth of HCC for nearly three-and-half-decades. He has steadfastly steered the Company and has been instrumental and integral to the sustained growth of HCC. He brought much needed energy and charisma to the Chief Executive's job ever since he has been at the helm of HCC. Mr. Gulabchand, a graduate of Mumbai University has served on the Board of HCC, as Managing Director since April 1, 1983, and later as the Chairman since May 1994.

Amid all the ups and downs, Mr. Gulabchand with his visionary zeal has pursued the course for HCC, transforming the Company from a construction major into a diversified infrastructure group of global scale, having a group turnover of over ₹ 9,867 crore (US \$ 1.47 billion).

Under his stewardship, the Company's businesses span across Engineering & Construction, Real Estate, Infrastructure, Urban Development & Management; and the HCC Group of companies now comprise of HCC Ltd, HCC Infrastructure Co. Ltd, etc. in India and Steiner AG in Switzerland.

To help the Company grow on a solid and sustainable ground, Mr. Gulabchand ensured that the Company invested in cutting-edge technologies, adopted best work practices and benchmarked against global operational standards to promote responsible infrastructure development in India.

The result is a business that plays a leading role in meeting the huge infrastructure needs of India, leveraging best-in-class equipment and technology, knowledge-driven processes and innovation-led next practices. Mr. Gulabchand's unflinching contribution has ensured the long-term survival and sustainability of the Company through challenging times for the Company.

While the infrastructure landscape has changed immensely in the last 35 years, HCC has remained a major and a leading player in the industry.

Under the leadership of Mr. Gulabchand, HCC's accomplishments include constructing over 25% of India's Hydro Power generation and over 65% of India's Nuclear Power generation capacities, over 3,800 lane km of Expressways and Highways, more than 335 km of complex Tunneling and over 365 Bridges. The Company's landmark projects include the Bandra Worli Sea Link, Mumbai – India's first and longest open sea cable-stayed bridge; the Kolkata Metro, Farakka Barrage and India's largest nuclear power plant at Kudankulam-Tamil Nadu, to name a few.

As the Company hit the growth trajectory in India across various business segments, Mr. Gulabchand had his vision set on globalization. Under his guidance, in March 2010, HCC acquired the controlling stake in Steiner AG, Switzerland, the second

largest total services contractor in the Swiss Real Estate market. This was Company's first international acquisition, which has witnessed a turnaround since taken over by HCC.

When the infrastructure sector was hit by multiple complexities and the industry was facing liquidity crunch in 2012, Mr. Gulabchand with his far-sighted decisions, crafted financial strategies that have helped the Company come back on the track. In order to get the Company out of the industry-wide liquidity crunch, it was imperative to restructure the Company's debt. The financial restructuring package for the Company was approved by the CDR Empowered Group of RBI in June 2012 and the decision of the banks to approve CDR for the Company reflected their faith in the leadership.

However, the financial state of the Company remained under stress due to a further slowdown in the industry and the slow pace of dues recovery from customers. Recognising the need for a more definitive solution, in July 2016, the Joint Lender's Forum of the Lenders (JLF) agreed to resolve the HCC account under the Reserve Bank of India (RBI) guidelines for 'Scheme for Sustainable Structuring of Stressed Assets (S4A)'.

Both the cases of financial restructuring reflect lenders faith in the leadership of Mr. Gulabchand and Company's long-term capability to deliver good returns and streamline the business.

In terms of compliance, inter alia, with the conditions stipulated in Schedule V to the Act, requisite information has been furnished for Item No.4 & Item No. 5 together, after the explanatory statement to Item No. 5.

It was noted by the Nomination and Remuneration Committee and the Board that in the present complex and challenging business environment, there is a continuing need to formulate competitive strategies and review the business on an ongoing basis to provide the much-needed impetus to bolster the growth prospects of the Company which necessitates the higher involvement of the Managing Director in managing the overall affairs of the Company.

As Mr. Ajit Gulabchand will be attaining the age of 70 years on June 28, 2018 and as the payment of remuneration to Mr. Ajit Gulabchand, Chairman & Managing Director for the financial year 2018-19 is within the doubled limit of remuneration, as laid down in Schedule V to the Act, Members approval vide Special Resolution is sought for his re-appointment as Chairman & Managing Director for a term of 5 years w.e.f. April 1, 2018 and for payment of the aforesaid remuneration for the FY 2018-19 as specified in the resolution at Item No. 4 in accordance with Schedule V of the Act.

The Board of Directors of the Company felt that considering the rich experience and contribution of Mr. Ajit Gulabchand, Chairman & Managing Director to the sustained growth of the Company from time to time and considering the multi-faceted responsibilities shouldered by him and the industry benchmarks, which is well amplified in the above justification note, Mr. Ajit Gulabchand aptly deserves to be re-appointed as the Chairman and Managing Director of the Company for a period of 5 years and the aforementioned remuneration payable to him for FY 2018-19 although not commensurate with the remuneration package paid to similarly placed persons, in other Companies in

the same Industry, is as per the doubled limit of remuneration payable in accordance with the Act and therefore have recommended the resolutions at Item No. 4 of the accompanying notice for your approval.

Members are informed that the Lenders have consented to the said proposal.

The draft of the agreement to be entered into between the Company and Mr. Ajit Gulabchand 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, excluding Saturday, till the date of the Annual General Meeting.

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

The Members of the Company are requested to accord their approval to the re-appointment of Mr. Ajit Gulabchand vide special resolution. Except for Mr. Ajit Gulabchand who is interested to the extent of remuneration payable to him under Resolution No.4 and, Ms. Shalaka Gulabchand Dhawan – Whole-time Director and Mr. Arjun Dhawan, Group CEO & Whole-time Director of the Company, being relatives of Mr. Ajit Gulabchand, who are deemed to be directly / indirectly concerned or interested in the said resolution, none of the other Directors, Key Managerial Persons (KMPs) or their respective relatives are in any way concerned or interested, financially or otherwise, in the resolution mentioned at Item No. 4 of this Notice except to the extent of their respective shareholding in the Company, If any.

This Explanatory Statement alongwith Annexure A to the Notice, be regarded as a disclosure under Regulation 36(3) of the SEBI LODR Regulations.

#### Item No.5

Ms. Shalaka Gulabchand Dhawan was appointed as the Whole-time Director of the Company, for a period of 5 years with effect from April 30, 2015, including terms of remuneration for a period of 3 years (i.e. April 30, 2015 to April 29, 2018) in accordance with the approval accorded by the Members, at the 89<sup>th</sup> Annual General Meeting of the Company held on July 14, 2015.

Pursuant to the approval of the Nomination and Remuneration Committee (NRC) and the Board at their respective meetings held on May 3, 2018, payment of following remuneration was approved, within the single limit of remuneration, as per Section II of Part II of Schedule V of the Companies Act, 2013, based on the Effective Capital of the Company as on March 31, 2018 pursuant to the explanation provided in Section IV of Schedule V of the Companies Act, 2013, subject to necessary approval from the Members of the Company.

(Amount in ₹)			
Period	Annual Salary	Perquisites and Allowances (per annum)	Total (per annum)
30-04-2018 to 29-04-2019	81,00,000	81,00,000*	1,62,00,000**

\* Restricted to 100% of Annual Salary

\*\* Within the limits prescribed under Schedule V of the Companies Act, 2013.

The terms and conditions of her remuneration may be revised, amended, altered and / or varied from time to time by the Board and / or Nomination and Remuneration Committee in such manner as may be permitted in accordance with the provisions of the Act and / or to the extent as may be required, by the concerned authority, if any, while according approvals, if any.

Section 197 read with Section II of Part II of Schedule V to the Companies Act 2013 ('Act'), inter alia, necessitates the Company to comply inter alia with the conditions stipulated thereunder including seeking approval from the Members for payment of managerial remuneration for a period not exceeding three years, if in any financial year, during the currency of the tenure of a managerial person, it has no profits or its profits are inadequate. Further as per Schedule V of the Act, the remuneration may be paid within the single limit of remuneration as per Schedule V subject to ordinary resolution by the Members.

The Board of Directors of the Company felt that considering the contribution of Ms. Shalaka Gulabchand Dhawan to the Company, the aforementioned remuneration payable to her is commensurate with the remuneration package paid to similarly placed persons, in other Companies in the same Industry, subject to the limit of remuneration, in accordance with the Act and therefore recommends the resolution at Item No. 5 of the accompanying notice for your approval.

The Members are informed that the Lenders have consented to the said proposal and are requested to accord their approval to the payment of remuneration to Ms. Shalaka Gulabchand Dhawan, vide ordinary resolution.

Except for Ms. Shalaka Gulabchand Dhawan-Whole time Director who is interested to the extent of remuneration payable to her under Resolution No.5 and, Mr. Ajit Gulabchand – Chairman & Managing Director and Mr. Arjun Dhawan, Group CEO & Whole-time Director of the Company, being relatives of Ms. Shalaka Gulabchand Dhawan, who are deemed to be directly / indirectly concerned or interested in the said resolution, none of the other Directors, Key Managerial Persons (KMPs) or their respective relatives are in any way concerned or interested, financially or otherwise, in the resolution mentioned at Item No. 5 of this Notice except to the extent of their respective shareholding in the Company, If any.

In terms of compliance, inter alia, with the conditions stipulated in Section II of Part II of Schedule V to the Act, information has been furnished for Item No. 4 & 5 together as under :

#### GENERAL INFORMATION:

- 1) Nature of Industry: Engineering and Construction.
- 2) Date of Commencement of commercial Production: Not Applicable
- 3) In case of new Companies, expected date of commencement of activities as per project approved by Financial Institutions appearing in the Prospectus: Not Applicable
- 4) Financial Performance: Financial parameters of the Company for the last five financial years:

(₹ in crore)

No.	Particulars	Financial Year				
		2013-14	2014-15	2015-16	2016-17	2017-18
1	Paid-up Capital	60.67	64.59	77.92	101.07	101.55
2	Reserves and Surplus	1,186.73	1322.86	1784.91	2588.9	2673.39
3	Turnover *	4,113.49	4,301.14	4,190.90	4195.94	4575.08
4	Net Profit / (Loss) after tax as per Schedule III	80.64	81.65	84.97	80.92	65.89
5	Net Profit as per Sec 198 of the Companies Act, 1956 / Companies Act, 2013	(510.29)	(370.75)	(297.64)	(195.06)	(76.38)

\*Turnover include Company's share in Turnover of Integrated Joint Ventures.

