Annual Report 2012-13

HCC

Contents

Highlights 2012-13

- Group turnover at ₹ 8,510 crore
- HCC Standalone Turnover at ₹ 3,837 crore
- HCC E&C Orderbook at ₹ 14,935 crore
- UN Recognition for HCC's Sustainability Practices at the Rio+20 conferences organized by the United Nations at Brazil in June 2012, the only Indian company to be featured amongst ten global companies
- Steiner AG turnaround with three year consecutive profits since taken over by HCC
- Lavasa construction work commenced, around 5,000 workers on ground. Appx. 300 units handed over to the customers
- Lavasa Mugaon: New residential phase started
- Dhule Palesner Highway (NH3) operational, additional 13km phase of development readied for tolling two years in advance
- Incorporation of HCC Operations and Maintenance Ltd. to provide safe, reliable and world class O&M to road users

HCC's Projects at a Glance

ANDHRA PRADESH

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

ARUNACHAL PRADESH

● 17. Pare HEP

ASSAM

18. Brahmaputra Bridge
● 19. Bogibeel Bridge
20. Civil Works for Refinery at Guwahati
● 21. Four-laning of NH-54 (AS23)

BIHAR

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

CHATTISGARH

28. Bhilai Steel Plant
29. Bailadila Project

DELHI

30. Water and Sewage Treatment Plants
31. DMRC - Vishwa Vidyalaya to ISBT
32. DMRC - Airport Metro Express Line Contract AMEL - C1
▲ 33. DMRC - Netaji Subhash Palace to Shalimar Bagh
▲ 34. DMRC - Janakpuri West to Palam Station
35. DMRC - Airport Metro Express Line Contract AMEL - C6
★ 36. Delhi Faridabad Elevated Expressway

GOA

37. Goa Barge Berth at Marmugoa

GUJARAT

38. Kandla Oil Jetty
39. 180 m High Chimney at Wanakbori
40. Tapi Road Bridge
41. Kakrapar Atomic Power Project
42. Two Cooling Towers at Gandhinagar
43. Gujarat State Highways Project - Mehsana to Palanpur
● 44. Saurashtra Branch Canal Pumping Scheme
45. Kalol Mehsana Gas Pipeline Project
● 46. Limbdi Branch Canal
● 47. Swarnim Gujarat Kutch Water Grid, NC-31 Pipeline
▲ 48. Narmada Extra-dosed bridge
■ 49. Pumped Water Supply Scheme from Kesaria to Sonari (NC-25)
● 50. Kachchh Branch Canal

HARYANA

51. Road Bridge at Palwai
52. Panipat Chimney
53. Hathnikund Barrage at Yamunanagar

HIMACHAL PRADESH

54. Chamera HEP, Stage I
55. Nathpa Jhakri HEP
■ 56. Chamera HEP, Stage III
● 57. Kashang HEP
● 58. Sainj HEP

JAMMU & KASHMIR

59. Salal HEP
60. Udhampur - Srinagar - Baramulla Rail
● 61. Uri-II HEP
■ 62. Pir Panjal Tunnel (Zone-VA)
■ 63. Pir Panjal Tunnel (Zone-VB)
▲ 64. T-48 tunnel on Dharam-Qazigund section
● 65. Mughal Road
66. Chutak HEP
■ 67. Nimmo Bazgo HEP
● 68. Kishanganga HEP

JHARKHAND

69. Chandil Dam
70. Icha Dam
71. Grand Trunk Road Improvement Project

KARNATAKA

72. Tunnel and Powerhouse at Sharavati
73. Dockwork for MPT at Mangalore
74. Kadra Dam
75. Karnataka State Highways Project
● 76. Cavern for Crude Oil Storage, Padur

KERALA

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

MADHYA PRADESH

87. Satpura TPS
88. Tons Road Bridge
89. Tons HEP
90. Road Bridge over River Indravati

MAHARASHTRA

91. Uran Turbine and LPG Station
92. Bhandup Water Treatment Complex
93. BARC Civil Works
94. SSSF Project at Tarapur
95. Sina Aqueduct
96. Panvel Creek Bridge
97. Barvi Expansion Project
98. Railway Bridges over Vasai Creek
99. Bhorghat Tunnel

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

MANIPUR

● 129. Railway Tunnel No.1 between Dholakal and Kalmai
▲ 130. Railway Tunnel No. 3 between Jiribam and Tupul
● 131. Railway Tunnel No. 10 between Jiribam and Tupul
● 132. Railway Tunnel No. 12 between Jiribam and Tupul

ORISSA

133. Dam at Upper Kolab
134. Road Bridge across Mahanadi
135. Syphons at Kuakhai and Khushbhadra
136. Naraj Barrage, New Cuttack
137. Paradip Port Road
● 138. Aditya Aluminium Project

PUNJAB

139. 140 m High Chimney at Ropar
140. Rail Coach Factory at Kapurthala

RAJASTHAN

141. Rajasthan Atomic Power Project, Units 1 & 2
142. Chambal Bridge at Dholpur
143. Rajasthan Atomic Power Project, Units 3 & 4
144. Rajasthan Atomic Power Project, Units 5 & 6
145. East-West Corridor Project, Package-EW-II (RJ-7)
● 146. Rajasthan Atomic Power Project, Units 7 & 8

SIKKIM

● 147. Teesta HEP Stage VI

TAMIL NADU

148. Kadamparai Pumped Storage
149. Lower Mettur Barrages, Substructure and Powerhouse
150. Chennai Ore Berth, Jetty, Wharf
151. Sewage Treatment Plant, Chennai
152. Upper Nirar Tunnel
153. Navamalai Tunnel
154. Ennore Port-Rock Quarrying
155. Ennore Breakwater
156. Mass Rapid Transit System, Chennai
157. Kudankulam Nuclear Power Project, Units 1 & 2
158. Tirupur Water Supply Project
159. Chennai Bypass, Package CBP2

UTTAR PRADESH

160. Maneri Bhali Hydel Project
161. Narora Atomic Power Project
162. Rihand Dam
163. Rihand STPP
164. Shards and Ghogra Barrages
165. Yamuna Hydel Project
166. Gomti Aqueduct
167. Sai Aqueduct
168. Varanasi Bridge
169. Malvika Steel Works
170. Naini Cable Stayed Bridge
171. Allahabad Bypass Road, Package ABP2
172. Lucknow-Muzaffarpur National Highway Project LMNHP-EW II (WB)

UTTARAKHAND

173. Dhauliganga HEP
● 174. Tehri Pumped Storage

WEST BENGAL

175. Farakka Barrage
177. Mahananda Barrage
178. Kolkata Metro
179. Teesta Barrage
180. Haldia Docks Project
181. Environmental Engineering Works at Kolkata
182. Kalyani Bridge
183. Earthworks for Farakka STPP
184. Dauk Barrage
185. RCC Chimney for Kolaghat TPS
186. Underwater works for KTPP
187. Golden Quadrilateral Road Project - Kolaghat to Kharagpur
188. Purulia Pumped Storage Project
● 189. Teesta Low Dam HEP Stage IV
● 190. Elevated Road from Park Circus to E.M. Bypass, Kolkata
★ 191. Four-laning of Bahrampore-Farakka Section of NH-34
★ 192. Four-laning of Farakka-Raiganj Section of NH-34
★ 193. Four-laning of Raiganj-Dalkhola Section of NH-34

BHUTAN

194. Kurichhu Hydroelectric Dam Project
195. Tala Hydroelectric Project, Package C-1
196. Tala Hydroelectric Project, Package C-4
● 197. Punatsangchhu Hydroelectric Project - Powerhouse
● 198. Dagachhu Hydro Power Plant (Civil Works), 114 MW

■ Projects completed in the year
● Projects in progress
▲ New projects
★ BOT projects

Chairman's Letter

Dear Shareholder

This is the third consecutive year where I will share with you the distressing plight of infrastructure in India. It pains me to highlight this sad situation over and over again. Yet, I see how the lack of quality infrastructure is rapidly increasing the gap between the India 'that could have been' and the India 'that actually is'.

Let me start with something even more serious: the marked slowdown of the Indian economy. India's GDP has now fallen over 12 successive quarters — something that we have never seen earlier. GDP growth for 2012-13 is estimated to be down to 5% — a far cry from the 8% plus annual growth rate that we had got used to for most of the last decade. Growth in gross fixed capital formation (GCFC) has reduced to a paltry 2.5%. In this milieu, construction activity has reduced across the board, and growth of the construction sector was a mere 5.9% in 2012-13.

Three issues plague the infrastructure and construction industry today. These have been in force in the last two years and, unfortunately, have only intensified over time.

First, environmental clearances have been a major hurdle to new infrastructure projects. I say this not just because our prestigious Lavasa project was held up by the Ministry of Environment and Forests (MoEF). In fact, the judiciary on two separate occasions has subsequently upheld our view and most of the project is now cleared for development. But at a huge cost of delay.

The travails with the MoEF go well beyond Lavasa. As I write to you, some 441 projects with investments valued at well over ₹10 lakh crore (or ₹10 trillion) have been stalled due to reasons pertaining to environmental clearance.

I am committed to preserving our environment in a responsible manner across every infrastructure project that we execute in the country. However, there should be well defined norms and mechanisms for obtaining environmental clearances. Unfortunately, the norms are often not defined in a clear and objective manner; there are significant differences in such norms between the level of the state and the MoEF; and there is too much centralisation which delays decision making. Add to that a huge increase in risk aversion within the civil service over the last couple of years — which I now turn to.

Second, a series of high profile scams has had an adverse effect on decision making in government corridors. In my last year's letter to you, I had written, "We have witnessed delays in taking decisions across government agencies, often driven by the fear of the Comptroller and Auditor General, the Central Vigilance Commission or the Supreme Court. The attitude is now one where many civil servants believe that it is better to do nothing than to take much needed executive decisions that may attract attention of these authorities." This scenario is even more prevalent today.

The sad part about corruption and scams is not the money which governments lose, but the public trust that is destroyed. Every time such trust is destroyed, each decision-maker wants to be seen to be absolutely above board. In today's India, taking an early decision that is helpful to the rapid execution of any major infrastructure project carries with it a high risk of censure from the country's executive and judicial watchdogs. Not taking a decision carries no such risk. Therefore, civil servants have found it expedient to hold back decision-making irrespective of the damage that such risk aversion causes to the infrastructural growth of the nation.

Quite honestly, our central and state governments will have to rework the rules of business to give comfort to decision makers, so that building infrastructure and ensuring good governance go hand in hand.

The third issue has to deal with prompt payment for infrastructure projects. All construction contracts involve changes of scope, variations, and delays due to one reason or the other. All over the world, when these instances occur, contractors put in place claims to recover the extra costs so incurred. The universal global practice is that such claims are settled on the recommendation of the officially appointed and bilaterally recognised 'Engineer to the Contract'. In rare cases of genuine dispute, these are referred to a Dispute Resolution Board — and failing that to arbitration. In either of these two case, the matter is usually settled in six to nine months.

> "In today's economic limbo and political uncertainties, most of us have become pessimists. Yet, the demand for infrastructure is greater than ever before."

This is not so in India. Every decision on deciding upon such claims is referred to a third party for decision-making to avoid the risk of being censured in this prevalent atmosphere of mistrust. Thereafter, the contracting party will invariably appeal against every such third party decision that goes against it all the way to the highest court in the land.

In the meanwhile, with the costs having already been incurred and funded by borrowings from banks, it is not surprising that construction and infrastructure building companies incur large debts — which make it difficult for them to meet their interest and repayment obligations. The financial travails then engulf even the banking sector as it has to restructure the loans that they have given.

Let me give an example. HCC built the Bandra-Worli Sealink in Mumbai. There are some ₹ 600 crore worth of claims on account of this prestigious project. These are still being discussed — years after the Sealink became operational.

Today, the estimated unpaid dues to contractors on account of national highways is at almost ₹ 22,000 crore. Your Company alone is owed some ₹ 2,500 crore across its various highway construction projects. For hydro-electric, the total outstanding is approximately ₹ 7,500 crore, of which dues to your Company are around ₹ 2,500 crore.

There are no easy solutions to these issues, except to say that these all stem from bad governance. Having said so, it is imperative for all stakeholders in the infrastructure space to come to a common platform and work towards finding answers. Such a collaborative approach with a common will to sort out the mess is vital.

There are odd bits of good news. The Finance Minister has recently taken it on himself to re-start stalled infrastructure projects and create mechanisms for releasing the held back payments to industry.

It is moot whether such a task is feasible at a time when the present government is reaching the end of its term and when all political players are getting into election mode. In the meanwhile, India's infrastructure just does not get its dues; and the country remains bereft of what it needs to fuel higher growth.

In this unfortunate atmosphere, HCC's revenues in FY2013 were in line with those of FY2012. However, the order book has reduced to around ₹ 14,935 crore and the Company continued to generate losses. These results were further exacerbated by the large quantum of claims and receivables on the books.

As I mentioned earlier, the double impact of losses and a large quantum of unresolved claims adversely affected your Company's cash flows. Consequently, we could not service the debt obligations that we had built in the last few years of rapid growth. Therefore, we opted for a formal method of loan restructuring with the consortium of 27 banks, and referred their total debt to your Company of around ₹ 3,300 crore along with working capital fund based and non-fund based limits of ₹ 6800 crore to the Corporate Debt Restructuring (CDR) cell under the regulatory framework of the Reserve Bank of India.

This exercise has been implemented in 2012-13. It involves re-calibrating the debt in terms of payback period, deferring certain interests on term loans, providing concessional rate of interest, and advancing further need-based working capital. I am thankful that the financers have shown faith in our long term capability to deliver good returns and provided breathing space to streamline the business.

Given the changed business environment, we at HCC have focused on cost management. We have collapsed the different business units created in the growth phase into just one vertical. We have succeeded in making our organisation leaner. We are approaching projects in a focused manner and concentrating on improving bid success ratio rather than increasing the number of bids. The focus is back to securing large projects. We are saving costs by optimising our engineering and, hence, machinery and capital deployment. We are also sharpening our cash flow management.

In a nutshell, we are focusing on fewer but larger projects, expanding more into the private sector and doing the same things in better and more efficient ways.

Let me now share some of the good news.

First, Lavasa is back on track. The requisite environment clearances for the development of the two principal towns — Dasve and Mugaon — are now firmly in place. Through bilateral dialogue with the banks, we have restructured the debt and by the end of 2012-13 Lavasa has again become a regular, or standard, account. In fact, the banks have provided some extra line of credit as well. Confidence is back for Lavasa; and the next phase of development is well on its way.

Second, Steiner AG, the Swiss company that we acquired in 2010-11, has turned around and generated profits at both operational and net profit level. We are promoting its high technology skills and hope to develop business in the Indian market as well.

How do I see the fate of infrastructure in the next few years? On paper, the Government of India has set a massive target for doubling investment in infrastructure from ₹ 20.5 trillion to ₹ 40.9 trillion during the Twelfth Plan (2012–2017). The total investment in infrastructure is proposed to be increased to more than 10.5% of GDP by the end of the plan period. If even three-fourths of this planned investment is actually realised, it can propel India's economic growth back to a higher trajectory and, with it, significantly improve the fortunes of infrastructure contractors and service providers. The message is simple: focus and get it done.

Will that happen? In today's economic limbo and political uncertainties, most of us have become pessimists. Yet, the demand for infrastructure is greater than ever before. I can't predict whether there will be an upturn in 2013-14, but I can say with certainty that infrastructure will bounce back in the medium term. In the meanwhile, a Company such as your's needs to focus, be efficient, cut out all inessentials, do what it does well and ride out the storm.

HCC must rise to the occasion. It must become leaner and more productive, stress on engineering as a major source of competitive advantage, learn to forge partnerships to promote business, be more price competitive in the market and have stronger client relations to improve collections.

HCC is a long term player and has been an integral part of infrastructure development in India. It is now overcoming a dip in its performance, while continuing to build long term value for India and its shareholders.

My thanks for the faith that you have reposed on your Company, and I urge you to continue to do so. India needs better infrastructure and HCC will deliver for the nation and its shareholders.

With best regards,

Ajit Gulabchand
Chairman & Managing Director

Company Information

BOARD OF DIRECTORS

Ajit Gulabchand
Chairman & Managing Director

Y. H. Malegam

K. G. Tendulkar

Rajas R. Doshi

Ram P. Gandhi

Prof. Fred Moavenzadeh

D. M. Popat

Sharad M. Kulkarni

Nirmal P. Bhogilal

Anil C. Singhvi

Dr. Ila Patnaik

Rajgopal Nogja
Group Chief Operating Officer & Whole-time Director
(w.e.f. May 3, 2013)

Arun V. Karambelkar
President & Whole-time Director

COMPANY SECRETARY

Vithal P. Kulkarni

AUDITORS

K.S. Aiyar & Co., Chartered Accountants

ADVOCATES & SOLICITORS

Mulla & Mulla & Craigie Blunt & Caroe

Amarchand & Mangaldas &

Suresh A Shroff & Co.

BANKERS/FINANCIAL INSTITUTIONS

ICICI Bank Ltd.

Punjab National Bank

State Bank of India

IDBI Bank Ltd

Indian Bank

Oriental Bank of Commerce

The Jammu & Kashmir Bank

Canara Bank

State Bank of Patiala

Union Bank of India

Bank of Baroda

Vijaya Bank

DBS Bank Ltd

The Federal Bank Ltd

Standard Chartered Bank

Exim Bank of India

Toronto Dominion (Texas) LLC

LIC of India

Central Bank of India

Axis Bank Ltd

Bank of Maharashtra

State Bank of Travancore

Syndicate Bank

State Bank of Mysore

United Bank of India

Indian Overseas Bank

State Bank of Hyderabad

NABARD

REGISTRAR & SHARE TRANSFER AGENTS

TSR Darashaw Private Ltd.

6-10 Haji Moosa Patrawala Industrial House,

20, Dr. E. Moses Road, Near Famous

Studio,Mahalaxmi, Mumbai - 400 011.

REGISTERED OFFICE

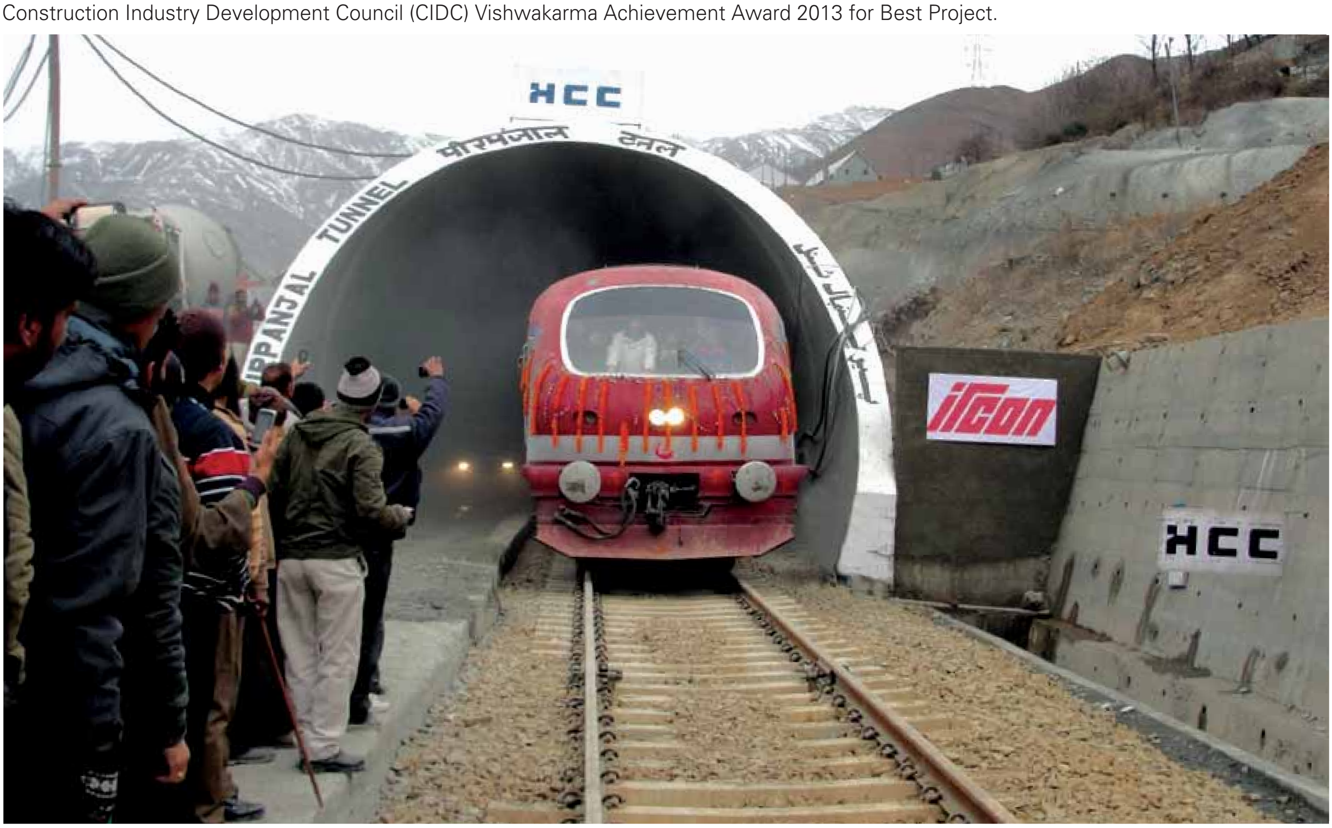
Hincon House, 11th Floor,

247Park, Lal Bahadur Shastri Marg,

Vikhroli (West), Mumbai - 400 083.

Nimoo Bazgo Hydel Power Project, Jammu & Kashmir

The (3 X 15 MW) Nimoo Bazgo Hydel Power Project, located on the confluence of River Indus with River Zanskar, around 70 kms from Leh, Jammu and Kashmir, was commissioned in December 2012. Built at a height of over 11,000 feet, in winter temperatures of –39°C, the project team had to overcome significant logistical and inventory challenges including a six month road closure during winter. The Project won the Construction Industry Development Council (CIDC) Vishwakarma Achievement Award 2013 for Best Project.



Pir Panjal Tunnel, Jammu & Kashmir

On December 28, 2012, a trial run of train services was successfully carried out through the 10.96 km long, newly constructed Pir Panjal Tunnel. This is India's longest rail tunnel and Asia's second longest. Stretching between Qazigund town in the Kashmir Valley and Banihal town in the Jammu region –. the tunnel is part of the 202 km Udhampur – Srinagar – Baramulla rail link project of the Northern Railways and has been built using the New Austrian Tunneling Method (NATM).

Mughal Road, Jammu & Kashmir

The Mughal Road is a historic route through the Himalayan mountain peaks that connects the Shopian district of Kashmir valley with the border districts of Poonch and Rajouri. In 1586, Emperor Akbar had used this mountainous track to enter the Kashmir valley. This ancient route is now all set to come alive again as a double-lane road spanning 83.9 km, whose construction has now been completed. The revitalised Mughal Road will shorten the distance between Poonch and Srinagar by 67%, and reduce 25 hours of travel time.

Kishanganga Hydel Power Project, Jammu & Kashmir

The HCC project team at the 330 MW Kishanganga Hydel Power accomplished a tunneling progress of 816 m during November 2012. This is an Indian record for the highest progress ever achieved in a complex Himalayan geology. This feat was achieved by the tunnel boring machine (TBM) crew of HCC and Seli in harsh Himalayan winter conditions where the temperature dips to – 10^{o}C during Dec, Jan and Feb. Of the total length of 23.4 km of the head race tunnel, 14.6 km will be done by TBM, of which 9.2 km has been completed till date.

Hospital Hirslanden, Zürich

Hirslanden Private Hospital, in Zürich, built by Steiner AG, involved the execution of an annex building through a work schedule, wherein operations continued uninterrupted for the hospital and the adjacent car park during the construction period. The new building offers state-of-the- art areas for doctors' practices and surgery as well as attractive patient rooms in a high-end fitting, enabling a most agreeable stay.

Faculty for Bioengineering EPFL, Lausanne, Switzerland

Steiner AG has executed the new building extension for the Faculty for Bioengineering EPFL – one of Europe's most highly rated technical universities, which draws students, professors and staff from over 120 nations. The new building consists of the transformation and extension of an old part and the makeover of the former library into offices and laboratories. The new complex has been designed by the renowned French Architect Dominique Perrault.

Living in Lavasa:

Dasve, the first town to be developed at Lavasa, has major hospitality developments comprising ITC Fortune Select, Mercure, Pullman, Novotel, Hilton Double Tree and Luxury Collection, among others. Dasve also has the largest international convention centre managed by the Accor group. With villas, apartments, rental and retiree housing, Lavasa has a home for everyone. Granting possession of the residential units is currently underway, with 270 units already handed over and around 410 units ready for handover in near future.

Mugaon town, Lavasa

Mugaon, the second town at Lavasa has been launched as a residential, educational, business and commercial hub. It will play host to various research and development companies and will have major attractions such as cultural institutions, spiritual centers, Apollo Medicity, schools, colleges, sports academies and theme parks. Mugaon will be connected via a proposed road from Lonavala, making it the perfect weekend getaway, just two hours away from Mumbai.

Tourism and Hospitality in Lavasa

A pleasant year-round weather makes Lavasa a perfect holiday destination. Over 7.5 lakh tourists visited Lavasa last year with hotel occupancy at all existing hotels touching a high of 70 per cent. Lavasa offers a range of activities from thrilling adventure sports to serene nature trails coupled with fun filled options for entertainment. During August 2012, Lavasa received the highest ever footfall of 95,000 tourists, who soaked in the beauty of rains, pristine green landscape and blissful weather.

Dhule Palesner corridor of NH 3

HCC Concessions, together with its consortium partners, have built the 89-km Dhule Palesner corridor of NH 3. This four-lane highway has been operational since February 2012 and an additional 13-km phase has been readied for tolling two years in advance. The Dhule Palesner corridor is the third consecutive BOT project to be completed well ahead of schedule. As of March 31, 2013, HCC Concessions has a portfolio of ₹ 7,000 crore which includes seven NHAI concessions.

Christel House Lavasa

Students from Christel House Lavasa, organized a cultural programme to commemorate the visit of its founder Christel DeHaan. The little ones with absolutely no background in English, conversed in the language, with confidence and ease, and their fluency of diction was noteworthy. Christel House Lavasa provides quality education, nutrition and healthcare to children from economically disadvantaged families in and around Lavasa and is one among the several schools run by Christel House International in Mexico, Venezuela, South Africa, Indianapolis and India.

Padur Cavern Project, Karnataka

A wastewater treatment plant of 1 MLD capacity has been installed at Padur to treat the wastewater to reusable parameters. During 2012-13, water initiatives at the Padur Cavern Project site lead to a reduced consumption of fresh water by 78%. In addition, efficient utilisation of extracted water lead to a net consumption of 24% of total water extracted. The wastewater treatment plant also helped the site to reduce its fresh water requirement by 223,080 KL, while the total fresh water withdrawal / intake for the site was significantly lower at 63,073 KL.

Management Discussion and Analysis

Hindustan Construction Company ('HCC' or 'the Company') is one of India's leading construction companies. Focussing primarily on large scale projects, the Company has a presence across most infrastructure related sectors in India. It has always looked to create competitive advantage by adopting world class practices and operational processes and is one of the pioneers in promoting responsible infrastructure development in India.

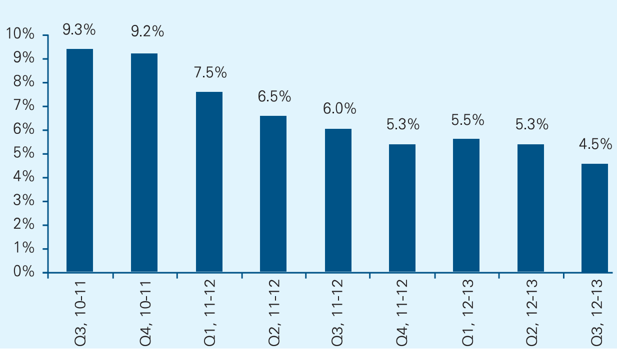
Clearly, better quality of physical infrastructure is a prerogative for the Indian economy to continue to grow at the high rates established over the last decade. However, it is very unfortunate, that the last two and a half years of the infrastructure development story in India has been one of much promise but missed opportunities. Some of the challenges are complex but a cohesive solutions oriented approach by all concerned stakeholders can go a long way in helping the sector realise its immense potential.

Consequently, for HCC, which is an integral part of the infrastructure development value chain, this is a phase of consolidation. Today, the Company is focused on optimising its strategy and operations to overcome the present economic and financial challenges to emerge as an even stronger entity that can best leverage opportunities once the external business environment regains its growth oriented trajectory.

Macro Economic Review

That the Indian economy is slowing down is very evident. Advance estimates from the Central Statistical Organisation (CSO), Government of India (GoI) suggest that real GDP growth reduced further from 6.2% in 2011-12 to 5% in 2012-13. What is even more worrisome is the fact that over the last 9 quarters the situation has gotten progressively worse (see Chart A). These levels of growth are far below the 8%-9% annual growth rates envisaged originally in the GoI's long term planning programmes.

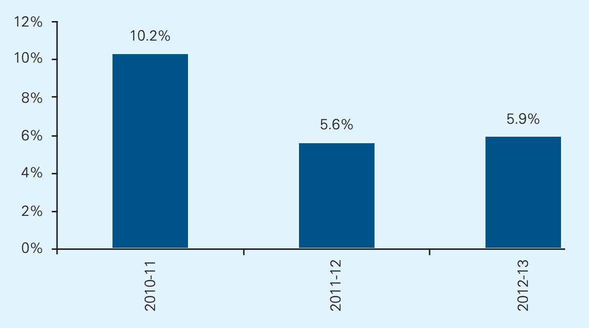
Chart A: Quarterwise-YoY Real GDP Growth (India)



Source: MOSPI, Government of India

The structure of economic growth is also not very encouraging for the immediate future. Incremental Gross Fixed Capital Formation (GFCF), which gives an indication of the creation of growth promoting assets in an economy, has also reduced from high levels of 14% in 2010-11 to 4.4% in 2011-12 and further down to a mere 2.5% in 2012-13. In light of this economic slowdown, it is natural to witness a reduction in construction activity. Chart B shows that construction growth has reduced to 5.9% in 2012-13 after reaching a high level of 10.2% in 2010-11.

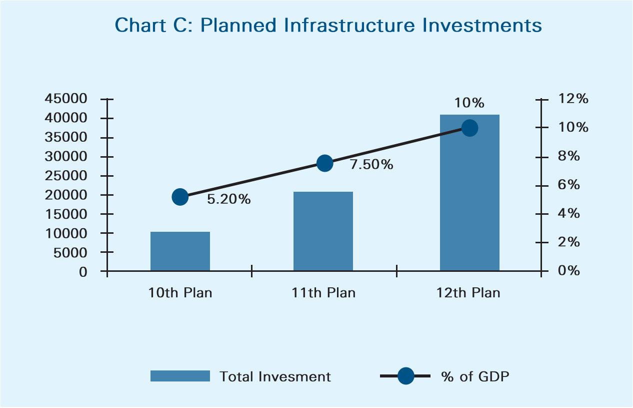
Chart B: Construction Growth, Real Terms (India)



Source: MOSPI, Government of India

The Infrastructure Sector

The GoI certainly realizes the importance of accelerating investments in infrastructure to boost the country's slowing economy. Therefore, it has set a massive target for doubling investment in infrastructure from ₹ 20.5 trillion to ₹ 40.9 trillion during the Twelfth Plan period (2012–2017). The total investment in infrastructure, including roads, railways, ports, airports, electricity, telecommunications, oil, gas, pipelines and irrigation, was expected to increase from 5.7% of India's GDP in the first year of the Eleventh Plan to around 8.3% in the last year of the Plan. The Twelth Plan proposes to increase the share to more than 10.5% by the end of the Plan period (see Chart C). This planned investment, if realized, can propel the country's economic growth to a higher trajectory. However, implementation continues to be the big stumbling block.



Source: Planning Commission, Government of India

A bird's eye view analysis of the last completed five year plan (11th plan) gives an impression that the country successfully met its investment targets. However, on closer scrutiny, one finds that the overall investment targets have only been achieved due to the strong performance of the telecom (34% over plan) and oil and gas (655% over plan) sectors. In fact, the critical segments of infrastructure including roads, railways and ports, have under-achieved their investment targets by 22%.

The story of poor execution and delivery only got worse in 2012-13. The status report of major central-sector projects costing ₹150 crore and above for the month of September 2012 shows that out of the 566 projects, five were ahead of schedule, 226 on schedule, and 258 (45%) had been delayed with respect to their latest scheduled date of completion. The remaining projects do not have fixed dates of commissioning. Issues like delays in land acquisition, municipal permission, supply of materials, award of work and operational failures continued to drag down implementation of these projects. Sector-wise, in the coal sector 21 projects were delayed out of 51, in the petroleum sector 37 out of 71, in the power sector 45 out of 98, in the railways 40 out of 127, and in the road sector 86 out of the total 146 projects. The overall cost overrun amounted to 16.8 per cent of the original cost and till September 2012 only 45.5 per cent of the anticipated cost of the projects had been incurred.

The Planning Commission envisages that the step up in investment that is needed for the economy will be feasible primarily because of enlarged private-sector participation. Already, unbundling of infrastructure projects, public private partnerships (PPP), and more transparent regulatory mechanisms have induced private investors to increase their participation in infrastructure development. Their share in infrastructure investment increased from 22% in the Tenth Five Year Plan to 38% in the Eleventh Plan. This is expected to increase to around 48% during the Twelfth Five Year Plan.

Today, there is a negative sentiment for private sector investment in this sector. First, the global economic slowdown and the financial sector issues in Europe have led to a drop in flow of foreign capital into emerging markets like India. Second, domestic investors are increasingly getting riddled with financial pressures resulting out of errors in estimation and delays in execution.

Even with increased private participation, more than half of the resources required for infrastructure would need to come from the public sector – from the government, and their agencies. Today, the GoI is faced with the twin challenge of rising fiscal deficits in a slowing economy that also requires large investments in the social sector.

The pressures on government and private sector funding have created a major cash crunch across the entire infrastructure development supply chain. The lack of liquidity in the system is spiralling into new rounds of delays in execution for want of working capital and further enhancing financial woes.

Apart from the problem of liquidity, the sector is facing a major problem of lack of decision making. In light of the revelation of several scams in the last few years, there is an environment of mistrust within government agencies and the agencies have respondend by freezing decision making to avoid taking any responsibility. Since much of the infrastructure space relies on the government or its agencies as direct developers or regulators, such inertia in decision making impacts implementation across projects.

The twin factors of liquidity and lack of decision making has resulted in emphasis shifting from project execution and delivery to deliberations on contractual interpretations and litigations.

Clearly, this is a phase of pain and churn for the infrastructure sector in India. The sheer demand for better infrastructure will drive the sector out of its present turmoil. Going forward, the increased thrust on private public partnership would require not only the creation of government fiscal space but also use of a rational pricing policy. Further, scaling up private-sector participation on a sustainable basis will require redefining the contours of their participation for the development of infrastructure in a transparent and objective manner. This would also require a comprehensive regulatory mechanism to be put in place.

In this milieu, HCC has been focusing on consolidating its position as one of the leaders in the industry. The emphasis has been on reorienting its business strategy and enhancing its internal capabilities. The organisation is being made leaner and more productive. Fixed cost optimisation is being implemented aggressively. The subsequent sections detail out developments that reflect HCC's internal strength in overcoming the difficult business environment prevalent today.

Performance Highlights

The difficult external environment has had a direct bearing on HCC's financial results.

- The order book as on March 31, 2013 is ₹ 14,935 crore.
- Revenue from operations decreased by 4.13% to ₹ 3,837 crore in 2012-13
- EBIDTA (before profits from JV, Exceptional item and other income) is ₹ 383 crore in 2012-13. High interest costs, have however put the Company in losses.

As the Company followed an aggressive growth path in the last five years, it had considerably grown its balance sheet, including debt. In order to get through the present phase of industry-wide liquidity crunch, it was imperative to restructure the Company's debt.

The Board of Directors of the Company in its Meeting held on March 9, 2012 had accorded its approval for restructuring of the debts of the Company under Corporate Debt Restructuring (CDR) Mechanism of the Reserve Bank of India. CDR Empowered Group (CDREG) in its meeting held on March 29, 2012 admitted the Company under CDR. Upon due consideration CDREG approved the financial restructuring package ("CDR Package") and issued Letter of Approval (LOA) on June 29, 2012. As on March 31, 2013, CDR package related documention have been executed and security creation stands completed.

The salient features of the CDR package are:

- Re-schedulement of Term loans & Short Term Loans so as to be repayable in 2+8 years
- Interest rate has been reduced to 11% per annum yield equalization over 10 year tenure
- Funded interest for nine months period from January 2012 to September 2012
- Additional working capital borrowing as per requirement has been sanctioned
- Waiver of penal charges from the cut off date to the date of implementation of the package

The CDR gives HCC critical support to tide over the present difficult business environment. The decision of the banks to consider HCC under CDR and approve CDR Package also reflects the faith these institutions have in the long term business model of the Company.

HCC – Key Developments

Since the beginning of the slowdown in the middle of 2011-12, HCC recalibrated its business strategy and focused on streamlining the internal organisation and processes with emphasis on leveraging the Company's existing core competencies. This management thrust continued in 2012-13. And, there were some important developments that had a positive tone on the organisational efficacy.

First, the business development activities in the Engineering and Construction (E&C) division continued to show improvements in its bid success rates. With a view to improving the quality of bids it was consciously decided in 2011-12 to give more time to developing bids and reducing the number of bids. This is starting to pay dividends. Even at the bid stage, the Company has been able to reduce costs, which has successfully secured a project in 2012-13. This has been done through enhancing the functions of the design cell and learning from observation. There have also been initiatives at clever procurement of equipments to keep costs down. Another important development was the ability to forge innovative partnership for joint bidding for projects.

Second, there has been a concerted effort at right sizing the organisation and creating a lean workforce. This would also include promotion of efficient processes. The emphasis has been on reducing duplication of roles and enhancing the efficiencies of each role. Finally, it has been imperative to have appropriate persons for each role so that their contribution to the organisation can be maximised. Consequently, total employee costs have reduced from ₹ 439 crore in 2011-12 to ₹ 402 crore in 2012-13.

Third, there has been significant positive movement at Lavasa. With the environment issue resolved in 2011-12, Lavasa had to focus on putting its financials back in place given the virtual stalling of work for over 2 years. In March 2013, the Company succeeded in restructuring its loans through bilateral negotiations with its consortium of bankers. The project was also provided ₹ 533 crore of additional funding. In addition, a Hongkong based fund has entered into an agreement for structured equity to the tune of ₹ 250 crore for Lavasa. With the finances back in place, there is restored confidence in Lavasa as a project and one expects development work to progress in full swing. A case in point is the fact that while on March 31, 2012 there were around 1,000 workers working at Lavasa, on March 31, 2013 the numbers have increased to over 5,000 workers.

Fourth, having acquired Steiner AG of Switzerland in 2010-11, HCC has successfully streamlined the business and positioned it for growth. In 2011-12, Steiner AG turned profitable at the operational level. This development continued in 2012-13 and operational profit increased substantially that resulted in net profits as well. There has been a focused effort at growing the order book and efforts are in progress for securing projects in the Indian market.

Fifth, the Company has created two different business lines to tap new opportunities in the market. Given the need to operate with low capital, HCC has created a separate business line that is executing projects through the project management contracting (PMC) route. This is a mechanism where a partner actually executes the project while HCC primarily has a supervisory role. Already projects like irrigation works in Andhra Pradesh and tunnel works in Assam have been executed using this mechanism. The Company is now institutionalising HCC-PMC as mode of developing certain kinds of projects. Having successfully implemented projects in the industrial space for the Aluminium industry the Company is now approaching the industry and building space in a focused manner. A separate vertical called HCC-Lite is being developed for pursuing these businesses.

Business Portfolio

As a construction major in India, HCC has a presence across different elements of the infrastructure development value chain. Consequently, HCC has grown into a portfolio of businesses that have different markets, require diversified skill sets and operate under varied risk return profiles. The multiple businesses are integrated through HCC's systems, processes and supervisory control.

- Engineering and Construction: This is the Company's core business of executing construction work on contract basis. In terms of sectors, the focus is on transportation, power, water supply and industrial construction projects. The business has been extended to include complete engineering, procurement and construction (EPC) services.
- Total Services Contractor: Also as an extension of the engineering and construction division, the Company had acquired Steiner AG (Formerly known as Karl Steiner AG) in 2010-2011, which is a leading total services contractor in Switzerland operating in Europe and India in all facets of real estate development and construction.
- Infrastructure: This is the development arm of HCC, which works on projects right from inception to operation. Broadly the value creation steps include conceptualisation, design, financing, constructing to operations and maintenance. This business invests and has ownership rights on the assets created. Returns are generated from utilisation of these assets and monetisation of asset value created. Most project are through private public partnerships
- Real Estate: The real estate business develops commercial property and the focus area of this business has been the development of state-of-the-art projects.
- Integrated Urban Development and Management: The focus area of this business has been development of complete integrated townships. Today, it is actively pursuing the creation of India's planned hill station in the private sector called Lavasa.

In addition to these businesses, the Company has also extended its internal informational technology (IT) function to form a separate Company – **Highbar Technologies** – that is involved in assisting in improved IT utilisation in the construction industry.

Engineering and Construction Division

The Company's order backlog as on March 31, 2013 was ₹ 14,935 crore. The order backlog is distributed across various sectors including power, transport, water and industrial.

The developments on the projects front across different sectors in 2012-13 are given in the following sections.

Transportation

All the contracts won in the year are in the transportation sector. The total value of these contracts is ₹ 3,003 crore with HCC's share being ₹2,478 crore.

The largest among these contracts is the ₹884 crore worth project involving the construction of a 10.2 Km long railway tunnel in Dharam Qazigund section of Udhampur-Srinagar-Baramulla-New BG Railway Line Project. The developer is Ircon International Ltd.

Two contracts were secured in 2012-13 from Delhi Metro Rail Corporation. The first is worth ₹373 crore for construction of a 2.2 km long twin tunnel between Shalimar Bagh and Netaji Subhash place. The second contract worth ₹866 crore, is in joint venture with Samsung (Korea) for construction of a 3.76 km long tunnels from Janakpuri West to Palam.

HCC Infrastructure bagged the work order for construction of an extra dosed bridge across River Narmada in Gujarat. HCC is already constructing three packages aggregating 256 kms of NH34 in West Bengal for projects under development.

Power

HCC is a leader in the construction of hydro and nuclear power projects. Projects in these sectors continued to perform well in 2012-13

Hydro Power

In 2012-13, the Company completed two hydroelectric projects for NHPC Ltd viz., Nimoo Bazgo HEP in Jammu & Kashmir and Chamera HEP in Himachal Pradesh. Nimoo Bazgo HEP won the Construction India Development Council (CIDC) Vishwakarma award 2013 for the best project.

The Company's largest hydro power project under execution 3 x 110 MW Kishanganga HEP, has made excellent progress especially on tunnel excavation by Tunnel Boring Machine (TBM). The TBM achieved an average progress of over 500 m per month with a record of 816 m in November 2012.

The projects in Bhutan - 114 MW Dagachhu Hydro Power Plant and the 1,200 MW Punatsangchhu I HEP are progressing well.

Nuclear Power

The contract for civil works of Rajasthan Atomic Power Project (RAPP) Units 7 and 8 is progressing well. Raft foundation of Unit 7 is complete and that for Unit 8 is nearing completion.

Thermal Power

Works of civil and structural erection for Muzaffarpur Thermal Power Project in Bihar is progressing well.

Water Supply and Irrigation

In 2011-12, the Company commenced an EPC contract under Swarnim Gujarat Saurashtra-Kutch Water Grid Programme – Package NC 31, from Gujarat Water Infrastructure Ltd (GWIL). This is worth ₹289 crore. The Project made rapid progress in the year and is nearing completion. Earlier in the year, another package was completed for GWIL.

A 12 km long water supply tunnel in Mumbai is also at an advanced stage of completion.

Industrial

The Company is executing several packages for Hindalco Industries Ltd at Aditya Aluminium Plant, Sambalpur, Orissa.

The Company is also executing two underground crude oil storage caverns for Indian Strategic Petroleum Reserves Ltd at Vishakhapatnam, Andhra Pradesh and Padur, Karnataka.

Marine Works

Work on the ₹609 crore contract for reconstruction of the dry dock and wharves in Mumbai for Director General Naval Project is progressing well.

Infrastructure Division

HCC's Infrastructure concessions business is executed through its subsidiary HCC Infrastructure Company Limited. These projects are developed through Public Private Partnership (PPP) or DFBOT (Design, Finance, Build, Operate and Transfer) mode where the focus in on disciplined investment decisions coupled with sustainable and responsible development.

In under five years since its incorporation in 2008, HCC Infrastructure Company Limited has grown its portfolio to ₹7,000 crore of assets. The Company develops primarily transport projects through its subsidiary HCC Concessions Ltd, while power projects are developed via its subsidiary HCC Power Ltd. In order to provide reliable, safe and world class operations and maintenance services for its assets, HCC Operations and Maintenance Ltd (HCC O&M) has also been incorporated.

Today, the Company's entire portfolio comprises NHAI (National Highways Authority of India) road concessions with concession periods ranging from 18-30 years. Much of HCC Infra's asset base has reached a high level of maturity. Half the portfolio is already operational and its 256 Km NH-34 development will be commissioned later this year.

A dramatic slowdown in the Indian economy,uncertainties in the global environment and large delays in procuring land and other clearances in India, have resulted in souring of investor sentiment in long gestation, greenfield infrastructure assets. However, given the deep economic need for better physical infrastructure in India one expects this sentiment to improve and this is evident from the recent measures being undertaken by the Ministries of Road Transport and Finance, along with the NHAI to revive infrastructure development in the country. HCC Infrastructure's mature portfolio is to its advantage as there is still a healthy market for operational assets, which the Company plans to monetize to raise capital. While a portion of this capital will be retained for future growth of the portfolio, HCC Infrastructure expects to return a significant amount to its parent Company, HCC.

In the last 5 years, the Company has gained significant experience and has a strong management team, whose skills extend from concept innovation and evaluation of risk & return, to construction management and operations. Further, the Company plans to utilize the strong construction edge of the parent, HCC - Engineering and Construction, to expand its portfolio to hydropower and water projects.

Operational Assets

Roads

In April 2012, HCC Concessions was awarded the Narmada Bridge Project (NH8), which included the development of a new four-lane Extradosed Bridge over river Narmada in the state of Gujarat. The three operational projects Nirmal Annuity, Delhi Faridabad Elevated Expressway and Dhule Palesner Highway have been operating smoothly. The three under construction highway projects in West Bengal (NH34) have achieved significant progress and two of the larger projects amongst the three are expected to be operational later this year.

The infrastructure division continued with its business development activities during 2012-13. HCC Concessions submitted 3 NHAI bids and 16 Request for Qualification (RFQs). HCC Concessions partnered with other infrastructure players for certain large bids to diversify risk and increase competitiveness. 2012-13 witnessed a slowdown in the award of new projects; NHAI has awarded only about 750kms, which is a miniscule amount compared to the approximately 6,500kms awarded in 2011-12. It must be noted that execution of a significant portion of the latter projects is also delayed. The Company will continue to take a cautious approach while bidding for NHAI projects in the next financial year, while also evaluating state road opportunities.

Power

The large capacity addition in power seen in 2011-12 (20,501MW) and 2012-13 (20,622 MW) is unlikely to continue in the next few years. The entire thermal power sector has been derailed due to non-availability of fuel, policy related and contractual disputes between developers and the Government. On a positive note there has been acceleration in investments in renewable energy, mainly Solar. More than 500 MW of Solar projects have been commissioned in 2012-13 as against 300 MW in the 2011-12. Further, more than 1,300 MW of wind capacity has been added in 2012-13.

However, the demand supply gap in the power sector is still immense. As per the estimate of Central Electricity Authority, the energy deficit was approx. 9.3% and the peak deficit was 10.6% in 2012-13. The Company expects the Government of India to exert extra effort in helping the power sector recover in the mid-to-long term.

Water

HCC Infrastructure plans to harness the Engineering and Construction expertise of its parent in the water sector and will opportunistically evaluate developments in Water Transmission and Treatment. The increase in urban population is expected to put strain on the basic infrastructure, with water being a critical requirement both for cooking and sanitation. Urban populations are expected to grow 40% by 2021 – we envisage this sector to grow at a significant pace in the near future and are preparing to provide quality infrastructure development and services through world-class facilities.

Real Estate Division

There are two different businesses within HCC's real estate division – Lavasa and Commercial Real Estate

Lavasa

With the environment clearances firmly in place, much of 2012-13 was about securing the financial strength of Lavasa Corporation Ltd (Lavasa). Importantly, from being a NPA on the banks' balance sheet as on March 31, 2012, Lavasa has become a standard asset on March 31, 2013. In March 2012, after a series of deliberations with the consortium of banks, Lavasa managed to restructure its debt and even secured an additional ₹533 crore of project finance through bilateral agreement with the banks. In a nutshell, Lavasa is now well positioned for a round of aggressive growth with renewed confidence.

Positive sales trend continued through 2012-13. Lavasa gave possession to over 250 residential units in Dasve. Residential sales of the first town Dasve have been completed. Construction activity on various properties at Dasve is progressing at a fast pace. Collection and sales for the second town Mugaon has been good.

In institutional sales, the prime focus for 2012-13 was collections and activation of sites. Symbiosis Institute has submitted its building design for approval. The large 60 acre landmass, one of the largest, in Lavasa will become a world class management campus. State Bank of India and the proposed Ramada Hotel have also submitted their plans for approval.

The Company is well on course to reach an overall land purchase target of 18,000 acres. It has completed the purchase of 10,423.50 acres of land and is in the process of concluding the sale deeds for 2,184 acres for which agreements were signed.

The Government had initiated a suo motu enquiry for breach of condition in transaction of the ceiling surplus land (class II tenure) in 84 cases under the Maharashtra

Land Ceiling Act, 1961 involving the total area of 889 acres in the Project area. Out of this, the land area owned by the Company is 572 acres and land under agreement is 317 acres. Recently, the SDO Maval who was conducting the enquiry passed an order dropping the enquiry. The order also regularized the breach under the Ceiling Act and called upon the Company to pay Nazrana. The requisite Nazrana is paid for 285 acres Company owned land and 228 acres land under agreement till the end of the year. The determination of amount of Nazrana in rest of the cases is in progress.

The Environment Management Plan is being implemented regularly. Continuous monitoring of environmental aspects such as air quality, water quality and soil quality are being carried out as per MoEF guidelines. The Environmental Compliance Report is being submitted to MoEF once in six months and the June 2012 and December 2012 reports have already been submitted. To maintain water quality of Dasve Lake, around 28,000 fish seeds have also been released under the guidance of Fisheries Department GoM (Government of Maharashtra).

Regular maintenance of the developed landscape and plantations are being done. For slope protection and enhancing the greenery within the region, soil bioengineering (biodegradable coir mats have been applied over the slopes) and plantation of stumps has been done. Hydroseeding & manual seeding was also carried out for slope maintenance and a total area of more than 500 acres has been covered to date. Indigenous Tree plantation of around 47,500 tree saplings was carried out in Mugaon and Bohini.

Development Status: Dasve

The first town – Dasve – is ready with all basic infrastructure, such as access roads, internal roads, water treatment plant, water distribution network, sewage network, sewage treatment plant, telecom network and services is operational.

As on date more than 120 contractors with a work force of about 4,500 workers have been mobilized at site for different works.

So far 213 Villas were given to the CMS dept. for hand over to customers. From these, 84 Villas have already been handed over to the customers. Work on another 390 villas of different types, with built- up area ranging from 2000 sq. ft. to 4000 sq. ft. is in progress. Work on Portofino E to I buildings having 289 apartments ranging from studio apartments to 3BHK apartments is in progress, out of these 115 Apartments are ready and handed over to the CMS dept. and the balance will be completed by May 2013. Construction work of Lakeview Apartments (3.8 lakh sq.ft.),Club view Apartments (1.5 lakh sq.ft.) is in progress and will be ready for handover in the next 18 months.

Construction of staff housing of approximately 399 residential units and 8 shops is in progress; 50 % of the staff housing is operational and is currently being occupied by the staff of Lavasa and different SPV's. The remaining will be ready for occupancy by end of the year.

Work of the Commercial Business Park is in progress and will be completed by October 2014. Construction of the retail and hostel building is in progress and will be completed in parts by April 2013 and March 2014 respectively. Construction of Novotel hotel is in progress and is likely to be ready for occupancy by 2013-14.

The construction of the LEH campus is in progress and will be completed in April 2013.

Construction of Phase II of the Christel House Lavasa is in progress and will be completed by May 2013. The work on Christ University is in progress and the campus is slated to open in June 2013.

The Park Plaza, Thicket Park, Games Arcade, Nature Trail, Kids Play area, neighbourhood parks and other scenic points are complete and open for tourists. Facilities like rappelling and rock climbing are operational at XThrill – The Adventure Sports & Academy. Oase Fountain, the multimedia fountain which would incorporate a sound and laser show is complete.The work on Shayadri Park and the Adventure and Amateur Trail is scheduled to be completed by the year end.

Development Status: Mugaon

Work on the infrastructure for the second town of Mugaon has been accelerated. Work on utilities like water, sewer, power, data lines and on the approach road is in progress.

The improvement to the existing Mugaon-Tamhini Zilla Parishad road is complete. The portion of this road will also form a part of the approach road for the proposed tunnel between Tamhini and Mugaon. The work on the inter village road from Mugaon to Gadle (6 kms), is expected to be completed by the end of the year.

To facilitate the provision of water required during construction at Mugaon, the construction of Gadle Dam and a reservoir in Mugaon (Capacity – 1.00 Lakh Cum) is almost complete, bridge over the dam intake well and allied works are scheduled to be completed in 2013-2014.

Work on 16 buildings comprising of 462 apartments at Mugaon has commenced using a new technology –

Formblock, and is expected to be completed in next 18 months. Work on another 9 buildings consisting of 268 apartments will be started by May 2013.

Commercial Real Estate

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

247 Business Square & 247 Business Avenue:

HREL has signed an agreement with Lavasa Corporation Limited for developing two commercial complexes namely 247 Business Square and 247 Business Avenue at Lavasa. The construction of 247 Business Square has already commenced. The work was delayed mainly due to stoppage of construction notice issued earlier by Ministry of Environment and Forests (MoEF) to Lavasa Corporation. Since the clearance has already been given to Lavasa by MoEF, the management is of the opinion that the construction work will be completed in the next two years.

247Park II at Vikhroli (West):

The Company has submitted the application for developing a commercial office building under Public Car Parking Scheme of Municipal Corporation of Greater Mumbai (MCGM). Joint Commissioner of Traffic has already granted the NOC for 520 car parks. Even the Parking Committee of MCGM has approved the location and planning of the scheme.

The project has already been approved by MCGM Commissioner and the project is awaiting the approval of the final authority which is expected soon. Once all the regulatory clearances are in place, the physical development of the project is expected to commence in a period of six months. The construction area of the project is more than 7 lakh sq. ft. as per design.

Development of Vikhroli (East) land parcel:

HCC owns a land parcel at Hariyali village, Vikhroli (E), which was declared a slum under the Slum Rehabilitation Act of 1973. Panchkutir Developers Ltd., a wholly owned subsidiary of HCC has planned to develop a residential project in Vikhroli (East) with a total sale area expected to be more than 1.5 million sq. ft. The physical construction of this project is expected to commence during 2013-14. HREL being a real estate Company within the HCC group; has taken up this project as PMC Contractor. Being a slum rehabilitation project, the progress of the project is slow and the long lagged clearing process is being undertaken.

Water Front City at Dholera, Gujarat :

HREL has continued its discussion with Gujarat government representatives for development of water front city at Dholera. The issues relating to the land acquisition are being sorted out.

Land Parcels:

HREL is holding certain land parcels in Thane as well as Pune through its 100% subsidiaries and all titles are being cleared and obtained in the name of HREL to commence the development of these projects. The focus here is to monetize the land parcels.

Charosa Wineries Limited:

Till date purchase of total 230 acres of land has been completed. Total land area under cultivation is 81 acres. The company signed a PMC agreement with the Project Management Team of HREL for providing project management, health-safety and environment management. Construction of Winery Building is at advanced stage.

During 2012-13 the Company expanded its production and storage capacity to 5 lakh litres. The grape production during the year has been satisfactory. Company also procured nearly 350 MT of grapes from outside sources and the new production is at the fermentation stage. Stock of wine is nearly 4 lakh litres as of now. Quality of output has been appreciated by visitors. The Company is planning to launch the product in 2013-14 and branding of the same is in process.

The company has also been accredited under "Mahabhraman" scheme of MTDC to operate tour packages within the state of Maharashtra. Further the company has obtained registration from MTDC as a service provider for tourism. Internationally renowned Master Planners and Architects, HOK have done master planning for setting up wine tourism project consisting of tourist resorts, cellar-doors, wine bars, restaurant, theme park, adventure sports, amphitheater, Wine spa etc.

Steiner AG (formerly Karl Steiner AG)

Steiner AG is a leading general contracting Company in Switzerland, specialized in turnkey development of new buildings and refurbishments. It offers services in all facets of real estate development and construction. Through its wholly owned subsidiary HCC Mauritius Enterprises Limited, HCC owns a majority stake of 66% in Steiner AG.

Revenues of Steiner AG increased by 4.8% from CHF 728 million in 2011-12 to CHF 764 million in 2012-13. Net Profit increased from CHF 2.9 million in 2011-12 to CHF 8.3 million in 2012-13.

