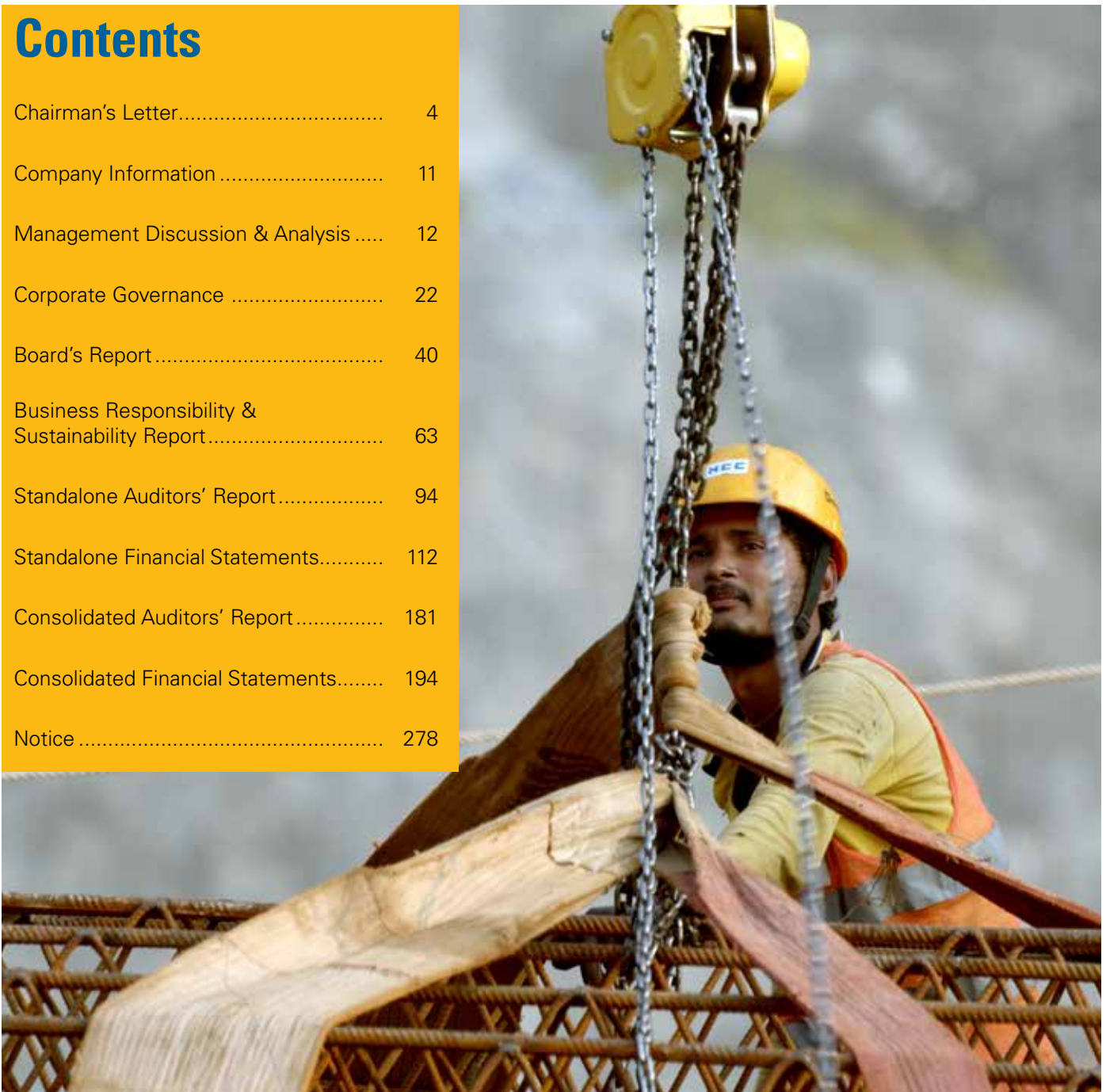






# Contents

Chairman's Letter.....	4
Company Information .....	11
Management Discussion & Analysis .....	12
Corporate Governance .....	22
Board's Report .....	40
Business Responsibility & Sustainability Report.....	63
Standalone Auditors' Report.....	94
Standalone Financial Statements.....	112
Consolidated Auditors' Report .....	181
Consolidated Financial Statements.....	194
Notice .....	278



## Highlights 2022-23

- Consolidated revenue at ₹9,856.6 crore; standalone revenue of ₹5,222 crore in FY23 vs ₹4,666 crore in FY22
- EBITDA margin: 14% in FY23
- Order backlog of ₹14,772 crore including a fresh order worth ₹3,681 crore (HCC share: ₹1,288 crore)
- Improved operational efficiency due to completion of various strategic initiatives taken during the year
- Taking over certificate received for DGNP Dry Dock Project (Maharashtra) and completion certificate received for Tunnel-15A Project (Mizoram)
- HCC Concessions Ltd concluded the sale of Baharampore-Farakka Highways Limited to Cube Highways at an enterprise valuation of ₹1,323 crore



# HCC'S MAJOR PROJECTS

□ Completed projects

● Projects in progress

▲ New projects

★ BOT projects

## ANDHRA PRADESH

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

## ARUNACHAL PRADESH

- Pare Hydro Power Project

## ASSAM

- Bogibeel Rail-cum-Road Bridge
- Brahmaputra Bridge
- NH-37 - Numaligarh to Jorhat Highway
- NH-54 - Maibang to Nirmbanglo Highway

## BIHAR

- Ganga Bridge at Mokameh
- Munger Rail-cum-Road Bridge
- Muzaffarpur Thermal Power Plant
- Sahibganj Manihari Bridge
- Sone Barrage
- Sone Bridge

## CHATTISGARH

- Bhilai Steel Plant

## DELHI

- ★ Delhi Faridabad Elevated Expressway
- DMRC - Airport Metro Express Line
- DMRC - Dwarka to Najafgarh
- DMRC - Janakpuri West to Palam Station
- DMRC - Janakpuri West to RK Ashram Corridor

- DMRC - Netaji Subhash Place to Shalimar Bagh

- DMRC - Vishwa Vidyalaya to ISBT

- Flyover linking existing Munirka flyover to Army RR Hospital

## GOA

- Goa Barge Berth at Marmugoa

## GUJARAT

- Bhadbhut Barrage
- Kachchh Branch Canal
- Kakrapar Atomic Power Project
- Kalol Mehsana Gas Pipeline
- Mehsana to Palanpur Highway
- Saurashtra Branch Canal
- Swarnim Gujarat Kutch Water Grid

## HARYANA

- Hathnikund Barrage
- Panipat Chimney

## HIMACHAL PRADESH

- Chamera Hydro Power Project, Stage I
- Chamera Hydro Power Project, Stage III
- Kashang Hydro Power Project
- Nathpa Jhakri Hydro Power Project
- Sainj Hydro Power Project
- Sawra Kuddu HRT

## JAMMU & KASHMIR

- Access Road Tunnel to Sawalkote Hydro Power Project
- AnjiKhad Cable Stayed bridge
- Tunnel T13
- Kishanganga Hydro Power Project
- Mughal Road
- Pir Panjal Tunnel
- Salal Hydro Power Project
- T49A Tunnel - Dharam-Qazigund
- Uri-II Hydro Power Project

## JHARKHAND

- Chandil Dam

- Grand Trunk Road Improvement Project

## KARNATAKA

- Bangalore Metro Reach 5, Package 3
- Cavern for Crude Oil Storage, Padur
- Yettinahole Project

## KERALA

- Brahmapuram Diesel Power Plant
- Dam across Idamalayar
- Lower Periyar Hydro Power Project
- Sebarigiri Dam
- Wellington Bridge, Cochin

## LADAKH

- Chutak Hydro Power Project
- Nimoo Bazgo Hydro Power Project

## MADHYA PRADESH

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

## MAHARASHTRA

- Bandra-Worli Sea Link
- BARC - Integrated Nuclear Recycle Plant, Tarapur
- Bhama Askhed Pipeline
- Bhandup Pipeline
- Bhandup Water Treatment Complex
- Bhorghat Tunnel
- DGNP Dry-Dock and Wharves
- Factory Civil Works for Premier Automobiles Limited
- Ghatkopar High Level Tunnel
- Koyna Hydro Power Project Stage I to IV
- Middle Vaitarna Water Pipeline
- ▲ Mumbai-Ahmedabad High Speed Rail Pkg C1
- Mumbai Coastal Road – Pkg II
- Mumbai Metro Line 3: UGC-02

<input type="checkbox"/>	Mumbai Metro One	<input type="checkbox"/>	Rihand Dam
<input type="checkbox"/>	Mumbai-Pune Expressway	<input type="checkbox"/>	Sai Aqueduct
<input type="checkbox"/>	NH-3 MP/Maharashtra Border - Dhule Highway	<input type="checkbox"/>	Sharda and Ghogra Barrages
<input type="checkbox"/>	NH-4 - Satara Kolhapur Highway	<input type="checkbox"/>	Varanasi Bridge
<input type="checkbox"/>	Nhava Sheva WTP Works, Raigadh	<input type="checkbox"/>	Yamuna Hydro Power Project
<input checked="" type="checkbox"/>	Residential Buildings, Anushaktinagar		
<input type="checkbox"/>	Trombay Chimney Works		
<input type="checkbox"/>	Vaitarna Dam		
<input type="checkbox"/>	Water Supply Tunnel from Bhandup to Charkop, Mumbai		
<input type="checkbox"/>	Water Tunnel between E Moses Road and Ruparel College, Mumbai		
<input type="checkbox"/>	Water Tunnel between Sewri and Futka		
<input type="checkbox"/>	Water Tunnel from Maroshi to Ruparel College, Mumbai		
	<b>MANIPUR</b>		<b>UTTARAKHAND</b>
<input checked="" type="checkbox"/>	Imphal Kangchup Tamenglong Road	<input type="checkbox"/>	Dhauliganga Hydro Power Project
<input checked="" type="checkbox"/>	Parallel safety tunnel of T-12	<input checked="" type="checkbox"/>	Rishikesh-Karnaprayag New BG line - Pkg 9
<input type="checkbox"/>	Railway Tunnel No.1 between Jiribam and Tupul	<input checked="" type="checkbox"/>	Tapovan Vishnugad Hydro Power Project
<input type="checkbox"/>	Railway Tunnel No. 3 between Jiribam and Tupul	<input checked="" type="checkbox"/>	Tehri Pumped Storage Project
<input type="checkbox"/>	Railway Tunnel No. 10 between Jiribam and Tupul	<input checked="" type="checkbox"/>	Vishnugad Pipalkoti Hydro Power Project
<input type="checkbox"/>	Railway Tunnel No. 12 between Jiribam and Tupul		
<input checked="" type="checkbox"/>	Railway Tunnel No. 12 between Tupul and Imphal		
	<b>MIZORAM</b>		<b>WEST BENGAL</b>
<input checked="" type="checkbox"/>	Single Line BG Tunnel - 14A	<input type="checkbox"/>	Elevated Road from Park Circus to E.M. Bypass, Kolkata
<input type="checkbox"/>	Single Line BG Tunnel - 15A	<input type="checkbox"/>	Farakka Barrage
	<b>ORISSA</b>	<input type="checkbox"/>	Golden Quadrilateral Road Project - Kolaghat to Kharagpur
<input type="checkbox"/>	Aditya Aluminium Project	<input type="checkbox"/>	Haldia Docks Project
<input type="checkbox"/>	Dam at Upper Kolab	<input type="checkbox"/>	Kalyani Bridge
<input type="checkbox"/>	Naraj Barrage, New Cuttack	<input type="checkbox"/>	Kolkata Metro
<input type="checkbox"/>	Paradip Port Road	<input type="checkbox"/>	Mahananda Barrage
	<b>PUNJAB</b>	<input checked="" type="checkbox"/>	NH-34 - Bahrapore - Farakka Highway
<input type="checkbox"/>	140 m High Chimney at Ropar	<input checked="" type="checkbox"/>	NH-34 - Farakka - Raiganj Highway
<input type="checkbox"/>	Rail Coach Factory at Kapurthala	<input type="checkbox"/>	Purulia Pumped Storage Project
	<b>RAJASTHAN</b>	<input type="checkbox"/>	Teesta Barrage
<input type="checkbox"/>	East-West Corridor Project	<input type="checkbox"/>	Teesta Low Dam - Stage IV
<input checked="" type="checkbox"/>	Nokha Water Supply project		<b>BHUTAN</b>
<input checked="" type="checkbox"/>	Parwan Dam & Tunnel	<input type="checkbox"/>	Dagachhu Hydro Power Project
<input type="checkbox"/>	Rajasthan Atomic Power Project, Units 1 & 2	<input type="checkbox"/>	Kurichhu Hydro Power Project
<input type="checkbox"/>	Rajasthan Atomic Power Project, Units 3 & 4	<input checked="" type="checkbox"/>	Nikachhu Hydro Power Project
<input type="checkbox"/>	Rajasthan Atomic Power Project, Units 5 & 6	<input checked="" type="checkbox"/>	Punatsangchhu Hydro Power Project
<input type="checkbox"/>	Rajasthan Atomic Power Project, Units 7 & 8	<input type="checkbox"/>	Tala Hydro Power Project
	<b>TAMIL NADU</b>		
<input type="checkbox"/>	Chennai Bypass		
<input checked="" type="checkbox"/>	Chennai Metro Rail - Phase II, Corridor 4 - ECV02		
<input checked="" type="checkbox"/>	Chennai Metro Rail - Phase II, Corridor 4 - ECV03		
<input type="checkbox"/>	Ennore Port		
<input checked="" type="checkbox"/>	Fast Reactor Fuel Cycle Facility, Kalpakkam		
<input checked="" type="checkbox"/>	Residential Buildings, Anupuram		
<input type="checkbox"/>	Kadamparai Pumped Storage Project		
<input type="checkbox"/>	Kudankulam Nuclear Power Project, Units 1 & 2		
<input type="checkbox"/>	Lower Mettur Hydro Power Project		
<input type="checkbox"/>	Navamalai Irrigation Tunnel		
<input type="checkbox"/>	Tirupur Water Supply Project		
<input type="checkbox"/>	Upper Nirar Irrigation Tunnel		
	<b>TELANGANA</b>		
<input type="checkbox"/>	JCR Devadula Lift Irrigation Scheme Phase I		
<input type="checkbox"/>	JCR Devadula Lift Irrigation Scheme Phase II		
<input type="checkbox"/>	North-South Corridor NHDP Phase II Package AP-8		
<input type="checkbox"/>	Pranahita Chevella Lift Irrigation Scheme		
<input type="checkbox"/>	Ramagundam Thermal Power Project		
	<b>UTTAR PRADESH</b>		
<input type="checkbox"/>	Allahabad Bypass		
<input type="checkbox"/>	Gomti Aqueduct		
<input type="checkbox"/>	Maneri Bhali Hydroelectric Power Project		
<input type="checkbox"/>	Naini Cable Stayed Bridge		
<input type="checkbox"/>	Narora Atomic Power Project		
<input type="checkbox"/>	NH - 28 - Lucknow Muzaffarpur Highway		

## CHAIRMAN'S LETTER



Dear Shareholder,

The past year has been marked by monumental challenges, from health crises to supply chain disruptions and inflationary pressures. Territorialism, sustainability concerns, and digital transformation have dominated the global debate. Businesses across the globe are concerned about how these fast changing scenarios will impact the business ecosystem.

However, as we face these challenges head-on, we look ahead with optimism and determination.

The world we envision is one where infrastructure plays a pivotal role in shaping our collective future. It is heartening to note that India, poised as one of the world's fastest-growing economies, stands at the forefront of this transformation. Annual economic output growth is projected to exceed \$400 billion from 2023 onwards, and even surpass \$500 billion in just half a decade. India's healthy growth trajectory is a consequence of the significant strides made across various sectors, particularly in infrastructure.

Our finance minister has provided a clear roadmap to navigate the Indian economy toward a growth trajectory despite the global slowdown and challenges posed by the pandemic and the Russia-Ukraine war. India's G-20 presidency, coupled with growth in the world ranking, is

a testimony that the Indian economy is on the right track, which has been globally recognized as a bright spot in the world economy.

Yet several critical obstacles to growth remain to be addressed. India still lags in world ranking on implementation of contract enforcement, fairness in the risk sharing in developing PPP models for infrastructure, ease of doing business, financial sector reforms and administrative reforms. Whilst these are being addressed the conception and implementation of these important policy changes need to have more speed and effectiveness. We look forward to work with the government to bring this about.

Budget 2023 recognizes the Infrastructure sector as a key contributor to achieving the vision of sustainable growth in **Amrit Kaal**. Enhanced capex outlay of ₹10 lakh crores, including the highest outlay for railways, development of regional airports, and transport infrastructure projects, will boost last and first-mile connectivity. Further, the PPP model continues to be an area of focus. The proposed Urban Infrastructure Development Fund will facilitate urban infrastructure development, providing a better lifestyle to the population in Tier 2 and Tier 3 cities.

The government's sustained commitment to capital investments in the infrastructure sector has yielded positive results, driving GDP growth and creating

employment opportunities. Furthermore, the rationalization of compliances and decriminalization of legal provisions will foster an investment-conducive environment, paving the way for sustained macroeconomic stability. It is this comprehensive set of measures that will propel India towards its ambitious goal of becoming a \$5 trillion economy by 2025.

Our country's infrastructure journey is further reinforced by structural and financial reforms. Initiatives such as InvITs and REITs, creation of Dedicated Financing Institutions (NaBFID), recapitalization of other sectoral DFIs, push to PPP ecosystem through Model Concession Agreements and enabling social infrastructure development through the revamped Viability Gap Funding scheme.

PM GatiShakti was launched for logistics facilitation through the National Logistics Policy in Sept 2022 to bring in further convergence with comprehensive planning across the centre and states. All of this is expected to tighten the nuts and bolts for the arduous infrastructure journey that our country has undertaken together by the participation of the centre, state, local governments, and the private sector.

Meanwhile, we at HCC have undertaken several initiatives to ensure sustainable growth through streamlining operations, reflecting improved cash flow and FY 2022-23 performance. The Company has initiated new relationships with Government of India undertakings to participate and leverage our credentials in strategic opportunities in India and abroad. Besides the infrastructure segments such as Hydropower, Nuclear power, Transportation, and Water Solutions, where HCC's domain expertise lies, the Company is exploring emerging sectors such as offshore wind and new renewable energy.