5) Export Performance, Net Foreign Exchange Earnings and Collaborations:

During the year 2017-18, the accrued value of exported goods or services on F.O.B. Basis and work bills realized on contracts is ₹ 103.06 crore. The Company has no foreign collaboration.

6) Foreign Investments or Collaborators, if any :

As of March 31, 2018, the aggregate number of Equity Shares held by Foreign Institutional Investors (FIIs) and Foreign Portfolio Investment (FPIs) is 7,43,73,328 Equity Shares of ₹1 each which constitutes 7.32 % of the Paid up Equity Share Capital of the Company.

There is no foreign collaboration for any investment.

## II. INFORMATION ABOUT THE APPOINTEE:

### 1) Background details:

#### Mr. Ajit Gulabchand:

Mr. Ajit Gulabchand, Chairman & Managing Director is B.Com (Hons) and will be attaining the age of 70 years on June 28, 2018. He has over three decades of enriched experience in construction business and has served the Board of HCC, as Managing Director from April 1, 1983 and was elevated as the Chairman of the Company in May 1994. Since then, he has been re-appointed from time to time, for a period of 5 years each. His last tenure of re-appointment as Managing Director designated as Chairman & Managing Director of the Company was approved by the Board of Directors of the Company at their meeting held on March 28, 2013 for the period of five years w.e.f. April 1, 2013 and the same was also approved by the Members at the Annual General Meeting of the Company held on June 21, 2013.

Pursuant to the recommendation of the Nomination and Remuneration Committee, the Board of Directors of the Company at its meeting held on January 31, 2018, has approved the re-appointment of Mr. Ajit Gulabchand as the Managing Director of the Company designated as Chairman & Managing Director for a period of 5 years w.e.f. April 1,

2018 (including remuneration for FY 2018-19), subject to the approval of the Members of the Company.

#### Ms. Shalaka Gulabchand Dhawan:

Ms. Shalaka Gulabchand Dhawan holds a Bachelor's degree from Boston University, U.S.A. She has approximately 18 years of experience in the Construction Industry. Prior to her elevation as Whole-time Director of the Company in April 2015, she was holding the position of Vice President – Business Development in the Company.

Ms. Shalaka Gulabchand Dhawan was appointed as a Whole-time Director of the Company w.e.f April 30, 2015, for a period of 5 years (including terms of remuneration for 3 years).

Pursuant to the approval of the Nomination and Remuneration Committee, the Board of Directors of the Company at its meeting held on May 3, 2018, has approved the payment of remuneration to Ms. Shalaka Gulabchand Dhawan for the FY 2018-19 with effect from April 30, 2018 subject to the approval of the Members of the Company.

### 2) Past Remuneration: Mr. Ajit Gulabchand:

The details of Salary, Perquisites and Allowances and retinals paid / payable to Chairman & Managing Director in the last three financial years, 2015-16, 2016-17 and 2017-18 are as given below:

(Amount in ₹)

Financial Year		Annual Salary, Perquisites, Allowances and Retinals
From	To	
01/04/2015	31/03/2016	10,65,60,000@
01/04/2016	31/03/2017	3,10,03,200#
01/04/2017	31/03/2018	3,37,35,600#

@ In respect of FY 2015-16, approval is awaited for the Company's application made to MCA in this regard.

# As per the limits prescribed under Schedule V of the Companies Act, 2013.

#### Ms. Shalaka Gulabchand Dhawan:

Ms. Shalaka Gulabchand Dhawan was appointed on April 30, 2015 as the Whole-time Director of the Company (including terms of remuneration for a period of 3 years) and the same was approved by the Members at the Annual General Meeting of the Company held on July 14, 2015. The details of remuneration paid/payable to her as per the approval accorded, for the last three years i.e. 2015-16, 2016-17 and 2017-18 are as given below

(Amount in ₹)

Period		Annual Salary, Perquisites, Allowances and Retinals
From	To	
30/04/2015	29/04/2016	1,14,00,000
30/04/2016	29/04/2017	1,32,00,000
30/04/2017	29/04/2018	1,50,00,000

### 3) Recognition / Awards:

#### Mr. Ajit Gulabchand's Global Engagements:

Mr. Ajit Gulabchand has received several global recognitions and accolades during his tenure as Chairman and Managing Director. Alongside his responsibilities at HCC, Mr. Gulabchand holds leadership positions in several key industry bodies. He is the Member of the Governor's Steering Board of the Infrastructure and Urban Development Community at the World Economic Forum, Geneva and co-chaired the community in 2016. A regular participant at the World Economic Forum (WEF) for over two decades, Mr. Gulabchand was the first Asian to Chair the Governor's Steering Board of the Engineering & Construction Community at WEF in Davos, 2011. He also served as a Co-Chair at the WEF's India Economic Summit in 2010. He Chaired the Disaster Resource Partnership, formed in coordination between the World Economic Forum's Engineering and Construction community along with Humanitarian organizations in 2015 and 2016. He is also the founder Member and Chair of Disaster Resource Network, India. He is Member of Steering Boards of initiatives of World Economic Forum like Future of Urban Development Services, Partnering Against Corruption Initiative and Future of Construction. He is Member of the Private Sector Alliance for Disaster Resilient Societies (ARISE) of United Nations International Strategy for Disaster Risk Reduction (UNISDR) and Member of UK India Business Council (UKIBC) Advisory Council. He is Member of Board of Trustees – New Cities Foundation and has been the Past President of International Federation of Asian and Western Pacific Contractors' Associations (IFAWPCA) in 2011-12.

He is the Chairman of the Governing Council of the Construction Skills Development Council of India. He is Member of CII National Council and President of the Construction Federation of India. Mr. Gulabchand is also the first Asian signatory to endorse the United Nations' Global Compact's CEO Water Mandate. He is signatory Member of Caring for Climate, United Nations' action platform for business and Signatory Member of WEF's CEO Climate Leaders. He is Executive Committee Member of TERI's (The Energy and Resources Institute) Council for Business Sustainability (2015-18). He is Chairman of the Board of Governors and Board of Trustees of the National Institute of Construction Management and Research (NICMAR) and Chairman of the Administrative Council of the Walchand College of Engineering.

#### Ms. Shalaka Gulabchand Dhawan:

Considering Ms. Shalaka Gulabchand Dhawan's experience and competence exhibited by her while she was in employment hitherto, the Board had elevated her as a Whole-time Director of the Company in April 2015. As a Member of the Board, Ms. Dhawan has been actively involved in the decision making process with respect to the varied organisational matters put forth to Board.

### 4) Job Profile and Suitability:

#### Mr. Ajit Gulabchand:

Mr. Ajit Gulabchand is the Chairman & Managing Director of

our Company having more than 3 decades of rich experience in construction industry. He functions under the control, superintendence and direction of the Board of Directors. Under his able leadership, the Company which was primarily engaged in the Construction sector has since then executed a wide range of construction projects in diverse segments such as transportation, hydro power, nuclear projects, oil & gas pipeline, irrigation & water supply and urban Infrastructure and thus the Company has established itself as a leading Engineering & Construction (or "E&C") and Infrastructure development Company in India.

With his unstinted contribution, the Company has invested in cutting-edge technologies, adopted best work practices and stressed on global operational standards to promote responsible infrastructure development in India.

In the present challenging business environment, the duties and responsibilities of Mr. Ajit Gulabchand, Chairman & Managing Director, has continued to grow manifold and is increasingly complexed. There is an imperative need for formulation of competitive strategies and ongoing review for successful implementation in order to provide an impetus to the growth prospects of the Company. This enduring process necessitates his continued focus and higher involvement in managing the overall affairs of the Company.

Needless to say, in these tough times, the Company ought to be continuously guided and led under the able leadership of Mr. Ajit Gulabchand with whose rich and dynamic experiential background, the Company can remain oriented and look forward to steer through the challenging times.

#### Ms. Shalaka Gulabchand Dhawan:

Considering her contribution to the Company, in her role as the Whole-time Director it is justified that she continues to discharge the responsibilities as a Director on the Board with an active involvement in the affairs of the Company. Her guidance is necessitated to formalize business decisions which have a competitive edge over others. As the Whole-time Director and with immense home grown experience by her side, she will continue to oversee the operations of the Company and offer required support to the Company management to translate the business prospects into successful business ventures.

### 5) Remuneration proposed:

#### Mr. Ajit Gulabchand:

Details of the total remuneration comprising, inter alia, Salary, Perquisites and Allowances together with Retirals, which are proposed to be paid to Mr. Ajit Gulabchand, Chairman & Managing Director for FY 2018-19, subject to limit of remuneration computed in accordance with Schedule V of the Companies Act, 2013 have been fully set out in the Special Resolution at Item No. 4.

#### Ms. Shalaka Gulabchand Dhawan:

Details of the total remuneration comprising, inter alia, Salary, Perquisites and Allowances together with Retirals, which are proposed to be paid to Ms. Shalaka Gulabchand Dhawan, Whole-time Director for the year April 30, 2018 to April 29, 2019, subject to limit of remuneration computed in

accordance with Schedule V of the Companies Act, 2013 have been fully set out in the Ordinary Resolution at Item No. 5.

**6) Comparative Remuneration Profile with respect to Industry, Size of the Company, Profile of the position and person:**

**Mr. Ajit Gulabchand:**

Due to the unstinted efforts and contribution of Mr. Ajit Gulabchand, Chairman & Managing Director of the Company, the Company has been able to reach a prominent position in the Construction Industry and has been acclaimed as one of the leading global engineering and construction player and pioneer in urban infrastructure development sector. His unflinching contribution has ensured the long term survival and sustainability of our Company and thus the Nomination and Remuneration Committee and the Board of Directors felt that he should continue to lead the Company and be paid remuneration, as per the provisions of the Act.