Steiner AG completed the project Andreaspark G3, a large apartment building in one of Zurich's fastest growing residential areas. The construction work was completed in a span of 2 years. With a height of 42 meters the building offers 90 new apartments.

In March 2010 the Company had handed over the newly constructed premises for the International Union for Conservation of Nature in Gland, which is a perfect example for the new era of eco-building techniques. In 2012-13, the Company achieved a milestone for this work, as it was awarded the first ever LEED Platinum certificate by the Green Building Council Environment Design in Switzerland. In Glattpark, one of Switzerland's biggest residential and commercial development areas, Steiner AG is building the project - Lindbergh-Allee. The property lies close to Zurich International Airport and will offer around 30,000 sqm of office and living space.

Steiner AG signed many important contracts in 2012-13. At year end, the order backlog was CHF 1,210 million. This is lower than the CHF 1,512million order backlog as of March 31, 2012, however, much of the backlog was executed through the year and the Company has also secured projects worth more than CHF 200 million, which are yet to formally and legally contracted, therefore they have not yet been included in the order book.

Highbar Technologies

To leverage the expertise developed in providing in-house information technology (IT) services and cater to the IT needs of the infrastructure industry, on April 1, 2010, HCC hived off its IT department into a separate Company called Highbar Technologies (Highbar). The core team comprises IT and infrastructure professionals who have amalgamated the legacy of domain knowledge in the infrastructure business with IT. Highbar focuses on IT implementation initiatives from a business transformation perspective rather than technology implementation perspective. Gartner, the world's leading IT research and advisory Company, has published case study on managing successful IT spin-off with Highbar as an example.

In the third year of operations, Highbar was able to serve 14 new customers taking the total tally of customers to 64. A long list of reference customers and high quantum of repeat business indicates maturity and scalability of Highbar's delivery capabilities. Highbar's Dubai subsidiary, Highbar Technologies FZ-LLC is now fully operational and has secured Highbar's largest contract till date with Oman based Company and also won customer in Saudi Arabia.

With industry knowledge, Highbar has developed infrastructure industry templates based on the best practices of infrastructure industry. These provide the customers access to best practice level of business process enabled by IT. This also reduces mindshare and timeshare of the customer, while reducing the implementation time and TCO. The Company has developed Highbar RapidStart and Highbar RapidStart Analytics solutions based on the templatised approach which are Intellectual Property (IP) assets for Highbar Technologies.

Highbar has already created a niche for itself in the market and is a leading player that is helping grow the 'IT for infrastructure market'. Highbar is now targeting new industry verticals like consumer packaged goods (CPG) and Government sector and will also enhance focus on Middle East.

Highbar continues to support HCC Group companies including HCC, HCC Infrastructure, HCC Real Estate, Lavasa Corporation and Steiner India across the IT value chain. Keeping in view the Group's objective of operational efficiency and cost control, the focus for this year was on harnessing IT to bring about business process automations, process refinements and controls, intelligent reporting and effective collaboration.

Highbar Technologies is on course to achieving its vision of being considered 'the most preferred end to end IT solution provider' for the infrastructure industry.

Operations Support

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

Management Systems

HCC has adopted an Integrated Management System towards Quality, Environment, Health and Safety in its business practices. The objective of IMS is to inculcate a culture of continuous improvement that will enhance quality of the product and maintain the highest standards of environment protection, the safety of the project team and maximize customer satisfaction.

IMS is based on standards stipulated by ISO 9001:2008 for Quality; ISO 14001:2004 for Environment and BS OHSAS18001:2007 for Occupational Health and Safety with focuses on creating a culture that continuously reduces the frequency of incidents to achieve the goal of 'Zero Reportable Injuries'. The Company is also committed to reducing the impact on environment during execution or construction of projects by continuously monitoring the environment. To achieve these objectives, engineers and workers at various functional levels are trained by professional agencies. Our outstanding achievements in safe million man hours are 14.1 million at Civil work for Aditya Alluminium Sambalpur. 6.63 million at MTRP – Mumbai, 6.48 million at GLIS phase III Pkg 3, 5.6 million at Padur Cavern Project and 5.4 million at TPP Muzaffarpur.

M/s. TUV NORD, the certifying agency, conducted a surveillance audit for ISO 9001: 2004, BS OHSAS 18001:2007 and ISO 9001:2008 to verify the status of compliance to the requirement of these standards. The Auditors recommended continuation of certification for ISO 9001:2008, ISO 14001:2004 and BS OHSAS 18001:2007 valid up to March 2014.

Intellectual Property Rights

During the year under review, HCC continued to pursue its initiative on creation and protection of Intellectual Property Rights (IPR).

Trade Marks

The Company obtained the registrations for the following trade marks / filed application for registration of trade marks as per details below:

- In November, 2012, for its wholly owned subsidiary, Badarpur Faridabad Tollway Limited, obtained registration for the trade mark "DFSKYWAY" from the Registrar of Trade Marks, Mumbai.
- In February, 2013, in respect of wholly owned subsidiary HCC Infrastructure Company Limited, obtained registration for the trade mark "HCC Infrastructure" from the Registrar of Trade Marks, Mumbai.
- In March, 2013, in respect of wholly owned subsidiary, Charosa Wineries Limited, obtained registration for the trade mark "Charosa Wineries Limited" from the Registrar of Trade Marks, Mumbai.
- In March, 2013, for its wholly owned subsidiary, Charosa Wineries Limited, filed trade mark applications for registration of marks " Charosa Wine Estate" and " Charosa Vineyards" before the Trade Marks Office, Mumbai.

Patents

The following invention applications submitted by the Company to the patenting authority under the Patents Act, 1970 in India are under examination by the Patent Office:

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

Branding at HCC

HCC continued to enhance its brand presence through a structured Brand Voice implementation programme aimed at giving an expression to HCC's brand personality. This exercise included a complete revamp of content, design and features of the HCC website as well as the Company's corporate collaterals in accordance with the Brand Voice programme.

While site based branding initiatives continued on an ongoing basis at HCC's project sites, a steady focus was also sustained on internal branding. In order to standardise brand practices within the Company, Brand Audits were instituted during the year across project sites to ensure awareness and compliance of corporate branding guidelines. Brand induction sessions were also carried out to orient and refresh project brand champions towards the nuances of the HCC brand and its implementation. In addition, key organisational milestones and Group highlights were communicated through the periodic in-house news magazine and e-newsletters to keep our employees informed, engaged and oriented towards HCC's accomplishments.

Some of the key project milestones accomplished and communicated during the year included the completion of the Nimoo Bazgo Hydel Power Project in Leh, the Chutak Hydel Power Project in Kargil district and the 11 Km long Pir Panjal Tunnel, India's largest rail tunnel in Jammu & Kashmir. A structured communication programme resulted in good visibility for HCC in media, creating a connect with India's critical infrastructure projects – centered around its core philosophy of 'Responsible Infrastructure'.

During the year, some of HCC's major project accomplishments and instances of engineering excellence were detailed and submitted to key industry forums which resulted in HCC winning a series of industry awards. Key instances of technological excellence and industry best practices executed by HCC's engineers were also shared and presented as White Papers and Case Studies at leading technical conferences and seminars.

Awards won by HCC:

During the year, HCC's project accomplishments and engineering excellence were recognized by key industry forums which resulted in HCC winning three industry awards. These included:

a) **Construction Week India Award 2012 for 'Power Project of the Year'**

Your Company was presented with the Construction Week India Award 2012 for 'Power Project of the Year' for the Chutak Hydroelectric Project (HEP), on the basis of significant geographical and logistical challenges that were overcome during the project's execution. The Chutak HEP has been constructed in Kargil, Jammu & Kashmir, at an altitude of 10,000 feet, in severe winter temperatures of around -37°C.

b) **Dun & Bradstreet – Axis Bank Infra Award 2012 for best project in 'Power Plants' category.**

Your Company was once again awarded the Dun & Bradstreet – Axis Bank Infra Award 2012, for Chutak Hydroelectric Project, for being the best project under the category 'Power Plants.'

c) **CIDC Vishwakarma Achievement Award 2013 for Best Project**

Your Company was awarded the Construction Industry Development Council (CIDC) Vishwakarma Achievement Award 2013 for the Nimoo Bazgo HEP under the category of 'Best Project'. The Nimoo-Bazgo HEP has been constructed 11,000 feet above sea level in Leh, Jammu & Kashmir with winter temperatures of –39°C.

Human Resources (HR)

During 2012-13, the focus from an organization development perspective was to implement strong processes and controls to continuously improve efficiencies and improve organization capabilities.

The process of realigning the organization along functional lines in various areas of business like business acquisition, business execution and technology adoption continued through 2012-13. On the operations side of business, management changes were undertaken to create more focus and greater accountability.

The Company has decided to create two separate divisions – HCC Lite that focuses on short duration high turnover projects in the industrial sector and HCC PMC that focuses on project management while outsourcing execution to third parties.

While the emphasis on cost management and leaner operations continued, talent acquisition initiatives were carried out to fill specific roles. The Company also hired around 500 employees during 2012-13 at the sites and the head office. A major initiative was undertaken to re-define the position descriptions, along with job assignments and competency requirements for all critical roles. Effective manpower mobilization was carried out for several new projects.

Need based training were carried out, specifically in the areas of EHS, technology up-gradation, for which, a total of more than 5,000 training man-days were delivered. In association with the Royal Government of Bhutan, the Company launched an initiative to train unemployed Bhutanese youth at the Company's project sites through structured programmes.

During 2012-13, the Company has also launched a performance based reward and recognition programme aimed at enhancing organizational/team performance.

Financial Review

Table 1 gives the Abridged Profit and Loss Account for HCC, as a standalone Company, while table 2 lists the key financial ratios.

Table 1: Abridged Profit and Loss account of HCC

(₹ crore)

	2012-13	2011-12
Revenue		
Income from operations	3,837.3	4,002.8
Less: Income from JVs	0.2	11.3
Net income from operations (a)	3,837.1	3,991.5
Profit/(Loss) on integrated JVs (b)	(4.8)	(3.2)
Total (a) + (b)	3,832.3	3,988.2
Expenditure		
Construction expenses	2,949.8	2,965.7
Staff costs	402.0	439.2
Other expenditure	101.9	143.5
Interest	529.7	543.2
Depreciation	163.4	162.1
Total	4,146.8	4,253.7
PBDIT (including profit/loss on integrated JV)	**378.6**	**439.8**
PBT (including profit/loss on integrated JV)	(314.5)	(265.5)
Exceptional items	15.6	(166.3)
Other income	119.9	122.8
Exchange Gain/(Loss)	(14.5)	(9.5)
PBT (including other income and profit/loss on integrated JVs)	(193.5)	(318.5)
Tax liability	(55.9)	(96.2)
PAT	**(137.6)**	**(222.3)**

Table 2: Key Financial Ratios

	2012-13	2011-12
PBDIT / Net Income	9.5%	10.8%
PBT / Net Income	-5.1%	-8.0%
PAT / Net Income	-3.6%	-5.6%
PBT /Gross Total Income	-4.9%	-7.7%
PAT /Gross Total Income	-3.5%	-5.4%
RONW	-11.8%	-17.1%
ROCE	5.8%	3.9%
Basic EPS (₹)	(2.27)	(3.66)

Internal controls and their adequacy

HCC as 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

Corporate Social Responsibility (CSR): Responsible Infrastructure

HCC's commitment towards all its stakeholders is not just in principles but in practice. The Company continues to intervene in several areas of social and environmental development that affects its community. Responsible infrastructure development is at the heart of the Company's business ethos. Consequently, HCC has a slew of social responsibility related initiatives that complements its world class operational processes and systems to provide for responsible infrastructure development.

These efforts were recognized in 2012-13 as the Company was presented with the CSR Award for Best Social Investment Strategy 2012 at the World CSR Congress award in Mumbai. The award was secured specifically for the strategic and sustainable investment made by HCC in the programmes related to HIV/AIDS education and awareness, Water, Disaster Relief and Rescue, Education and Community Empowerment that benefitted the most marginalised people and society at large.

The Company's water conservation initiative featured in UNGC Climate Report released at Rio.+20 conferences. HCC is the only Indian Company amongst 10 global Company case studies, which were showcased in the UNGC Climate Report. The Vizag Cavern Project and Delhi-Faridabad Elevated Expressway water stewardship sustainable practices were highlighted in the said Report about the water resource management practices adopted by the Company.

Sustainable Practices

HCC's businesses practices ensure minimal environmental impact through appropriate water, air and waste management. This helps in optimising resources and the quantification of such practices is disclosed through the annual sustainability report that uses the GRI framework of reporting. Each project site has a trained sustainability champion for effective communication.

HCC is an organizational stakeholder of the Global Reporting Initiative (GRI) and a member of the GRI's Working group on construction and real estate sector (CRESS) tasked with developing sector specific sustainability reporting guidance. The Company's Sustainability Reports have been accredited by the Global Reporting Initiative (GRI) with Application Level Check A+.

The Company is also a member of UN Global Compact (UNGC), TERI - World Business Council on Sustainable Development and signatory to various UNGC initiatives including Caring for Climate (C4C) and "The CEO Water Mandate". HCC is a Founder Member of the Geneva based Disaster Resource Network (DRN) and Chairs DRN India. HCC is also a member of the Private Sector Advisory Group of United Nation's International Strategy for Disaster Reduction (UNISDR).

During 2012-13, HCC supported the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) for research and action project on migration and business.

HCC is among the selected ten companies from India whose two CSR programmes are implemented under Public Private Partnership (PPP).

Project Sahayog and Ujjivana were selected by CII-ITC Centre of Excellence to develop cases around the initiatives and impacts. CII-ITC is carrying out this study on recommendation of "The Parliamentary Standing Committee on Finance" and "The Ministry of Corporate Affairs"; to assess the impact of these publicly funded CSR activities. Project Sahayog is HCC initiative in partnership with Times Foundation and Municipal Corporation of Greater Mumbai (MCGM) in the slum area of L & M ward wherein the Company trained 500 health workers of the MCGM in communication skills and demand generation for the health services focusing on Prevention of Parent to Child HIV transmission (PPTCT). The site visit included the visit to slum pocket of ward L. Project Ujjivana is HCCs initiative in partnership with group gram panchayat Kihim on Solid waste management and community development. The study will be presented to the Parliamentary Standing Committee on Finance" and "The Ministry of Corporate Affairs".

The best practices of CSR initiatives were shared at various forums including CSR Live Week Conference, CII Sustainability Conference, Water Summit, All India Organisation of Employer's (AIOE), FICCI Maharashtra State Council, Chief Sustainability Officer's Forum (CSO Forum), India Water Tool (IWT), Water Futures Partnership (WFP).

Education

HCC regularly trains engineers and other personnel for its in-house requirements. Walchand College of Engineering (WCE) at Sangli, one of the oldest engineering colleges in India, is presently headed by Mr. Ajit Gulabchand, Chairman & Managing Director of HCC. Under Mr. Gulabchand's visionary leadership, the institution received autonomy in 2007. In 2009, it implemented the Government of India Technical Education Quality Improvement Programme (TEQIP) phase I with all-India rank 2, revamped curricula and laboratories for improving academic quality. The college is again selected for participation in TEQIP phase II. The first batch of autonomous B.Tech students graduated in May 2011. In all, 491 B.Tech. and M.Tech. engineers passed out of WCE in the academic year 2011-12 including 20 medalists.

HIV/AIDS

Recognizing the serious impact that HIV/AIDS has amongst migrant workers who are intrinsic to the construction industry, HCC has formulated the HIV/AIDS Workplace Policy and adopted a Workplace Intervention Programme (WPI) that focuses on prevention programmes and zero tolerance of stigma and discrimination at the workplace. The WPI focuses on enhancing awareness and education about HIV/AIDS, creating a supportive and safe environment for workers and preventing discrimination. In this endeavor, the Company is partnered by the International Labour Organisation (ILO), the Avert Society (USAID Programme) and the Clinton Global Initiative. The programme aims to sustain optimal workplace productivity by conducting prevention, education and awareness training. The WPI model is based on three tier system viz. Training of Trainers, Creating trained Peer Educators and Sensitization of Management (Officers), so that their support to the programme percolates down to all beneficiaries. Experience Sharing and Review (ESAR) forum is systemized which is an E-learning methodology through conference calls to strengthen the analytical power of HCC's project sites in terms of achieving HIV CSR Mandate objectives. The project sites shares the process, the activities and the results in terms of quality and quantity. Thus the experience-sharing forum will lead to learning from each other and aids continuous learning from ground realities. This forum will also serve for directly reviewing site performance and documenting best practices and lessons by these sites.

World AIDS Day on 1st December was observed across the Company to show solidarity and commitment to work towards the prevention of the epidemic. Activities organized across project sites include screening of informative movies, street plays, distribution of literature, blood donation camps and various competitions.

At the end of 2012-13, a total of 52,212 officers and workers have been covered through the WPI program. The Company has created a pool of 526 Master Trainers and Peer Educators across our project sites. The total number of man-hours spent on the WPI program is now 172,523 hours. Creation of a trained Master Trainer and Peer Educator pool has helped the Company fulfill our employee sensitization and training in-house without the need of an outside consultant.

Water

HCC recognizes the correlation of business sustainability with water resource management and 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 steward, HCC has always been motivating other companies, to join this initiative by presenting best practices of water stewardship at HCC in various local, regional, national, and international conferences and symposia. Such moves are crucial in bringing about inclusive development for the nation, in general, and in developing sustainable infrastructure, in particular.

To effectively implement the CEO Water Mandate, a team of water experts and practitioners based at HCC's Head Office in Mumbai, communicate with the project sites through a nodal officer ("Water Champion") stationed at each site. Over the years of implementing the CEO Water Mandate at the project sites, HCC has been able to optimize consumption of water leading to enhancement of HCC's ability to conserve precious freshwater. It also helps minimize carbon footprint for resourcing and pumping freshwater to the construction site. There have been a number of water interventions taken at projects sites of HCC spread over India and abroad.

In continuation to previous years, in 2012-13 UN Water Mandate team visited construction sites of HCC located in different parts of India and abroad and implemented identified techno-economic and socially acceptable proposals for reduction, recycle, reuse, and recharge of water. Besides, efforts were also made to evaluate the performance of water interventions proposed earlier. Cumulatively, across all HCC's projects sites in this FY 2012-2013, approximately 372 million litres of fresh water have been conserved.

HCC formulated and launched 'Water Policy' on World Water Day on March 22, 2013 which was observed across the Company to conserve water and spread awareness and also to reiterate the commitment toward conservation of water within and beyond fence. Activities were organized across project sites include screening of informative movies, awareness campaign and various competitions.

HCC along with Tata Steel co hosted the UN CEO Water Mandate's Conference in Mumbai. The UN Global Compact's CEO Water Mandate, convened an international conference in India, to explore how the global business community can positively contribute to the growing global and regional water and sanitation challenges – especially with respect to the UN's Post-2015 Development Agenda. Approximately 160 leaders from business, civil society, UN agencies, and other groups gathered to discuss collaborative approaches to water and sanitation problems.

HCC is co-leading Special Interest Group (SIG) on Water of TERI BCSD's CSO Forum. Since Inaugural event of TERI BCSD's CSO Forum at Lavasa on 4th & 5th Nov 2012, the SIG has met five times and currently executing a year long program, which was presented at the TERI-World CEO Forum on Sustainable Development (TERI-WCSD) 2013 on 30th January 2013 at Delhi. Water SIG at TERI-WCSD was chaired by Mr. Ajit Gulabchand. During the year HCC participated on the private session on water title 'Transforming India's Water Challenge: from Vision to Implementation' at World Economic Forum's India Economic Summit 2012.

During 2012-13, a new water saving intervention with innovative treatment of sewage was initiated at Bogibeel Project. A new treatment methodology called Decentralized Treatment System (DTS) was suggested by UN water mandate team member. DTS is a technology to collect, treat and reuse the wastewater from buildings or cluster systems by making use of gravity, microbiological activity, temperature etc. After thorough discussion and feasibility study of the system, it was decided to implement the system.

In continuation to the ongoing water programs under the aegis of the United Nations Global Compact (UNGC)'s the CEO Water Mandate, during second quarter of the FY 2012-2013, water mandate team continued to work towards fulfillment of HCC's commitment to UNGC.

Disaster Management

HCC's vision is "to build on the core strengths and existing capacity of the organization i.e. Engineering, Project Management Capabilities and availability of relevant resources and be well equipped to handle emergencies through trained engineers & workers, heavy equipments and communication hardware needed for disaster response, evacuation and reconstruction."

The Company actively participates in various disaster relief initiatives and engages in many National and International level partnerships to support disaster management.

HCC, one of the founding members of Disaster Resource Partnership (DRP) Global, is leading the DRN National Network in India. DRP is a model, created by WEF, for coordinated private sector partnership in response to natural disasters. DRN India is one of the three national networks under DRP, other two being Mexico and Indonesia Network. Our Chairman & Managing Director, Mr. Ajit Gulabchand is one of the steering board members of DRP Global and chairs the DRN India Network.

The DRN India, established in 2002, is a consortium of engineering and construction (E&C) companies operating in India, that seeks to apply the core skills and assets within the Company, to disaster response. DRN India mainly focuses on: [1] capacity building trainings-First Responder Training and Engineering in Emergencies to respond to emergency situations [2] support for disaster relief operations.

Under DRN India, HCC has supported many rescue and relief operations in the past ten years at National and International levels like Tsunami (2004), J&K Earthquakes (2005), Mumbai Floods (2005), Bangladesh Cyclone(2007), Leh Flash Floods (2010),Sikkim Earthquake (2011)

Some highlights of 2012-13:

- Participation in the DAVOS meeting of United Nations International Strategy for Disaster Reduction (UNISDR) Private Sector Advisory Group (PSAG).
- DRN-India, DRP-Indonesia and DRP Secretariat / World Economic Forum, meeting hosted by HCC. The first inter-network exchanges took place in July in India by organizing a special DRN-India Working Group meeting to share experiences from India, Indonesia and the DRP Global Services Secretariat.
- DRN-India training in "Engineering in Emergencies"
- Public-private partnerships: DRN India Research Study Publication. DRN India Research Study was published by King's College, London. This is a study by the college under Humanitarian Futures Programme.
- Dissemination of Emergency Response plan (ERP) to Kihim Community: An Emergency Response Plan (ERP) was developed for Group Gram Panchayat

Kihim village the findings of the plan were shared with the village community.

- J&K Snow Avalanche 2012- Rescue Operation: A massive snow avalanche struck Gurez area near the Line of Control in Bandipora district of Kashmir valley. Kishanganga HEP was near to the affected area. The rescue operation continued for two days and HCC team was able to save many lives.
- Disaster Resource Partnership Session at World Economic Forum's India Economic Summit 2012.
- HCC led UNISDR-PWC Disaster Risk Initiative workshop in India. HCC hosted the pilot study to understand the perspective of construction companies in terms of what is the approach, understanding and how the companies respond to disasters which was organized in partnership with UNISDR and PWC in India.

Community Development Initiatives

HCC has a long tradition of contributing to and investing in communities in and around its project sites. Under the broad umbrella of community development, several initiatives have made a lasting impact on the economic, environmental and social conditions of local people.

Community Development Activities include:

- Donation of computers and other equipment to schools
- Tree plantation
- Construction of composting facilities
- Construction of roads, sanitation facilities and temples
- Provision of electricity
- Construction of irrigation and drinking water systems
- Provision of employment
- Sponsorship of vocational training programs
- Health camps including the polio campaign, eye check-up, & general ailments
- Provision of potable drinking water facilities
- Sponsorship for the sports activities and enhancing the skills

Other than this, the project sites also undertake specific community development initiatives based on HCC's CSR mandates in Education, Water, Disaster Management and HIV/AIDS awareness.

Corporate Partnership Kihim, Maharashtra

HCC has partnered with Kihim Gram Panchayat since 2008 promoting effective Solid Waste Management, among other environmental and developmental issues. The Company has championed "Ujjivana: Drive For Change" initiative in Kihim to empower the rural community to adopt sustainable integrated Solid Waste Management System and rain water conservation techniques. The model integrates the best environmental concepts and practices such as to promote composting, waste segregation system, scientific mechanism to dispose the solid waste, plastic recycling by setting up poly bag weaving unit by empowering local women self help group , promotion of civic responsibilities, rain water harvesting, reducing waste, along with community participation, involvement of the local government, community based organizations, philanthropic and commercial organizations and the downtrodden (PPP concept). The Kihim model is now being replicated in nearby villages also and the waste Management system is mainstreamed in local self Government.

Report on Corporate Governance

HCC has a well defined set of systems, principles and processes by which it is governed. These form the backbone of your Company's ability to create long term value for all its stakeholders. The systems and process allow for independent decision making across the organization while fulfilling the requirements of responsibility and accountability. The principles allow for integrity and fairness in all dealings, which are periodically disclosed in the most transparent manner possible. This is the foundation stone of developing an ethical business model.

The entire governance system is supervised by a proactive Board of Directors that overseas management functions to ensure their effectiveness in delivering shareholder value. In order to execute this structure efficiently, HCC strives to maintain an effective, informed and independent Board. With the objective of continuous improvement, your Company's governance practices are continuously reviewed and benchmarked to those prevailing in the best governed companies across industries.

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

These governance structures and systems are the pillars of foundation that provide adequate empowerment across the Company to leverage opportunities for a sustainable overall growth.

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

I) Board of Directors

(a) Composition of the Board

The composition of the Board is in conformity with Clause 49 of the Listing Agreement, which stipulates that at least 50% of the Board should consist of Independent Directors, if the Chairman of the Board is an Executive Director.

As on March 31, 2013, the Board comprised of twelve Directors. Out of these, two are Executive Directors, including the Chairman & Managing Director who is a Promoter Director.

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

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

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

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

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

On March 28, 2013, the Board of Directors re-appointed Mr. Ajit Gulabchand as the Managing Director designated as the Chairman & Managing Director of the Company for a period of 5 years, subject to approval of the shareholders of the Company at the forthcoming Annual General Meeting.

On May 3, 2013, the Board of Directors appointed Mr. Rajgopal Nogja as an Additional Director and Whole-time Director of the Company designated as Group Chief Operating Officer (COO) & Whole-time Director for a period of 5 years, subject to the approval of the shareholders of the Company at the forthcoming Annual General Meeting.

(b) Number of Board Meetings

The Board of Directors met 8 times during 2012-13. The meetings were held on April 27, 2012, June 15, 2012, June 29, 2012, July 27,2012, September 13, 2012, October 26, 2012, February 1, 2013 and March 28, 2013. The maximum time gap between any two consecutive meetings did not exceed four months.

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

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

Table 1 gives the names and categories of Directors, their attendance at the Board Meetings held during the year and at the last Annual General Meeting as also the number of Directorships and Board-level committee positions held by them in other Public Companies.

Table 1: Details of the Board of Directors

Name of the Director	Category	Number of Board meetings held	Number of Board meetings attended	Whether attended last AGM	Number of Directorships of other public companies*	Committee Positions *#		Whether having any pecuniary or business relation with the Company.
						Chairman	Member	
Ajit Gulabchand$	Promoter, Chairman and Managing Director	8	8	Yes	14	1	3	None
Y. H. Malegam	Independent Director	8	7	Yes	6	4	Nil	None
K. G. Tendulkar	Non-Executive Director	8	7	Yes	8	1	3	None
Rajas R. Doshi	Independent Director	8	7	Yes	3	1	4	None
Ram P. Gandhi	Independent Director	8	8	Yes	6	2	1	None
Prof. Fred Moavenzadeh	Non-executive Director	8	4	No	Nil	Nil	Nil	Technical Consultant
D. M. Popat	Independent Director	8	6	No	2	Nil	Nil	Partner of Mulla & Mulla & Craigie Blunt & Caroe, Solicitors to the Company
Sharad M. Kulkarni	Independent Director	8	7	Yes	9	5	4	None
Nirmal P. Bhogilal	Independent Director	8	5	Yes	3	-	3	None
Anil C. Singhvi	Independent Director	8	6	Yes	7	1	3	None
Arun V. Karambelkar	President & Whole-time Director	8	7	Yes	8	Nil	Nil	None
Dr. Ila Patnaik	Independent Director	8	6	Yes	Nil	Nil	Nil	Renders Professional Services
Mr. Rajgopal Nogja@	Group COO & Whole-time Director	N.A.	N.A.	N.A.	9	-	2	None

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

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

$ On March 28, 2013, the Board has re-appointed Mr. Ajit Gulabchand as Managing Director designated as Chairman and Managing Director w.e.f April 1, 2013 for a period of 5 years.

@ On May 3, 2013, the Board has appointed Mr. Rajgopal Nogja as an Additional Director and Whole-time Director designated as Group Chief Operating Officer (COO) & Whole-time Director for a period of 5 years.

(d) Information to the Board

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

- Annual operating plans and budgets and any updates
- Capital budget-purchase and disposal of plant, machinery and equipment.
- Quarterly, Half yearly and Annual results of the Company.
- Minutes of the Meetings of the Audit Committee and other Committees of the Board.
- Information on recruitment and remuneration of senior officers just below the Board level.
- Materially important show cause, demand, prosecution notices and penalty notices, if any.
- Fatal or serious accidents, dangerous occurrences, any material effluent or pollution problems.
- Any material default in financial obligations to and by the Company, or substantial non-payments by clients.
- Any issue, which involves possible public or product liability/claims of substantial nature, including any judgments or orders which may have passed strictures on the conduct of the Company or taken an adverse view regarding another enterprise that can have negative implications on the Company.
- Details of any joint venture agreement or collaboration agreement.
- Transactions that involve substantial payment towards goodwill, brand equity or intellectual property.
- Significant labour problems and their proposed solutions. Any significant development in human resources or on the industrial relations front such as signing of wage agreement, etc.
- Sale of material nature, of investments, subsidiaries, assets, which are not in the normal course of business.
- Quarterly details of foreign exchange exposure and the steps taken by the Management to limit the risk of adverse exchange rate movement, if material.
- Non-compliance of any regulatory, statutory or listing requirements and shareholders' service such as non-payment of dividend, delay in share transfer, etc.

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

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

The Chairman & Managing Director and Whole time Director receive Salary,Perquisites and Allowances, while all the Non-Executive Directors receive Sitting Fees. In addition, Prof. Fred Moavenzadeh, Non-Executive Director, is paid Technical Fees and Dr. Ila Patnaik, Independent Director is paid Professional Fees, details of which are given in **Table 2.**

(f) Remuneration to Directors:

The below **Table 2** gives the details of remuneration paid/payable to Directors for the year ended March 31, 2013 along with the details of outstanding Stock Options granted to them.

The Company did not advance any loans to any of its Directors during 2012-13.

Ms. Shalaka Gulabchand Dhawan, Vice President – Business Development of the Company is the daughter of Mr. Ajit Gulabchand, Chairman & Managing Director of the Company. The gross remuneration paid to her, for the year ended March 31, 2013, was ₹ 91.33 lacs which is within the limits approved by the shareholders and Central Government in accordance with Section 314(1B) of the Companies Act, 1956.

Mr. Arjun Dhawan, President – HCC Infrastructure, is the son-in-law of Mr. Ajit Gulabchand, Chairman & Managing Director of the Company. The gross remuneration, paid to him, for the year ended March 31, 2013, was ₹ 2.48 crore. The remuneration so paid is well within the limits approved by the shareholders and Central Government in accordance with Section 314(1B) of the Companies Act, 1956.

Table 2: Remuneration paid/payable to Directors

Name of the Director	Salaries, Perquisites & Allowances+	Commission	Sitting fees*	Technical / Professional fees#	Total (₹)	No. of outstanding stock options$
Ajit Gulabchand** (Chairman & Managing Director)	10,65,60,000	-	-	-	10,65,60,000	Nil
Y. H. Malegam	-	-	1,40,000	-	1,40,000	68,600
K. G. Tendulkar	-	-	2,20,000	-	2,20,000	Nil
Rajas R. Doshi	-	-	3,20,000	-	3,20,000	68,600
Ram P. Gandhi	-	-	3,60,000	-	3,60,000	68,600
Prof. Fred Moavenzadeh	-	-	80,000	54,87,250	55,67,250	68,600
D.M.Popat	-	-	1,20,000		1,20,000	68,600
Sharad M. Kulkarni	-	-	2,40,000		2,40,000	48,600
Nirmal P. Bhogilal	-	-	1,40,000		1,40,000	68,600
Anil C. Singhvi	-	-	4,20,000		4,20,000	54,880
Arun V. Karambelkar (President & Whole-time Director)	2,71,40,266	-	-	-		5,49,000
Dr. Ila Patnaik		-	1,20,000	7,00,000	8,20,000	Nil
Total	**13,37,00,266**	-	**21,60,000**	**61,87,250**	**11,49,07,250**	**10,64,080**

** Remuneration paid to Chairman & Managing Director is in excess of the limits specified in Schedule XIII of the Companies Act, 1956. The Company has made an application seeking approval from Central Government for payment of managerial remuneration in excess of the limits specified under the Companies Act, 1956, for the financial year ended March 31, 2013. Approval is awaited.

\+ Perquisites 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.

\# Technical/Professional fees paid for rendering technical / professional services (excluding Service Tax) is in accordance with Section 309(1) of the Companies Act 1956.

$ As on March 31, 2013, 10,64,080 Stock Options (comprising vested and unvested after adjustment for lapsed and exercised options), in aggregate are outstanding to the account of the Directors, which can be exercised at an exercise price of ₹ 52.03 per Stock Option as per the exercise schedule.

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

While the details of outstanding stock options held by Non-Executive Directors have been disclosed in **Table 2**, the details of the Equity Shares held by the Non-Executive Directors as on March 31, 2013 is given in **Table 3**.

Table 3: Details of Equity Shares held by Non-Executive Directors as on March 31, 2013

Name of the Director	Number of Shares
Y.H. Malegam	10,000
K.G. Tendulkar	20,000
Rajas R. Doshi	32,000
Ram P. Gandhi	48,000
Prof. Fred Moavenzadeh	Nil
D.M. Popat	Nil
Sharad M. Kulkarni	20,000
Nirmal P. Bhogilal	3,87,800
Anil C. Singhvi	33,720
Dr. Ila Patnaik	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 and the other for Executive Directors and designated employees in the Senior Management. These Codes have been posted on the Company's website – www.hccindia.com. All the Board Members and Senior Management personnel of the Company have affirmed compliance with the Code of Conduct as applicable to them, for the year ended March 31, 2013. A declaration to this effect signed by Mr. Ajit Gulabchand, Chairman & Managing Director is annexed to this Report.

II) Board Committees

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

(a) Audit Committee

As on March 31, 2013, the Audit Committee comprises of four Independent Directors. viz Mr. Sharad M. Kulkarni - (Chairman), Mr. Ram P. Gandhi, Mr. Rajas R. Doshi and Mr. Anil C. Singhvi. All Members of the Audit Committee possess accounting and financial management knowledge.

The President & Whole-time Director, Group Chief Financial Officer, Business Heads, the Head of Internal Audit and the representative of the statutory auditors are invited for the meetings of the Audit Committee. Mr. Vithal P. Kulkarni, Company Secretary is the Secretary to this Committee.

The Audit Committee met five times during the year on April 26,2012, May 9, 2012, July 26,2012, October 25, 2012 and January 31, 2013. The maximum time gap between any two consecutive meetings did not exceed four months. The minutes of the meetings of the Audit Committee are reviewed and noted by the Board. The details of the composition of the Committee, meetings held, attendance at the meetings along with sitting fees paid, are given in **Table 4.**

The Chairman of the Audit Committee was present at the Annual General Meeting of the Company held on June 15, 2012 to answer shareholder queries.

The terms of reference of the Audit Committee are in conformity with the requirements of Clause 49 (II)(D) of the Listing Agreement and Section 292A of the Companies Act, 1956. Further the Audit Committee has been granted powers as prescribed under Clause 49 (II)(C) of the Listing Agreement.

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

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

Table 4: Details of the Audit Committee

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

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

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

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

Further, the Audit Committee mandatorily reviews the following information:

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

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

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

(b) Remuneration Committee

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

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

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

The Remuneration Committee met once during the financial year i.e. on March 28, 2013. The Minutes of the Remuneration Committee Meetings are reviewed and noted by the Board.

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

Table 5: Details of the Remuneration Committee

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

Remuneration Policy

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

Remuneration was paid to Mr. Ajit Gulabchand, Chairman & Managing Director and Mr. Arun V. Karambelkar, President & Whole-time Director pursuant to the approval of the Shareholders, Board of Directors and Remuneration Committee of the Board. In view of the losses incurred by the Company for the year ended March 31, 2013, the remuneration paid to Chairman & Managing Director is subject to the approval of the Central Government under the provisions of the Companies Act, 1956.

(c) Shareholders'/Investors' Grievance Committee

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

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

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

During 2012-13, the Committee met four times on April 26, 2012, July 26, 2012, October 25, 2012 and January 31, 2013.The Minutes of the Shareholders'/ Investors' Grievance Committee are reviewed and noted by the Board.

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

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

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

During 2012-13, 1048 queries/complaints were received by the Company from shareholders/investors/authorities, all of which have been redressed / resolved to date,satisfactorily as shown in **Table 7.** As on date, there are no pending share transfers/ complaints/queries pertaining to the year under review.

Table 7: Details of investor queries/complaints received and attended during 2012-13

Nature of Queries / Complaints	Pending as on April 1, 2012	Received during the year	Redressed during the year	Pending as on March 31, 2013
1. Transfer/Transmission/Issue of Duplicate Share Certificates	-	56	56	-
2. Non-receipt of Dividend	-	772	772	-
3. Dematerialisation/ Rematerialisation of Shares	-	3	3	-
4. Complaints received from :				
a. Securities and Exchange Board of India	-	7	7	-
b. Stock Exchange(s) / NSDL / CDSL	-	4	4	-
c. Registrar of Companies / Ministry of Corporate Affairs / Others	-	1	1	-
d. Advocates	-	0	0	-
e. Consumer Forum/Court Case	-	1	1	-
5. Others	-	204	204	-
Grand Total	**-**	**1048**	**1048**	**-**

(d) ESOP Compensation Committee

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

The ESOP Compensation Committee deals with various matters relating to:

a) The number of options to be granted under the Employees Stock Option Scheme per employee and in aggregate.

b) The conditions under which option vested in employees may lapse in case of termination of employment for misconduct.

c) The exercise period within which the employee should exercise the options and that options would lapse on failure to exercise the options within the exercise period.

d) The specified time period within which the employee shall exercise the vested options in the event of termination or resignation of an employee.

e) The right of an employee to exercise the options vested in him at one time or at various points of time within the exercise period.

f) The procedure for making a fair and reasonable adjustment to the number of options and to the exercise price in case of corporate actions such as rights issues, bonus issues, merger, sale of division and others.

g) The grant, vest and exercise of options in case of employees who are on long leave.

h) Fringe Benefit Tax upon exercise of the options as may be applicable.

i) Allotment of shares upon exercise of options.

No meetings of the ESOP Compensation Committee were held during 2012-13.

(e) Selection Committee

The Selection Committee of the Board deals with matters concerning the appointment and remuneration at the time of appointment of Directors' relatives in respect of holding Office or Place of Profit in the Company.

The Committee comprises three Independent Directors viz. Mr. Nirmal P. Bhogilal (Chairman), Mr. Ram P. Gandhi and Mr. Anil Singhvi. Mr. Ashish Singh, who is not a Director or an employee of the Company, is an independent member of this Committee. Mr. Ashish Singh is a B.A. with honours from Harvard University and an MBA from Harvard Business School. He has significant experience in organisation re-design across multiple industries.

During the year under review, the Selection Committee met once on October 26, 2012. The Minutes of the Selection Committee are reviewed and noted by the Board. The details of the composition of the Committee, meetings held, attendance at the meetings along with sitting fees paid, are given in **Table 8.**

Table 8: Details of the Selection Committee

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

III) Management

Management Discussion and Analysis Report

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

Disclosures

(a) Related Party Transactions

Details of materially significant related party transactions i.e. transactions of the Company of material nature with its promoters, the Directors or the management, their subsidiaries or relatives, etc. are presented under Note No. 41 of the Balance Sheet. All details on the financial and commercial transactions, where Directors may have a potential interest, are provided to the Board. The interested Directors neither participate in the discussion, nor vote on such matters. During 2012-13, there were no related party transaction of material nature that may have a potential conflict with the interests of the Company.

(b) Accounting treatment in preparation of financial statements

The Company has followed the Accounting standards notified by The Companies (Accounting Standards) Rules, 2006, as amended from time to time, in preparation of its financial statements.

(c) Risk Management

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

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

(d) Subsidiary Companies

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

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

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

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

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

Details of all significant transactions and arrangements entered into by the unlisted subsidiary companies are periodically placed before the Board of Directors of the Company.

(e) Code for Prevention of Insider Trading Practices

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

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

(f) CEO/CFO Certification

As required under Clause 49 (V) of the Listing Agreement with the Stock Exchanges, the Chairman & Managing Director and the Group Chief Financial Officer of the Company have certified to the Board regarding the Financial Statements for the year ended March 31, 2013 which is annexed to this Report.

(g) Pledge of Equity Shares

Hincon Holdings Ltd, promoter Company of HCC, has pledged its 20,07,03,600 equity shares of ₹ 1 each of HCC in favour of 3i Infotech Trusteeship Services Ltd.,the Security Trustees for the CDR Lenders in accordance with the requirement of CDR package approved for the Company by the Corporate Debt Restructuring (CDR) Cell under the regulatory framework of RBI.

No other pledge has been created over the equity shares held by the other Promoters and/or Promoter Group Shareholders as on March 31, 2013.

The aggregate shareholding of the Promoters and Members of the Promoter Group as on March 31, 2013, was 24,17,99,394 Equity Shares of ₹ 1 each representing 39.86% of the paid-up Equity Share Capital of the Company.

IV) Shareholder Information

(a) Disclosures regarding Directors seeking appointment/ reappointment:

On March 28, 2013, the Board of Directors re-appointed Mr. Ajit Gulabchand as Managing Director designated as Chairman and Managing Director of the Company for a period of 5 years w.e.f. April 1, 2013 subject to approval of the shareholders of the Company at the ensuing Annual General Meeting.

On May 3, 2013, the Board of Directors appointed Mr. Rajgopal Nogja as an Additional Director and Whole-time Director designated as Group Chief Operating Officer (COO) & Whole-time Director of the Company for a period of 5 years w.e.f. May 3, 2013, subject to the approval of the shareholders of the Company at the ensuing Annual General Meeting.

At the ensuing Annual General Meeting, Mr. Y. H. Malegam, Mr. K. G. Tendulkar and Mr. Anil Singhvi Directors of the Company, are retiring by rotation. Mr. Tendulkar and Mr. Singhvi, being eligible, have offered themselves for re-appointment.Mr. Malegam has expressed his unwillingness to seek re-appointment.

Brief profile of the Directors who are seeking appointment/ re-appointment is given below.Detailed profile of these Directors has been covered under the Notice which is forming part of the Annual Report of the Company:

Mr.Ajit Gulabchand

Mr.Ajit Gulabchand is the Chairman and Managing Director of the Company.

He is on the Company's Board since March 3,1983 and was appointed as Managing Director on April 1, 1983 and elevated as the Chairman in May 1994. Mr. Gulabchand had earlier served as Chief Executive Officer of Indian Hume Pipe Co. and as Managing Director of Ravalgaon Sugar Farm.

Mr. Rajgopal Nogja

Mr. Rajgopal Nogja has over 18 years of experience in the Real Estate and Construction Industry.

At HCC, Mr. Nogja started his career in 2000 by assisting the Chairman and Managing Director of HCC Ltd. for strategic decisions & initiatives for new businesses, financial viability of projects and operations of the HCC Group. Since 2011 Mr. Nogja held the post of Group President – Development Companies and subsequently in April 2013 has been elevated as the Group Chief Operating Officer (Group COO) for HCC Group Businesses.

Mr. K. G. Tendulkar

Mr. K. G. Tendulkar was the Executive Director (Operations) at HCC since 1993 and was elevated as Deputy Managing Director of the Company in 2005 and held the position uptil November,2009. Following the acquisition of Steiner AG, Switzerland in 2010, Mr. Tendulkar was appointed as its Managing Director.

Mr. Anil Singhvi

Mr. Anil Singhvi has over 30 years of experience in the Corporate sector, out of which 22 years were spent with Ambuja Cements Ltd, where he successfully rose through the ranks from Manager to Managing Director & CEO.

He is the Chairman of Ican Investments Advisors Pvt Ltd, a Corporate Advisory firm engaged in Investment Banking and Corporate advisory services.

Recently, he found IIAS (Institutional Investor Advisory Services India Ltd), a proxy advisory Company for Institutional Investors.

(b) Means of Communication:

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

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

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

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

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

(c) General Body Meetings:

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

Postal Ballot

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

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

(d) General Shareholder Information :

- Forthcoming Annual General Meeting

Date	:	June 21, 2013
Day	:	Friday
Time	:	11.00 a.m.
Venue	:	Walchand Hirachand Hall, Indian Merchants' Chamber, Indian Merchants' Chamber Marg, Churchgate, Mumbai-400 020.

- Last date for Receipt of Proxies

  Wednesday, June 19, 2013 (before 11:00 a.m. at the Registered Office of the Company)

Details of the AGM/EGM held in the last three years alongwith special resolutions passed thereat:

Financial Year	Day, Date & Time	Venue	Particulars of special resolution passed
2009-10 (EGM)	Monday June 22, 2009 9.00 A.M.	Walchand Hirachand Hall, Indian Merchants' Chamber, Indian Merchants' Chamber Marg, Churchgate, Mumbai-400 020	Approval of shareholders for raising of funds either through Equity Shares/Depository Receipts/ Convertible Debentures/Convertible Bonds / QIP for an amount not exceeding ₹ 1500 crore.
2009-10 (AGM)	Friday, June 11, 2010 11.00 A.M.	Walchand Hirachand Hall, Indian Merchants' Chamber, Indian Merchants' Chamber Marg, Churchgate, Mumbai-400 020	1. Alteration of Article 6 of the Articles of Association of the Company in order to give effect to increase in the Authorised Share Capital of the Company to ₹ 100,00,00,000 (Rupees One Hundred Crore Only). 2. Alteration of Article 201 of the Articles of Association of the Company in order to empower the Board to capitalize the profits/reserves of the Company, inter alia, by way of issuance of bonus shares.
2010-11 (AGM)	Friday June 10, 2011 11.00 A.M.	Walchand Hirachand Hall, Indian Merchants' Chamber, Indian Merchants' Chamber Marg, Churchgate, Mumbai-400 020	Enabling Resolution for Issuance of Equity Shares / Securities under Section 81 (1A) of the Companies Act, 1956 for an amount not exceeding ₹ 1500 crore
2011-2012 (AGM)	Friday June 15, 2012 11.00 A.M.	Walchand Hirachand Hall, Indian Merchants' Chamber, Indian Merchants' Chamber Marg, Churchgate, Mumbai-400 020	1. Approval of shareholders for payment of remuneration to Mr. Ajit Gulabchand, Chairman & Managing Director during his remainder tenure i.e. for the fiinancial years 2011-12 & 2012-13 respectively. 2. Approval for payment of remuneration to Mr. Arun Karambelkar President & Whole-time Director for a period of 3 years i.e. from April29,2011 uptil April 28,2014. 3. Approval for Ms. Shalaka Gulabchand Dhawan to hold and continue to hold an office or place of profit under the Company, as Vice President (Business Development) of the Company at a revised remuneration w.e.f July 1,2012. 4. Enabling Resolution for Issuance of Equity Shares / Securities under Section 81 (1A) of the Companies Act, 1956 for an amount not exceeding ₹ 1500 crore

- **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:

  1st Quarter Results : July 27, 2012

  2nd Quarter Results : October 26, 2012

  3rd Quarter Results : February 1, 2013

  4th Quarter & Annual Results : May 3, 2013

  The tentative dates of the Board Meetings for consideration of financial results for the year ending March 31, 2014 are as follows:

  1st Quarter Results : August 2, 2013

  2nd Quarter Results : November 1, 2013

  3rd Quarter Results : January 31, 2014

  4th Quarter & Annual Results : May 2, 2014

- **Dates of Book Closure**

  Friday, June 14, 2013 to Friday, June 21, 2013 (both days inclusive).

- **Listing**

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

  The Company has paid the annual listing fees for the year 2013-14 to BSE and NSE. The Company has also paid annual maintenance fees to Luxembourg Stock Exchange.

  The Company has paid custodial fees for the year 2013-14 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, 2013.

- **Stock Codes :**

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

Luxembourg Stock Exchange Code :	
GDSs (ISIN)	US4332191026

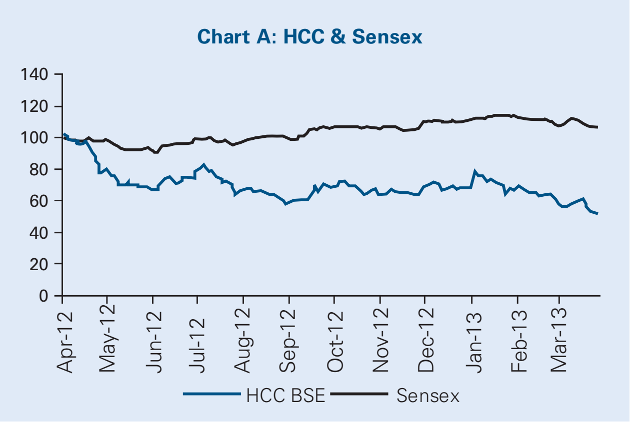
- **Corporate Identification Number :**

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

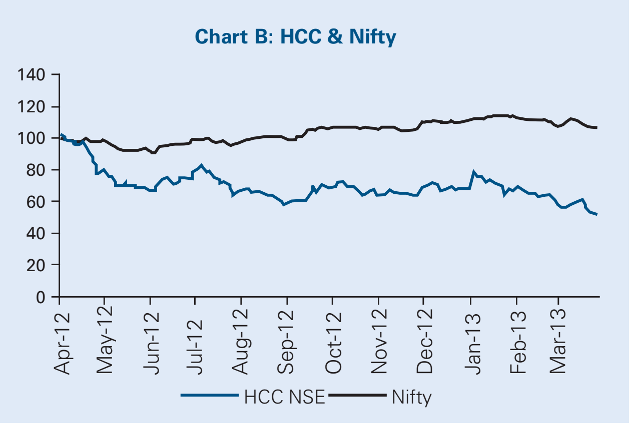
Share Price Data : High/Low and Volume during each month of 2012-2013 at BSE and NSE

Month	BSE			NSE		
	High (₹)	Low (₹)	Volume	High (₹)	Low (₹)	Volume
April 2012	27.40	19.85	1,20,05,339	27.45	19.80	7,13,08,438
May 2012	22.00	16.75	1,35,31,544	22.00	16.60	6,37,53,851
June 2012	20.80	16.80	1,60,45,783	20.80	16.70	5,98,40,699
July 2012	22.15	16.60	1,96,64,866	22.10	16.45	7,56,89,256
August 2012	18.35	14.95	1,02,78,794	18.40	14.95	3,00,27,954
September 2012	19.75	15.40	2,15,36,921	19.85	15.30	9,37,79,961
October 2012	20.05	16.50	2,23,98,093	20.05	16.50	7,41,69,038
November 2012	18.65	16.70	1,09,90,886	18.65	16.65	3,10,97,915
December 2012	19.30	17.20	1,46,46,805	19.30	16.55	3,74,20,650
January 2013	20.85	16.90	2,37,51,130	20.80	16.90	6,35,64,292
February 2013	18.60	15.00	86,25,905	18.65	15.10	2,48,07,373
March 2013	16.40	13.30	86,56,137	16.55	13.30	2,41,80,159

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



Note: HCC share prices and the Sensex is indexed to 100 as on April 1, 2012



Note: HCC share prices and the Sensex is indexed to 100 as on April 1, 2012

- Distribution of Shareholding

Distribution of shareholding as on March 31, 2013

Distribution range of Shares	No. of Shares	Percentage of Shares	No. of Shareholders	Percentage of Shareholders
1 to 500	3,08,45,934	5.08	1,65,458	72.95
501 to 1000	2,39,45,726	3.95	28,642	12.63
1001 to 2000	2,86,62,804	4.72	17,329	7.64
2001 to 3000	1,65,25,670	2.72	6,100	2.69
3001 to 4000	98,71,712	1.63	2,649	1.17
4001 to 5000	84,13,298	1.39	1,760	0.78
5001 to 10000	2,07,94,480	3.43	2,797	1.23
Greater than 10000	46,75,50,796	77.08	2,071	0.91
Total	**60,66,10,420**	**100.00**	**2,26,806**	**100.00**

Shareholding Pattern

Categories	As on March 31, 2013		As on March 31, 2012	
	No. of Shares	Percentage of Share-holding	No. of Shares	Percentage of Shareholding
Promoter and Promoter Group and Directors and Relatives	24,27,60,514	40.02	24,27,58,514	40.02
Foreign Institutional Investors	10,84,94,025	17.89	14,79,17,975	24.38
Public Financial Institutions/State Financial Corporation/Insurance Companies	84,61,712	1.39	88,12,332	1.45
Mutual Funds (Indian) and UTI	1,84,09,217	3.04	1,87,51,177	3.09
Nationalised and other Banks	17,61,633	0.29	16,41,795	0.27
NRI/OCBs	64,97,799	1.07	55,05,204	0.91
GDSs	1,20,720	0.02	1,20,720	0.02
Public	22,01,04,800	36.28	18,11,02,703	29.86
Total	**60,66,10,420**	**100.00**	**60,66,10,420**	**100.00**

Top Ten Shareholders of the Company as on March 31, 2013

Sr. No.	Name of the Shareholder	Category	No. of Shares	Percentage of Shareholding
1	Hincon Holdings Ltd	Promoter	20,07,03,600	33.09
2	Hincon Finance Limited	Promoter	3,83,65,500	6.32
3	SIWA Holdings Limited	FII	3,60,82,151	5.95
4	HSBC Global Investment Funds A/C HSBC Global Investment Funds Mauritius Limited	FII	3,22,57,988	5.32
5	Sundaram Mutual Fund A/C Sundaram Select Midcap	Mutual Fund	1,21,85,832	2.01
6	Dimensional Emerging Markets Value Fund	FII	67,41,542	1.11
7	BNP Paribas Arbitrage	FII	65,08,000	1.07
8	Copthall Mauritius Investment Limited	FII	59,51,387	0.98
9	Life Insurance Corporation of India	Insurance Co	59,40,480	0.98
10	Reliance Capital Trustee Co Ltd -Reliance Infrastructure Fund	Mutual Fund	57,80,961	0.95
Total			**35,05,17,441**	**57.78**

- **Dematerialization of Shares and Liquidity**

  As on March 31, 2013, 59,78,57,339 equity shares representing 98.56% 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, 2013, is given below:

Particulars	No. of shares	Percentage
Physical Segment	87,53,081	1.44
Demat Segment :-		
NSDL	53,83,65,661	88.75
CDSL	5,94,91,678	9.81
Total	**60,66,10,420**	**100.00**

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

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

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

  (a) **Global Depository Shares (GDSs)**

  The Company had issued Global Depository Shares (GDSs) in 2006 and the underlying shares against each of the GDSs were issued in the name of the Depository, Citi Bank N.A.
  As on March 31, 2013, 1,20,720 GDSs were outstanding and represented an equal number of underlying equity shares. Since the underlying Equity Shares represented by GDSs have been allotted in full, the outstanding GDSs have no impact on the Equity Share Capital of the Company.

  (b) **Employees Stock Options (ESOPs)**

  As on March 31, 2013, 61,54,080 stock options are outstanding (comprising vested and unvested, after adjustment for lapsed and exercised options), in aggregate, for exercise as per the exercise schedule and are exercisable at a price of ₹ 52.03 per stock option.

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

  During the year under review, 18,36,310 options got vested to the employees of the Company and in aggregate, 67,01,040 options stands vested with the employees as on March 31, 2013.

  No options were exercised by the optionees during the year.

- **Details regarding Listing and redemption of Debt Securities**

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

During the year under review, the Company has neither issued any fresh debentures nor redeemed existing debentures.

The existing Non Convertible Debentures (NCDs) of ₹ 120 crore held by Axis Bank and ₹ 100 crore held by LIC stands restructured under approved CDR package as per CDR Letter of Approval dated June 29, 2012. Accordingly there is a 2 years moratorium and 8 years for repayment of the aforementioned principal amount to the Lenders.

- Share Transfer system

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

- Address for shareholders' correspondence :

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

- Registrars and Share Transfer Agents :

  Contact Officer : **Ms. Mary George**

  TSR Darashaw Private 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 share/debenture related complaints and the same has been displayed on the Company's website : www.hccindiacom as well.

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

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

- Compliance Officer:

  Mr. Vithal P. Kulkarni
  Company Secretary

  Hindustan Construction Co. Ltd.
  Hincon House, 11th Floor,
  247Park, Lal Bahadur Shastri Marg,
  Vikhroli (West), Mumbai-400 083, India.
  Tel: +91-22-2575 1000 Fax: +91-22-2577 5950
  Website: www.hccindia.com
  Email: secretarial@hccindia.com

- Investor Relations Officer:

  Mr. Pankaj Bahal / Mr. Santosh Kadam

  Hindustan Construction Co. Ltd.
  Hincon House,11th Floor,
  247Park, Lal Bahadur Shastri Marg,
  Vikhroli (West), Mumbai-400 083, India
  Tel: +91-22-2575 1000 Fax: +91-22-2577 5950
  Website: www.hccindia.com
  Email: secretarial@hccindia.com

V) Compliance:

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

(i) Details of non-compliance, if any

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

(ii) Compliance with mandatory requirements

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

(iii) Adoption of non-mandatory requirements

a. Remuneration Committee:

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

b. Audit Qualifications:

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

(iv) Auditors' Certificate on Corporate Governance

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

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

In accordance with the requirement of Clause 5A (II) of the Listing Agreement, in respect of the Bonus Equity Share certificate(s) dispatched by the Company in August 2010, which were "returned undelivered", M/s TSR Darashaw Private Limited, Registrar and Share Transfer Agents of the Company have sent two reminders to all such shareholder(s) at their address as per Register of Members.