HCC has registered its highest-ever turnover in FY 2022-23, with improved performance across all key parameters. The operations improved with enhanced project delivery due to various strategic initiatives taken during the year. The turnover reached ₹5,222 crore, with operating profits of ₹712 crore. With strategic bidding of ~₹5,700 crore across key sectors, the Company has secured a contract worth ₹3,681 crore during FY 2022-23 along with JV/Consortium Partners. Meanwhile, the total order backlog as of March 31, 2023, was ₹14,772 crore.

HCC has received taking over and completion certificates for two projects, viz. DGNP Dry Dock Project in Mumbai and Tunnel-15A Project in Mizoram. Significant progress has been achieved on several projects under construction, including Mumbai Coastal Road Project, Mumbai Metro Line 3, Delhi Metro Rail Corporation's DC06 contract, Railway Tunnel T-49A, T13, T14, and Anjikhad Cable-Stayed Bridge in Jammu & Kashmir, Tehri Pumped Storage Plant and Vishnugad Pipalkoti HEP in Uttarakhand, the Fast Reactor Fuel Cycle Facility at Kalpakkam in Tamil Nadu, the Rajasthan Atomic Power Project, the Integrated Nuclear Recycle Plant

for Bhabha Atomic Research Centre at Tarapur, Parwan Dam in Rajasthan, and Bistan Lift Irrigation in Madhya Pradesh.

In the meantime, HCC also completed its debt carve out, duly supported by 23 banks and financial institutions. This strategic initiative shifted a significant portion of HCC's debt and commensurate assets from its balance sheet. The event resulted in a long-awaited solution to the asset-liability timing mismatch faced by HCC on account of delayed realization of its arbitration awards and claims. This carve-out plan not only addresses the debt availed by HCC but also provides a permanent solution for HCC's guarantee obligations concerning Lavasa's debt.

HCC Concessions Ltd., a subsidiary of HCC, has concluded the sale of Baharampore-Farakka Highways Limited ("BFHL") to Cube Highways and Infrastructure V Pte Ltd ("Cube") on March 28, 2023, at an enterprise valuation of ₹1,323 crore, which includes SPV debt of ₹646 crore.

In terms of sustainability, your Company takes a 360-degree view, encompassing its social, economic, governance, and financial aspects. We have been disclosing our sustainability performance through our annual Sustainability Reports, published for the last 13 years, reflecting our progress towards fulfilling our water sustainability goals, minimizing construction waste, employee health and safety, and promoting community development. These reports adhere to the Global Reporting Initiative framework and are independently verified by a third-party assurance agency.

I thank Team HCC, our customers, vendors, and other stakeholders, for their confidence and trust in these challenging times. I also thank my fellow Board Members for their invaluable contribution and support.

In conclusion, the macroeconomic trends and India's infrastructure journey present a multitude of opportunities for HCC. With our unwavering commitment to excellence, sustainability, and innovation, we are poised to capitalize on these prospects and create value for our shareholders. Together, let us embark on this journey of growth and progress, confident in our ability to navigate the evolving business ecosystem.

Yours sincerely,



Ajit Gulabchand  
Chairman





1

# PROJECTS



2

1. **Mumbai Coastal Road Project:** The Coastal Road Project in Mumbai is expected to be completed by the next financial year. Piling, segments casting, and launching works of Bridges and Interchanges are on schedule. The design of the sea link connector has been revised with a longer navigation span of 120m.
2. **DMRC DC-06:** The construction of 1.4 km long twin tunnel by Shield TBM, tunnel box, and underground ramp of DN Line of 'Janakpuri West - RK Ashram Corridor' is completed. Underground station of Krishna Park Extn. and other civil works are nearing completion.





3

3. **Anji Khad Bridge:** Final segment launched on May 26, 2023. It is the first cable stay bridge for Indian Railways. It will connect Tunnel T2 on the Katra side and Tunnel T3 on the Reasi side on Udhampur-Srinagar-Baramullah railway line.
4. **Tunnel T49A:** The finishing works of the tunnel, bridges and station yard are progressing well at the T49A Railway Tunnel project in Jammu and Kashmir. The company has also received a variation order for additional works.



4





5



6

**5. Bangalore Metro:** The construction of 6.04 km long elevated metro corridor including viaduct, 5 stations, and rail cum road flyover has been completed. The finishing civil and architectural works are nearing completion.

**6. Rajasthan Atomic Power Project - Units 7&8:** The project team has completed and handed over 35 facilities out of 38 to the client. Integrated Leak Rate Test (ILRTS) of Unit-7 was conducted successfully in 1<sup>st</sup> attempt in the history of NPCIL. The concreting of Calandria Vault Closure and FMV door/walls are balance.





7

**7. Nikachhu Hydro Power Project:**

Significant work on the dam has been completed as water flows through two dam spillway gates. HRT breakthrough was achieved on 14 December 2022. The powerhouse work has been completed and handed over to the E&M contractor. The dry run of the powerhouse will be done soon.

- 8. Parwan Dam:** Dam foundation excavation is completed and the concreting of the Left flank up to Trunnion Level completed & Right Flank of Dam is in progress. The concrete lining of the tunnel of approx. 8 km was completed out of 8.708 km.



8





1



2

## STEINER AG

1. **LES RIVES DE BRAMOIS:** Les Rives de Bramois offers a collection of 110 apartments, providing a sustainable living experience just moments away from the city. Les Rives de Bramois is a testament to the appeal and success of this thoughtfully crafted development.
2. **Gupfengarten:** Gupfengarten, a dynamic residential project, is expected to be completed by December 2023. This development offers a mix of 57 apartments and row houses, providing diverse housing options for future residents.





## COMPANY INFORMATION

### BOARD OF DIRECTORS

[Ajit Gulabchand](#) | Chairman

[Arjun Dhawan](#) | Executive Vice Chairman

[Jaspreet Bhullar](#) | Managing Director  
& Chief Executive Officer

[N. R. Acharyulu](#) | Independent Director

[Santosh Janakiram](#) | Independent Director

[Mahendra Singh Mehta](#) | Independent Director

[Mukul Sarkar](#) | Nominee Director

[Dr. Mita Dixit](#) | Independent Director

[Arun Karambelkar](#) | Independent Director

[Aditya Pratap Jain](#) | Non-Executive &  
Non-Independent Director

### KEY MANAGERIAL PERSONNEL

[Rahul Rao](#) | Chief Financial Officer

[Nitesh Kumar Jha](#) | Company Secretary

### STATUTORY AUDITORS

Walker Chandiok & Co. LLP, Chartered Accountants

### REGISTRAR & SHARE TRANSFER AGENTS

TSR Consultants Private Limited  
C-101, 1<sup>st</sup> Floor, 247 Park,  
Lal Bahadur Shastri Marg, Vikhroli (West),  
Mumbai – 400083

### REGISTERED OFFICE

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

# MANAGEMENT DISCUSSION & ANALYSIS

## INTRODUCTION

Hindustan Construction Company Limited ('HCC' or the 'Company') is engaged in the engineering and construction of large infrastructure projects. The Company's core competencies in the areas of design, engineering and execution are focused on complex projects of national importance in the areas of transportation, power, marine, water and industrial. HCC's projects are hallmarks of quality, excellence, and precision; the Company has delivered numerous engineering marvels within each of its respective segments.

HCC's contribution to India's infrastructure landscape includes 26% of India's hydropower capacity, over 60% of India's nuclear power generation capacity, 4,036 lane km of roads and expressways, 395 bridges and 360 km of complex tunnelling.

India has shown unwavering resilience in the face of multiple global macroeconomic and geopolitical shocks. A pandemic, increasing geopolitical tensions, supply chain disruptions and inflation have exposed fault lines in weaker economies and governments around the world. India has on the other hand withstood much of this volatility and is the fastest growing large economy. India also has the distinction of remaining true to climate change goals. While certain commercial challenges such as rising construction costs and supply shortages persist, the bold structural reforms carried out by the Government along with good governance and fiscal discipline, have paved the way for greater investment in infrastructure and stronger GDP growth in the long term. Consequently, India is well on track to becoming a USD 5 trillion economy. Leveraging its expertise in infrastructure industry, HCC is well-positioned to take advantage of the opportunities as they unfold.

## MACROECONOMIC REVIEW

The Economic Survey 2022-23 projects a baseline GDP expansion of 6.5% for FY24, which is similar to assessments by the Asian Development Bank, and the Reserve Bank of India. Controlled inflation and increased private sector investments are among the key factors supporting India's GDP growth. The Emergency Credit Linked Guarantee Scheme (ECLGS) has aided the Micro, Small, and Medium Enterprises (MSME) sector, which has witnessed substantial credit expansion.

Apart from boosting infrastructure, the central government's capital expenditure has also helped improve rural living conditions, boosting overall demand. Employment generation and food security measures have been aided by better implantation of the Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS), PM-Kisan, and PM Garib Kalyan Yojana. Despite some global economic headwinds, the Indian economy, now the fifth largest, will persist in its trajectory and regain its pre-pandemic growth rate.

### Government Spending

A look at the budget recommendations can tell us a lot. The Union Budget for 2023-24 recommended a 37.4% rise in capital

expenditure, with greater spending on transportation and infrastructure boosting capital creation for states.

In the agricultural sector, budget allocations rose by 5%, with most spending allocated to cash transfers, interest subsidies, and crop insurance programs. A 13% increase in the Ministry of Education's budget allocation will positively impact the skilled workforce needed for industry expansion.

Significant funding has been allocated to Defence, Road Transport and Highways, Railways, and Agriculture sectors. The Ministry of Road Transport and Highways has seen a 25% increase in allocations, mainly for investment in the National Highways Authority of India (NHAI).

Challenges still persist in areas such as healthcare, where high out-of-pocket costs and personnel shortages exist, or in the areas of environment while pricing climate change adaptation. In summary, targeted investments and spending in key sectors are expected to shape India's industrial growth, but addressing underlying challenges will be crucial for ensuring sustainable progress.

During FY23, government capital expenditure (capex) significantly contributed to the growth of the Indian economy. The central government's capex rose by 63.4% in the first eight months of FY23, encouraging private capex. The ongoing trend suggests that the full year's capital expenditure will meet the budget estimates. A sustained increase in private capex is likely due to stronger corporate balance sheets and the predicted rise in credit financing.

In FY23, construction activity increased, driven by the central government's expanded capital budget and increased activity by its public sector enterprises. The country's economic output is expected to grow by at least four times the amount of capex, according to India's capex multiplier estimate. States are collectively progressing well with their investment plans, supported by a larger capital budget from the central government, grants-in-aid for capital works, and interest-free loans repayable over 50 years.

The Indian government's emphasis in the last two budgets was on a strategic package designed to stimulate private investment and address infrastructure gaps in the country. This strategy involved crowding in private investment by divesting non-strategic PSEs and idling public sector assets. Three factors support this strategy: the considerable increase in budgets in FY23, robust direct tax revenue and GST collections, and the resurgence of private sector investment since Q4 FY2022.

### Consumption Boost

In 2022-2023, consumption was a key driver of economic growth and recovery. The impressive rebound in private consumption contributed to increased production activity and a rise in domestic capacity utilization. Near-universal vaccination coverage and the receding pandemic allowed people to spend



on contact-based services like restaurants, hotels, shopping malls, and cinemas. The return of migrant workers to cities also played a significant role in this resurgence.

Private consumption in November 2022 remained strong, with the highest percentage of GDP devoted to it since 2013-14. Q4 2022-23 numbers from the National Statistical Office (NSO) estimate Private Final Consumption Expenditure (PFCE) for the financial year 2022-23 to be ₹1,64,94,733 crore, which represents a 60.6% share of the Gross Domestic Product (GDP).

The upturn in consumption also affected the housing market, as housing loan demand increased, causing a decrease in housing inventories, a firming of prices, and a rise in new dwelling construction.

According to the Reserve Bank of India's Consumer Confidence Survey from May 2023, there's a noticeable upward trend in people's outlook on their current and future job and income situations. While there's still a hint of caution, the Current Situation Index, which measures overall consumer confidence, has risen slightly since the last survey. This marks a continued recovery of confidence levels since the second wave of the Covid-19 pandemic. The Future Expectations Index, which gauges people's optimism about the economic situation in the coming year, also saw a slight increase. As of May 2023, people's feelings about their current income have improved significantly, nearing a neutral sentiment. The survey also shows that people are generally positive about the job market and their earnings prospects for the next year.

### Banking and Credit

In 2022-2023, the Indian economy witnessed a resurgence in banking and credit, supported by various macroeconomic indicators. Growth in FY24 is anticipated to be robust due to an increase in credit disbursal and the unfolding capital investment cycle in India. Supporting this growth is the fortification of corporate and banking sector balance sheets. The government supports funding flows through expanding public digital platforms, initiatives like PM GatiShakti, the National Logistics Policy, and the Production-Linked Incentive schemes.

Credit growth in the Micro, Small, and Medium Enterprises (MSME) sector has been notably strong, averaging over 30.6% from January to November 2022. This growth is facilitated by the Union government's extended Emergency Credit Linked Guarantee Scheme (ECLGS). MSMEs are experiencing a swift recovery, as evidenced by the amounts of Goods and Services Tax (GST) they pay and the ECLGS's alleviation of their debt servicing concerns. A recent CIBIL report revealed that 83% of borrowers who availed of the ECLGS were micro-enterprises, with more than half having an overall exposure of less than ₹10 lakh.

More recently, over 800 corporates and institutions mobilized a record ₹8.3 trillion through private placement of corporate bonds in FY23, due to factors such as overseas borrowings becoming more expensive and higher interest rates domestically. This surge in corporate bonds indicates a shift in funding preferences, with borrowers moving away from volatile bond

markets and external commercial borrowings toward these instruments.

The financial strength of banks has improved, allowing them to increase lending. However, contrary to previous expectations, the rise in corporate bonds issuance in FY23 suggests that these instruments have not been less appealing but rather have seen a significant increase.

Looking ahead to FY24, while credit growth is expected to be strong if inflation decreases and the real cost of credit remains stable, recent taxation changes in debt mutual funds, which are big investors in the corporate bond space, are likely to slow down corporate bond issuances. This could potentially impact the overall credit growth.

### Monetary Policy

Throughout 2022-2023, the Indian economy displayed remarkable resilience in the face of numerous global challenges and a deceleration in worldwide growth. The IMF's World Economic Outlook (April 2023) anticipates a slowdown in global growth from 3.4% in 2022 to 2.8% in 2023. Furthermore, the World Trade Organization forecasts a decrease in global trade growth from 2.7% in 2022 to a mere 1.7% in 2023, as the consequences of the war in Ukraine, high inflation, tighter monetary policy and financial market uncertainty suppress trade activity.

These global issues have resulted in skyrocketing prices for essential commodities like crude oil, natural gas, fertilizers, and wheat, intensifying inflationary pressures. Inflation in Advanced Economies (AEs) surpassed historical highs, while Emerging Market Economies (EMEs) faced increased inflation due to the escalation of commodity prices.

Despite the global growth and trade slowdown, India has demonstrated its ability to navigate the tumultuous international economic landscape. The resilience of the Indian economy amidst these challenges underscores its inherent strength and potential to maintain growth in an uncertain global environment.

Persistent high inflation levels, geopolitical uncertainties, and tightening financial conditions have impacted global economic activity, prompting most central banks to adopt a tightening stance. Throughout FY23, the Consumer Price Index (CPI) inflation remained high, influenced by adverse supply shocks and elevated input costs. However, in March 2023, inflation dropped from 6.44% to 5.66%.

Over the last year, the Monetary Policy Committee (MPC) has increased the policy repo rate by 250 basis points between May 2022 and February 2023. Yet, surprisingly, the RBI left the rate unchanged at 6.5% in April.

Retail inflation in India surpassed the Reserve Bank of India's (RBI) upper tolerance limit for ten consecutive months before dropping to a 16-month low of 5.66% in March 2023. In February 2023, the RBI forecasted a revised headline inflation rate of 6.5% for FY23, down from a previous forecast of 6.7%.

Assuming inflation stays in this range in FY24 and the real cost of credit remains stable, vigorous credit growth is probable.

However, if inflation persists, the tightening cycle might be extended, leading to increased borrowing costs for a longer duration and potentially decelerating global growth in FY24. This is the biggest risk to stronger economic growth.

However, India's well-targeted support measures are expected to kick in if inflation goes up. Additionally, rural welfare indicators have shown improvement, according to the National Family Health Survey (NFHS). Despite external challenges and disruptions, India has relatively showcased economic resilience, sustaining growth momentum and positive stock market returns.

## INFRASTRUCTURE AND CONSTRUCTION IN INDIA



In 2019, Government of India adopted a stronger approach towards infrastructure. The National Infrastructure Pipeline (NIP) was born with a projected investment of around ₹111 lakh crore for FY20-25. The NIP currently has 8,964 projects with a total investment of more than ₹108 lakh crore under different stages of implementation. Regarding sectoral composition, the transport sector constituted more than half of the projects.

The government has assigned infrastructure and investment as one of the seven priorities of the Union Budget 2023. The capital investment outlay has increased for the third successive year by 33.4% to ₹10 lakh crore equivalent to 3.3% of GDP. Effective capital expenditure of centre is budgeted at 13.7 lakh crore equivalent to 4.5% of GDP which is around 303.03 lakh crore. Support to State Governments with 50-year interest free loan has been continued to incentivize infrastructure investment with capital investment outlay of ₹1.3 lakh crores.

The highest ever capital outlay of ₹2.4 Lakh crore has been made for Railways, approximately nine times the allocation in 2013-14. This massive allocation to railways is in line with the National Rail Plan which envisages to create a 'future

ready' Railway system by 2030 and create capacity ahead of demand. Even the Ministry of Road Transport and Highways saw a 36% increase in its budget to about ₹2.7 lakh crore. Around 100 transport projects have been identified for end-to-end connectivity for ports, coal, steel, fertilizer sectors with investment of ₹75,000 crore (including ₹15,000 crore from private sources).

The Urban Infrastructure Development Fund was established for creating Urban Infrastructure in Tier 2 & Tier 3 cities and it is expected that ₹10,000 crore per annum will be made available. States and cities are encouraged to undertake urban planning reforms and actions to transform cities into sustainable cities with efficient use of land resources, adequate resources for urban infrastructure, transit-oriented development, enhanced availability and affordability of urban land. Around 50 additional airports, heliports, aerodromes and advance landing grounds are to be revived for improving regional air connectivity. ₹35,000 crore has been allocated for priority capital investments towards energy transition and net zero objectives, and energy security by Ministry of Petroleum & Natural Gas.

Funding for infrastructure comes from a variety of sources, from government to private sector to multilateral. However, given the quantum of funding involved, a creative financing option such as asset monetisation was also envisaged through the 5-lakh crore National Monetisation Pipeline. Apart from generating critical financial resources, private participation in running risk-free brownfield assets also helped in ushering in operational efficiencies and better management of public assets.