Although the Company does not have adequate profits for payment of managerial remuneration as per Section 197 of the Act, considering the size of the Industry in which the Company operates, the challenging and competitive business environment, the size of the Company, the business acumen and dynamism expected in discharge of the role of the Chairman & Managing Director and considering Mr. Gulabchand's competence and invigorating leadership provided to the Company for more than 3 decades, the Board felt that it is utmost befitting that Mr. Ajit Gulabchand be paid remuneration, in accordance with Schedule V of the Act, as stated in Resolution No. 4.

The payment of aforesaid remuneration stated at resolution No. 4. although lower to the prevailing levels in the industry, is within the limit of remuneration computed as per the Act and thereby is more than justified for payment to him.

**Ms. Shalaka Gulabchand Dhawan:**

The Nomination and Remuneration Committee and the Board of Directors have felt that considering her contribution to the Company, it is more than appropriate that she is paid the aforementioned remuneration, in accordance with Schedule V of the Act, to enable her to discharge her duties as the Whole-time Director of the Company.

Therefore the payment of aforesaid remuneration stated at resolution No.5 is reasonable and comparable to the remuneration paid to Directors in the Industry and hence justified. However the same is subject to the limit of remuneration as per Schedule V of the Act, for FY 2018-19.

**7) Pecuniary Relationship, directly or indirectly, with the Company or relationship with the Managerial Personnel, if any:**

**Mr. Ajit Gulabchand:**

Mr. Ajit Gulabchand, Chairman & Managing Director is related to the other managerial personnel in the Company viz., Ms. Shalaka Gulabchand Dhawan (relative- father) and Mr. Arjun Dhawan (relative – father-in-law).

Mr. Ajit Gulabchand does not have any pecuniary

relationship, directly or indirectly with the Company or with any managerial personnel besides the remuneration set out in the resolution at Item No. 4 and except to the extent of the Promoter shareholdings in the Equity Share Capital of the Company.

**Ms. Shalaka Gulabchand Dhawan:**

Ms. Shalaka Gulabchand Dhawan, Whole-time Director, is related to the other managerial personnel in the Company viz., Mr. Ajit Gulabchand (relative – daughter ) and Mr. Arjun Dhawan, (relative- husband). Ms. Shalaka Gulabchand Dhawan does not have any pecuniary relationship, directly or indirectly with the Company or with any managerial personnel besides the remuneration set out in the resolution at Item No. 5.

**III OTHER INFORMATION:**

**1) Reasons for loss or inadequate profits:**

With the entire infrastructure development eco-system under stress in India since 2012, there has been a considerable slowdown in construction activities. The growth momentum achieved between 2007-08 and 2011-12 has completely subsided.

Primarily there are the legacy issues of the past six to seven years that have put individual players under very difficult financial stress. These relate to the adverse effects of the massive build-up of stalled and delayed projects in the country.

This business environment has thrown up several challenges for engineering and construction (E&C) companies in India like HCC.

**2) Steps taken or proposed to be taken for improvement :**

Government of India has increased budgetary and extra budgetary expenditure on infrastructure by around 20% for FY 2018-19, and within the infrastructure sector, the focus areas of growth are clearly road transportation, railways, urban development and airports.

As one of the leading players in the Indian construction industry, the Company has been exposed to the vagaries of the external business environment faced. The Company has continuously recrafted its strategic positioning and calibrate its business objectives in line with the evolving business environment.

In 2017-18, this strategic intent translated into further enhancing focus on the construction business. In effect HCC has had to strike a fine balance between maintaining pace of execution activities, closing completed projects and growing the order book while carefully managing the limited working capital available. The Company has also undertaken several initiatives to monetise or dilute its own positions in non-core businesses.

**3) Expected increase in productivity and profits in measurable terms:**

HCC has followed a rigorous process of working on collections where there have been deviations from project

terms by clients and/or project delays due to issues on the client's side. For the majority of such cases, the Company's stand has been vindicated by arbitration panels and courts.

With concerted efforts, even while focusing on selective orders that meet strict risk return equations, HCC has successfully increased the order book of the construction business to ₹ 19,188 crore as of March 31, 2018.

From the facts and position explained in the preceding paragraphs, it would be appreciated that the situation faced by the Company has been due to macro economic factors and reasons beyond the control of management.

As mentioned above, the management has already taken and is continuing to undertake diligent efforts to step up the performance of the Company and it is expected that the reinforced efforts would certainly bring about an improvement in the operational growth in future.

#### **IV DISCLOSURES:**

- 1) The Members of the Company have been informed of the remuneration payable to Mr. Ajit Gulabchand and Ms. Shalaka Gulabchand Dhawan in the resolution at Item Nos.4 and 5 respectively, in the following manner:

##### **Mr. Ajit Gulabchand:**

Details of the total remuneration comprising, inter alia, Salary, Perquisites and Allowances together with Retirals, which are proposed to be paid to Mr. Ajit Gulabchand, Chairman & Managing Director for FY 2018-19, subject to the limit of remuneration computed in accordance with Schedule V of the Companies Act, 2013 have been fully set out in the Special Resolution at Item No. 4.

##### **Ms. Shalaka Gulabchand Dhawan:**

Details of the total remuneration comprising, inter alia, Salary, Perquisites and Allowances together with Retirals, which are proposed to be paid to Ms. Dhawan, Whole-time Director for FY 2018-19, subject to the limit of remuneration computed in accordance with Schedule V of the Companies Act, 2013 have been fully set out in the Ordinary Resolution at Item No.5.

- 2) Disclosures on remuneration to the Directors of the Company including details of Stock Options, if any, issued by the Company have been made in the Corporate Governance Report which forms a part of the Report of the Board of Directors in the Annual Report of the Company for FY 2017-18.

##### **Item No. 6**

The Board of Directors of the Company on the recommendation of the Audit Committee, had approved the appointment and remuneration of M/s Joshi Apte & Associates, Cost Accountants, to conduct the audit of the cost records of the Company for the financial year ended March 31, 2018.

In terms of the provisions of Section 148 of the Companies Act, 2013 read with The Companies (Audit and Auditors) Rules, 2014, the remuneration paid/ payable to the Cost Auditor has to be ratified by the Members of the Company.

Accordingly, the Members are requested to ratify the remuneration payable to the Cost Auditors for the financial year 2017-18 as set out in the Resolution for the aforesaid services rendered by them.

The Board of Directors recommends the Ordinary Resolution set out at Item No 6 of the Notice for approval by the Members.

None of the Directors, Key Managerial Persons (KMPs) or their respective relatives are in any way concerned or interested, financially or otherwise, in the resolution mentioned at Item No. 6 of this Notice except to the extent of their respective shareholding in the Company, if any.

##### **Item No. 7**

The Company had introduced the HCC Employee Stock Option Scheme ("HCC ESOS/ Scheme"), with effect from April 25, 2008. The purpose of this Scheme is to attract, reward, motivate and retain its employees for high levels of individual performance and for extraordinary efforts to improve the performance of the Company, which will ultimately contribute to the success of the Company.

The Scheme was formulated in accordance with the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and is required to be amended to bring the Scheme in conformity with the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 ("SEBI Regulations").

Accordingly the ESOP Compensation Committee of the Board of Directors of the Company ("Committee") at its meeting held on March 20, 2018, amended the Scheme in line with the proviso to Regulation 7(1) of the SEBI Regulations, in order to bring the existing Scheme in consonance with the provisions of the SEBI Regulations.

A comparative statement of the clauses of the Scheme which are amended is attached as Annexure B hereto and a copy of the revised Scheme with necessary regulatory and/or incidental amendments as carried out by the ESOP Compensation Committee is placed before the Members at this meeting and is attached as Annexure C hereto, for the perusal and consideration of the Members.

Copy of the revised Scheme is also 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, excluding Saturday, till the date of the Annual General Meeting.

The Board recommends that the existing Scheme, as revised by the Committee to bring it in line with the SEBI Regulations, be placed before the Members of the Company for necessary approval.

The Members of the Company are requested to accord their approval to the amendments carried out by the Committee to the Scheme vide special resolution.

None of the Directors, Key Managerial Persons (KMPs) or their respective relatives are in any way concerned or interested, financially or otherwise, in the resolution mentioned at Item



No. 7 of this Notice, except to the extent of their respective shareholding in the Company, if any.

#### Item No. 8

The Members of the Company ("Members") are informed that, in accordance with the approval accorded by the shareholders at the Extraordinary General Meeting held on January 5, 2017, inter alia, for the offer and issue of Optionally Convertible Debentures ("OCDs") of face value ₹1000/- each on preferential basis, to the lenders ("S4A Lenders") pursuant to the implementation of the Reserve Bank of India's (RBI) Scheme for Sustainable Structuring of Stressed Assets for the Company ("S4A Scheme") and as per the terms and conditions specified in relation to Part B debt of the S4A Scheme in the financing documents executed by the Company with Milestone Trusteeship Services Private Limited who were appointed to act as the debenture trustee for the OCDs ("Debenture Trustee") including the Debenture Trust Deed dated January 20, 2017 (as amended) and in accordance with the approval accorded by the shareholders at the 91<sup>st</sup> Annual General Meeting of the Company, held on July 6, 2017, the Company had allotted 1,46,71,590 OCDs to the S4A Lenders, in aggregate, across three tranches viz., on January 6, 2017, January 19, 2017 and July 17, 2017, in separate series as per the security structure set out in the financing documents ('S4A Agreements').

The Members are informed that in accordance with Regulation 75 of the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 ("SEBI ICDR Regulations"), the option to convert the OCDs into equity shares of the Company provided to the OCD holders had to be exercised in accordance with the terms set out in the S4A Agreements and within 18 months from the respective date of allotment of the OCDs.

The Members are further informed that ICICI Bank Limited, acting for and on behalf of the S4A Lenders to the Company ("Lenders") had made a representation to Securities and Exchange Board of India ("SEBI") on April 17, 2018, under Regulation 113(2) of the SEBI ICDR Regulations, for an exemption to be granted to the Company from the applicability of Regulation 75 relating to the tenure and period for exercising the conversion option of the OCDs, for a further period of 8.5 years beyond the statutorily prescribed period of 18 months, thereby seeking an extension for the period of conversion of OCDs to 10 years from the date of allotment. SEBI vide its letter No. CFD/DIL-1/YJ/AG/15251/2018 dated May 24, 2018 ("SEBI Exemption Letter") has acceded to the request made by ICICI Bank Limited and exempted the application of Regulation 75 of SEBI ICDR Regulations to the tenure and period for conversion of the OCDs, issued by the Company, whereby the period of conversion of the OCDs into Equity Shares, will be extended to 10 years from the respective date of allotment.