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

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

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

Pursuant to the requirement of Clause 53 of the Listing Agreement, the Company would like to inform that no agreement(s) have been entered with media companies and/or their associates which has resulted/ will result in any kind of shareholding in the Company and consequently any other related disclosures viz., details of nominee(s) of the media companies on the Board of the Company, any management control or potential conflict of interest arising out of such agreements, etc. are not applicable. Nor has the Company entered into any other back to back treaties/ contracts/agreements/ MoUs or similar instruments with media companies and/or their associates.

VI) Investor safeguards and other information:

- **Dematerialisation of Shares**

Shareholders are requested to convert their physical 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**

In respect of shareholders who have either not opted for NECS/ECS mandate or do not have such a facility with their banker and who have not encashed earlier dividends paid by the Company, are requested to write to 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 to Investor Education & Protection Fund (IEPF)**

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

Dates of declaration of dividends since 2005-06 and the corresponding dates when unclaimed dividends are due to be transferred to the Central Government are given in the table below.

Financial year ended	Date of declaration of dividend	Amount remaining unclaimed / unpaid as on 31.03.2013 (₹)	Last date for claiming unpaid dividend amount (before)	Last date for transfer to IEPF
31.03.2006	09.06.2006	9,55,065.00	15.07.2013	14.08.2013
31.03.2007	08.06.2007	1,556,499.75	14.07.2014	13.08.2014
31.03.2008	13.06.2008	1,317,737.60	19.07.2015	18.08.2015
31.03.2009	12.06.2009	1,907,496.80	18.07.2016	17.08.2016
31.03.2010	11.06.2010	1,702,284.00	17.07.2017	16.08.2017
31.03.2011	10.06.2011	25,05,903.60	16.07.2018	15.08.2018

Separate letters have already been sent on December 7,2012 and December 8, 2012, to the Members who are yet to encash the dividend for the financial year 2005-06 indicating that the unclaimed amount will be transferred to IEPF, if not claimed by the members before the due date of transfer to the said Fund. Members are once again requested to utilize this opportunity and get in touch with the Company's Registrar and Share Transfer Agents M/s. TSR Darashaw Private Limited at their communication address for encashing the unclaimed dividends standing to the credit of their account.

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

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

  To receive all communications/corporate actions promptly, shareholders holding shares in dematerialised form are requested to please update their address/e-mail 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**

  As you all may be aware, the Ministry of Corporate Affairs (MCA) had under taken a "Green Initiative in Corporate Governance" by allowing paperless compliances by Companies through electronic mode, whereby the companies have been permitted to send various notices/documents to its shareholders through electronic mode to the registered e-mail addresses of shareholders. Securities and Exchange Board of India (SEBI) have also, in line with the aforesaid MCA circulars, permitted listed entities to supply soft copies of full annual reports to all those shareholders who have registered their email addresses for the purpose.

  In view of the Green Initiatives announced as above, the Company shall send all documents to Shareholders 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 shareholders, 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 shareholder's registered email address for serving documents including those covered under Section 219 of the Companies Act, 1956 (the Act) read with Section 53 of the Act and Clause 32 of the Listing Agreement executed with the Stock Exchanges.

  To enable the servicing of documents electronically to the registered email address, we request the shareholders to keep their email addresses validated/ updated from time to time. We wish to reiterate that Shareholders 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 Shareholders holding shares in physical form have to write to our RTA, M/s TSR Darashaw Private Limited at their specified address, so as to update their registered email address from time to time.

Please note that the Annual Report of the Company will also be available on the Company's website www.hccindia.com for ready reference. Shareholders are also requested to take note that they will be entitled to be furnished, free of cost, the aforesaid documents, upon receipt of requisition from the shareholder, any time, as a member of the Company.

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

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

- **Register Nomination(s)**

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

- **Dealings of Securities with Registered Intermediaries**

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

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

The Board of Directors,
Hindustan Construction Co. Ltd.

We have reviewed the financial statements and the cash flow statement of Hindustan Construction Co. Ltd. for the year ended March 31, 2013 and to the best of our knowledge and belief:

((a) (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;

(ii) these statements together present a true and fair view of the Company's affairs and are in compliance with existing Accounting Standards, applicable laws and regulations.

(b) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's Code of Conduct.

(c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting and have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take for rectifying these deficiencies.

(d) We have indicated to the Auditors and the Audit Committee:

(i) significant changes in internal control over financial reporting during the year;

(ii) significant changes in accounting policies made during the year and the same have been disclosed in the notes to the financial statements; and

(iii) instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

Praveen Sood
Group Chief Financial Officer

Ajit Gulabchand
Chairman & Managing Director

Mumbai, May 3, 2013

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

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, 2013.

For Hindustan Construction Co. Ltd

Ajit Gulabchand
Chairman & Managing Director

Mumbai, May 3, 2013

AUDITOR'S CERTIFICATE OF CORPORATE GOVERNANCE

To,
The Members
Hindustan Construction Co. Ltd

We have examined the compliance of conditions of Corporate Governance by Hindustan Construction Co. Ltd for the financial year ended March 31, 2013 as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchange(s).

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

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

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

For K.S.AIYAR & CO
Chartered Accountants
(Registration No. 100186W)

Raghuvir Aiyar
Partner
Membership No. 38128

Mumbai, May 3, 2013

Notice

NOTICE is hereby given that the Eighty-Seventh Annual General Meeting of the Members of Hindustan Construction Company Limited will be held on Friday, June 21, 2013 at 11.00 a.m. at Walchand Hirachand Hall, Indian Merchants' Chamber, Indian Merchants' Chamber Marg, Churchgate, Mumbai 400020, to transact the following business:-

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at March 31, 2013, the Profit & Loss Account for the year ended on that date and the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Mr. K. G. Tendulkar, who retires by rotation, and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. Anil C. Singhvi, who retires by rotation, and being eligible, offers himself for re-appointment.
4. To consider and if thought fit, to pass with or without modifications, the following resolution as an Ordinary Resolution:

   "RESOLVED THAT the vacancy caused by the retirement by rotation of Mr. Y. H. Malegam, who has not sought re-appointment, be not filled in at this Meeting or any adjournment thereof."
5. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

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

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

SPECIAL BUSINESS

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

   "RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309, 310 and 311 read with Schedule XIII and other applicable provisions if any, of the Companies Act, 1956, including the rules made thereunder and any amendments thereto or any statutory modification 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, the Company hereby accords its approval to the re-appointment of Mr. Ajit Gulabchand, as the Managing Director designated as Chairman & Managing Director of the Company for a period of 5 years w.e.f. April 1, 2013.

   RESOLVED FURTHER THAT subject to the applicable regulatory and government approvals as may be required, the Company hereby accords its approval for payment of remuneration to Mr. Ajit Gulabchand, Chairman and Managing Director of the Company for a period of three years effective April 1, 2013 to March 31, 2016, 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 Chairman for the purpose of identification.

   RESOLVED FURTHER THAT in case the Company during the above referred years has, no profits or its profits are inadequate, Mr. Ajit Gulabchand, Chairman & Managing Director be paid the aforementioned remuneration as "Minimum Remuneration" in the respective financial year(s) notwithstanding that the same may exceed the ceiling limit laid down in Sections 198, 309 and Schedule XIII to the Act, subject to approval of the Central Government.

   RESOLVED FURTHER THAT the Board of Directors of the Company (hereinafter referred to as the 'Board' which term shall be deemed to include the 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 Central Government while according their approval.

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

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

"RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309, 310 and 311 read with Schedule XIII and other applicable provisions if any, of the Companies Act, 1956, including the rules made there under and 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, the Company hereby accords its approval to appointment of Mr. Rajgopal Nogja as the Whole-time Director of the Company designated as Group Chief Operating Officer (COO) and Whole-time Director of the Company for a period of 5 years w.e.f. May 3, 2013.

RESOLVED FURTHER THAT subject to such approvals as may be required, the Company hereby accords its approval for payment of remuneration to Mr. Rajgopal Nogja, Group COO and Whole-time Director of the Company for a period of three years effective May 3, 2013 to May 2, 2016 as set out in the draft Agreement to be entered into between the Company and Mr. Rajgopal Nogja , as placed before this meeting and initialed by the Chairman for the purpose of identification.

RESOLVED FURTHER THAT in case the Company during the above referred years has, no profits or its profits are inadequate, Mr. Rajgopal Nogja, Group COO and Whole-time Director be paid the aforementioned remuneration as "Minimum Remuneration" in the respective financial year(s) notwithstanding that the same may exceed the ceiling limit laid down in Sections 198, 309 and Schedule XIII to the Act.

RESOLVED FURTHER THAT the Board of Directors of the Company (hereinafter referred to as the 'Board' which term shall be deemed to include the 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.

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

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

"RESOLVED THAT pursuant to the provisions of Section 81(1A) and other applicable provisions, if any, of the Companies Act, 1956 (the 'Act') including any amendments, statutory modification(s) or re-enactment thereof for the time being in force (the "Act") and in accordance with the relevant provisions of the Memorandum and Articles of Association of the Company, and in compliance with Chapter VII of Securities and Exchange Board of India (Issue of Capital And Disclosure Requirements) Regulations, 2009 ("SEBI (ICDR) Regulations") and all other applicable laws, rules, regulations, notifications, clarifications, circulars, as may be applicable, issued by Government of India ("GOI"), SEBI and any other appropriate authorities, as may be applicable and in accordance with the provisions stipulated in the listing agreement entered into by the Company with the Stock exchanges where the Company's Equity Shares are listed and subject to such approvals, consents, permissions and sanctions, if any, of GOI, SEBI, Stock Exchanges and any other appropriate 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, consent of the Company, be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as the "Board", which term shall include any Committee(s) of the Board constituted / to be constituted by the Board to exercise its powers including the powers conferred on the Board by this resolution) to create, offer, issue and allot on a preferential basis upto 4,50,00,000 (Four Crore Fifty Lakhs) Warrants ("Warrants") to the Promoter Company(ies) mentioned in Item No. 8 under the Explanatory Statement attached herewith, in one or more tranches, for a value not exceeding ₹ 64,00,00,000 (Rupees Sixty Four Crore Only) on such terms and conditions, as may be determined by the Board, in its absolute discretion entitling the Warrant holder(s), at their sole option, any time after the Entitlement Date but before the expiry of 18 (eighteen) months from the date of allotment of such Warrants , to apply for the Equity Shares of the Company in the ratio of 1 (One) fully paid up Equity Share of the Company of face value ₹ 1/- (Rupee one) each against each Warrant , at an issue price as on the "Relevant Date" which shall not be less than the higher of the following in accordance with Regulation 76 (1) of Chapter VII of SEBI (ICDR) Regulations:

(a) The average of the weekly high and low of the closing prices of the Company's Equity Shares quoted on a recognised stock exchange during the twenty six weeks preceding the 'Relevant Date';

Or

(b) The average of the weekly high and low of the closing prices of the Company's Equity Shares quoted on a recognised stock exchange during the two weeks preceding the 'Relevant Date';

Stock Exchange for the purpose of clauses (a) and (b) above means any of the recognised stock exchange where the Equity Shares of the Company are listed and where the highest trading volume in respect of the said shares has been recorded during the preceding twenty six weeks prior to the relevant date;

Relevant Date, as per Regulation 71 of SEBI (ICDR) Regulations, for the purpose of determining the issue price of the Equity Shares to be issued and allotted upon conversion/exercise of right attached to the Warrants referred to above, is 30 days prior to the Entitlement Date June 28, 2013 which is the date on which the holder of the Warrants would become entitled to apply for the Equity Shares and the Board be and is hereby also authorized to issue fresh Equity Shares upon the conversion of the Warrants, provided that the aggregate number of said Equity Shares of the Company to be issued and allotted against such Warrants shall not exceed 4,50,00,000 (Four Crore Fifty Lakhs) fully paid Equity Shares of ₹ 1/- (Rupee One) each on such terms and conditions, as may be finalized by the Board of Directors.

RESOLVED FURTHER THAT the issue of Warrants, as above, shall be subject to the following terms and conditions:

a) The terms and conditions for the issue of Warrants and the resultant Equity Shares arising out of the conversion of the Warrants shall be decided by the Board of Directors in accordance with the SEBI (ICDR) Regulations and other provisions of applicable laws.

b) An amount not less than 25% of the issue price fixed in terms of Regulation 76(1) of SEBI (ICDR) Regulations shall be payable on or before the date of allotment of the said Warrants in terms of Regulation 77(2) of SEBI (ICDR) Regulations, as amended from time to time. Upon exercise of the right to apply for Equity Shares, the Warrant holders shall be liable to make the payment of the balance amount of the issue price. The amount paid will be adjusted against the issue price of the resultant Equity Shares.

c) The resultant Equity Shares to be issued and allotted upon conversion of the Warrants, in accordance with the terms of the offer(s), shall rank, pari passu with the existing Equity Shares of the Company in all respects and shall be listed on the stock exchanges where the Equity Shares of the Company are listed.

d) The Warrants and the resultant Equity Shares issued pursuant to this resolution shall be subject to lock-in in accordance with SEBI (ICDR) Regulations.

e) The offer, issue and allotment of the Warrants, and the fresh Equity Shares to be issued on conversion of the Warrants shall be made at such time or times that the Board of Directors may in their absolute discretion decide, subject to the SEBI (ICDR) Regulations and other applicable laws, and the terms agreed between the Board of Directors and the proposed allottees of the Warrants.

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to delegate all or any of the powers herein conferred to any Committee of Directors or any one or more Directors of the Company.

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board be and is hereby authorized on behalf of the Company to take all actions and do all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary, proper or desirable for such purpose and settle all questions, difficulties or doubts that may arise with regard to the offer, issue and allotment of the Warrants and the resultant Equity Shares including utilization of the issue proceeds, as in its absolute discretion, it may deem fit and proper, without being required to seek any further consent or approval of the members of the Company."

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

"RESOLVED THAT pursuant to Section 81(1A) and other applicable provisions, if any, of the Companies Act, 1956, including the rules made thereunder and any amendments, 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 and such other statues, notifications, clarifications, circulars, rules and regulations as may be applicable, as amended from time to time, issued by the Government of India ("GOI"), the Securities and Exchange Board of India ("SEBI"), the Reserve Bank of India ("RBI"), Stock Exchanges and any other appropriate authorities, as may be applicable and in accordance with the enabling provisions in the Memorandum and Articles of Association of the Company and /or stipulated in the Listing Agreements entered into by the Company with the Stock Exchanges where the Equity Shares of the Company are listed and subject to such approvals, consents, permissions and sanctions, if any, of the GOI, SEBI, RBI, Stock Exchanges and any other relevant statutory /governmental authorities (the "concerned Authorities") as may be required and applicable and further subject to such terms and conditions as may be prescribed or imposed by any of the concerned Authorities while granting such approvals, consents, permissions and sanctions as may be necessary, which the Board of Directors of the Company (hereinafter referred to as the "Board", which term shall include any Committee (s) constituted /to be constituted by the Board to exercise the powers conferred on the Board by this Resolution) is hereby authorized to accept, the consent of the Company be and is hereby accorded to the Board to create, issue, offer and allot (including with provisions for reservation on firm and / or competitive basis, of such part of issue and for such categories of persons as may be permitted), Equity Shares and /or Equity Shares through depository receipts including American Depository Receipts (ADRs), Global Depository Receipts (GDRs) and / or Convertible Bonds, Fully Convertible Debentures (FCDs), Partly Convertible Debentures (PCDs), Optionally Convertible Debentures (OCDs), and /or other securities convertible into Equity Shares at a later date, at the option of the Company and /or the holder(s) of such securities (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 in accordance with the Regulations for "Qualified Institutions Placement" (QIP) prescribed under Chapter VIII of the SEBI (Issue of Capital and Disclosure Requirement) Regulations, 2009, as amended ("SEBI Regulations"), or by any one or more of a combination 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 Qualified Institutional Buyers (QIB) including Foreign Institutional Investors, resident/non-resident investors (whether institutions, incorporated bodies, mutual funds, individuals or otherwise), Venture Capital Funds (foreign or Indian), Indian and/or Multilateral Financial Institutions, Mutual Funds, Non-Resident Indians, stabilizing agents and/ or any other categories of investors, whether they be holders of the Equity Shares of the Company or not (collectively referred as "Investors") 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 ₹ 1000 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, creation of mortgage/ charge in accordance with Section 293 (1)(a) of the Companies Act, in respect of any Securities as may be required either on pari-passu basis or otherwise, the Stock Exchanges on which such securities will be listed, finalization of allotment of the Securities on the basis of the subscriptions received 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 shall be fully paid-up and the allotment of such Specified Securities shall be completed within twelve months from the date of this resolution or such other time as may be allowed under the SEBI Regulations from time to time, at such price being not less than the price determined in accordance with the pricing formula provided under Chapter VIII of the SEBI Regulations and the Specified Securities shall not be eligible to be sold for a period of one year from the date of allotment, except on a recognized Stock Exchange, or as may be permitted from time to time under the SEBI Regulations.

RESOLVED FURTHER THAT in the event of issue of Specified Securities by way of a 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 time 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 by way of a QIP, 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 such as bonus issue, rights issue, split and consolidation of share capital, merger, demerger, transfer of undertaking, sale of division or any such capital or corporate restructuring exercise.

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

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

By Order of the Board
For Hindustan Construction Co. Ltd

VITHAL P. KULKARNI
Company Secretary

Registered Office:
Hincon House,
11th Floor, 247Park,
Lal Bahadur Shastri Marg,
Vikhroli (West),
Mumbai 400 083.

Place: Mumbai
Date: May 3, 2013

NOTES

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES IN ORDER TO BE EFFECTIVE MUST BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.

2. Members/Proxies should bring the Attendance Slip duly filled in for attending the Meeting and also their copy of the Annual Report.

3. The Register of Members and the Share Transfer Books of the Company will remain closed from Friday, June 14, 2013 to Friday, June 21, 2013 (both days inclusive) for the purpose of the Annual General Meeting.

4. The Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, relating to the Special Business to be transacted at the ensuing Annual General Meeting is annexed hereto and forms part of the Notice.

5. The Members are requested to:

   (a) Intimate change in their registered address, if any, to the Company's Registrar and Share Transfer Agents, M/s. TSR Darashaw Private Limited at 6-10, Haji Moosa 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 M/s. TSR Darashaw Private Limited immediately of the change in residential status on return to India for permanent settlement.

   (d) Register their email address and changes therein from time to time with M/s. TSR Darashaw Private Ltd. for shares held in physical form and with their respective Depository Participants for shares held in demat form.

6. Corporate Members intending to send their authorized representatives are requested to send duly certified copy of the Board Resolution authorizing their representatives to attend and vote at the ensuing Annual General Meeting so as to reach the Company on or before June 19, 2013.

7. Consequent upon, the introduction of Section 109A of the Companies Act, 1956, members are entitled to make nominations in respect of the Equity Shares held by them, in physical form. Members desirous of making nominations may procure the prescribed Form 2B from the Registrar & Share Transfer Agents, M/s. TSR Darashaw Private Limited and have it duly filled and sent back to them.

8. As you all may be aware, the Ministry of Corporate Affairs (MCA) had under taken a "Green Initiative in Corporate Governance" (Circular No. 17/2011 dated 21.04.2011 and Circular No. 18/2011 dated 29.04.2011) allowing paperless compliances by Companies through electronic mode, whereby the companies have been permitted to send various notices/documents to its shareholders through electronic mode to the registered e-mail addresses of shareholders. Securities and Exchange Board of India (SEBI) vide its Circular No. CIR/CFD/DIL/2011 dated October 5, 2011, have also, in line with the aforesaid MCA circulars, permitted listed entities to supply soft copies of full annual reports to all those shareholders who have registered their email addresses for the purpose. This move by the MCA and SEBI is a welcome measure since it will benefit the society at large through reduction in paper consumption and contribution towards a Greener Environment.

   In view of the Green Initiatives announced as above, the Company shall send all documents (to Shareholders) like General Meeting Notices (including AGM), Annual Reports comprising Audited Financial Statements, Directors' Report, Auditors' Report and any other communication in future (hereinafter referred as "documents") in electronic form, in lieu of physical form, to all those shareholders, 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 shareholder's registered email address for serving documents including those covered under Section 219 of the Companies Act, 1956(the Act) read with Section 53 of the Act and Clause 32 of the Listing Agreement executed with the Stock Exchanges.

   To enable the servicing of documents electronically to the registered email address, we request the shareholders to keep their email addresses validated/updated from time to time.

Nevertheless with a view to bring in lasting awareness amongst shareholders on the Green Initiatives, we wish to reiterate that Shareholders 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 Shareholders holding shares in physical form have to write to our RTA, M/s TSR Darashaw Private Limited at their address specified below, so as to update their registered email address from time to time.

TSR Darashaw Private 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

Please note that the Annual Report of the Company will also be available on the Company's website www.hccindia.com for ready reference. Shareholders are also requested to take note that they will be entitled to be furnished, free of cost, the aforesaid documents, upon receipt of requisition from the shareholder, any time, as a member of the Company.

9. Appointment / Re-appointment of Directors

The Board of Directors of the Company, at their meeting held on March 28, 2013, has re-appointed Mr. Ajit Gulabchand as Managing Director, designated as Chairman & Managing Director of the Company for a period of 5 years with effect from April 1, 2013, subject to the approval of the Shareholders of the Company.

The Board of Directors of the Company, at their meeting held on May 3, 2013, has appointed Mr. Rajgopal Nogja as Whole-time Director of the Company, designated as Group Chief Operating Officer (COO) and Whole-time Director of the Company for a period of 5 years with effect from May 3, 2013 subject to the approval of the Shareholders of the Company.

At the ensuing Annual General Meeting, Mr. Y. H. Malegam, Mr. K. G. Tendulkar and Mr. Anil C. Singhvi are the Directors, retiring by rotation. Mr. K. G. Tendulkar and Mr. Anil C. Singhvi, being eligible, offer themselves for re-appointment. Mr. Y. H. Malegam has expressed his unwillingness to seek re-appointment as a Director of the Company.

Pursuant to Clause 49 (IV) (G) of the Listing Agreement, the following information is furnished in respect of the aforesaid Directors who are seeking appointment/re-appointment:

I	Name	Mr. Ajit Gulabchand
	Date of Birth	June 28, 1948
	Qualification & Expertise	B. Com. (Hons.) Mr. Ajit Gulabchand has over three decades of enriched experience in construction business. He has served the Board of HCC since March 3, 1983 and was appointed as Managing Director w.e.f. April 1, 2013. He was elevated as Chairman of the Company in May 1994. Since then, he has been re-appointed as Managing Director designated as Chairman and Managing Director from time to time, for a period of five years each. His present tenure of re-appointment as Managing Director designated as Chairman and Managing Director of the Company was approved by the Board of Directors of the Company on March 28, 2013 for the period of five years w.e.f. April 1, 2013. Mr. Gulabchand had earlier served as Chief Executive Officer of Indian Hume Pipe Co. and as Managing Director of Ravalgaon Sugar Farm. He is a member of the Governor's Steering Board of the Infrastructure and Urban Development Community at the World Economic Forum, Geneva. He is the also Chairman of the Governing Council of the Construction Skills Development Council of India.
	Directorship held in other Public Companies	1) Bajaj Electricals Ltd 2) RPG Life Sciences Ltd 3) The Indian Hume Pipe Co. Ltd 4) Hincon Holdings Ltd 5) Hincon Finance Ltd 6) Lavasa Corporation Ltd 7) HCC Real Estate Ltd 8) HCC Infrastructure Co. Ltd 9) Charosa Wineries Ltd 10) Hincon Technoconsult Ltd 11) Western Securities Ltd 12) Highbar Technologies Ltd 13) HCC Construction Ltd 14) Steiner India Ltd

	Chairmanship / Membership of Committees in other Public Companies	- Member of Audit and Remuneration Committee of Bajaj Electricals Ltd - Member of Shareholders / Investors Grievance Committee of The Indian Hume Pipe Co. Ltd - Chairman of Audit Committee of Charosa Wineries Ltd
	No. of Equity Shares held	21,17,294
II	Name	Mr. Rajgopal Nogja
	Date of Birth	May 29, 1972
	Qualification & Expertise	Bachelor's Degree in Civil Engineering and Masters in Construction Management. Mr. Rajgopal Nogja has over 18 years of experience in the Real Estate and Construction Industry. At HCC, Mr. Nogja started his career in 2000 by assisting the Chairman and Managing Director of HCC Ltd. for strategic decisions & initiatives for new businesses, financial viability of projects and operations of the HCC Group. In 2007, he was appointed as President – Lavasa Corporation Ltd wherein he spearheaded and transformed the Lavasa vision into a reality and played a pioneering role in establishing the planned hill city as a successful business model. In 2008 he was appointed President - HCC Real Estate Ltd and was responsible for the development of 247Park, India's largest standalone Leed certified Gold rated Green building at the time. He is credited with completing the project in record time. He has also successfully completed its stake sale, with a valuation of ₹ 775 crore. During the course of his career, he has been instrumental in successfully managing residential, commercial & industrial developments, project implementation and management, property management, relocation negotiation, project finance negotiation and feasibility studies. His previous stints were with Mahindra Realty & Infrastructure Developers Ltd. and Gammon India Ltd. Mr. Nogja is also a member of Board of Governors' NICMAR (National Institute of Construction Management & Research) and oversees the management of Walchand College of Engineering, Sangli. Mr. Nogja held the post of Group President – Development Companies since 2011 and subsequently in April 2013 has been elevated as the Group Chief Operating Officer (Group COO) for HCC Group Businesses. The Board of Directors of the Company at their meeting held on May 3, 2013 has appointed Mr. Rajgopal Nogja as an Additional Director and Whole-time Director designated as Group COO & Whole-time Director for the period of 5 years w.e.f. May 3, 2013.
	Directorship held in other Public Companies	1. HCC Infrastructure Co. Ltd 2. HRL Township Developers Ltd 3. Nashik Township Developers Ltd 4. Maan Township Developers Ltd 5. HRL (Thane) Real Estate Ltd 6. Apollo Lavasa Health Corporation Ltd 7. Charosa Wineries Ltd 8. Pune Paud Toll Road Co. Ltd 9. HCC Aviation Ltd
	Chairmanship / Membership of Committees in other Public Companies	- Member of Audit Committee of Charosa Wineries Ltd and Pune Paud Toll Road Company Ltd
	No. of Equity Shares held	Nil
III.	Name	Mr. K. G. Tendulkar
	Date of Birth	February 4, 1954
	Qualification & Expertise	B.Com. B.G.L, FCA He was the Executive Director (Operations) at HCC since 1993 and was elevated as Deputy Managing Director of the Company in 2005 and held the position uptil November 2009. Following the acquisition of Steiner AG, Switzerland in 2010, Mr. Tendulkar was appointed as its Managing Director.

Directorship held in other Public Companies	1)	Hincon Finance Ltd
	2)	Hincon Holdings Ltd
	3)	Pune Paud Toll Road Co. Ltd
	4)	HCC Real Estate Ltd
	5)	HCC Construction Ltd
	6)	Charosa Wineries Ltd
	7)	Highbar Technologies Ltd
	8)	Steiner India Ltd
Chairmanship / Membership of Committees in other Public Companies	-	Chairman of Audit Committee of Pune Paud Toll Road Co. Ltd
	-	Member of Audit Committee of HCC Real Estate Ltd and Charosa Wineries Ltd
No. of Equity Shares held		20,000

IV.	Name	Mr. Anil C. Singhvi
	Date of Birth	June 30, 1959
	Qualifications & Expertise	B.Com. C.A.

Mr. Singhvi has over 30 years of experience in the Corporate sector, out of which 22 years were spent with Ambuja Cements Ltd, where he successfully rose through the ranks from Manager to Managing Director & CEO.

He is Chairman of Ican Investments Advisors Pvt Ltd, a Corporate Advisory firm engaged in Investment Banking and Corporate advisory services.

Recently, he found IIAS (Institutional Investor Advisory Services India Ltd), a proxy advisory Company for Institutional Investors.

Directorship held in other Public Companies	1)	IDFC Securities Ltd
	2)	Capital First Ltd
	3)	Subex Limited
	4)	Greatship (India) Ltd
	5)	HCC Infrastructure Co. Ltd
	6)	Lavasa Corporation Ltd
	7)	Institutional Investors Advisory Services India Ltd
Chairmanship / Membership of Committees in Other Public Companies	-	Chairman of Audit Committee of Capital First Ltd
	-	Member of Audit Committee of Subex Ltd and Lavasa Corporation Ltd
	-	Member of Remuneration Committee of Subex Ltd
No. of Equity Shares held		33,720

By Order of the Board
For Hindustan Construction Co. Ltd

VITHAL P. KULKARNI
Company Secretary

Registered Office:
Hincon House,
11th Floor, 247Park,
Lal Bahadur Shastri Marg,
Vikhroli (West),
Mumbai 400 083.

Place: Mumbai
Date: May 3, 2013

Item No. 4

Mr. Y. H. Malegam retires by rotation at this Annual General Meeting and is eligible for re-appointment. However, Mr. Malegam has expressed his unwillingness to seek re-election as a Director of the Company. The Company does not propose to fill up the vacancy at this Meeting or any adjournment thereof. Hence as required under Section 256 (4) (a) of the Companies Act, 1956, the resolution as contained at Item No. 4 of the Notice has been proposed seeking that the vacancy caused by the retirement of Mr. Y. H. Malegam, be not filled up at this meeting or any adjournment thereof.

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

Item Nos. 6 & 7

I. **Re-appointment of Mr. Ajit Gulabchand as Managing Director, designated as Chairman & Managing Director of the Company :**

The Board of Directors of the Company, at their meeting held on March 28, 2013, has re-appointed Mr. Ajit Gulabchand as Managing Director, designated as Chairman & Managing Director of the Company for a period of 5 years with effect from April 1, 2013, subject to the approval of the Shareholders of the Company.

Considering the current financial position of the Company, Mr. Ajit Gulabchand, Chairman & Managing Director of the Company has expressed his desire to maintain his remuneration for the period of 3 years effective from April 1, 2013 to March 31, 2016 at the same level as of FY 2012-13 as approved by the Shareholders of the Company by way of a Special Resolution at its Annual General Meeting held on June 15, 2012.

The Remuneration Committee of the Board and the Board of Directors of the Company at its Meeting held on March 28, 2013, subject to the approval of the Shareholders and the Central Government and in accordance with the provisions of Schedule XIII to the Companies Act, 1956, has approved his remuneration for a period of three years effective from April 1, 2013 to March 31, 2016 at the same level as of FY 2012-13 as approved by the Shareholders of the Company by way of Special Resolution at its Annual General Meeting held on June 15, 2012.

As the payment of minimum remuneration to Mr. Ajit Gulabchand, Chairman & Managing Director for the three year period i.e. April 1, 2013 to March 31, 2016 may exceed the ceiling limit laid down in Sections 198,309 read with Schedule XIII to the Act, Shareholders approval vide Special Resolution is sought for the said proposal, subject to approval of the Central Government.

Approval for payment of remuneration to Mr. Ajit Gulabchand for remaining period of two years of his re-appointment would be sought in terms of the provisions of Schedule XIII to the Act in due course.

Mr. Ajit Gulabchand, Chairman & Managing Director is B.Com (Hons). He has over three decades of enriched experience in construction business and has served the Board of HCC, as Managing Director from April 01, 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.

The main terms and conditions of re-appointment (including payment of remuneration for the period of 3 years i.e. effective from April 1, 2013 to March 31, 2016) of Mr. Ajit Gulabchand as Managing Director designated as Chairman & Managing Director of the Company are given below:-

1. APPOINTMENT:

   5 years effective from April 1, 2013 to March 31, 2018.

2. **REMUNERATION (For a period of 3 years effective from April 1, 2013 to March 31, 2016):**

   A. **Salary:**

   ₹ 40,00,000/- per month.

   B. **Perquisites and Allowances:**

   i) In addition to salary and commission payable, if any, he shall also be entitled to perquisites and allowances like accommodation (furnished or otherwise) or house rent allowance in lieu thereof, house maintenance allowance together with reimbursement of expenses or allowances for utilities such as gas, electricity, water, furnishings, repairs and other allowances, medical reimbursement, club fees and leave travel concession for self and his family, personal accident insurance, contribution to superannuation fund and such other perquisites and allowances in accordance with the rules of the Company or as may be agreed to between the Remuneration Committee and/or the Board of Directors and the Chairman & Managing Director. However, the payment of such perquisites and allowances will be subject to a maximum of 110% of the annual salary.

   ii) For the purpose of calculating the above ceiling, perquisites and allowances shall be evaluated as per the Income-Tax Rules,1962, wherever applicable. In the absence of any such rules, perquisites and allowances shall be evaluated at actual cost.

iii) Provision for use of Company's car for office duties and telephone and other communication facilities at residence shall not be included in the computation of perquisites for the purpose of calculating the said ceiling.

iv) Company's contribution to Provident Fund shall not be included in the computation of the aforesaid ceiling on perquisites and allowances to the extent this is not taxable under the Income-Tax Act, 1961.

v) One month's leave for every eleven months service.

vi) Gratuity payable as per the rules of the Company and encashment of leave at the end of the tenure shall not be included in the computation of the ceiling for the perquisites and allowances as aforesaid.

C. Commission:

Such remuneration by way of Commission, in addition to salary, perquisites and allowances calculated with reference to the net profits of the Company in a particular financial year, if any, as may be determined by the Remuneration Committee of the Board and/or the Board of Directors of the Company at the end of each financial year, subject to overall ceiling stipulated in Sections 198 and 309 of the Companies Act, 1956.

3. MINIMUM REMUNERATION:

Where in any financial year during the currency of the tenure of the Chairman & Managing Director, the Company has no profits or its profits are inadequate, the Chairman & Managing Director shall be paid the aforesaid remuneration as "Minimum Remuneration" in the respective financial year(s) notwithstanding that the same may exceed the ceiling limit laid down under Section 198, 309 and Schedule XIII to the Act, subject to the approval of the Central Government.

The terms and conditions of his re-appointment may be altered and varied from time to time by the Board and/ or Remuneration Committee as it may, in its discretion deem fit, notwithstanding the limits stipulated under Schedule XIII to the Act or any amendments made hereafter in this regard in such manner as may be agreed to between the Board and /or Remuneration Committee and the Chairman & Managing Director, subject to such approvals as may be required.

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

The draft of the agreement to be entered into between the Company and Mr. Ajit Gulabchand will be available for inspection by the Shareholders at the Registered Office of the Company between 11.00 a.m. and 1.00 p.m. on any working day of the Company till the date of the Annual General Meeting.

II. Appointment of Mr. Rajgopal Nogja as Whole-time Director, designated as Group Chief Operating Officer (COO) and Whole-time Director of the Company:

The Board of Directors of the Company, at their meeting held on May 3, 2013 has appointed Mr. Rajgopal Nogja as an Additional Director and Whole-time Director designated as Group Chief Operating Officer (COO) and Whole-time Director for a period of five years w.e.f. May 3, 2013 subject to the approval of Shareholders of the Company. Pursuant to Section 260 of the Companies Act, 1956, Mr. Rajgopal Nogja holds office upto the Annual General Meeting of the Company.

As required under Section 257 of the Companies Act, 1956, Notice has been received from a Shareholder of the Company along with a deposit of ₹ 500/- signifying his intention to propose Mr.Rajgopal Nogja as a candidate for the Office of Director.

The Remuneration Committee of the Board and the Board of Directors of the Company at its Meeting held on May 3, 2013, subject to the approval of the Shareholders and in accordance with the provisions of Schedule XIII to the Companies Act, 1956, has approved his remuneration for a period of three years effective from May 3, 2013 to May 2, 2016.

The payment of minimum remuneration to Mr. Rajgopal Nogja, Group COO and Whole-time Director Chairman & Managing Director for the three year period i.e. May 3, 2013 to May 2, 2016 may exceed the ceiling limit laid down in Sections 198,309 read with Schedule XIII to the Act, Shareholders approval vide Special Resolution is sought for the said proposal.

As per Notification No. GSR 534(E) dated July 14, 2011 issued by the Ministry of Corporate Affairs a Proviso was inserted under Sub-paragraph (C) of Paragraph (1) of Section II of Part II of Schedule XIII to the Act whereby if in any financial year during the currency of the tenure of the managerial person, a Company has no profits or its profits are inadequate, it may pay remuneration to a managerial person without seeking approval of Central Government if the managerial person is not having any interest in the capital of the Company or its holding Company, directly or indirectly or through any statutory structures and not having any direct or indirect interest or related to the directors or promoters of the Company or its holding Company at any time during last two years before or on the date of appointment and is having a graduate level qualification with expert and specialized knowledge in the field of his profession.

All the conditions stated in the aforesaid proviso under Sub-paragraph (C) of Paragraph (1) of Section II of Part II of Schedule XIII to the Act are being fulfilled by Mr. Rajgopal Nogja and therefore he is a Professional Director who is a qualified expert and possesses specialized knowledge and vast experience for discharging the functions entrusted to him as a Whole-time Director of the Company. Neither does he have any direct or indirect interest in the capital of the Company or through any other statutory structures and does not have any direct or indirect interest or is not related to the directors or promoters of the Company at any time during his tenure. In view of his fulfillment of all the conditions stated in the said proviso for payment of remuneration to Professional Directors, no approval of Central Government is required to be sought for payment of remuneration to Mr.Rajgopal Nogja, Group COO and Whole-time Director.

Approval for payment of remuneration to Mr. Rajgopal Nogja for remaining period of two years of his appointment would be sought in terms of the provisions of Schedule XIII to the Act in due course.

Mr. Rajgopal Nogja holds a Bachelor's Degree in Civil Engineering from Pune University and a Masters Degree in Construction Management from NICMAR.

He has over 18 years of experience in the Real Estate and Construction Industry.

At HCC, he started his career in 2000 by assisting the Chairman and Managing Director of HCC Ltd. for strategic decisions & initiatives for new businesses, financial viability of projects and operations of the HCC Group.

Since 2011, Mr. Nogja held the post of Group President – Development Companies and subsequently in April 2013 has been elevated as Group Chief Operating Officer (Group COO) for the HCC Group businesses.

The main terms and conditions of appointment (including payment of remuneration for the period of 3 years i.e. effective from May 3, 2013 to May 2, 2016) of Mr. Rajgopal Nogja as Whole-time Director designated as Group Chief Operating Officer & Whole-time Director are given below:

1. Period of Appointment:

   5 years with effect from May 3, 2013.

2. Remuneration (For a period of 3 years effective from May 3, 2013 to May 2, 2016):

   A. Salary:

      ₹ 18,00,000 - ₹ 1,75,000 - ₹ 21,50,000 per month.

   B. Perquisites and Allowances:

      i) In addition to salary and commission payable, if any, the Whole-time Director shall also be entitled to perquisites and allowances like accommodation (furnished or otherwise) or house rent allowance in lieu thereof, house maintenance allowance together with reimbursement of expenses or allowances for utilities such as gas, electricity, water, furnishings, repairs and other allowances, medical reimbursement, club fees and leave travel concession for self and his family, personal accident insurance, contribution to superannuation fund and such other perquisites and allowances in accordance with the Rules of the Company or as may be agreed to between the Remuneration Committee and/or the Board of Directors and the Whole-time Director. However, the payment of such perquisites and allowances will be subject to a maximum of 100% of the annual salary.

      ii) For the purpose of calculating the above ceiling, perquisites and allowances shall be evaluated as per the Income-Tax Rules,1962, wherever applicable. In the absence of any such rules, perquisites and allowances shall be evaluated at actual cost.

      iii) Provision for use of Company's car for office duties and telephone and other communication facilities at residence shall not be included in the computation of perquisites for the purpose of calculating the said ceiling.

      iv) Company's contribution to Provident Fund shall not be included in the computation of the aforesaid ceiling on perquisites and allowances to the extent this is not taxable under the Income-Tax Act, 1961.

      v) One month's leave for every eleven months service.

      vi) Gratuity payable as per the rules of the Company and encashment of leave at the end of the tenure shall not be included in the computation of the ceiling for the perquisites and allowances as aforesaid.

   C. Commission:

      Such remuneration by way of Commission, in addition to salary, perquisites and allowances at the end of each financial year, computed in the manner as stated herein below:

      a) 1% of the net profits of the Company as determined in a manner provided under Section 198 and 309 of the Companies Act, 1956 or

b) 100% of the Annual Salary, whichever is less

The Remuneration Committee of the Board and / or the Board may in its absolute discretion pay Commission of an amount higher than stated above, subject to the overall ceiling as stipulated under Section 198 and Section 309 of the Companies Act, 1956.

3. MINIMUM REMUNERATION:

Where in any financial year during the currency of the tenure of the Whole-time Director, the Company has no profits or its profits are inadequate, the Whole-time Director shall be paid the aforesaid remuneration as "Minimum Remuneration" in the respective financial year(s) notwithstanding that the same may exceed the ceiling limit laid down under Section 198, 309 and Schedule XIII to the Act.

The terms and conditions of his appointment may be altered and varied from time to time by the Board and/ or Remuneration Committee as it may, in its discretion deem fit, notwithstanding the limits stipulated under Schedule XIII to the Act or any amendments made hereafter in this regard in such manner as may be agreed to between the Board and /or Remuneration Committee and the Group COO & Whole-time Director, subject to such approvals as may be required.

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

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

In terms of the requirements as per sub-clause (iv) of the proviso to Sub-paragragh (C) of Paragraph (1) of Section II of Part II of Schedule XIII to the Act, the information is as furnished below:

I. 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)

Sr. No.	Particulars	Year				
		2008-09	2009-10	2010-11	2011-12	2012-13
1	Paid-up Capital	25.63	30.33	60.66	60.67	60.67
2	Reserves and Surplus	964.03	1,486.85	1,461.53	1,239.44	1,101.11
3	Turnover *	3,518.32	3,862.97	4,149.05	4,010.60	3,838.65
4	Net Profit as per Sec 198 (read with Section 349) of the Companies Act, 1956	109.27	122.39	117.34	-	-
5	Amount of Dividend Paid	20.50	24.26	24.26	-	-
6	Rate of Dividend Declared	80%	80%	40% (post bonus issue 1: 1)	-	-

*Turnover include Company's share in Turnover of Integrated Joint Ventures

(5) Export Performance, Net Foreign Exchange Earnings and Collaborations:

During the year 2012-13, the accrued value of exported goods or services on F.O.B. Basis and work bills realized on contracts is ₹ 92.36 crore. The Company has no foreign collaboration.

(6) Foreign Investments or Collaborators, if any :

The total Equity Shares held by Foreign Institutional Investors (FIIs) and Global Depository Shares (GDS) holders is 10,86,14,745 Equity Shares of ₹ 1 each which constitutes 17.90 % 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:

(a) Mr. Ajit Gulabchand:

Mr. Ajit Gulabchand, Chairman & Managing Director is B.Com (Hons) and aged 64 years. He has over three decades of enriched experience in construction business and has served the Board of HCC, as Managing

Director from April 01, 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 present 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.

(b) Mr. Rajgopal Nogja:

Mr. Rajgopal Nogja holds a Bachelor's Degree in Civil Engineering from Pune University and Masters Degree in Construction Management from NICMAR. He has over 18 years of experience in the Real Estate and Construction Industry. At HCC, he started his career in 2000 by assisting the Chairman and Managing Director of HCC Ltd. for strategic decisions & initiatives for new businesses, financial viability of projects and operations of the HCC Group.

Mr. Nogja held the post of Group President – Development Companies since 2011 and subsequently in April 2013 has been elevated as the Group Chief Operating Officer (Group COO) for the HCC Group businesses.

His appointment as the Group COO and Whole-time Director of the Company was approved by the Board of Directors for a period of five years with effect from May 3, 2013.

(2) Past Remuneration:

(a) Mr. Ajit Gulabchand:

The details of Salary, Perquisites and Allowances and other retiral benefits paid to Chairman & Managing Director in the last three financial years i.e. 2010-11, 2011-12 and 2012 – 13 are as given below:

(Amount in ₹)

Period		Annual Salary, Perquisites, Allowances and Retirals
01/04/2010	31/03/2011	5,86,40,000
01/04/2011	31/03/2012	5,86,40,000
01/04/2012	31/03/2013	10,65,60,000

(b) Mr. Rajgopal Nogja:

Please note that Mr. Rajgopal Nogja has been appointed on May 3, 2013 ie. during the present financial year 2013-2014 as Whole-time Director and therefore the below given past remuneration was paid to him, purely while in employment and not as a managerial person. The details of remuneration paid to him in the last three financial years i.e. 2010-11, 2011-12 & 2012-13 are as given below :

(Amount in ₹)

Period		Annual Salary, Perquisites, Allowances, Performance Linked Pay and Retirals
01/04/2010	31/03/2011	3,27,63,191
01/04/2011	31/03/2012	3,67,03,086
01/04/2012	31/03/2013	3,58,76,860

(3) Recognition/Awards:

(a) Mr. Ajit Gulabchand's Global Engagements:

Mr. Ajit Gulabchand has received several global recognitions and accolades during his tenure as Managing Director. Alongside his responsibilities at HCC, Mr. Gulabchand holds leadership positions in several key industry bodies. He is a member of the Governor's Steering Board of the Infrastructure and Urban Development Community at the World Economic Forum, Geneva. He is the Chairman of the Governing Council of the Construction Skills Development Council of India and President of the Construction Federation of India. 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 the WEF in Davos, 2011. He also served as a Co-Chair at the WEF's India Economic Summit in 2010. He is the only Indian business leader to participate on panels at the United Nation's Annual Summit on Climate Change, as well on the United Nation's Global Compact Summit. Mr. Gulabchand is also the first Asian signatory globally to endorse the United Nations' CEO Water Mandate. He is an Executive Committee member of TERI's (The Energy and Resources Institute) Business Council for Sustainable Development. He is a Board Member of the Disaster Resource

Partnership, formed in coordination between the World Economic Forum's Engineering and Construction Member and Partner companies. He is also the founder member and Chairman of Disaster Resource Network India.

(b) Mr. Rajgopal Nogja:

Mr. Rajgopal Nogja is the Member of CII National Committee on Real Estate & Housing since August 2008 and Member of The Royal Institution of Chartered Surveyors since July 2011.

(4) Job Profile and Suitability:

(a) 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. The Company has executed a majority of India's landmark infrastructure projects, having constructed 25% of India's Hydel Power generation and over 50% of India's Nuclear Power generation capacities, over 3,100 lane km of Expressways and Highways, more than 200 km of complex Tunneling and over 324 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.

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 lead 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 and bounce back on the growth trajectory.

(b) Mr. Rajgopal Nogja:

Mr. Rajgopal Nogja has a rich and diverse experience of over 18 years in the Real Estate and Construction Industry. During the course of his career, he has been instrumental in successfully managing residential, commercial & industrial developments, Project Implementation and Management, Property Management, Relocation Negotiation, Project Finance Negotiation and Feasibility studies.

At HCC, he started his career in 2000 by assisting the Chairman and Managing Director of HCC Ltd. for strategic decisions & initiatives for new businesses, financial viability of projects and operations of the HCC Group.

Mr. Nogja held the post of Group President – Development Companies since 2011 and subsequently in April 2013 was elevated as the Group Chief Operating Officer (Group COO) for the HCC Group businesses.

Considering his valuable contribution to the HCC Group, he has been appointed by the Board of Directors as a Whole-time Director designated as Group COO and Whole-time Director with effect from May 3, 2013.

In a highly competitive industry, as the Group COO & Whole-time Director, Mr. Rajgopal Nogja shall be shouldered with increased responsibilities. There is a continuous need to formulate appropriate business policies and formalize business decisions which have a competitive edge over others. As the Group COO and Whole-time Director, his dedicated and holistic involvement for the entire operations of the Company is necessitated. In this new role, he has to discharge multi-faceted responsibilities and with his rich talent and dynamic experience, it is firmly believed that he will provide able guidance and contribution , in order to translate the business prospects into successful business ventures.

With his proven track record in executing projects under difficult conditions and his expertise, the Company will benefit immensely from his experience and have a reinforced direction to steer through the challenging times.

(5) Remuneration proposed:

(a) Mr. Ajit Gulabchand:

Details of the total remuneration comprising, interalia, Salary, Perquisites and Allowances together with Retirals, other benefits/ perquisites and commisssion, if any, which are proposed to be paid to Mr. Ajit Gulabchand, Chairman & Managing Director for the period of 3 years effective April 1, 2013 to March 31, 2016 have been fully set out in the Explanatory Statement under Item No. 6.

(b) Mr. Rajgopal Nogja :

Details of the total remuneration comprising, interalia, Salary, Perquisites and Allowances together with Retirals, other benefits/ perquisites and commission, if any, which are proposed to be paid to Mr. Rajgopal Nogja, Group COO and Whole-time Director for the period of 3 years effective May 3, 2013 to May 2, 2016 have been fully set out in the Explanatory Statement under Item No. 7.

(6) Comparative Remuneration Profile with respect to Industry, Size of the Company, Profile of the position and person:

(a) 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 Remuneration Committee of our Board and the Board of Directors felt that the remuneration proposed to him is reasonable.

In view of the above, Remuneration Committee of the Board and the Board of Directors had approved that 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, it is utmost befitting that Mr. Ajit Gulabchand continues as the Chairman & Managing Director of the Company, considering his competence and invigorating leadership provided to the Company for more than 3 decades which has resulted in sustained growth for the Company. Therefore the payment of aforesaid remuneration stated at resolution no. 6 is commensurate to prevailing levels in the industry and thereby is fit and more than justified for payment to him.

(b) Mr. Rajgopal Nogja:

The Remuneration Committee of the Board and the Board of Directors had approved that considering the competence, subject matter expertise , diversified experience and considering his contribution, it is more than appropriate that Mr. Rajgopal Nogja be appointed as the Group COO & Whole-time Director of the Company in order to drive the operations of the Company in the face of the challenging business environment which will enable the Company to emerge successful.

Therefore the payment of aforesaid remuneration stated at resolution No.7 is reasonable and comparable to the remuneration paid to Professional Directors in the Industry and hence more than justified for payment to him.

(7) Pecuniary Relationship, directly or indirectly, with the Company or relationship with the Managerial Personnel, if any:

(a) Mr. Ajit Gulabchand:

Mr. Ajit Gulabchand, Chairman & Managing Director is not related to any managerial personnel in the Company. 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. 6 and except to the extent of the Promoter shareholdings in the Equity Share Capital of the Company.

(b) Mr. Rajgopal Nogja :

Mr. Rajgopal Nogja, Group COO & Whole-time Director is not related to any managerial personnel in the Company. He does not have any pecuniary relationship, directly or indirectly with the Company or with any managerial personnel nor does he have any direct or indirect interest in the Equity Share capital of the Company besides the remuneration set out in the respective resolution at Item No. 7.

III OTHER INFORMATION:

(1) Reasons for loss or inadequate profits:

Overview of the Construction Sector

The Indian construction sector is the country's second-largest economic segment after agriculture and has been playing a vital role in overall economic development of the country. It forms an integral part of the Indian economy and a conduit for a substantial part of its development investment, is poised for growth on account of industrialization, urbanization, economic development and people's rising expectations for improved quality of living. Construction constitutes 40% to 50% of India's capital expenditure on projects in various sectors such as highways, roads, railways, energy, airports, irrigation, etc . It accounts for nearly 65 per cent of the total investment in infrastructure and is expected to be the biggest beneficiary of increased investments in infrastructure and related sectors.

Large infrastructure investments and growing urbanization is bound to propel growth in the Construction Sector. While the long-term outlook for the construction industry appears positive, concerns have been raised about its immediate future.

Overview of the Company

HCC is an 87 year old business and among the leading engineering, construction and infrastructure development companies in India. With an engineering heritage of nearly 100 years, the Company has executed a majority of India's landmark infrastructure projects, having constructed 25% of India's Hydel Power generation and over 50% of India's Nuclear Power generation capacities, over 3,100 lane km of Expressways and Highways, more than 200 kms of complex tunneling and over 324 Bridges. HCC'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.

HCC is one of the oldest infrastructure development companies in India, founded by Seth Walchand Hirachand in 1926 and continues to complete projects of national interest with a track record of timely completion and as a preferred contractor to Central and State Authorities. Focussing primarily on large scale projects, the Company has a presence across most infrastructure related sectors in India. It has always looked to create competitive advantage by adopting world class practices and operational processes and is one of the pioneers in promoting responsible infrastructure development in India.

As a business group of global scale, it has expertise in developing construction, infrastructure, urban development projects and integrated townships and is an integral part of the Infrastructure development value chain in the country.

Key Concerns for the Construction Sector

Today, the Government of India is faced with the twin challenge of rising fiscal deficits in a slowing economy that also requires large investments in the social sector.

India's GDP has now fallen over 12 successive quarters. The. GDP growth for 2012-13 is estimated to be down to 5% . Growth in gross fixed capital formation (GCFC) has reduced to a paltry 2.5%. In this milieu, construction activity has reduced across the board, and growth of the construction sector was a mere 5.9% in 2012-13.

The pressures on government and private sector funding have created a major cash crunch across the entire infrastructure development supply chain. The lack of liquidity in the system is spiralling into new rounds of delays in execution for want of working capital and further enhancing financial woes.

Apart from the problem of liquidity, the sector is facing a major problem of lack of decision making. In light of the revelation of several scams in the last few years, there is an environment of mistrust towards government agencies and the agencies have responded by freezing decision making to avoid taking any responsibility. Since much of the infrastructure space relies on the government or its agencies as direct developers or regulators, such inertia in decision making impacts implementation across projects.

The twin factors of liquidity and lack of decision making has resulted in emphasis shifting from project execution and delivery to deliberations on contractual interpretations and litigations. Key Issues like delays in land acquisition, obtaining clearances, supply of materials, award of work and operational failures have continued to drag down implementation of projects. These issues have been in force in the last two years and unfortunately have only intensified over time.

Rising input and labour costs coupled with sluggish pace of execution has resulted in lower fixed cost absorption and pressurized operating profit margins. Coupled with the challenging financial situation of most central and state government bodies, has led to huge outstanding payments and receivables across almost all types of infrastructure projects. Mounting receivables has stalled payments and increased the working capital requirement in a high interest rate regime which in turn has resulted in an increase in debt levels and dented net profit margins of companies operating in this Sector.

There is also the continuing risk of protracted delays in government decision-making and resultant slowdown in the announcement of new government projects which is evidenced by the stagnating orders, elevated quantum of stalled projects and declining y-o-y growth rate of projects under implementation which has adversely affected the y-o-y growth rates of various construction companies operating in this sector..

The players in the construction space are compelled to continue operating in a dampened environment with a slew of concerns and challenges facing this industry.

Financial Performance of the Company :

The difficult external environment caused by an industry and economic slowdown has had a direct bearing on HCC's performance. Against this backdrop, the Company continued to experience project execution delays due to high input costs and pending clearances, marked increase in interest costs, tightened liquidity conditions, stretched liquidity position due to increasing work-in progress, declining cash flows due to delays in realization of debtors in an overall inflationary environment.

In this unfortunate atmosphere, HCC's revenues in FY 2013 were in line with those of FY 2012. However, the order book has reduced to around ₹ 14,935 crore and the Company continued to generate losses. These results were further exacerbated by the large quantum of claims and receivables on the books.

The double impact of losses and a large quantum of unresolved claims adversely affected the Company's cash flows. Consequently, Company couldn't service the debt obligations that was built in the last few years of rapid growth. Therefore, the Company opted for a formal method of loan restructuring with the consortium of 27 banks, and referred their total debt to the Company of around ₹ 3,300 crore along with working capital fund based and non-fund based limits of ₹ 6,800 crore to the Corporate Debt Restructuring (CDR) cell under regulatory framework of the Reserve Bank of India (RBI).

The financial restructuring package for the Company was approved by the CDR cell in June 2012 and since then implementation of the package has commenced. The package involves re-calibrating the debt in terms of payback period, deferring certain interests on term loans, providing concessional rate of interest, and advancing further need-based working capital. The decision of the banks to approve CDR for the Company reflects their faith in the Company's long term capability to deliver good returns and has provided breathing space to streamline the business.

(2) Steps taken or proposed to be taken for improvement :

Since the beginning of the slowdown in the middle of 2011-12, HCC recalibrated its business strategy and focused on streamlining the internal organisation and processes with emphasis on leveraging the Company's existing core competencies. This management thrust continued in 2012-13.

Given the changed business environment, the Company has focused on cost management. The different business units created in the growth phase have been collapsed into just one vertical. These concerted efforts have succeeded in making the Company, a leaner organization.

The Company is approaching projects in a focused manner and concentrating on improving bid success ratio rather than increasing the number of bids. The Company is saving costs by optimizing engineering and thereby machinery and capital deployment. The Company is also sharpening its cash flow management.

In a nutshell, the Company is focusing on fewer but larger projects, expanding more into the private sector and is carrying out its operations in a better and more efficient manner.

The Company hopes that these concrete measures would show signs of recovery in the Company's growth path.

(3) Expected increase in productivity and profits in measurable terms:

Government of India has certainly realized the importance of accelerating investments in infrastructure to boost the country's slowing economy. Therefore, it has set a massive target for doubling investment in infrastructure from ₹ 20.5 trillion to ₹ 40.9 trillion during the Twelfth Plan period (2012–2017). The total investment in infrastructure, including roads, railways, ports, airports, electricity, telecommunications, oil gas pipelines and irrigation, is expected to increase from 5.7% of India's GDP in the first year of the Eleventh Plan to around 8.3% in the last year of the Plan. The Twelfth Plan proposes to increase the share to more than 10.5% by the end of the Plan period. This planned investment, if realized, can propel the country's economic growth to a higher trajectory.