The programmatic approach to infrastructure is complemented by structural and financial reforms such as infrastructure financing options of InvITs and REITs, creation of Dedicated Financing Institution (NaBFID), recapitalisation of other sectoral DFIs, push to PPP ecosystem through Model Concession Agreements and enabling social infrastructure development through the revamped Viability Gap Funding scheme.

To bring in further convergence with comprehensive planning across centre and states, PM GatiShakti was launched for logistics facilitation through the National Logistics Policy in September 2022. All of this is expected to tighten the nuts and bolts for the arduous infrastructure journey that our country has undertaken together by the participation of centre, state, local governments, and the private sector.

This story has seen many successes. While roads, railways, and waterways have seen unprecedented expansion in the last eight years, ports and airports have been substantially upgraded. This has also helped the country move from unimodal to multimodal transportation, providing a window of opportunity to the private sector to invest and reinvest in these assets.

With the intent to improve Ease of Doing Business and facilitate overall probusiness environment, Ministry of Finance has issued a blueprint for Vivad se Vishwas II (Contractual Disputes) scheme. The scheme intends to setup a conciliation mechanism for settling the contractual disputes of Government and Central Government undertakings with private parties. The scheme allows a one-time settlement amount of up to 80% of the disputed amount, depending on progress and stage of the claim

under the dispute resolution mechanism. This is a welcome move, and once implemented after taking into account inputs provided by industry, the scheme can give a boost to the sector as a whole.

As per India's Nationally Determined Contribution (NDC) under the Paris Agreement, India is committed to achieve 50% installed capacity by non-fossil fuel sources by 2030. To follow up on its commitment to clean energy, it has issued guidelines to promote pumped storage projects through concessional finance and rationalisation of environment clearance. Nuclear power is also seeing a renewed push from the government in line with its clean energy commitment. India approved 10 indigenously developed nuclear reactors and is also taking steps for development of Small Modular Reactors (SMR)

In the context of unique challenges, which only a country with a billion people can face, India's infrastructure journey has been global in outlook, but domestic in innovation and implementation.

## HCC: STRATEGIC DEVELOPMENTS

HCC has undertaken several initiatives to ensure sustainable growth through streamlining operations that has reflected in improved cashflow and performance for FY23. Some of these initiatives are explained below:

### Organisation Structure

After serving for four decades, Mr. Ajit Gulabchand will continue in a non-executive capacity as HCC's Chairman and mentor effective April 01, 2023. Mr. Arjun Dhawan was re-designated as the Executive Vice Chairman effective December 01, 2022 and Mr. Jaspreet Bhullar was appointed as Managing Director & Chief Executive Officer (MD & CEO), effective April 01, 2023.

### Business Development

The Company has begun initiated new relationships with Government of India undertakings to participate and leverage its credentials in strategic opportunities in India and abroad. Besides the infrastructure segments such as Hydropower, Nuclear power, Transportation, and Water Solutions where HCC's domain expertise lies, the Company is exploring emerging sectors such as offshore wind energy and new renewable energy.

### Completion of Debt Carve-out

HCC completed its debt resolution plan, duly supported by 23 banks and financial institutions in September 2022. This special project carved-out a significant portion of HCC's debt along with commensurate assets from its balance sheet. This event results in a long-awaited solution to the asset-liability timing mismatch faced by HCC on account of delayed realization of its arbitration awards and claims. This milestone gives us the freedom to focus on building our business with renewed confidence, by addressing a fundamental legacy issue relating to delayed arbitration payments. The resolution plan not only addresses the debt availed by HCC but also provides for resolution of HCC's guarantee obligations in relation to Lavasa's debt.

Thus, HCC has transferred ₹2,854 crore of lenders' liability along with beneficial economic interest in arbitration awards & claims of ₹6,508 crore as consideration to a Special Purpose Vehicle (SPV). This SPV will have an external investor controlling at least 51% and HCC holding balance shares. The SPV debt is significantly over-collateralised and is expected to be fully serviced from its own receivables.

This carve-out will reduce the debt on HCC's books to ₹3,575 crore, resulting in a significant reduction in interest burden to the tune of around annualised ₹400 crore annually from ~₹950 crore earlier.

With the completion of this strategic project, it is now back to business as usual with the focus of Company shifting to new order acquisition and growth.

### Strategic Divestments



The Company concluded the sale of Baharampore-Farakka Highways Limited ("BFHL") to Cube Highways and Infrastructure V Pte Ltd ("Cube") on March 28, 2023, at an enterprise valuation of ₹1,323 crore, which includes SPV debt of ₹646 crore. HCC Group is to receive a total of ₹941 crore which includes upfront amount of ₹677 crore and ₹264 crore payable by Q3 FY24 and Q1 FY25 in two tranches, contingent on traffic projections. Additionally, as part of the agreement with Cube, HCC will be entitled to a revenue share from BFHL over the entire concession period, which is material in nature. HCC's concessions portfolio has been a value generator for the Company and this asset sale underscores the material liquidity contribution toward operations and growth.

The sale of BFHL is in line with our strategy to divest completed, de-risked assets at premium valuations, thereby providing growth capital for new projects. The Company is actively evaluating new opportunities in the HAM/BOT arena.

### Consolidation at HCC Infrastructure Company Ltd.

The Company concluded the strategic reorganization of HCC Infrastructure Company Ltd. which included a merger scheme of HCC Concessions Ltd., HCC Power Ltd., HCC Energy Ltd., Dhule Palesnar Operations & Maintenance Ltd and HCC Infrastructure Company Ltd. under Section 230 to 232 of the Companies Act, 2013 in March 2023, thereby consolidating its portfolio.



## RISK MANAGEMENT:

HCC is committed to high standards of business conduct and considers a robust risk management framework to be a core component of good governance & management. The key objectives of the policy are to:

- identify and act timely on risks and opportunities
- protect the Company's assets and business interests
- achieve sustainable business growth and safeguard Shareholder's investment.
- to ensure compliance with applicable legal and regulatory requirements

This policy is intended to ensure that an effective risk management framework is established and implemented for the Company and its subsidiaries.

The Risks are primarily managed by the concerned business functions transacting the business due to which the risk arises.

To achieve these objectives, the Company aims to ensure that:

- Risks are identified, assessed in context of its potential impact on achieving Company's objectives and are continuously monitored and managed.
- The risk related information to be escalated to all concerned on timely, accurate to support decision making by the management at all levels.

All employees actively engage in risk management within their own areas of responsibility and spheres of operations.

The Risk Management process consists of following, 1) Identification of risks at all levels 2) The risks identified be to prioritized based on its likelihood and anticipated impact 3) action plan to mitigate the risk identified 4) The risk management and mitigation plan reviewed regularly.

The combination of likelihood of occurrence and the magnitude of impact provides the risk assessment at the gross level. The assessed risk level is sought to be reduced by initiating control actions called mitigation plans/new controls or strengthening existing controls. Operating team is responsible for implementation of mitigation plan.

The Risk Management framework is structured at two levels:

1. Enterprise Risk Management, which focuses on overall business level risks and addresses processes and systems to mitigate the risks along with specific action plans; and
2. Project Level Risk Management, which deals with the risks from the tendering to execution to handover stage.

The Risk Committee to meet at least once in 6 (Six) months, to review existing risk management policy, framework, processes, structure, and mitigation plan. The implementation of the Risk Management is monitored through the Risk Organization structure which clearly identifies the Risk Process Owners and details the roles and responsibilities of the key players.

## OPERATIONS REVIEW

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

### HIGHLIGHTS FY23

HCC has registered its highest ever turnover in FY23. The operations improved with enhanced project delivery due to various strategic initiatives taken during the year.

- Taking over certificate received for DGNP Dry Dock Project (Maharashtra).
- Completion certificate received for Tunnel-15A Project (Mizoram).

### BUSINESS DEVELOPMENT

HCC's business development strategy is focused on consolidation of order book in existing geographies and focus on high value jobs in less competitive spaces of Urban Infra & Hydro Power. With strategic bidding of ~₹5,700 crore across key sectors, the Company has secured a contract worth ₹3,681 crore during FY23 along with JV/Consortium Partners. The contract is for constructing the Bandra Kurla Complex Station of the 508.17 km long Mumbai-Ahmedabad High-Speed Rail. HCC's entry into building a high-speed bullet train station represents a significant opportunity for the Company to expand its portfolio and establish a foothold in the high-speed rail construction industry. This new project allows HCC to leverage its expertise in constructing large-scale infrastructure projects and apply it to a cutting-edge transportation system.

### PROJECT PERFORMANCE

The performance of projects improved compared to the previous year, and this is reflecting in the continuous quarterly results of the Company. Certain challenges persist, which include the high demand for construction manpower due to rapid increase of infrastructure projects across the country, especially in urban centres. Inflationary pressures which led to abnormal increase in diesel, cement and steel prices have also impacted project cashflows and performance.

The management team's main focus has been on (i) augmenting internal capabilities in the Company's core business of Engineering & Construction; (ii) managing and mitigating risks in a volatile macroenvironment; (iii) being selective in securing new orders; (iv) continuously improving operational parameters; and (v) resolving contractual issues with Clients.

## PROJECTS UPDATE

### Transportation:



Mumbai Metro Line 3 Project, Maharashtra

The transportation sector has around 50% of the order backlog. Updates on major projects are as below:

- Coastal Road Project in Maharashtra is progressing well on available work fronts. Piling, segments casting and launching works of Bridges and Interchanges are progressing well. The Client, honoring the request by Fishermen in the vicinity of the project, has revised the design of the sea link connector to offer a longer navigation span than 60m provided earlier. Accordingly, a navigation span of 120m has been added under the revised scope of work.
- Mumbai Metro in Mumbai, Maharashtra: station works, crossovers, entry and exit works are progressing well in CST, Kalbadevi, Girgaon and Grant Road stations.
- Delhi Metro Rail Corporation under contract no. DC06: Tunnel breakthrough of upline (1.4 km) of Phase-4 by TBM is completed. Station works and other civil works are progressing well.
- Railway Tunnel T-49A in Jammu and Kashmir received the variation order for additional works. Tunnel, Bridges and station yard works are progressing well.
- Railway Tunnels T13 & T14 in Jammu and Kashmir: Tunnel Lining of 9.8 km in Main Tunnel and 5.9 km in Escape Tunnel completed out of 11 km each.
- Anji Khad Cable-Stayed Bridge in Jammu & Kashmir: Indian Railway's first cable stay bridge over Anji River was completed on May 26, 2023, with launching of the last segment connecting Katra and Reasi. This iconic bridge connects Tunnel T2 on the Katra side and Tunnel T3 on the Reasi side on Udhampur-Srinagar-Baramullah railway line.
- Imphal Kangchup Temenglong Road in Manipur: 34 km of Dense Bituminous Macadam (DBM) works, and 15 km of Bituminous Concrete (BC) works completed out of 65.3 km. Balance Road works, Slope Protection works, and structure works are progressing well.
- Numaligarh Jorhat Road in Assam: With 90% of works completed, the project is operational. 76.5 km out of 77.5 km of main carriage way, 10 km out of 25 km service roads, and structures are completed. Balance works of toll plaza and service roads and main road infrastructure are in progress.
- Sone Bridge in Bihar: All the balance works of the project i.e 3 km of road works, structures, and road Infrastructure were completed. The project completion certificate is received.

### Hydro Power:

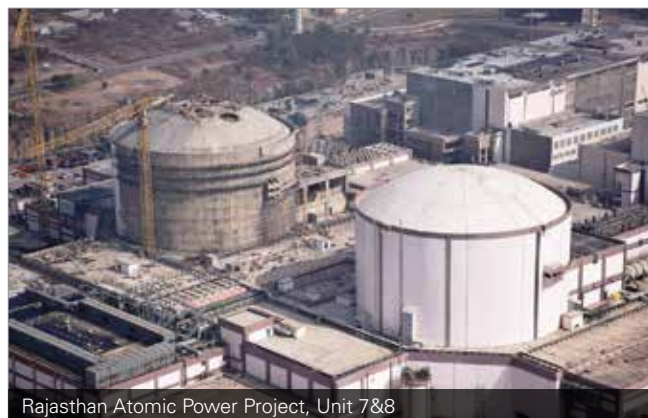


Tehri Pumped Storage Project, Uttarakhand

25% of the order backlog is from the Hydro sector, and the performance of projects has improved with various support measures from the client. Updates on major projects are as below.

- Tehri Pumped Storage Plant in Uttarakhand: all civil and electro-mechanical works are progressing as per schedule.
- Tapovan Vishnugad HEP in Uttarakhand was suspended from January 05, 2023 as per the instructions of District Administration due to subsidence of Joshimath. Currently the matter is in Hon'ble High Court.
- Vishnugad Pipalkoti HEP in Uttarakhand progressing per schedule with the able support of client THDC. TBM Adit and all preparatory works are in progress for commencement of Tunnelling through TBM.
- Nikachhu HEP in Bhutan: HRT Excavation completed and River diversion through Radial gates of Dam completed.

### Nuclear Power:



Rajasthan Atomic Power Project, Unit 7&8

Updates on major projects are as below:

- The Fast Reactor Fuel Cycle Facility (FRFCF) at Kalpakkam in Tamil Nadu: The fuel reprocessing plant building, substation building, and allied structures work is on schedule. Retaining

wall works are completed and structural works are in progress in Block 3 to Block 7.

- The Rajasthan Atomic Power Project Unit 7 & 8: In Nuclear Building 7 (NB-7), all structural and finishing works are completed. In Nuclear Building 8 (NB-8), Slab & OC ring beam is completed. Dome concreting is complete. RAB-8 finishing works are in progress. Control building finishing works are nearing completion.
- The Integrated Nuclear Recycle Plant for Bhabha Atomic Research Centre (BARC) at Tarapur: The civil structures along with allied mechanical and electrical works for fuel processing building, lab building, and disposal block is on schedule. At Block 102A & 102B civil structural work for HEB Area from Grid 1-10 is complete. Finishing work like block masonry, plastering, flooring etc in HEB Area from Grid 1-10 is in progress. Filter bank wall casting in progress. At Block 105, vault area & filter bank civil structural works are in progress. At block 106, Unit 1 & 2 slab works in progress. Unit 3 column reinforcement & in Unit 4 Filter Bank slab in progress. In Unit 5 & 6 column & tie beam works in progress.

#### **Water Supply and Irrigation:**

- Parwan Dam in Rajasthan: Tunnel Excavation completed. Tunnel invert lining 5.2 km completed out of 8.7 km and 55% of Dam concrete completed.

## **MANAGEMENT SYSTEMS**

HCC has adopted an Integrated Management System by integrating ISO's quality, environment, and occupational health & safety management systems, i.e., ISO 9001:2015, ISO 14001:2015 & ISO 45001:2018, respectively. This Integrated management system facilitates the organisation's entire operation.

The Company strongly believes in delivering quality products to its customers. The backbone of delivering quality is the Company's established Mission, Vision, IMS policy and IMS objectives, processes, and systems. To deliver on this objective, HCC has established an SAP-QM (quality management) module at all sites to monitor quality.

The effectiveness of the implementation of IMS is ensured through MRM meetings, IMS internal and external audits at projects and head office functions.

In FY23, HCC successfully completed its ISO recertification process. The recertification audit involves an intense audit across all the functions at the head office and projects. Four projects, one from each sector, viz. Metro, Hydro, Transport and Nuclear were selected and underwent the recertification audit. After the audit completion, HCC was recertified for all three-management systems, i.e., ISO 9001:2015, ISO 14001:2015 and ISO 45001:2018.

Various national and international days were observed and celebrated during this FY 22-23 across all the projects and the head office. The days are observed to spread awareness

and educate the masses, reflecting our commitment towards working safely and towards the environment. Various HSE-related training and promotional activities were organised during observation of these days, like,

- First Aid Training
- Fire Fighting training.
- Tree Plantation
- Cleaning drives
- Various field games
- Awards and recognition to the workmen

The following events were observed at the projects,

- National Safety Day
- World Quality Day
- World Environment Day
- World AIDs Day
- World Water Day

#### **Industry Awards received:**

1. In June 2022, the DMRC DC-06 project was awarded the "Best Environmentally managed contract" in Phase-IV of Delhi Metro for 2021-22.
2. In September 2022, the DMRC DC-06 project was awarded "Safety Innovation Awards 2022" by the Institution of Engineers (India) for implementing innovative safety management systems in the project.
3. In February 2023, the Parwan Dam project received a certificate of recognition & appreciation for achieving 3.5 million Safe Man Hours from the Client.
4. In March 2023, RAPP 7 & 8 was awarded Best Housekeeping Site by the Client.
5. In March 2023, BARC Tarapur won the Prashansa Patra Award 2022, and projects VPHEP, MCRP and Tehri pumped storage plant won the certificate of appreciation.
6. In April 2023, the IKTR project received a certificate of recognition & appreciation for achieving 5 million Safe Man Hours from the Client.

## **KEY SUBSIDIARIES**

### **HCC INFRASTRUCTURE COMPANY LTD.**

HCC Infrastructure Company Limited (HICL) is a wholly owned subsidiary of HCC and is entrusted with investment and development in the Public Private Partnership (PPP) mode under the various BOT/ BOOT / HAM / Annuity models. HICL has developed a premium portfolio of ~₹7,000 crore of road assets under India's National Highway Development Program on DBFOT (Design, Build, Finance, Operate and Transfer) basis.

Over the last two years FY21-22 and FY22-23, HICL has reorganized its business through merger of its subsidiaries, has provided successful exits to its private equity investors, achieved full debt repayments and is largely debt free. The





Farakka Raiganj Highway (NH-34), West Bengal

strategic sale of its completed BOT assets at premiums raised material capital, which is being re-deployed for new projects and which has contributed to the working capital requirements of the group.

The sale of Baharampore-Farakka Highways Limited (BFHL) to Cube Highways and Infrastructure V Pte Ltd. was completed at an enterprise valuation of ₹1,323 crore in March 2023. During the year, the Company managed smooth toll operations collecting ₹135 crore toll revenue, while also furthering the pace of construction of balance works by ₹212 crore. The sale of BFHL is in line with our strategy to divest completed, de-risked assets at premium valuations, thereby providing growth capital for new projects. The Company is actively evaluating new opportunities in the HAM/BOT arena.

In March 2023, the scheme of merger U/s 230 to 232 of the Companies Act 2013 was concluded thereby merging HCC Concessions Ltd., HCC Power Ltd., HCC Energy Ltd., and Dhule Palesnar Operations & Maintenance Ltd. with HICL. The merger reorganises the legal entities in the group structure to ensure optimized corporate holding structure and reduction in the multiplicity of legal and regulatory compliances at optimized cost.