ICICI Bank Ltd vide letter dated June 5, 2018 has, communicated to the Company, that Lenders were informed of the receipt of the SEBI Exemption Letter in the meeting of the Lenders to HCC, held on June 1, 2018, pursuant to which the Lenders noted that such extension was provided in S4A package and requested HCC to take necessary steps to give effect to the extension of the tenure (and convertibility option) of the OCDs to 10 years from the date of allotment and has requested the Company to undertake requisite corporate and such other actions as may be required, to give effect to the same.

Necessary amendments to the said effect in the S4A Agreements including the Debenture Trust Deed dated January 20, 2017, as amended, will be carried out in due course of time and executed between the concerned parties.

The Members are further informed that if the conversion option is not exercised, the repayment of the OCDs shall be made over a tenor of 10 years in five equal annual installments starting at the end of the 6<sup>th</sup> year from the date of allotment of OCDs or as may be agreed by the Lenders and the Company.

The Members are further informed that the lock-in period applicable in respect of the OCDs, in accordance with SEBI ICDR Regulations, has got expired and in the event the Lenders elect to exercise the conversion option, the equity shares to be issued will be free of lock-in, subject to extant regulations.

The Board vide circular resolution passed on June 8, 2018 has given its consent and recommends the same to the shareholders to accord their approval to the extension of the tenure and period of conversion of the OCDs, issued by the Company.

None of the Directors and Key Managerial Personnel of the Company or their respective relatives are in any way concerned or interested, financially or otherwise, in the aforesaid Special Resolution mentioned at Item No. 8 of this Notice.

All documents referred to in the accompanying Notice and the Explanatory Statement would be available for inspection at the Registered Office of the Company between 11.00 am to 1 pm on all working days except Saturdays, upto and including the date of the Annual General Meeting of the Company.

#### Item No. 9

The Special Resolution contained in the Notice under Item No 9 relates to a resolution by the Company enabling the Board to create, issue, offer and allot Equity Shares, GDRs, ADRs, Foreign Currency 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, Advisors, Underwriters, etc, inclusive of such premium, as may be determined by the Board in one or more tranche(s), subject to SEBI (ICDR) Regulations and other applicable laws, rules and regulations.

The resolution enables the Board to issue Securities for an aggregate amount not exceeding ₹ 1000 crore or its equivalent in any foreign currency.

The Board shall 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 (including overseas 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 Securities and Exchange Board of India (Issue of Capital and Disclosure Requirement) Regulations, 2009, (the 'SEBI Regulations') 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.

Pursuant to the provisions of Section 42, 62 and 71 of the Companies Act, 2013 ('the Act') including any rules made thereunder and any other provision of the said Act, as may be applicable and the relevant provisions of the listing agreement with the stock exchanges and any other applicable laws, the issue of securities comprising equity shares, foreign currency convertible bonds, ADR's, GDR's, non-convertible debentures and / or issue of debentures on private placement, convertible debentures, etc, will require the prior approval of the Members by way of a Special Resolution.

The Special Resolution as set out at Resolution No. 9, if passed, will have the effect of permitting the Board to issue and allot Securities to Investors, who may or may not be existing Members of 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.

The Members of the Company are requested to accord their

approval to the enabling proposal vide special resolution.

None of the Directors and Key Managerial Personnel of the Company or their respective relatives are in any way concerned or interested, financially or otherwise, in the aforesaid Special Resolution mentioned at Item No. 9 of this Notice except to the extent of their respective shareholding in the Company, if any.

#### **Item No. 10**

As per the provisions of Section 20 of the Companies Act, 2013 a document may be served on any Member by sending it to him by Post or by Registered post or by Speed post or by Courier or by delivering at his office or address or by such electronic or other mode as may be prescribed. It further provides that a Member can request for delivery of any document to him through a particular mode for which he shall pay such fees as may be determined by the Company in its Annual General Meeting.

Therefore, to enable the Members to avail of this facility, it is necessary for the Company to determine the fees to be charged for delivery of a document in a particular mode, as mentioned in the resolution.

Since the Companies Act, 2013 requires the fees to be determined in the Annual General Meeting, the Board accordingly recommend the Ordinary Resolution at Item No.10 of the accompanying notice, for the approval of the Members of the Company.

None of the Directors and Key Managerial Personnel of the Company or their respective relatives are in any way concerned or interested, financially or otherwise, in the aforesaid Ordinary Resolution mentioned at Item No. 10 of this Notice except to the extent of their respective shareholding in the Company, if any.

By Order of the Board  
For **Hindustan Construction Co. Ltd**

**Venkatesan Arunachalam**  
Company Secretary

#### **Registered Office:**

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

Place: Mumbai  
Date: June 8, 2018

## ANNEXURE A (for Item Nos. 2 to 5 of the Notice)

Details of the Directors seeking appointment/re-appointment/continuance of Directorship/approval for payment of remuneration at the forthcoming Annual General Meeting in pursuance of Companies Act, 2013 and SEBI Listing Regulations, as applicable.

<b>1</b>	<b>Name of the Director</b>	<b>Mr. N. R. Acharyulu</b>
	DIN	02010249
	Date of Birth	May 22, 1944
	Qualification	B.E. (Mechanical)
	Date of Appointment	May 2, 2016
	Brief Resume alongwith Justification Note	As provided in the Annexure to the AGM Notice under Item No. 2
	Relationship with Directors	None
	Expertise in specific functional areas	Wide Experience in Project Management
	No. of Board Meetings attended during the year	4
	Directorship held in other Companies as on March 31, 2018	Eco Carbon Private Ltd
	Chairman/Member of the Committee of the Board of Directors in other Companies as on March 31, 2018	Nil
	Number of Shares held in the Company as on March 31, 2018	Nil
<b>2</b>	<b>Name of the Director</b>	<b>Mr. Sharad M. Kulkarni</b>
	DIN	00003640
	Date of Birth	January 9, 1939
	Qualification	Bachelors Degree in Engineering (B.E.) from University of Pune and is a Fellow of the Institute of Engineers, India, He is also a Fellow of the Institution of Management, U.K and a Fellow of the Institute of Directors, UK.
	Date of Appointment	August 10, 2001
	Brief Resume alongwith Justification Note	As provided in the Explanatory Statement to the AGM Notice under Item No. 3
	Relationship with Directors	None
	Expertise in specific functional areas	Corporate Advisor and Management Consultant
	No. of Board Meetings attended during the year	4
	Directorship held in other Companies as on March 31, 2018	Bayer Crop Science Ltd; Camlin Fine Sciences Limited; KEC International Ltd; Navin Flourine International Ltd; J.M. Financial Trustee Company Pvt. Ltd and Raychem RPG Pvt. Ltd.
	Chairman/Member of the Committee of the Board of Directors in other Companies as on March 31, 2018	Bayer Crop Science Ltd Audit Committee- Chairman Stakeholders Relationship Committee- Member Nomination and Remuneration Committee- Member  KEC International Ltd Audit Committee- Member Nomination and Remuneration Committee- Chairman  Navin Fluorine International Ltd Audit Committee- Chairman Nomination and Remuneration Committee- Member  Camlin Fine Sciences Limited Audit Committee- Chairman Nomination and Remuneration Committee- Member  J. M. Financial Trustee Co. Pvt. Ltd Audit Committee – Member
	Number of Shares held in the Company as on March 31, 2018	20,000

<b>3</b>	<b>Name of the Director</b>	<b>Mr. Ajit Gulabchand</b>
	DIN	00010827
	Date of Birth	June 28, 1948
	Qualification	Graduate of Mumbai University- B.COM (Hons.)
	Date of Appointment	Appointed on the Board of HCC, as Managing Director since April 1, 1983, and later as the Chairman since May 1994.
	Brief Resume alongwith Justification Note	As provided in the Explanatory Statement to the AGM Notice under Item No. 4
	Relationship with Directors	Ms. Shalaka Gulabchand Dhawan, Relative (daughter) and Mr. Arjun Dhawan, Relative (son in law) of Mr. Ajit Gulabchand
	Expertise in specific functional areas	Enriched experience in the Construction Industry for more than three-and-half decades.
	No. of Board Meetings attended during the year	4
	Directorships held in other Companies and Bodies Corporate as on March 31, 2018	Hincon Holdings Ltd Hincon Finance Ltd Western Securities Ltd The Indian Hume Pipe Co. Ltd Steiner India Ltd Shalaka Investment Pvt. Ltd Champali Garden Pvt. Ltd Gulabchand Foundation Steiner AG, Switzerland HCC Mauritius Enterprises Ltd HCC Mauritius Investment Ltd
	Chairman/Member of the Committee of the Board of Directors in other Companies as on March 31, 2018	The Indian Hume Pipe Co. Ltd Stakeholders Relationship Committee- Member  Hincon Holdings Ltd Stakeholders Relationship Committee- Member
	Number of Shares held in the Company as on March 31, 2018	21,17,294
<b>4</b>	<b>Name of the Director</b>	<b>Ms. Shalaka Gulabchand Dhawan</b>
	DIN	00011094
	Date of Birth	August 2, 1977
	Qualification	Bachelors Degree from Boston University, U.S.A.
	Date of Appointment	April 30, 2015
	Brief Resume	As provided in the Explanatory Statement to the AGM Notice under Item No. 5
	Relationship with Directors	Relative (daughter) of Mr. Ajit Gulabchand, Chairman and Managing Director and Relative (Wife) of Mr. Arjun Dhawan, Group CEO & Whole-time Director
	Expertise in specific functional areas	Business Development
	No. of Board Meetings attended during the year	4
	Directorship held in other Companies as on March 31, 2018	Hincon Holdings Ltd; Hincon Finance Ltd; Highbar Technologies Ltd; Gulabchand Foundation; Champali Garden Pvt. Ltd; Shalaka Investment Pvt Ltd; Dhawan Management Pvt Ltd., Western Securities Ltd
	Chairman/Member of the Committee of the Board of Directors in other Companies as on March 31, 2018	Nil
	Number of Shares held in the Company as on March 31, 2018	10,000