The Planning Commission envisages that the step up in investment that is needed for the economy will be feasible primarily because of enlarged private-sector participation. Already, unbundling of infrastructure projects, public private partnerships (PPP), and more transparent regulatory mechanisms have induced private investors to increase their participation in infrastructure development. Private participation in infrastructure investment increased from 22% in the Tenth Five Year Plan to 38% in the Eleventh Plan. This is expected to increase to around 48% during the Twelfth Five Year Plan.

The sheer demand for better infrastructure will drive the sector out of its present turmoil. Going forward, the increased thrust on private public partnership would require not only the creation of government fiscal space but also use of a rational pricing policy. Further, scaling up private-sector participation on a sustainable basis will require redefining the contours of their participation for the development of infrastructure in a transparent and objective manner. This would also require a comprehensive regulatory mechanism to be put in place.

Although the long-term thrust and renewed focus on this industry are likely to work in favour of the players in the construction industry, the outlook for the short term remains uncertain with the various challenges faced by the companies operating in this industry.

In the current environment, execution challenges are expected to persist and the revenue growth rates of construction companies will continue to remain muted.

In this milieu, the Company has been focusing on consolidating its position as one of the leaders in the industry. The emphasis has been on reorienting its business strategy and enhancing its internal capabilities. The Company aims to be leaner and more productive, focus on engineering as a major source of competitive advantage, learn to forge partnerships to promote business, be more price competitive in the market and have stronger client relations to improve collections.

The Company's strategy continues to focus on winning large infrastructure projects in both public and private sector.

As a long term player , the Company has been an integral part of infrastructure development in India. It is now overcoming a dip in its performance, while continuing to build long term value for India and its shareholders. India needs better infrastructure and HCC is poised to overcome the present economic and financial challenges to emerge an even strong entity that can best leverage opportunities once the external environment regains its growth oriented trajectory and deliver for the nation and its shareholders.

As on March 31, 2013, HCC is L1 or lowest bidder in contracts worth ₹ 2,265 crore.

From the facts and position explained in the preceding paragraphs, it would be kindly seen and 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 and dedicated efforts would certainly bring about an improvement in the operational growth in future.

IV DISCLOSURES:

(1) The shareholders of the Company have been informed of the remuneration package of Mr. Ajit Gulabchand and Mr. Rajgopal Nogja in the respective resolutions at Item Nos. 6 & 7 in the following manner:

(a) Mr. Ajit Gulabchand:

Details of the total remuneration comprising, interalia, Salary, Perquisites and Allowances together with Retirals, other benefits/ perquisites and commission, if any, which is proposed to be paid to Mr. Ajit Gulabchand, Chairman & Managing Director for the period of 3 years effective April 1, 2013 have been fully set out in the explanatory statement under Item No. 6.

(b) Mr. Rajgopal Nogja:

Details of the total remuneration comprising, interalia, Salary, Perquisites and Allowances together with Retirals, other benefits/ perquisites and commission, if any, which is proposed to be paid to Mr. Rajgopal Nogja, Group COO & Whole-time Director for the period of 3 years effective May 3, 2013 have been fully set out in the explanatory statement under Item No. 7.

(2) Disclosures on remuneration package to the Directors of the Company including details of Stock Options 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 2012-13.

As mentioned earlier, since the payment of aforementioned remuneration set out under resolution Nos. 6 & 7 as Minimum Remuneration to Chairman & Managing Director and Group COO & Whole-time Director, respectively may exceed the ceiling limit for remuneration laid down in Sections 198, 309 read with Schedule XIII to the Act ,shareholders approval is sought by way of a special resolution for payment of the aforesaid remuneration for the respective financial years as specified in the respective resolutions at Item Nos. 6 & 7 in accordance with Schedule XIII of the Act.

The payment of the aforesaid remuneration to Mr. Ajit Gulabchand as stated at resolution no. 6 is also subject to approval of the Central Government and the Company shall be making the necessary application to the Central Government in due course of time.

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, the aforementioned remuneration structure of Mr. Ajit Gulabchand, Chairman & Managing Director is commensurate with the remuneration package paid to similarly placed persons, in other Companies in the same Industry and therefore recommend the resolution at Item No. 6 of the accompanying notice for your approval.

The Board of Directors of the Company also felt that as the Group COO and Whole-time Director of the Company, Mr. Rajgopal Nogja shall be shouldered with vast responsibilities and considering the industry benchmarks and his contribution to the Company, the aforementioned remuneration structure of Mr. Rajgopal Nogja as Group COO & Whole-time Director is commensurate with the remuneration packages paid to similarly placed persons, in other Companies and therefore recommend the resolution at Item No. 7 of the accompanying notice for your approval.

In accordance with Section 302 of the Act, an abstract of the terms of re-appointment (including the terms of remuneration) of Mr. Ajit Gulabchand as Managing Director designated as Chairman & Managing Director of the Company was despatched to the Shareholders.

The Notice read with Explanatory Statement should be considered as an abstract of the terms of appointment and payment of remuneration to Mr. Rajgopal Nogja as Whole-time Director designated as Group COO & Whole-time Director and a memorandum as to the nature of the concern or interest of the Director as required under Section 302 of the Companies Act, 1956.

Mr. Ajit Gulabchand & Mr. Rajgopal Nogja are interested to the extent of remuneration payable to them under Resolution Nos. 6 and 7 respectively . No other Director is directly or indirectly concerned or interested in these resolutions.

Item No. 8

In view of the difficult economic and business environment prevalent in the economy, there has been tremendous pressure on the Company's profitability and liquidity position as a result of which the Company approached the Corporate Debt Restructuring (CDR) Cell in March 2012 for restructuring of the Company's debts through CDR mechanism under the regulatory framework of Reserve Bank of India.

After considering the proposal, the financial restructuring package was approved by the CDR Empowered Group vide letter of approval dated June 25, 2012 (CDR LOA).

Thereafter, the Master Restructuring Agreement (MRA) dated June 29, 2012 was executed between the Company and the CDR Lenders. In terms of the MRA, the Promoters of the Company are required to infuse into the Company, an aggregate sum of ₹ 64 crore (Rupees Sixty Four crore only) ("Promoter Contribution") as promoters contribution to the CDR scheme by way of unsecured and subordinated debt/equity/preference capital or any other instrument (convertible into Equity Shares.

The Board of Directors of the Company, at its meeting held on September 13, 2012, has approved the proposal for issuing Warrants which are convertible into Equity Shares for an amount aggregating ₹ 64 crore, on preferential basis, to two Promoter Company(ies) viz., Hincon Holdings Ltd and Hincon Finance Ltd (hereinafter "Promoter

Company(ies)") in accordance with the provisions of Chapter VII of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 and Section 81(1A) of the Companies Act, 1956.

Disclosures under Regulation 73(1) of Chapter VII of the SEBI (ICDR) Regulations, 2009 with respect to the proposed issue of Warrants on preferential basis as set out in the resolution proposed under Item No. 8 is given as under:

(i) **Objects of the Issue :**

The objective of the preferential issue of Warrants to the aforementioned Promoter Company(ies) under Resolution No. 8 is to enable them to bring in the Promoter Contribution to comply with the requirement of the approved CDR Package.

(ii) **The proposal of the promoters, directors or key management personnel to subscribe to the offer:**

As the proposed issue of Warrants to the aforementioned Promoter Company(ies) is for compliance with the requirements of Promoter Contribution in accordance with the approved CDR Package, only the aforesaid Promoter Company(ies) can subscribe to the same.

(iii) **Shareholding pattern before and after the preferential issue:**

Category of the Shareholder	Pre-Issue Equity Shareholding (as on April 26 , 2013)		Post Issue Equity Shareholding (assuming entire allotment of proposed Warrants and full conversion of allotted Warrants)#	
	No. of Shares held	%	No. of Shares held	%
Promoter(s) and Members of Promoter Group				
Mr. Ajit Gulabchand	21,17,294	0.35	21,17,294	0.33
**Hincon Holdings Ltd. and Hincon Finance Ltd	23,90,69,100	39.41	28,40,69,100	43.59
Shalaka Gulabchand Dhawan	10,000	0.00	10,000	0.00
Shalaka Investments Pvt. Ltd	5,38,000	0.09	5,38,000	0.08
Member of the Promoter Group				
Arya Capital Management Private Ltd	65,000	0.01	65,000	0.01
Total of Promoter(s) and Promoter Group	24,17,99,394	39.86	28,67,99,394	44.01
Foreign Institutional Investors	10,79,50,033	17.79	10,79,50,033	16.57
NRIs	63,61,638	1.05	63,61,638	0.98
Public Financial Institutions/State Financial Corporation/Insurance Companies	84,91,712	1.40	84,91,712	1.30
Mutual Funds and UTI	1,84,09,166	3.03	1,84,09,166	2.83
Nationalised and other Banks	19,03,466	0.31	19,03,466	0.29
GDSs	1,20,720	0.02	1,20,720	0.02
Bodies Corporate	4,46,27,035	7.36	4,46,27,035	6.85
Individuals	17,69,47,256	29.17	17,69,47,256	27.15
Total	**60,66,10,420**	**100.00**	**65,16,10,420**	**100.00**

Note with respect to Post-Issue Share holding pattern:

Although the post issue shareholding pattern has been arrived on the assumption that the entire Warrants issued to the aforementioned two Promoter Company(ies) marked with ** will be allotted and consequently converted as Equity Shares, it has to be noted that the actual number of Warrants to be allotted to each of the said Promoter Company(ies) shall be determined based on the issue price as on the "Relevant Date" in accordance with Regulation 76 (1) of Chapter VII of SEBI (ICDR) Regulations and the actual Promoter contribution to be infused by each of the Promoter Companies. Further it is also assumed that the other shareholders shareholding in the Company remains the same.

(iv) **The time within which the preferential issue shall be completed:**

The Company shall allot the Warrants within the time limit specified under the SEBI (ICDR) Regulations, 2009.

(v) **The identity of the proposed allottees, the percentage of post preferential issue capital that may be held by them and change in control, if any, in the issuer consequent to the preferential issue:**

The identity of the proposed allottees for the issue of Warrants under Resolution No. 8 and the percentage of pre and post preferential issue capital held by them is given below .

Name(s) of the proposed Allottee(s)	Category	Existing Shareholding		Number of Warrants to be allotted	Post Issue Shareholding (assuming full conversion of Warrants)	
		Number of Shares	%		Number of Shares	%
(i) Hincon Holdings Ltd. (ii) Hincon Finance Ltd.	Promoters	23,90,69,100	39.41	4,50,00,000	28,40,69,100	43.59

The existing Promoters of the Company will continue to be in control of the Company and there will not be any change in the management or control of the Company as a result of the proposed preferential issue and allotment of Warrants and resultant Equity Shares (upon conversion of Warrants) except for a corresponding increase in the proposed shareholding of the said Promoter Company(ies) as shown in the above table.

(vi) **An undertaking that the issuer shall re-compute the price of the specified securities in terms of the provision of the SEBI (ICDR) regulations where it is required to do so.**

It is not required to re-compute the issue price, as the closing prices of the Equity Shares of the Company as on the Relevant Date will be available for calculating the issue price as per Regulation 76(1) of SEBI (ICDR) Regulations.

(vii) **An undertaking that if the amount payable on account of the re-computation of price is not paid within the time stipulated in SEBI (ICDR) regulations, the specified securities shall continue to be locked- in till the time such amount is paid by the allottees.**

Not applicable, as the price will be calculated as per Regulation 76(1) of SEBI (ICDR) Regulations.

(viii) Additional Terms of Issue of Warrants:

a) In addition to the terms of issue of Warrants stated in the Resolution No. 8 and the explanatory statement so far, it is to be noted that if the entitlement against the Warrants to apply for the Equity Shares is not exercised within the specified period stated in the Resolution No.8, such entitlement shall lapse and the amount paid on such Warrants shall stand forfeited.

b) The Board (or a Committee thereof) upon receipt of the entire payment towards issue price, shall allot one Equity Share per Warrant.

c) The Warrants by itself until converted into Equity Shares does not give the holder(s) thereof any rights with respect to that of a shareholder of the Company except as specified above.

d) The Warrants and the resultant Equity Shares shall be locked-in in terms of Regulation 78 of SEBI (ICDR) Regulations, 2009.

e) The locked-in Warrants held by the above Promoter Company (ies) may be transferred among promoters or promoter group or to a new promoter or persons in control of the issuer Company provided that lock-in on such Warrants shall continue for the remaining period with the transferee.

(ix) Others:

A certificate from M/s. K. S. Aiyar & Co., Chartered Accountants, Mumbai, the Statutory Auditors of the Company, certifying that the proposed preferential issue under Resolution No. 8 is being made in accordance with the requirements contained under Chapter VII of the SEBI (ICDR) Regulations, 2009 shall be open for inspection at the Registered Office of the Company on all working days except Public Holidays and Saturdays and Sundays between 11.00 a.m. to 1.00 p.m. upto the date of the Annual General Meeting and will also be placed before the shareholders at the said Meeting.

In terms of the provisions of Section 81(1A) of Companies Act, 1956, any offer or issue of shares by a Company to persons other than the holders of the Equity Shares of that Company or to such holders otherwise than in proportion to their shareholding to the total paid up share capital of the Company, requires prior approval of the shareholders at a general meeting by way of a special resolution. Accordingly consent of the shareholders is being sought pursuant to Section 81(1A) and all other applicable provisions of the Companies Act, 1956, if any and the SEBI (ICDR) Regulations for Resolution No. 8.

The Board recommends the special resolution as set out in Resolution No. 8 of the Notice for shareholders' approval.

None of the Directors of the Company is in any way concerned or interested in the said resolution except to the extent of their respective shareholdings in the Company / Promoter Company(ies), as the case may be applicable.

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, Convertible Bonds, Convertible Debentures and such other securities as stated in the resolution (the "Securities") at such price as may be deemed appropriate by the Board at its absolute discretion including the discretion to determine the categories of Investors to whom the issue, offer, and allotment shall be made considering the prevalent market conditions and other relevant factors and wherever necessary, in consultation with Merchant Bankers, inclusive of such premium, as may be determined by the Board in one or more tranche(s), subject to applicable laws, rules and regulations.

The resolution enables the Board to issue Securities for an aggregate amount not exceeding ₹ 1000 crore or its equivalent in any foreign currency.

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

The special resolution also authorizes the Board of Directors of the Company to undertake a Qualified Institutions Placement with Qualified Institutional Buyers (QIBs) in the manner as prescribed under Chapter VIII of the SEBI (Issue of Capital and Disclosure Requirement) Regulations, 2009 for raising capital. The pricing of the Specified Securities to be issued to QIBs pursuant to the said SEBI Regulations shall be freely determined subject to such price not being less than the price calculated in accordance with the relevant provisions of the said SEBI Regulations.

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

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

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

The Special Resolution as set out above, if passed, will have the effect of permitting the Board to issue and allot Securities to Investors, who may or may not be existing shareholders of the Company in the manner as set out in resolution No. 9.

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

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

None of the Directors of the Company is in any way concerned or interested in the said resolution except to the extent of their respective shareholdings in the Company.

By Order of the Board
For Hindustan Construction Co. Ltd

VITHAL P. KULKARNI
Company Secretary

Registered Office:
Hincon House,
11th Floor, 247Park,
Lal Bahadur Shastri Marg,
Vikhroli (West),
Mumbai 400 083

Place: Mumbai
Date: May 3, 2013

Directors' Report

To,

The Members of

Hindustan Construction Co. Ltd.

1. Report

Your Directors are pleased to present the 87th Annual Report together with the Audited Accounts for the year ended March 31, 2013.

2. Financial Highlights

Particulars		**Year ended March 31, 2013 ₹ crore**		Year ended March 31, 2012 ₹ crore
Turnover		3,837.29		4002.76
Profit before Interest, Depreciation, Exceptional Items and Tax		378.57		439.80
Less: Interest	529.67		543.16	
Depreciation	163.40		162.10	
Exceptional Items	(15.58)	677.49	166.32	871.58
Add: Other Income		119.91		122.83
Add/Less: Exchange Gain/(Loss)		(14.57)		(9.53)
Profit/(Loss) before Tax		(193.58)		(318.48)
Less: Deferred Tax Charge/(Credit)		(55.94)		(96.23)
Profit/(Loss) after Tax		(137.64)		(222.25)
Add: Balance brought forward from last year		126.00		347.83
Transfer from Debenture Redemption Reserve		-		16.67
Amount available for Appropriation		(11.64)		142.25
Less: Appropriations				
Dividend		-	-	
Tax on Dividend		-	-	
Debenture Redemption Reserve		-	16.25	
Transfer to General Reserve		-	-	16.25
Balance carried to Balance Sheet		(11.64)		126.00

3. Dividend

In view of the losses incurred by the Company, your Directors have not recommended any dividend for the financial year ended March 31, 2013.

4. Operations

The turnover of the Company at ₹ 3,837 crore has shown a decrease of 4.1 % as compared to ₹ 4,003 crore for the previous year. The loss before tax is ₹ 193.6 crore (including exceptional item) as compared to ₹ 318.5 crore for the previous year.

As your Company was growing at CAGR of over 20% during 2002 to 2011, it had considerably grown its balance sheet, including debt. In the present phase of economic slowdown, it became difficult to service this debt and hence it was imperative to restructure the Company's debt. Therefore the Company opted for a formal method of loan restructuring and referred the total debt of around ₹ 3,300 crore along with working capital fund based and non-fund based limits of ₹ 6800 crore to the Corporate Debt Restructuring (CDR) Cell under the regulatory framework of the Reserve Bank of India in March 2012. The financial restructuring package for your Company was approved by the CDR Cell in June 2012 and since then the implementation of the package has commenced.

The salient features of the CDR package are:

- Re-schedulement of Term loan and short term loans so as to be repayable in 2 years moratorium and 8 years of repayment
- Interest rate has been reduced to 11% per annum yield equalisation over 10 year tenure
- Funded interest for nine months period from January 2012 to September 2012
- Additional working capital borrowing as per requirement has been sanctioned
- Waiver of penal charges from the cut off date to the date of implementation of the package

The CDR gives your Company critical support to tide over the present difficult business environment. The decision of the banks to consider and approve CDR also reflects the faith these institutions have in the long term business model of the Company.

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

- Tunnel T48 of Udhampur Srinagar Baramulla New BG railway line, J&K

  Contract Value: ₹ 884 crore
- Narmada Extra dosed bridge, Gujarat

  Contract Value: ₹ 650 crore
- Delhi MRTS Phase III, Janakpuri West to Palam, New Delhi

  Contract Value: ₹ 866 crore
- Delhi MRTS Phase III, Shalimar Bagh to Netaji Subhash Place New Delhi

  Contract Value: ₹ 373 crore

The total balance value of works on hand as on March 31, 2013 is ₹ 14,935 crore.

Decisions are awaited from various clients for tenders submitted by the Company (Directly or in JV) for 10 projects amounting to about ₹ 3,558 crore. Tenders for various packages for 19 projects worth about ₹ 12,883 crore are expected to be submitted in the near future. The Company has also submitted prequalification bids for 17 projects worth over ₹ 13,427 crore, which are currently under evaluation. The Company is confident of securing a sizeable share of these new projects.

Operations of Subsidiaries

i) Lavasa Corporation Ltd. – Integrated Urban Development & Management

a) Operations

Lavasa has kept its rationale of developing an inclusive city for all and is tailoring partnerships and tie ups with global leaders. Tie-ups continued strongly at Lavasa through 2012-13 and many of these projects are fast moving towards completion.

In the hospitality space, the Accor group is successfully running Mercure Lavasa and the 1500 plenary capacity Lavasa International Convention Centre (LICC). Novotel, a new brand from the Accor group - is scheduled for completion by April 2014. Projects with renowned hospitality players like Pullman, Hilton, Taj Vivanta, Holiday Inn, Holiday Inn Express, Oakwood, Langham Place and Eaton among others are slated to follow in quick succession.

As for the existing hospitality projects, Ekaant - The Retreat and Waterfront Shaw Apartment Hotel continue to flourish. Fortune Select Dasve in its fifth year of successful operations will soon open one more hotel in Lavasa. Dasvino Town & Country Club, launched in early 2010 is growing steadily. In the tourism space, Lakeshore Watersports, Neo Spark Games Arcade and Xthrill Adventure Sports & Academy are also functioning successfully. Site preparatory work for Space World, Asia's first space edutainment centre is well underway and is on course for opening in 2015. MoU's have been signed with Tennis Australia and Manchester City Football Club. Additionally agreements have also been signed to set up training facilities with Hockey Australia, Sir Nick Faldo for Golf and Sir Steve Redgrave for a Rowing Academy.

On the retail front, a significant area has already been leased. Restaurants like Subway, Cafe Coffee Day, Baskin Robin, All American Diner and others have already commenced operations. In addition to F&B outlets, many other tie-ups that have been finalized in the retail segment include The Orange Ox (handicrafts), Cinnamon Crocodile (bath and spa products), Fun Square Digital Cinema, Smokin Joe's Pizza, Adidas Store and Kareems Restaurant.

Lavasa is in advance stage of discussion with iDream to create an all Lavasa tourism plan including a historical theme park. Significant progress was also made in the education space. Christel House Lavasa is into its second year of operations with 269 students and in 2012-13 Phase 2 of Christel House Lavasa was launched.

Ecole Hoteliere Lavasa started its fourth batch in 2013-14. The first batch will receive academic certification from Ecole hotèlierè dè Lausanne this year. Educomp has signed MOU with infinity group of Kolkata and is proposing to bring Duhrum school of UK as k12 school or will start millennium international school by 2014-15 in Knowledge Vistas Limited. GREAT (INDIA) in collaboration with Australian Retail College, which is a leader in retail training in Australia is planning to open a retail college at Lavasa. Other educational partners like Symbiosis Institute (Pune) and Christ University (Bangalore) are also in the process of launching their programs. Discussions are on to establish North Hampton University at Lavasa by 2014-15.

Lavasa has continued to enjoy healthy sales in residential and commercial space. Positive sales trend continued through the year and possession was given to 250 plus residential units in Dasve. In institutional sales the prime focus for the year has been on collections and activation of sites. Symbiosis Institute, State Bank of India and the proposed Ramada Hotel have submitted their plans for approval.

For the year ahead a new concept 'built-to-suit' that offers a seamless service to institutions right from purchasing land to executing the project has been conceptualized. On the retail front revenue collections have seen a phenomenal 56% increase YoY. Endeavor to boost the work economy at Lavasa will gain momentum in the next year.

Lavasa has continued its focus on branding and communication activities in 2012 – 13. Emphasis through the year was on communicating that development work at Lavasa has commenced with right earnest, raise awareness about the planned city and its advantages.

Through the year over 250 journalists from print, TV, news wires and web media from Mumbai, Pune and Lavasa region visited Lavasa. A new advertisement campaign was launched in May 2012 to promote the second town Mugaon as a residential and edutainment hub. In August 2012 a new brand campaign capturing different facets of 'Life in Lavasa' was launched. The next phase of brand campaign was launched on October 28, 2012. Over a three month period, the series of advertisements communicated city positioning and scale and also talked about advantages of Lavasa city.

To promote tourism, the Lavasa Holidays Summer Special (April to June 2012), Mesmerizing Monsoon (July to Sept 2012) and Lavasa Holidays Festive Fiesta (Oct to Dec 2012) tour packages were conceptualized and offered to tourists.

On an average close to 80,000 tourists visited Lavasa every month from July to September 2012. The footfall in August at 94,143 tourists was the highest ever in Lavasa's history. Lavasa won the 'Most promising new Destination' and the 'Best Print Promotional Material' awards at the premiere industry event Travel and Tourism Fair held in Mumbai and Pune.

Strategic and design support to SPVs was provided on a need basis. The fifth edition of the signature brand event Lavasa Women's Drive was held on February 24, 2013. This year the 'Lavasa Women's Drive – Women with a drive awards' were presented to Dr. Anagha Amte (health care), Kanan Dhru (governance), Hina Shah (women welfare), Sabbah Haji (education) and Sakshi Kumar (women's empowerment). Social worker and activist, Sindhutai Sapkal was felicitated with a special recognition award for her exemplary work.

Digital and social media channels were leveraged primarily for engagement and for information dissemination. The channels were extensively used to promote events, respond to queries and initiate conversations on platforms like travel, tourism and discussion forums on urbanization.

In 2012-13, the Public Relations campaign focused on building preference and restoring customer confidence in the project. Meetings with senior editors in Mumbai and Pune and the constant engagement with beat reporters in Mumbai and Pune led to better appreciation of Company's stand on issues. Visits of eminent personalities like Chief Ministers of Gujarat and Punjab and promotional initiatives of various SPVs like Christel House Lavasa, Ecole Hoteliere Lavasa, Dasvino Town & Country Club and X Thrill were publicized through news stories, editorial feature stories and photo features.

Each month Lavasa looks, feels and acts more like a city. The city of Lavasa now has a new post office, a new school, a hospital and more than a dozen food and beverage establishments open for business. It also has four operating hotels with three more under construction, a fuel station, two banks, a convention centre, a public safety centre with a citizen call centre, pharmacy, rental housing, games arcade, watersports facility, a club, public transport system. Building the infrastructure right, from the beginning, is a key strategy to ensuring long-term livability. The drinking water at Lavasa is fit for consumption, straight from the tap, without the need for additional filtration and the sewage is treated as per required standards before being reused for irrigation and other non-potable uses. Lavasa's power distribution grid is nearly 99% reliable and the young city is already on the cutting edge of urban environmental sustainability initiatives. The e-governance portal will play a major role in communicating with citizens and providing round the clock services.

A round the clock Lavasa Citizen Call Centre set up this year, envisions to make the lives of the citizens and visitors easy and convenient.

Lavasa has completed the purchase of 10423.50 acres of land and is in the process of concluding the sale deed in 2184 acres for which agreements were signed. Steps to reach an overall land purchase target of 18000 acres are in progress.

Lavasa continues to regularly monitor environmental aspects such as air quality, water quality and soil quality are being carried out as per MoEF guidelines. For slope protection and enhancing the greenery within the region, soil bioengineering (biodegradable coir mats have been applied over the slopes) and plantation of stumps has been done. Hydroseeding & manual seeding was also carried out for slope maintenance and a total area of more than 500 acres has been covered to date. Indigenous Tree plantation of around 47,500 tree saplings was carried out in Mugaon and Bohini.

Techno-commercial evaluation of renewable sources of energy feasible at Lavasa is being carried out by TERI (The Energy and Resources Institute). Sustainable reporting under GRI guidelines is underway. Lavasa is also undergoing the process for Green Certification of its development under IGBC (Indian Green Building Council) – Green Township program.

First Town Dasve is ready with all basic infrastructure, such as access roads, internal roads, water treatment plant, water distribution network, sewage network, sewage treatment plant, telecom network and services is operational. Work of the Commercial Business Park, retail and hostel building, Novotel Hotel, LEH campus, Phase II of the Christel House Lavasa and Christ University is progressing well.

Work on the infrastructure for the second town of Mugaon has been accelerated. Work on utilities like water, sewer, power, data lines and on the approach road is in progress. Work on 16 buildings comprising of 462 apartments at Mugaon has commenced using a new technology – Formblock, and is expected to be completed in next 18 months. Work on another 9 buildings consisting of 268 apartments will be started by May 2013.

Lavasa has also initiated a number of development and empowerment programs were initiated for the local community by Lavasa. Some of the key initiatives include provision of treated drinking water to 12 villages in the project area at 65 locations on a daily basis, helping villages avail benefits of Government drinking water scheme, teacher training workshops, aptitude tests and counseling for SSC students; building of school buildings and sanitation blocks at village schools and starting the Apollo Lavasa Primary Health Centre at Bhoini.

b) Status update on Environment Clearance from Ministry of Environment and Forests (MoEF)

On November 25, 2010 Ministry of Environment & Forests ("MoEF"), had issued Show Cause Notice (SCN) to Lavasa, under Section 5 of the Environment (Protection) Act, 1986 (EP Act) alleging violations of the Environmental Impact Assessment notifications of 1994 as amended in 2004 and superseded in 2006 ("EIA Notifications") and directed your Company to show cause within 15 days as to why the alleged unauthorized structures at Lavasa site be not removed in entirety and pending the decision by MoEF, it directed Lavasa to maintain status-quo ante for construction and/or development.

Lavasa replied to MoEF and then filed a Writ Petition (WP) being No. 9448 of 2010 in the Bombay High Court seeking inter alia quashing of the said SCN. Vide its order dated December 22, 2010, the Hon'ble Court admitted WP and directed MoEF to visit Lavasa's project and pass an order.

The MoEF team visited Lavasa Site and has given hearings. On January 17, 2011 MoEF passed order and observed that Lavasa is in violation of EIA Notifications. By the said order status quo on construction was continued. However, MoEF stated that it is prepared to consider the project on merits.

On January 24, 2011, Lavasa filed another WP being No. 811 of 2011 in Bombay High Court challenging the aforesaid impugned order dated January 17, 2011.

Lavasa as per the MoEF's order submitted various documents to MoEF, from time to time. In addition, Lavasa submitted applications for grant of Environment Clearance (EC) for Phase I and Phase II.

Representatives of Lavasa have from time to time attended total five (5) meetings of the Expert Appraisal Committee ('EAC') at New Delhi. As per the Minutes of the 101st meeting held on May 31, 2011, the EAC recommended the proposal for EC for the 1st Phase (2000 ha) with the conditions mentioned therein.

On June 10, 2011 MoEF directed to the Government of Maharashtra to initiate necessary legal action under EP Act against Lavasa.

As the MoEF did not passed the EC order till 30th August, 2011, Lavasa filed another WP being No. 7276 of 2011 in the Hon'ble Bombay High Court seeking directions *interalia* that (a) it be declared that Lavasa has been granted / deemed to have been granted EC for Phase I of the project.

On November 4, 2011, Maharashtra Pollution Control Board (MPCB) filed a criminal complaint against Lavasa & 14 others before the Chief Judicial Magistrate (CJM), Pune under the EP Act and thereafter on November 9, 2011, MoEF passed an order and pursuant to same accorded EC to the 1st phase of Lavasa's project subject to certain conditions as mentioned therein.

On November 24, 2011 the CJM passed an order of issuance of process in the Criminal matter and thereafter from time to time the matter is adjourned and now the next date is June 21, 2013.

With regards to the Corporate Social Responsibility (CSR) and the penalty as mentioned in the EC order, Lavasa vide its without prejudice letters addressed to MoEF, requested for exclusion of the K T Ravindran committee report from the EC order and also requested for the hearing and informed that there are certain discrepancies and contradictions in the EC order and requested for reconsidering the condition no (iv) and also requested for withdrawal of the same.

Lavasa filed Appeal being no. 36 of 2011, u/s 16(h) of the NGT Act against The Union of India, MoEF & Anr, before the National Green Tribunal (NGT) at Delhi, challenging part of the EC order more particularly about the Prof. K T Ravindran Committee Report and the conditions imposed by it. The Tribunal has passed order "Notice before Admission". The matter has thereafter from time to time come up on board now the next date is May 14, 2013.

One Mr. Dyneshwar Shegde has filed Appeal (being No. 9 of 2012) before NGT challenging the EC order. Lavasa and the other respective Parties in the matter have filed their respective affidavits in reply. Further, to support Lavasa's project, Mose Khore Nagrik Vikas Sangh and Sarpanch, Mugoan have filed Intervention Applications in the Appeal since villagers have benefited under Lavasa's project.

On October 05, 2012 Lavasa filed Transfer Petition being (C) No. 1326 of 2012 before Hon'ble Supreme Court for transfer of Appeal of Dyaneshwar Shedge and be heard along with Civil Appeal No.6025 of 2012 titled M/s Scania Steel & Power Ltd v/s Jan Chetna & Ors for determination of the question of "Person Aggrieved".

In the Transfer Petition, the Hon'ble Supreme Court has stayed the proceeding of Dyaneshwar Shedge Appeal before NGT and issued notice in the matter. The matter is currently pending.

With regards to the WP's filed by Lavasa in the Hon'ble Bombay High Court and the other PIL's filed against your Company, the matters were listed on the board from time to time but the judges recused to hear the matter. But on August 29, 2012 one of the PIL being (L) 90 of 2010 filed by Ms. Suniti S R & Ors was on board before Registrar (OS) / Prothonotary & Senior Master for rejection of Petition since the objections had not been removed by the Petitioners and for jurisdiction. The Registrar passed conditional order directing Petitioners to remove objections within 4 weeks and transferred the PIL to the Appellate side. Thereafter on 7th November, 2012 the PIL (L) 90 of 2010 was transferred to the Appellate side of Hon'ble Bombay High Court and its' now numbered as PIL (ST) No 31736 of 2012.

With regards to the compliance of the EC order, Lavasa is complying the same and from time to time is informing to the MoEF.

ii) HCC Real Estate Ltd.

HREL, a wholly owned subsidiary of your Company is into building residential & office complexes in real estate sector.

Commercial Projects under execution by HREL and its subsidiaries :

- Lavasa Corporation Ltd. (Lavasa)

Construction work at Lavasa is progressing well. Lavasa has started handing over the possessions of villa and apartments to Customers in Dasve Village. Construction at Mugaon, Lavasa's second town, has also commenced during the year. The response from buyers for sale of apartments in Mugaon is positive. Also, the City Management of Lavasa is moving in the direction of e-governance in future.

The current developments in Lavasa are detailed out in Management Discussion and Analysis Report.

- Other Projects

Other projects of HCC Real Estate Ltd and its subsidiaries are progressing well as explained in Management Discussion and Analysis Report.

- New Real Estate Projects under bidding

  During the year, HREL has made serious efforts in obtaining real estate projects on joint development basis. It has also acquired the bid documents for development of integrated township at Atali Kaladara near Bharuch in Gujarat for PCPIR and is negotiating on certain projects in Bhutan.

iii) HCC Infrastructure

HCC Infrastructure Company Ltd, a wholly owned subsidiary of your Company, has grown its portfolio to about ₹7,000 crore, which includes seven National Highways Authority of India (NHAI) road concessions.

The Company, through its subsidiaries HCC Concessions and HCC Power, has a development focus in the roads, water and power sectors. Your Company has developed a strong team, which follows a stringent investment discipline to create value for its shareholder. The expertise of the management team extends from concept innovation and evaluation of risk & return, to construction management and operations. Along with a focus on quality and timely execution, the Company is committed to provide reliable, safe and world class operations and maintenance services to the country's end users.

Current Road Portfolio:

Your directors are pleased to inform you that during the course of the year, HCC Concessions was awarded the Narmada Bridge Project (NH8) in the state of Gujarat by the National Highways Authority of India in April 2012.

The three operational projects Nirmal Annuity, Delhi Faridabad Elevated Expressway and Dhule Palesner Highway have been operational for more than three, two and one year respectively and are running smoothly. The three under construction highway projects in West Bengal (NH34) have achieved significant progress and the two larger projects amongst the three are expected to be operational later this year.

During the year, HCC Concessions submitted 3 NHAI bids and 16 Request for Qualification (RFQs). HCC Concessions partnered with other infrastructure players for certain large bids to diversify risk and increase competitiveness. The current year has witnessed a slowdown in the awards of new projects. NHAI has awarded only about 750km compared to about 6,500km last year. The Company will continue to bid for NHAI projects in the next financial year while also evaluating state road opportunities.

Status of Operational Assets:

Dhule Palesner Highway Project (NH3)

The project road is part of NH3, commonly referred to as the Mumbai-Agra road, originating from Mumbai and ending at Agra. It is a primary conduit for transportation of passengers as well as freight traffic from the state of Uttar Pradesh to major towns in the states of Madhya Pradesh and Maharashtra. In FY09, NHAI awarded the development of four lane highway from Km 168.500 to Km 265.000 on the Maharashtra/MP border to an HCC led (60%) consortium on a BOT (toll) basis. The concession period is 18 years, including a construction period of 30 months. The project was operational on Feb 11, 2012, four months ahead of schedule, showcasing our execution expertise.

The project is being operated by an in-house operations and maintenance team. The remaining concession period is about 15 years. The highway has been developed in partnership with Sadbhav Engineering Ltd and John Laing Investments Ltd (UK) with an investment of ₹ 1,420 crore.

Delhi Faridabad Elevated Expressway (NH2) (*dfskyway*™)

The Delhi Faridabad Elevated Expressway or dfskyway™ is a six lane 4.4 km elevated highway connecting Delhi and Haryana at Badarpur. This award winning engineering marvel developed by HCC Concessions Ltd with an investment of nearly ₹600 crore boasts 20 exits, 10 underpasses and is the first of its kind spaghetti structure in India. HCC Concessions was awarded a 20 year concession in 2008 to develop, construct and operate this asset by the National Highways Authority of India (NHAI). The *dfskyway*™ contributes significantly to Delhi's rapidly expanding infrastructure by reducing travel time by over 40 minutes through an extremely congested corridor, that benefits residents and inter-state traffic alike. It is one of Delhi's major radial roads and caters to very high traffic volume of over 100,000 vehicles per day. HCC Concessions' parent, Hindustan Construction Company (HCC), has designed, engineered and constructed the *dfskyway*™

The Delhi-Faridabad Elevated Expressway was formally inaugurated on November 29, 2010 significantly ahead of its scheduled completion date, by the Chief Ministers of both Delhi and Haryana, along with the Minister of Road Transport & Highways. The asset has been awarded the Best Project Award by Construction Industry Development Council 2011 and the Infrastructure Excellence Award 2011 by CNBC TV18.

Nirmal Annuity (NH7)

The project stretch is from Kadtal (Km 175.000) to Armur (Km 308.000) on the Hyderabad – Nagpur section of NH7. In FY07, NHAI awarded the development of four-laning of this 33 km long stretch on a BOT basis under the Annuity scheme to HCC. The concession period for the project is 20 years, including a construction period of 24 months. The project was developed with an investment by HCC of ₹ 315 crore This project became operational in July 2009, 100 days ahead of the scheduled completion date. The debt at Nirmal has since been refinanced through a structured bond at 9.38% fixed rate of interest for 17 year tenure.

The SPV has received timely annuity payments over the last year and the operations and maintenance are being managed efficiently by our in house team.

Status of Assets under Development:

West Bengal (NH34) Highway Project

This project being developed by HCC Concessions Ltd on a Design, Finance, Build, Operate and Transfer (DFBOT) basis, is the largest PPP highway model in West Bengal (WB). The project road is the major North-South artery (N-34) which originates at the capital and port city of Kolkata, and ends at Dalkhola in the state of WB, covering a total distance of 443.5 km. It is the spine of the transport system in the region and provides nearest access to ports (Kolkata and Haldia) for the north eastern states of India and neighbouring Bhutan and Nepal. The development of this stretch will improve connectivity to the East-West Corridor, which has already been four-laned. West Bengal is strategically located to play a pivotal and catalytic role in promoting economic cooperation in the sub region (Bangladesh, Bhutan, North Eastern states and West Bengal).

The highway development is divided into three contiguous sections covers Baharampore and Farakka (103 km), Farakka and Raiganj (103 km) & Raiganj and Dalkhola (50 km). The concession lengths for the different segments totaling 256 km range from 25 to 30 years, including a construction period of 30 months and an investment of over ₹3,200 crore. The Company has achieved significant progress in the two larger sections and is expecting to start operations later this year.

WB is the fourth most populous state in the country and is the sixth largest contributor to India's GDP. The traffic on NH34 comprises of 90% commercial traffic, carrying a diversified mix of manufacturing goods, building materials, steel, jute, food grains and tea.

Baharampore Farakka Highway

The construction work has progressed significantly in the last year on this stretch of 103 km. The Company expects to start operation later this year.

This stretch originates at Baharampore, about 190 km from Kolkata and terminates at Farakka. Baharampore, Nabagram, Farakka and Jangipur are the major passenger traffic generators for this stretch. The four-laning of two projects between Kolkata and Baharampore will further increase the throughput and improve traffic on this stretch. The concession period is 25 years, including a construction period of 30 months. The project is being implemented with an investment of ₹1,169 crore.

Farakka Raiganj Highway

The construction work has progressed significantly in the last year on this stretch of 103 km. The Company expects to start operation later this year.

This is a 103 km stretch originating at Farakka and terminating at Raiganj. Malda, Farakka and Gajol are the major passenger traffic generators for this stretch. The Malda industrial region is expected to lead the growth in this region. The concession period is 30 years, including a construction period of 30 months. The project is being implemented with an investment of ₹1,378 crore.

Raiganj Dalkhola Highway

The progress on this stretch has been slow compared to the other two stretches due to certain execution challenges. This is a 50km stretch which comprises of 3 bypasses. Dalkhola, Raiganj and Islampur are the major passenger traffic generators for this stretch.

This is a 50 km stretch starting at Raiganj and terminating at the town of Dalkhola. The concession period is 30 years and includes a construction period of 30 months. The project is being implemented with an investment of ₹684 crore.

iv) Steiner AG, Switzerland

Your Company holds through its wholly owned HCC Mauritius Enterprises Ltd. a controlling equity stake of 66% in Steiner AG. Steiner AG is a leading general contracting Company in Switzerland, specialized in turnkey development of new buildings and refurbishments, and offers services in all facets of real estate development and construction.

Steiner AG had a consolidated revenue of ₹ 4368.2 crore and a consolidated profit of ₹ 47.3 crore in the financial year 2012-13.

After two years of construction Steiner AG completed the project Andreaspark G3, a large apartment building in one of Zurich's fastest growing residential areas. With a height of 42 meters the building offers 90 new apartments. In March 2010 the Company handed over the new premises to the International Union for Conservation of Nature in Gland, which is a perfect example for the new era of eco-building techniques. This year, the Company achieved a milestone with this work, as it was awarded the first ever LEED Platinum certificate by the Green Building Council Environment Design in Switzerland. In Glattpark, one of Switzerland's biggest residential and commercial development areas, Steiner AG is building the project Lindbergh-Allee. The property lies close to Zurich International Airport and will offer around 30'000 sqm of office and living space.

In the business year 2012-13 Steiner AG signed many important contracts. At year end, the order backlog of Steiner AG was CHF 1,210 million compared to CHF 1,512 million as of March 31, 2012. Steiner AG has also secured projects worth more than CHF 200 million in this year which are yet to be signed.

The Board of Directors of Steiner AG comprises six members. Your Company is represented by four nominees: Mr. Ajit Gulabchand, who also acts as Chairman, Mr. K.G. Tendulkar, Mr. Anil Singhvi and Dr. Peter Huggler.

v) Highbar Technologies Ltd

Highbar Technologies Ltd, a wholly owned subsidiary of your Company, is an Information Technology Company formed by your Company, with the vision of providing end-to-end IT solutions to Infrastructure industry.

Despite tough economic conditions, Highbar won 14 new customers in the financial year against stiff competition by established large IT players to take the total tally of its customers to 64. Long list of reference customers and high quantum of repeat business indicates maturity and scalability of Highbar's delivery capabilities.

Highbar's Dubai subsidiary, Highbar Technologies FZ-LLC is now fully operational and has secured Highbar's largest contract till date with Oman based Company and also won customer in Saudi Arabia.

Highbar Technologies has taken strategic alliance with SAP to next level with 'GOLD Partnership' and is preferred partner of SAP for infrastructure industry.

Infrastructure industry is going beyond ERP to new business critical IT systems. Highbar has been at forefront of this with solutions like maximum number of SAP BOBJ (business intelligence & dashboard) and SAP CRM (customer relationship management) implementations for Infrastructure industry, business process consolidation (BPC) and employee portal (ESS). The Company launched new solutions - Highbar RapidStart and Highbar RapidStart Analytics. These solutions are based on the templatised approach for ERP and Business Intelligence respectively and are Intellectual Property (IP) assets for Highbar Technologies.

Highbar Technologies has established a proper scalable organization structure with all the functions in place to facilitate and sustain future growth.

Highbar Technologies is on the course towards accomplishing its vision of being 'the most preferred end to end IT solution provider' for infrastructure industry.

5. Subsidiary Companies

At the beginning of the year, the Company had 72 Subsidiary Companies.

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

a) HCC Infrastructure Co. Ltd (the wholly owned subsidiary Company) has promoted the following wholly owned subsidiary Company, making it a subsidiary of your Company from the date of its incorporation.

Name of the Company	Date of Incorporation
HCC Operations & Maintenance Ltd	07.11.2012

b) HCC Concessions Ltd (a subsidiary Company) has promoted the following wholly owned subsidiary Company, making it a subsidiary of your Company from the date of its incorporation.

Name of the Company	Date of Incorporation
Narmada Bridge Tollway Ltd	18.06.2012

(c) During the year under review w.e.f 18.02.2013, Lavasa Corporation Ltd, a subsidiary Company of your Company has acquired remaining 74% stake (previously 26% stake) in Verzon Hospitality Ltd, making it a subsidiary of your Company from the date of acquisition of the said stake.

d) HCC Singapore Enterprises Pte. Ltd has ceased to be your subsidiary w.e.f 11th April 2012.

In terms of the General Circular No. 2/2011 dated February 8, 2011 read together with General Circular No. 3/2011 dated February 21, 2011, issued by the Government of India - Ministry of Corporate Affairs under Section 212(8) of the Companies Act, 1956, granting general exemption to companies from attaching financial statements of subsidiaries, subject to fulfillment of conditions stated in the circular, copies of the Balance Sheet, Profit and Loss Account, Report of the Board of Directors and Auditors Report of the subsidiary companies for the year/period ended December 31, 2012/March 31, 2013 are not attached to the Balance Sheet of the Company as the Company has/shall fulfill the following conditions:

(i) The Board of Directors of the Company has vide resolution dated May 3, 2013 consented for not attaching the balance sheet(s) of the concerned subsidiary (ies);

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

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

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

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

1. Hincon Technoconsult Ltd
2. Western Securities Ltd
3. Pune-Paud Toll Road Company Ltd
4. Nirmal BOT Ltd
5. Panchkutir Developers Ltd
6. HCC Concessions Ltd (Formerly known as HCC Infrastructure Ltd)
7. HCC Infrastructure Company Ltd
8. HCC Aviation Ltd
9. Badarpur Faridabad Tollway Ltd
10. Baharampore - Farakka Highways Ltd
11. Farakka - Raiganj Highways Ltd
12. Raiganj - Dalkhola Highways Ltd
13. Dhule Palesner Operations & Maintenance Ltd
14. HCC Power Ltd
15. HCC Operations & Maintenance Ltd
16. Narmada Bridge Tollway Ltd
17. HCC Construction Ltd
18. Highbar Technologies Ltd
19. Highbar Technologies FZ LLC
20. HCC Mauritius Enterprises Ltd
21. Klemanor Investments Ltd
22. Steiner AG (Formerly known as Karl Steiner AG)
23. Steiner Promotions et Participations SA
24. VM + ST AG
25. Eurohotel SA
26. Steiner (Germany) GmbH
27. Steiner Leman SAS
28. SNC Valleiry Route De Bloux
29. Steiner India Ltd
30. HCC Real Estate Ltd
31. HRL Township Developers Ltd
32. HRL (Thane) Real Estate Ltd
33. Nashik Township Developers Ltd
34. Maan Township Developers Ltd
35. Charosa Wineries Ltd
36. Powai Real Estate Developers Ltd
37. HCC Realty Ltd
38. Lavasa Corporation Ltd
39. Lavasa Hotel Ltd
40. Apollo Lavasa Health Corporation Ltd
41. Lakeshore Watersports Company Ltd
42. Dasve Convention Centre Ltd
43. Dasve Business Hotel Ltd
44. Dasve Hospitality Institutes Ltd
45. Lakeview Clubs Ltd
46. Dasve Retail Ltd
47. Full Spectrum Adventure Ltd
48. Spotless Laundry Services Ltd
49. Lavasa Bamboocrafts Ltd
50. Green Hill Residences Ltd
51. My City Technology Ltd
52. Reasonable Housing Ltd
53. Future City Multiservices SEZ Ltd (Formerly known as Minfur Interior Technologies Ltd)
54. Rhapsody Commercial Space Ltd
55. Valley View Entertainment Ltd
56. Andromeda Hotels Ltd
57. Sirrah Palace Hotels Ltd
58. Warasgaon Tourism Ltd
59. Our Home Service Apartments Ltd
60. Warasgaon Power Supply Ltd
61. Sahyadri City Management Ltd
62. Hill City Service Apartments Ltd
63. Kart Racers Ltd
64. Warasgaon Infrastructure Providers Ltd
65. Nature Lovers Retail Ltd
66. Osprey Hospitality Ltd
67. Starlit Resort Ltd
68. Warasgaon Valley Hotels Ltd
69. Rosebay Hotels Ltd
70. Mugaon Luxury Hotels Ltd
71. Warasgaon Assets Maintenance Ltd

72. Hill View Parking Services Ltd
73. Whistling Thrush Facilities Services Ltd
74. Verzon Hospitality Ltd

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

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

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

6. Share Capital

During the year under review, your Company's Authorised Share Capital has remain unchanged at ₹ 100,00,00,000 (Rupees One hundred Crore) comprising 90,00,00,000 Equity Shares of ₹ 1/- each and 1,00,00,000 Redeemable Cumulative Preference Shares of ₹ 10/- each.

During the year under review, your Company's paid up equity share capital has also remained unchanged at ₹ 60,66,10,420 (Rupees Sixty Crore Sixty Six Lacs Ten Thousand Four Hundred Twenty) comprising 60,66,10,420 Equity Shares of ₹ 1/- each.

7. Public Deposits and Loans/Advances

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

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

8. Employee Stock Option Scheme (ESOP)

As on March 31, 2013, 61,54,080 stock options are outstanding (comprising vested and unvested, after adjustment for lapsed and exercised options), in aggregate, for exercise as per the exercise schedule and are exercisable at a price of ₹ 52.03 per stock option.

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

During the year under review, 18,36,310 options got vested to the employees of the Company and in aggregate, 67,01,040 options stands vested with the employees as on March 31, 2013.

The particulars with regard to the Employee Stock Options as on March 31, 2013 as required to be disclosed pursuant to the provisions of Clause 12 of SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines 1999, as amended, are set out in Annexure I to this Report.

9. Status of GDSs

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

As on March 31, 2013, 1,20,720 GDSs have remained outstanding which forms part of the existing paid up capital of the Company.

10. Consolidated Financial Statements

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

11. Corporate Governance

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

12. Directors

In accordance with Article 186A of the Articles of Association of the Company, the Board of Directors of your Company, at their meeting held on March 28, 2013, has re-appointed Mr. Ajit Gulabchand as Managing Director, designated as Chairman & Managing Director of the Company for a period of 5 years with effect from April 1, 2013, subject to the approval of the Shareholders of the Company at the ensuing Annual General Meeting.

In accordance with Article 135 and Article 186A of the Articles of Association of the Company, on May 3, 2013, the Board of Directors of your Company appointed Mr. Rajgopal Nogja as Additional Director and Whole-time Director of the Company designated as Group Chief Operating Officer & Whole-time Director for a period of 5 years subject to the approval of Shareholders of the Company at the ensuing Annual General Meeting.

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

As per the provisions of the Companies Act, 1956 read with Article 152 of the Articles of Association of the Company, Mr. Y. H. Malegam, Mr. K. G. Tendulkar and Mr. Anil C. Singhvi are the Directors of the Company who are due to retire by rotation. Mr. K. G. Tendulkar and Mr. Anil C. Singhvi being eligible, offer themselves for re-appointment. Mr. Y. H. Malegam has expressed his intention not to seek re-appointment as a Director of the Company.

The Board of Directors records its appreciation & recognition of the valuable contribution and services rendered by Mr. Y. H. Malegam during his long association for the last four decades as a Director of your Company.

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

Profile of all these Directors has been given in the Report on the Corporate Governance as well as in the Notice of the ensuing Annual General Meeting of the Company.

13. Directors' Responsibility Statement

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

a) in the preparation of the annual accounts, the applicable accounting standards have been followed and there has been no material departure;

b) the selected accounting policies were applied consistently and the Directors made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2013 and of the loss of the Company for the year ended on that date.

c) proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act,1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.

d) the annual accounts have been prepared on a going concern basis.

14. Industrial Relations

The industrial relations continued to be generally peaceful and cordial.

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

The Company has, during the year under review, transferred a sum of ₹ 8,19,180 to Investor Education and Protection Fund, in compliance with the provisions of Section 205C of the Companies Act, 1956. The said amount represents dividend for the year 2004-05 which remained unclaimed by the shareholders of the Company for a period exceeding 7 years from its due date of payment.

16. Particulars of Employees and other additional information.

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

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

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

18. Auditors

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

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

19. Auditors' Report

The Auditors' Report to the shareholders on the Accounts of the Company for the financial year ended March 31, 2013 does not contain any qualification.

20. Acknowledgements

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

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

For and on behalf of Board of Directors,

AJIT GULABCHAND
Chairman & Managing Director

Registered Office:
Hincon House, 11th Floor,
247Park, Lal Bahadur Shastri Marg
Vikhroli (West)
Mumbai 400 083

Place: Mumbai
Date: May 3, 2013

Annexure I to the Directors' Report

Disclosure pursuant to the provisions of Securities and Exchange Board of India, (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 ("SEBI Guidelines") as at March 31, 2013:

No.	Particulars	Details
a)	Options granted	93,05,100 Options
b)	Pricing Formula	<u>For Options in force</u> No. of Options Exercise Price 61,54,080 ₹ 52.03 <u>Pricing formula for remaining Options</u> 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.
c)	Options vested	67,01,040
d)	Options exercised	1,11,220 (Adjusted for Bonus Issue of Equity Shares (1:1) in August 2010)
e)	Total No. of shares arising as a result of exercise of Options	1,11,220 (Adjusted for Bonus Issue of Equity Shares (1:1) in August 2010)
f)	Options lapsed	30,39,800 (Adjusted for Bonus Issue of Equity Shares (1:1) in August 2010)
g)	Variation of terms of Options	In accordance with the approval of the Board of Directors of the Company, the ESOP Compensation Committee had during FY 2009-10 re-priced 41,31,600 Options granted by the Company at ₹ 104.05 per Stock Option (Earlier ₹ 132.50 per Stock Option) Post Adjustment for Bonus Issue of Equity Shares in August 2010, the said Options were priced at ₹ 52.03 per Equity Share
h)	Money realized by exercise of Options	₹ 34,36,133
i)	Total No. of Options in force	61,54,080
j)	Diluted Earnings Per Share (EPS) pursuant to issue of shares on exercise of Options calculated in accordance with AS 20	Diluted EPS before and after extraordinary items ₹ (2.25)
k)	The difference between the employee compensation cost computed using the intrinsic value of stock options and the employee compensation cost that shall have been recognized if the Company had used the fair value of the options.	The difference between the employee compensation cost computed using the intrinsic value of stock options and the employee compensation cost that shall have been recognized if the Company had used the fair value of the options is ₹ 10,28,829
l)	Impact of Difference on Net Profits and EPS of the Company	Had fair value method been adopted for expensing the ESOP compensation : (a) Loss after tax would have been higher by ₹ 0.10 crore. (b) Basic EPS before and after extraordinary items would remain at ₹ (2.27) per share. (c) Diluted EPS before and after extraordinary items would remain at ₹ (2.25) per share.
m)	Method used to estimate the fair value	Forward start Options Variant of the Black Scholes option pricing method
n)	Weighted Average inputs used in the valuation model • Risk Free Interest Rate • Expected Life during vesting period • Expected Volatility • Expected Dividends per share • Price of underlying shares at grant date - For Options granted on April 25, 2008 - For Options granted on October 23, 2008	 6.416% 2 years 60% ₹ 0.70 ₹ 104.05 (Re-priced at ₹ 52.03 per Equity Share on account of Bonus Issue of Equity Shares in August 2010) ₹ 43.40 (Re-priced at ₹ 21.70 per Equity Share on account of Bonus Issue of Equity Shares in August 2010)
o)	Weighted Average Exercise Price of Options - For Options granted on April 25, 2008 - For Options granted on October 23, 2008	 ₹ 104.05 (Re-priced at ₹ 52.03 per Equity Share on account of Bonus Issue of Equity Shares in August 2010) ₹ 43.40 (Re-priced at ₹ 21.70 per Equity Share on account of Bonus Issue of Equity Shares in August 2010)

No.	Particulars	Details
p)	Weighted Average Fair value of Options whose exercise price equals to the market price of the shares on the date of the grant. - For Options granted on April 25, 2008 - For Options granted on October 23, 2008	 ₹123,475,467 ₹ 3,064,448
q)	Total Fair Value of Options whose exercise price equals to the market price of the share on the date of the grant - Options issued on April 25, 2008 - Options issued on October 23,2008	 ₹ 123,475,467 ₹ 3,064,448 No options are granted at prices higher or lower than market prices.