## STEINER AG

Steiner AG, HCC's wholly-owned subsidiary, is a leading Swiss real estate service provider with a focus on project development and construction. The business is primarily divided into four offerings.

- Real estate development, including long-standing brownfield projects and redevelopment projects.
- General and Total Contracting, where it provides complete turnkey building services from design to construction.
- A model of developing financial vehicles that fund real estate development and is working on partnerships with funds.
- The new business field "Steiner Digital" for digital collaboration platforms serving properties' entire life cycles.

The Company has recently launched a complete business transformation process. It involved the bifurcation of Real Estate Development and Building Construction businesses while exiting in a phased manner from the construction business in



Glasi-Quartier, Bülach

Eastern Switzerland. Another key element of the transformation exercise has been to shore up liquidity while exiting non-core investments and settling pending litigations.

To achieve this transformation, the Company's leadership underwent a change with Mr. Arjun Dhawan's appointment as Delegate of the Board of Directors and Mr. Michael Schiltknecht as CEO. These steps represent a decisive move towards establishing Steiner as Switzerland's premier real estate developer, boasting construction and digitalisation expertise.

The Company has expanded its knowledge and capabilities in digital technologies, forming beneficial partnerships that leverage digital technology to develop custom-tailored innovations for the market. In addition, Steiner has partnered with a well-known Content Cloud provider to create a new end-to-end digital real estate platform that can manage content more efficiently and improve planning quality. With the Steiner Digital platform, our goal is to create a complete set of solutions for all stages of property development, including land acquisition, planning, construction, and property management.

Some of the major projects being executed by Steiner AG are:

- Construction of Glasi-quarter, a new urban district in Bülach with 500-plus apartments, a residential and care centre, a hotel and over 20,000 m<sup>2</sup> of light-industrial and service-sector units.
- Gupfengarten residential development in Niederweningen, condominium development with a good mix of apartments and row houses in total 57 units.
- Vitznau residential project in Lucerne, development of condominiums with a good mix of apartments of total 16 units with a wonderful view of the Vierwaldstättersee lake.
- Mix city project in Renens, Lausanne, a multipurpose and urban green building for industries which incorporates an ambitious architectural approach and innovative features, including urban agriculture on the roof and innovative energy production methods.
- Le Day Project in Vallorbe (Canton Vaud), five buildings with 72 apartments
- Floating Gardens project in Zug, a residential construction project comprising two modern buildings with 14 high-quality apartments.

- Unter Erlen development project in Wollerau (Canton Schwyz), a high-quality residential area with views of Lake Zurich with total area of approx. 19,000 m<sup>2</sup>.

Steiner AG reported revenues of CHF 528.5 million (₹4,684 crore) in the financial year 2022-23 as compared to CHF 754 million (₹6,083 crore) in the previous year and a loss of CHF 42.4 million (₹375 crore) as compared to a net profit of CHF 39 million (₹315 crore) in the previous year. The Company secured fresh orders worth CHF 444 million (₹3,936 crore). The order book stood at CHF 967 million (₹8,572 crore) at the end of the financial year.

## HUMAN RESOURCES (HR)

Employees are HCC's greatest asset. We aim to attract and retain the best, provide them with encouragement and stimulus and make them feel that they are an integral part of the Company's mission.

Our policies supporting our employees' wellness, health, and security have kept them engaged and continued with us for long tenures. As a result, despite various challenges, we have developed, engaged, and retained our talent and workforce across project sites. The performance management system has been revamped to ensure that we had a robust mechanism to identify, reward and retain our top performers.

We continue to automate and digitize HR processes making them more efficient. The online goal setting and Performance Review module was digitized this year. It ensures that all our information on employee performance is correct which is crucial in various Talent Management practices like succession planning, enhanced roles etc.

We continue to nurture and grow our talent through various behavioural, functional, and technical learning programs. We have revamped our employee induction program to ensure that our new joiner get an improved employee experience, thereby enabling their seamless assimilation into the system. Over the year, we had 20876 man-hours learning hours through various online and offline training initiatives.

HCC has also been focusing on diversity and inclusion. We have been hiring employees across genders, regions, religions, physical abilities, education backgrounds and experience. We had 278 employees join us across the organization in FY23 of which 66% are millennials. We continue to hire fresh graduates from Tier 1 & Tier 2 Engineering and Management Institutes building our Talent pipeline for the future.

Our total workforce count is 14,332 of which 4,764 is the permanent employee count, and 9,568 is our temporary staff count.

We have also strengthened our Leadership Team to achieve our Business Goals and enable multi-fold growth over the coming years. We continue to review our HR policies and build processes and systems to ensure a best-in-class, future-ready organization and be a preferred employer of choice.

## FINANCIAL REVIEW

**Table 1: Abridged Profit and Loss account of HCC** (₹ crore)

	Standalone	
	FY 23	FY 22
Total Income from operations	5,283.2	4,746.5
Construction Cost (incl. material) / other exp.	4,185.9	3,531.4
Employee Cost	323.8	345.9
EBITDA (excluding Other Income)	712.4	788.9
EBITDA margins (excluding Other Income)	13.6%	16.9%
Finance Cost	664.0	948.8
Depreciation	78.1	93.6
Exceptional Items – Gain / (Loss)	223.3	-
Profit/ Loss before Tax	31.6	(173.3)
Profit / (Loss) Before Tax after Exceptional items	254.9	(173.3)
Tax	1.5	(20.2)
Profit / (Loss) After Tax	253.4	(153.1)
Other comprehensive income (after tax)	0.7	7.9
Total Comprehensive Income (after Tax)	254.1	(145.2)

### Key Financial Ratios

	Standalone		Reason for variance more than 25%
	FY 23	FY 22	
Debtors Turnover Ratio (in times)	1.51	1.08	Owing to increase in the revenue and decrease in average trade receivables on account of assignment of arbitration awards to Prolific Resolution Private Limited as part of debt resolution plan
Inventory Turnover Ratio (in times)	21.59	17.21	Owing to increase in the cost of goods sold
Interest Coverage Ratio (in times)	1.23	0.87	Owing to reduction of debt due to implementation of the resolution plan and cost of interest reduced
Current Ratio	1.13	1.00	NA
Debt Equity Ratio	2.77	8.37	Owing to reduction of debt due to implementation of the resolution plan
Operating Profit Margin (%)	13.64	16.91	NA
Net Profit Margin (%)	4.85	(3.28)	Owing to increase in profit after tax majorly on account of gain on implementation of debt resolution plan
Return on net worth	35.91	(33.79)	Owing to increase in in profit after tax majorly on account of gain on implementation of debt resolution plan

## CORPORATE SOCIAL RESPONSIBILITY

At HCC, business excellence goes hand in hand with a commitment to improving people's lives in the community it serves. While executing some of the largest and most challenging projects in the country, we take it upon ourselves to adopt sustainable practices that serve the community's well-being- both

in the immediate vicinity of its work operations and beyond. As per section 135 of The Companies Act 2013, HCC has formalized a CSR policy keeping Schedule VII in mind. The IMS procedure for effective implementation of the policy has been made.

Mr. Arjun Dhawan, Executive Vice Chairman, HCC has become a member of the World Economic Forum's Global Commission on Nature-Positive Cities for the term 2023-2024. The Commission brings together city mayors, business leaders, heads of international and non-governmental organizations, and academia to advocate for and deploy a nature-positive urban transformation. The Commission is a trusted space where real-time urban challenges preventing nature-positive urbanization are both identified and addressed with the support of an international network of experts clustered in task forces. It will provide guidance, share learnings and success stories, identify opportunities to unlock financing for nature, and advocate for nature-positive city design and delivery at global forums and events. As a member of the Commission, he will also become part of the World Economic Forum's communities and will be able to engage across other relevant Forums, global platforms, dialogues, and initiatives for public-private collaboration.

## CSR INITIATIVES

HCC's CSR activities are structured under five focus areas – Sustainability Reporting, Water, Disaster Relief & Response, HIV/AIDS awareness, and Community development initiatives.

## SUSTAINABILITY REPORTING

HCC believes in environmental transparency and disclosing its activities' economic, environmental, and social impacts through sustainability reports. It had published thirteen sustainability reports accredited by the Global Reporting Initiative guidelines. The Company engages a third-party assurance provider to review the contents and accuracy of our sustainability reporting.

One of HCC's overarching sustainability priorities is designing and building infrastructure in an environmentally responsible manner. Its Integrated Management System reflects the commitment to improving environmental, safety and quality performance in ways that go beyond regulatory compliance. The Company is also conscious of material consumption and water footprint and encourages energy-efficient practices.

The Company is a member of UN Global Compact (UNGC), TERI-World Business Council on Sustainable Development and signatory to various UNGC initiatives, including 'Caring for Climate' and 'The CEO Water Mandate'.

## CEO WATER MANDATE

The Company monitors the amount of water used across its construction project sites and encourages water conservation measures. HCC is the first Indian Company to endorse United Nations Global Compact's 'The CEO Water Mandate' and makes it a point to embed water resources management principles in all its activities. As a responsible corporate citizen, it has focused on sharing the best water stewardship practices.

## DISASTER RELIEF AND RESPONSE

HCC, with its trained engineers, project management capabilities, and heavy equipment, is best equipped to handle disaster response and evacuation during the disaster period. HCC project sites are among the first to respond during disasters, have helped in evacuating people, and initiated relief work. HCC is one of the founding members of Disaster Resource Partnership, an initiative of the World Economic Forum created to implement quick relief during natural disasters. The Company has provided timely interventions in several rescue and relief operations within India and internationally since 2004.

## HIV/AIDS EDUCATION AND AWARENESS

In recognition of HIV/AIDS's severe impact on migrant workers, HCC formed an HIV/AIDS workplace policy and adopted an intervention programme that focuses on educating and raising HIV/AIDS awareness amongst migrant workers at Company's projects. The Company observes World AIDS Day every year on December 01 at the project sites by organizing events with strong employee participation. The toolbox talks were conducted during safety weeks, emphasizing HIV/AIDS training.

## COMMUNITY DEVELOPMENT

HCC has traditionally been contributing to communities in and around its project sites to improve their quality of life.

## INTERNAL CONTROLS AND THEIR ADEQUACY

HCC has an adequate system of internal control to ensure that the resources are used efficiently and effectively so that:

- assets are safeguarded and protected against loss from unauthorized use or disposition.
- all significant transactions are authorized, recorded, and reported correctly.
- financial and other data are reliable for preparing financial information.
- other data are appropriate for maintaining accountability of assets.

The internal control is supplemented by an extensive internal audits programme, review by management, along with 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 India's political and economic environment, exchange rate fluctuations, tax laws, litigation, labour relations, and interest costs.



# REPORT ON CORPORATE GOVERNANCE

## COMPANY'S PHILOSOPHY

Hindustan Construction Company Ltd. ('the Company' or 'HCC') has always been committed to develop sustainable value for all its stakeholders including customers, employees, shareholders, suppliers, regulatory authorities and the communities that it operates in. In this pursuit, the Company believes in managing and conducting business by adopting strong value systems.

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

The Company has an active and independent Board that provides supervisory and strategic advice and direction. The entire governance system is supported by well-structured systems and procedures that ensure well informed decision making across different levels of management.

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

## I. BOARD OF DIRECTORS

### a) Composition of the Board

The Board of Directors ("The Board") has an optimum combination of Executive and Non-Executive Directors, which includes a Woman Independent Director and is in conformity with the provisions of the Companies Act, 2013 ('the Act') and Regulation 17 of the SEBI Listing Regulations.

#### Composition of the Board as on March 31, 2023

Category	No. of Directors
Chairman & Managing Director (Promoter Director)	1
Executive Vice Chairman	1
Independent Directors (including Woman Independent Director)	4
Non-Executive Director	1
Nominee Director	1

All the Directors possess the requisite qualifications and experience in general corporate management, finance, banking, law, operations and other allied fields enabling them to contribute effectively.

Except for Mr. Ajit Gulabchand and Mr. Arjun Dhawan, who are related *inter-se*, the other Directors of the Company are not related to each other.

### b) Number of Board Meetings

The Board met 5 times during the financial year 2022-23. The Meetings were held on May 12, 2022, August 04, 2022, November 10, 2022, December 01, 2022, and February 02, 2023. The maximum time gap between any two consecutive meetings did not exceed one hundred and twenty days.

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

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

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

### d) Information to the Board

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

A detailed agenda folder is sent to each Director within the timeline prescribed under the Act and the SEBI Listing Regulations. All the agenda items are appended with necessary supporting information and documents (except for price sensitive information, which are circulated separately before the Meeting) to enable the Board to take informed decisions.

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

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

During the financial year 2022-23, the Chairman & Managing Director and Executive Vice Chairman received salary, perquisites, and allowances, while all the Non-Executive Directors received Sitting Fees.

**Table 1: Details of the Directors as on March 31, 2023**

Name of the Director(s)	Category	No. of Board Meetings held during FY 2022-23	No. of Board Meetings attended during FY 2022-23	Whether attended last AGM	No. of Directorships of other public companies*	Committee positions #		Whether having any pecuniary or business relation with the Company
						Chairman	Member	
Ajit Gulabchand **	Promoter, Chairman & Managing Director <sup>§</sup>	5	5	Yes	3	-	2	None
Arjun Dhawan**	Executive Vice Chairman <sup>§§</sup>	5	5	Yes	2	-	1	None
N.R. Acharyulu	Independent Director	5	5	Yes	-	-	1	None
Santosh Janakiram	Independent Director	5	5	Yes	1	2	1	None
Mahendra Singh Mehta	Independent Director	5	5	Yes	2	1	1	None
Mukul Sarkar	Nominee Director	5	4	No	2	-	-	Nominee of Exim Bank (Lender)
Dr. Mita Dixit	Woman Independent Director	5	5	Yes	1	-	1	None
Arun Karambelkar	Non-Executive Non-Independent Director	5	1	Yes	1	1	1	None

\* Chairmanship/Membership of Audit Committee and Stakeholders Relationship Committee in public companies excluding private limited companies, high value debt listed companies, foreign companies, and companies under Section 8 of the Companies Act, 2013, has been considered.

\*Excludes private limited companies, foreign companies and companies registered under Section 8 of the Companies Act, 2013.

\*\* Mr. Arjun Dhawan is the son in law of Mr. Ajit Gulabchand.

§ Mr. Ajit Gulabchand has been appointed as Director, not liable to retire by rotation and also as the Non-Executive Chairman of the Company with effect from April 01, 2023 by the Members of the Company at their Extra Ordinary General Meeting held on February 14, 2023.

§§Mr. Arjun Dhawan, Vice Chairman & Whole-time Director has been re-designated as Executive Vice Chairman with effect from December 01, 2022 by the Board of Directors.

#### **Additional Information related to Directorship in other listed entities as on March 31, 2023 as per the SEBI Listing Regulations**

Name of the Director(s)	Name of other Listed entities	Category of Directorship
Ajit Gulabchand	-	-
Arjun Dhawan	-	-
N.R. Acharyulu	-	-
Santosh Janakiram	Ador Fontech Ltd.	Independent Director
Mahendra Singh Mehta	-	-
Mukul Sarkar	Jain Irrigation Systems Ltd.	Nominee Director
Dr. Mita Dixit	Anuh Pharma Ltd.	Independent Director
Arun Karambelkar	Capacit'e Infraprojects Ltd.	Independent Director

## f) Remuneration to Directors

Table 2 gives the details of remuneration paid to Directors for the financial year ended March 31, 2023.

The Company did not advance loans to any of its Directors during financial year 2022-23.

**Table 2: Remuneration paid to Directors during the financial year ended March 31, 2023**

Name of the Director(s)	Salaries, Perquisites & Allowances* (₹)	Sitting fees** (₹)	Total (₹)
Ajit Gulabchand (Chairman & Managing Director)	5,50,00,000 <sup>§</sup>	-	5,50,00,000
Arjun Dhawan (Executive Vice Chairman)	5,00,00,000 <sup>§§</sup>	-	5,00,00,000
N.R. Acharyulu (Independent Director)	-	18,00,000	18,00,000
Santosh Janakiram (Independent Director)	-	10,00,000	10,00,000
Mahendra Singh Mehta (Independent Director)	-	15,00,000	15,00,000
Mukul Sarkar <sup>^</sup> (Nominee Director)	-	4,00,000	4,00,000
Dr. Mita Dixit (Woman Independent Director)	-	9,00,000	9,00,000
Arun Karambelkar (Non-Executive Non-Independent Director)	-	1,00,000	1,00,000
<b>Total</b>	<b>10,50,00,000</b>	<b>57,00,000</b>	<b>11,07,00,000</b>

<sup>§</sup>Besides the above remuneration, pursuant to approval granted by Members in the Annual General Meeting held on September 29, 2022, a consolidated amount of ₹ 21 crore in lieu of the remuneration (accrued, but not paid, subject to adjustment of amount of ₹ 3,74,24,920/- already paid) was paid to Mr. Ajit Gulabchand, Chairman & Managing Director of the Company for the period April 01, 2019 to March 31, 2022.

<sup>§§</sup> Besides the above remuneration, pursuant to approval granted by Members in the Annual General Meeting held on September 29, 2022, a consolidated amount of ₹ 20,64,93,590/- (inclusive of leave encashment of ₹ 1,14,93,590/-) in lieu of the remuneration (accrued, but not paid, subject to adjustment of amount of ₹ 2,66,70,200/- already paid) was paid to Mr. Arjun Dhawan, Executive Vice Chairman of the Company for the period April 01, 2019 to March 31, 2022.

\*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.

<sup>^</sup> In case of Mr. Mukul Sarkar, the sitting fees for attending Board Meetings were paid to EXIM Bank.

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

There were no outstanding stock options held by Non-Executive Directors and the details of the Equity Shares held by the Non-Executive Directors as on March 31, 2023, are given in Table 3 below.

**Table 3: Details of Equity Shares held by Non-Executive Directors as on March 31, 2023**

Name of the Director(s)	No. of Equity Shares
N.R. Acharyulu	Nil
Santosh Janakiram	Nil
Mahendra Singh Mehta	Nil
Mukul Sarkar	Nil
Dr. Mita Dixit	Nil
Arun Karambelkar	Nil

## h) Code of Conduct

The Board has laid down two separate Codes of Conduct ('Code(s)')- one for the Non-Executive Directors including Independent Directors and the other for Executive Directors and Senior Managerial Personnel ('Senior Management'). These Codes have been placed on the Company's website – [www.hccindia.com](http://www.hccindia.com). The Codes lay down the standard of conduct which is expected to be followed by the Directors and Senior Management in their business dealings and in particular, on matters relating to integrity at the workplace in business practices and in dealing with stakeholders. A declaration that the Members of the Board and Senior Management have affirmed compliance under the Code during the financial year 2022-23 has been signed by Mr. Jaspreet Bhullar, Managing Director and Chief Executive Officer and is annexed to this Report.