## ANNEXURE B (for Item No. 7)

### Comparative statement of the amended clauses of the HCC Employee Stock Option scheme:

No.	Existing Clause	Amended Clause
1.	<p>Clause 1: Name of the Scheme</p> <p>This Scheme shall be termed the HCC Employees Stock Option Scheme ("Scheme"). The Scheme of Hindustan Construction Company Ltd. has been approved by the special resolution passed on December 10, 2007 by Postal Ballot. The Scheme shall be effective from 25<sup>th</sup> April, 2008 hereinafter referred to as the "Effective date."</p>	<p>Clause 1: Name of the Scheme</p> <p>This Scheme shall be termed the HCC Employees Stock Option Scheme ("Scheme"). The Scheme of Hindustan Construction Company Ltd. has been approved by the special resolution passed on December 10, 2007 by Postal Ballot. The Scheme shall be effective from 25<sup>th</sup> April, 2008 hereinafter referred to as the "Effective date." The said Scheme has been amended by the ESOP Compensation Committee at its meeting held on March 20, 2018, to bring the Scheme in conformity with the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 and the said amended Scheme has been approved by a special resolution passed by the members at the Annual General Meeting of the Company held on July 12, 2018.</p>
2.	<p>Clause 3.5 :</p> <p>"Committee" means the ESOP Compensation Committee of the Board consisting of majority of Independent directors that has been constituted by the Board for administration and superintendence of this Scheme pursuant to Clause 5 below.</p>	<p>Clause 3.5 :</p> <p>"Committee" means the ESOP Compensation Committee of the Board consisting of such members of the Board as provided in Regulation 5(2) of the SEBI Regulations, as amended or modified from time to time.</p>
3.	<p>Clause 3.9:</p> <p>"Employee" means a permanent employee who is on the payroll of the Company, whether located in or outside India and who is subject to the control and direction of the Company with respect to both, the work to be performed and the manner and method of performance and, for the purpose of this Scheme, also includes the following:</p> <p>Director(s) including Whole-time Directors of the Company but excluding any Nominee Directors of Bank(s), Financial Institution(s) or any other Fund(s);</p> <p>All permanent employees of the Company's subsidiaries in India or out of India (including Managing/Whole-time Directors or Manager, as may be appointed, but excluding any Non-executive Director &amp; Nominee Directors of Bank(s), Financial Institution(s) or any other Fund(s).</p>	<p>Clause 3.9:</p> <p>"Employee" means a (i) a permanent employee of the Company who has been working in India or outside India; or (ii) a Director of the Company, whether a Whole Time Director or not but excluding an Independent Director; or (iii) an employee as defined in clause (i) or (ii) of a Subsidiary, in India or outside India, but does not include—</p> <p>(a) an employee who is a Promoter or a person belonging to the Promoter Group; or</p> <p>(b) a director who either himself or through his relative or through any body corporate, directly or indirectly, holds more than 10% (ten per cent) of the outstanding equity shares of the Company."</p>
4.	<p>Clause 3.12:</p> <p>"Exercise period" means a period of four years from the vesting date within which the Vested Options can be exercised.</p>	<p>Clause 3.12:</p> <p>"Exercise Period" shall mean the period in which the Vested Options can be exercised and such period means a period of four years after the end of the respective Vesting Period.</p>
5.	<p>Clause 3.13 :</p> <p>"Exercise price" means the purchase price of each Share payable by the Participant for exercising the Option granted to him in pursuance of the Scheme, in accordance with Clause 10 below and shall be communicated in the grant letter.</p>	<p>Clause 3.13:</p> <p>"Exercise Price" means the purchase price of each Share payable by the Participant for exercising the Option granted to him in pursuance of the Scheme, in accordance with Clause 10 below and shall be communicated in the grant letter. Such purchase price shall be in compliance with Regulation 17 of the SEBI Regulations, as amended or modified from time to time.</p>
6.	<p>Clause 3.14 :</p> <p>"FEMA Regulation" means Foreign Exchange Management (Transfer or issue of Security by a person resident outside India) Regulations, 2000 issued by Reserve Bank of India vide notification no FEMA 20/ 2000- RB dated 3<sup>rd</sup> May 2000.</p>	<p>Clause 3.14 :</p> <p>"FEMA Regulation" means Foreign Exchange Management (Transfer or issue of Security by a person resident outside India) Regulations, 2017 issued by Reserve Bank of India vide notification no. FEMA 20(R)/2017-RB dated November 7, 2017.</p>

No.	Existing Clause	Amended Clause
7.	<p>Clause 3.15 :</p> <p>“General meeting” means a general meeting of the members of the Company held in accordance with the Articles of Association of the Company, the Companies Act 1956 and Other Applicable Laws.</p>	<p>Clause 3.15 :</p> <p>“General Meeting” means a general meeting of the members of the Company held in accordance with the Articles of Association of the Company, the Companies Act 2013 and other applicable laws.</p>
8.	<p>Clause 3.17:</p> <p>“Grant date” means the date on which the Options are granted to a Grantee by the Committee under the Scheme.</p>	<p>Clause 3.17:</p> <p>“Grant Date” means the date on which the Committee approves the grant of Options under this Scheme.</p>
9.	<p>Clause 3.18 :</p> <p>“Grant letter” means the letter by which grant of an Option is communicated to the Grantee.</p>	<p>Clause 3.18 :</p> <p>“Grant Letter” shall mean the letter issued by the Company in the form as set out in Form A, intimating the Grantee of the Options granted to him/her which shall include the disclosures as required under the SEBI Regulations.</p>
10.	<p>Clause 3.21 :</p> <p>“Independent director” means Directors who apart from receiving director’s remuneration do not have any other material pecuniary relationship or transactions with the company, its promoters, its management or its subsidiaries, which in judgment of the board may affect independence of judgment of the director. Independent director also means a director of the company, being a whole time director, and who is neither a promoter nor belongs to the promoter group.</p>	<p>Clause 3.21 :</p> <p>“Independent Director” means an independent director as defined under Regulation 16(1)(b) of SEBI Listing Obligations and Disclosure Requirements Regulations, 2015, as may be amended or modified, from time to time.</p>
11.	<p>Clause 3.26:</p> <p>“Promoter group” means:</p> <p>an immediate relative of the Promoter (i.e. spouse of that person or any parent, brother, sister or child of the person or of the spouse); or</p> <p>persons whose shareholding is aggregated for the purpose of disclosing in the offer document “shareholding of the promoter group”.</p>	<p>Clause 3.26:</p> <p>“Promoter Group” means the group as defined under Regulation 2(zb) of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as may be amended or modified from time to time.</p>
12.	<p>Clause 3.27:</p> <p>“Relative” means immediate relative namely spouse or the parent, brother, sister or child of the person or the spouse.</p>	<p>Clause 3.27:</p> <p>“Relative” shall have the meaning as defined under Section 2(77) of the Companies Act, 2013, as may be amended or modified from time to time.</p>
13.	<p>Clause 3.28:</p> <p>“SEBI Guidelines” means the Securities Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 issued by the Securities Exchange Board of India under the Securities Exchange Board of India Act, 1992 and shall include any alterations, amendments, additions, deletions, modifications, or variations thereof from time to time.</p>	<p>Clause 3.28:</p> <p>“SEBI Regulations” means the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 issued by the Securities and Exchange Board of India under the Securities and Exchange Board of India Act, 1992 and shall include any alterations, amendments, additions, deletions, modifications, or variations thereof from time to time.</p>
14.	<p>Clause 3.31 :</p> <p>“Subsidiary Company” means a company as defined under section 4 of the Companies Act, 1956</p>	<p>Clause 3.31 :</p> <p>“Subsidiary Company” means a company as defined under Section 2(87) of the Companies Act, 2013, as may be amended or modified from time to time.</p>
15.	<p>Clause 4 : Eligibility</p> <p>4.1 Subject to clause 4.2 below, the Committee shall, from time to time, identify the categories of Employees who shall be entitled to participate in the Scheme (the “Eligible Employee”). The Committee will further decide from time to time which specific Eligible Employees shall be granted Options under the Scheme and accordingly, the Company would offer the Options to the identified Eligible Employees.</p>	<p>Clause 4: Eligibility</p> <p>4.1 Subject to clause 3.9(a) and 3.9(b) above, the Committee shall, from time to time, identify the categories of Employees who shall be entitled to participate in the Scheme (the “Eligible Employee”). The Committee will further decide from time to time which specific Eligible Employees shall be granted Options under the Scheme and accordingly, the Company would offer the Options to the identified Eligible Employees.</p>

No.	Existing Clause	Amended Clause
	4.2 An Employee who is a Promoter or belongs to the Promoter group or a director, who either by himself or through his Relative or through any body corporate, directly or indirectly, holds more than 10 percent of the outstanding equity shares of the Company, shall not be eligible to participate in the Scheme.	
16.	<p>Clause 22.1 : No rights of a member</p> <p>The Participant shall have no rights as a Shareholder consequent to this Scheme until the name of the Participant has been entered in the Register of Members of the Company as the holder of the Shares provided hereunder.</p>	<p>Clause 22.1: No rights of a member</p> <p>The Participant shall not have right to receive any dividend or to vote or in any manner or enjoy the benefits of a Shareholder in respect of the Option granted to him, till shares are issued upon Exercise of the Option and until the name of the Participant has been entered in the Register of Members of the Company as the holder of the Shares provided hereunder.</p>
17.	No such clause on disclosures.	<p>Clause 24.2:</p> <p>The Board shall, inter alia, disclose in the Directors' Report, such disclosures as may be required under the Companies Act, 2013 read with the Rules framed thereunder, as may be amended or modified from time to time, and under any other applicable law and include such other details as the Directors may deem fit to disclose. The Employees shall not have any right to object to such disclosure by the Company.</p>

## ANNEXURE C (for Item No. 7)

### HCC EMPLOYEES STOCK OPTION SCHEME (AS AMENDED)

1.	Name of the Scheme .....
2.	Purpose of the Scheme .....
3.	Definitions .....
4.	Eligibility .....
5.	Administration of the Scheme .....
6.	Maximum Number of Shares .....
7.	Grant of Options .....
8.	Method of acceptance .....
9.	Vesting of Options .....
10.	Exercise Price .....
11.	Exercise of Options .....
12.	Cessation of employment- Implications of .....
13.	Notices and correspondence .....
14.	Beneficiary designation .....
15.	Non-transferability of Options .....
16.	Corporate Action .....
17.	Tax Liability .....
18.	Arbitration .....
19.	Governing Law .....
20.	Regulatory approvals .....
21.	Modification of Scheme .....
22.	Miscellaneous provisions .....
23.	Term of the Scheme .....
24.	Confidentiality .....