Employee wise details of Options granted and in force:

Sr. No.	Directors & Senior Managerial Personnel		Number of Options granted and in force
	Name	Designation	
1.	Mr. Y. H. Malegam	Director	68,600
2.	Mr. Rajas R. Doshi	Director	68,600
3.	Mr. D. M. Popat	Director	68,600
4.	Mr. Ram P. Gandhi	Director	68,600
5.	Prof. Fred Moavenzadeh	Director	68,600
6.	Mr. Sharad M. Kulkarni	Director	48,600
7.	Mr. Nirmal P. Bhogilal	Director	68,600
8.	Mr. Anil Singhvi	Director	54,880
9.	Mr. Arun V. Karambelkar*	President & Whole-time Director	5,49,000
10.	Mr. Rajgopal Nogja	Group Chief Operating Officer & Whole-time Director	3,43,200
11.	Mr. Praveen Sood*	Group Chief Financial Officer – Executive Vice President - HCC Group Office	5,49,000
12.	Mr. Aditya Jain	Group Executive Vice President – Human Resources	4,00,600
13.	Mr. Pervez Alam*	Jt. Chief Operating Officer – HCC E&C	6,86,400
14.	Mr. N. R. Acharyulu*	Chief Operating Officer – HCC E&C	6,86,400
15.	Mr. D. M. Kudtarkar*	Chief Technology Officer	6,86,400
16.	Mr. V. P. Kulkarni	Company Secretary	2,74,400
17.	Mr. K. R. Visvanath*	Vice President – Nuclear, Thermal, Special Projects & Water	4,57,400
18.	Mr. Satish Pendse	President - Highbar Technologies	2,74,400
19.	Mr. Jimmy Mogal	Vice President – Corporate Communications	2,74,400
20.	Mr. S.W. Gaitonde*	Vice President – Central Project Planning & Monitoring	4,57,400
	Total No. of Options Outstanding		**61,54,080**

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

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

For and on behalf of Board of Directors,

AJIT GULABCHAND
Chairman & Managing Director

Registered Office:
Hincon House, 11th Floor,
247Park, Lal Bahadur Shastri Marg
Vikhroli (West)
Mumbai 400 083

Place: Mumbai
Date: May 3, 2013

Annexure II to the Directors' Report

Information as per section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of particulars in the Report of the Board of Directors) Rules, 1988 for the financial year ended March 31, 2013.

I. Conservation of Energy

a) Energy Conservation Measures Taken:

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.

Revising configuration of DG plants at Kishanganga HEP and use of seepage water as construction water at Sainj HEP has reduced power consumption.

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

Propose to use 'DG Set Waste Heat' for operation of De-humidifier at Bogibeel Project in case of non availability of sufficient Grid Power.

Main Transformer with 'On Load Tap Changing Device' is being installed at KGHEP for uninterrupted use of Grid Power to avoid work getting affected due to voltage fluctuations thus reducing usage of DG Power.

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

Energy conservation measures continue to reduce the production cost.

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

Not Applicable

II. Technology Absorption

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

1. Research and Development (R&D)

R & D has been implemented with objectives like cost reduction, speed construction, enhancing efficiency and improving level of quality in collaboration with suppliers, manufacturers, and academia.

R&D efforts are as presented below:

i) Improving and optimizing cost of concrete and shotcrete mix proportioning

ii) Optimizing labor cost through process improvement

iii) Placement methods for dam and tunnel concreting.

iv) Alternative design options for road pavements.

During the year under review, the Company has spent ₹ 68.35 lacs towards Research and Development.

2. Technology Absorption and Adaptation

a) Efforts made towards technology absorption and adaptation during the year 2012-13 are:

1. At Kishanganga Hydro Electric Project, the technology of TBM Tunnel Boring Machine (TBM) with double shield type has been successfully implemented and achieved record TBM boring of 718 mtr. in 1 month.
2. At Kishanganga HEP, methodology for execution of cut-off wall is developed in-house and construction is in process under supervision of expert from Italy.
3. At Bogibeel bridge, consortium partner from Germany has finalized the method for continuous launching of 125 mtr. span road cum Railway double decker steel bridge.
4. At NH-34 road projects, the technology of using coir mattresses is successfully adopted as erosion protection of embankment and alternative design options for road pavement are under implementation.
5. At Tehri PSP, the powerhouse cavern has been designed by using FLAC-2D Software for optimization of rock supports with other design concepts in collaboration with expert from France and Canada is under progress.
6. The process of roller compacted concreting at Teesta Lower dam been finalized and implemented in collaboration with expert from Malasia.

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

i. Improvements in time cycle

ii. Improved Progress

iii. Cost reduction.

c) Technology imported during last 5 years:

Description	Year of import	Has technology been fully absorbed
Use of fly ash for embankment and reinforced earth (RE) wall backfilling	2008	Absorbed
Orica emulsion base explosives & Powerdet long delay detonators	2008	Absorbed
Roller Compacted Concrete (RCC) technology at Teesta-IV Low Dam Project	2008	Under Implementation
Wassara drilling equipment (unique method of drilling by using water power)	2008	Absorbed
Cold weather concreting system and protection works when atmospheric temperature is below 5° C	2008	Absorbed
Construction of cable-stayed bridge using cantilever gantry	2009	Absorbed
Construction of surge shaft using raise boring machine	2010	Absorbed
Construction of tunnel using NATM method	2009	Absorbed
Construction of tunnel using double shield Tunnel Boring Machine (TBM)	2011	Under Implementation
Technology for construction of concrete faced rockfill dam	2011	Under Implementation
Construction of dry dock using pre-cast cum floating caissons.	2011	Under Implementation

3. Innovation

The established Innovation forum of your Company has focused on following ideas:

1. Promotion of Value Engineering
2. Innovating and adopting new concept of construction at projects.
3. Cost reduction by optimization
4. Promotion of Green Technology

During the year the innovation forum has achieved targets in optimization of cost of camp facilities by standardization, optimization and reuse, Reduction of construction material cost by value engineering, and establishing and operating eco-friendly sewage treatment plants at camps.

Further the Innovation forum is focusing on training and workshop to control of wastage of materials, equipment utilizing and manpower.

III. Foreign Exchange earnings and outgo:

(a) Activities relating to exports, initiative taken to increase exports, development of new export market development of new export market for production services and export plans:

Visits are being made by technical and marketing personnel to develop new export markets from time to time.

(b) Total Foreign Exchange used and earned:

The information on Foreign Exchange earnings and outgo is contained in Note No. 37 (d) & 37 (b) forming part of the accounts.

For and on behalf of Board of Directors,

AJIT GULABCHAND
Chairman & Managing Director

Registered Office:
Hincon House, 11th Floor,
247Park, Lal Bahadur Shastri Marg
Vikhroli (West)
Mumbai 400 083

Place: Mumbai
Date: May 3, 2013

Independent Auditors' Report

To the Members of
Hindustan Construction Company Limited.

Report on the Financial Statements

We have audited the accompanying financial statements of **Hindustan Construction Company Limited.**('the Company'), which comprise the Balance Sheet as at March 31, 2013, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ('the Act'). This responsibility includes 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and 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 control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

1) In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Company Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
   (i) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;
   (ii) in the case of the Statement of Profit and Loss, of the loss for the year ended on that date; and
   (iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.
2) We did not audit the financial statements of certain Integrated Joint Ventures reflecting Company's share in Loss of ₹ 6.54 crore in these financial statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management, and our opinion, in so far as it relates to the amounts included in respect of the said audited Joint Ventures, is based solely on the Reports of the other auditors.

Emphasis of Matter

3) We draw attention to:
   (a) Note No. 14.1 and 14.2 of the Notes to Accounts regarding Company's exposure in the nature of long-term investments and loans and advances of ₹ 821.65 crore and ₹ 736.33 crore in its subsidiaries namely HCC Real Estate Ltd. and HCC Infrastructure Ltd. On the basis of the book value of these companies, there is a diminution in the value of these investments and advances, which in the opinion of the management is of temporary in nature.
   (b) Note No. 16.1 of the Notes to Accounts regarding litigations amounting to ₹ 35.50 crore, which are more than one year old as on 31.03.2013, where claims favourably awarded in arbitration have been subsequently rejected by Courts of Law. The recoverability is dependent upon the final outcome of the appeals getting resolved in favor of the Company.
   (c) Company's claims of ₹ 189.46 crore, ₹ 21.28 crore and ₹ 418.06 crore being included under "Long Term Trade Receivables", "Short Term Loans and Advances" and "Uncompleted Contracts and Value of Work Done" respectively, which have been outstanding for over 5 years. The Company has assessed the recoverability of these claims based on favourable arbitration awards, court orders and legal opinion. Considering the contractual tenability and legal advice from Company's counsel in the matter, the management is confident of recovery of the same.
   (d) Note No. 27.1 of the Notes to Accounts regarding application seeking approval from Central Government for the excess remuneration paid to managerial personnel.

   Our opinion is not qualified in respect of these matters.

Report on Other Legal and Regulatory Requirements

4) As required by the Companies (Auditor's Report) Order, 2003 (as amended) ('the Order') issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Act, we enclose in the annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
5) As required by section 227(3) of the Act, we report that:
   a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
   b) In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
   c) The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report are in agreement with the books of account;
   d) In our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956.
   e) On the basis of the written representations received from the directors, as on March 31, 2013, and taken on record by the Board of Directors, none of the directors of the Company is disqualified as on March 31, 2013 from being appointed as a director, in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;

For K.S. Aiyar & Co,
Chartered Accountants
Registration No: 100186W

Raghuvir M. Aiyar
Partner
Membership No.: 38128

Place: Mumbai
Date: May 3, 2013

(Referred to in paragraph 1 under the heading 'Report on Other Legal and Regulatory Requirements' of our Report of even date on the financial statements for the year ended on March 31, 2013 of Hindustan Construction Company Limited.)

(i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.

(b) A substantial portion of the fixed assets have been physically verified by the management during the year. In our opinion the frequency of verification is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.

(c) Fixed assets disposed off during the year were not substantial. According to the information and explanations given to us, we are of the opinion that the disposal of fixed assets has not affected the going concern status of the Company.

(ii) (a) The inventories have been physically verified by the management at reasonable intervals during the year. In our opinion, the frequency of verification is reasonable.

(b) The procedure of physical verification of inventories followed by the management is reasonable and adequate in relation to the size of the Company and the nature of its business.

(c) In our opinion and according to the information and explanation given to us, the Company is maintaining proper records of inventory. The discrepancies noticed on verification between physical stocks and the book records were not material and have been properly dealt with in the books of account.

(iii) (a) The Company has not granted unsecured loans and Inter-Corporate Deposits to companies covered in the Register maintained under Section 301 of the Act. Hence the provisions of clause (iii) (a), (b), (c), (d) of paragraph 4 are not applicable to the Company.

(b) The Company has taken an unsecured loan from two companies covered in the Register maintained under Section 301 of the Companies Act, 1956. The maximum amount involved in the current year amounted to ₹ 32 crore and the year-end balance of loans taken from such parties are ₹ 32 crore.

(c) Based on the information and explanations given to us, we are of the opinion that the rate of interest and other terms and conditions of loans taken from such parties covered in the Register maintained under Section 301 are not prima facie prejudicial to the interests of the Company.

(d) According to the information and explanations given to us, repayments of the principal and interest have been regularly made as stipulated.

(iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for purchase of inventory and fixed assets and for the Work Done. *However the internal controls over accounting of consumption, wastages, material reconciliation, need further strengthening.*

(v) (a) Based on the audit procedures applied by us and according to the information and explanations provided by the management, we are of the opinion that the particulars of contracts or arrangements that need to be entered into the register maintained under section 301 of the Companies Act, 1956 have so been entered.

(b) In our opinion and according to the information and explanation given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under Sec 301 of the Companies Act,1956 have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.

(vi) The Company has not accepted any deposits from the public within the meaning of Sections 58A and 58AA of the Act and the rules framed there under. Therefore, the provisions of Section 58A, 58AA and any other relevant provisions of the Companies Act, 1956 and the rules framed there under with regard to deposits accepted from the public are not applicable to the Company.

(vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business. However the scope needs to be enlarged to cover project related cost-to-complete workings and certain areas of head office accounting.

(viii) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government of India, regarding the maintenance of cost records under clause (d) of subsection (1) of Section 209 of the Act and are of the opinion that prima facie, the prescribed accounts and records have been maintained. We have, however not made a detailed examination of the records with a view to determine whether they are accurate or complete.

(ix) (a) According to the records of the Company, Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess and other material statutory dues applicable to it have been generally regularly deposited during the year with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of above were in arrears, as at March 31, 2013 for a period of more than six months from the date on which they became payable.

(b) According to the records of the Company, sales tax, income tax, customs duty, wealth tax, service tax, excise duty or cess which have not been deposited on account of dispute are given below :

Nature of dues	Year	Amount (₹ in crore)	Forum where dispute is pending
Sales Tax/ VAT	1996-97 & 1998-99	1.35	High Courts
	1997-98 to 2000-01	5.97	Taxation Tribunal
	2002-03 to 2008-09	18.17	AC/DC/Add. Commissioners & ACTO
Service Tax	2005-06	0.31	Central Excise Appeal/ Service Tax Commissioner
	June 04 to March 06	2.97	Central Excise and Service Tax Appellate Tribunal

(x) The Company does not have any accumulated losses at the end of the financial year. The Company has incurred cash loss during the financial year covered by our audit.

(xi) The details of principal and interest not paid on due dates i.e. the last dates specified in loan documents or debenture trust deed, to the Financial Institutions and Banks during the year are as follows:

Amount of Principal (₹ in crore)	Period of Delays (in Days)
44.68	0 to 90
8.88	91 to 180
11.84	181 to 365

Amount of Interest (₹ in crore)	Period of Delays (in Days)
132.70	1 to 30
0.79	31 to 60
0.94	61 to 90

These dues have been paid by the end of the year and there is no overdue as of March 31, 2013.

(xii) Based on our examination of the records and the information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

(xiii) In our opinion the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore the provisions of clause 4(xiii) of the Companies (Auditor's Report) (Amendment) Order, 2004 are not applicable to the Company.

(xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Order are not applicable to the Company

(xv) In our opinion, the terms and conditions on which the Company has given guarantees for loans taken by others from banks or financial institutions are not prejudicial to the interest of the Company.

(xvi) In our opinion the term loans have been applied for the purpose for which they were raised.

(xvii) According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we report that funds raised on short-term basis have not been used for long-term investment.

(xviii) According to the information and explanations given to us, the Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Companies Act, 1956.

(xix) According to the information and explanations given to us, no debentures were issued during the period.

(xx) The Company has not raised any money by way of public issue during the year.

(xxi) To the best of our knowledge and belief and according to the information and explanations given to us, we report that no fraud on or by the Company has been noticed or reported during the year except for frauds on the Company for an amount of ₹ 62.19 Lacs by employees of the Company, out of which ₹ 3.40 Lacs have been recovered. The matter has been investigated by management and action for recovery of balance amount of ₹ 58.79 Lacs is being continued. We are informed that internal controls have been further strengthened to avoid recurrence of such cases.

For K.S. Aiyar & Co,
Chartered Accountants
Registration No: 100186W

Raghuvir M. Aiyar
Partner
Membership No.: 38128

Place: Mumbai
Date: May 3, 2013

Balance Sheet as at 31st March 2013

Particulars	Note No.	₹ crore	As at 31.03.2013 ₹ crore	As at 31.03.2012 ₹ crore
I. EQUITY AND LIABILITIES				
(1) **Shareholders' funds**				
Share capital	2	60.67		60.67
Reserves and surplus	3	1,102.11		1,234.12
			1,162.78	1,294.79
(2) **Non-current liabilities**				
Long-term borrowings	4	3,257.03		1,369.12
Deferred tax liabilities (Net)	5	14.29		70.24
Long term Trade payables	6	33.51		21.12
Other Long-term liabilities	7	56.86		54.95
Long-term provisions	8	36.17		37.19
			3,397.86	1,552.62
(3) **Current liabilities**				
Short-term borrowings	9	1,317.85		2,031.67
Trade payables	10	960.01		1,017.80
Other current liabilities	11			
Current maturities of long term borrowings		53.08		1,056.08
Advance from Contractees		1,162.17		1,397.49
Others		466.10		455.35
		1,681.35		2,908.92
Short-term provisions	12	9.22		8.46
			3,968.43	5,966.86
TOTAL			8,529.07	8,814.27
II. ASSETS				
(1) **Non-current assets**				
Fixed assets	13			
Tangible assets		1,006.35		1,118.28
Intangible assets		4.04		6.19
Capital work-in-progress		10.55		24.04
Intangible assets under development		1.72		1.72
			1,022.66	1,150.23
Non-current investments	14	601.22		584.74
Long-term loans and advances	15	1,213.31		1,217.89
Long term Trade receivables	16	665.56		679.15
Other non-current assets	17	1.42		29.12
			2,481.51	2,510.90
(2) **Current assets**				
Inventories	18	3,672.18		3,755.41
Trade receivables	19	570.19		523.68
Cash and bank balances	20	99.14		159.97
Short-term loans and advances	21	674.53		706.39
Other current assets	22	8.86		7.69
			5,024.90	5,153.14
TOTAL			8,529.07	8,814.27
Significant Accounting Policies	1			

The accompanying notes including other explanatory information form an integral part of the financial statements.

As per our report attached
For K.S.AIYAR & CO.
Chartered Accountants
Registration No. 100186W

RAGHUVIR M. AIYAR
Partner
Membership No. 38128

Mumbai, Dated May 3, 2013

PRAVEEN SOOD
Group Chief Financial Officer

VITHAL P. KULKARNI
Company Secretary

AJIT GULABCHAND — *Chairman & Managing Director*
RAJGOPAL NOGJA — *Group Chief Operating Officer & Whole-time Director*
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ANIL SINGHVI
DR. ILA PATNAIK
Directors

Statement of Profit & Loss for the year ended 31st March 2013

	Particulars	Note No.		Year ended 31.03.2013 ₹ crore	Year ended 31.03.2012 ₹ crore
I	Revenue from Operations (gross)	23	3,838.65		4,010.60
	Less: Excise Duty		1.36		7.85
				3,837.29	4,002.75
	Less: Company's Share of Turnover in Integrated Joint Ventures			0.20	11.29
	Less: Company's Share of (Profit)/Loss in Integrated Joint Ventures (net)			4.80	3.23
				3,832.29	3,988.23
II	Other Income	24		119.91	122.83
III	**Total Revenue (I + II)**			3,952.20	4,111.06
IV	**Expenses**				
	Cost of Materials Consumed	25	56.12		81.70
	Purchase of Traded goods		23.48		55.81
	Construction Expenses	26	2,870.18		2,828.18
	Employee Benefits Expenses	27	402.03		439.24
	Finance Costs	28	529.67		543.16
	Depreciation and amortization Expense		163.40		162.10
	Other Expenses	29	116.48		153.03
	Total Operating Expenses			4,161.36	4,263.22
V	**Profit / (Loss) Before Exceptional & Extraordinary Items & Tax (III - IV)**			(209.16)	(152.16)
VI	Exceptional Items	30		15.58	(166.32)
VII	**Profit / (Loss) Before Extraordinary Items & Tax (V + VI)**			(193.58)	(318.48)
VIII	Extraordinary Items			-	-
IX	**Profit / (Loss) Before Tax (VII - VIII)**			(193.58)	(318.48)
X	**Tax Expense:**				
	1) Current Tax			-	-
	2) Deferred Tax Charged/(Credit)			(55.94)	(96.23)
	3) MAT Credit Entitlement			-	-
				(55.94)	(96.23)
XI	**Profit / (Loss) for the year from Continuing operations (IX - X)**			(137.64)	(222.25)
XII	Profit / (Loss) for the year from discontinuing operations			-	-
XIII	Tax Expense from discontinuing operations			-	-
XIV	**Profit / (Loss) for the year from Discontinuing operations (XII - XIII)**			-	-
XV	**Profit / (Loss) for the year (XI + XIV)**			(137.64)	(222.25)
XVI	**Earnings per equity share:**	31			
	1) Basic			(2.27)	(3.66)
	2) Diluted			(2.25)	(3.62)
	Significant Accounting Policies	1			

The accompanying notes including other explanatory information form an integral part of the financial statements.

As per our report attached
For K.S.AIYAR & CO.
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Registration No. 100186W

RAGHUVIR M. AIYAR
Partner
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Directors

Cash Flow Statement for the year ended 31st March 2013

			2012-13	2011-12
A.	**CASH FLOW FROM OPERATING ACTIVITIES**		**₹ crore**	**₹ crore**
	Net Profit before tax and extraordinary items		**(193.58)**	(318.48)
	Adjustments for :			
	Depreciation	**163.40**		162.10
	Interest expense	**529.67**		543.16
	Interest/Dividend income	**(91.37)**		(104.94)
	Unrealised Foreign Exchange (Gain)/Loss (net)	**16.09**		14.59
	Loss/(Profit) on sale of Assets (net)	**(27.33)**		(16.09)
	Loss/(Profit) on sale of investment (net)	**-**		5.22
			590.46	604.04
	Operating profit before working capital changes		**396.88**	285.56
	Adjustments for :			
	Trade & Other receivable	**71.07**		(110.69)
	Inventories	**83.24**		30.46
	Trade payables	**43.34**		110.41
	Client Advances	**(234.00)**		(135.76)
			(36.35)	(105.58)
	Cash Generated from operations		**360.53**	179.98
	Direct Taxes paid		**(19.94)**	(10.08)
	NET CASH FLOW FROM OPERATING ACTIVITIES		**340.59**	169.90
B.	**CASH FLOW FROM INVESTING ACTIVITIES**			
	Purchase of fixed assets	**(94.76)**		(196.23)
	Sale of Fixed Assets	**54.33**		40.56
	Purchase of Investments	**-**		0.00
	Purchase of Investments in Subsidiaries	**(16.49)**		(70.98)
	Sale of Investments	**-**		12.33
	Inter Corporate Deposits	**(2.53)**		(347.97)
	Interest received	**41.91**		12.93
	Bank Deposits Matured	**27.70**		(2.84)
	Dividend received	**0.02**		0.34
	NET CASH FLOW FROM INVESTING ACTIVITIES		**10.18**	(551.86)
C.	**CASH FLOW FROM FINANCING ACTIVITIES**			
	Interest Paid	**(582.54)**		(469.36)
	Proceeds from long term and other borrowings(net of repayment)	**171.07**		871.82
	Proceeds from Issue of Shares under Employee Stock Option Plan	**0.00**		0.17
	Dividend paid (including Dividend Distribution Tax)	**(0.13)**		(28.07)
	NET CASH FLOW FROM FINANCING ACTIVITIES		**(411.60)**	374.57
	NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)		**(60.83)**	(7.39)
	CASH AND CASH EQUIVALENTS AS AT 1/4/2012 (OPENING BALANCE)		**159.97**	167.37
	UNREALISED FOREIGN EXCHANGE GAIN / (LOSS)	**0.04**		0.06
	CASH AND CASH EQUIVALENTS	**99.10**		159.91
	CASH AND CASH EQUIVALENTS AS AT 31/03/2013 (CLOSING BALANCE)		**99.14**	159.97
			(60.83)	(7.39)

NOTES : 1. Proceeds from Long Term and Other Borrowings are shown net of repayments.
2. Figures for the previous year have been regrouped /recast whereever necessary.

As per our report attached
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Directors

SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF THE ACCOUNTS AS AT March 31, 2013

Note 1 Significant Accounting Policies

1.1 Basis of Accounting

The Company maintains its accounts on accrual basis. Management makes estimates and technical and other assumptions regarding the amounts of income and expenses in accordance with Indian GAAP in the preparation of the financial statements. Difference between the actual results and estimates are recognised in the period in which they are determined.

1.2 Fixed Assets

Fixed assets are stated at cost of acquisition including attributable interest & financial costs till the date of acquisition/installation of the assets and improvement thereon less accumulated depreciation / amortisation and accumulated impairment losses if any. Intangible assets comprise of licence fees, other implementation cost for software (ERP) and other application softwares acquired for inhouse use.

1.3 Depreciation and Amortisation

Depreciation on fixed assets is provided:

i) In respect of buildings and sheds, furniture and office equipments on the written down value basis at rates prescribed in Schedule XIV of the Companies Act, 1956.

ii) In respect of plant & machinery, heavy vehicles, light vehicles, helicopter, aircraft and speed boat on the straight line basis at rates prescribed in Schedule XIV of the Companies Act, 1956 on a pro-rata basis.

iii) In respect of computers, depreciation is provided on straight line basis over a period of three years on a pro-rata basis.

iv) The depreciation on assets used for construction has been treated as period cost.

v) Fixed Assets includes cost incurred on the Lease hold Improvements at 247 park which is being amortised over a period of nine years.

vi) Software and implementation costs including users licence fees of the Enterprise Resource Planning (ERP) system and other application software costs are amortised over a period of five years.

1.4 Investments

Investments, which are readily realisable and intended to be held for not more than one year from the date on which such investments are made,are classified as current investments. All other investments are classifies as long-term investments.

Current investments are carried in the financial statements at lower of cost or fair value determined on an individual investment basis. Long-term(Non Current) investments are carried at cost, provision for diminution in value is made to recognise a decline other than temporary in the value of the investments.

1.5 Employee Benefits

i) Defined Contribution plan

Contribution to provident fund and superannuation fund is accounted on accrual basis.

ii) Defined Benefit plan

Gratuity is charged to revenue on the basis of actuarial valuation and in case of daily rated workmen on actual basis computed on tenure of service as at the end of the year.

iii) Other Benefits

Short term and long term compensated absenses are provided for based on actuarial valuation. The actuarial valuation is done as per projected unit credit method.

Accumulated leave which is expected to be utilised within next 12 months, is treated as short term employee benefit. The Company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The Company treats accumulated leave expected to be carried forward beyond tweleve months, as long-term employee benefit for the measurement purposes. Such long term compensated absences are provided for based on the actuarial valuations using the projected unit credit method at the year-end.

The obligation is measured at the present value of the estimated future cash flows. The discount rates used for determining the present value of the obligation under defined benefit plans, is based on market yields on Government securities as at the Balance Sheet date, having maturity periods approximating to the terms of the related obligations.

1.6 Inventories

a) The stock of stores, spares and embedded goods and fuel is valued at cost (weighted average basis), or net realisable value whichever is lower.

b) Work-in-Progress is valued at the contract rates and site mobilisation expenditure of incomplete contracts is stated at cost.

1.7 Cash and cash equivalents

Cash and cash equivalents comprise of cash at bank and cash in hand. The Company considers all highly liquid investments with an original maturity of three months or less from date of purchase, to be cash equivalents.

1.8 Provisions, Contingent liabilities and contingent assets

Provisions involving substantial degree of estimation in measurement are recognised when there is a present obligation as a result of past events and it is probable that there will be an outflow of resourses. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Contingent assets are neither recognised nor disclosed in the financial statements.

1.9 Borrowing costs

Borrowing costs that are attributable to the acquisition, construction or production of a qualifying asset are capitalised as a part of the cost of such asset. Other borrowing costs are charged to Statement of Profit and Loss as incurred.

1.10 Foreign Exchange Translation of Foreign Projects and Accounting of Foreign Exchange Transactions

a) Initial Recognition

Transactions in foreign currencies entered into by the Company are accounted at the exchange rates prevailing on the date of the transaction or at rates that closely approximate the rate at the date of the transaction.

b) Conversion

Foreign Currency Monetary Items are re-translated at the exchange rate prevailing on the reporting date.

c) Treatment of Exchange Differences

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.

The exchange differences arising on revaluation of long term foreign currency monetary items are capitalised as part of the depreciable fixed assets to which the monetary items relates and depreciated over the remaining balance life of such assets and in other cases amortised over

Note 1.10 (contd.)

the balance period of such long term foreign currency monetary items. The unamortised balance is carried in the Balance Sheet as "Foreign currency monetary item translation difference account".

1.11 Financial Derivatives & Hedging transactions

Financial derivatives and hedging contracts are accounted on the date of their settlement and realised gain/loss in respect of settled contracts is recognised in the Statement of Profit and Loss along with the underlying transactions.

1.12 Revenue Recognition

i) Accounting of construction contracts

The Company follows the percentage completion method, based on the stage of completion at the balance sheet date, taking into account the contractual price and revision thereto by estimating total revenue including claims/variations as per Accounting Standard 7 and total cost till completion of the contract and the profit so determined has been accounted for proportionate to the percentage of the actual work done.

Revenue is recognized as follows:

a) In case of Item rate contracts on the basis of physical measurement of work actually completed at the balance sheet date.

b) In case of Lumpsum contracts, revenue is recognized on the completion of milestones as specified in the contract or as identified by the management. Foreseeable losses are accounted for as and when 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.

ii) Accounting of Supply Contracts-Sale of goods

Revenue from supply contract is recognized when the substantial risk and rewards of ownership is transferred to the buyer.

iii) Accounting Policy for Claims

Claims are accounted as income in the year of receipt of arbitration award or acceptance by client or evidence of acceptance received.

1.13 Accounting for Joint Venture Contracts

(a) Contracts executed in Joint Venture under work sharing arrangement (consortium) are accounted in accordance with the Accounting policy followed by the Company as that of an independent contract to the extent work is executed.

(b) In respect of contracts executed in Integrated Joint Ventures under profit sharing arrangement (assessed as AOP under Income tax laws), the services rendered to the Joint Ventures are accounted as income on accrual basis. The profit / loss is accounted for, as and when it is determined by the Joint Venture and the net investment in the Joint Venture is reflected as investments, loans & advances or current liabilities.

1.14 Taxation

The tax expense comprises of current tax & deferred tax charged or credited to the Statement of Profit and Loss for the year. Current tax is calculated in accordance with the tax laws applicable to the current financial year. The deferred tax expenses or benefit is recognised using the tax rates and tax laws that have been enacted by the balance sheet date. In the event of unabsorbed depreciation or carry forward losses, deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax assets can be realised. Other deferred tax assets are recognised only to the extent there is a reasonable certainity of realisation in future.

Minimum Alternate Tax(MAT) paid in a year is charged to the Statement of Profit & Loss as current tax. The Company recognises MAT credit available as an asset only to the extent that there is convincing evidence that Company will pay normal income tax during the specified period, i.e. the period for which MAT credit is allowed to be carried forward.

1.15 Leases

Lease rentals in respect of assets aquired under operating lease are charged to Statement of Profit and Loss.

1.16 Impairment of Assets

At each Balance Sheet date, the management makes an assessment of any indicator that may lead to impairment of assets. An asset is treated as impaired when the carrying cost of the asset exceeds its recoverable value, which is higher of net selling price and value in use. Any impairment loss is charged to Statement of Profit and Loss in the year in which it is identified as impaired.

1.17 Employees Stock Option Plan

In respect of the stock options granted pursuant to the Company's Stock Option Scheme, market value of the Company's shares as on the grant date was equal to the par value for the options granted, hence no accounting entries as per ESOP guidelines are required to be made.

1.18 Earning per share

Basic and Diluted earning per share is calculatd by dividing the net profit or loss for the period attributable to equity shareholders and weighted average number of equity shares outstanding during the period.

For the purpose of calculating diluted earning per share, the net profit or loss for the period attributable to equity shareholders and weighted average number of equity shares outstanding during the period is adjusted for the effects of all dilutive potential equity shares.

Note 2 SHARE CAPITAL		As at 31.03.2013 ₹ crore	As at 31.03.2012 ₹ crore
Authorised Capital			
1,00,00,000	Redeemable Cumulative Preference Shares of ₹10/- each	10.00	10.00
90,00,00,000	Equity Shares of ₹ 1/- each	90.00	90.00
	TOTAL	100.00	100.00
Issued, Subscribed and Paid-up:			
Equity Share Capital			
606,610,420	Equity Shares of ₹ 1/- each (previous year 606,610,420 Equity Shares of ₹ 1/- each)	60.66	60.66
	Add : 13,225 Forfeited Shares (previous year 13,225 shares)	0.01	0.01
	TOTAL	60.67	60.67

a **Reconciliation of the shares outstanding at the beginning and at the end of the reporting period**

Equity Shares :

Number of Shares outstanding at the beginning of the year:	Qty	606,610,420	606,532,920
	Value	60.66	60.65
Add: Further issue during the period			
Bonus shares	Qty	-	-
	Value	-	-
Issued and allotted	Qty	-	77,500.00
	Value	-	0.01*
Number of Shares outstanding at the end of the year	Qty	606,610,420	606,610,420
	Value	60.66	60.66

Note:* represents amount less than ₹ 100,000.

b **Terms/rights attached to 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 is subject to the approval of the shareholders in the ensuing Annual General Meeting.

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 shareholder.

c **Shareholding of more than 5%:**

Name of the Shareholder	As at 31.03.2013 % held	As at 31.03.2013 No. of shares	As at 31.03.2012 % held	As at 31.03.2012 No. of shares
Hincon Holdings Ltd.	33.09%	200,703,600	33.09%	200,703,600
HSBC Global Investment Funds Mauritius Ltd.	5.32%	32,257,988	8.27%	50,174,601
Hincon Finance Ltd.	6.32%	38,365,500	6.32%	38,365,500
Siwa Holding Ltd.	5.95%	36,082,151	5.95%	36,082,151

d **Shares reserved for issue under options :**

There are 6,154,080 (previous year 6,462,960) stock options outstanding convertible into 6,154,080 (previous year 6,462,960) equity shares of ₹ 1/- each, the same are convertible at an exercise price of ₹ 52.03 per share.

During the current year, none of the Options were exercised / converted into Equity Shares (previous year 77,500 at an exercise price of ₹ 21.70). There were 308,880 (previous year 557,040) stock options that got lapsed during the current year.

e. **Employees Stock Option Scheme:**

i. Options granted

a) The Company offered 4,458,800 Stock Options on April 25, 2008 (each option carrying entitlement for one equity share of the face value of ₹ 1/- each) at a price of ₹ 132.50 per equity share. Out of the total Stock Options offered, 898,180 have been lapsed on account of resignation / retirement by employees.

In accordance with the approval of the Board of Directors and shareholders of the Company, the ESOP compensation committee at its meeting held on July 20, 2009 had repriced 4,131,600 options at ₹ 104.05 per equity share.

b) The ESOP Compensation Committee at its meeting held on October 23, 2008 granted 193,750 options at an exercise price of ₹ 43.40 per equity share.

The ESOP Compensation Committee of the Company at its meeting held on August 12, 2010 has decided to double the number of employee stock options (vested and unvested but not exercised and in-force as on the Record Date i.e. August 11, 2010) and halved the exercise price on account of issuance and allotment of Bonus Equity Shares in the proportion of 1:1.

Accordingly, 3,553,760 employee stock options in–force granted by the Company on April 25, 2008 have been doubled i.e. 7,107,520 and the exercise price in respect of the same has been halved i.e. it has been reduced from ₹ 104.05 to ₹ 52.03 and 193,750 employee stock options granted by the Company on October 23, 2008 have been doubled i.e. 387,500 and the exercise price in respect of the same has been halved i.e. it has been reduced from ₹ 43.40 to ₹ 21.70.

ii. Settlement Through Equity Shares.

iii. Options vested 6,701,040. These are the total number of Options vested with the Employees from time to time (pre and post bonus)

		As at 31.03.2013	As at 31.03.2012
a)	Outstanding at the beginning of the year	6,462,960	7,097,500
b)	Granted during the year	NIL	NIL
c)	Additional Options granted on account of Bonus issue	NIL	NIL
d)	Forfeited during the year	NIL	NIL
e)	Exercised during the year	NIL	77,500
f)	Expired / cancelled during the year	308,880	557,040
g)	Outstanding at the end of the year	6,154,080	6,462,960
h)	Exercisable at the end of the year	NIL	NIL

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:

303,256,460 Equity Shares were issued as fully paid Bonus Shares by capitalisation of Securities Premium Reserve on August 12, 2010.

(iii) Aggregate number and class of shares bought back:

Nil

g. Pursuant to Bonus Issue of Equity Shares in the proportion to 1:1, outstanding 95,146 Global Depository Shares(outstanding as of Record Date i.e. August 11, 2010) have increased to 190,292. Out of the total Global Depository Shares(GDR) issued 120,720 GDR's are outstanding as on March 31, 2013.

Note 3 Reserves and Surplus	As at 31.03.2013 ₹ crore	As at 31.03.2012 ₹ crore
(a) **Capital Reserve** (Forfeited Equity Share Warrants)	15.19	15.19
(b) **Forfeited Debentures Account**	0.02	0.02
(c) **Securities Premium Reserve**		
Opening Balance	888.86	888.70
Add: Additions during the year	-	0.16
	888.86	888.86
(d) **Debenture Redemption Reserve**		
Opening Balance	34.99	35.41
Add: Transferred from Statement of Profit and Loss	-	16.25
	34.99	51.66
Less: Transferred to Statement of Profit and Loss	-	16.67
	34.99	34.99
(e) **Foreign Currency Monetary Translation Account**	0.31	(5.32)
(f) **General Reserve**		
Opening Balance	174.38	174.38
Add: Transferred from Statement of Profit and Loss	-	-
	174.38	174.38
(g) **Surplus as per Statement of Profit and Loss**		
Balance brought forward	126.00	347.83
Add: Profit / (Loss) for the year	(137.64)	(222.25)
Add: Transferred from Debenture Redemption Reserve	-	16.67
	(11.64)	142.25
Less: Transferred to Debenture Redemption Reserve	-	16.25
Less: Transferred to General Reserve	-	-
Less: Proposed Dividend	-	-
Less: Tax on Proposed Dividend	-	-
	(11.64)	126.00
TOTAL	1,102.11	1,234.12

3.1 The Company(Accounting Standards) Second Amendment Rules 2011 has amended the provision of AS-11 relating to "The Effects of the Changes in Foreign Exchange Rates" vide notification dated December 29, 2011. In terms of these amendments, the Company has carried over long term monetary exchange gain of ₹ 0.31 crore (previous year loss of ₹ 5.32 crore) through "Foreign Currency Monetary Items Translation Difference Account", to be recognised over the balance period of such long term asset/ liability.

Note 4 Long Term Borrowings	Non-current portion 31.03.2013 ₹ crore	Non-current portion 31.03.2012 ₹ crore	Current maturities 31.03.2013 ₹ crore	Current maturities 31.03.2012 ₹ crore
I. Secured				
(A) Debentures:				
1) AXIS Non-Convertible	120.00	120.00	-	-
2) LIC Non-Convertible	100.00	75.00	-	25.00
	220.00	195.00	-	25.00
(B) Rupee Term Loans (RTL-1)				
(i) From Banks :				
1) IDBI Bank Ltd.	270.00	101.25	-	161.45
2) Export Import Bank of India	230.00	176.92	-	53.08
3) Axis Bank	60.00	36.00	-	24.00
4) Punjab National Bank	50.00	-	-	-
5) Union Bank of India	50.00	-	-	-
6) Bank of Maharashtra	31.25	-	-	31.25
7) Bank of Baroda	31.25	15.63	-	13.64
8) State Bank of Travancore	15.00	-	-	15.00
9) Export Import Bank of India	110.06	-	-	-
	847.56	329.80	-	298.42
(ii) From Other Parties (RTL-1):				
SREI Finance Pvt. Ltd. (NBFC)	115.50	74.36	-	41.14
	115.50	74.36	-	41.14
(C) Rupee Term Loans (RTL-2)				
From Banks :				
1) Canara Bank	365.54	-	-	-
2) United Bank of India	300.00	-	-	-
3) Syndicate Bank	200.00	-	-	-
4) Export Import Bank of India	160.50	-	-	-
5) Axis Bank	150.00	-	-	-
6) State Bank of Mysore	100.00	-	-	-
7) Indian Overseas Bank	100.00	-	-	-
8) State Bank of Hyderabad	50.00	-	-	-
9) Central Bank of India	50.00	-	-	-
	1,476.04	-	-	-
(D) **Working Capital Term Loan (WCTL)**				
From Banks :				
Rupee Loans				
1) Central Bank of India (WCTL-1)	23.96	-	-	-

Note 4 Long Term Borrowings	Non-current portion		Current maturities	
	31.03.2013	31.03.2012	31.03.2013	31.03.2012
	₹ crore	₹ crore	₹ crore	₹ crore
2) NABARD (WCTL-2)	50.00	-	-	-
3) The Federal Bank Ltd. (WCTL-2)	25.00	-	-	-
	98.96	-	-	-
(E) Other Term Loans				
From Banks :				
Rupee Loans				
1) Standard Chartered Bank	4.58	4.58	-	7.12
2) Development Bank of Singapore	-	8.43	-	4.21
	4.58	13.01	-	11.33
Foreign Currency Loans				
1) Standard Chartered Bank	69.68	27.70	-	29.39
2) Development Bank of Singapore	56.63	37.57	-	18.78
3) Toronto Dominion Bank	59.08	65.14	10.74	10.02
4) Export Import Bank of India	-	52.17	-	-
	185.39	182.58	10.74	58.19
(F) Funded Interest Term Loan				
From Banks	112.08	-	37.37	-
From Other Party	5.21	-	1.73	-
	117.29	-	39.10	-
Total Secured Loans (A+B+C+D+E+F)	3,065.32	794.75	49.84	434.08

Note : For securities please refer notes given below.

II. Unsecured				
A) Term Loans from Banks:				
Rupee Loans				
1) Canara Bank	-	100.00	-	235.00
2) Syndicate Bank	-	200.00	-	-
3) United Bank of India	-	200.00	-	-
4) State bank of Mysore	-	-	-	100.00
5) Axis Bank	-	-	-	150.00
6) Export Import Bank of India	-	23.50	-	137.00
	-	523.50	-	622.00
Foreign Currency Loans				
Export Import Bank of India	-	50.87	-	-
	-	50.87	-	-
B) Term Loans from Other Party:				
IFCI (NBFC)	150.00	-	-	-
C) Funded Interest Term Loan from other parties	9.71	-	3.24	-
D) Loans & advances from related parties	32.00	-	-	-
Total Unsecured Loans (A+B+C+D)	191.71	574.37	3.24	622.00
Total Long Term Borrowings (I+II)	3,257.03	1,369.12	53.08	1,056.08

4.1 Additional Information to Secured/Unsecured Long Term Borrowings:

The long term portion of debentures and term loans are shown under long term borrowings and the current maturities of the long term borrowings are shown under the current liabilties as per the disclosure requirements of the Revised Schedule VI.

4.2 Detail of Securities and Terms of repayment

The Board of Directors of HCC in its meeting held on March 9, 2012 had accorded its approval for realignment of the debts of the Company under Corporate Debt Restructuring Mechanism of the Reserve Bank of India. CDR Empowered Group (CDREG) in its meeting held on March 29, 2012 has admitted the Company under CDR. CDREG issued Letter of Approval (LOA) on June 29, 2012. As on March 31, 2013, CDR package related documents have been executed and security creation stands completed.

I. Secured

(A) Debentures

On restructuring by CDR, above debentures are classified as RTL-1 repayable in 31 quarterly installments commencing from April 15, 2014 and ending on October 15, 2021, having interest yield of 11.5% in yield equalization. RTL-1 is secured in form of :

1. The parcel of immovable non- residential property admeasuring 22 acres and 24 gunthas located 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 the 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 above security having ranking 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.

Collateral security pari-passu with all CDR lenders:

1. Corporate guarantee of HCC Real Estate Limited (HREL) for ₹ 9,477.60 crore.
2. Pledge of 200,703,600 equity shares (33.09%) of HCC Limited held by Hincon Holdings Ltd.
3. Personal guarantee of Mr. Ajit Gulabchand.

(B) Rupee Term Loans (RTL-1)

On restructuring by CDR, above loans are classified as RTL-1 repayable in 31 quarterly installments commencing from April 15, 2014 and ending on October 15, 2021, having interest yield of 11.5% in yield equalization. RTL-1 is secured in form of :

1. The parcel of immovable non- residential property admeasuring 22 acres and 24 gunthas located 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 the 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.

4.2 Detail of Securities and Terms of repayment (contd.)

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 above security having ranking 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.

Collateral security pari-passu with all CDR lenders:

1. Corporate guarantee of HCC Real Estate Limited (HREL) for ₹ 9,477.60 crore.
2. Pledge of 200,703,600 equity shares (33.09%) of HCC Limited held by Hincon Holdings Ltd.
3. Personal guarantee of Mr. Ajit Gulabchand.

(C) Rupee Term Loans (RTL-2)

On restructuring by CDR, above loans classified as RTL-1 are repayable in 31 quarterly installments commencing from April 15, 2014 and ending on October 15, 2021, having interest yield of 11.5% in yield equalization. RTL-1 is secured in form of :

1. The parcel of immovable non- residential property admeasuring 22 acres and 24 gunthas located 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 the 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 above security having ranking as below:

1. A second ranking and pari passu Security Interest by way of legal mortgage over the Mortgaged Properties.

Collateral security pari-passu with all CDR lenders:

1. Corporate guarantee of HCC Real Estate Limited (HREL) for ₹ 9,477.60 crore.
2. Pledge of 200,703,600 equity shares (33.09%) of HCC Limited held by Hincon Holdings Ltd.
3. Personal guarantee of Mr. Ajit Gulabchand.

(D) (1) Working Capital Term Loan (WCTL-1)

On restructuring by CDR, Commercial Paper Loan of Central Bank of India has been classified as WCTL-1 repayable in 16 quarterly instalments commencing from April 15, 2014 and ending on January 15, 2018, having interest rate 11.5% p.a. linked to monitoring institution's base rate. WCTL-1 is secured in form of:

1. The parcel of immovable non- residential property admeasuring 22 acres and 24 gunthas located 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 the 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 above security having ranking 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.

Collateral security pari passu with all CDR lenders:

1. Corporate guarantee of HCC Real Estate Limited (HREL) for ₹ 9,477.60 crore.
2. Pledge of 200,703,600 equity shares (33.09%) of HCC Limited held by Hincon Holdings Ltd.
3. Personal guarantee of Mr. Ajit Gulabchand.

(D) (2) & (3) Working Capital Term Loan (WCTL-2)

On restructuring by CDR, Commercial Paper loan of NABARD & Federal Bank has been classified as WCTL-2 repayable in 31 quarterly instalments commencing from April 15, 2014 and ending on October 15, 2021, having 11.5% p.a. linked to monitoring institution's base rate. WCTL-2 is secured in form of:

1. The parcel of immovable non- residential property admeasuring 22 acres and 24 gunthas located 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 the 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 above security having ranking as below:

1. a second ranking and pari passu Security Interest by way of legal mortgage over the Mortgaged Properties.

Collateral security pari-passu with all CDR lenders:

1. Corporate guarantee of HCC Real Estate Limited (HREL) for ₹ 9,477.60 crore.
2. Pledge of 200,703,600 equity shares (33.09%) of HCC Limited held by Hincon Holdings Ltd.
3. Personal guarantee of Mr. Ajit Gulabchand.

(E) Other Term Loans

Standard Chartered Bank- ECB USD 13.77 million

Outstanding ECB of USD 13.77 million has been restructured with repayment of 18 quarterly installments starting from April 15, 2014 till March 15, 2018 having interest rate of 3 months LIBOR plus 350 basis points. 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 November 10, 2009.

Development Bank of Singapore - ECB USD 10.34 million

Outstanding ECB of USD 10.38 million has been restructured with repayment of 17 quarterly installments starting from October

4.2 Detail of Securities and Terms of repayment (contd.)

5, 2014 till October 5, 2018 having interest rate of 3 months LIBOR plus 385 basis points. The facility is secured by first charge by way of hypothecation of plant and machineries and heavy vehicles acquired under the facility described in the schedule I(2) to the deed of hypothecation executed on April 29, 2010.

Toronto Dominion LLC - USD 12.80 mn

The facility is secured by first priority mortgage and security interest to and in favour of Wilmington Trust Company (the security trustee) on one (1) Hawker model 4000 airframe bearing manufacture's serial number RC-26 together with two installed model PW208 engines more particularly described under Clause no.2.1 as per the Aircraft Charge Agreement executed on January 6, 2011. The Foreign currency loan is repayable in 26 equal quarterly instalments of apprx. ₹ 2.68 crore each, having period of maturity w.r.t the Balance Sheet date is 6.5 years. The loan has interest rate of 3 month LIBOR plus 120 basis points.

(F) Funded Interest Term Loan (FITL)

On restructuring by CDR, FITL of ₹ 156.38 crore repayable in 8 equal quarterly instalments commencing from October 15, 2013 and ending July 15, 2015 having interest rate 11% p.a. linked to monitoring institution's base rate. FITL pertaining to RTL-1 and RTL-2 is secured as per security being offered to RTL-1 and RTL-2.

II. Unsecured

B) Term Loans from Other Party

IFCI - Unsecured loan of ₹ 150 crore

The loan has been restructured, repayable in 31 quarterly instalments commencing from April 15, 2014 and ending on October 15, 2021, having interest rate of 11.5% p.a.

C) Funded Interest Term Loan (FITL)

On restructuring, IFCI FITL of ₹ 12.95 crore is repayable in 8 equal quarterly instalments commencing from October 15, 2013 and ending on July 15, 2015 having interest of 11.5% p.a.

4.3 Disclosure in relation to Derivative instrument for hedging Foreign Currency risk for secured loans:

		Number of contracts	₹ crore
i)	Options	3	4.58
		(7)	(24.36)
ii)	Forward Contracts	-	-
		(-)	(-)

Note: Figures in bracket pertain to previous year.

Foreign Currency exposure not hedged as on March 31, 2013 is ₹ 143.07 crore (previous year ₹ 291.67 crore).

Note 5 Deferred Tax Liabilties (Net)

Deferred Tax liability for the period ended March 31, 2013 has been provided on the estimated tax computation for the year.

Major components of deferred tax assets and liabilities arising on account of timing differences are:

		As at 31.03.2013	As at 31.03.2012
	₹ crore	₹ crore	₹ crore
Deferred Tax Liabilty			
Depreciation	111.39		17.51
Claims/Arbitration Awards	204.47		175.36
Deferred Tax Asset			
Others	(301.57)	14.29	(122.63)
TOTAL		14.29	70.24

Note 6 Long Term Trade Payables

Trade payables	33.51	21.12
TOTAL	33.51	21.12

Note 7 Other Long Term Liabilities

a) Tax Payable	0.35	0.12
b) Due to Employees	0.56	0.05
c) Advances from Contractees	6.72	5.40
d) Other Payables	49.23	49.38
TOTAL	56.86	54.95

Note 8 Long Term Provisions

Provision for employee benefits	36.17	37.19
TOTAL	36.17	37.19

Note 9 Short Term Borrowings

I. Secured		
Loans repayble on demand		
From Banks Rupee Loan:		
1) On Cash Credit Account	1,244.23	1,017.86
2) Punjab National Bank	-	50.00
3) IDBI Bank Limited	-	25.00
4) Union Bank of India	-	50.00
5) Standard Chartered Bank	50.00	50.00
6) Buyer's Credit	20.10	125.01
	1,314.33	1,317.87
II. Unsecured		
(A) Loans repayble on demand		
a) From Banks		
(1) Commercial Paper	-	135.00
(2) Rupee Loans	-	370.00
(3) Buyer's Credit	-	38.78
b) From NBFC :		
IFCI	-	150.00
(B) Funded Interest Term Loan		
IFCI	-	-
(C) Loans and advances from related parties	3.52	20.02
TOTAL	1,317.85	2,031.67

I. Secured

Loans repayble on demand

1. Cash Credit Limits

On restructuring by CDR, working capital (WC) facilities are chargeable at interest rate of 11.5% p.a. linked to monitoring institution's base rate. WC is secured in form of:

i. The parcel of immovable non- residential property admeasuring 22 acres and 24 gunthas located at Tara village, Panvel Taluka described as the First Mortgaged Properties.

ii. All the present and future movable assets of the Borrower (excluding current assets and the specified assets) as the Second Mortgaged Properties.

iii. All current assets of the Borrower (other than those forming part of additional assets) as the Third Mortgaged Properties.

iv. All of the additional assets collectively referred to as the Fourth Mortgaged Properties.

v. All of the specified assets collectively referred to as the Fifth Mortgaged Properties.

The above security having ranking as below:

i. A first ranking and pari passu Security Interest by way of legal mortgage over the Third Mortgaged Properties and Fourth Mortgaged Properties.

ii. In the form of a second ranking and pari passu Security Interest by way of a legal mortgage over the First Mortgaged Properties, the Second Mortgaged Properties and the Fifth Mortgaged Properties

Collateral security pari-passu with all CDR lenders:

i. Corporate guarantee of HCC Real Estate Limited (HREL) for ₹ 9,477.60 crore

ii. Pledge of 200,703,600 equity shares (33.09%) of HCC held by Hincon Holdings Ltd

iii. Personal guarantee of Mr. Ajit Gulabchand

5. Standard Chartered Bank–WCDL of Rupees 50 crore

The facility carries interest rate of 11.5% p.a. secured in form of:

i. The parcel of immovable non- residential property admeasuring 22 acres and 24 gunthas located at Tara village, Panvel Taluka described as the First Mortgaged Properties.

ii. All the present and future movable assets of the Borrower (excluding current assets and the specified assets) as the Second Mortgaged Properties.

iii. All current assets of the Borrower (other than those forming part of additional assets) as the Third Mortgaged Properties.

iv. All of the additional assets collectively referred to as the Fourth Mortgaged Properties.

v. All of the specified assets collectively referred to as the Fifth Mortgaged Properties.

The above security having ranking as below:

i. A first ranking and pari passu Security Interest by way of legal mortgage over the Third Mortgaged Properties and Fourth Mortgaged Properties.

ii. In the form of a second ranking and pari passu Security Interest by way of a legal mortgage over the First Mortgaged Properties, the Second Mortgaged Properties and the Fifth Mortgaged Properties

Collateral security pari-passu with all CDR lenders:

i. Corporate guarantee of HCC Real Estate Limited (HREL) for ₹ 9,477.60 crore

ii. Pledge of 200,703,600 equity shares (33.09%) of HCC held by Hincon Holdings Ltd

iii. Personal guarantee of Mr. Ajit Gulabchand

	As at 31.03.2013 ₹ crore	As at 31.03.2012 ₹ crore
Note 10 Trade Payables		
Payables	960.01	1,017.80
TOTAL	960.01	1,017.80

10.1 The Company has amounts due to suppliers under the Micro, Small and Medium Enterprises Development Act 2006, as at March 31, 2013.

The disclosure pursuant to the said Act is as under:

	As at 31.03.2013 ₹ crore	As at 31.03.2012 ₹ crore
Principal amount due to suppliers under MSMED Act	5.03	0.60
Interest accrued and due to suppliers under MSMED Act on the above amount	0.32	0.12
Payment made to suppliers (other than interest) beyond appointed day during the year	4.41	2.25
Interest paid to suppliers under MSMED Act	-	-
Interest due and payable to suppliers under MSMED Act towards payments already made	0.13	0.13
Interest accrued and remaining unpaid at the end of the accounting year	0.44	0.26

Note : This information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act 2006 and has been determined to the extent such parties have been identified on the basis of information available with the Company and relied upon by the auditors.

		As at 31.03.2013 ₹ crore	As at 31.03.2012 ₹ crore
Note 11 Other Current Liabilities			
1) Current maturities of long term borrowings (Refer note 4)		53.08	1,056.08
2) Advance from Contractees		1,162.17	1,397.49
3) Others:			
a) Interest Accrued but not due on Loans (Refer note 4.2)	30.49		14.71
b) Interest Accrued and due on Loans	-		68.66
c) Unpaid Dividends	0.99		1.12
d) Other Payables			
i) Other Creditors Payable	361.22		292.99
ii) Tax Payable	23.01		20.23
iii) Due to Employees	37.16		29.05
iv) Statutory Dues Payable	1.23		0.88
v) Due to Related Party	7.64		3.50
vi) Capital Vendors	4.36		24.21
		466.10	455.35
TOTAL		1681.35	2908.92

11.1 Advances from contractees includes ₹ 937.10 crore (previous year ₹ 824.90 crore) which has been guaranteed by Company's bankers.

Note 12 Short Term provisions		
Provision for employee benefits	9.22	8.46
	9.22	8.46

Fixed Assets Schedule

Note 13

₹ crore

Particulars	GROSS BLOCK						DEPRECIATION / AMORTISATION				NET BLOCK	
	As at 01-04-2012	Additions	Exchange Difference	Borrowing Cost	Deductions	As at 31-03-2013	Upto 01-04-2012	For the Year	Deductions	Upto 31-03-2013	As at 31-03-2013	As at 31-03-2012
Tangible Assets (At Cost):												
Freehold Land (Book Value)	9.09	-	-	-	0.41	**8.68**	-	-	-	-	**8.68**	9.09
Leasehold premises	18.26	-	-	-		**18.26**	3.32	2.01	-	**5.33**	**12.93**	14.94
Buildings & Sheds	35.66	3.68	-	-	5.76	**33.58**	19.43	3.82	5.58	**17.67**	**15.91**	16.23
Plant & Machinery	1,520.78	60.81	10.86	0.01	57.66	**1,534.80**	721.76	125.23	35.15	**811.84**	**722.96**	799.02
Furniture and Fixtures	24.38	0.02	-	-	3.70	**20.70**	10.61	2.47	3.17	**9.91**	**10.79**	13.77
Office Equipments	12.54	-	-	-	2.80	**9.74**	8.60	0.54	2.27	**6.87**	**2.87**	3.94
Heavy Vehicles	180.13	2.38	0.01	-	3.16	**179.36**	87.35	19.45	1.42	**105.38**	**73.98**	92.78
Light Vehicles	39.71	0.02	-	-	2.87	**36.86**	16.79	3.23	1.77	**18.25**	**18.61**	22.92
Helicopter / Aircraft	166.64	-	5.40	-	-	**172.04**	25.33	9.70	-	**35.03**	**137.01**	141.31
Speed Boat	1.96	-	-	-	-	**1.96**	0.33	0.14	-	**0.47**	**1.49**	1.63
Computers	24.64	0.10	-	-	0.26	**24.48**	21.99	1.63	0.26	**23.36**	**1.12**	2.65
Total Tangible Assets:	**2,033.79**	**67.01**	**16.27**	**0.01**	**76.62**	**2,040.46**	**915.51**	**168.22**	**49.62**	**1,034.11**	**1,006.35**	**1,118.28**
Intangible Assets (At Cost):												
Software#	22.43	-	-	-	-	**22.43**	16.24	2.15	-	**18.39**	**4.04**	6.19
Total Intangible Assets	**22.43**	**-**			**-**	**22.43**	**16.24**	**2.15**	**-**	**18.39**	**4.04**	**6.19**
Total Fixed Assets	**2,056.22**	**67.01**	**16.27**	**0.01**	**76.62**	**2,062.89**	**931.75**	**170.37**	**49.62**	**1,052.50**	**1,010.39**	**1,124.47**
Less Transferred to project WIP and allocated								6.97				
Depreciation as per profit and loss account								163.40				
Previous Year	1,987.49	102.81	30.01	0.36	64.45	**2,056.22**	803.21	168.52	39.98	**931.75**		1,124.47
Less Transferred to project WIP in previous year								6.42				
Depreciation as per profit and loss account in previous year								162.10				
Capital Work In Prgress - Items Awaiting Completion or Commissioning											**10.55**	24.04
Intangible Asset Under Development											**1.72**	1.72
										Total	**1,022.66**	1,150.23

Note :-
1) * represents amount less than ₹ 100,000.
2) Additions /Deductions in Gross Block includes capitalisation /decapitalisation of Foreign Exchange and availment of Cenvat Credit.
3) Commitment for capital expenditure is ₹ 15.05 crore (previous year ₹ 10.35 crore).
#4) Intangible assets (ERP) includes compatible software ₹ 6.19 crore (previous year ₹ 6.19 crore).