## i) Familiarisation Programme for Board Members

The Company has a familiarisation programme for the Independent Directors with regard to their roles, rights and responsibilities in the Company and provides details regarding



the nature of the industry in which the Company operates, the business models of the Company etc. which aims to provide insight to the Independent Directors to understand the business of the Company. Upon induction, the Independent Directors are familiarized with their roles, rights, and responsibilities.

The details of the familiarisation programme for Independent Directors are available on the website of the Company and can be accessed by weblink <https://hccindia.com/uploads/Investors/Policy%20for%20Familiarisation%20Program%20for%20Independent%20Directors.pdf>.

#### j) Nomination and Remuneration Policy

The Non-Executive Directors are paid sitting fees of ₹ 1,00,000/- each for attending the Meetings of the Board and its Committees, which are within the limits laid down by the Act read with relevant Rules thereunder. In respect of Mr. Mukul Sarkar, Nominee Director, the sitting fees are paid to Exim Bank.

The Nomination and Remuneration Policy containing, *inter-alia*, criteria for making payment to Non-Executive Directors is available on the website: <https://hccindia.com/uploads/Investors/Nomination-and-Remuneration-Policy.pdf>.

#### k) Independent Directors' Meeting

In terms of the Schedule IV to the Act and Regulation 25 of the SEBI Listing Regulations, Independent Directors of the Company are required to hold at least one Meeting in a financial year without the attendance of Non-Independent Directors and Members of Management.

During the year under review, Independent Directors of the Company met separately on February 02, 2023, *inter-alia*, for –

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

#### l) Detailed reasons for the resignation of an Independent Director who resigns before the expiry of his tenure along with a confirmation by such director that there are no other material reasons other than those provided

Not Applicable

## II. BOARD COMMITTEES

Details of the role and composition of the 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, 2023, the Audit Committee comprised of three Independent Directors viz. Mr. Mahendra Singh Mehta, Chairman, Mr. N. R. Acharyulu and Dr. Mita Dixit as Members. All Members of the Audit Committee possess accounting and financial management knowledge.

The Senior Management team comprising of Executive Vice Chairman, Chief Executive Officer, Chief Financial Officer, Chief Internal Auditor and the representative of the Statutory Auditors are invited for the meetings of the Audit Committee. The Company Secretary is the Secretary to the Committee.

The Audit Committee met 4 times during the year, i.e., on May 12, 2022, August 04, 2022, November 10, 2022, and February 02, 2023. The details of the composition of the Committee and attendance at the meetings are given in Table 4.

**Table 4: Details of the composition of the Audit Committee and attendance at the Meetings during the financial year 2022-23**

Name of the Director(s)	Category	Position	No. of Meetings attended
Mahendra Singh Mehta	Independent Director	Chairman	4
N. R. Acharyulu	Independent Director	Member	4
Dr. Mita Dixit	Woman Independent Director	Member	4

Mr. Mahendra Singh Mehta, Chairman of Audit Committee was present in the Annual General meeting of the Company held on September 29, 2022, to answer the Members' queries.

The terms of reference of the Audit Committee are reproduced below:

- Overseeing of the Company's financial reporting process and disclosure of its financial information to ensure that the financial statements are correct, sufficient, and credible.
- Recommendation for appointment, remuneration and terms of appointment of auditors of the Company.
- Approval of payment to statutory auditors for any other services rendered by them.
- Reviewing, with the Management, the annual financial statements and auditor's report thereon before submission to the Board for approval, with particular reference to:
  - Matters required to be included in the Director's Responsibility Statement to be included in the Board's Report in terms of clause (c) of subsection 3 of Section 134 of the Act.
  - Changes, if any, in accounting policies and practices and reasons for the same.

- Major accounting entries involving estimates based on the exercise of judgment by the Management.
  - Significant adjustments made in the financial statements arising out of audit findings.
  - Compliance with listing and other legal requirements relating to financial statements.
  - Disclosure of any related party transactions.
  - Modified opinion(s) in the draft audit report.
  - Reviewing with the Management, quarterly financial statements before submission to the Board for approval.
  - Reviewing with the Management, the statement of uses/ application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/ prospectus/notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue and making appropriate recommendations to the Board to take up steps in this matter.
  - Review and monitor the auditor's independence and performance, and effectiveness of audit process.
  - Approval or any subsequent modification of transactions of the Company with related parties.
  - Scrutiny of inter-corporate loans and investments.
  - Valuation of undertakings or assets of the Company, wherever it is necessary.
  - Evaluation of internal financial controls and risk management systems.
  - Reviewing with the Management, performance of the statutory and internal auditors and adequacy of the internal control systems.
  - Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
  - Discussion with the internal auditors of any significant findings and follow-up thereon.
  - Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
  - Discussions with the statutory auditors before the audit commences, about the nature and scope of the audit as well as post-audit discussions to ascertain any area of concern.
  - To look into the reasons for substantial defaults in the payment to depositors, debenture holders, members (in case of non-payment of declared dividends) and creditors.
  - To review the functioning of the Whistle Blower mechanism/Vigil mechanism.
  - Approval for appointment of CFO after assessing the qualifications, experience, and background, etc. of the candidate.
  - Carrying out any other functions as specified in the terms of reference, as amended from time to time.
- Review of Information by Audit Committee**
- Review of the utilization of loans and/or advances from/ investment by the holding company in the subsidiary exceeding ₹ 100 crore or 10% of the asset size of the subsidiary, whichever is lower, including existing loans/ advances/investments.
  - To consider and comment on rationale, cost-benefits and impact of schemes involving merger, demerger, amalgamation etc., on the Company and its shareholders.
- Besides the above, the role of the Audit Committee includes mandatory review of the following information:
- Management Discussion and Analysis of financial condition and results of operations.
  - Statement of significant related party transactions (as defined by the Audit Committee), submitted by Management.
  - Management letters/letters of internal control weaknesses issued by the statutory auditors, if any.
  - Internal audit reports relating to internal control weaknesses.
  - The appointment, removal, and terms of remuneration of the Chief Internal Auditor.
  - Statement of deviations.
  - Quarterly statements of deviation(s) including report of monitoring agency, if applicable, submitted to the stock exchange(s) in terms of Regulation 32(1) of the SEBI Listing Regulations.
  - Annual statement of funds utilized for purposes other than those stated in the offer document/prospectus/ notice in terms of Regulation 32(7) of the SEBI Listing Regulations.

## b) Nomination and Remuneration Committee

As of March 31, 2023, the Nomination and Remuneration Committee comprised of 4 (four) Directors viz. Mr. Mahendra Singh Mehta, Chairman, Mr. Ajit Gulabchand, Mr. Santosh Janakiram and Mr. N. R. Acharyulu as Members. The Chief Human Resources Officer is invited for the meetings. The Company Secretary is the Secretary to the Committee.

The Nomination and Remuneration Committee met 2 times during the financial year i.e. on May 12, 2022 and December 01, 2022. The details of the composition of the Committee and attendance at the meetings are given in Table 5 below:

**Table 5: Details of the composition of the Nomination and Remuneration Committee and attendance at the Meetings during the financial year 2022-23**

Name of the Director(s)	Category	Position	No. of Meetings attended
Mahendra Singh Mehta	Independent Director	Chairman	2
Ajit Gulabchand	Chairman & Managing Director	Member	2
Santosh Janakiram	Independent Director	Member	2
N. R. Acharyulu	Independent Director	Member	2

The role of the Nomination and Remuneration Committee of the Company, *inter-alia*, is as under:

- Identifying persons who are qualified to become Directors and who may be appointed in senior management in accordance with the criteria laid down and recommend to the Board their appointment and removal.
- Formulation of criteria for evaluation of Independent Directors and the Board.
- Formulation of the criteria for determining qualifications, positive attributes and Independence of a Director and recommend to the Board a Policy, relating to the

remuneration of the Directors, key managerial personnel, and other employees.

- Devising a policy on Board diversity.
- Recommending whether to extend or continue the term of appointment of the Independent Director, on the basis of the report of performance evaluation of Independent Directors.
- Recommending appointment of senior managerial personnel and remuneration payable to them.

## c) Stakeholders Relationship Committee

As of March 31, 2023, the Stakeholders Relationship Committee comprised of 3 (three) Directors viz. Mr. Santosh Janakiram, Chairman, Mr. Ajit Gulabchand and Mr. Arjun Dhawan as Members. Mr. Nitesh Kumar Jha, Company Secretary is the Compliance Officer of the Company.

The Stakeholders Relationship Committee met once during the year i.e., on February 02, 2023. The details of the composition of the Committee and attendance at the meeting are given in Table 6 below:

**Table 6: Details of the composition of the Stakeholders Relationship Committee and attendance at the Meetings during the financial year 2022-23**

Name of the Director(s)	Category	Position	No. of Meetings attended
Santosh Janakiram	Independent Director	Chairman	1
Ajit Gulabchand	Chairman & Managing Director	Member	1
Arjun Dhawan	Executive Vice Chairman	Member	1

During the year under review, queries/complaints were received by the Company from members/investors/authorities, majority of which have been redressed/resolved to date, satisfactorily as shown in Table 7 below:



**Table 7: Details of queries/complaints received and attended during the financial year 2022-23**

Sr. No.	Nature of Query/Complaint	Pending as on April 01, 2022	Received during the above period	Redressed during the above period	Pending as on* March 31, 2023
1.	Transfer/Transmission/Duplicate	2	57	56	3
2.	Non-receipt of warrants	0	0	0	0
3.	Dematerialisation/ Rematerialisation of Securities	0	1	1	0
4.	Complaints Received Through:				
a.	Directly from the Shareholders	0	1	1	0
b.	Consumer Forum/ Court Case/ Legal Notice	0	0	0	0
c.	Advocate	0	0	0	0
d.	SEBI	0	3	3	0
e.	Stock Exchanges	0	2	2	0
f.	NSDL, CDSL, MOCA	0	0	0	0
g.	Any Other Governing Body	0	0	0	0
5.	Other Queries	2	23	24	1
<b>TOTAL</b>		<b>4</b>	<b>87</b>	<b>87</b>	<b>4</b>

\*Received in the last week of March 2023 and same have been resolved as on the date of this Annual Report.

In accordance with the Act and SEBI Listing Regulations, the role of the Stakeholders Relationship Committee, *inter-alia*, is as under:

- Noting transfer/transmission of shares.
- Review of dematerialized/rematerialized shares and all other related matters.
- Monitoring expeditious redressal of investor grievance matters received from Stock Exchanges, SEBI, ROC, etc.
- Monitoring redressal of queries/complaints received from members relating to transfers, non-receipt of Annual Report, dividend etc.
- Resolving grievances of security holders.
- Review of measures taken for effective exercise of voting rights.
- Review of adherence to service standards of listed entity by Registrar and Transfer Agent.
- Review of measures taken for reducing quantum of unclaimed dividend and timely receipt of dividend/reports/notices by shareholders.
- All other matters related to shares/debentures.

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

As of March 31, 2023, the CSR Committee comprised of 3 (three) Directors viz. Mr. Ajit Gulabchand, Chairman, Mr. Mahendra Singh Mehta and Mr. N. R. Acharyulu as Members.

The role of the Committee *inter-alia*, is as under:

- Formulate and recommend to the Board, a Corporate Social Responsibility Policy in compliance with Section 135 of the Companies Act, 2013.
- Formulate and recommend to the Board, an annual action plan in pursuance of the CSR policy, which shall include the following, namely:-
  - (i) the list of CSR projects or programmes that are approved to be undertaken in areas or subjects specified in Schedule VII of the Act.
  - (ii) the manner of execution of such projects or programmes as specified in the Act and Rules made thereunder.
  - (iii) the modalities of utilization of funds and implementation schedules for the projects or programmes.
  - (iv) monitoring and reporting mechanism for the projects or programmes; and
  - (v) details of need and impact assessment, if any, for the projects undertaken by the Company: Provided that Board may alter such plan at any time during the financial year, as per the recommendation of its CSR Committee, based on the reasonable justification to that effect.
- Recommending the CSR expenditure to be incurred by the Company to the Board for its approval.
- Any other functions as may be assigned by the Board.

The CSR Committee met once during the year i.e., on May 12, 2022 and same was attended by all the Members. The Minutes of the Meeting of the CSR Committee are noted by the Board.

The CSR Policy is available on the website of the Company and can be accessed by weblink [https://hccindia.com/uploads/Investors/Corporate\\_Social\\_Responsibility\\_Policy.pdf](https://hccindia.com/uploads/Investors/Corporate_Social_Responsibility_Policy.pdf).

#### e) Risk Management Committee

The Risk Management Committee met twice during the year i.e., on August 03, 2022 and January 30, 2023, the gap between the Meetings was not more than one hundred and eighty days. The details of the composition of the Committee and attendance at the Meetings are given in Table 8 below:

**Table 8: Details of the composition of the Risk Management Committee and attendance at the Meetings during the financial year 2022-23**

Name of the Director(s)	Category	Position	No. of Meetings attended
Mahendra Singh Mehta	Independent Director	Chairman	2
Arjun Dhawan	Executive Vice Chairman	Member	1
N. R. Acharyulu	Independent Director	Member	2
Jaspreet Bhullar	Chief Executive Officer	Member	2
Rahul Rao	Chief Financial Officer	Member	1

#### Risk Management Framework

The Company has established a well-documented and robust risk management framework under the provisions of the Act.

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

### III. COMPLIANCE

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

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

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

The Financial Statements of the Company have been prepared to comply in all material respects with the Indian Accounting Standards ('IND-AS') notified under the Companies (Accounting Standards) Rules, 2015.

#### c) Subsidiary Companies

In accordance with Regulation 24 of the SEBI Listing Regulations, Steiner AG, Switzerland and Steiner Construction SA, Switzerland fall under the category of unlisted material subsidiary of the Company.

Steiner AG was incorporated on March 18, 1980 in Zurich, Switzerland. Deloitte AG was appointed as a Statutory Auditor of Steiner AG on September 09, 2020.

Steiner Construction SA was incorporated on July 12, 2022 in Tolochenaz, Switzerland. Deloitte AG was appointed as a Statutory Auditor of Steiner Construction SA on December 13, 2022

Mr. Santosh Janakiram, Independent Director of the Company is also Independent Director on the Board of the Steiner AG, Switzerland.

The Minutes of the Board Meetings of the subsidiary companies are placed before the Board.

The details of all significant transactions and arrangements entered into by the unlisted subsidiary companies are periodically placed before the Board.

The Policy for determining "Material Subsidiaries" is available on the website of the Company and can be accessed by weblink <https://hccindia.com/uploads/Investors/Policy%20for%20determining%20Material%20Subsidiaries.pdf>.

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

In accordance with the SEBI (Prohibition of Insider Trading) Regulations, 2015, the Company has adopted a Code of Conduct for Prevention of Insider Trading and Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information.

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

#### e) CEO/CFO Certification

The Compliance Certificate for the financial year ended March 31, 2023, as required under the SEBI Listing Regulations is signed by CEO and CFO of the Company and same is annexed to this Report.

#### f) Pledge of Equity Shares

The aggregate shareholding of the Promoters and Members of the Promoter Group as on March 31, 2023, was 28,12,01,480 equity shares of ₹ 1 each representing 18.59% of the paid-up equity share capital of the Company.

In aggregate, pledge has been created on 23,99,19,286 equity shares held by Promoter Companies, representing 15.86% of the paid-up equity share capital of the Company.

#### g) Disclosures in relation to the Sexual Harassment of Women at Workplace

The Company has a well formulated Policy on Prevention and Redressal of Sexual Harassment. The objective of the Policy is to prohibit, prevent and address issues of sexual harassment at the workplace. The Policy covers all employees, irrespective of their nature of employment and is also applicable in respect of all allegations of sexual harassment made by an outsider against an employee.

The Company has duly constituted an Internal Complaints Committee in line with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Rules thereunder.

During the financial year 2022-23, no case of Sexual Harassment was reported.

#### h) Chart/Matrix setting out the skills/experiences/competencies of the Board of Directors:

In compliance with the provisions of the SEBI Listing Regulations, the Board of Directors has identified the following skills/expertise/competencies with reference to its Business and Industry that are fundamental for the effective functioning of the Company:

Sr. No.	Skill Area
1	Strategic Thinking, Planning and Management
2	Leadership Traits
3	Accounting and Financial Management expertise
4	Expertise in Engineering and Construction, Infrastructure, Industrial Projects
5	Expertise in Transportation- Road, Bridges, Metros and urban transport system
6	Expertise in Hydro, Marine and Water projects
7	Expertise in Nuclear Power and Special Projects
8	Expertise in General Project Contracting
9	Expertise in Commerce, Fund Management, Legal, Communication, Economics
10	Information Technology/Digital Skills/additional skills

The Directors appointed on the Board are from diverse backgrounds and possess core skills/expertise/competencies with regard to the industries/fields from where they have come.

#### i) Credit Rating

During the year, CARE Ratings Ltd. (the Credit Rating Agency) has revised the ratings of bank facilities from CARE D (Single D) to CARE B+; Stable (Single B Plus; Outlook: Stable). Details of the credit ratings for debt instruments issued and bank facilities availed by the Company are mentioned as below:

Sr. No.	Nature of Instruments	Ratings
1.	Non-Convertible Debentures	ICRA B
2.	Bank Facilities	CARE B+; Stable / CARE A4

### IV. SHAREHOLDER INFORMATION

#### a) Disclosures regarding the Board of Directors

The Company has received declarations from all the Independent Directors of the Company confirming that they meet with the criteria of Independence as prescribed under the Act and the SEBI Listing Regulations. Based on the same, the Board has confirmed that in its opinion, the Independent Directors are meeting with the criteria of Independence and are Independent of the Management. Detailed profiles of the Directors seeking appointment/ re-appointment in pursuance of the Act and the SEBI Listing Regulations read with Secretarial Standards-2 on General Meetings, as applicable are annexed to the Notice of the ensuing Annual General Meeting of the Company.

#### b) Means of Communication

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

The Company also disseminates to the Stock Exchanges (i.e., BSE and NSE), all mandatory information and price sensitive/ such other information, which in its opinion, are material and/or have a bearing on its performance/operations and issues press releases, wherever necessary, for the information of the public at large. A designated email id has been created for Member's correspondence viz., [secretarial@hccindia.com](mailto:secretarial@hccindia.com).

#### c) General Body Meetings

During the financial year 2022-23, Annual General Meeting was held on September 29, 2022, and Extra Ordinary General Meetings were held on June 22, 2022, and February 14, 2023.