## 1. Name of the Scheme

This Scheme shall be termed the HCC Employees Stock Option Scheme ("Scheme"). The Scheme of Hindustan Construction Company Ltd. has been approved by the special resolution passed on December 10, 2007 by Postal Ballot. The Scheme shall be effective from April 25, 2008 hereinafter referred to as the "Effective date". The said Scheme has been amended by the ESOP Compensation Committee at its meeting held on March 20, 2018, to bring the Scheme in conformity with the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 and the said amended Scheme has been approved by a special resolution passed by the members at the Annual General Meeting of the Company held on \_\_\_\_\_ (July 12, 2018).

## 2. Purpose of the Scheme

Hindustan Construction Company Ltd. (hereinafter referred as "HCC" or "the Company"), a company limited by shares, incorporated and registered under the Companies Act, 1913 having its registered office at Hincan House, L.B.S. Marg, Vikhroli (W), Mumbai 400083 has structured this Scheme for its Employees. The purpose of this Scheme is to attract, reward, motivate and retain its Employees for high levels of individual performance and for extraordinary efforts to improve the performance of the Company, which will ultimately contribute to the success of the Company. This purpose is sought to be achieved through the grant of Options to the Employees to subscribe for Shares of the Company.

## 3. Definitions

Except where the context otherwise requires, the following expressions or terms shall have the meanings indicated there against. Further, unless the context otherwise requires, words denoting the masculine gender shall include the feminine gender and words denoting the singular shall include the plural and vice versa.

- 3.1 "Applicable Laws" shall mean laws of India to the extent applicable and as amended and modified from time to time. Accordingly, any actions taken hereunder shall be governed by and construed in accordance with, the laws of India, without regard to the application of the conflicts of laws' provisions thereof.
- 3.2 "Acceptance Form" shall mean the form which the Grantee has to submit indicating his acceptance of the offer made to him to participate in the Scheme.
- 3.3 "Beneficiary" means the person, persons, trust or trusts nominated by a Participant under the Nomination Form (Form 'C'), or in the absence of any nomination by the Participant, a person or persons who is/are entitled by the will of the Participant to receive the benefits specified in the Scheme, the legal heirs of the Participant, if the Participant dies intestate and includes the Participant's executors or administrator, if no other beneficiary is designated and able to act under the circumstances and such other persons as may be added from time to time to the class of beneficiaries by notice in writing and by nomination form in the exercise of any powers conferred under the Scheme or any other agreements forming part thereof.
- 3.4 "Board" means the Board of Directors of the Company.
- 3.5 "Committee" means the ESOP Compensation Committee of the Board consisting of such members of the Board as provided in Regulation 5(2) of the SEBI Regulations, as amended or modified from time to time.
- 3.6 "Closing Date" means the last date on which the offer of Options by the Company to a Participant can be accepted. In case the last date is a non-working day, then it shall be the next working day.
- 3.7 "Company" shall mean Hindustan Construction Company Ltd., a Company registered under the Companies Act, 1913 having its registered office at Hincan House, L.B.S. Marg, Vikhroli (W), Mumbai 400 083.
- 3.8 "Corporate Action" shall have the meaning as understood under the SEBI Regulations.
- 3.9 "Employee" means a (i) a permanent employee of the Company who has been working in India or outside India; or (ii) a Director of the Company, whether a Whole Time Director or not but excluding an Independent Director; or (iii) an employee as defined in clause (i) or (ii) of a Subsidiary, in India or outside India, but does not include—
- (a) an employee who is a Promoter or a person belonging to the Promoter Group; or
- (b) a director who either himself or through his relative or through any body corporate, directly or indirectly, holds more than 10% (ten per cent) of the outstanding equity shares of the Company."
- 3.10 "Exercise" means making of an application by the Participant to the Company for issue of Shares against the Vested Options of the Participant in pursuance to this Scheme on payment of the Exercise Price.
- 3.11 "Exercise Date" means the date on which the Participant exercises his Options and in case of partial exercise shall mean each date on which the Participant exercises part of his Options.
- 3.12 "Exercise Period" shall mean the period in which the Vested Options can be exercised and such period means a period of four years after the end of the respective Vesting Period.
- 3.13 "Exercise Price" means the purchase price of each Share payable by the Participant for exercising the Option granted to him in pursuance of the Scheme, in accordance with Clause 10 below and shall be communicated in the grant letter. Such purchase price shall be in compliance with Regulation 17 of the SEBI Regulations, as amended or modified from time to time
- 3.14 "FEMA Regulation" means Foreign Exchange Management (Transfer or issue of Security by a person resident outside India) Regulations, 2017 issued by Reserve Bank of India vide notification no. FEMA 20(R)/2017-RB dated November 7, 2017.
- 3.15 "General Meeting" means a general meeting of the members of the Company held in accordance with the Articles of Association of the Company, the Companies Act 2013 and other applicable laws.

- 3.16 "Grant" means the process by which a Grantee is given an Option.
- 3.17 "Grant Date" means the date on which the Committee approves the grant of Options under this Scheme.
- 3.18 "Grant Letter" shall mean the letter issued by the Company in the form as set out in Form A, intimating the Grantee of the Options granted to him/her which shall include the disclosures as required under the SEBI Regulations.
- 3.19 "Grantee" shall mean an Employee at the time of grant of the Option and who in the opinion of the Committee is eligible to participate under the Scheme.
- 3.20 "Group" means HCC and its Subsidiary Companies.
- 3.21 "Independent Director" means an independent director as defined under Regulation 16(1)(b) of SEBI Listing Obligations and Disclosure Requirements Regulations, 2015, as may be amended or modified, from time to time.
- 3.22 "Option" means a right, but not an obligation to acquire and be allotted a Share of the Company at the Exercise Price determined in accordance with Clause 10 below.
- 3.23 "Participant" means a Grantee who accepts an offer from the Company to participate in the Scheme pursuant to Clause 8 below.
- 3.24 "Scheme" shall mean the HCC Employees Stock Option Scheme and shall include any alterations, amendments, additions, deletions, modifications, or variations thereof from time to time.
- 3.25 "Promoter" means:
- the person or persons, who are in overall control of the Company; or
  - the person or persons who are instrumental in the formation of the Company or program pursuant to which the Shares were offered to the public; or
  - the person or persons named in the offer document as promoter(s).
- Provided that a director or officer of the Company if he is acting as such only in his professional capacity will not be deemed to be a Promoter.
- 3.26 "Promoter Group" means the group as defined under Regulation 2(zb) of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as may be amended or modified from time to time.
- 3.27 "Relative" shall have the meaning as defined under Section 2(77) of the Companies Act, 2013, as may be amended or modified from time to time.
- 3.28 "SEBI Regulations" means the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 issued by the Securities and Exchange Board of India under the Securities and Exchange Board of India Act, 1992 and shall include any alterations, amendments, additions, deletions, modifications, or variations thereof from time to time.
- 3.29 "Share" means an equity share of the Company of face value of Re. 1/- (Rupee One only).
- 3.30 "Shareholder" means the registered holder of any Share.
- 3.31 "Subsidiary Company" means a company as defined under Section 2(87) of the Companies Act, 2013, as may be amended or modified from time to time.
- 3.32 "Termination Date" means the date of termination of employment of the Participant with the Company or Group.
- 3.33 "Unvested Option" means an Option, which is not a Vested Option.
- 3.34 "Vesting" means the process by which the Participant is given the right to apply for Shares of the Company against the Option granted to him in pursuance of the Scheme.
- 3.35 "Vesting Period" means the period during which the vesting of the Option granted to the Participant in pursuance of the Scheme takes place.
- 3.36 "Vested Option" means an Option, which has vested with the Participant and has thereby become exercisable.

#### **Construction**

- The headings/ subheadings/ titles/ subtitles are only for the sake of convenience and shall not be interpreted to restrict or otherwise affect the meaning or import of the Articles, which shall be interpreted solely in light of the contents thereof.
- Where a word or phrase is defined, other parts of speech and grammatical forms of that word or phrase shall have the corresponding meanings.
- Any reference to 'writing' includes printing, typing, lithography and other means of reproducing words in visible form.
- The term 'including' shall mean 'including without limitation', unless otherwise specified.

#### **4. Eligibility**

- 4.1 Subject to clause 3.9(a) and 3.9(b) above, the Committee shall, from time to time, identify the categories of Employees who shall be entitled to participate in the Scheme (the "Eligible Employee"). The Committee will further decide from time to time which specific Eligible Employees shall be granted Options under the Scheme and accordingly, the Company would offer the Options to the identified Eligible Employees.