	As at 31.03.2013 Unquoted ₹ crore	As at 31.03.2013 Quoted ₹ crore	As at 31.03.2012 Unquoted ₹ crore	As at 31.03.2012 Quoted ₹ crore
Note 14 Non Current Investments (at cost unless otherwise specified)				
I. Trade Investment				
(A) Investments in Equity Instruments				
(a) In Subsidiary Companies in India				
(i) Hincon Technoconsult Ltd.	1.00		1.00	
1,000,000 Equity Shares of ₹ 10/- each fully paid				
(ii) Western Securities Ltd.	5.38		5.38	
1,957,500 Equity Shares of ₹ 10/- each fully paid				
(iii) HCC Real Estate Ltd.	474.36		474.36	
66,193,185 Equity Shares of ₹ 10/- each fully paid				
(iv) HCC Infrastructure Company Ltd.	0.25		0.25	
250,000 Equity Shares of ₹ 10/- each fully paid				
(v) Panchkutir Developers Ltd.	50.02		50.02	
1,400,000 Equity Shares of ₹ 10/- each fully paid				
(vi) HCC Construction Ltd.	0.05		0.05	
50,000 Equity Shares of ₹10/- each fully paid				
(vii) Highbar Technologies Ltd.	4.95		4.95	
4,950,000 Equity Shares of ₹ 10/- each fully paid				
(viii) Raiganj Dalkhola Highways Ltd.	1.56		1.56	
1,560,000 Equity Shares of ₹ 10/- each fully paid				
(ix) Baharampore Farakka Highways Ltd.	11.70		6.08	
11,700,000 (Previous year 6,084,000) Equity Shares of ₹ 10/- each fully paid				
(x) Farakka Raiganj Highways Ltd.	13.00		6.76	
13,000,000 (Previous year 6,760,000) Equity Shares of ₹ 10/- each fully paid				
(xi) Lavasa Corporation Ltd.	0.01		0.01	
2,387 Equity Shares of ₹ 10/- each fully paid				
(b) In Subsidiary Companies outside India				
(i) HCC Mauritius Enterprises Ltd.	22.23		22.23	
5,005,000 Shares of USD 1 each fully paid				
(ii) HCC Singapore Enterprises PTE Ltd.	-		0.02	
Nil (Previous year 5,000) Shares of USD 1 each fully paid				
(B) Investments in preference shares				
(a) In Subsidiary Companies				
(i) Lavasa Corporation Ltd.	0.00*		0.00*	
28 6% Cum Redeemable Preference Shares of ₹ 10/- each fully paid				
II. Other Investments:				
(i) Walchand Co-op. Housing Society Ltd.	- *		- *	
5 Equity Shares of ₹ 50/- each fully paid				
(ii) Shushrusha Citizens Co-Op. Hospitals Ltd.	0.00*		0.00*	
100 Equity Shares of ₹ 100/- each fully paid				
(iii) Housing Development Finance Corporation Ltd.		0.01*		0.01*
15,220 Equity Shares of ₹ 2/- each fully paid				
(Previous year 15,220 Equity Shares of ₹ 10/- each fully paid)				
(iv) HDFC Bank Ltd.		0.00*		0.00*
2,500 Equity Shares of ₹ 2/- each fully paid				
(v) Khandwala Securities Ltd.		0.00*		0.00*
3,332 Equity Shares of ₹ 10/- each fully paid				
(vi) Hincon Finance Ltd.				
120,000 Equity Shares of ₹ 10/- each fully paid	0.12		0.12	
(vii) Jyoti Ltd				
Nil (Previous year 1,200,000) Equity Shares of ₹10/- each fully paid		-		0.00
(viii) Vikhroli Corporate Park Pvt. Ltd. (Refer Note No. 18)	0.20		0.20	
200,000 Equity Shares of ₹ 10/- each fully paid				
(ix) Dhule Palesner Tollway Ltd.	16.38		11.74	
16,380,000 (Previous year 11,739,000) Equity Shares of ₹ 10/- each fully paid				
	601.21	0.01	584.73	0.01
		601.22		584.74

Details:

1. Aggregate of Investments:	Cost ₹ crore	Market Value ₹ crore	Cost ₹ crore	Market Value ₹ crore
(i) Quoted Investments	0.01	1.42	0.01	1.16
(ii) Unquoted Investments	601.21	-	584.73	-
TOTAL	601.22	1.42	584.74	1.16

Note :- * represents amount less than ₹ 100,000.

14.1 Company has invested ₹ 474.36 crore in HCC Real Estate Ltd. (HREL) and the outstanding balance of loans and advances as on March 31, 2013 amounts to ₹ 347.29 crore. The consolidated networth of HREL as on March 31, 2013 is ₹ 123.39 crore. Considering the intrinsic value of the assets of the business under the fold of HREL such as LAVASA etc, wherein, the potential of market appreciation over book value is substantially high, the networth of HREL does not represent its true market value. The diminution is of temporary nature and the loans together with interest accrued thereon are good and recoverable.

14.2 Company has also invested in HCC Infrastructure Ltd. (HIL) ₹ 0.25 crore and there are outstanding loans and advances of ₹ 736.08 crore as of March 31, 2013. The consolidated networth of HIL as on March 31, 2013 is ₹ (153.39) crore. HIL is engaged in the business of building infrastructure on BOT(Build, Operate and Transfer) basis through specific SPVs for each projects under HCC Concessions Ltd. These BOT projects do takes beyond 15 to 20 years to unlock its true potential. These businesses also generate captive construction contracts to the Parent Company. Therefore the diminution in the value of HCC Infrastructure Ltd. is temporary in nature and the Loans given together with the interest thereon are good and recoverable.

	As at 31.03.2013 ₹ crore	As at 31.03.2012 ₹ crore
Note 15 Long Term Loans and Advances		
Unsecured, Considered Good		
a) Capital Advances	9.12	4.01
b) Security and Other Deposits	27.74	29.50
c) Advance Payment of Taxes net of provision	160.84	176.42
Advance Tax ₹ 241.43 crore (Previous Year ₹ 235.93 crore)		
including MAT credit entitlement ₹ 64.40 Crore (Previous Year ₹ 64.40 crore)		
Provision for Tax ₹ 80.59 crore, (Previous Year ₹ 59.51 crore)		
d) Loans & Advances to Related Parties(Refer note 21.1)*	1,012.32	1,004.15
e) Loans and advances to Employees	0.27	0.33
f) Other Loans and Advances		
Prepaid Expenses	3.02	3.48
TOTAL	1,213.31	1,217.89

* Loans and advance to related parties represent inter corporate deposit placed with subsidiaries.

	As at 31.03.2013 ₹ crore	As at 31.03.2012 ₹ crore
Note 16 Long Term Trade Receivables		
Unsecured, Considered Good		
Trade Receivables	695.97	685.78
(Including Retention ₹ 50.94 crore (Previous year ₹ 18.18 crore))		
Less: Advances Received against Workbill	30.41	6.63
TOTAL	665.56	679.15

16.1 In compliance with the Accounting Standards as applicable to its nature of business, the Company has been recognizing the Revenue, on receipt of favourable Arbitration Awards on its claims including interest as awarded from time to time. The aggregate amount outstanding in the books as of March 31, 2013 is ₹ 737.05 crore. Five of such Arbitration Awards were set-aside by different courts, such as Dist Court/High Courts aggregating to ₹ 105.44 crore(previous year ₹ 35.50 crore) (excluding interest of 12% from the date of February 13, 2004 on one of the award amounting to ₹ 17.81 crore), on appeal by clients. On examining the merits of the claims/Arbitration Awards/Court Judgments, the Company has preferred Appeals at Higher Court/Supreme Court as the case may be. Under the circumstances, the Company has been legally advised that it has good case on merits and therefore no provision considered necessary.

	As at 31.03.2013 ₹ crore	As at 31.03.2012 ₹ crore
Note 17 Other Non Current Assets		
Unsecured, Considered Good		
Non Current Bank balances		
(i) Deposits with maturity - for more than 12 months	-	0.06
(ii) Margin Money Deposit	1.42	29.06
TOTAL	1.42	29.12
Note 18 Inventories		
(As technically valued and certified by the Management)		
a) Stores,Spares and Embedded Goods	290.80	329.12
b) Fuel	11.32	11.66
c) Materials in transit	0.02	1.03
d) Work In Progress:		
Uncompleted Contracts and value of work done	3,486.73	3,475.07
Less: Advances Received against Workbill	116.69	61.47
TOTAL	3,672.18	3,755.41
Note 19 Trade Receivables		
Unsecured, Considered Good		
a) Outstanding over six months	6.59	34.79
b) Others	647.90	529.21
(including Retention of ₹ 353.28 crore (Previous year ₹ 307.98 crore))		
Less: Advances Received against Workbill	84.30	40.32
TOTAL	570.19	523.68
Note 20 Cash and Bank Balances		
a) Cash and Cash Equivalents		
1) Balances with Bank		
(i) Current Accounts in Indian Rupees	73.37	141.39
(ii) Current Accounts in Foreign Currency	4.14	12.83
2) Cash on Hand	1.03	1.20
3) Cheques on Hand	5.31	3.39
b) Other Bank Balances		
(i) Deposits with maturity for more than 3 months - but less than 12 months	14.30	0.04
(ii) Balances with Bank for Unpaid Dividend	0.99	1.12
TOTAL	99.14	159.97
Note 21 Short Term Loans & Advances		
Unsecured, Considered Good		
a) Loans & Advances to Related Parties (Refer note 21.2)	304.82	196.55
b) Others		
i) Advances Recoverable in Cash or in Kind or for Value to be received	297.97	470.12
ii) Advance Payment of Taxes net of provision	59.52	24.00
Advance Tax ₹ 83.97 crore (Previous Year ₹ 69.53 crore)		
Provision for Tax ₹ 24.45 crore, (Previous Year ₹ 45.53 crore)		
iii) Earnest Money and other Deposits	12.16	15.65
c) Loans to Employees	0.06	0.07
TOTAL	674.53	706.39

21.1 In respect of certain projects, client has recovered from work bills, Building and Labour cess as per the provisions of "Building and Other Construction Workers (Regulation of Employment and Conditions of Service) Act, 1996". Company has claimed these amount from clients as per the provisions of the Contract, being levy made applicable subsequent to award of the contract as this incidence of expenditure was not part of tender/contract. Total amount outstanding on this account as of March 31, 2013 is ₹ 32.99 crore. These amounts are under discussion/referred to Arbitration as the case may be, and based on legal opinion are considered as recoverable in due course of time.

21.2 Disclosure as per Clause 32 of the Listing agreement and as per Schedule VI of the Companies Act, 1956.

Loans and advances/ICD given to Subsidiaries.

			Outstanding Balance				Maximum balance during the year	
			As at 31.03.13		As at 31.03.12		31.03.13	31.03.12
			Current	Non-Current	Current	Non-Current		
			₹ crore	₹ crore	₹ crore	₹ crore	₹ crore	₹ crore
i)	HCC Real Estate Ltd. (HREL)	Subsidiary	13.86	333.40	7.36	333.40	347.29	340.76
ii)	HCC Mauritius Enterprises Ltd.	Subsidiary	9.65	69.64	7.28	64.97	79.29	72.25
iii)	HCC Singapore Enterprise PTE Ltd	Subsidiary		-	0.15	-		0.15
iv)	HCC Concessions Ltd	Subsidiary of HCC Infrastructur-e Ltd.	5.32	-	2.13	-	5.87	572.78
v)	Panchkutir Developers Ltd	Subsidiary	61.80	-	61.80	-	61.80	97.43
vi)	Badarpur Faridabad Tollway Ltd	Subsidiary of HCC Concessions Ltd.	12.40	-	12.16	-	12.40	13.73
vii)	Charosa Wineries Ltd	Subsidiary of HREL	2.56	-	0.77	-	2.56	0.77
viii)	HCC Construction Ltd	Subsidiary	0.01	-	0.01	-	0.01	0.01
ix)	Highbar Technologies Ltd	Subsidiary		2.47	-	2.46	8.07	5.75
x)	HCC Infrastructure Co. Ltd. Ltd.	Subsidiary	129.26	606.81	73.39	603.32	736.08	820.07
xi)	Steiner AG	Subsidiary of HMEL	2.24	-	1.09	-	2.24	8.34
xii)	Lavasa Corporation Ltd.	Subsidiary of HREL	48.07	-	9.14	-	48.07	42.67
xiii)	Baharampore-Farakka Highways Ltd.	Subsidiary	-	-	5.62	-	-	5.74
xiv)	Farakka-Raiganj Highways Ltd.	Subsidiary	0.01	-	6.24	-	0.30	6.24
xv)	Raiganj-Dalkola Highways Ltd.	Subsidiary	1.47	-	1.47	-	13.32	1.47
xvi)	Steiner India Ltd	Subsidiary of Steiner AG	0.21	-		-	0.29	1.83
xvii)	HCC Power Ltd	Subsidiary of HIL	-	-	0.03	-	0.03	0.03
		Total	286.87	1,012.32	188.64	1,004.15	1,317.62	1,990.02

21.3 Inter Corporate Deposits are repayable on demand and interest is charged at market rates except interest free loan to the tune of ₹ 309.40 crore (Previous year ₹ 309.40) to HCC Real Estate Ltd w.e.f. 2012.

21.4 Loans and Advances include an amount due from an Officer of the Company ₹ 0.02 crore (previous year ₹ 0.05 crore). Maximum amount outstanding for the period ₹ 0.05 crore (previous year ₹ 0.07 crore).

	As at 31.03.2013 ₹ crore	As at 31.03.2012 ₹ crore
Note 22 Other Current Assets		
Interest Accrued on others	8.86	7.69
TOTAL	8.86	7.69

	For the year ended 31.03.13 ₹ crore	For the year ended 31.03.12 ₹ crore
Note 23 Revenue from operations		
a) Contract Revenue		
Contract Revenue	3,634.15	3,742.88
Add: Company's Share of Turnover in Integrated Joint Ventures(refer note 37)	0.20	11.29
b) Sale of Products	199.30	256.43
c) Other Operating Income	5.00	-
TOTAL	3,838.65	4,010.60

	For the year ended 31.03.13 ₹ crore	For the year ended 31.03.12 ₹ crore
Note 24 OTHER INCOME		
a) Interest Income	91.35	104.60
b) Dividend Income	0.02	0.34
c) Other Non Operating Income		
i) Earlier Years' Provisions No Longer Required	-	0.09
ii) Miscellaneous Receipts	1.21	1.71
iii) Profit / (Loss) on Sale of Assets (net)	27.33	16.09
TOTAL	119.91	122.83

Note 25 COST OF MATERIAL CONSUMED		
Stock at Commencement	19.28	27.61
Add: Purchases	52.98	75.88
	72.26	103.49
Less: Scrap and Unserviceables Sold	0.33	2.51
	71.93	100.98
Less: Stock at Close	15.81	19.28
TOTAL	56.12	81.70

	For the year ended 31.03.13	For the year ended 31.03.12
	₹ crore	₹ crore
Note 26 CONSTRUCTION EXPENSES		
a) Construction Material Consumed:		
Stock at Commencement	309.84	244.30
Add: Purchases	1,214.99	1,101.37
	1,524.83	1,345.67
Less: Scrap and Unserviceables Sold	15.23	27.94
	1,509.60	1,317.73
Less: Stock at Close	274.99	309.84
Total	1,234.61	1,007.89
b) Sub-Contract, Transportation, Hire etc.	1,391.69	1,546.63
c) Power and Fuel	199.89	226.34
d) Repairs to Machinery	7.39	11.09
e) Other Repairs	1.87	3.17
f) Rent	30.21	24.71
g) Water Charges	4.52	8.35
TOTAL	2,870.18	2,828.18

26.1 Sub-contract, transportation, hire etc. include insurance ₹ 38.48 crore (previous year ₹ 36.24 crore), rates and taxes ₹ 210.82 crore (previous year ₹ 168.59 crore) and lease rent ₹ 27.16 crore (previous year ₹ 27.39 crore).

26.2 Light vehicle expenses grouped under construction expenses include insurance ₹ 1.14 crore (previous year ₹ 1.91 crore) and taxes ₹ 0.21 crore (previous year ₹ 0.17 crore).

26.3 The Company has taken various construction equipments and vehicles under non cancellable operating leases. The future minimum lease payments in respect of these as at March 31, 2013 are as follows.

	For the year ended 31.03.13	For the year ended 31.3.12
	₹ crore	₹ crore
Minimum Lease Rental payments		
i) Payable Not Later than one year	21.12	27.54
ii) Payable Later than one year and not later than five years	12.90	33.06
iii) Payable Later than five years	-	-
	34.02	60.60

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.

	For the year ended 31.03.13	For the year ended 31.03.12
Note 27 EMPLOYEE BENEFIT EXPENSES		
a) Salaries and Wages	358.04	387.95
b) Contribution to Provident and other funds	19.62	20.92
c) Staff Welfare Expenses	24.37	30.37
TOTAL	402.03	439.24

27.1 Remuneration paid to Chairman & Managing Director is in excess of the limits specified in Schedule XIII of the Companies Act, 1956 by ₹ 10.18 crore (previous year ₹ 7.63 crore). The Company has made an application seeking approval from Central Government. Approval for both the years is awaited.

	For the year ended 31.03.13	For the year ended 31.03.12
	₹ crore	₹ crore
Note 28 FINANCE COST		
a) Interest Expense		
(i) On Debentures	20.35	19.80
(ii) On Other Accounts	496.29	509.22
b) Other Borrowing costs		
(i) Guarantee, Commission and Charges	11.79	9.77
(ii) Finance Charges	1.29	5.23
	529.72	544.02
Less: Interest Capitalised	0.05	0.86
TOTAL	529.67	543.16

		For the year ended 31.03.13	For the year ended 31.03.12
Note 29 OTHER EXPENSES			
(a) Stationery, Postage, Telephone & Advertisement		6.74	10.86
(b) Travelling and Conveyance		14.51	15.91
(c) Rent		12.98	15.93
(d) Rates and Taxes-excluding taxes on income		2.14	2.84
(e) Insurance		4.50	4.83
(f) Professional Charges		22.35	34.49
(g) Repairs and Maintenance		4.22	5.18
(h) Building Maintenance		6.17	7.32
(i) Directors' Fees		0.22	0.22
(j) Auditors' Remuneration:			
(i) Audit Fees	0.64		0.57
(ii) Tax Audit Fees	0.16		0.14
(iii) For Reviews and Certification Work	0.63		0.61
(iv) Reimbursement of Out of Pocket Expenses	0.01		0.04
		1.44	1.36
(k) Miscellaneous Expenses		13.62	24.01
(l) Computer Maintenance & Development Expenses		13.02	15.33
(n) Loss on Sale of investment		-	5.22
(o) Exchange Loss (net)		14.57	9.53
TOTAL		116.48	153.03

29.1 In accordance with Accounting Standard 11 (Revised) the net exchange Loss debited to Profit & Loss Account is ₹ 14.57 crore (previous year Loss ₹ 9.53 crore).

	For the year ended 31.03.13	For the year ended 31.03.12
Note 30 EXCEPTIONAL ITEMS		
Nature of (Expense)/Income		
Interest Cost relief due to CDR Package	45.98	-
Professional Charges in relation to CDR Package	(30.40)	-
Provision made for future losses in respect of projects	-	(68.00)
Provision made in respect of closed projects	-	(33.69)
Additional provision for ongoing projects in respect of substantial delays in approval of claims, increase in estimated costs and delays in execution	-	(64.87)
Others	-	0.24
TOTAL	15.58	(166.32)

		For the year ended 31.03.13 ₹ crore	For the year ended 31.03.12 ₹ crore
31. EARNING PER SHARE			
Basic EPS			
A. Profit/(Loss) computation for basic earnings per share of ₹ 1/-each			
Net Profit as per Profit & Loss Account available for Equity shareholders	(₹ crore)	(137.64)	(222.25)
B. Weighted average number of Equity shares for EPS computation	(Nos.)	60,66,10,420	60,65,85,434
C. EPS (weighted average)			
Basic EPS (before and after Extraordinary Items)	(₹)	(2.27)	(3.66)
Diluted EPS			
A. Profit/(Loss) computation for diluted earnings per share of ₹ 1/-each			
Net Profit as per Profit & Loss Account available for Equity shareholders	(₹ crore)	(137.64)	(222.25)
B. Weighted average number of Equity shares for EPS computation	(Nos.)	61,27,64,500	61,30,73,380
Diluted EPS (before and after Extraordinary Items)	(₹)	(2.25)	(3.62)

32. Contingent Liabilities	As at 31.03.2013 ₹ crore	As at 31.03.2012 ₹ crore
(i) Counter Indemnities given to Banks, in respect of contracts:		
(a) For works in India (Secured on all the assets)	962.99	647.44
(b) *For works abroad (secured by ECGC counter guarantees) *Converted in rupees at the rate fixed by the Bank	101.11	271.28
(ii) Claims not acknowledged as debts by the Company.	3.89	2.82
(iii) Income Tax Liability (AY 2008-09) that may arise in respect of which Company is in appeal (The first appellate authority has decided almost all matters, except one, in favour of the Company resulting in substantial reduction in the tax liability provided in financial year 2010-11. Now Company is in appeal before Income tax Appellate Tribunal for entitlement of actual loss claimed for the project instead of estimated loss.)	21.66	12.18
(iv) Sales Tax liability / Works Contract Tax liability / Customs Liability that may arise in respect of matters in appeal (Net of an amount of ₹ 6.85 crore (previous year ₹ 0.53 crore) recoverable from Clients as per the terms of contract)	30.94	34.93
(v) Bills discounted and Retention receivable with banks	-	4.69
(vi) Corporate Guarantees:		

32. Contingent Liabilities Contd.	As at 31.03.2013 ₹ crore	As at 31.03.2012 ₹ crore
The Company has provided an undertaking to pay in the event of default on loan given by a bank to subsidiary, fellow subsidiary and Joint Ventures.		
a) Lavasa Corporation Limited	664.89	688.69
b) HCC Mauritius Enterprises Ltd	167.78	156.52
c) HCC Concessions Limited	-	28.26
d) HCC Infrastrucutre Limited	300.00	300.00

33. The Income-tax assessments of the Company have been completed upto the accounting year ended March 31, 2010. Few appeals preferred by the Company are pending before appellate authorities.

34. The Company has a single segment namely "Engineering & Construction". Therefore, the Company's business does not fall under different business segments as defined by AS 17- "Segmental Reporting" issued by ICAI.

35 Disclosure in accordance with Accounting Standard - 7 (Revised)- Amount due from / to customers on Construction Contracts.

	₹ crore 2012-13	₹ crore 2011-12
Contract Revenue	21,908.76	18,259.34
Contract Costs incurred	19,551.95	16,218.34
Recognised Profits / Losses	2,356.80	2,040.98
Advances received	983.66	1,185.12
Retention Money	308.21	255.14
Gross amount due from Customer for Contract Work	1,377.59	1,612.57
Gross amount due to Customer for Contract Work	275.89	223.35

Note :- The above information is given only in respect of contracts entered into on or after 01.04.03.

36 (a) Contracts executed by the following Joint Ventures are accounted for as per accounting policy no. 1.13(a)

i) HCC-Van Oord Joint Venture
ii) Samsung- HCC Joint Venture
iii) L & T - HCC Joint Venture
iv) HCC- KBL Joint Venture
v) HCC- NCC Joint Venture
vi) HCC- CEC Joint Venture
vii) HCC- NOVA Joint Venture
viii) HCC – CPPL Joint Venture
ix) HCC – MEIL - CBE Joint Venture
x) HCC – MEIL - BHEL Joint Venture
xi) HCC – MEIL - SEW- AAG Joint Venture
xii) HCC – MEIL - SEW Joint Venture
xiii) HCC-Halcrow Joint Venture
xiv) HCC-Laing-Sadbhav
xv) HCC -MEIL- NCC- WPIL Joint Venture
xvi) MEIL- IVRCL- HCC - WPIL Joint Venture
xvii) HCC Samsung Joint Venture CC 34

(b) Contracts executed by the following Joint Ventures are accounted for as per accounting policy no. 1.13(b)

Name of the Venture	Name of Venture/s Partner/s	Method of Accounting	Share of Interest
HCC-L&T Purulia	Larsen & Toubro Ltd.	Percentage completion	57%
HCC-Pati	Pati Sendirian, Berhad	Percentage completion	50%

36. (b) **Contd.**

Name of the Venture	Name of Venture/s Partner/s	Method of Accounting	Share of Interest
Nathpa Jhakri	Impregilio Spa, Italy	Completed Contract	40%
Kumagai-Skanska	Skanska, Kumagai	Completed Contract	19.60%
HCC-Itochu Group	Itochu		
Alpine - Samsung - HCC	Alpine Meyreder Bau	Percentage completion	33%
	Samsung Corporation		
Alpine - HCC	Alpine Meyreder Bau	Percentage completion	49%
Alpine - HCC	Alpine Meyreder Bau	Percentage completion	50%
Dhule Palesner Tollway Ltd.	HCC Infrastructure Ltd.	Percentage completion	26%
	John Laing Investment Ltd.		
	John Laing Investments Mauritius (No 1) Ltd.		
	Sadbhav Engineering Ltd.		
	Sadbhav Infrastructure Projects Ltd.		

In respect of Joint Ventures the Company along with other JV members is jointly & severally responsible for performance of the contracts.

37. **Financial Interest in Jointly Controlled Entities.**

₹ crore

	HCC's Share of				
	Assets	Liabilities	Turnover	Other Income	Expenses
Name of the Joint Venture	As at 31.03.2013		For the year ended 31.03.2013		
HCC-L&T Purulia Joint Venture	8.76	3.86	-	0.01	0.01
	(8.76)	(3.87)	-	(0.32)	(0.13)
HCC-Pati Joint Venture	3.52	5.22	-	-	0.00
	(3.52)	(5.22)	-	-	0.00
Nathpa Jhakri Joint Venture	4.45	0.03	-	0.16	(1.57)
	(2.72)	-	-	(0.26)	(0.23)
Kumagai-Skanska HCC-Itochu Group	0.50	3.27	0.20	0.03	0.26
	(0.89)	(3.63)	-	(0.40)	(0.35)
Dhule Palesner Tollway Ltd	303.66	303.66	19.92	0.41	59.92
	(313.57)	(313.57)	(3.07)	(0.04)	(6.97)
Alpine-Samsung-HCC Joint Venture	9.72	31.48	-	0.08	6.18
	(11.83)	(27.50)	(11.23)	(0.04)	(8.29)
HCC Samsung Joint Venture CC 34	13.92	13.92			
	-	-			
Alpine--HCC Joint Venture	4.88	11.88	-	0.01	0.42
	(9.32)	(15.89)	(0.06)	-	(6.55)
TOTAL	349.41	373.32	20.12	0.70	65.22
	(350.61)	(369.68)	(14.36)	(1.06)	(22.52)

38 (i) Additional information pursuant to the provisions of part II of Schedule VI to the Companies Act, 1956 (wherever applicable).

₹ crore

	2012-13	2011-12
A. Value of Imports calculated on CIF Basis :		
(i) Components, embedded goods and spare-parts	**132.98**	20.91
(ii) Capital goods	**6.06**	38.64
B. Expenditure in foreign currencies :		
(i) Travelling expenses	**0.31**	0.45
(ii) Other expenses	**77.70**	43.66

C. Value of imported and indigenous components, embedded goods and spare parts consumed:	2012-13		2011-12	
	₹ crore	%	₹ crore	%
(i) Imported into India	**18.24**	**1.41**	55.44	5.09
(ii) Indigenous, to the site	**1,272.49**	**98.59**	1,034.15	94.91
	1,290.73	**100.00**	1,089.59	100.00

D. Earnings in foreign currencies	**2012-13**	2011-12
(on accrual basis)		
Export of goods or services on F.O.B. basis and work bills realised on contracts	**92.36**	38.80

(ii) Additional information pursuant to the provisions of part II of Schedule VI to the Companies Act, 1956 (wherever applicable).

₹ crore

Class of Goods	Unit	Opening Stock.	Production Quantity	Sales Quantity	Sales Value	Closing Stock Quantity	Closing Stock Value
Aggregate	MT	618,322	1,306,414	1408414	42.60	451,182	13.22

Class of Goods	Unit	Material Consumed Quantity	Material Consumption ₹ crore
Aggregate	MT	1,473,553	42.60
Structural Steel			8.96
Others			4.56
			56.12

39. **Private Equity Investment and Consolidation of BOT SPVs**

During the year 2011-12, HCC transferred it's equity shareholding in HCC Concessions Ltd. (HCL) to HCC Infrastructure Company Ltd.(HIL) to consolidate BOT businesses, rendering HCL 100% subsidiary of HIL.

Pursuant to Shareholders Agreement (SHA) executed on August 9, 2011, Xander Investment Holding XXVI Limited (Xander), has acquire 14.55% equity stake in the HCC Concessions Ltd., by subscribing to equity shares and Compulsorily Convertible Cumulative Preference Shares (CCCPS) for a total consideration of ₹ 240 crore. The CCCPS shall be compulsorily convertible at the earlier of (a) a Qualified IPO (b) 10 years from the date of their issuance (c) in the event if the entire shareholding of all the group entities i.e Barahpore Farakka Highway Ltd, Farakka Raiganj Highway Ltd, Raiganj Dhalkola Highway Ltd. and Dhule Palesner Tollway Ltd. has not been sold and transferred by HCC to HCC Concession Ltd within the period of 20 months from the date of transfer date.

As per SHA and SSA, HCC is required to hold 100% equity stake in HIL until Private Equity Investor gets an exit from HCL through an IPO or otherwise and there are certain customary restrictions on pledging / creation of any encumbrance over shares / assets of HCL/ BOT SPVs.

The Company has given inter alia an undertaking in respect of investment in Baharampore - Farakka Highway Ltd, Farakka - Raiganj Highway Ltd., Dhule Palesner Tollway Ltd, and Raiganj - Dalkhola Highway Ltd. to NHAI till the commercial operation date The Company has entered into sales agreement with HCC Concession Ltd. to sell these shares at book value at future date on fulfillment of obligation as per undertaking given to NHAI. The Company has received advance consideration of ₹ 38.00 crore for transfer of the above shares from HCC Concession Ltd.

40. Disclosure relating to Employee Benefits - As per Revised AS - 15

₹ crore

	2012-13		2011-12	
	Non Funded		Non Funded	
A. Expenses recognised in the statement of Profit & Loss Account for the period ended 31.03.2013	**Gratuity**	**Leave Encashment**	Gratuity	Leave Encashment
1. Current Service Cost	**2.89**	**2.25**	2.70	2.37
2. Interest Cost	**2.20**	**1.22**	1.93	1.21
3. Expected Return on Plan Assets	-	-	-	-
4. Net Actuarial (Gain) / Loss recognised during the year	**0.01**	**(3.48)**	(0.09)	(2.06)
5. Settlements cost/ others	**0.08**	**1.48**	3.05	0.34
Total Expenses / (Income)	**5.18**	**1.47**	7.59	1.86
B. Net Asset / (Liability) recognised in the Balance Sheet				
1. Present value of the obligation.	**28.23**	**13.72**	25.91	14.35
2. Fair value of Plan Assets	-	-	-	-
3. Funded Status (surplus / deficit)	-	-	-	-
Net Asset / (Liability) recognised in the Balance Sheet	**28.23**	**13.72**	25.91	14.35
4. Add: a. Provision for separated employees/ Others	**1.13**	**0.35**	2.48	1.06
b. Provision at overseas branch	-	**0.22**	-	0.17
Total provision	**29.36**	**14.29**	28.39	15.58
C. Change in Present value of obligation				
1. Present value of obligation as on April 1, 2012	**25.91**	**14.35**	24.18	15.12
2. Current Service Cost	**2.89**	**2.25**	2.70	2.37
3. Interest Cost	**2.20**	**1.22**	1.93	1.21
4. Benefits paid	**(2.78)**	**(0.62)**	(2.81)	(2.29)
5. Net Actuarial (Gain) / Loss recognised during the year	**0.01**	**(3.48)**	(0.09)	(2.06)
Present value of obligation as per actuarial valuation as at March 31, 2013	**28.23**	**13.72**	25.91	14.35
6. Add: a. Provision for separated employees/ others	**1.13**	**0.35**	2.48	1.06
b. Provision at overseas branch	-	**0.22**	-	0.17
Total Provision	**29.36**	**14.29**	28.39	15.58

D. Actuarial assumptions:		
i. Discount Rate	**8.25% p.a.**	8.50% p.a.
ii. Salary Escalation - over a long term	**8.00% p.a.**	8.00% p.a.
iii. Mortality rate	**Indian Assured Lives - Mortality (2006-08) Ultimate**	LIC (1994-96) ultimate
iv. Average future working lifetime	**14 years.**	20 years.

v. The attrition rate varies from 2% to 8% (previous year 2% to 8%) for various age groups.

E. Accumulated compensated absences (non vesting)

Actuarial valuation provision on account of sick leave of ₹ 1.74 crore (previous year ₹1.69 crore) has been made as on 31.03.2013.

	Non-current (Note No.8)		Current (Note No.12)	
	As at		As at	
	31.03.2013	31.03.2012	**31.03.2013**	31.03.2012
	₹ crore	₹ crore	**₹ crore**	₹ crore
Gratuity	**25.93**	23.88	**3.43**	4.51
Leave Encashment	**10.24**	13.31	**4.05**	2.27
Sick Leave Encashment	-	-	**1.74**	1.68
	36.17	37.19	**9.22**	8.46

41. Disclosure in accordance with Accounting Standard -18 Related Party Transactions

A. Names of Related Parties & Nature of Relationship

a) Subsidiaries & its Subsidiaries:

No.	NAME OF THE COMPANY	Relationship	% of Holding	Parent Company
1	Western Securities Ltd.	Subsidiary	97.87	Hindustan Construction Co Ltd
2	Hincon Technoconsult Ltd.	Subsidiary	100	Hindustan Construction Co Ltd
3	HCC Real Estate Limited	Subsidiary	100	Hindustan Construction Co Ltd
4	Panchkutir Developers Ltd	Subsidiary	100	Hindustan Construction Co Ltd
5	HCC Mauritius Enterprises Ltd	Subsidiary	100	Hindustan Construction Co Ltd
6	HCC Construction Ltd	Subsidiary	100	Hindustan Construction Co Ltd
7	Highbar Technologies Ltd	Subsidiary	100	Hindustan Construction Co Ltd
8	HCC Infrastructure Company Ltd	Subsidiary	100	Hindustan Construction Co Ltd
9	HRL Township Developers Ltd.	Subsidiary	100	HCC Real Estate Ltd
10	HRL (Thane) Real Estate Ltd.	Subsidiary	100	HCC Real Estate Ltd
11	Nashik Township Developers Ltd	Subsidiary	100	HCC Real Estate Ltd
12	Maan Township Developers Ltd	Subsidiary	100	HCC Real Estate Ltd
13	Charosa Wineries Ltd	Subsidiary	100	HCC Real Estate Ltd
14	Powai Real Estate Developers Ltd	Subsidiary	100	HCC Real Estate Ltd
15	HCC Realty Ltd	Subsidiary	100	HCC Real Estate Ltd
16	Pune Paud Toll Road Co. Ltd.	Subsidiary	100	HCC Real Estate Ltd
17	HCC Aviation Ltd	Subsidiary	100	HCC Real Estate Ltd
18	Steiner AG	Subsidiary	66	HCC Mauritius Enterprises Ltd
19	Steiner Promotions et Participations SA	Subsidiary	100	Steiner- AG
20	Steiner (Deutschland) GmbH	Subsidiary	100	Steiner- AG
21	VM + ST AG	Subsidiary	100	Steiner- AG
22	Steiner Leman SAS	Subsidiary	100	Steiner- AG
23	SNC Valleiry Route de Bloux	Subsidiary	100	Steiner- AG
24	Eurohotel SA	Subsidiary	95	Steiner- AG
25	Steiner India Ltd	Subsidiary	100	Steiner- AG
26	Highbar Technologies FZLLC	Subsidiary	100	Highbar Technologies Ltd
27	Dhule Palesner Operations & Maintenance Ltd	Subsidiary	100	HCC Infrastructure Company Ltd
28	HCC Power Limited	Subsidiary	100	HCC Infrastructure Company Ltd
29	HCC Concessions Ltd	Subsidiary	85.45	HCC Infrastructure Company Ltd
30	HCC Operation and Maintenance Ltd	Subsidiary	100	HCC Infrastructure Company Ltd
31	Narmada Bridge Tollway Ltd	Subsidiary	100	HCC Concessions Ltd
32	Badarpur Faridabad Tollway Ltd	Subsidiary	100	HCC Concessions Ltd
33	Nirmal Bot Ltd	Subsidiary	100	HCC Concessions Ltd
34	Baharampore-Farakka Highway Ltd	Subsidiary	74	HCC Concessions Ltd
35	Farakka-Raiganj Highway Ltd	Subsidiary	74	HCC Concessions Ltd
36	Raiganj-Dalkhola Highway Ltd	Subsidiary	90	HCC Concessions Ltd
37	Klemanor Investments Ltd	Subsidiary	100	HCC Mauritius Enterprises Ltd
38	Lavasa Corporation Limited	Subsidiary	68.7	HCC Real Estate Ltd
39	Lavasa Hotel Limited	Subsidiary	100	Lavasa Corporation Ltd
40	Apollo Lavasa Health Corporation Ltd	Subsidiary	65.34	Lavasa Corporation Ltd
41	Dasve Business Hotel Ltd	Subsidiary	100	Lavasa Corporation Ltd
42	Dasve Convention Center Ltd	Subsidiary	100	Lavasa Corporation Ltd
43	Lakeshore Watersports Co. Ltd	Subsidiary	100	Lavasa Corporation Ltd
44	Dasve Hospitality Institutes Ltd	Subsidiary	100	Lavasa Corporation Ltd
45	Lakeview Clubs Limited	Subsidiary	100	Lavasa Corporation Ltd
46	Dasve Retail Ltd	Subsidiary	100	Lavasa Corporation Ltd
47	Full Spectrum Adventure Ltd	Subsidiary	90.9	Lavasa Corporation Ltd
48	Spotless Laundry Services Ltd	Subsidiary	76.02	Lavasa Corporation Ltd
49	Lavasa Bamboocrafts Ltd	Subsidiary	100	Lavasa Corporation Ltd
50	Green Hills Residences Limited	Subsidiary	60	Lavasa Corporation Ltd
51	My City Technology Limited	Subsidiary	63	Lavasa Corporation Ltd
52	Reasonable Housing Limited	Subsidiary	100	Lavasa Corporation Ltd

41. Contd.

No.	NAME OF THE COMPANY	Relationship	% of Holding	Parent Company
53	Future City Multiservices SEZ Limited (Formerly Known as Minfur Interior Technologies Limited)	Subsidiary	100	Lavasa Corporation Ltd
54	Rhapsody Commercial Space Limited (formerly known as Rhapsody Hospitality Limited)	Subsidiary	100	Lavasa Corporation Ltd
55	Sirrah Palace Hotels Limited	Subsidiary	100	Lavasa Corporation Ltd
56	Andromeda Hotels Limited	Subsidiary	100	Lavasa Corporation Ltd
57	Valley View Entertainment Limited	Subsidiary	100	Lavasa Corporation Ltd
58	Whistling Thrush Facilities Services Limited	Subsidiary	50.89	Lavasa Corporation Ltd
59	Warasgaon Power Supply Limited	Subsidiary	100	Lavasa Corporation Ltd
60	Sahyadri City Management Limited	Subsidiary	100	Lavasa Corporation Ltd
61	Warasgaon Tourism Limited	Subsidiary	100	Lavasa Corporation Ltd
62	Our Home Service Apartments Limited	Subsidiary	100	Lavasa Corporation Ltd
63	Hill City Service Apartments Limited	Subsidiary	100	Lavasa Corporation Ltd
64	Warasgaon Infrastructure Providers Limited	Subsidiary	100	Lavasa Corporation Ltd
65	Kart Racers Limited	Subsidiary	100	Lavasa Corporation Ltd
66	Nature Lovers Retail Limited	Subsidiary	100	Lavasa Corporation Ltd
67	Osprey Hospitality Limited	Subsidiary	100	Lavasa Corporation Ltd
68	Mugaon Luxury Hotels Limited	Subsidiary	100	Lavasa Corporation Ltd
69	Starlit Resort Limited	Subsidiary	100	Lavasa Corporation Ltd
70	Rosebay Hotels Limited	Subsidiary	100	Lavasa Corporation Ltd
71	Warasgaon Valley Hotels Limited	Subsidiary	100	Lavasa Corporation Ltd
72	Hill View Parking Services Limited	Subsidiary	100	Lavasa Corporation Ltd
73	Warasgaon Assets Maintenance Limited	Subsidiary	100	Lavasa Corporation Ltd
74	Verzon Hospitality Limited	Subsidiary	100	Lavasa Corporation Ltd

b) Integrated Joint Ventures:

1) Nathpa Jhakri Joint Venture
2) HCC-Pati Joint Venture
3) Kumagai-Skanska-HCC-Itochu Group
4) HCC-L & T Purulia Joint Venture
5) HCC - Samsung - Joint Venture CC 34
6) Alpine - Samsung - HCC Joint Venture
7) Alpine - HCC Joint Venture
8) Dhule Palesner Tollway Ltd.
9) ARGE Prime Tower, Zürich

c) Associates & Other Related Parties

1) Warasgaon Lake View Hotels Limited (Previously known as Lavasa Star Hotel Limited) 27.09%
2) Palmetto Hospitality Limited 25.98%
3) Bona Sera Hotels Ltd 26%
4) SOL Hospitality Ltd- 26%
5) Knowledge Vistas Limited-49%
6) Ecomotel Hotel Limited-26%
7) Evostate AG
8) MCR Managing Corp. Real Estate
9) Projektentwicklungsges. Parking Kunstmuseum AG
10) Vikhroli Corporate Park Pvt Ltd
11) Gulabchand Foundation (formed under section 25 of Companies' Act, 1956)
12) Hincon Holdings Ltd.
13) Hincon Finance Ltd.

B. Key Management Personnel

i)	Shri Ajit Gulabchand	Chairman & Managing Director
ii)	Shri Arun Karambelkar	President & Whole Time Director
iii)	Shri Praveen Sood	Group Chief Financial Officer
iv)	Shri V. P. Kulkarni	Company Secretary

C. Transactions with Related Parties:

₹ crore

Nature of Transactions	Subsidiary Companies	Integrated JV's	Other Related Parties
Purchase of Construction materials and Spares			
Alpine-HCC Joint Venture	-	-	-
	(-)	(1.89)	(-)
TOTAL	-	-	-
	(-)	(1.89)	(-)

C. Transactions with Related Parties: (contd.)

₹ crore

Nature of Transactions	Subsidiary Companies	Integrated JV's	Other Related Parties
Purchase of Fixed Assets			
Hincon Finance Ltd	-	-	-
	(-)	(-)	(0.01)
TOTAL	-	-	-
	(-)	(-)	(0.01)
Sale of Assets			
Hincon Finance Ltd	-	-	0.01
	(-)	(-)	(-)
TOTAL	-	-	0.01
	(-)	(-)	(-)
Rendering of Services / Financial Income			
Lavasa Corporation Ltd	37.53	-	-
	(29.50)	(-)	(-)
HCC Concessions Ltd(Formerly HCC Infrastructure Ltd.)	-	-	-
	(20.10)	(-)	(-)
Hincon Finance Ltd	-	-	0.52
	(-)	(-)	(0.52)
Nathpa Jhakri Joint Venture	-	0.02	-
	(-)	(-)	(-)
HCC Infrastructure Company Ltd.	94.35	-	-
	(76.21)	(-)	(-)
Others	22.86	-	-
	(11.50)	(-)	(-)
TOTAL	154.74	0.02	0.52
	(137.31)	(-)	(0.52)
Receiving of Services			
HCC Concessions Ltd(Formerly HCC Infrastructure Ltd.)	0.81	-	-
	(-)	(-)	(-)
HCC Aviation Ltd	-	-	-
	(8.00)	(-)	(-)
Highbar Technologies Ltd.	6.68	-	-
	(7.96)	(-)	(-)
Vikhroli Coprorate Park Pvt Ltd	-	-	20.43
	(-)	(-)	(17.67)
Others	0.27	-	-
	(2.17)	(-)	(1.75)
TOTAL	7.76	-	20.43
	(18.13)	(-)	(19.42)
Work Bill Receipts incl sales			
Dhule Palesner Tollway Ltd.	-	48.46	-
	(-)	(298.01)	(-)
Baharampore Farakka Highway Ltd	283.18	-	-
	(155.54)	(-)	(-)

₹ crore

Nature of Transactions	Subsidiary Companies	Integrated JV's	Other Related Parties
Farakka Raiganj Highway Ltd	230.28	-	-
	(185.42)	(-)	(-)
HCC - Samsung - Joint Venture CC 34	-	5.00	-
	(-)	(-)	(-)
Others	2.94	-	-
	(54.78)	(-)	(-)
TOTAL	516.40	53.46	-
	(395.74)	(298.01)	(-)
Advances received / recovered			
Narmada Bridge Tollway Ltd.	2.53	-	-
	(-)	(-)	(-)
TOTAL	2.53	-	-
	(-)	(-)	(-)
Share application money given (pending Allotment)			
Dhule Palesner Tollway Ltd.	-	4.64	-
	(-)	(0.13)	(-)
Baharampore Farakka Highway Ltd.	-	-	-
	(5.62)	(-)	(-)
Farakka Raiganj Highway Ltd.	-	-	-
	(6.24)	(-)	(-)
Raiganj Dalkola Highway Ltd.	1.44	-	-
	(1.44)	(-)	(-)
TOTAL	1.44	4.64	-
	(13.30)	(0.13)	(-)
Advances given / repaid			
Baharampore Farakka Highway Ltd.	67.62	-	-
	(8.60)	(-)	(-)
Farakka Raiganj Highway Ltd.	49.44	-	-
	(3.28)	(-)	(-)
Badarpur Faridabad Tollway Ltd	-	-	-
	(9.83)	(-)	(-)
Dhule Palesner Tollway Ltd	-	-	-
	(-)	(52.90)	(-)
TOTAL	117.06	-	-
	(21.71)	(52.90)	(-)
Equity Contribution made during the year			
Dhule Palesner Tollway Ltd.	-	-	-
	(-)	(5.28)	(-)
Baharampore -Farakka Highway Ltd.	5.62	-	-
	(11.42)	(-)	(-)
Farakka -Raiganj Highway Ltd.	6.24	-	-
	(12.75)	(-)	(-)

C. Transactions with Related Parties: (contd.)

₹ crore

Nature of Transactions	Subsidiary Companies	Integrated JV's	Other Related Parties
Panchkutir Developers Ltd	0.00	-	-
	(49.92)	(-)	(-)
Others	0.00	-	-
	(10.35)	(-)	(-)
TOTAL	11.86	-	-
	(84.44)	(5.28)	(-)
Outstanding Receivables			
HCC Real Estate Ltd	347.26	-	-
	(340.76)	(-)	(-)
Vikhroli Corporate Park Pvt. Ltd.	-	-	3.74
	(-)	(-)	(3.60)
Dhule Palesner Tollway Ltd.	-	71.25	-
	(-)	(127.08)	(-)
HCC Infrastructure Company Ltd	736.08	-	-
	(676.71)	(-)	(-)
Others	233.96	17.78	-
	(187.75)	(11.71)	(-)
TOTAL	1,317.30	89.03	3.74
	(1,205.22)	(138.79)	(3.60)
Outstanding Payables			
HCC- Pati JV	-	2.71	-
	(-)	(2.71)	(-)
Hincon Holdings Ltd.	-	-	25.00
	(-)	(-)	(0.04)
Alpine HCC Samsung JV	-	0.55	-
	0.00	(-)	(-)
Baharampore -Farakka Highway Ltd.	56.52	-	-
	(73.05)	(-)	(-)
Farakka -Raiganj Highway Ltd.	125.50	-	-
	(118.89)	(-)	(-)
Raiganj-Dalkola Highway Ltd.	55.22	-	-
	(57.19)	(-)	(-)
Hincon Finance Ltd.	-	-	6.71
	(-)	(-)	(-)
Others	2.53	0.21	-
	(17.91)	(-)	(-)
TOTAL	239.77	3.47	31.71
	(267.04)	(2.71)	(0.04)
Inter Corporate Deposit given / repaid during the year			
HCC Infrastructure Co Ltd	3.50	-	-

₹ crore

Nature of Transactions	Subsidiary Companies	Integrated JV's	Other Related Parties
	(762.57)	(-)	(-)
HCC Real Estate Ltd.	-	-	-
	(403.90)	(-)	(-)
Hincon Holdings Ltd.	-	-	-
	(-)	(-)	(56.76)
Hincon Finance Ltd.	-	-	-
	(-)	(-)	(14.10)
HCC Concessions Ltd.	16.50	-	-
	(-)	(-)	(-)
Others	-	-	-
	(54.61)	(-)	(-)
TOTAL	20.00	-	-
	(1,221.08)	(-)	(70.86)
Corporate Guarantees given and outstanding at the end of the year.			
Lavasa Corporation Ltd	664.89	-	-
	(688.69)	(-)	(-)
HCC Mauritius Enterprises Ltd.	167.78	-	-
	(156.52)	(-)	(-)
HCC Infrastructure Company Ltd.	300.00	-	-
	(300.00)	(-)	(-)
HCC Concessions Ltd.	-	-	-
	(28.26)	(-)	(-)
TOTAL	1,132.67	-	-
	(1,173.47)	(-)	(-)
Corporate Guarantees taken and outstanding at the end of the year.			
HCC Real Estate Limited	9,447.00	-	-
	(1,000.00)	(-)	(-)
TOTAL	9,447.00	-	-
	(1,000.00)	(-)	(-)
Inter Corporate Deposit taken/ recovered during the year			
HCC Concessions Ltd	-	-	-
	(572.54)	(-)	(-)
Hincon Holdings Ltd	-	-	25.00
	(-)	(-)	(55.86)
HCC Infrastructure Company Ltd	-	-	-
	(160.25)	(-)	(-)
Hincon Finance Ltd	-	-	7.00

C. Transactions with Related Parties: (contd.)

₹ crore

Nature of Transactions	Subsidiary Companies	Integrated JV's	Other Related Parties
	(-)	(-)	(13.69)
Others	-	-	-
	(128.85)	(-)	(-)
TOTAL	-	-	32.00
	(861.64)	(-)	(69.55)
Bank Guarantees given outstanding as at the end of the year			
Alpine-Samsung-HCC Joint venture	-	-	-
	(-)	(31.35)	(-)
Alpine-HCC Joint venture	-	-	-
	(-)	(4.90)	(-)
Alpine-HCC Joint venture CC34	-	**54.12**	-
	(-)	-	-
Baharampore -Farakka Highway Ltd.	-	-	-
	(49.94)	(-)	(-)
Farakka -Raiganj Highway Ltd.	-	-	-
	(53.94)	(-)	(-)
Narmada Bridge Tollway Ltd	**49.92**	-	-
	(-)	(-)	(-)
Raiganj-Dalkola Highway Ltd.	-	-	-
	(29.02)	(-)	0.00
TOTAL	49.92	54.12	-
	(132.90)	(36.25)	(-)
Sale of Investment during the year			
Baharampore -Farakka Highway Ltd.	-	-	-
	(5.85)	(-)	(-)
Farakka -Raiganj Highway Ltd.	-	-	-
	(6.50)	(-)	(-)
Raiganj-Dalkola Highway Ltd.	-	-	-
	(6.40)	(-)	(-)
Pune Paud Toll way Ltd	-	-	-
	(5.44)	(-)	(-)
Others	-	-	-
	(0.10)	(-)	(-)
TOTAL	-	-	-
	(24.29)	(-)	(-)

₹ crore

Nature of Transactions	Subsidiary Companies	Integrated JV's	Other Related Parties
Advance consideration received for Sale of shares			
HCC Concessions Ltd	**42.64**	-	-
	(26.14)	(-)	(-)
TOTAL	42.64	-	-
	(26.14)	(-)	(-)

Note: Figures in brackets pertain to previous year.

D. i) Details of Transactions relating to persons referred to in item (B) above

Nature of Transactions	As at 31.03.2013	As at 31.03.2012
Remuneration	**16.46**	12.65
Salary of Ms. Shalaka Gulabchand Dhawan (Daughter of Shri Ajit Gulabchand)	**0.91**	0.90
Salary of Mr. Arjun Dhawan (Son-In-Law of Shri Ajit Gulabchand)	**2.48**	2.03

ii) Options granted to Key Management Personnel under Employees' Stock Option Scheme.

		Number of Options Granted	
		For the year ended 31.03.2013	For the year ended 31.03.2012
i)	Shri Praveen Sood	**549,000**	549,000
ii)	Shri V. P. Kulkarni	**274,400**	274,400

42. (a) Lavasa Corporation Limited a subsidiary, has issued Deep Discount Convertible Debentures (DDCD) convertible into ordinary shares. The particulars including the current status, terms of issue as at March 31, 2013 are given below:

i) Allahabad Bank has subscribed ₹50 crore in the form of Deep Discount Convertible Debentures ("DDCD") – Tranche 2. This DDCD carry a coupon of 6% per annum on the subscription amount and have a maximum tenure of 5 years. The investor has an option to convert DDCDs into equity shares at anytime within 5 years from the closing date at an equity valuation of ₹ 10,000 crore or at the time of Initial Public Offer (IPO) whichever is earlier. DDCDs are compulsorily convertible at the end of 5 years at an equity valuation of ₹10,000 crore. The Investor and HCC have a put /call option respectively to sell / purchase the DDCD at the end of 39th, 48th and 60th month from the closing date.

ii) IndusInd Bank has subscribed ₹50 crore in the form of Deep Discount Convertible Debentures ("DDCD"). This DDCD carry a coupon of 6% per annum on the subscription amount and have a maximum tenure of 5 years. The investor has an option to convert DDCD into equity shares of the Company at anytime within 5 years from the closing date at an equity valuation of ₹10,000 crore. The Investor and HCC have a put/call option respectively to sell / purchase the DDCD at the end of 36th, 48th and 60th month from the closing date.

iii) Allahabad Bank has subscribed ₹50 crore in the form of Deep Discount Convertible Debentures ("DDCD") – Tranche 1. This DDCD carry a coupon of 6% per annum on the subscription amount and have a maximum tenure of 5 years. The investor has an option to convert DDCDs into equity shares at anytime within 5 years from the closing date at an equity valuation of ₹ 10,000 crore or at the time of Initial Public Offer (IPO) whichever is earlier. DDCDs are compulsorily convertible at the end of 5 years at an equity valuation of ₹10,000 crore. The Investor and HCC have a put /call option respectively to sell / purchase the DDCD at the end of 39th, 48th and 60th month from the closing date.

iv) Bank of India has subscribed ₹150 crore in the form of Deep Discount Convertible Debentures ("DDCD"). During the previous year the Company had prepaid ₹90 crore of subscribed value of DDCD. As on the date of the balance sheet, the Company has ₹60 crore of DDCD which carry a coupon of 6% per annum on the subscription amount and have a maximum tenure of 5 years. The investor has an option to convert DDCD into equity shares at anytime within 5 years from the closing date at an equity valuation of ₹ 10,000 crore or at the time of Initial Public Offer (IPO) whichever is earlier. DDCDs are compulsorily convertible at the end of 5 years at an equity valuation of ₹10,000 crore. The Investor and HCC have a put /call option respectively to sell / purchase the DDCD at the end of 39th, 48th and 60th month from the closing date.

(b) Lavasa Corporation Limited a subsidiary, has issued Non Convertible Debentures (NCD). The particulars, terms of issue as at March 31, 2013 are given below

i) Jammu & Kashmir Bank Limited had subscribed ₹100 crore in the form of Deep Discount Convertible Debentures ("DDCD"). On September 3, 2010, vide supplementary agreement, bank has converted the existing DDCD into 1 (one) Non Convertible Debenture ("NCD") aggregating ₹ 100 crore for the tenure of 5 years. This NCD carry a coupon rate of 10.75% per annum, payable quarterly on subscription amount. The investor and HCC have a put/call option respectively to sell/ purchase the NCD at the end of 39th, 48th and 60th month from the closing date.

ii) ICICI Bank has converted ₹250 crore of Deep Discount Convertible Debentures ("DDCD") into Non Convertible Debentures ("NCD") with effect from January 6, 2012. These NCD carry a coupon of 9% per annum on the subscription value of NCD with a YTM of 16% per annum and are to be redeemed on January 6, 2015. These NCD carry a put/call option which can be exercisable on January 6, 2013, January 6, 2014 and January 6, 2015.

iii) Bank of India has subscribed ₹105 crore in the form of 1050 Non Convertible Debentures ("NCD") of face value ₹1,000,000 each on November 91, 2010 for the tenure of 3 years. During the year, the coupon rate has been realigned to 6% per annum payable quarterly with a YTM of 12.50% per annum. The investor and HCC have a put/call option respectively to sell/ purchase the NCD at the end of 15th, 24th and 36th month from the closing date.

iv) Axis Bank has converted ₹225 crore of Deep Discount Convertible Debentures ("DDCD") into Non Convertible Debentures ("NCD") with effect from December 30, 2011. These NCD carry a coupon of 9% per annum payable monthly on the subscription value of NCD with a YTM of 17.50% per annum and are to be redeemed on June 24, 2013. These NCD have a put/call option available on June 24, 2013.