#### d) Postal Ballot and procedure

During the year, no resolution was passed through postal ballot. Also, no resolution is proposed to be passed through postal ballot.



**e) General Shareholder Information  
(Forthcoming Annual General Meeting)**

Date:	August 30, 2023
Day:	Wednesday
Time:	11.00 a.m.
Venue:	Through Video Conferencing ("VC") or Other Audio-Visual Means ("OAVM") only

**Last date for Receipt of Proxies**

Not applicable as AGM will be held through Video Conferencing.

**Financial Year**

The financial year of the Company covers the financial period from April 01 to March 31.

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

1 <sup>st</sup> Quarter Results	:	August 04, 2022
2 <sup>nd</sup> Quarter Results	:	November 10, 2022
3 <sup>rd</sup> Quarter Results	:	February 03, 2023
4 <sup>th</sup> Quarter & Annual Results	:	May 18, 2023

The tentative dates of the Board Meetings for consideration of financial results for the financial year ending March 31, 2024, are

as follows:

1 <sup>st</sup> Quarter Results	:	August 03, 2023
2 <sup>nd</sup> Quarter Results	:	November 09, 2023
3 <sup>rd</sup> Quarter Results	:	February 08, 2024
4 <sup>th</sup> Quarter & Annual Results	:	May 16, 2024

**Date of Book Closure**

Thursday, August 24, 2023 to Wednesday, August 30, 2023 (both days inclusive)

**Listing**

Presently, the equity shares of the Company are listed on BSE Limited (BSE) and National Stock Exchange of India Limited (NSE). The Company has paid the annual listing fees for the financial year 2023-24 to BSE and NSE.

**Stock Codes:**

ISIN (equity shares) in NSDL & CDSL	INE549A01026
BSE Code	500185
NSE Code	HCC

**Corporate Identification Number:**

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

**Details of the AGM/EGM held in the last three years along with Special Resolutions passed thereat:**

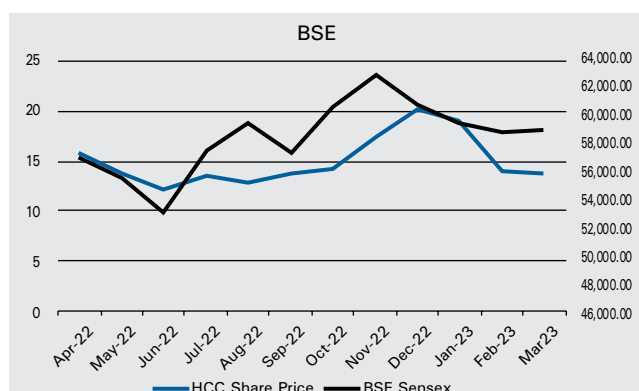
Day, Date & Time	Particulars of Special Resolutions passed
<b>Annual General Meeting</b> Thursday, December 24, 2020, at 11.00 a.m. through Video Conferencing	1. Re-appointment of Mr. N.R. Acharyulu (DIN 02010249) who retires by rotation and being eligible, offers himself for re-appointment as Director 2. Issue of Securities of the Company
<b>Extra Ordinary General Meeting</b> Tuesday, June 29, 2021, at 11.00 a.m. through Video Conferencing	1. Transfer of Economic / Beneficial interest in arbitration awards and claims to Prolific Resolution Private Limited, a wholly owned subsidiary of the Company (the "SPV") 2. Disposal of Company's shareholding in Prolific Resolution Private Limited, a wholly owned subsidiary of the Company (the "SPV")
<b>Annual General Meeting</b> Thursday, September 23, 2021, at 11.00 a.m. through Video Conferencing	1. Appointment of Mr. N. R. Acharyulu (DIN: 02010249) as an Independent Director of the Company 2. Issue of Securities of the Company
<b>Extra Ordinary General Meeting</b> Wednesday, March 23, 2022, at 11.00 a.m. through Video Conferencing	1. Approval for issuance of Non-Convertible Debentures ("the NCDs") through private placement as a part of the Debt Resolution Plan of the Company 2. Authorisation to the Board of Directors to give Guarantees/Loans and/or make Investments and/or provide Securities in connection with Loans to any person/other body corporate including subsidiary companies 3. Approval for the restructuring of existing Optionally Convertible Debentures ("Existing OCDs") issued by the Company 4. Authorisation to the Board of Directors to enter into and implement the Resolution Plan of the Company and to deal with all other matters in relation to the Resolution Plan

Day, Date & Time	Particulars of Special Resolutions passed	
<b>Extra Ordinary General Meeting</b> Wednesday, June 22, 2022, at 11.00 a.m. through Video Conferencing	1.	Re-appointment of Mr. Arjun Dhawan (DIN : 01778379) as a Whole-time Director of the Company for a period of 5 years commencing from April 01, 2022
<b>Annual General Meeting</b> Thursday, September 29, 2022, at 11.00 a.m. through Video Conferencing	1.	Re-appointment of Mr. Santosh Janakiram (DIN:06801226), as an Independent Director of the Company
	2.	Re-appointment of Mr. Mahendra Singh Mehta (DIN: 00019566), as an Independent Director of the Company
	3.	Payment of Remuneration to Mr. Ajit Gulabchand, Chairman and Managing Director of the Company for the period April 01, 2022 to March 31, 2023
	4.	Payment of Remuneration to Mr. Arjun Dhawan, Vice Chairman and Whole-time Director of the Company for the period April 01, 2022 to March 31, 2025
	5.	Payment of a consolidated amount in lieu of the remuneration (accrued, but not paid) to Mr. Ajit Gulabchand, Chairman & Managing Director of the Company for the period April 01, 2019 to March 31, 2022
	6.	Payment of a consolidated amount in lieu of the remuneration (accrued, but not paid) to Mr. Arjun Dhawan, Vice Chairman & Whole-time Director of the Company for the period April 01, 2019 to March 31, 2022
	7.	Issue of Securities of the Company
<b>Extra Ordinary General Meeting</b> Tuesday, February 14, 2023, at 11.00 a.m. through Video Conferencing	1.	Alteration of existing Articles of Association of the Company
	2.	Re-appointment of Mr. Ajit Gulabchand (DIN: 00010827) as Director, not liable to retire by rotation and as the Non-Executive Chairman of the Company with effect from April 01, 2023, upon expiry of his present tenure as Chairman and Managing Director of the Company on March 31, 2023 and payment of remuneration for a period of 3 years commencing from April 01, 2023
	3.	Appointment of Mr. Jaspreet Bhullar (DIN: 03644691), Chief Executive Officer as Director, liable to retire by rotation and Managing Director and Chief Executive Officer (MD & CEO) of the Company, for a period of 5 years with effect from April 01, 2023, and payment of remuneration for a period of 3 years commencing from April 01, 2023

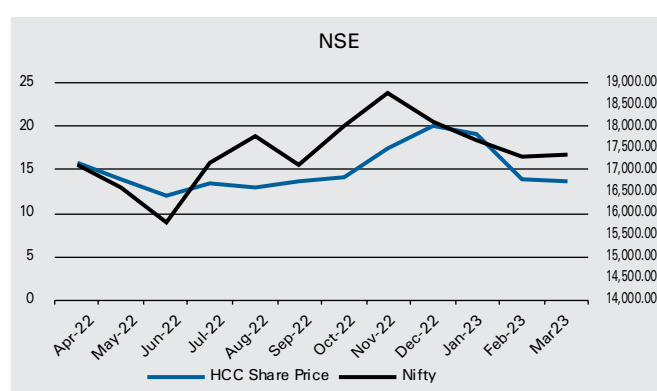
#### Share Price Data: High/Low and Volume during each month of the financial year 2022-23 at BSE and NSE

Month	BSE			NSE		
	High (₹)	Low (₹)	Volume (Lakh)	High (₹)	Low (₹)	Volume (Lakh)
April 2022	19.70	15.70	573.10	19.75	15.55	3,737.31
May 2022	15.75	12.30	237.02	15.75	12.25	1,455.83
June 2022	14.15	10.54	179.05	14.15	10.55	1,055.94
July 2022	14.40	11.81	176.26	14.40	11.80	990.25
August 2022	13.65	11.96	226.66	13.80	12.05	1,262.20
September 2022	15.29	12.03	643.08	15.30	12.00	4,384.73
October 2022	16.30	12.96	425.76	16.30	12.90	2,730.39
November 2022	18.27	13.81	899.84	18.30	13.80	7,036.01
December 2022	22.70	16.50	1,898.33	22.70	16.50	14,958.68
January 2023	21.65	17.20	920.70	21.65	17.15	6,578.85
February 2023	19.90	13.60	606.49	19.90	13.60	3,559.34
March 2023	16.21	12.50	1,046.95	16.20	12.60	3,500.44

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



**(Chart A)**



**(Chart B)**

**Distribution of shareholding as on March 31, 2023**

Distribution range of Shares	No. of Shares	Percentage	No. of Shareholders	Percentage
1 to 500	3,85,45,735	2.55	2,41,715	65.84
501 to 1000	4,18,18,071	2.76	48,607	13.24
1001 to 2000	4,99,12,328	3.30	30,887	8.41
2001 to 3000	3,43,36,229	2.27	12,960	3.53
3001 to 4000	2,25,12,401	1.49	6,137	1.67
4001 to 5000	3,31,47,096	2.19	6,869	1.87
5001 to 10000	7,84,94,226	5.19	10,156	2.77
Greater than 10000	1,21,42,62,158	80.25	9,802	2.67
<b>Total</b>	<b>1,51,30,28,244</b>	<b>100.00</b>	<b>3,67,133</b>	<b>100.00</b>

**Shareholding Pattern**

Categories	As on March 31, 2023	
	No. of Shares	Percentage
Promoter and Promoter Group	28,12,01,480	18.59
Foreign Institutional Investors / FPIs–Corporation	18,59,01,664	12.29
Central Government/ State Government	55,000	0.00
NBFCs registered with RBI / Insurance Companies / Other Financial Institutions	45,84,232	0.30
Mutual Funds / Alternate Investment Funds	7,51,90,077	4.97
Nationalised and other Banks	10,86,27,355	7.18
NRI / Foreign Nationals	2,08,49,835	1.38
Investor Education and Protection Fund Authority Ministry of Corporate Affairs	33,90,889	0.22
Others- Public	83,32,27,712	55.07
<b>Total</b>	<b>1,51,30,28,244</b>	<b>100.00</b>



**List of Top 20 Shareholders of the Company as on March 31, 2023**

Sr. No.	Name of the Shareholder	Category	No. of Shares	Percentage
1	Hincon Holdings Ltd.	Promoter Company	21,60,23,600	14.28
2	Asia Opportunities IV (Mauritius) Ltd.	Foreign Portfolio Investors (Corporate)	11,54,62,961	7.63
3	HDFC Trustee Company Limited-HDFC Infrastructure Fund	Mutual Funds	7,35,80,077	4.86
4	Hincon Finance Ltd.	Promoter Company	6,22,61,186	4.12
5	Canara Bank-Mumbai	Nationalized Banks	2,92,97,546	1.94
6	Export- Import Bank of India	Other Banks	2,42,51,091	1.60
7	India Insight Value Fund	Foreign Portfolio Investors (Corporate)	2,00,10,000	1.32
8	Chetan Jayantilal Shah	Resident Individual	2,00,00,000	1.32
9	ICICI Bank Ltd.	Other Banks	1,38,18,139	0.91
10	Vanguard Total International Stock Index Fund	Foreign Portfolio Investors (Corporate)	1,15,37,972	0.76
11	Vanguard Emerging Markets Stock Index Fund, A Series of Vanguard International Equity Index Funds	Foreign Portfolio Investors (Corporate)	1,14,66,715	0.76
12	Bank of Baroda	Nationalized Banks	1,12,24,651	0.74
13	Mahesh Dinkar Vaze	Resident Individual	1,11,00,000	0.73
14	Axis Bank Ltd.	Other Banks	1,03,11,886	0.68
15	Sonal Rajeev Sangoi	Resident Individual	87,18,000	0.58
16	Union Bank of India	Nationalized Banks	62,86,803	0.42
17	The J and K Bank Ltd.	Other Banks	61,37,390	0.41
18	Yashkumar Poonamchand Golechha	Resident Individual	50,00,000	0.33
19	SPDR Portfolio Emerging Markets ETF	Foreign Portfolio Investors (Corporate)	49,48,146	0.33
20	Vanguard Fiduciary Trust Company Institutional Total International Stock Market Index Trust II	Foreign Portfolio Investors (Corporate)	48,09,688	0.32

**Dematerialization of Shares and Liquidity**

As on March 31, 2023, 1,50,89,55,696 equity shares representing 99.73 % of the total equity share capital of the Company, were held in dematerialised form with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). The break-up of equity shares held in Physical and Dematerialised form as on March 31, 2023, is given below:

Particulars	No. of Equity Shares	Percentage
Physical Segment	40,72,548	0.27
Demat Segment		
NSDL	1,11,09,63,448	73.43
CDSL	39,79,92,248	26.30
<b>Total</b>	<b>1,51,30,28,244</b>	<b>100.00</b>

The Promoters hold their entire equity shareholding in the Company in dematerialised form. The Company's equity shares are regularly traded on BSE and NSE.

**Employees Stock Options (ESOPs)**

- As on March 31, 2023, 82,71,402 (Eighty-Two Lakh Seventy-One Thousand Four Hundred and Two) options were available for grant to the eligible employees.
- Each option, when exercised, as per the exercise schedule, entitles the holder to subscribe for one equity share of the Company of face value ₹ 1 each.
- During the year under review, the Company has granted 3,71,748 (Three Lakh Seventy-One Thousand Seven Hundred Forty-Eight) stock options to the eligible employee under the HCC ESOP Scheme on March 16, 2023.
- During the year under review, no options were due for exercise by the eligible employees.

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

During the year, the Company has issued 8,239 Non-Convertible Debentures (NCDs) of ₹ 10,00,000/- each, aggregating to ₹ 823.90 Crore carrying a coupon rate 0.01 % p.a. to its Lenders

against the financial indebtedness of the Company, pursuant to the Master Framework & Implementation Agreement ("MFIA") entered with the Lenders of the Company for implementation of the Debt Resolution Plan of the Company in accordance with the Reserve Bank of India (Prudential Framework for Resolution of Stressed Assets) Directions, 2019 dated June 07, 2019 ("RBI Directions"), pursuant to the exemption received from Securities Exchange Board of India ("SEBI") vide its letter dated September 22, 2022 and pursuant to the provisions specified under SEBI (Issue and Listing of Non-Convertible Securities) Regulations, 2021 read with Section 42 and 71 of the Companies Act, 2013.

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

Axis Trustee Services Ltd.  
Axis House,  
Bombay Dyeing Mill Compound,  
Pandurang Budhkar Marg,  
Worli, Mumbai 400 025  
Email id: [debenturetrustee@axistrustee.in](mailto:debenturetrustee@axistrustee.in)  
Contact Person: Mr. Sagar Shetty  
Tel: + 91 9967789906

#### **Share Transfer system**

With effect from April 01, 2019, requests for effecting transfer of physical securities are not processed by the Company/ Registrar except to the extent permitted by SEBI. Requests for dematerialisation of shares are processed and confirmation is given to the respective depositories i.e., NSDL and CDSL within 21 days.

#### **Address for Members' correspondence**

Members are requested to correspond with the Registrar and Share Transfer Agents at the below given address on all matters relating to non receipt of Annual Report, payment of dividend and any other query relating to Equity Shares or Debentures of the Company.

#### **Registrar and Share Transfer Agents:**

Contact Officer: Ms. Mary George,  
TSR Consultants Private Limited  
Unit: Hindustan Construction Company Ltd.  
C-101, 1<sup>st</sup> Floor, 247 Park,  
Lal Bahadur Shastri Marg, Vikhroli (West)  
Mumbai – 400083  
Telephone: +91-22-66568484  
Fax: +91-22-66568494  
Email: [csg-unit@tcplindia.co.in](mailto:csg-unit@tcplindia.co.in)  
Website: <https://www.tcplindia.co.in>

The Company has maintained an exclusive email id i.e. [secretarial@hccindia.com](mailto:secretarial@hccindia.com) which is designated for investor correspondence for the purpose of registering any investor related complaints and the same has been displayed on the Company's website: [www.hccindia.com](http://www.hccindia.com)

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

#### **Compliance Officer:**

Mr. Nitesh Kumar Jha, Company Secretary  
Hindustan Construction Company Ltd.  
Hincon House, Lal Bahadur Shastri Marg,  
Vikhroli (West), Mumbai- 400 083, India.  
Tel: +91-22-2575 1000 Fax: +91-22-25777568  
Website: [www.hccindia.com](http://www.hccindia.com)  
Email: [secretarial@hccindia.com](mailto:secretarial@hccindia.com)

#### **Investor Relations Officer:**

Mr. Santosh Kadam  
Hindustan Construction Company Ltd.  
Hincon House, Lal Bahadur Shastri Marg,  
Vikhroli (West), Mumbai-400 083, India  
Tel: +91-22-2575 1000 Fax: +91-22-25777568  
Website: [www.hccindia.com](http://www.hccindia.com)  
Email: [secretarial@hccindia.com](mailto:secretarial@hccindia.com)

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

Pursuant to the requirement of Regulation 30 of the SEBI Listing Regulations, the Company would like to inform that no agreement(s) 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. The Company has not entered into any other back-to-back treaties / contracts/ agreements/MoUs or similar instruments with media companies and/or their associates.

#### **g) Investor safeguards and other information:**

##### **i. Dematerialisation of shares**

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

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

Pursuant to Section 124 of the Act read with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund Rules), 2016 ('the IEPF Rules'), during the year under review, no amount of unclaimed dividend and corresponding equity shares were due to be transferred to IEPF account.

### iii. Update Address/E-Mail Address/Bank Details

To receive all communications/corporate actions promptly, Members holding shares in dematerialized form are requested to update their address/email address/ bank details with the respective DPs and in case of physical shares, the updated details have to be intimated to the Registrar & Share Transfer Agents.

### iv. Electronic Service of Documents to Members at the Registered Email Address

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

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

## V. OTHER DISCLOSURES

1. There were no material related party transactions entered by the Company that may have a potential conflict with the interests of the Company. The Company has formulated a policy on Related Party Transactions and the said Policy is available on the website of the Company and can be accessed by weblink [https://hccindia.com/uploads/Investors/Policy\\_for\\_Related\\_Party\\_Transactions.pdf](https://hccindia.com/uploads/Investors/Policy_for_Related_Party_Transactions.pdf).
2. Except as mentioned below, there were no non-compliances by the Company and no instances of penalties and strictures imposed on the Company by the Stock Exchanges or SEBI or any other statutory authority on any matter related to the capital market during the last three years:

During the Financial Year 2020-21, the Company was levied a fine of ₹ 2,12,400 by both NSE and BSE for non-compliance with Regulation 17 (1) of SEBI Listing Regulations for the period commencing from 01<sup>st</sup> January 2020 to 05<sup>th</sup> February 2020. The Company paid the fine to both the Stock Exchanges on 26<sup>th</sup> October 2020.