#### **5. Administration of the Scheme**

- 5.1 The Scheme shall be administered by the Committee, which may delegate its functions and powers in whole or in part as it determines. The Committee is authorised to interpret the Scheme, to establish, amend and rescind any rules and regulations relating to the Scheme, and to make any other determinations that it deems necessary or desirable for the administration and implementation of the Scheme. The Committee may correct any defect, omission or reconcile any inconsistency in the Scheme in the manner and to the extent the Committee deems necessary or desirable. Any decision of the Committee

in the interpretation and administration of the Scheme, as described herein, shall lie within its sole and absolute discretion and shall be final, conclusive and binding on all parties concerned (including, but not limited to, Grantee and/or Participants and their beneficiaries or successors). The Committee shall, inter alia, do the following:

- a) Adopt rules and regulations for implementing the Scheme from time to time.
  - b) Identify the Employees eligible to participate under the Scheme.
  - c) Determine the number of Options to be granted to each Grantee.
  - d) Determine the number of Shares of the Company to be covered by each Option granted under the Scheme.
  - e) Determine the Exercise price of the Options granted.
  - f) Grant Options to the identified Eligible Employee and determine the date of Grant.
  - g) Determine the exact proportion in which and exact period over which the Options shall vest.
  - h) Determine the method of exercising the Vested Options.
  - i) Determine the procedure for making a fair and reasonable adjustment to the number of Options and to the Exercise price in case of Corporate Actions.
  - j) Determine the other terms and conditions, not inconsistent with the terms of the Scheme, for vesting of any Option granted hereunder.
  - k) Approve forms or agreements for use under the Scheme.
  - l) Decide all other matters that must be determined in connection with an Option under the Scheme.
  - m) Construe and interpret the terms of the Scheme, and the Options granted pursuant to the Scheme.
  - n) Frame suitable policy, procedure and system to comply with the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 and Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to the Securities Market) Regulations, 2003 to be followed by the Participants.
- 5.2 All decisions made by the Committee in the administration of the Scheme shall be conclusive and binding on all parties concerned (including, but not limited to, Grantee and/or Participants and their beneficiaries or successors). Neither the Company nor the Committee shall be liable for any action or determination made in good faith with respect to the Scheme or any Option granted there under.

## **6. Maximum Number of Shares**

- 6.1 The maximum number of Shares that may be issued by the Company pursuant to exercise of Options granted to the Participants under this Scheme shall not exceed 50, 00,000 (fifty lakhs) Shares of the Company.

## **7. Grant of Options**

- 7.1 The Committee may offer the Options to a Grantee in accordance with the terms and conditions of the Scheme for the time being in force.
- 7.2 Each Option will entitle the Participant to one Share of the Company.
- 7.3 The maximum number of the Shares that may be issued pursuant to the grant of the Options to each Grantee under this Scheme shall be 10,00,000 (ten lakhs). Further, the face value of the Shares to be allotted to the non- resident Employees should not exceed any limit provided in FEMA Regulation.
- 7.4 The Grant of the Options by the Committee to the Grantee shall be made in writing (i.e. Grant Letter- Form 'A') and communicated to the Grantee. Such Grant Letter shall state the number of Options offered, the Exercise price, Vesting Period and the Closing date of accepting the offer.
- 7.5 The Closing Date shall not be more than 60 (Sixty) days from the Grant date.
- 7.6 An offer made under clause 7.1 above is personal to the Grantee and can not be transferred in any manner whatsoever.

## **8. Method of acceptance**

- 8.1 Any Grantee who wishes to accept an offer made pursuant to Clause 7 above must deliver an Acceptance Form (Form 'B'), prescribed by the Committee from time to time, duly completed as required therein to the Committee on or before the Closing Date stated in the Grant Letter.
- 8.2 Any Grantee who fails to return the Acceptance Form on or before the Closing Date shall, unless the Committee determines otherwise, be deemed to have rejected the offer. Any Acceptance Form received after the Closing Date shall not be valid, unless the Committee determines otherwise.
- 8.3 Upon timely receipt of a duly completed Acceptance Form from the Grantee in respect of the Grant, the Grantee will become a Participant.

## **9. Vesting of Options**

- 9.1 Subject to the terms contained herein, the acceptance in accordance with Clause 8 above, of a Grant made to a Grantee, shall conclude a contract between the Grantee and the Company, pursuant to which each Option shall, on such acceptance, be an Unvested Option.
- 9.2 The Options granted under the Scheme shall vest over a four/five year period in the following ratio:

Vesting Period	Construction Business		New Businesses
	Employees with 2 years service or more with HCC	Employees with less than 2 years service in HCC	Employees working in new businesses i.e. HREL, Lavasa, HCC Infrastructure, HCC Capital
End of Year 1	20%	Nil	Nil
End of Year 2	25%	20%	Nil
End of Year 3	25%	25%	40%
End of Year 4	30%	25%	30%
End of Year 5	Nil	30%	30%

9.3 The Committee shall have the right to amend the vesting schedule and/or period, subject to a minimum Vesting Period of one year from the Grant Date.

9.4 The Grantee shall be communicated regarding the vesting of the options by the Committee (or an authorized signatory) in Form 'D'.

## 10. Exercise Price

10.1 The Exercise Price of the Option shall be either (a) or (b), below as may be decided by the Committee:

- The latest available closing market price (on a stock exchange where there is highest trading volume) prior to the date of the Meeting of the Committee at which the Committee finalise the grant of Options (such an option would be called "Option A"); OR
- A price equal to 10% discount on the latest available closing market price (on a stock exchange where there is highest trading volume) prior to the date of the Meeting of the Committee at which the Committee finalise the grant of Options (such an option would be called "Option B").

10.2 The Exercise Price shall be paid by the Participant to the Company in cash or by cheque/ demand draft or any other mode, as determined by the Committee, upon exercise of the Options.

## 11. Exercise of Options

11.1 The Vested Options shall be exercisable according to the terms and conditions as determined under the Scheme and set forth hereunder.

11.2 Subject to clause 12.1 below, the Participant alone can exercise the Vested Options.

11.3 Subject to clause 9 above and clause 12 below, the Participant can exercise the Vested Options within the Exercise Period. Such exercise may be of all Vested Options or some of the Vested Options, subject to clause 11.4 below.

11.4 No vested Option shall be exercisable in its fractional form.

11.5 Exercise of the Vested Options shall take place at the time and place designated by the Committee or the Company and by executing such documents as may be required under the Applicable Laws to pass a valid title to the relevant Shares to the Participant, free and clear of any

liens, encumbrances and transfer restrictions save for those set out therein.

11.6 A Vested Option shall be deemed to be exercised only when the Committee receives written notice of exercise (Letter of Exercise- Form 'E') and the Exercise Price (in accordance with the Scheme) from the person entitled to exercise the Option.

11.7 On Exercise, the Participant can subscribe to the Shares on the full payment of the Exercise Price and taxes, if any required to be discharged under the Applicable Laws by the Company in respect of exercise of the Option, and the Company shall allot the Shares to the Participants (Form 'F'), or, if requested in writing by the Participant, to the Participant jointly with another person.

11.8 Notwithstanding anything else contained in this Scheme, if the Participant does not exercise his Vested Options within the time specified in clause 11.3 above and clause 12 below, such unexercised Options shall lapse.

11.9 There shall be no cashless exercise of the Vested Options.

## 12. Cessation of employment- Implications of

12.1 On death of a Participant

In the event of death of a Participant while in employment, all the Options granted to him till such date shall vest in the Beneficiary of the deceased Participant on such date. All the Vested Options shall be permitted to be exercised within 2 (Two) years from the date of death. However, Options cannot be exercised by the Beneficiary beyond the normal Exercise Period, as provided under this Scheme, unless specifically permitted by the Committee.

12.2 On disability of a Participant

In the event of the termination of a Participant's employment with the Group, as a result of total or permanent incapacity (i.e. incapacity to engage in work as a result of sickness, mental disability or otherwise or by reason of accident), all the Options granted to him up to the date of such incapacitation, shall be vested in him and shall be permitted to be exercised by the Participant/Beneficiary within 2 (Two) years from the date of termination. However, Options cannot be exercised by the Participant/Beneficiary beyond the normal Exercise period, as provided under this Scheme, unless specifically permitted by the Committee.

12.3 On Attainment of Superannuation

In case the service of the Participant with the Group is terminated due to retirement or superannuation, all the Vested Options as on that date shall be permitted to be exercised within 2 (Two) years from the date of termination or before the expiry of the Exercise period, whichever is earlier. All Unvested Options on the date of termination shall lapse.

12.4 Termination with cause

In case the termination of employment of a Participant with the Group is with cause (i.e. negligence, fraud, professional misconduct, moral turpitude etc.), his Options (Vested as well as Unvested) shall lapse on the termination date and the contract referred to in clause 9.1 above shall stand automatically terminated.

## 12.5 On Resignation

In case the service of the Participant with the Group is terminated due to resignation of the Participant from the Group, all the Vested Options as on that date shall be permitted to be exercised within 30 (Thirty) days from the date of termination or before the expiry of the Exercise period, whichever is earlier. All Unvested Options on the date of termination shall lapse.

## 13. Notices and correspondence

- 13.1 Any notice required to be given by a Participant to the Company or the Committee or any correspondence to be made between a Participant and the Company or the Committee may be given or made to the Company at the registered office of the Company or the Committee as may be notified by the Company in writing.
- 13.2 Any notice, required to be given by the Company or the Committee to a Participant or any correspondence to be made between the Company or the Committee and a Participant shall be given or made by the Company or the Committee on behalf of the Company at the address provided by the Participant in his Acceptance Form.

## 14. Beneficiary designation

- 14.1 Each Participant under the Scheme may nominate, from time to time, any Beneficiary or Beneficiaries to whom any benefit under the Scheme is to be delivered in case of his or her death before he or she receives all of such benefit. Each such nomination shall revoke all prior nominations by the same Participant and shall be in a Nomination Form (Form 'C') prescribed by the Company. Such nomination will be effective only when filed by the Participant in writing with the Company during the Participant's lifetime.

## 15. Non-transferability of Options

- 15.1 Save as provided in Clause 12.1 above, the Options granted herein, are personal to the Participant. The Options cannot be assigned, alienated, pledged, attached, hypothecated, sold, or otherwise transferred or encumbered by the Participant otherwise than by will or by the laws of descent, to the extent permitted under the Applicable Law, and any purported assignment, alienation, pledge, attachment, hypothecation sale, transfer, or encumbrance not permitted herein shall be void and unenforceable against the Company.

## 16. Corporate Action

- 16.1 In event of the Corporate Action, the number of Options (Vested as well as Unvested) or the Exercise Price in respect of the Options or both the number and the Exercise Price, may be determined by the Company, in consultation with the Committee, to be such number and/or Exercise Price as is appropriate in accordance with the SEBI Regulations, and subject to the provisions of the Scheme.