43. Figures for the previous year have been regrouped/recast, wherever necessary.

44. ' * ' represents amount less than ₹ 100,000.

As per our report attached
For K.S.AIYAR & CO.
Chartered Accountants
Registration No. 100186W

RAGHUVIR M. AIYAR
Partner
Membership No. 38128

Mumbai, Dated May 3, 2013

PRAVEEN SOOD
Group Chief Financial Officer

VITHAL P. KULKARNI
Company Secretary

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NIRMAL P. BHOGILAL
ANIL SINGHVI
DR. ILA PATNAIK
Directors

CONSOLIDATED FINANCIAL STATEMENTS

Independent Auditors' Report

To The Board of Directors of Hindustan Construction Company Limited

We have audited the accompanying consolidated financial statements of Hindustan Construction Company Limited ("the Company"), its Associates, subsidiaries and Integrated Joint Ventures ('the Group'), which comprise the consolidated Balance Sheet as at March 31, 2013, and the consolidated Statement of Profit and Loss and consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Company in accordance with accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and 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 control relevant to the Company's preparation and presentation 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 accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Basis for Qualified Opinion

In respect of the matters relating to Order of the Ministry of Environment and Forests according environment clearance (EC) which are subject to compliance of terms and conditions vide Order dated November 09, 2011, the liability if any, in respect of conditions set therein, is unascertainable. Refer note 40(a) of the consolidated financial statements.

Qualified Opinion

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 consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

i. in the case of the consolidated Balance Sheet, of the state of affairs of the Company as at March 31, 2013;

ii. in the case of the consolidated Statement of Profit and Loss, of the loss for the year ended on that date; and

iii. in the case of the consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

Emphasis of Matter

We draw attention to:

(a) Note No 13.1 of the consolidated financial statements regarding goodwill arising on consolidation in respect of HCC Real Estate Ltd. and HCC Mauritius Enterprise Limited of ₹ 50.70 crore and ₹ 70.11 crore respectively, which in the opinion of the management does not require impairment.

(b) Note No. 16 of the Notes to Accounts regarding litigations amounting to ₹ 35.50 crore, which are more than one year old as on Mach 31, 2013, where claims favourably awarded in arbitration have been subsequently rejected by Courts of Law. The recoverability is dependent upon the final outcome of the appeals getting resolved in favor of the Company.

(c) Hindustan Construction Company's claims of ₹ 189.46 crore, ₹ 21.28 crore and ₹ 418.06 crore being included under "Long Term Trade Receivables", "Loans and Advances" and "Uncompleted Contracts and Value of Work Done" respectively have been outstanding for over 5 years. The Company has assessed the recoverability of these claims based on favourable arbitration awards, court orders and legal opinion. Considering the contractual tenability and legal advice from Company's counsel in the matter, the management is confident of recovery of the same.

(d) Note No. 33 to consolidated financial statements regarding Hindustan Construction Company Limited's application seeking approval from Central Government for the excess remuneration paid to managerial personnel.

(e) Note 40 (b) to consolidated financial statements, costs incurred on production overheads during the year, have been treated as cost of inventory of Floor Space Index (FSI) for the reasons detailed in the said note, with consequential impact on loss for the year of ₹ 93.24 crore in the books of Lavasa Corporation Limited.

(f) Note 41 to consolidated financial statements regarding capitalization of borrowing costs on Inventory of Floor Space Index with a decrease of ₹ 118.13 crore in the loss for the year in case of Lavasa Corporation Limited.

(g) Note 44 to the consolidated financial statements regarding the dependency upon Pune Paud Toll Road Company's ability to obtain extension of concession period and compensation claim in respect of delay in granting permission to collect the toll from the Government.

(h) Note No. 13.2 to the Consolidated Financial Statements wherein during the period of delay in land acquisition; HCC Infrastructure Company Ltd has capitalised interest incurred amounting to ₹ 8.07 crore; as in the opinion of the Management the cessation of land acquisition is temporary in nature.

(i) Note No 1(IV)(11)(x)(a): revenue recognition of Long Term Contracts for construction of third-party real-estate; in case of Steiner AG are accounted for, using the percentage of completion method where the degree of completion is determined on the basis of work performed on the construction site (output units) which in prior years was determined on the basis of cost incurred (the cost-to-cost method);

Our opinion is not qualified in respect of these matters.

Other Matter

(a) We did not audit the financial statements of certain subsidiaries, associates and integrated joint ventures, whose financial statements reflect total assets of ₹ 3,914.20 crore as at March 31, 2013, total revenues of ₹ 4,581.99 crore, loss of ₹ 147.39 crore and net cash inflows of ₹ 145.16 crore, for the year then ended. These financial statements and other financial information have been audited by other auditors whose reports have been furnished to us by the Management, and our opinion is based solely on the reports of the other auditors. Further the financial statements of an associate reflecting a share in loss of ₹ 0.37 crore included in these financial statements are unaudited. Our opinion is not qualified in respect of these matters.

For K.S. Aiyar & Co,
Chartered Accountants
Registration No: 100186W

Raghuvir M. Aiyar
Partner
Membership No.: 38128

Place: Mumbai
Date: May 3, 2013

Consolidated Balance Sheet as at 31st March 2013

	Particulars	Note No.	As at 31.03.2013 ₹ crore	As at 31.03.2012 ₹ crore
I.	EQUITY AND LIABILITIES			
(1)	Shareholders' funds			
	(a) Share capital	2	60.66	60.66
	(b) Reserves and surplus	3	454.88	700.22
			515.54	760.88
(2)	Minority Interest		327.86	339.84
(3)	Non-current liabilities			
	(a) Long-term borrowings	4	7,910.04	5,163.77
	(b) Deferred tax liabilities (Net)	5	44.20	135.57
	(c) Long term trade payables	6	36.01	21.12
	(d) Other Long term liabilities	7	85.98	77.03
	(e) Long-term provisions	8	187.13	184.24
			8,263.36	5,581.73
(4)	Current liabilities			
	(a) Short-term borrowings	9	1,359.56	2,172.29
	(b) Trade payables	10	1,536.36	1,750.26
	(c) Other current liabilities	11	3,121.69	3,787.85
	(d) Short-term provisions	12	87.01	80.46
			6,104.62	7,790.86
	TOTAL		15,211.38	14,473.31
II.	ASSETS			
(1)	Non-current assets			
	(a) Fixed assets	13		
	(i) Tangible assets		1,831.25	1,934.13
	(ii) Intangible assets		1,424.92	1,297.42
	(iii) Intangible assets under development & CWIP		2,717.00	2,041.22
	(b) Non-current investments	14	122.45	111.72
	(c) Long-term loans and advances	15	507.24	404.61
	(d) Long-term Trade Receivables	16	637.99	642.15
	(e) Other non-current assets	17	173.73	139.06
			7,414.58	6,570.31
(2)	Current assets			
	(a) Current investments	18	33.31	90.38
	(b) Inventories	19	4,362.60	4,884.61
	(c) Trade receivables	20	683.49	700.30
	(d) Cash and cash equivalents	21	1,234.75	966.79
	(e) Short-term loans and advances	22	795.26	905.92
	(f) Other current assets	23	687.39	355.00
			7,796.80	7,903.00
	TOTAL		15,211.38	14,473.31
	Significant Accounting Policies	1		

The accompanying notes including other explanatory information form an integral part of the financial statements.

As per our report attached
For K.S.AIYAR & CO.
Chartered Accountants
Registration No. 100186W

RAGHUVIR M. AIYAR
Partner
Membership No. 38128

Mumbai, Dated May 3, 2013

PRAVEEN SOOD
Group Chief Financial Officer

VITHAL P. KULKARNI
Company Secretary

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NIRMAL P. BHOGILAL
ANIL SINGHVI
DR. ILA PATNAIK
Directors

Consolidated Statement of Profit and loss for the year ended 31st March 2013

	Particulars	Note No.	Current Year 31.03.2013 ₹ crore	Previous Year 31.03.2012 ₹ crore
I	Revenue from operations	24	8,509.98	8,157.62
II	Other income	25	116.04	89.06
III	Total Revenue (I + II)		8,626.02	8,246.68
IV	Expenses:			
	Cost of Material Consumed	26	56.12	81.70
	Purchased of Traded Goods		27.47	58.21
	Construction Expenses	27	6,558.83	6,166.80
	Employee benefits expense	28	953.51	950.01
	Finance costs	29	900.28	832.52
	Depreciation and amortization expense	13	314.04	261.79
	Other expenses	30	461.09	477.98
	Total expenses		9,271.34	8,829.01
V	Profit before exceptional and extraordinary items and tax (III-IV)		(645.32)	(582.33)
VI	Exceptional items		15.47	(166.32)
VII	Profit before tax (V - VI)		(629.85)	(748.65)
VIII	Tax expense:			
	Current tax		2.40	4.88
	Deferred tax		(90.79)	(163.66)
	Taxation of earlier years		(0.00)	0.03
	MAT Credit Entitlement		(2.41)	-
IX	Profit/(Loss) before Minority Interest and share in Profit /Loss of Associates (VII-VIII)		(539.05)	(589.90)
X	Less : Minority adjustments		46.15	71.69
	Add: Share in Profit / (Loss) of Associates		7.16	(3.81)
	Add : Profit / (Loss) on Sale of Stake in Subsidiaries		-	(0.10)
XI	Profit / (Loss) for the period from Continuing Operation (IX-X)		(485.74)	(522.12)
XII	Profit / (Loss) for the period from discontinuing operation		3.28	(7.97)
XIII	Tax Expenses on discounting operation		-	-
XIV	Profit / (Loss) for the period from discontinuing operation after tax (XII-XIII)		3.28	(7.97)
XV	Profit / (Loss) for the period (XI+XIV)		(482.46)	(530.09)
	Earnings per equity share:			
	(1) Basic		(7.95)	(8.74)
	(2) Diluted		(7.87)	(8.64)
Significant Accounting Policies		1		

The accompanying notes including other explanatory information form an integral part of the financial statements.

As per our report attached
For K.S.AIYAR & CO.
Chartered Accountants
Registration No. 100186W

RAGHUVIR M. AIYAR
Partner
Membership No. 38128

Mumbai, Dated May 3, 2013

PRAVEEN SOOD
Group Chief Financial Officer

VITHAL P. KULKARNI
Company Secretary

AJIT GULABCHAND — *Chairman & Managing Director*
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ANIL SINGHVI
DR. ILA PATNAIK
Directors

Consolidated Cash Flow Statement for theYear ended 31st March 2013

			2012-13 ₹ crore	2011-12 ₹ crore
A.	CASH FLOW FROM OPERATING ACTIVITIES			
	Net Profit (including discontinuing operations) before tax and Extraordinary Items		(626.57)	(756.61)
	Adjustment for:			
	Depreciation	314.04		261.79
	Interest Expenses	900.28		832.52
	Interest & Dividend income	(48.73)		(57.94)
	Foreign Exchange (Gain) / Loss (net)	(1.29)		(2.43)
	Conversion / Translation difference	15.33		9.67
	(Profit) / Loss on Sale of Assets (net)	(27.01)		(10.87)
	(Profit) / Loss on Sale of Investment	(30.74)		5.24
	Provision for future loss	(2.24)		10.36
	Provision for Doubtful Advances	-		0.06
	Earlier years provision no longer required written back	(0.69)		(0.62)
	Share Issue and Preliminary Expenses Written Off	-		4.33
			1,118.95	1,052.11
	Operating profit before working capital changes		492.38	295.50
	Adjustment for:			
	Trade & Other receivable	(281.11)		(305.37)
	Inventories	522.01		4.76
	Trade Payables	(612.81)		32.45
	Client Advances (Interest Free)	591.52		(34.43)
			219.61	(302.59)
	Cash generated from operations		711.99	(7.09)
	Direct taxes paid		(80.15)	(0.80)
	NET CASH FROM OPERATING ACTIVITIES		631.84	(7.89)
B.	CASH FLOWS FROM INVESTING ACTIVITIES			
	Purchase of fixed assets		(1,054.09)	(1,039.51)
	Sale of fixed assets		61.53	213.97
	Minority Interest		34.17	234.70
	Sale of investments (net)		84.24	7.46
	Interest received		59.80	38.05
	Dividend received		2.65	3.05
	NET CASH FLOWS FROM INVESTING ACTIVITIES		(811.70)	(542.28)
C.	CASH FLOWS FROM FINANCING ACTIVITIES			
	Interest paid		(994.33)	(631.68)
	Proceeds from long term and other borrowings		1,205.15	1,407.30
	Proceeds from issue of Shares and Share Premium		-	114.60
	Proceeds from Capital grant		243.12	-
	Increase / (Decrease) in Currency Fluctuation Reserve		(8.09)	(14.61)
	Increase / (Decrease) in Foreign Currency Monetary Translation		0.31	-
	Increase / (Decrease) in Capital Reserve on Consolidation		1.79	(2.08)
	Dividend Paid		(0.13)	(29.20)
	NET CASH FROM FINANCING ACTIVITIES		447.82	844.33
	NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)		267.96	294.16
	CASH AND CASH EQUIVALENTS AS AT 01/04/2012 (OPENING BAL)		966.79	672.63
	CASH AND CASH EQUIVALENT		1,234.75	966.79
	CASH AND CASH EQUIVALENTS AS AT 31/03/2013 (CLOSING BAL)		1,234.75	966.79

Notes : 1. Proceeds from Long Term and Other Borrowings are shown net of repayments.
2. Previous year figures have been regrouped/recast wherever necessary.
3. Figures in bracket denote outflows.

As per our report attached
For K.S.AIYAR & CO.
Chartered Accountants
Registration No. 100186W

RAGHUVIR M. AIYAR
Partner
Membership No. 38128

Mumbai, Dated May 3, 2013

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Directors

SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF ACCOUNTS AS AT MARCH 31, 2013

1 Significant Accounting Policies

I Criteria For Preparation of Consolidated Financial Statements

Hindustan Construction Company Ltd. (HCC Ltd.) has prepared the consolidated financial statements to provide the financial information of its activities along with its Subsidiaries & Joint Ventures as a single entity. They are collectively referred as "Group" herein.

The consolidated financial statements are prepared by:

a) Consolidating its accounts with financial statements of its Subsidiaries and Integrated Joint Ventures.

b) Applying the equity method of accounting for its investee companies in which it holds between 20 and 50 percent of the equity share capital.

c) Financial statements of Integrated (i.e. Profit / Loss sharing) Joint Ventures are consolidated to the extent of HCC and subsidiaries share in Joint Venture.

d) Foreign subsidiaries financials are prepared in compliance with the local laws and applicable Accounting Standards, are restated as per Indian Generally Accepted Accounting Principles (IGAAP) for the purpose of consolidation taking into account local laws, if any.

e) Notes to these Consolidated Financial Statements are intended to serve as a means of informative disclosure and guide to better understanding. Recognising this purpose, the Company has disclosed only such Notes from the individual Financial statements, which fairly present the needed disclosures.

II Method of Consolidation

a. The consolidated financial statements have been prepared by the Company in accordance with the requirements of Accounting Standard (AS) 21 - "Consolidated Financial Statements", Accounting Standard (AS) 27 - "Financial Reporting of Interest in Joint Ventures" and Accounting Standard (AS) 23 - "Accounting for Investments in Associates in Consolidated Financial Statements" -, issued by the Institute of Chartered Accountants of India.

b. The year-end balances and the common transactions with the Subsidiaries are eliminated in full, whereas in the case of Joint Ventures these transactions are eliminated to the extent of HCC and its subsidiaries share in Joint Ventures.

c. In case of BOT contracts, revenue relatable to construction services rendered in connection with Build-Operate-Transfer (BOT) projects undertaken by the group is recognised during the period of construction using percentage of completion method. Revenue relatable to toll collections of such projects from users of facilities are accounted when the amount is due and recovery is certain.

III Group companies included for consolidation

a The details of Joint Ventures along with share of interest included in consolidation is given hereunder:

Name of Ventures	Name of the Ventures' Partners	Method of accounting	Share of Interest
HCC-L&T Purulia Joint Venture	Larsen & Toubro Ltd.	% completion	57.00%
HCC-Pati Joint Venture	Pati Sendirian, Berhad	% completion	50.00%
Nathpa Jhakri Joint Venture	Impregilio-Spa, Italy	Completed Contract	40.00%
Kumagai-Skanska HCC-Itochu Group Joint Venture	Skanska, kumagai, Itochu	Completed Contract	19.60%
Alpine - Samsung - HCC Joint Venture	Alpine Meyreder Bau, Samsung Corporation	% completion	33.00%
Alpine - HCC Joint Venture	Alpine Meyreder Bau	% completion	49.00%
HCC - Samsung Joint Venture CC-34	Samsung Corporation	% completion	50.00%
Dhule Palesnar Tollway Limited*	John Laing Investment Ltd, John Laing Investments Mauritius (No.1) Ltd., Sadbhav Engg Ltd, Sadbhav Infrastructure Project Ltd	% completion	37.00%

* HCC Ltd. holds 26% and HCC Infrastructure Ltd holds 11% in this Joint Venture, therefore, 37% total is considered for consolidation of accounts.

Each of the above Joint Ventures are incorporated in India. In respect of joint ventures the Company along with other JV partners is jointly & severally responsible for performance of the contracts.

b List of Subsidiaries and Associates Companies included in consolidation and the Parent Company's holding are as under:

Name of the Subsidiary	Country of Incorporation	% Holding	Subsidaries of
Western Securities Ltd.	India	97.87	Hindustan Construction Co Ltd
Hincon Technoconsult Ltd.	India	100	Hindustan Construction Co Ltd
HCC Real Estate Limited	India	100	Hindustan Construction Co Ltd
Panchkutir Developers Ltd	India	100	Hindustan Construction Co Ltd
HCC Mauritius Enterprised Ltd	Mauritius	100	Hindustan Construction Co Ltd
HCC Construction Ltd	India	100	Hindustan Construction Co Ltd
Highbar Technologies Ltd	India	100	Hindustan Construction Co Ltd
HCC Infrastructure Company Ltd	India	100	Hindustan Construction Co Ltd
HRL Township Developers Ltd.	India	100	HCC Real Estate Ltd
HRL (Thane) Real Estate Ltd.	India	100	HCC Real Estate Ltd
Nashik Township Developers Ltd	India	100	HCC Real Estate Ltd
Maan Township Developers Ltd	India	100	HCC Real Estate Ltd
Charosa Wineries Ltd	India	100	HCC Real Estate Ltd
Powai Real Estate Developer Ltd	India	100	HCC Real Estate Ltd
HCC Realty Ltd	India	100	HCC Real Estate Ltd

Name of the Subsidiary	Country of Incorporation	% Holding	Subsidaries of
Pune Paud Toll Road Co. Ltd.	India	100	HCC Real Estate Ltd
HCC Aviation Ltd	India	100	HCC Real Estate Ltd
Steiner AG	Switzerland	66	HCC Mauritius Enterprised Ltd
Steiner Promotions et Participations SA	Switzerland	100	Steiner- AG
Steiner (Deutschland) GmbH	Germany	100	Steiner- AG
VM + ST AG	Germany	100	Steiner- AG
Steiner Leman SAS	France	100	Steiner- AG
SNC Valleiry Route de Bloux	France	100	Steiner- AG
Eurohotel SA	Switzerland	95	Steiner- AG
Steiner India Ltd	India	100	Steiner- AG
Highbar Technologies FZLLC	Dubai	100	Highbar Technologies Ltd
Dhule Palesner Operations & Maintenance Ltd	India	100	HCC Infrastructure Company Ltd
HCC Power Limited	India	100	HCC Infrastructure Company Ltd
HCC Concession Ltd	India	85.45	HCC Infrastructure Company Ltd
HCC Operation and Maintenance Ltd	India	100	HCC Infrastructure Company Ltd
Narmada Bridge Tollway Ltd	India	100	HCC Concession Ltd
Badarpur Faridabad Tollway Ltd	India	100	HCC Concession Ltd
Nirmal Bot Ltd	India	100	HCC Concession Ltd
Baharampore-Farakka Highways Ltd	India	74	HCC Concession Ltd
Farakka-Raiganj Highways Ltd	India	74	HCC Concession Ltd
Raiganj-Dalkhola Highways Ltd	India	90	HCC Concession Ltd
Klemanor Investments Ltd	Cyprus	100	HCC Mauritius Enterprised Ltd
Lavasa Corporation Limited	India	68.7	HCC Real Estate Ltd
Lavasa Hotel Limited	India	100	Lavasa Corporation Ltd
Apollo Lavasa Health Corporation Ltd	India	65.34	Lavasa Corporation Ltd
Dasve Business Hotel Ltd	India	100	Lavasa Corporation Ltd
Dasve Convention Center Ltd	India	100	Lavasa Corporation Ltd
Lakeshore Watersports Co.Ltd	India	100	Lavasa Corporation Ltd
Dasve Hospitality Institues Ltd	India	100	Lavasa Corporation Ltd

Name of the Subsidiary	Country of Incorporation	% Holding	Subsidaries of
Lakeview Clubs Limited	India	100	Lavasa Corporation Ltd
Dasve Retail Ltd	India	100	Lavasa Corporation Ltd
Full Spectrum Adventure Ltd	India	90.9	Lavasa Corporation Ltd
Spotless Laundry Services Ltd	India	76.02	Lavasa Corporation Ltd
Lavasa Bamboocrafts Ltd	India	100	Lavasa Corporation Ltd
Green Hills Residences Limited	India	60	Lavasa Corporation Ltd
My City Technology Limited	India	63	Lavasa Corporation Ltd
Reasonable Housing Limited	India	100	Lavasa Corporation Ltd
Future City Multiservices SEZ Limited (Formerly Known as Minfur Interior Technologies Limited)	India	100	Lavasa Corporation Ltd
Rhapsody Commercial Space Limited (formerly known as Rhapsody Hospitality Limited)	India	100	Lavasa Corporation Ltd
Sirrah Palace Hotels Limited	India	100	Lavasa Corporation Ltd
Andromeda Hotels Limited	India	100	Lavasa Corporation Ltd
Valley View Entertainment Limited	India	100	Lavasa Corporation Ltd
Whistling Thrush Facilities Services Limited	India	50.89	Lavasa Corporation Ltd
Warasgaon Power Supply Limited	India	100	Lavasa Corporation Ltd
Sahyadri City Management Limited	India	100	Lavasa Corporation Ltd
Warasgaon Tourism Limited	India	100	Lavasa Corporation Ltd
Our Home Service Apartments Limited	India	100	Lavasa Corporation Ltd
Hill City Service Apartments Limited	India	100	Lavasa Corporation Ltd
Warasgaon Infrastructure Providers Limited	India	100	Lavasa Corporation Ltd
Kart Racers Limited	India	100	Lavasa Corporation Ltd
Nature Lovers Retail Limited	India	100	Lavasa Corporation Ltd
Osprey Hospitality Limited	India	100	Lavasa Corporation Ltd
Mugaon Luxury Hotels Limited	India	100	Lavasa Corporation Ltd
Starlit Resort Limited	India	100	Lavasa Corporation Ltd
Rosebay Hotels Limited	India	100	Lavasa Corporation Ltd

Name of the Subsidiary	Country of Incorporation	% Holding	Subsidaries of
Warasgaon Valley Hotels Limited	India	100	Lavasa Corporation Ltd
Hill View Parking Services Limited	India	100	Lavasa Corporation Ltd
Warasgaon Assets Maintenance Limited	India	100	Lavasa Corporation Ltd
Verzon Hospitality Limited	India	100	Lavasa Corporation Ltd

IV Significant Accounting Policies Forming Part Of Consolidated Accounts As At March 31, 2013

1 Basis of Accounting

The Company maintains its accounts on accrual basis following historical cost convention, in accordance with the Indian GAAP. Management makes estimates and technical and other assumptions regarding the amounts of income and expenses, assets and Liabilities and disclosures of contingencies, in accordance with the Generally Accepted Accounting Principles in India in the preparation of the financial statements. Difference between the actual results and estimates are recognised in the period in which they are determined.

2 Fixed Assets-Tangible and Intangible Assets

i) Fixed assets are stated at cost of acquisition including attributable interest & financial costs till the date of acquisition/installation of the assets and improvement thereon less accumulated depreciation / amortisation and accumulated impairment losses if any. Intangible assets comprise of licence fees , other implementation cost for software (ERP) and other application softwares acquired for inhouse use.

ii) In respect of BOT projects, the Construction Costs including interest and Preliminary expenses incurred during the period has been recognized as an intangible asset, in accordance with Accounting Standard (AS) 26 - "Intangible Assets".

iii) Intangible assets comprises of Toll Collection Rights, trademarks, designs, licence fees , other implementation cost for software (ERP) and other application softwares acquired for inhouse use.

iv) Toll collection rights are stated at cost less accumulated amortization. Cost is determined with reference to the fair value of construction services provided by the Company in consolidation whereof Toll Collection Right are received by the Consolidated Entity in terms of service concession agreement. Other Intangiable assets are stated at cost less accumulated amortization.

v) Cost of purchase of land to the extent of 1 % in Lavasa Corporation Ltd (LCL) is accounted as fixed assets and remaining is accounted as stock in trade.

3 Depreciation / Amortisation

Depreciation on fixed assets is provided:

i) In respect of buildings and sheds, furniture and office equipments on the written down value method (pro-rata on additions and deletions of the year) at rates prescribed in Schedule XIV of the Companies Act, 1956.

ii) Incase of SAG, the buildings are depreciated on straightline method over the estimated useful life ranging from 30 years to 50 years and furniture and office equipments using depreciation rates between 10 % and 33 % on straight line method.

iii) In respect of plant & machinery, heavy vehicles, light vehicles, helicopter, aircraft and speed boat on the straight line method at rates prescribed in Schedule XIV of the Companies Act, 1956 on a pro-rata basis.

iv) Owner occupied properties at SAG are recognized at acquisition cost less accumulated depreciation and any allowances necessary due to impairment.

v) In respect of computers, depreciation is provided on straight line basis over a period of three years on pro rata basis.

vi) The depreciation on assets used for construction has been treated as period cost.

vii) Intangible assets including trademark, designs, software and implementation costs including users licence fees of the Enterprise Resource Planning (ERP) system and other related application software costs are amortised over a period ranging from 5 to 10 years.

viii) Toll collection rights are amortized on a unit of usage method based on actual traffic for the year and projected profit for the balance concession period expect in respect of collection right held by Pune Paud Toll Road Company Limited where amortization is done on straight line method.

ix) Fixed Assets includes cost incurred on the lease hold improvements at 247 Park which is being amortised over a period of Nine years.

4 Investments

i) Investments, which are readily realisable and intended to be held for not more than one year from the date on which such investments are made,are classified as current investments.All other investments are classifies as non current investments.

ii) Current investments are carried in the financial statements at lower of cost or fair value determined on an individual investment basis. Non Current Investments are carried at cost, provision for diminution in value is made to recognise a decline other than temporary in the value of the investments.

5 Employee Benefits

i) Defined Contribution plan

Contribution to provident fund and superannuation fund is accounted on accrual basis.

ii) Defined Benefit plan

Gratuity is charged to revenue on the basis of actuarial valuation and in case of daily rated workmen on actual basis computed on tenure of service as at the end of the year.

iii) Other Benefits

Short term and long term compensated absenses are provided for based on actuarial valuation. The actuarial valuation is done as per projected unit credit method.

iv) Accumulated leave which is expected to be utilised within next 12 months, is treated as short term employee benefit. The Company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

v) The Company treats accumulated leave expected to be carried forward beyond tweleve months, as long-term employee benefit for the measurement purposes. Such long term compensated absences are provided for based on the actuarial valuations using the projected unit credit method at the year-end.

vi) The obligation is measured at the present value of the estimated future cash flows. The discount rates used for determining the present value of the obligation under defined benefit plans, is based on market yields on Government securities as at the Balance Sheet date, having maturity periods approximating to the terms of the related obligations.

vii) The post-employment benefit plans of SAG qualify as defined benefit plans under IAS 19. The projected unit credit method is used for the calculation of the net present value of the defined benefit obligation (DBO). For the purpose of determining the DBO, this method takes account of the years served to date, with an additional unit being added to the DBO each year. For active plan participants, the DBO is thus equal to the net present value of the post-employment defined benefits, taking into account future salary and pension increases as well as the rate of employee turnover. For retirees, the DBO is equal to the net present value of current pensions, taking into account future pension increases. The total DBOs are compared to the fair value of the plan assets. Any surplus is recognised as an asset upto the benefit of the group. Any shortfall is reported in the balance sheet as a liability. Actuarial gains and losses are expensed directly in Profit and Loss account.

6 Inventories

i) The stock of stores, spares and embedded goods and fuel is valued at cost (weighted average basis), or net realisable value whichever is lower.

ii) Work-in-Progress is valued at the Contract rates and site mobilisation expenditure of incomplete contracts is stated at cost except NJJV and KSHI JV where work in progress is determined at cost in view of policy followed by JV.

iii) Site mobilisation expenses are presented as a deduction from advances from contractees to the extent funded by such advances.

iv) In case of Panchkutir Developers Ltd. (Subsidiary Company) Land and construction /development expenses are accumulated under "Project work-in-progress" and the same are valued at cost or net realizable value, whichever is lower.

a) Cost of land purchased / acquired by the Company includes purchase / acquisition price plus all direct and indirect expenditure incurred in connection with the purchase of land.

b) Construction / development expenditure includes all direct and indirect expenditure incurred on development of land and/ or construction at site, overheads relating to site management and administration, less incidental revenues arising from site operations. Indirect expenses will be allocated to the respective items at the time of their completion or capitalization into fixed assets.

v) Inventories of Land and Floor Space Index (FSI) - Lavasa

a) Cost of land accounted in Stock in trade is treated as (a) Cost of FSI - 95%, (b) Land, stock-in-trade – 5%, both being distinct items of inventory. Cost of Land and FSI are on a weighted average basis along with related purchase / acquisition price plus all direct and indirect expenditure incurred in connection with the purchase of land. Land and FSI are valued at lower of Cost or Net Realizable Value. Land or FSI utilized for own construction is transferred to Fixed Assets at cost.

b) Project Work-in-Progress is valued at the contract rates in accordance with Long-term Construction Accounting Standards.

c) Where construction of any unit is undertaken for which there are no sales, such inventory is valued at lower of cost or realizable value and is not considered under Long-term Construction for accounting purposes.

d) The Stock of Stores, Food and Beverages, Groceries and provision, other guest amenities, information technology material, finished products including traded goods and semi finished goods are stated at lower of cost or net realisable value. The inventories of raw materials, laboratory materials, other consumbales and housekeeping items, medicines, medicare items are stated at cost.

vi) Accounting of Inventories of Real Estate Projects by SAG

Real estate projects are valued based on the lower of the construction cost and the sale price until the project is handed over to the purchaser by means of the transfer of title or the transfer of material risks and rewards. Payments by customers for a specific project are offset against the construction cost as the customers have generally notarially signed the purchase contract. Undeveloped Land (including development costs) and rented properties which are held for sale are valued at the lower of construction costs and net selling price.

7 Capital Work-in-progress

Construction and development expenses includes cost of acquisition of development rights, all direct and indirect expenditure incurred on development of land and / or construction including attributable interest and financial charges, overheads relating to site management and administration, less incidental revenues arising from said construction. On completion of construction of building and commissioning of Plant & Machinery, such assets are capitalized leaving the incomplete work as capital work in progress.

In repect of BOT projects sub contract work done by construction contractors relating to the construction of projects and other direct expenses of the project are included in 'Intangible Assets-Work-in-progress' in term of AS-26, Intangible Assets. All income and expenses earned / incurred prior to the commercial operation of the project have been credited / debited to 'Intangible Assets-Work-in-progress'.

8 Provisions, Contingent Liabilities and Contingent Assets.

Provisions involving substantial degree of estimation in measurement are recognised when there is a present obligation as a result of past events and it is probable that there will be an outflow of resourses. Contingent liabilities are not recognised but are disclosed in the notes. Contingent assets are neither recognised not disclosed in the financial statements.

9 Foreign Exchange Translation of Foreign Projects and Accounting of Foreign Exchange Transactions

a) Initial Recognition:

Transactions in foreign currencies entered into by the Company are accounted at the exchange rates prevailing on the date of the transaction or at rates that closely approximate the rate at the date of the transaction.

b) Conversion:

Foreign Currency Monetary Items are re-translated at the exchange rate prevailing on the reporting date.

c) Treatment of Exchange Differences:

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.

The exchange differences arising on revaluation of long term foreign currency monetary items are capitalised as part of the depreciable fixed assets to which the monetary items relates and depreciated over the remaining balance life of such assets and in other cases amortised over the balance period of such long term foreign currency monetary items. The unamortised balance is carried in the Balance Sheet as "Foreign currency monetary item translation difference account".

10 Financial Derivatives & Hedging transactions

Financial derivatives and hedging contracts are accounted on the date of their settlement and realised gain/loss in respect of settled contracts is recognised in the profit & loss account along with the underlying transactions.

11 Revenue Recognition

i) Accounting of construction contracts:

The Company follows percentage completion method, based on the stage of completion at the balance sheet date, taking into account the contractual price and revision thereto by estimating total revenue including claims/variation as per Accounting Standard -7 and total cost till completion of the contract and the profit so determined has been accounted for proportionate to the percentage of the actual work done. Contract price in respect of service concession agreements is considered as equivalent to the fair value of construction services provided by the Company in terms of the agreement.

Revenue is recognised as follows:

a. In case of item rate contracts, on the basis of physical measurement of work actually completed, at the balance sheet date.

b. In case of lumpsum Contracts, revenue is recognised on the completion of milestones as specified in the contract or as identified by the Management.

Foreseeable losses are accounted for as and when they are determined except to the extent they are expected to be recovered through claims presented or to be presented to the customer or in arbitration.

Claims are accounted as income in the year of receipt of arbitration award or acceptance by client or evidence of acceptance received.

ii) Revenue from Software Service contracts:

Revenue from software development on fixed price, fixed time frame contracts, including system development and integration contracts, where there is no uncertainty as to measurement or collectablity is recongnised as per percentage of completion methods. Revenue form last billing date to the balance sheet date is recognised as unbilled revenue.

iii) Time and material contract is recognised as and when the related services are provided.

iv) Annual maintenance service contracts are recognised proportionately over the period in which the services are rendered.

v) Revenue for sale of user licence for software application is recognised on the transfer of title\products.

vi) HCC Real Estate Ltd. (Subsidiary Company) being a developer will recognize its revenue from real estate in consonance with the principles laid down by Accounting Standard for Revenue Recognition, upon commencement of selling / leasing operations.

vii) Income from BOT contract is recognised on accrual basis as when services are rendered.

viii) Comprehensive Urban Development and Management - Lavasa

a. Sale of Land and FSI:

Revenues are recognized in the year in which the agreement to lease is executed. Income from land sales (including on a long term lease basis) is recognized on the transfer of all significant risks and rewards of ownership to the buyers and a reasonable expectation of collection of the sale consideration from the buyers exists.

Exchange of parcels of land against other parcels of land is not treated as sale but is adjusted in the land account.

b Project Construction Work:

The Company follows the percentage completion method, on the basis of physical measurement of work actually completed at the balance sheet date, taking into account the contractual price and revision thereto by estimating total revenue and total cost to the completion of the contract and the profit so determined is accounted for proportionate to the percentage of the actual work done. Foreseeable losses are accounted for as and when they are determined. Revenue from sales of constructed units other than under long term construction contracts are recognized on execution of transfer agreements.

c Project Management Consultancy Fees:

Revenue from Project Management Consultancy Fees is recognized on accrual basis, as per the Agreements based on the progress of Construction work.

d The revenue from sale of goods is recognised on delivery of the materials to the customers in accordance with the terms of the contract. Revenue from installation services is recognised as and when the service is rendered.

e Revenue from other services are recognised when services are rendered.

ix) Income from lease rentals:

Lease rentals are accounted on accrual basis in accordance with respective lease agreements.

x) a Revenue accounting by SAG from Total / General Contracting:

Long-term contracts for the construction of third-party real-estate are accounted for using the percentage of completion (POC) method, whereby external and internal costs and estimated profits are taken into account. The degree of completion is determined on the basis of the work performed on the construction site. The different excecuted activities of the project are measured based on availble units (e.g. m, m2, m3, kg) in comparision to the total quantities needed for the completion (surveys of the work performed-method). In prior years the degree of completion was determined on the basis of the cost incurred relating to the construction as recorded in the accounts (the cost-to-cost method). With the application of the surveys of the work performed-method, the difference between contract costs incurred and contract cost recognised is accrued in prepaid expenses respectively accruals. Contract costs are recognized as an expense in the period in which they are incurred. Contracts and groups of contracts for which the degree of completion or the outcome cannot be reliably estimated are capitalized only to the extent of the amount of the contract costs that are likely to be recoverable. Anticipated losses from construction contracts are covered in full by valuation allowances. In accounting for contracts in progress, contractual revenue comprises the contractually agreed revenue and amendments / variations and claims that have been confirmed by the customer or for which payment is considered highly probable. In the case of TC/GC work on own properties, only costs (including own work and interest incurred, excluding profit share) which have actually been incurred until the transfer of the risks and rewards to the customer are capitalized.

Revenue from construction contracts is recognized gross, i.e. costs incurred and the proportionate profit share based on construction progress is shown as sales. Work by sub-contractors and interest incurred are recognized as third-party services.

b Revenue from real estate development business at SAG:

Revenue from the sale of real estate projects is realized on the transfer of title or the transfer of material risks and rewards to the purchaser. However, if significant construction work related to the sale still has to be carried out after the transfer of title, neither this revenue nor the revenue from the sale will be recognized until this work has been completed.

c Revenue in respect of real estate investor projects:

Revenue and profits of SAG are accounted for in respect of real estate investors project using percentage of completion by considering development and construction as a single component.

xi) Accounting of supply contracts:

Revenue from supply contracts is recognised when the substantial risks and rewards of ownership is transferred to the buyer.

xii) Receivables / Prepayments from GC - Projects:

Customer contracts in progress are shown as an asset in the balance sheet under "Receivables from GC projects,net" or as the liabilities side under "prepayments on GC Projects, net". If the prepayments received from the customer exceed the project receivables, these are shown under liabilities, otherwise, these are shown under assets.

12 Taxation

The tax expense comprises of current tax & deferred tax charged or credited to the profit and loss account for the year. Current tax is calculated in accordance with the tax laws applicable to the current financial year. The deferred tax charge or credit is recognised using the tax rates and tax laws that have been enacted or substantially enacted by the balance sheet date. Where there are unabsorbed depreciation or carry forward losses, deferred tax assets are recognised only if there is virtual certainty of realisation of such assets. Other deferred tax assets are recognised only to the extent there is reasonable certainty of realisation in future. At each balance sheet date, recognised and unrecognised deferred tax assets are reviewed.

13 Borrowing costs

Borrowing costs (less any income on the temporary investments of those borrowings) that are directly attributable to qualifying asset / project work-in-progress are charged over such qualifying asset / work-in-progress; balance is charged to statement of profit and loss.

14 Miscellaneous Expenditure

Miscellaneous expenditure includes preoperative / preliminary expenses are charged off in the year they are incurred as per Accounting Standard (AS) 26 - "Intangible Assets".

15 Leases

Assets acquired under lease where the significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases and lease rentals are charged to the Profit & Loss Account on accrual basis.

16 Impairment of Assets

The Company makes an assessment of any indicator that may lead to impairment of assets on an annual basis. An asset is treated as an impaired when the carrying cost of the asset exceeds its recoverable value, which is higher of net selling price and value in use. Any impairment loss is charged to profit and loss account in the year in which it is identified as impaired.

17 Goodwill Amortisation

Goodwill arising on consolidation is tested for impairment as at the reporting date and impairment, if any, is written off.

Investments held by a subsidiary viz. Western Securities Ltd. in HCC is eliminated and resultant goodwill is recognized in the consolidated financial statements.

Any goodwill connected with the associate is included in the carrying amount of the investment and not depreciated.

18 Employees Stock Option Plan

In respect of the stock options granted pursuant to the Company's Stock Option Scheme, market value of the Company's shares as on the grant date was equal to the par value of the options granted, hence no accounting entries as per ESOP Guidelines are required to be made.

19 Cash and cash equivalents

Cash and cash equivalents comprise of cash at bank and cash in hand .The Company considers all highly liquid investments with an original maturity of three months or less from date of purchase, to be cash equivalents.

20 Earning per share

Basic and Diluted earning per share is calculatd by diving the net profit or loss for the period attributable to equity shareholders and weighted average number of equity shares outstanding during the period.

For the purpose of calculating diluted earning per share, the net profit or loss for the period attributable to equity shareholders and weighted average number of equity shares outstanding during the period is adjusted for the effects of all dilutive potential equity share.

21 Contingencies / Provisions

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be outflow of resources. Contingent Liabilities are not recognized but are disclosed in the Notes. Contingent assets are neither recognized nor disclosed in the financial statement.

Notes forming part of the Balance Sheet

		31st March 2013 ₹ crore	31st March 2012 ₹ crore
2	Share Capital		
	Authorised		
	900,000,000 Equity Shares of ₹ 1/- each (Previous Year 900,000,000 Equity Shares of ₹ 1/- each)	90.00	90.00
	10,000,000 9.5% Cumulative Preference Shares of ₹ 10/- each (Previous Year 10,000,000 9.5% Redeemable Shares of ₹ 10/- each)	10.00	10.00
		100.00	100.00
	Issued, Subscribed and Paid Up		
	Equity Share Capital		
	606,558,420 Equity Shares of ₹1/- each (Previous Year 606,558,420 Equity Shares of ₹ 1/- each)	60.65	60.65
	Add: 13,225 Forfeited Shares (Previous Year 13,225 shares)	0.01	0.01
	Total	60.66	60.66
3	Reserves and Surplus		
(a)	Capital Reserves	15.19	15.19
(b)	Capital Grant from NHAI	243.11	-
(c)	Capital Reserve on Consolidation	8.17	6.38
(d)	Currency Fluctuation Reserve	(13.46)	(5.37)
(e)	Foreign Currency Monetary Traslation Account	0.31	-
(f)	Capital Redemption Reserve	21.61	21.61
(g)	Securities Premium Reserve - Opening Balance	1,003.29	888.70
	Add : Addition During The Period	-	114.59
		1,003.29	1,003.29
(h)	Debenture Redemption Reserve	65.46	65.88
	Add : Addition During The Period	-	16.25
		65.46	82.13
	Less: Transfer to Profit and Loss Account	-	16.67
		65.46	65.46
(i)	Forfeited Debenture Account	0.02	0.02
(j)	General Reserve	180.24	180.24
(k)	Surplus		
	Balance brought forward from last period / year	(586.60)	(56.06)
	Add : Balance carried forward from Profit and Loss Account	(482.46)	(530.09)
	Add: Transfer from Debenture Redemption Reserve	-	16.67
	Amount available for appropriation	(1,069.06)	(569.48)
	Less : Appropriations		
	a) Proposed Dividend	-	0.87
	c) Debenture Redemption Reserve	-	16.25
		(1,069.06)	(586.60)
	TOTAL	454.88	700.22

		As at 31.03.2013 ₹ crore	As at 31.03.2012 ₹ crore
4	Long-Term Borrowings		
I	Secured Loans		
(a)	Debentures		
(i)	6 (Six) (Previous Year 6) 6% Secured Deep Discount Convertible Debentures having total face value of ₹ 939,660,918 (Previous Year ₹ 939,660,918) Secured By Charge Created by English Mortgage Deed on Land of Lavasa Project admeasuring 1 Acre.	-	79.85
(ii)	1 (One) (Previous Year 1) 6% Secured Deep Discount Convertible Debenture having face value of ₹ 783,050,765 (Previous year ₹ 783,050,765) Secured By Charge Created by English Mortgage Deed on Land of Lavasa Project admeasuring 1 Acre.	-	64.99
(iii)	1 (One) (Previous Year 1) 6% Secured Deep Discount Convertible Debenture having face value of ₹ 708,403,784 (Previous year ₹ 708,403,784) Secured By Charge Created by English Mortgage Deed on Land of Lavasa Project admeasuring 1 Acre.	61.45	56.53
(iv)	1 (One) (Previous Year 1) 6% Secured Deep Discount Convertible Debenture having face value of ₹ 749,372,799 (Previous year ₹ 749,372,799) Secured By Charge Created by English Mortgage Deed on Land of Lavasa Project admeasuring 1 Acre.	67.08	61.69
(v)	1 (One) (Previous Year 1) 10.75% Non Convertible Debenture having face value of ₹ 1,000,000,000 (Previous year ₹ 1,000,000,000) Secured By Charge Created by English Mortgage Deed on Land situated at village Dhamanhol Taluka Mulshi admeasuring 1 Acre.	100.00	100.00
(vi)	1050 (One Thousand and Fifty) (Previous Year 1050) 12.50% Non Convertible Debenture having total face value of ₹ 1,050,000,000 (Previous year ₹ 1,050,000,000) Secured By Charge Created by English Mortgage Deed on Land of Lavasa Project admeasuring 1 Acre.	-	105.00

			As at 31.03.2013 ₹ crore	As at 31.03.2012 ₹ crore
(vii)	2,500 (Two Thousand Five Hundred) (Previous year 50I) 16% Non Convertible Debentures having total face value of ₹ 2,500,000,000 (Previous year ₹ 2,500,000,000) Secured By Charge Created by English Mortgage Deed on 747 acres of land of the Company.		**250.00**	250.00
(viii)	225 (Two Hundred Twenty Five) (Previous Year 225) 17.50 % Non Convertible Debentures having total face value of ₹ 2,250,000,000 (Previous year ₹ 2,250,000,000) Secured By Charge Created by English Mortgage Deed on Land of Lavasa Project admeasuring 1 Acre.		-	225.00
(ix)	15.50% 1,200 Non-Convertible Debentures having a face value of ₹ 1,000,000/- each aggregating ₹120 crore are to be redeemed at the end of three years from the date of allotment i.e. December 28, 2011.		**120.00**	120.00
(x)	2,760 (Two Thousand Seven Hundred Sixty) (Previous Year 2,760) 9.38% Rated Taxable Redeemable Non Convertible Debentures of ₹ 985,144,298/- subscribed by Life Insurance Corporation of India		**241.93**	256.30
(xi)	11.10% Non-Convertible Debentures Secured by first charge by way of hypothecation of specific immovable and movable properties as specified in first and second schedule of the trust deed executed on August 27, 2008 and Schedule II of Memorandum of Hypothecation dated March 28, 2011 in favour of IDBI Trusteeship Services Ltd.(ITSL) the trustees to the debenture holders. These debentures having a face value of ₹ 1,000,000/- each aggregating ₹100 crore are to be redeemed in four equal instalments at the end of 4th 5th 6th and 7th year from the date of allotment i.e. August 5, 2008.		**100.00**	75.00
(b)	Term loans from banks			
	(i) Rupee Loans	**5,518.77**		
	(ii) Foreign Currency Loans	**353.17**	**5,871.94**	2,395.88
(c)	Term Loans from others			
	NBFC		**510.24**	570.37
II	Unsecured Loans			
	(i) Rupee Loans		**100.00**	523.50
	(ii) Foreign Currency Loans		-	50.87
	(iii) 11,349,103 - 6% Compulsorily Convertible Preference Shares of ₹ 10/- each		**14.85**	14.85
	(iv) Financial Institutions		**159.71**	-
	(v) Fully Convertible Debentures		**12.00**	-
	(vi) Loans and Advances to Related Parties		**300.84**	213.94
	Total (4.1+4.2)		**7,910.04**	**5,163.77**

4.1 Other Informations

(A) The Company has issued Deep Discount Convertible Debentures (DDCD) convertible into ordinary shares. The particulars including the current status, terms of issue as at March 31, 2013 are given below:

(i) Bank of India has subscribed ₹ 150 crore in the form of Deep Discount Convertible Debentures ("DDCD"). During the previous year the Company had prepaid ₹ 90 crore of subscribed value of DDCD. As on the date of the balance sheet, the Company has ₹ 60 crore of DDCD which carry a coupon of 6% per annum on the subscription amount and have a maximum tenor of 5 years. The investor has an option to convert DDCD into equity shares at anytime within 5 years from the closing date at an equity valuation of ₹ 10,000 crore or at the time of Initial Public Offer (IPO) whichever is earlier. DDCDs are compulsorily convertible at the end of 5 years at an equity valuation of ₹ 10,000 crore. The Investor and HCC have a put /call option respectively to sell / purchase the DDCD at the end of 39th, 48th and 60th month from the closing date.

(ii) Allahabad Bank has subscribed ₹ 50 crore in the form of Deep Discount Convertible Debentures ("DDCD") – Tranche 2. This DDCD carry a coupon of 6% per annum on the subscription amount and have a maximum tenor of 5 years. The investor has an option to convert DDCDs into equity shares at anytime within 5 years from the closing date at an equity valuation of ₹ 10,000 crore or at the time of Initial Public Offer (IPO) whichever is earlier. DDCDs are compulsorily convertible at the end of 5 years at an equity valuation of ₹ 10,000 crore. The Investor and HCC have a put /call option respectively to sell / purchase the DDCD at the end of 39th, 48th and 60th month from the closing date.

(iii) IndusInd Bank has subscribed ₹ 50 crore in the form of Deep Discount Convertible Debentures ("DDCD"). This DDCD carry a coupon of 6% per annum on the subscription amount and have a maximum tenor of 5 years. The investor has an option to convert DDCD into equity shares of the Company at anytime within 5 years from the closing date at an equity valuation of ₹ 10,000 crore. The Investor and HCC have a put/call option respectively to sell / purchase the DDCD at the end of 36th, 48th and 60th month from the closing date.

(iv) Allahabad Bank has subscribed ₹ 50 crore in the form of Deep Discount Convertible Debentures ("DDCD") – Tranche 1. This DDCD carry a coupon of 6% per annum on the subscription amount and have a maximum tenor of 5 years. The investor has an option to convert DDCDs into equity shares at anytime within 5 years from the closing date at an equity valuation of ₹ 10,000 crore or at the time of Initial Public Offer (IPO) whichever is earlier. DDCDs are compulsorily convertible at the end of 5 years at an equity valuation of ₹ 10,000 crore. The Investor and HCC have a put /call option respectively to sell / purchase the DDCD at the end of 39th, 48th and 60th month from the closing date.

(B) The Company has issued Non Convertible Debentures (NCD). The particulars, terms of issue as at March 31, 2013 are given below:

(i) Jammu & Kashmir Bank Limited had subscribed ₹ 100 crore in the form of Deep Discount Convertible Debentures ("DDCD"). On September 3, 2010, vide supplementary agreement, bank has converted the existing DDCD into 1 (one) Non Convertible Debenture ("NCD") aggregating ₹ 100 crore for the tenor of 5 years. This NCD carry a coupon rate of 10.75% per annum, payable quarterly on subscription amount. The investor and HCC have a put/call option respectively to sell/ purchase the NCD at the end of 39th, 48th and 60th month from the closing date.

(ii) ICICI Bank has converted ₹ 250 crore of Deep Discount Convertible Debentures ("DDCD") into Non Convertible Debentures ("NCD") with effect from January 6, 2012. These NCD carry a coupon of 9% per annum on the subscription value of NCD with a YTM of 16% per annum and are to be redeemed on January 6, 2015. These NCD carry a put/call option which can be exercisable on January 6, 2013, January 6, 2014 and January 6, 2015.

(iii) Bank of India has subscribed ₹ 105 crore in the form of 1050 Non Convertible Debentures ("NCD") of face value ₹1,000,000 each on 19th November 2010 for the tenor of 3 years. During the year, the coupon rate has been realigned to 6% per annum payable quarterly with a YTM of 12.50% per annum. The investor and HCC have a put/call option respectively to sell/ purchase the NCD at the end of 15th, 24th and 36th month from the closing date.

(iv) Axis Bank has converted ₹ 225 crore of Deep Discount Convertible Debentures ("DDCD") into Non Convertible Debentures ("NCD") with effect from December 30, 2011. These NCD carry a coupon of 9% per annum payable monthly on the subscription value of NCD with a YTM of 17.50% per annum and are to be redeemed on June 24, 2013. These NCD have a put/call option available on June 24, 2013.

(C) The Company has issued Fully Convertible Debentures (FCD). The particulars, terms of issue as at March 31, 2013 are given below:

Bennett, Coleman & Company Limited has subscribed ₹ 12 crore in the form of 1 Fully Convertible Debenture ("FCD") of face value of ₹ 12 crore having 0% Coupon rate on September 28, 2012 for a tenor of 2 years.

(D) HCC Concessions Limited

Default in interest payment:

Company has not paid following interest due on or before March 31, 2013:

Month	Interest	Overdue charges	Additional overdue charges	Total
	Net of tax deducted at source			
Previous months	0.03	0.12	0.00	0.15
Feb - 2013*	0.72	0.02	0.00	0.74
Mar - 2013	0.91	-	0.00	0.91
Total	1.66	0.14	0.00	1.80

*Interest of ₹ 0.72 crore due for February, 2013 is paid on April 6, 2013.

4.2 **Disclosure in relation to Derivative instruments For hedging Foreign Currency risk for secured loans:**

	Number of contracts	₹ crore
i) Options	3	4.58
	(7)	(24.36)
ii) Forward Contracts	-	-
	NIL	NIL

Note: Figures in bracket pertain to previous year.

Foreign Currency exposure not hedged as on March 31, 2013 is ₹ 167.07 crore (previous year ₹ 291.67 crore).

5 Deferred Tax Liabilties (Net)

Deferred Tax liability for the year ended March 31, 2013 has been provided on the estimated tax computation for the year.

Major components of deferred tax assets and liabilities arising on account of timing differences are:

	As at 31.03.2013 ₹ crore	As at 31.03.2012 ₹ crore
Deferred Tax Liabilty		
Depreciation	129.66	32.41
Claims/Arbitration Awards	502.88	374.82
Others	9.43	9.09
Deferred Tax Asset		
Unabsorbed lossed	(269.88)	(153.20)
Others	(327.89)	(127.55)
TOTAL	44.20	135.57
6 Long Term Trade Payables		
Trade Payables	36.01	21.12
TOTAL	36.01	21.12
7 Other Long Term Liabilities		
Tax Payable	0.35	0.14
Dues to Employees	0.56	0.05
Advances from Contractee	6.72	3.13
Other Payable	62.52	65.54
Interest Accrued but not due	15.83	8.17
TOTAL	85.98	77.03
8 Long-term provisions		
Provision for Employee Benefits	57.93	57.59
Provision for Warranty	91.56	96.65
Other Provision	37.64	30.00
TOTAL	187.13	184.24
9 Short-term borrowings		
9.1 Loans repayable on Demand		
I Secured		
From Banks		
(a) Cash Credit	1,288.89	1,065.53
(b) Rupee Term Loan	50.00	175.00
(c) Buyers Credit	20.10	125.01
II Unsecured		
i) From Banks		
(a) Commercial Paper	-	135.00
(b) Rupee Term Loan	-	370.00
(c) Buyers Credit	-	38.78
ii) From Other NBFC	-	150.00
9.2 Loans and advances from related parties.	0.57	12.97
9.3 Other Loans & Advances	-	100.00
TOTAL	1,359.56	2,172.29
10 Trade Payables	1,536.36	1,750.26
TOTAL	1,536.36	1,750.26
11 Other current liabilities		
(a) Current maturities of long-term debt	699.18	1,427.56
(b) Interest accrued but not due on Loans	64.52	59.59
(c) Interest accrued and due on Loans	70.43	177.06

11 Other current liabilities contd.	As at 31.03.2013 ₹ crore	As at 31.03.2012 ₹ crore
(d) Unpaid dividends	0.99	1.12
(e) Advances from Contractee\Customer	1,671.10	1,083.17
(f) Other Creditors Payable	529.43	973.87
(g) Due to Employees	37.64	29.70
(h) Tax payable	17.69	24.65
(i) Dues to Related parties	30.71	11.13
TOTAL	3,121.69	3,787.85

12 Short-term provisions	As at 31.03.2013 ₹ crore	As at 31.03.2012 ₹ crore
(a) Provison for Warranty	53.98	44.05
(b) Provision for Employee Benefits	13.51	10.69
(c) Other Provision	19.52	25.72
TOTAL	87.01	80.46

Note No.13 - FIXED ASSETS

₹ crore

Particulars	GROSS BLOCK					DEPRECIATION / AMORTISATION					NET BLOCK	
	As per 01.04.2012	Additions/ adjustment	Exchange Difference	Deduction/ Adjustment	As at 31.03.2013	as per 01.04.2012	Exchange Difference	For the Year	Deduction	Upto 31.03.2013	As at 31.03.2013	As at 31-03-2012
Tangible Assets (At Cost):												
Freehold Land (Book Value)	54.64	2.64	-	20.89	36.39	19.20	-	-	19.20	-	36.39	35.44
Leasehold premises	21.32	-	-	-	21.32	3.51	-	2.35	-	5.86	15.46	17.81
Buildings & Sheds	681.07	55.41	-	7.03	729.45	92.24	-	34.98	5.85	121.37	608.08	588.83
Plant & Machinery	1,688.41	87.31	10.88	59.26	1,727.34	750.99	-	140.10	35.64	855.45	871.89	937.42
Biological Assets	2.51	-		-	2.51	0.26	-	0.15	-	0.41	2.10	2.25
Furniture and Fixtures and office equipment	137.76	4.04	7.39	19.84	129.35	53.62	1.08	16.94	5.52	66.12	63.23	84.14
Heavy Vehicles	185.72	2.47	0.01	8.97	179.23	90.13	-	19.64	3.71	106.06	73.17	95.59
Light Vehicles	41.18	0.26	0.16	4.28	37.30	19.49	0.15	3.83	3.07	20.40	16.90	21.69
Helicopter / Aircraft	166.66	-	5.40	-	172.06	25.41	0.15	9.70	-	35.26	136.80	141.25
Speed Boat	5.59	-	-	-	5.59	1.20		0.14	-	1.34	4.25	4.39
Computers	44.33	0.41	0.73	1.40	44.07	39.02	0.71	2.73	1.37	41.09	2.98	5.31
Total Tangible Assets:	**3,029.19**	**152.54**	**24.56**	**121.68**	**3,084.61**	**1,095.07**	**2.09**	**230.56**	**74.36**	**1,253.36**	**1,831.25**	**1,934.12**
Intangible Assets:												
Toll collection Right	1,276.43	199.85	0.00	0.00	1,476.28	120.31		86.36	21.75	184.92	1,291.36	1,156.12
Goodwill	134.06	0.00	0.00	9.66	124.40	0.00		0.00	0.00	-	124.40	134.06
Software\ Patents and Trade Mark	23.38	4.90	0.93	1.68	27.53	16.13	0.52	4.10	2.39	18.36	9.16	7.25
Total Intangible Assets	**1,433.87**	**204.75**	**0.93**	**11.34**	**1,628.21**	**136.44**	**0.52**	**90.46**	**24.14**	**203.29**	**1,424.92**	**1,297.43**
Total Fixed Assets	**4,463.06**	**357.29**	**25.49**	**133.02**	**4,712.82**	**1,231.51**	**2.61**	**321.02**	**98.50**	**1,456.65**	**3,256.17**	**3,231.55**
Total Previous Year	4,334.59	346.73	35.38	253.64	4,463.06	987.92	3.99	290.13	50.53	1,231.51	3,231.55	
Transfer to project								6.97				
Depreciation as per P & L a/c								314.05			-	
Intangible assets under development including CWIP											2,717.00	2,041.20
											5,973.17	

13.1 Considering the intrinsic value and the business prospects of the underlying businesses within the fold of HCC Group namely Lavasa Corporation and Steiner AG, no diminution (arising on consolidation) in value of goodwill is considered necessary.