3. The Company promotes ethical behaviour in all its business activities and has put in place a mechanism for reporting illegal or unethical behaviour. The Company has a Whistle Blower Policy under which the employees are free to report violations of applicable laws and regulations. None of the personnel has been denied access to the Audit Committee. The same is placed on the website of the Company [www.hccindia.com](http://www.hccindia.com)

4. The Company has complied with the mandatory requirements of Corporate Governance as specified in the SEBI Listing Regulations.
5. The Company is not dealing in commodities and hence disclosure relating to commodity price risks and commodity hedging activities is not applicable.
6. Adoption of discretionary requirements of the SEBI Listing Regulations is being reviewed by the Company from time to time and the Company has adopted the discretionary requirements with respect to Internal Audit.
7. There is no non-compliance of any requirement of Corporate Governance Report as per Part C of Schedule V of the SEBI Listing Regulations.
8. The Policy for determining material subsidiaries is available on the website of the Company at [www.hccindia.com](http://www.hccindia.com)
9. Details of utilization of funds raised through Preferential Allotment or Qualified Institutions Placement as specified under Regulation 32 (7A) of the SEBI Listing Regulations- Not Applicable.
10. A certificate from BNP & Associates, Company Secretary in practice, confirming that none of the Directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as Directors of Companies by the Board/Ministry of Corporate Affairs or any such statutory authority, is annexed to this Report.
11. There are no shares lying in the demat suspense account or unclaimed suspense account of the Company and hence, the details of the same are not provided.
12. Total fees for all services paid by the listed entity and its subsidiaries, on a consolidated basis, to the Statutory Auditors and all entities in the network firm/network entity of which the Statutory Auditors is a part:  
  
Details relating to fees paid to the Statutory Auditors are given in Note 30 to the Standalone Financial Statements and Note 33 to the Consolidated Financial Statements.
13. There were no instances during the year where Board has not accepted recommendation given by the Committees.
14. There are no outstanding global depository receipts or American depository receipts or warrants.

### Auditors' Certificate on compliance with the conditions of Corporate Governance

The Company has obtained a Certificate from its Statutory Auditors regarding compliance of the conditions of Corporate Governance, as stipulated in the SEBI Listing Regulations, which is annexed with this Report and shall be sent to all the Members of the Company and the Stock Exchanges along with the Annual Report of the Company.



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

The Board of Directors of Hindustan Construction Company Ltd.

We have reviewed the financial statements and the cash flow statement of Hindustan Construction Company Ltd. for the year ended March 31, 2023 and that to the best of our knowledge and belief:

- a) (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading.
- (ii) these statements together present a true and fair view of the Company's affairs and are in compliance with existing Accounting Standards, applicable laws and regulations.
- b) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violates 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.

**Rahul Rao**  
Chief Financial Officer

**Jaspreet Bhullar**  
Managing Director & Chief Executive Officer

Place: Mumbai  
Date: May 18, 2023

---

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

To,  
The Members,  
Hindustan Construction Company 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, 2023.

For Hindustan Construction Company Ltd.

**Jaspreet Bhullar**  
Managing Director & Chief Executive Officer

Place: Mumbai  
Date : May 18, 2023

## CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

(Pursuant to Regulation 34(3) and Schedule V Para C clause (10) (i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

To  
The Members of  
**Hindustan Construction Company Ltd.**  
Hincon House,  
Lal Bahadur Shastri Marg,  
Vikhroli (West),  
Mumbai-400 083

We, BNP & Associates have examined the relevant registers, records, forms, returns and disclosures received from the Directors of Hindustan Construction Company Limited having CIN L45200MH1926PLC001228 and having its registered office at Hincon House, Lal Bahadur Shastri Marg, Vikhroli West, Mumbai-400083 (hereinafter referred to as “the Company”), which have been produced before us through the virtual data room by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In our opinion and to the best of our information and according to the verifications [including verification of Directors’ Identification Number (“DIN”) status as per the portal of Ministry of Corporate Affairs (“MCA”) [www.mca.gov.in](http://www.mca.gov.in)] as considered necessary and pursuant to explanations furnished to us by the Company and its officers, we hereby certify that none of the Directors on the Board of the Company as stated below, for the financial year ended on 31<sup>st</sup> March, 2023 have been debarred or disqualified from being appointed or continuing as directors of the Company by the Securities and Exchange Board of India, MCA, or by any other statutory regulatory authority.

Sr. No	DIN	Name of the Directors	Designation	Date of Appointment*
1	00010827	Mr. Ajit Gulabchand	Chairman and Managing Director	March 03, 1983
2	01778379	Mr. Arjun Dhawan	Executive Director	April 01, 2017
3	00893700	Mr. Mukul Sarkar	Nominee Director	February 06, 2020
4	02151606	Mr. Arun Vishnu Karambelkar	Non-Executive Non-Independent Director	June 23, 2021
5	00019566	Mr. Mahendra Singh Mehta	Independent Director	June 17, 2019
6	08198165	Ms. Mita Dixit	Independent Director	February 06, 2020
7	02010249	Mr. Ramanujacharyulu Nateri	Independent Director	May 02, 2016
8	06801226	Mr. Santosh Janakiram Iyer	Independent Director	June 17, 2019

\*Date of appointment of Directors are incorporated above as appearing on MCA Portal.

Ensuring the eligibility of every director for appointment / continuity on the Board is the responsibility of the Management of the Company. We further state that this certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the Management of the Company has conducted the affairs of the Company.

**Venkataraman Krishnan**

Associate Partner

ACS No.: -8897/ COP No.: - 12459

For **BNP & Associates**

Company Secretaries

[Firm Regn. No. P2014MH037400]

[PR No.: -637 / 2019]

UDIN: A008897E000327237

Date:- May 18, 2023

Place:- Mumbai

## INDEPENDENT AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To the Members of Hindustan Construction Company Limited

1. This certificate is issued in accordance with the terms of our engagement letter dated 03 August 2022 with **Hindustan Construction Company Limited** ("the Company").
2. We have examined the compliance of conditions of corporate governance by Hindustan Construction Company Limited ('the Company') for the year ended on 31 March 2023, as stipulated in Regulations 17 to 27, clauses (b) to (i) of Regulation 46(2), and paragraphs C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations').

### Management's Responsibility

3. The compliance of conditions of corporate governance is the responsibility of the management. This responsibility includes the designing, implementing and maintaining operating effectiveness of internal control to ensure compliance with the conditions of corporate governance as stipulated in the Listing Regulations.

### Auditor's Responsibility

4. Pursuant to the requirements of the Listing Regulations, our responsibility is to express a reasonable assurance in the form of an opinion as to whether the Company has complied with the conditions of corporate governance as stated in paragraph 2 above. Our responsibility is limited to examining the procedures and implementation thereof, adopted by the Company for ensuring the compliance with the conditions of corporate governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
5. We have examined the relevant records of the Company in accordance with the applicable Generally Accepted Auditing Standards in India, the Guidance Note on Certification of Corporate Governance issued by the Institute of Chartered Accountants of India ('ICAI'), and Guidance Note on Reports or Certificates for Special Purposes issued by the ICAI which requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.
6. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

### Opinion

7. Based on the procedures performed by us and to the best of our information and according to the explanations provided to us, in our opinion, the Company has complied, in all material respects, with the conditions of corporate governance as stipulated in the Listing Regulations during the year ended 31 March 2023.

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

### Restriction on use

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

For **Walker Chandiok & Co LLP**

Chartered Accountants

Firm Registration No: 001076N/N500013

**Shashi Tadwalkar**

Partner

Membership No: 101797

**UDIN: 23101797BGXFAD3700**

Place: Pune

Date: 18 May 2023



# BOARD'S REPORT

To,  
The Members of Hindustan Construction Company Ltd.

## 1. Report

Your Directors are pleased to present the 97<sup>th</sup> Annual Report together with the Audited Financial Statements for the financial year ended March 31, 2023.

## 2. Financial Highlights (As per IND AS)

	Standalone (₹ in crore)	
	Year ended 31 March 2023	Year ended 31 March 2022
<b>Income from Operations</b>	5,222.01	4,666.28
Profit before Finance cost, Depreciation and Amortisation, Exceptional Items, Other Income and Tax	712.38	788.92
Less: Finance Costs	663.97	948.80
Depreciation and amortisation	78.05	93.64
Exceptional Items – gain	223.30	(518.71)
Add: Other Income	61.22	80.24
Profit/(Loss) before Tax	254.89	(173.28)
Less: Tax Expense	1.47	(20.18)
Profit/(Loss) after Tax	253.42	(153.10)
Add: Other Comprehensive Income	0.66	7.86
<b>Total Comprehensive Income / (Loss) carried to Other Equity</b>	<b>254.07</b>	<b>(145.24)</b>

## 3. Dividend

In order to conserve the resources, your Directors have not recommended any dividend for the financial year ended March 31, 2023.

## 4. Strategic Developments

HCC has undertaken several initiatives to ensure sustainable growth through streamlining operations that has reflected in improved cashflow and performance for FY23. Some of these initiatives are explained below:

### Business Development

The Company has begun initiated new relationships with Government of India undertakings to participate and leverage its credentials in strategic opportunities in India and abroad. Besides the infrastructure segments such as Hydropower, Nuclear power, Transportation, and Water Solutions where HCC's domain expertise lies, the Company is exploring emerging sectors such as offshore wind energy and new renewable energy.

### Completion of Debt Carve-out

HCC completed its debt resolution plan, duly supported by 23 banks and financial institutions in September 2022. This special project carved-out a significant portion of HCC's debt along with commensurate assets from its balance sheet. This event results in a long-awaited solution to the asset-liability timing mismatch faced by HCC on account

of delayed realization of its arbitration awards and claims. This milestone gives us the freedom to focus on building our business with renewed confidence, by addressing a fundamental legacy issue relating to delayed arbitration payments. The resolution plan not only addresses the debt availed by HCC but also provides for resolution of HCC's guarantee obligations in relation to Lavasa's debt.

Thus, HCC has transferred ₹ 2,854 crore of lenders' liability along with beneficial economic interest in arbitration awards & claims of ₹ 6,508 crore as consideration to a Special Purpose Vehicle (SPV). This SPV will have an external investor controlling at least 51% and HCC holding balance shares. The SPV debt is significantly over-collateralised and is expected to be fully serviced from its own receivables.

This carve-out will reduce the debt on HCC's books to ₹3,575 crore, resulting in a significant reduction in interest burden to the tune of around annualised ₹400 crore annually from ~₹950 crore earlier.

With the completion of this strategic project, it is now back to business as usual with the focus of Company shifting to new order acquisition and growth.

### Strategic Divestments

The Company concluded the sale of Baharampore-Farakka Highways Limited ("BFHL") to Cube Highways and

Infrastructure V Pte Ltd ("Cube") on March 28, 2023, at an enterprise valuation of ₹ 1,323 crore, which includes SPV debt of ₹ 646 crore. HCC Group is to receive a total of ₹ 941 crore which includes upfront amount of ₹677 crore and ₹ 264 crore payable by Q3 FY24 and Q1 FY25 in two tranches, contingent on traffic projections. Additionally, as part of the agreement with Cube, HCC will be entitled to a revenue share from BFHL over the entire concession period, which is material in nature. HCC's concessions portfolio has been a value generator for the Company and this asset sale underscores the material liquidity contribution toward operations and growth.

The sale of BFHL is in line with our strategy to divest completed, de-risked assets at premium valuations, thereby providing growth capital for new projects. The Company is actively evaluating new opportunities in the HAM/BOT arena.

### **Consolidation at HCC Infrastructure Company Ltd.**

The Company concluded the strategic reorganization of HCC Infrastructure Company Ltd. which included a merger scheme of HCC Concessions Ltd., HCC Power Ltd., HCC Energy Ltd., Dhule Palesnar Operations & Maintenance Ltd and HCC Infrastructure Company Ltd. under Section 230 to 232 of the Companies Act, 2013 in March 2023, thereby consolidating its portfolio.

## **5. Share Capital of the Company**

The present paid-up Equity Share Capital of the Company is ₹ 1,51,30,28,244/- comprising of 1,51,30,28,244 Equity Shares having face value of ₹ 1/- each.

## **6. Operations**

The turnover of the Company during financial year 2022-23 is ₹ 5,222.01 crore as compared to ₹ 4,666.28 crore during financial year 2021-22.

During the year under review, the Company has secured 1 (one) contract aggregating ₹ 3,681 crore (The Company's Share ₹ 1,208 crore) in joint venture.

The total balance value of works on hand as on March 31, 2023 is ₹ 14,772 crore.

## **7. Operations of Subsidiaries:**

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

HCC Infrastructure Company Limited (HICL) is a wholly owned subsidiary of HCC and is entrusted with investment and development in the Public Private Partnership (PPP) mode under the various BOT/ BOOT / HAM / Annuity models. HICL has developed a premium portfolio of ~₹ 7,000 crore of road assets under India's National Highway Development Program on DBFOT (Design, Build, Finance, Operate and Transfer) basis.

Over the last two years FY21-22 and FY22-23, HICL has reorganized its business through merger of its

subsidiaries, has provided successful exits to its private equity investors, achieved full debt repayments and is largely debt free. The strategic sale of its completed BOT assets at premiums raised material capital, which is being re-deployed for new projects and which has contributed to the working capital requirements of the group.

The sale of Baharampore-Farakka Highways Limited (BFHL) to Cube Highways and Infrastructure V Pte Ltd. was completed at an enterprise valuation of ₹ 1,323 crore in March 2023. During the year, the Company managed smooth toll operations collecting ₹ 135 crore toll revenue, while also furthering the pace of construction of balance works by ₹ 212 crore. The sale of BFHL is in line with our strategy to divest completed, de-risked assets at premium valuations, thereby providing growth capital for new projects. The Company is actively evaluating new opportunities in the HAM/BOT arena.

In March 2023, the scheme of merger U/s 230 to 232 of the Companies Act 2013 was concluded thereby merging HCC Concessions Ltd., HCC Power Ltd., HCC Energy Ltd. and Dhule Palesnar Operations & Maintenance Ltd. with HICL. The merger reorganises the legal entities in the group structure to ensure optimized corporate holding structure and reduction in the multiplicity of legal and regulatory compliances at optimized cost.

### **(ii) Steiner AG**

Steiner AG, HCC's wholly-owned subsidiary, is a leading Swiss real estate service provider with a focus on project development and construction. The business is primarily divided into four offerings.

- Real estate development, including long-standing brownfield projects and redevelopment projects.
- General and Total Contracting, where it provides complete turnkey building services from design to construction.
- A model of developing financial vehicles that fund real estate development and is working on partnerships with funds.
- The new business field "Steiner Digital" for digital collaboration platforms serving properties' entire life cycles.

The Company has recently launched a complete business transformation process. It involved the bifurcation of Real Estate Development and Building Construction businesses while exiting in a phased manner from the construction business in Eastern Switzerland. Another key element of the transformation exercise has been to shore up liquidity while exiting non-core investments and settling pending litigations.

To achieve this transformation, the Company's leadership underwent a change with Mr. Arjun Dhawan's appointment as Delegate of the Board of Directors and Mr. Michael Schiltknecht as CEO. These steps represent a decisive move towards establishing Steiner as Switzerland's premier real estate developer, boasting construction and digitalisation expertise.

The Company has expanded its knowledge and capabilities in digital technologies, forming beneficial partnerships that leverage digital technology to develop custom-tailored innovations for the market. In addition, Steiner has partnered with a well-known Content Cloud provider to create a new end-to-end digital real estate platform that can manage content more efficiently and improve planning quality. With the Steiner Digital platform, our goal is to create a complete set of solutions for all stages of property development, including land acquisition, planning, construction, and property management.

Some of the major projects being executed by Steiner AG are:

- Construction of Glasi-quarter, a new urban district in Bülach with 500-plus apartments, a residential and care centre, a hotel and over 20,000 m<sup>2</sup> of light-industrial and service-sector units.
- Gupfengarten residential development in Niederweningen, condominium development with a good mix of apartments and row houses in total 57 units.
- Vitznau residential project in Lucerne, development of condominiums with a good mix of apartments of total 16 units with a wonderful view of the Vierwaldstättersee lake.
- Mix city project in Renens, Lausanne, a multipurpose and urban green building for industries which incorporates an ambitious architectural approach and innovative features, including urban agriculture on the roof and innovative energy production methods.
- Le Day Project in Vallorbe (Canton Vaud), five buildings with 72 apartments
- Floating Gardens project in Zug, a residential construction project comprising two modern buildings with 14 high-quality apartments.
- Unter Erlen development project in Wollerau (Canton Schwyz), a high-quality residential area with views of Lake Zurich with total area of approx. 19,000 m<sup>2</sup>.

Steiner AG reported revenues of CHF 528.5 million (₹4,684 crore) in the financial year 2022-23 as

compared to CHF 754 million (₹6,083 crore) in the previous year and a loss of CHF 42.4 million (₹ 375 crore) as compared to a net profit of CHF 39 million (₹315 crore) in the previous year. The Company secured fresh orders worth CHF 444 million (₹ 3,936 crore). The order book stood at CHF 967 million (₹ 8,572 crore) at the end of the financial year.

## 8. Subsidiaries, Associates and Joint Ventures

Consequent upon transfer of 100% stake held in Baharampore-Farakka Highways Ltd. (BFHL), by HCC Concessions Ltd., a wholly owned subsidiary of the Company to Cube Highways and Infrastructure V Pte. Ltd., BFHL has ceased to be subsidiary of the Company with effect from March 28, 2023.

The merger of HCC Concessions Ltd., HCC Power Ltd., HCC Energy Limited and Dhule Palesner Operations & Maintenance Ltd. (Subsidiary Companies) into HCC Infrastructure Co. Ltd. (Subsidiary Company) has been completed on March 30, 2023.

The details as required under Rule 8 of the Companies (Accounts) Rules, 2014 regarding the performance and financial position of the Subsidiaries, Associates and Joint Ventures of the Company are provided in Form AOC-1, which form part of the Consolidated Financial Statements of the Company for the financial year ended March 31, 2023.

The Company's Policy for determining material subsidiaries was revised by the Board on May 12, 2022 and the revised Policy is available on the Company's website.