## 17. Tax Liability

- 17.1 The Participant shall be bound to reimburse the Company for any Fringe Benefit Tax, payable by the Company with

regard to the shares allotted to the Participant under the Scheme. The Company shall issue a certificate to the Participant in Form 'G' regarding receipt of the Fringe Benefit Tax from the Participant.

- 17.2 All Options granted or shares allotted under the Scheme shall also be subject to all applicable tax requirements, if any prevailing, and the Company shall have the right to deduct from the salary or recover by any other mode, the sums due towards tax (including Fringe Benefit Tax) arising in connection with the exercise of Options under this Scheme.

## 18. Arbitration

- 18.1 In the event of a dispute arising out of or in relation to the contract concluded under clause 9.1 above (including a dispute relating to the construction or performance thereof), the Parties shall attempt in the first instance to resolve such dispute through an amicable settlement. If the Parties fail to resolve the dispute by reaching a mutual understanding, then either Party may refer the dispute to a single arbitrator acceptable to both and failing agreement, to three arbitrators, one to be appointed by either Party and the third arbitrator to be jointly appointed by the two arbitrators appointed by the Parties. The arbitration proceedings shall be held in Mumbai, India under and in accordance with the Arbitration and Conciliation Act, 1996 or any statutory modification or re-enactment thereof for the time being in force.

## 19. Governing Law

- 19.1 This Scheme and all agreements there under shall be governed by and construed in accordance with the Applicable laws of India.
- 19.2 The Participant agrees and acknowledges that the Participant has received and read a copy of the Scheme. The Options are subject to the Scheme. Any term of the Scheme that is contrary to the requirement of the SEBI Regulations or any other Applicable Law or other Indian regulations shall not apply to the extent it is contrary.

## 20. Regulatory approvals

- 20.1 The implementation of the Scheme, the granting of any Option under the Scheme and the issuance of any Shares under this Scheme shall be subject to the procurement by the Company and the Participants of all approvals and permits (if any) required by any regulatory authorities having jurisdiction over the Scheme, the Options and the Shares issued pursuant thereto. The Participants under this Scheme will, if requested by the Committee, provide such assurances and representations to the Company, as the Committee may deem necessary or desirable to ensure compliance with all applicable legal and accounting requirements.

## 21. Modification of Scheme

The Committee may pursuant to a special resolution passed at a General meeting at any time and from time to time:

- 21.1 Revoke, add to, alter, amend or vary all or any of the terms

and conditions of the Scheme or all or any of the rights and obligations of the Participants;

- 21.2 Formulate separate sets of special terms and conditions in addition to those set out herein, to apply to each class or category of Participants separately and each of such sets of special terms and conditions shall be restricted in its application to such class or category of Participants.

- 21.3 Alter the Exercise Price, if the Options becomes unattractive due to fall in market price of the share.

Provided that no variation, alteration, addition or amendment to the Scheme can be made if it is detrimental to the interest of the Participant/ Grantee.

## **22. Miscellaneous provisions**

- 22.1 No rights of a member

The Participant shall not have right to receive any dividend or to vote or in any manner or enjoy the benefits of a Shareholder in respect of the Option granted to him, till shares are issued upon Exercise of the Option and until the name of the Participant has been entered in the Register of Members of the Company as the holder of the Shares provided hereunder.

- 22.2 Set-off

The Company has an obligation to convey to the Participant that the Shares shall be subject to set-off or counter claim of amounts owed by the Participant to the Company or Group, to the extent permitted under Applicable Laws.

## **23. Term of the Scheme**

- 23.1 The Scheme shall continue in effect unless terminated by the Company.

- 23.2 Any such termination of the Scheme shall not affect Options already granted and such Options shall remain in full force and effect as if the Scheme had not been terminated unless mutually agreed otherwise between the Participants and the Committee/the Company.

## **24. Confidentiality**

- 24.1 The Participant shall not divulge the details of the Scheme and/or his holdings to any person except with the prior written permission of the Committee unless so required to do under any statutes or regulations applicable to such Participant.

- 24.2 The Board shall, interalia, disclose in the Directors' Report, such disclosures as may be required under the Companies Act, 2013 read with the Rules framed thereunder, as may be amended or modified from time to time, and under any other applicable law and include such other details as the Directors may deem fit to disclose. The Employees shall not have any right to object to such disclosure by the Company.

Place: Mumbai

Dated: April 25, 2008

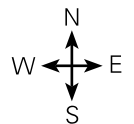
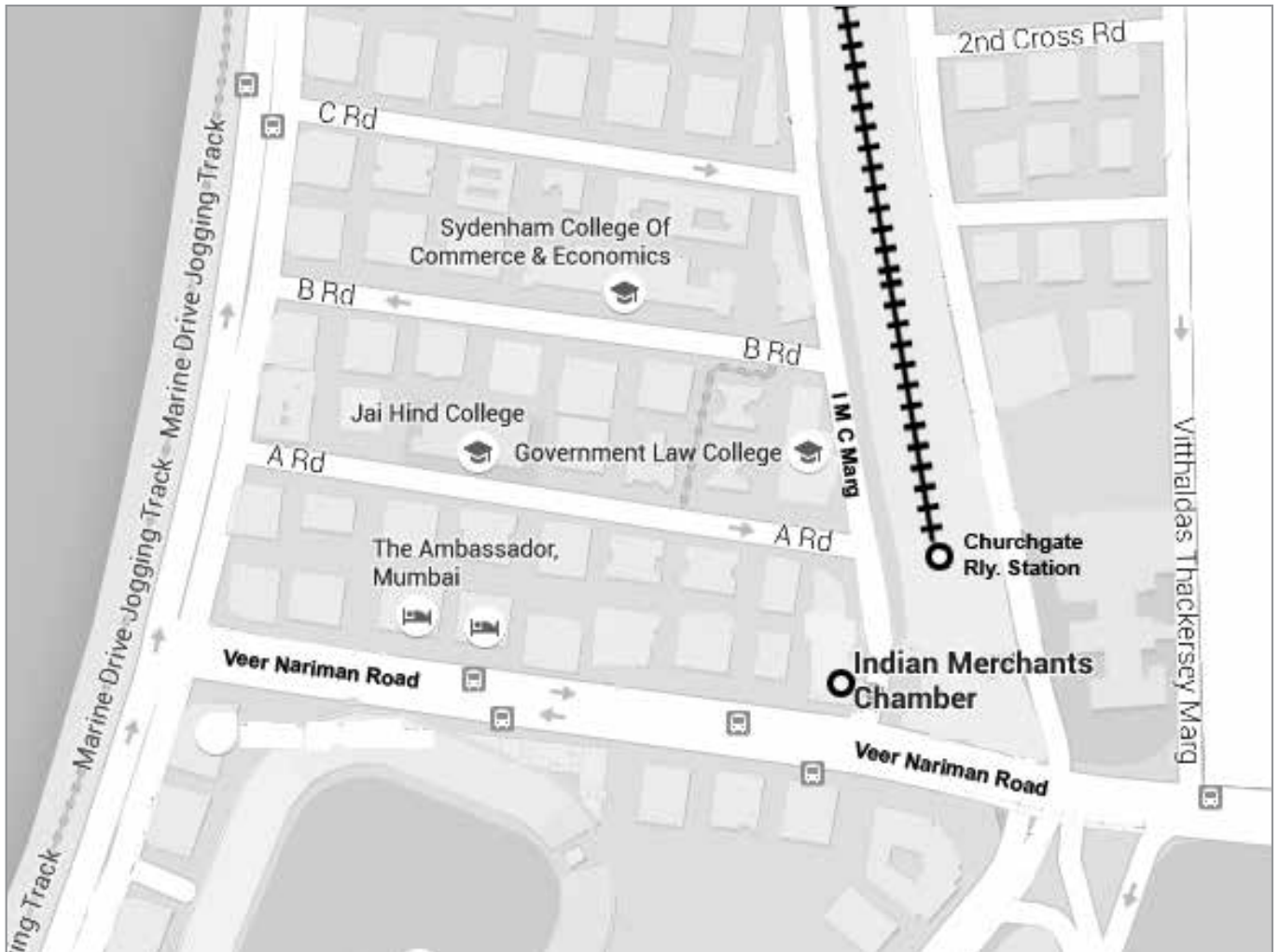
(as amended on March 20, 2018)

## ROUTE MAP TO REACH THE AGM VENUE

Venue of the Annual General Meeting of the Company to be held on  
Thursday, July 12, 2018 at 11.00 a.m.

### Venue Address

Walchand Hirachand Hall, Indian Merchants' Chamber,  
Indian Merchants' Chamber Marg,  
Churchgate, Mumbai 400 020



Map not to scale



# IMPORTANT FINANCIAL STATISTICS

Year	Paid Up Capital				Fixed Assets				Dividend paid on Preference and Equity shares ₹ Lacs	Equity Dividend %
	Equity ₹ Lacs	Preference ₹ Lacs	Reserves ₹ Lacs	Debentures ₹ Lacs	Gross Block ₹ Lacs	Net Block ₹ Lacs	Turnover ₹ Lacs	Net Profit ₹ 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	0.64	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	-55.7	—	—
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
2011-12	6066.00	—	123944.00	22000.00	205622.00	112447.00	401060.00	-22225.00	—	—
2012-13	6066.00	—	110211.00	22000.00	206289.00	101039.00	383865.00	-13764.00	—	—
2013-14	6066.00	—	118673.00	22000.00	202580.00	91540.00	411349.00	8064.00	—	—
2014-15	6459.00	—	132286.00	21010.00	200646.00	78474.00	430114.00	8165.00	—	—
2015-16	7792.00	—	178491.00	18730.00	194985.00	66908.00	419090.00	8497.00	—	—
2016-17 (IND-AS)	10108.00	—	258890.00	14469.00	198988.00	59547.00	419594.00	8092.00	—	—
2017-18	10155.00	—	267339.00	11024.00	207258.00	59794.00	457508.00	6589.00	—	—

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**Cover image**

Dome Lifting at Rajasthan Atomic Power Plant - Package 7&8