13.2 In case of Raiganj-Dalkhola Highways Limited, during the current year National Highways Authority of India (NHAI) has not been able to make the balance land availbale and work has happened in terms of the ongoing land acquisition process and on various approvals on design and structures with concerned departments. Three Greenfield bypasses form a major portion of the Right of Way on this project, the alignment and estimation for which is longer than a standard 2-4 lane widening. Furthermore, the delay in land acquisition is temporary in nature and is an industry wide phenomenon that has affected many similar projects recently. The Company is in touch with NHAI on a regular basis and is optimistic of procuring the land soon.

	As at 31.03.2013 ₹ crore	As at 31.03.2012 ₹ crore
14 Non-current investments		
Trade Investments, Unquoted :-		
(a) Investments in Properties	1.71	1.62
(b) Investment In Associate Companies:		
(i) Bona Sera Hotels Limited 29,022 (Previous year - 29,022) Equity shares of ₹ 10/- each Fully Paid up	-	0.22
(ii) SOL Hospitality Limited 13,878 (Previous year - 13,878) Equity shares of ₹ 10/- each Fully Paid up	0.13	0.14
(iii) Palmetto Hospitality Limited 13,000 (Previous year - 13,000) Equity shares of ₹ 10/- each Fully Paid up	-	0.00

14 Non-current investments contd.	As at 31.03.2013 ₹ crore	As at 31.03.2012 ₹ crore
(iv) Knowledge Vistas Limited 218,253 (Previous year - 218,253) Equity shares of ₹ 10/- each Fully Paid up	9.45	9.81
(v) Ecomotel Hotel Limited 44,673 (Previous year - 44,673) Equity shares of ₹ 10/- each Fully Paid up	-	-
(vi) Verzon Hospitality Limited(became subsidiary with effect from February 18, 2013) Nil (Previous year - 13,000) Equity shares of ₹ 10/- each Fully Paid up	-	0.11
(vii) Warasgaon Lakeview Hotels Limited (Formerly Lavasa Star Hotel Limited) 62,133 (Previous year - 72,133) Equity shares of ₹ 10/- each Fully Paid up	6.75	4.90
(viii) Hincon Finance Limited 120,000 (Previous year - 120,000) Equity shares of ₹ 10/- each Fully Paid up	0.12	0.12
(ix) Evostate AG	19.97	10.35
(x) Vikhroli Corporate Park Pvt. Ltd. 200,000 (Previous year 200,000) Equity Shares of ₹ 10/- each fully paid up	-	0.20
(xi) Projektentwicklungsges. Parking AG	1.03	0.96
(xii) Betriebsges. Kongresshaus Zürich AG 30 Equity Shares of CHF 1’000.00 each fully paid Quoted	0.17	0.16
(c) Other non-current investments:		
(i) Walchand Co-op.Housing Society Ltd. 5 Equity Shares of ₹ 50/- each fully paid	-	-
(ii) Shushrusha Citizens Co-Op. Hospitals Ltd. 100 Equity Shares of ₹100/- each fully paid	-	-
(iii) Housing Development Finance Corporation Ltd. 15,220 Equity Shares of ₹ 2/- each fully paid (Previous year 3,044 Equity Shares of ₹10/- each fully paid)	0.01	0.01
(iv) HDFC Bank Ltd. 2,500 Equity Shares of ₹10/- each fully paid up	-	-
(v) Khandwala Securities Ltd. 3,332 Equity Shares of ₹ 10/- each fully paid up	-	-
(vi) Olmero AG 1’512 Equity Shares of CHF 10.00 each fully paid	-	0.11
(vii) Mobimo Holding AG 720 Equity Shares of CHF 29.00 each fully paid, Quoted	0.57	0.54
(viii) Goldbach Media AG 6’000 Equity Shares of CHF 1.25 each Fully paid , Quoted	0.02	0.02
(ix) Neue Aargauer Bank AG 1 Equity Shares of CHF 50.00 each fully paid, Quoted	-	-
(x) Radio- und Fernsehgenossenachaft Zürich-SH Zürich-Schaffhausen,50 Anteilscheine	-	-
(xi) Opernhaus Zürich AG 10 Equity Shares of CHF 900.00 each fully paid up	0.06	0.05
(xii) Genossenschaft Theater für den Kt. Zürich, 300 Anteilscheine	0.00	-
(xiii) MCH Group AG 2’100 Equity Shares of CHF 10.00 each fully paid, Quoted	0.46	0.43
(xiv) AG Hallenstadion Zürich 10 Equity Shares of CHF 100.00 each fully paid up	0.06	0.05
(xv) MTZ Medizinishces Therapiezentrum Heilbad St. Moritz AG, 50 Equity Shares	0.29	0.27
(xvi) Space Theme Park India Limited 50,000 (Previous year - 50,000) Equity shares of ₹ 10/- each Fully Paid up	0.04	0.04
(d) Investments in Equity Instruments		
(i) Punjab National Bank Limited 943 (Previous year - 943) Equity Shares of ₹ 10/-each	0.04	0.04
(ii) Hubtown Limited (Formerly Akruti City Limited) 10 (Previous year - 10) Equity Shares of ₹ 10/- each	0.00	0.00
(iii) Ansal Housing & Construction Limited 10 (Previous year - 10) Equity Shares of ₹ 10/- each	0.00	0.00
(iv) Ansal Properties & Infra Limited 10 (Previous year - 10) Equity Shares of ₹ 5/- each	0.00	0.00
(v) Ashiana Housing Limited 35 (Previous year - 35) Equity Shares of ₹ 10/- each	0.00	0.00
(vi) DLF Limited 10 (Previous year - 10) Equity Shares of ₹ 2/- each	0.00	0.00
(vii) D S Kulkarni Developers Limited 10 (Previous year - 10) Equity Shares of ₹ 10/- each	0.00	0.00
(viii) HDIL 12 (Previous year - 12) Equity Shares of ₹ 10/- each	0.00	0.00
(ix) Indiabulls Real Estate Limited 10 (Previous year - 10) Equity Shares of ₹ 10/- each (Company received 29 shares of India Bulls Infra & Power Limited pursuant to demerger of Indiabulls Real Estate Limited) Indiabulls Wholesale Services Limited 1 (Previous year - Nil) Equity Shares of ₹ 2/- each	0.00	0.00
(x) Mahindra Lifestyle limited (Formerly Mahindra Gesco Limited) 10 (Previous year - 10) Equity Shares of ₹ 10/- each	0.00	0.00
(xi) Orbit Corporation Limited 20 (Previous year - 10) Equity Shares of ₹ 10/- each	0.00	0.00
(xii) Parshwanath Developers Limited 20 (Previous year - 10) Equity Shares of ₹ 10/- each	0.00	0.00
(xiii) Peninsula Land Limited 50 (Previous year - 50) Equity Shares of ₹ 2/- each	0.00	0.00
(xiv) Shoba Developers Limited 10 (Previous year - 10) Equity Shares of ₹ 10/- each	0.00	0.00

14 Non-current investments contd.	As at 31.03.2013 ₹ crore	As at 31.03.2012 ₹ crore
(xv) Unitech Limited 10 (Previous year - 10) Equity Shares of ₹ 10/- each	0.00	0.00
(e) Investment in Debentures		
(i) Vikhroli Corporate Park Private Limited 17.91% Optionally Fully Convertible Debentures Series I of ₹ 100,000/- each	49.04	49.04
(ii) 18% Optionally Fully Convertible Debentures Series II of ₹ 100,000/- each	24.32	24.32
(iii) 0% Optionally Fully Convertible Debentures Series II of ₹ 100,000/- each	8.21	8.21
TOTAL	122.45	111.72

15 Long-term loans and advances		
(a) Capital Advances	9.12	4.01
(b) Security Deposits and Others	121.92	67.18
(c) Loans and advances to related parties unsecured considered good	63.22	112.51
(d) Advances recoverable in cash or kind unsecured considered good	150.19	20.80
(e) Advance tax net of provision	162.79	200.11
TOTAL	507.24	404.61

16 Long Term Trade Receivable		
Trade Receivable net of Workbill Receipt	637.99	642.15
TOTAL	637.99	642.15

16.1 In compliance with the Accounting Standards as applicable to its nature of business, the Company has been recognizing the Revenue, on receipt of favourable Arbitration Awards on its claims including interest as awarded from time to time. The aggregate amount outstanding in the books as of March 31, 2013 is ₹ 737.05 crore. Five of such Arbitration Awards were set-aside by different courts, such as Dist Court/High Courts aggregating to ₹ 105.44 crore(previous year ₹ 35.50 crore) (excluding interest of 12% from the date of February 13, 2004 on one of the award amounting to ₹17.81 crore), on appeal by clients. On examining the merits of the claims/Arbitration Awards/Court Judgments, the Company has preferred Appeals at Higher Court/Supreme Court as the case may be. Under the circumstances, the Company has been legally advised that it has good case on merits and therefore no provision considered necessary.

17 Other non-current assets		
(a) Non Current Bank Balance	1.42	39.98
(b) Pension Assets and others	111.20	40.28
(c) Capitalised Earn-out from sale of Sogelym-Steiner	61.11	58.80
TOTAL	173.73	139.06

18 Current Investments		
Investments in Mutual Funds	33.31	90.38
TOTAL	33.31	90.38

19 Inventories		
(a) Stores and spares	292.55	334.01
(b) Fuel at cost	11.32	11.66
(c) Land and FSI development Right	1,029.56	765.04
(d) Material in transit	0.02	1.03

19 Inventories contd.	As at 31.03.2013 ₹ crore	As at 31.03.2012 ₹ crore
(e) Finished units	8.45	2.88
(f) Uncompleted Contracts and value of Work Done	3,100.31	3,830.42
Less: Advances Received against workbill	79.61	60.43
TOTAL	4,362.60	4,884.61

20 Trade Receivables		
(a) Unsecured considered good:		
Outstanding over Six Months	104.60	129.90
Other	573.03	570.40
(b) Unsecured considered Doubtful		
Outstanding over Six Months	5.86	-
Other	-	-
TOTAL	683.49	700.30

21 Cash and bank balance		
(a) Cash and Cash Equivalent		
(i) Balances with banks:		
Current account in Indian Rupees	166.17	202.12
Current account in Foreign Currency	489.34	371.39
(ii) Cheques on hand	11.18	3.39
(iii) Cash in hand	2.27	1.96
(b) On Earmark Balance held as margin money	466.65	337.54
(c) On Deposit with Bank including Foreign Currency	62.32	34.42
(d) Other Bank Balance		
(i) Unpaid Dividend	0.99	1.12
(ii) Bank Deposit more than 3 months less than 12 months	35.83	14.85
TOTAL	1,234.75	966.79

22 Short-term loans and advances		
Unsecured, considered good:		
(a) Advances to Related Parties	32.13	28.27
(b) Advances recoverable in cash or kind or for value to be received	462.66	695.96
(c) Earnest Money Deposit	12.21	17.48
(d) Advances for Land purchases	41.27	43.73
(e) Advances to supplier	39.98	30.38
(f) Advance payment of Tax net of provision	207.01	90.10
TOTAL	795.26	905.92

22.1 In respect of certain projects, client has recovered from workbills, Building and Labour cess as per the provisions of "Building and Other Construction Workers (Regulation of Employment and Conditions of Service) Act, 1996". Company has claimed these amount from clients as per the provisions of the Contract, being levy made applicable subsequent to award of the contract as this incidence of expenditure was not part of tender/contract. Total amount outstanding on this account as of March 31, 2013 is ₹ 32.99 crore. These amounts are under discussion/referred to Arbitration as the case may be, and based on legal opinion are considered as recoverable in due course of time.

	As at 31.03.2013 ₹ crore	As at 31.03.2012 ₹ crore
23 Other current assets		
(a) Interest accrued	8.96	22.69
(b) Receivable from GC/TC projects	616.11	244.38
(c) Others	62.32	87.93
TOTAL	687.39	355.00

	Current Year 31.03.2013 ₹ crore	Previous Year 31.03.2013 ₹ crore
24 Revenue from Operations :		
(a) Construction and Project related revenue	8,094.62	7,780.52
(b) Land Sales	39.22	16.00
(c) Toll Collection and Annuity-BOT Projects	114.43	89.02
(d) Other Operating Income	62.41	13.19
(e) Sale of Product	199.30	258.89
TOTAL	8,509.98	8,157.62
25 Other income :		
(a) Interest Income	46.08	54.89
(b) Exchange Gain	1.29	2.43
(c) Dividend Income	2.65	3.05
(d) Profit on Sale of Assets/Investment	58.07	17.05
(e) Miscellenous Income	7.26	11.02
(f) Earlier year's provision no longer required	0.69	0.62
TOTAL	116.04	89.06
26 Cost of Material Consumed		
Stock at Commencement	19.28	27.61
Add: Purchases	52.98	75.88
	72.26	103.49
Less: Scrap and Unserviceables Sold	0.33	2.51
	71.93	100.98
Less: Stock at Close	15.81	19.28
TOTAL	56.12	81.70
27 Construction Expenses		
(a) Construction Material Consumed:		
Stock at Commencement	416.20	340.02
Add: Purchases	1,217.28	1,105.84
	1,633.48	1,445.86
Less: Scrap and Unserviceables Sold	16.72	30.34
	1,616.76	1,415.52
Less: Stock at close	382.17	416.20
	1,234.59	999.32
(b) Subcontracting Expenses	5,293.96	4,676.81
(c) Change in Inventories of Finished Goods, Work in Progress	(237.78)	179.38
(d) Power & Fuel	206.42	228.36
(e) Land purchased and development expenses	16.59	35.60
(f) Repairs to Machinery	9.26	14.27
(g) Rent	38.26	24.71
(h) Water Charges	4.52	8.35
	6,565.82	6,166.80
Less: Transferred to Fixed Assets/ CWIP	6.99	-
TOTAL	6,558.83	6,166.80

	Current Year 31.03.2013 ₹ crore	Previous Year 31.03.2013 ₹ crore
28 Employee Benefits Expense		
(a) Salaries and wages	836.26	836.20
(b) Contribution / provisions to and for provident, Grautity and Other funds	92.08	59.17
(c) Staff welfare expenses	25.17	54.64
TOTAL	953.51	950.01
29 Finance Costs		
(a) Interest Expenses	1,108.97	983.13
(b) Other Borrowing Cost	24.36	19.06
(c) Applicable net gain/loss on foreign currency transactions and translation	4.92	0.50
Less: Interest Capitalised/ Transferred to Fixed Assets/CWIP	237.97	170.17
TOTAL	900.28	832.52
30 Other Expenses		
(a) Stationery, Postage, Telephone & Advertisement	88.96	46.86
(b) Travelling and Conveyance	18.38	19.26
(c) Rent, rates and Taxes	61.44	54.95
(d) Insurance	7.13	7.43
(e) Professional Charges	58.07	86.71
(f) Repairs and Maintanance	30.35	28.10
(g) Directors Fees	0.26	0.25
(h) Auditor's Remuneration:		
Audit fees	3.13	2.18
Tax Audit Fees	1.25	0.63
For Review and Certification Work	0.63	1.22
For Reimbursement out of Pocket Expenses	0.01	0.06
(i) Miscellaneous Expenses	32.97	37.42
(j) Office Expenses	72.18	72.94
(k) Share Issue Expenses	-	4.33
(l) Operation and Maintaince cost	69.44	75.91
(m) Loss on Sale of investment	-	5.24
(n) Provision for future loss	(2.24)	10.36
(o) Computer Maintenance & Development Expenses	6.33	8.22
(p) Provision for Doubtful Advances	-	0.06
(q) Conversion / Translation Difference	15.33	9.67
(r) Loss on Sale of Assets (net)	0.32	6.18
Less: Transferred to Fixed Assets/ CWIP	2.85	-
TOTAL	461.09	477.98

31 Contingent Liabilities

	As at 31.03.2013 ₹ crore	As at 31.03.2012 ₹ crore
i) Counter Indemnities given to : Banks, in respect of contracts		
a) For works in India (Secured on all the assets)	962.99	647.45
b) *For works abroad (Secured by ECGC counter guarantees)	101.11	271.28
*Converted in rupees at the rate fixed by the Bank		
ii) Guarantees given by banks	265.13	1,055.80
iii) Guarantees given by Insurance Companies	1,200.41	211.24

31 Contingent Liabilities contd.

		As at 31.03.2013 ₹ crore	As at 31.03.2012 ₹ crore
iv)	Claims not acknowledged as debts by the Company	179.11	21.31
v)	Foreign Currency exposure not hedged	0.00	3.74
vi)	Income tax liability (AY 2008-09) that may arise in respect of which Company is in appeal.	21.66	12.26
	The Income Tax Officer has raised the demand which is mainly on claims raised in subsequent year which are yet to be approved by the client. As this is contrary to Income Tax Appellate Tribunal's decision in favour of the Company on similar grounds, the Company has contested the matter in the appeal and is confident of reversal of demand.		
vii)	Sales Tax liability / Works Contract Tax liability that may arise in respect of matters in appeal. (Net of an amount of ₹ 0.53 crore (previous year - ₹ 0.53 crore) recoverable from Clients as per the terms of contract)	30.94	34.93
viii)	Bills discounted with banks.	-	4.69
ix)	Uncalled Liability on Purchase of Shares	134.49	-
x)	Lavasa Corporation Ltd has filed petitions against the orders / notices of various authorities demanding ₹ 17.76 crore (Previous Year Nil) towards payment of royalty / penalty on materials excavated. In view of these demands being legally unjustifiable, the Company does not expect any liability in these matters.	-	-

32 Pursuant to sharholders agreement dated March 16, 2010, the group is required to acquire from the minority shareholders remaining 34% shares held by the monority shareholders of Steiner AG on or before March 31, 2014. The purchase price will be calculated based on the EBIT formula as specified in the agreement.

33 Remuneration paid to Chairmain and Managerial Director is in excess of the limits specified in Schedule XIII of the Companies Act, 1956 by ₹ 10.18 crore (previous year ₹ 7.63 crore). The Company has made an application seeking approval from Central Government. Approval for both years is awaited.

34 Exceptional Items

Nature of (Expense)/Income	2012-13	2011-12
Interest Cost relief due to CDR Package	45.98	-
Profesional Charges on relation to CDR Package	(30.40)	-
Provision made for futire losses in respect of projects	-	(68.00)
Provision made in respect of closed projects	-	(33.69)
Additional provision for ongoing projects in respect of substaintial delays in approval of claims, increase in estimated costs and delays in execution	-	(64.87)
Others	(0.11)	0.24
Total	15.47	(166.32)

35 Cost of Land includes

₹ 12.71 crore (previous year ₹ 12.71 crore) in respect of which sale deed is yet to be executed in the name of the Company.

Land amounting to ₹ 0.11 crore (previous year ₹ 0.11 crore) in respect of which irrevocable Power of Attorney is obtained in the name of the Company.

Land amounting to ₹ 0.39 crore (previous year ₹ 0.39 crore) not covered by the Master Plan in respect of which sale deed is yet to be executed in the name of the Company.

Technical surveys/estimates are involved in respect of physical verification procedures / determination of Project work-in-progress / related costs. These estimates made by the Company and certified to the auditors, have been relied upon by them, as these are of a technical nature.

36 Disclosure in accordance with Accounting Standard -18 Related Party Transactions

A Names of Related Parties & Nature of Relationship

Names of Related Parties	Nature of Relationship
Warasgaon Lake View Hotels Limited (Previously known as Lavasa Star Hotel Limited)	Associates
Palmetto Hospitality Limited	Associates
Bona Sera Hotels Ltd	Associates
SOL Hospitality Ltd	Associates
Knowledge Vistas Limited	Associates
Ecomotel Hotel Limited	Associates
Evostate AG	Associates
MCR Managing Corp. Real Estate	Associates
Projektentwicklungsges. Parking Kunstmuseum AG	Associates
Vikhroli Corporate Park Pvt Ltd	Associates
Gulabchand Foundation (formed under section 25 of Companies' Act, 1956)	Other related party
Hincon Holdings Ltd.	Other related party
Hincon Finance Ltd.	Other related party

B Key Management Personnel

Shri Ajit Gulabchand	Chairman & Managing Director
Shri K.G. Tendulkar	Managing Director - SAG
Shri Arun Karambelkar	President and Whole time director
Shri Praveen Sood	Group Chief Financial Officer

36 Disclosure in accordance with Accounting Standard -18 Related Party Transactions contd.

B Key Management Personnel

Shri V. P. Kulkarni	Company Secretary
Shri Rajgopal Nogja	Group President - Development Companies
Shri Arjun Dhawan	President - Infrastructure

C Transactions with Related Parties:

₹ crore

	Nature of Transactions	JV's	Other Related Parties
1	Project and other services received during the year		
	Vikroli Corporate Park Private Limited	-	3.72
		(-)	(3.24)
	Ecomotel Hotel Limited	-	0.43
		(-)	(0.28)
	Others	-	0.11
		(-)	(-)
	Total	-	4.25
		(-)	(3.52)
2	Inter Corporate Deposit given during the year		
	Ecomotel Hotel Limited	-	1.51
		(-)	(3.66)
	Warasgaon Lake View Hotels Limited	-	-
		(-)	(1.46)
	Knowledge Vistas Limited	-	1.45
		(-)	(1.52)
	Total	-	2.96
		(-)	(6.64)
3	Inter Corporate Deposit taken / recovered during the year		
	Hincon Holdings Ltd	-	25.00
		(-)	(55.86)
	Hincon Finance Ltd	-	7.00
		(-)	(13.69)
	Total	-	32.00
		-	(69.55)
4	Inter Corporate Deposit given repaid during the year		
	Ecomotel Hotel Limited	-	1.70
		(-)	(1.20)
	Knowledge Vistas Limited	-	0.05
		(-)	(0.37)
	Warasgaon Lake View Hotels Limited	-	-
		(-)	(25.21)
	Total	-	1.75
		(-)	(26.78)

₹ crore

	Nature of Transactions	JV's	Other Related Parties
5	Interest received on Inter Corporate Deposit given		
	Ecomotel Hotel Limited	-	1.36
		(-)	(1.12)
	Bona Sera Hotels Limited	-	1.86
		(-)	(0.21)
	Warasgaon Lake View Hotels Limited	-	-
		(-)	(3.64)
	Total	-	3.21
		(-)	(4.97)
6	Corporate Guarantees and Bank Guarantees Given & Outstanding		
	Ecomotel Hotel Limited	-	14.85
		(-)	(16.06)
	Knowledge Vistas Limited	-	12.60
		(-)	(14.60)
	Warasgaon Lake View Hotels Limited	-	10.07
		(-)	(6.50)
	Alpine Samsung -HCC Joint Venture	-	-
		(21.00)	-
	Alpine -HCC Joint Venture	-	-
		(2.50)	(-)
	Alpine -HCC Joint Venture CC34	27.06	-
		(-)	(-)
	Total	27.06	37.52
		(23.50)	(37.16)
7	Outstanding Payables		
	Ecomotel Hotel Limited	-	-
		(-)	(0.91)
	Bonasera Hotel Limited	-	0.18
		(-)	(0.07)
	HCC-Pati JV	1.36	-
		(1.36)	(-)
	Alpine HCC Samsung JV	0.37	-
		(-)	(-)
	Hincon Holdings Ltd	-	25.00
		(-)	(0.04)
	Hincon Finance Ltd	-	6.71
		(-)	(-)
	Others	0.10	-
		(-)	(-)
	Total	1.72	31.89
		(1.36)	(1.02)
8	Outstanding Receivables		
	Bonasera Hotel Limited	-	1.91
		(-)	(-)
	Ecomotel Hotel Limited	-	5.25
		(-)	(-)
	Knowledge Vistas Limited	-	1.20
		(-)	(-)
	Warasgaon Lakeview Hotel Limited	-	3.49
		(-)	(-)

36 Related Party Transactions contd.

Nature of Transactions	JV's	Other Related Parties
		₹ crore
Dhule Palesner Tollyway Ltd	44.89	-
	(80.06)	(-)
Vikhroli Corporate Park Pvt. Ltd	-	3.74
	(-)	(3.60)
Others	7.26	0.16
	(4.65)	(5.25)
Total	44.89	15.75
	(80.06)	(8.85)
9 Equity Share Contribution during the year		
Ecomotel Hotel Limited	-	1.30
	(-)	(-)
Warasgaon Lakeview Hotels Limited	-	1.88
	(-)	(-)
Dhule Palesner Tollyway Ltd	-	-
	(3.33)	(-)
Total	-	3.18
	(3.33)	(-)
10 Project and other services given during the year		
Warasgaon Lake View Hotels Limited	-	1.53
	(-)	(0.35)
Ecomotel Hotel Limited	-	0.43
	(-)	(0.25)
Others	-	-
	(-)	(0.00)
Total	-	1.96
	(-)	(0.60)
11 Intercorporate Deposit given Outstanding		
Ecomotel Hotel Limited	-	8.57
	(-)	(8.76)
Bona Sera Hotels Limited	-	6.92
	(-)	(6.92)
Others	-	3.53
	(-)	(2.13)
Total	-	19.02
	(-)	(17.81)
12 Work Bill Receipts Incl Sales		
Dhule Palesner Tollyway Ltd	30.53	-
	(187.75)	(-)
HCC-Samsung -J/V CC-34	2.50	-
	(-)	(-)
Total	33.03	-
	(187.75)	(-)
13 Purchase of Construction Materials And Spares		
Alpine -HCC Joint Venture	-	-
	(0.96)	(-)
Total	-	-
	(0.96)	(-)

Nature of Transactions	JV's	Other Related Parties
		₹ crore
14 Rendering of Services / Financial Income		
Nathpa Jhakri Joint Venture	0.01	-
	(-)	(-)
Hincon Finance Limited	-	0.52
	(-)	(1.37)
Total	0.01	0.52
	(-)	(1.37)
15 Share Application Money Given (Pending Allotment)		
Dhule Palesner Tollyway Ltd	2.92	-
	(0.08)	(-)
Total	2.92	-
	(0.08)	(-)
16 Advance given /Repaid		
Dhule Palesner Tollyway Ltd	-	-
	(33.33)	(-)
Total	-	-
	(33.33)	(-)
17 Purchase of Fixed Asets		
Hincon Finance Limited	-	-
	(-)	(0.01)
Total	-	-
	(-)	(0.01)
18 Sale of Assets		
Hincon Finance Limited	-	0.01
	(-)	(-)
Total	-	0.01
	(-)	(-)
19 Receiving of Services		
Vikhroli Corporate Park	-	20.43
	(-)	(17.67)
Total	-	20.43
	(-)	(17.67)

Note: Figures in brackets pertain to previous year.

D a Details of Transactions relating to persons referred to in item (B) above

Nature of Transactions	2012-13	2011-12
	₹ crore	₹ crore
Remuneration	26.34	26.92
Salary of Ms. Shalaka Gulabchand Dhawan (Daughter of Shri Ajit Gulabchand)	0.91	0.90
Salary of Mr. Arjun Dhawan Son-in-aw)	2.48	2.03
TOTAL	29.73	29.85

The above figure doesnot include provision gratuity liability actuarially valued, as separate figures are not available.

37 i) The Company has taken various construction equipments, office premises, guest houses and vehicles under non cancellable operation leases. The future minimum lease payments in respect of these as at March 31, 2013 are as follows:

₹ crore

		As at 31.03.2013	As at 31.03.2012
Minimum lease rental payments			
a)	Payable not later than 1 year	24.69	30.79
b)	Payable later than 1 year and not later than 5 years	14.09	37.17
c)	Later than 5 years	0.37	0.4
Total		39.15	68.36

ii) The lease agreement provides for an option to the Company to renew the lease period at the end of the non cancellable period. There are no exceptional / restrictive covenants in the lease agreements.

38. Due to Inter Company Sales during the year, sales and profit before tax are eliminated in the Consolidated Financial statements. However, the tax provision is the sum total of tax provision of Holding Company, Subsidiaries and Integrated Joint Ventures.

39. Segment Reporting:

The Group has disclosed Business Segment as the primary segment. Segments have been identified taking into account the nature of activities of the parent Company, its subsidiaries and joint ventures, the differing risks and returns, the organization structure and internal reporting system. There are no reportable geographical segments.

The Group's operations predominantly relate to "Engineering & Construction", "Real Estate" and "Comprehensive Urban Development and Management" "Infrastructure". Other business segments contribute less than 10% of the total revenue and have been grouped as "Others".

The Segment Revenue, Segment Results, Segment Assets and Segment Liabilities include respective amounts identifiable to each of the segments and also amounts allocated on a reasonable basis.

Segment information for the year ended March 31, 2013

a) Information About Primary Business Segments

₹ crore

Particulars	Engineering & Construction	Infrastructure	Real Estate	Comprehensive Urban Development & Management	Others	Total
Revenue						
External Sales	8,245.39	114.43	1.79	121.47	26.90	8,509.98
	(8,000.81)	(89.02)	(1.03)	(53.51)	(13.25)	(8,157.63)
Add: Inter Segment Sales	-	-	-	-	-	-
	(-)	(-)	(-)	(-)	(-)	(-)
Total Segment Revenue	8,245.39	114.43	1.79	121.47	26.90	8,509.98
	(8,000.81)	(89.02)	(1.03)	(53.51)	(13.25)	(8,157.63)
Less: Eliminations	-	-	-	-	-	-
	(-)	(-)	(-)	(-)	(-)	(-)
Total	8,245.39	114.43	1.79	121.47	26.90	8,509.98
	(8,000.81)	(89.02)	(1.03)	(53.51)	(13.25)	(8,157.63)
Result (profit before interest)	175.89	(20.23)	2.91	(34.76)	(20.38)	103.43
	(335.41)	(8.41)	(-1.81)	(83.73)	(28.19)	(230.09)
Less: Eliminations	-	-	-	-	-	-
	(-)	(-)	(-)	(-)	(-)	(-)
Result (profit before interest	175.89	(20.23)	2.91	(34.76)	(20.38)	103.43
	(335.41)	(8.41)	(-1.81)	(83.73)	(28.19)	(230.09)

39. Segment information contd.

Other Information						₹ crore
Particulars	Engineering & Construction	Infrastructure	Real Estate	Comprehensive Urban Development & Management	Others	Total
Segment Assets	7,208.69	2,736.93	448.66	3,306.09	124.46	13,824.83
	(7,471.35)	(2,638.21)	(384.77)	(2,988.56)	(4.03)	(13,486.92)
Segment liabilities	3,679.50	75.47	68.21	419.17	6.06	4,248.43
	(4,744.32)	(359.05)	(37.43)	(750.84)	(9.06)	(5,900.70)
Capital expenditure	98.23	27.15	-	66.03	18.54	209.96
	(193.05)	(127.28)	(52.84)	(8.93)	(2.15)	(384.25)
Depreciation	176.27	80.84	0.45	45.50	10.97	314.04
	(175.68)	(33.31)	(3.26)	(49.13)	(0.41)	(261.79)
Total Assets Exclude:						
Investments	31.07	25.61	-	97.99	0.99	155.66
	(18.13)	(71.06)	(96.87)	(15.27)	(0.82)	(202.15)
Advance Tax (Net)	273.41	-	1.52	92.91	1.95	369.80
	(202.78)	(-4.13)	(1.15)	(87.79)	(2.62)	(290.21)
Other Current Assets	771.10	89.29	-	0.06	0.68	861.13
	(459.37)	(29.63)	(-)	(4.14)	(0.90)	(494.04)
Total Liabilities Exclude:						
Borrowings	4,950.50	2,201.35	-	2,816.93	-	9,968.78
	(4,108.51)	(2,400.25)	(394.51)	(1,856.89)	(3.47)	(8,763.63)
Accrued interest	40.40	29.59	-	80.79	-	150.78
	(28.82)	(24.55)	(14.40)	(-)	(-)	(67.77)
Note: Figures in brackets pertain to previous year.						

b) Information About Secondary Business Segments (geographical segments)

	Domestic	Overseas	Total
Segment Revenue	4,091.59	4,418.39	8,509.98
Segment Assets	12,021.05	1,803.78	13,824.83
Capital expenditure	195.13	14.83	209.96

Note: Bhutan operations are considered as domestic operations.

40 (a) In respect of Lavasa Corporation Limited, Ministry of Environment & Forests (MoEF), Government of India, vide its order dated November 9, 2011 accorded environment clearance (EC) to 1st Phase. Accordingly construction has resumed at project site.

(b) Consequent to the status quo for the Construction / Development and its withdrawal, the Board has taken a view that production overheads amounting to ₹ 93.24 crore incurred during the period April 01, 2012 to March 31, 2013 were essential in ensuring continuity of the Project itself during this period of suspension and further until March 31, 2013. In order to show a true and fair view of the state of affairs of the Company, and considering substance prevailing over form as these costs pertain to the Project as a whole, the Company has therefore allocated the said production overheads to the balance Inventory of Floor Space Index.

(c) During the year the Banks have agreed and approved Debt recast in which Company has implemented the restructuring scheme with existing consortium lenders and cleared all overdues as per the scheme.

41 In respect of Lavasa Corporation Limited, during the year, the borrowing cost allocation methodology pertaining to Project Work in Progress-Floor Space Index (FSI) has been refined by capitalzing borrowing costs to Inventory of FSI. Management is of the view that this will result in more appropriate presentation of cost incurred towards development of Floor Space Index resulting into saleable inventory thereof. The effect has been given retrospectively from the financial year 2009-10. Accordingly borrowing costs ₹ 66.14 crore and 51.99 crore for the financial years 2009-10 to 2011-12 and 2012-13 respectively, aggregating ₹ 118.13 crore has been added to the costs of FSI inventory. Had the Company continued with the earlier basis, the losses for the year would have been higher by ₹ 118.13 crore with corresponding reduction in the value of FSI inventory.

42 Foreign Direct Investment

i) During the previous year Hindustan Construction Company Limited (HCC) transferred its equity shareholding in HCC Concessions Ltd. (HCL) to HCC Infrastructure Company Ltd.(HIL) to consolidate BOT businesses, rendering HCL as 100% subsidiary of HIL.

ii) Pursuant to Shareholders Agreement (SHA) and Securities Subscription Agreement (SSA) executed on August 9, 2011, Xander Investment Holding XXVI Limited (the Investor), a Company incorporated under the laws of Mauritius, has acquired 14.55% equity stake in the HCC Concessions Ltd. (subsidiary of the HIL) on fully diluted basis, by subscribing to equity shares and 0.001% Compulsorily Convertible Cumulative Preference Shares (CCCPS) for a total consideration of ₹ 240 crore. As initial subscription, the Investor had invested ₹ 213.70 crore into HCC Concessions Ltd. by subscribing to 414,774 fully paid up equity share of ₹10/- each at a premium of ₹1,990/- per share and 130,742,206 number of 0.001% Compulsorily Convertible Cumulative Preference Shares (CCCPS) of ₹10/- each issued at par. The balance consideration of ₹ 26.30 crore will be invested by the Investor in HCL proportionately along with HIL as per the requirement of growth capital at HCL.

iii) HIL, a wholly owned subsidiary of HCC (through which HCC holds 85.45% equity stake in HCC Concessions Ltd. on fully diluted basis) has been issued 2,436,800 Equity shares and 285,985,361 number of 0.001% Compulsorily Convertible Cumulative Preference Shares (CCPS) of ₹10/- each as per SHA and SSA.

iv) As per SHA and SSA, HCC, the holding Company is required to hold 100% equity stake in HIL until the Investor gets an exit from HCL through an IPO or otherwise and there are certain restrictions on pledging / creation of any encumbrance over shares / assets of HCL/ BOT SPVs.

v) As per Shareholders Agreement with the Investor, at a future date the Company has to invest ₹133.24 crore in HCC Concessions Ltd by subscribing to 666,184 equity shares of face value of ₹ 10/- each at a premium of ₹ 1990/-

43 Share of losses of Vikhroli corporate Park Private Limited, an associate Company exceeds the carrying value of the investment of ₹ 0.20 crore as per the Audited Accounts for the year ended March 31, 2012. Share of losses of Ecomotel Hotel Limited, associate Company also exceeds the carrying amount of the investment as per the Audited Accounts as on March 31, 2013. Hence investment in both the companies are reported at nil value.

44 In respect of Pune Paud Toll Road Company Limited, under the terms of contract the Company is entitled to continue operations of the toll road till February 14, 2014 or an extended date, if and to the extent allowed by the government for which Company has already submitted request for extension. Under the contract the Company has also claim compensation from the government in respect of delay in granting permission to collect the toll and for change of locatin of toll plaza resulting in reduction in revenue collection vis a vis the estimate at the time of bidding. Managment is optimistic of favourable response in respect of the extension and claim.

45 Earning Per Share

			For the year ended 31.03.13	For the year ended 31.03.12
Basic EPS				
A	Profit computation for basic earnings per share of ₹1/- each			
	Net Profit as per Profit & Loss Account available for Equity shareholders	(₹ crore)	(482.46)	(530.09)
B	Weighted average number of Equity shares for EPS computation	(Nos.)	606,558,420	606,533,434
C	EPS (weighted average)			
	Basic EPS (before and after Extraordinary Items)	(₹)	(7.95)	(8.74)
Diluted EPS:				
A	Profit computation for diluted earnings per share of ₹ 1/-each			
	Net Profit as per Profit & Loss Account available for Equity shareholders (₹ crore)		(482.46)	(530.10)
B	Weighted average number of Equity shares for EPS computation	(Nos.)	612,712,500	613,320,420
	Diluted EPS (before and after Extraordinary Items not annualised)	(₹)	(7.87)	(8.64)

As per our report attached
For K.S.AIYAR & CO.
Chartered Accountants
Registration No. 100186W

RAGHUVIR M. AIYAR
Partner
Membership No. 38128

Mumbai, Dated May 3, 2013

PRAVEEN SOOD
Group Chief Financial Officer

VITHAL P. KULKARNI
Company Secretary

AJIT GULABCHAND — *Chairman & Managing Director*
RAJGOPAL NOGJA — *Group Chief Operating Officer & Whole-time Director*
ARUN V. KARAMBELKAR — *President & Whole-time Director*

Y.H. MALEGAM
K. G. TENDULKAR
RAJAS R. DOSHI
RAM P. GANDHI
D. M. POPAT
SHARAD M. KULKARNI
NIRMAL P. BHOGILAL
ANIL SINGHVI
DR. ILA PATNAIK
Directors

Financial Details of Subsidiary Companies for the year ended on 31st March 2013

(₹ in Lacs)

Sr. No	Name of the Subsidiary	Financial Year Ending on	Share Capital	Share Application Money	Reserves & Surplus	Total Assets	Total Liabilities	Details of Investment (Except in case of investment in subsidiaries)			Turnover (Incl. Other income)	Profit Before Tax	Provision for Current & Deferred Tax	Profit after Tax
								a) Shares	b) Mutual Funds	Total of Investments				
1	Hincon Technoconsult Ltd.	31.03.2013	100.00	-	256.00	429.00	429.00	-	185.00	185.00	66.00	50.00	10.00	40.00
2	Western Securities Ltd.	31.03.2013	200.00	-	(39.00)	239.00	239.00	-	18.00	18.00	61.00	25.00	8.00	16.00
3	HCC Aviation Ltd.	31.03.2013	5.00	-	(1,238.71)	361.00	361.00	-	-	-	2.43	1.38	(18.57)	(17.19)
4	HCC Mauritius Enterprises Ltd.	31.03.2013	2,709.21	-	(2,072.76)	25,150.23	25,150.23	-	-	-	3.91	(962.88)	-	(962.88)
5	HCC Construction Limited	31.03.2013	5.00	-	(5.41)	1.33	1.33	-	-	-	-	(0.26)	-	(0.26)
6	Highbar Technologies Limited	31.03.2013	625.00	-	(463.28)	1,559.64	1,559.64	-	-	-	2,504.27	(263.45)	(80.48)	(182.97)
7	Highbar Technologies FZ - LLC	31.03.2013	6.36	-	(139.00)	191.00	191.00	-	-	-	313.43	(29.67)	-	(29.67)
8	Lavasa Hotel Ltd	31.03.2013	5.00	-	(1,059.90)	722.16	722.16	-	-	-	1,087.44	(55.34)	-	(55.34)
9	Apollo Lavasa Health Corporation Ltd	31.03.2013	116.24	-	6,330.96	8,312.85	8,312.85	-	-	-	63.33	(586.32)	25.75	(612.07)
10	Lakeshore Watersports Company Ltd	31.03.2013	5.00	-	(684.06)	330.86	330.86	-	-	-	149.54	(112.77)	1.14	(113.91)
11	Dasve Convention Centre Ltd	31.03.2013	5.00	-	(4,349.05)	11,728.49	11,728.49	-	-	-	608.08	(1,303.68)	115.64	(1,419.32)
12	Dasve Business Hotel Ltd	31.03.2013	5.00	-	(26.35)	2,945.68	2,945.68	-	-	-	-	(7.59)	-	(7.59)
13	Dasve Hospitality Institutes Ltd	31.03.2013	15.50	-	(503.89)	3,594.86	3,594.86	-	-	-	381.33	(192.16)	-	(192.16)
14	Lakeview Clubs Ltd	31.03.2013	5.00	-	(3,062.24)	7,018.94	7,018.94	-	-	-	181.70	(825.33)	74.49	(899.82)
15	Dasve Retail Ltd	31.03.2013	5.00	-	(942.38)	6,463.83	6,463.83	-	-	-	31.40	(326.27)	17.98	(344.25)
16	Full Spectrum Adventure Ltd	31.03.2013	5.50	-	(669.47)	794.91	794.91	-	-	-	219.08	(207.75)	5.87	(213.62)
17	Spotless Laundry Services Ltd	31.03.2013	12.69	-	620.07	2,195.06	2,195.06	-	-	-	3.58	(85.54)	-	(85.54)
18	Lavasa Bamboocrafts Ltd	31.03.2013	5.00	-	(501.19)	164.86	164.86	-	-	-	24.17	(147.79)	0.75	(148.54)
19	Green Hills Residencies Ltd	31.03.2013	8.89	-	353.41	5,839.18	5,839.18	-	-	-	90.59	32.14	11.03	21.11
20	My City Technology Ltd	31.03.2013	28.65	-	2,166.57	2,470.38	2,470.38	-	-	-	306.80	(66.77)	-	(66.77)
21	Reasonable Housing Ltd	31.03.2013	5.00	-	(548.58)	3,029.08	3,029.08	-	-	-	88.18	(274.17)	36.37	(310.54)
22	Future City Multiservices SEZ Ltd	31.03.2013	5.00	-	(52.51)	107.26	107.26	-	-	-	-	(19.13)	-	(19.13)
23	Rhapsody Commercial Space Ltd	31.03.2013	5.00	-	(2.55)	2.79	2.79	-	-	-	-	(0.58)	-	(0.58)
24	Valley View Entertainment Ltd	31.03.2013	5.00	-	(2.48)	2.88	2.88	-	-	-	-	(0.59)	-	(0.59)
25	Andromeda Hotels Ltd	31.03.2013	5.00	-	(173.49)	445.59	445.59	-	-	-	-	(66.74)	-	(66.74)
26	Sirrah Palace Hotels Ltd	31.03.2013	5.00	-	(3.15)	2.27	2.27	-	-	-	-	(0.56)	-	(0.56)
27	Whistling Thrush Facilities Services Ltd	31.03.2013	5.40	-	49.47	595.91	595.91	-	-	-	1,191.60	7.58	1.97	5.61
28	Warasgaon Tourism Ltd	31.03.2013	5.00	-	(553.72)	255.77	255.77	-	-	-	72.00	(96.41)	0.02	(96.43)
29	Our Home Service Apartments Ltd	31.03.2013	5.00	-	(2.84)	2.57	2.57	-	-	-	-	(0.58)	-	(0.58)
30	Warasgaon Power Supply Ltd	31.03.2013	10.00	-	491.57	13,601.63	13,601.63	-	-	-	-	(0.89)	-	(0.89)
31	Sahyadri City Management Ltd	31.03.2013	5.00	-	(2,559.70)	748.11	748.11	-	-	-	446.44	(1,384.44)	-	(1,384.44)
32	Hill City Service Apartments Ltd	31.03.2013	5.00	-	(294.86)	675.66	675.66	-	-	-	-	(115.12)	-	(115.12)
33	Kart Racers Ltd	31.03.2013	5.00	-	(34.55)	0.28	0.28	-	-	-	0.05	(10.73)	-	(10.73)

(₹ in Lacs)

Sr. No	Name of the Subsidiary	Financial Year Ending on	Share Capital	Share Application Money	Reserves & Surplus	Total Assets	Total Liabilities	Details of Investment (Except in case of investment in subsidiaries			Turnover (Incl. Other income)	Profit Before Tax	Provision for Current & Deferred Tax	Profit after Tax
								a) Shares	b) Mutual Funds	Total of Investments				
34	Warasgaon Infrastructure Providers Ltd	31.03.2013	5.00	-	(2.94)	2.41	2.41	-	-	-	-	(0.58)	-	(0.58)
35	Nature Lovers Retail Ltd	31.03.2013	5.00	-	(48.21)	114.99	114.99	-	-	-	-	(19.67)	-	(19.67)
36	Osprey Hospitality Ltd	31.03.2013	5.00	-	(1.47)	3.71	3.71	-	-	-	-	(0.37)	-	(0.37)
37	Starlit Resort Ltd	31.03.2013	5.00	1,393.55	4.93	2,915.02	2,915.02	-	-	-	324.51	(3.68)	0.39	(4.07)
38	Warasgaon Valley Hotels Ltd	31.03.2013	5.00	-	(1.48)	3.75	3.75	-	-	-	-	(0.37)	-	(0.37)
39	Rosebay Hotels Ltd	31.03.2013	5.00	-	(1.48)	3.70	3.70	-	-	-	-	(0.37)	-	(0.37)
40	Mugaon Luxury Hotels Ltd	31.03.2013	5.00	-	(1.48)	3.70	3.70	-	-	-	-	(0.37)	-	(0.37)
41	Warasgaon Assets Maintenance Ltd	31.03.2013	15.00	-	982.21	41,928.83	41,928.83	-	-	-	-	(7.21)		(7.21)
42	Hill View Parking Services Limited	31.03.2013	5.00	-	(1.13)	4.59	4.59	-	-	-	-	(0.56)	-	(0.56)
43	HCC Infrastructure Company Limited	31.03.2013	25.00	-	(20,282.84)	83,538.27	83,538.27	-	1,929.47	1,929.47	709.56	(12,750.86)		(12,750.86)
44	HCC Concessions Limited	31.03.2013	41,957.91	-	54,359.86	1,06,800.43	1,06,800.43	-	240.57	240.57	4,143.97	1,254.51	-	1,254.51
45	HCC Power Limited	31.03.2013	50.00	-	(40.74)	9.86	9.86	-	-	-	-	(11.75)	-	(11.75)
46	Dhule Palesner Operations & Maintenance Ltd	31.03.2013	50.00	-	(0.79)	51.74	51.74	-	-	-	3.07	0.43	-	0.43
47	Nirmal BOT Limited	31.03.2013	3,150.00	-	(1,837.54)	33,985.17	33,985.17	-	325.00	325.00	5,261.32	(1,151.13)	-	(1,151.13)
48	Badarpur Faridabad Tollway Limited	31.03.2013	8,600.00	-	(13,101.58)	54,829.29	54,829.29	-	-	-	3,456.40	(6,670.54)	-	(6,670.54)
49	Baharampore Farakka Highways Limited	31.03.2013	21,725.30	4,370.30	13,184.00	73,737.94	73,737.94	-	-	-	-	-	-	-
50	Farakka- Raiganj Highways Limited	31.03.2013	25,022.10	-	14,059.00	75,345.31	75,345.31	-	-	-	-	-	-	-
51	Raiganj Dalkhola Highways Limited	31.03.2013	8,338.51	954.00	-	18,431.24	18,431.24	-	0.75	0.75	-	-	-	-
52	Pune Paud Toll Road Company Limited	31.03.2013	605.00	-	(4,120.78)	661.20	661.20	-	-	-	202.39	(480.39)	-	(480.39)
53	HRL Township Developers Limited	31.03.2013	10.00	-	(47.62)	0.03	0.03	-	-	-	-	(0.48)	-	(0.48)
54	HRL (Thane) Real Estate Limited	31.03.2013	10.00	-	(17.35)	4,139.61	4,139.61	-	-	-	-	(3.40)	-	(3.40)
55	Nashik Township Developers Limited	31.03.2013	10.00	-	(176.96)	969.29	969.29	-	-	-	0.68	(152.42)	-	(152.42)
56	Maan Township Developers Limited,	31.03.2013	10.00	-	(21.89)	2,647.13	2,647.13	-	-	-	-	(0.51)	-	(0.51)
57	Charosa Wineries Limited	31.03.2013	700.00	-	(2,693.19)	6,538.23	6,538.23	-	-	-	-	(879.78)	-	(879.78)
58	Powai Real Estate Developers Limited	31.03.2013	5.00	-	(3.59)	2.63	2.63	-	-	-	-	(0.46)	-	(0.46)
59	HCC Realty Limited	31.03.2013	5.00	-	(1.23)	4.76	4.76	-	-	-	-	(0.49)	-	(0.49)
60	Panchkutir Developers Ltd.	31.03.2013	140.00	-	4,118.16	11,616.06	11,616.06	-	-	-	-	(0.52)	-	(0.52)
61	HCC Real Estate Ltd.	31.03.2013	6,619.32	-	37,331.12	1,02,562.09	1,02,562.09	-	-	-	94.36	113.66	(24.75)	88.91
62	Lavasa Corporation Ltd.	31.03.2013	83,319.44	-	(1,908.56)	4,16,104.36	4,16,104.36	4.44	-	4.44	15424.83	(11,486.82)	(3,678.98)	(7,807.84)
63	Steiner AG (formerly Karl Steiner AG)	31.03.2013	22,880.00	-	(10,145.00)	2,40,994.00	240,994.00	1,528.00	-	2,274.27	4,36,412.00	6,312.00	(91.00)	6,221.00

(₹ in Lacs)

Sr. No	Name of the Subsidiary	Financial Year Ending on	Share Capital	Share Application Money	Reserves & Surplus	Total Assets	Total Liabilities	Details of Investment (Except in case of investment in subsidiaries			Turnover (Incl. Other income)	Profit Before Tax	Provision for Current & Deferred Tax	Profit after Tax
								a) Shares	b) Mutual Funds	Total of Investments				
64	Steiner Promotions et Participations SA (Subsidiary Company of Steiner AG)	31.03.2013	1,716.00	-	640.00	11,622.00	11,622.00	-	-	-	1,004.00	(88.00)	-	(88.00)
65	Steiner (Deutschland) GmbH (Subsidiary Company of Steiner AG)	31.12.2012	7,415.00	-	(865.00)	8,693.00	8,693.00	-	-	-	127.00	(7.00)	-	(7.00)
66	VM + ST AG (Subsidiary Company of Steiner AG)	31.03.2013	572.00	-	10.00	583.00	583.00	-	-	-	-	7.00	-	7.00
67	Steiner Leman SAS (Subsiairy Company of Steiner AG)	31.03.2013	524.00	-	(253.00)	4,006.00	4,006.00	-	-	-	3,268.00	269.00	-	269.00
68	SNC Valleiry Route de Bloux (Subsidiary Company of Steiner Leman SAS)	31.12.2012	1.00	-	-	473.00	473.00	-	-	-	-	(2.00)	-	(2.00)
69	Eurohotel SA (Subsidiary Company of Steiner AG)	31.03.2013	57.00	-	(599.00)	74.00	74.00	-	-	-	-	(3.00)	-	(3.00)
70	Steiner India Ltd (Subsidiary Company of Steiner AG)	31.03.2013	499.00	-	(912.00)	777.00	777.00	-	320.00	320.00	-	(763.00)	-	(763.00)
71	Narmada Bridge Tollway Limited	31.03.2013	5.00	-	-	387.00	387.00	-	-	-	-	-	-	-
72	HCC-Operations and Maintenance Ltd	31.03.2013	5.00	-	-	5.00	5.00	-	-	-	-	(1.00)	-	(1.00)
73	Klemanor Investments Limited	31.03.2012	-	-	-	-	-	-	-	-	-	-	-	-
74	Verzon Hospitality Limited	31.03.2013	5.41	-	37.48	43.24	43.24	-	-	-	-	(0.67)	-	(0.67)

Notes : Foreign Exchange Rate consider 1 CHF=56.97, 1 USD =54.13 AND AED =14.02

Important Financial Statistics

Year	Paid Up Capital				Fixed Assets					
	Equity ₹ Lacs	Preference ₹ Lacs	Reserves ₹ Lacs	Debentures ₹ Lacs	Gross Block ₹ Lacs	Net Block ₹ Lacs	Turnover ₹ Lacs	Net Profit ₹ Lacs	Dividend paid on Preference and Equity shares ₹ Lacs	Equity Dividend %
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**	—	—

Notes

Attendance Slip

Please complete this attendance Slip and hand it over at the entrance of the Meeting Hall.

Shares held ____________________

Regd. Folio No. _________________ DP ID* ________________________ Client ID* _________________________

(Name in BLOCK letters) ____

I hereby record my presence at the 87th ANNUAL GENERAL MEETING of the Company held at Walchand Hirachand Hall, Indian Merchants' Chamber, Indian Merchants' Chamber Marg, Churchgate, Mumbai - 400 020 on Friday, June 21, 2013, at 11.00 a.m.

____

Member's/Proxy's Signature

NOTE: Members/Proxy holders are requested to bring their copy of the Annual Report with them at the Meeting.

* Applicable for Shareholders holding Shares in electronic form.

Hindustan Construction Co. Ltd.
Registered Office :
Hincon House, 11th Floor, 247Park,
Lal Bahadur Shastri Marg,
Vikhroli (West), Mumbai 400 083.

Proxy Form

Shares held ____________________

Regd. Folio No. _________________ DP ID* ________________________ Client ID* _________________________

(Name in BLOCK letters) ____

I/We ____of____in the district of_____________________being a Member/Members of the above-named Company, hereby appoint ____________________ ___________________________________of ___________________________________in the district of ___________________ __________________________________or failing him ______________________of ___________________________in the district of ________________________________ as my/our proxy to vote for me/us and on my/our behalf at the 87th Annual General Meeting of the Company to be held on Friday, June 21, 2013, at 11.00 a.m. or at any adjournment thereof.

Signed this __________day of _________2013.

Signature _____________________ Affix one Rupee Revenue Stamp _____________________

NOTE: The Proxy to be effective should be deposited at the Registered Office of the Company not less than 48 hours before the commencement of the meeting.

* Applicable for Shareholders holding Shares in electronic form.

Hindustan Construction Co. Ltd.
Registered Office :
Hincon House, 11th Floor, 247Park,
Lal Bahadur Shastri Marg,
Vikhroli (West), Mumbai 400 083.

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This annual report has been printed on eco-friendly paper.

Cover images (clockwise from top)
- An employee at the Nimoo Bazgo Hydel Power Project, 70 km from Leh, constructed at an altitude of 11,000 feet
- The 15.57 km Assam Road Project, on NH-54, between Maibang to Nirmbanglo in Assam
- The Lit Promenade at Lavasa wears a festive look
- AMAG Automobilzentrum, in Dübendorf, is a multi-brand car showroom, built by Steiner AG