The Policy can be accessed by weblink <https://hccindia.com/uploads/Investors/Policy%20for%20determining%20Material%20Subsidiaries.pdf>

Pursuant to initiation of the Corporate Insolvency Resolution Process ("CIRP") under the Insolvency and Bankruptcy Code, 2016 ("IBC") against Lavasa Corporation Limited ("LCL"), effective August 30, 2018, the Holding Company has lost control / significant influence over LCL and its subsidiaries, associates and joint ventures. Accordingly, the above entities cease to be subsidiaries, associates and joint ventures of the Holding Company effective August 30, 2018.

## 9. Public Deposits

Your Company has not accepted any deposit falling under Chapter V of the Act during the year under review. There were no such deposits outstanding at the beginning and end of the FY 2022-23.

## 10. Particulars of Loans, Guarantees or Investments

Particulars of Loans, Guarantees and Investments made during the year as required under the provisions of Section 186 of the Act are given in the notes to the Financial Statements forming part of Annual Report.



Also, pursuant to Paragraph A (2) of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, ("SEBI Listing Regulations") particulars of Loans/Advances given to subsidiaries have been disclosed in the notes to the Financial Statements forming part of Annual Report.

## 11. Employee Stock Option Scheme (ESOP)

The HCC ESOP Scheme was approved by the Members of the Company by Special Resolution passed by Postal Ballot on December 10, 2007. The Company has granted 3,71,748 stock options to the eligible employee under the HCC ESOP Scheme on March 16, 2023. Each option, when exercised, would entitle the holder to subscribe for one equity share of the Company of face value ₹ 1 each. Also, 82,71,402 stock options were available for grant to the eligible employees as on March 31, 2023.

The particulars with regard to stock options as on March 31, 2023, as required to be disclosed pursuant to the provisions of Companies (Share Capital and Debentures) Rules, 2014 read with the applicable Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021, are set out at **Annexure I** to this Report.

A certificate from BNP & Associates, Secretarial Auditors of the Company, certifying that the Company's ESOP Scheme has been implemented in accordance with the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 and the Resolution passed by the Members for the Scheme shall be placed in the ensuing Annual General Meeting.

## 12. Consolidated Financial Statements

In accordance with the Act and implementation requirements of Indian Accounting Standards ("IND-AS") on accounting and disclosure requirements and as prescribed by the SEBI Listing Regulations, the Audited Consolidated Financial Statements are provided in this Annual Report.

Pursuant to Section 129(3) of the Act, a statement containing the salient features of the Financial Statements of the Subsidiaries, Associates and Joint Ventures of the Company in the prescribed form AOC-1 is annexed to this Annual Report.

Pursuant to Section 136 of the Act, the Financial Statements of the Subsidiaries are available on the website of the Company i.e. [www.hccindia.com](http://www.hccindia.com) under the Investors Section.

## 13. Corporate Governance

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

The report on Corporate Governance as prescribed in the SEBI Listing Regulations forms an integral part of this Annual Report. The requisite certificate from the Statutory Auditors of the Company confirming compliance

with the conditions of Corporate Governance along with a declaration signed by CEO of the Company stating that the Members of the Board of Directors and Senior Management have affirmed the compliance with code of conduct of the Board of Directors and Senior Management, is attached to the report on Corporate Governance.

## 14. Directors

The Members of the Company, based on the performance evaluation carried out by the Board and recommendation of the Board and the Nomination and Remuneration Committee ("NRC"), had re-appointed Mr. Santosh Janakiram and Mr. Mahendra Singh Mehta, Independent Directors, whose term was expiring on September 29, 2022, by Special Resolution passed at the 96<sup>th</sup> Annual General Meeting ("AGM") held on September 29, 2022 for a second term of 5 consecutive years i.e. from the conclusion of the 96<sup>th</sup> AGM held in the calendar year 2022 till the conclusion of the 101<sup>st</sup> AGM to be held in the calendar year 2027.

The Members of the Company, based on the recommendation of the Board and NRC, at their Extra Ordinary General Meeting held on February 14, 2023 have re-appointed Mr. Ajit Gulabchand as Director, not liable to retire by rotation and also as the Non-Executive Chairman of the Company with effect from April 01, 2023, upon expiry of his present tenure as Chairman and Managing Director of the Company on March 31, 2023.

The Board has re-designated Mr. Arjun Dhawan, Vice Chairman & Whole-time Director as Executive Vice Chairman with effect from December 01, 2022.

The Members of the Company, based on the recommendation of the Board and NRC, at their Extra Ordinary General Meeting held on February 14, 2023 have appointed Mr. Jaspreet Bhullar, Chief Executive Officer as Director, liable to retire by rotation and Managing Director and Chief Executive Officer (MD & CEO) of the Company, for a period of 5 years with effect from April 01, 2023.

The Board has, based on the recommendation of the NRC, appointed Mr. Arun Karambelkar, Non-Executive-Non-Independent Director as an Independent Director of the Company with effect from June 07, 2023 subject to approval of the Members to hold office for a term of 5 consecutive years, up to the conclusion of the 102<sup>nd</sup> Annual General Meeting of the Company to be held in the calendar year 2028, not liable to retire by rotation.

Based on the recommendation of the NRC and in accordance with Section 161 of the Companies Act, 2013 read with Article 88 of the Articles of Association of the Company, the Board of Directors, vide its circular resolution passed on June 07, 2023, has appointed Mr. Aditya Pratap Jain as an Additional (Non-Executive-Non Independent) Director on the Board of the Company, liable to retire by rotation subject to approval of the Members of the Company pursuant to Regulation 17(1)(c) of the SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015.

The existing tenure of Dr. Mita Dixit as Independent Director is expiring on August 30, 2023 i.e. date of the 97<sup>th</sup> AGM and she, being eligible, has offered herself for re-appointment. Based on the performance evaluation carried out by the Board and after reviewing the declaration submitted by her and pursuant to the recommendation of the NRC, the Board recommends her re-appointment for a second term of 5 consecutive years i.e. from the conclusion of the 97<sup>th</sup> AGM to be held in the calendar year 2023 till the conclusion of the 102<sup>nd</sup> AGM to be held in the calendar year 2028.

Brief profiles of the Directors seeking appointment/ re-appointment have been given as an annexure to the Notice of the ensuing AGM.

The Independent Directors of the Company viz. Mr. Santosh Janakiram, Mr. Mahendra Singh Mehta, Dr. Mita Dixit, Mr. N. R. Acharyulu and Mr. Arun Karambelkar have furnished the declarations to the Company confirming that they meet the criteria of Independence as prescribed under Section 149 of the Act and Regulation 16 (1)(b) read with Regulation 25(8) of the SEBI Listing Regulations and the Board has taken on record the said declarations after undertaking due assessment of the veracity of the same.

The Company has also received Form DIR-8 from all the Directors pursuant to Section 164(2) and Rule 14(1) of Companies (Appointment and Qualification of Directors) Rules, 2014.

## 15. Key Managerial Personnel

As on March 31, 2023 the following persons were the Key Managerial Personnel ("KMP") of the Company pursuant to Section 2(51) and Section 203 of the Act read with the Rules framed thereunder:

- i. Mr. Ajit Gulabchand, Chairman & Managing Director. *(He has ceased to be KMP with effect from April 01, 2023 consequent upon his appointment as Non-Executive Chairman of the Company.)*
- ii. Mr. Arjun Dhawan, Executive Vice Chairman.
- iii. Mr. Jaspreet Bhullar, Chief Executive Officer. *(He has been appointed as Managing Director and Chief Executive Officer with effect from April 01, 2023.)*
- iv. Mr. Rahul Rao, Chief Financial Officer.
- v. Mr. Nitesh Kumar Jha, Company Secretary and Compliance Officer (with effect from May 12, 2022).
- vi. Mr. Vithal Kulkarni, Company Secretary and Compliance Officer (till May 12, 2022).

## 16. Board Committees

The Board had constituted / re-constituted various Committees in compliance with the provisions of the Act and the SEBI Listing Regulations viz. Audit Committee, Nomination and Remuneration Committee, Stakeholders

Relationship Committee, Corporate Social Responsibility Committee and Risk Management Committee.

During the year, the Board has dissolved the ESOP Compensation Committee and assigned its roles and responsibilities to the Nomination and Remuneration Committee with effect from February 02, 2023.

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

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

## 17. Meetings

A calendar of Board Meetings, Annual General Meeting and Committee Meetings is prepared and circulated in advance to the Directors of the Company. The Board of Directors of the Company met 5 times during the financial year 2022-23. The Meetings were held on May 12, 2022, August 04, 2022, November 10, 2022, December 01, 2022, and February 02, 2023. The maximum time gap between any two consecutive Meetings did not exceed one hundred and twenty days.

## 18. Familiarization Program of Independent Directors

In compliance with the requirements of the SEBI Listing Regulations, the Company has put in place a familiarization program for Independent Directors to familiarize them with their role, rights and responsibility as Directors, the operations of the Company, business overview etc. The details of the familiarization program are explained in the Corporate Governance Report and the same is also available on the website of the Company and can be accessed by weblink <https://hccindia.com/uploads/Investors/Policy%20for%20Familiarisation%20Program%20for%20Independent%20Directors.pdf>.

## 19. A statement regarding opinion of the Board with regard to integrity, expertise, and experience (including the proficiency) of the Independent Directors appointed during the year

The Company has received declaration from the Independent Directors that they meet the criteria of independence as prescribed under Section 149 of the Act and Regulation 16 (1)(b) read with Regulation 25(8) of the SEBI Listing Regulations. In the opinion of the Board, they fulfil the condition for appointment/re-appointment as Independent Directors on the Board and possess the attributes of integrity, expertise and experience as required to be disclosed under Rule 8(5) (iia) of the Companies (Accounts) Rules, 2014.

## 20. Independent Directors' Meeting

In terms of Schedule IV of the Act and Regulation 25 of the SEBI Listing Regulations, Independent Directors of the

Company are required to hold at least one meeting in a financial year without the attendance of Non-Independent Directors and Members of Management.

During the year under review, Independent Directors met separately on February 02, 2023, *inter-alia*, for

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

## 21. Performance Evaluation

Pursuant to the applicable provisions of the Act and the SEBI Listing Regulations, the Board has carried out an Annual Evaluation of its own performance, performance of the Independent Directors and the working of its Committees based on the evaluation criteria specified by NRC for performance evaluation process of the Board, its Committees and Directors.

The Board's functioning was evaluated on various aspects, including, *inter-alia*, the structure of the Board, Meetings of the Board, functions of the Board, degree of fulfilment of key responsibilities, establishment, and delineation of responsibilities to various Committees and effectiveness of Board processes, information and functioning.

The Committees of the Board were assessed on the degree of fulfilment of key responsibilities, adequacy of Committee composition and effectiveness of Meetings. The Directors were evaluated on aspects such as attendance, contribution at Board/ Committee Meetings and guidance/support to the management outside Board/ Committee Meetings.

As mentioned earlier, the performance assessment of Non-Independent Directors, Board as a whole and the Chairman were evaluated in a separate Meeting of Independent Directors. The same was also discussed in the Board Meeting. Performance evaluation of Independent Directors was done by the entire Board, excluding the Independent Director being evaluated.

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

The Nomination and Remuneration Committee has laid down well-defined criteria, in the Nomination and Remuneration Policy, for selection of candidates for appointment as Directors, Key Managerial Personnel and Senior Management Personnel.

The said Policy is available on the Company's website and can be accessed by weblink <https://hccindia.com/uploads/Investors/Nomination-and-Remuneration-Policy.pdf>.

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

The Nomination and Remuneration Committee has laid down the framework for remuneration of Directors, Key Managerial Personnel and Senior Management Personnel in the Nomination and Remuneration Policy recommended by it and approved by the Board of Directors. The Policy, *inter-alia*, defines Key Managerial Personnel and Senior Management Personnel of the Company and prescribes the role of the Nomination and Remuneration Committee. The Policy lays down the criteria for identification, appointment and retirement of Directors and Senior Management. The Policy broadly lays down the framework in relation to remuneration of Directors, Key Managerial Personnel and Senior Management Personnel. The Policy also provides for the criteria for determining qualifications, positive attributes and independence of Director and lays down the framework on Board diversity.

The said Policy is available on the Company's website and can be accessed by weblink <https://hccindia.com/uploads/Investors/Nomination-and-Remuneration-Policy.pdf>.

## 24. Corporate Social Responsibility Policy

A brief outline of the Corporate Social Responsibility ('CSR') Policy as recommended by the CSR Committee and approved by the Board of Directors of the Company, and the initiatives undertaken by the Company on CSR activities during the year are set out in **Annexure II** of this Report in the prescribed format.

The said Policy is available on the Company's website and can be accessed by weblink [https://hccindia.com/uploads/Investors/Corporate\\_Social\\_Responsibility\\_Policy.pdf](https://hccindia.com/uploads/Investors/Corporate_Social_Responsibility_Policy.pdf).

## 25. Related Party Transactions

The related party transactions attracting the compliance under the Act and/or the SEBI Listing Regulations were placed before the Audit Committee and / or Board and/or Members for necessary review / approval.

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

Form No. AOC-2 containing details of the contracts / arrangements / transactions with related party in terms of Section 134(3)(h) read with Section 188 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014 forms integral part of this Annual Report.



The Related Party Transactions Policy was amended on May 12, 2022 in line with the requirements of Regulation 23 of the SEBI Listing Regulations.

The said Policy is available on the Company website and can be accessed by weblink [https://hccindia.com/uploads/Investors/Policy\\_for\\_Related\\_Party\\_Transactions.pdf](https://hccindia.com/uploads/Investors/Policy_for_Related_Party_Transactions.pdf).

## **26. Business Responsibility and Sustainability Report**

The Company, being part of the top 1,000 listed companies, has annexed Business Responsibility and Sustainability Report for the financial year 2022-23 in the format prescribed by the SEBI, covering the performance of the Company on the nine principles as per National Voluntary Guidelines (NVGs) at **Annexure VII** of this Annual Report.

## **27. Directors' Responsibility Statement**

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

- (a) in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any.
- (b) the selected accounting policies were applied consistently, and the Directors made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2023 and of the Profit of the Company for the year ended on that date.
- (c) proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- (d) the annual accounts have been prepared on a going concern basis.
- (e) the internal financial controls have been laid down to be followed by the Company and such controls are adequate and are generally operated effectively during the year.
- (f) proper systems to ensure compliance with the provisions of all applicable laws have been devised and such systems are adequate and are operating effectively.

Your Auditors have opined that the Company has in, all material respects, maintained adequate internal financial controls over financial reporting and that they were operating effectively.

## **28. Industrial Relations**

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

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

Pursuant to the applicable provisions of the Act read with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 ('IEPF Rules'), all unpaid or unclaimed dividends are required to be transferred by the Company to IEPF, after the completion of seven years. Further, according to the IEPF Rules, the shares on which dividend has not been paid or claimed by the shareholders for seven consecutive years or more shall also be transferred to IEPF. During the year under review, there were no unclaimed dividend or equity shares due to be transferred to the IEPF Authority pursuant to IEPF Rules.

## **30. Particulars of Employees and other additional information**

Disclosure pertaining to remuneration and other details as required under Section 197(12) of the Act read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is annexed to the Report as **Annexure-III**. In terms of proviso to Section 136(1) of the Act, the Report and Accounts are being sent to the Members, excluding statement containing particulars of top 10 employees and the employees, drawing remuneration in excess of limits prescribed under Rule 5(2) and (3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014. The said Statement is also open for inspection. Any Member interested in obtaining a copy of the same may write to the Company Secretary.

## **31. Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo**

The information relating to the Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo as required to be disclosed under the Companies (Accounts) Rules, 2014 is given in **Annexure IV** forming part of this Annual Report.

## **32. Secretarial Standards**

The Company has complied with the Secretarial Standards issued by the Institute of Company Secretaries of India on Board Meetings and General Meetings.

## **33. Statutory Auditors**

The Members of the Company had at the 93<sup>rd</sup> Annual General Meeting ('AGM') held on September 26, 2019, approved the re-appointment of M/s. Walker Chandiok & Co. LLP, Chartered Accountants, Mumbai, bearing ICAI Registration No. 001076N, for second term of 5 consecutive years, as the Statutory Auditors of the Company, to hold office from the conclusion of that AGM until the conclusion of the 6<sup>th</sup> AGM to be held in the year 2024. As required under Section 139 of the Act, the Company has obtained certificate from them to the effect that their continued appointment, would be in accordance with the conditions prescribed under the Act and the Rules made thereunder, as may be applicable.

### 34. Board's Comment on Auditors' Qualifications

The explanations on the qualifications/observations/matter of emphasis given by the Statutory Auditors in their Audit Reports have been provided in the respective Notes to the Standalone and Consolidated Financial Statements.

### 35. Secretarial Audit

Secretarial Audit for the financial year 2022-23 was conducted by M/s. BNP & Associates, Company Secretaries in Practice in accordance with the provisions of Section 204 of the Act. The Secretarial Auditor's Report is attached to this Annual Report at **Annexure V**.

The Secretarial Auditor's observations are self-explanatory.

### 36. Cost Audit

The Company is maintaining the accounts and cost records as specified by the Central Government under sub-section (1) of Section 148 of the Act and Rules made thereunder.

In compliance with the provisions of Section 148 of the Act, the Board of Directors of the Company had at its Meeting held on August 04, 2022, appointed M/s. Joshi Apte & Associates, Cost Accountants as Cost Auditors of the Company for the financial year 2022-23.

In terms of the provisions of Section 148 of the Act read with the Companies (Audit and Auditors) Rules, 2014, the remuneration of the Cost Auditors is required to be ratified by the Members. Accordingly, necessary resolution is proposed at the 97<sup>th</sup> Annual General Meeting for ratification of the remuneration payable to the Cost Auditors for financial year 2022-23.

### 37. Risk Management

The Company has established a well-documented and robust risk management framework under the provisions of the Act. Under this framework, risks are identified across all business processes of the Company on a continuous basis. Once identified, these risks are managed systematically by categorizing them into Enterprise Level Risk and Project Level Risk. These risks are further broken down into various subcategories of risks such as operational, financial, contractual, order book, project cost and time overrun etc. and proper documentation is maintained in the form of activity log registers, mitigation reports, and monitored by respective functional heads. Review of these risk and documentation is undertaken by Risk Management Committee regularly at agreed intervals. Further, the Risk Management Committee has been assigned the roles and responsibilities as specified in Schedule II of the SEBI Listing Regulations.

### 38. Internal Control Systems and their adequacy

The Company has an adequate system of internal control to ensure that the resources are used efficiently and effectively so that:

- assets are safeguarded and protected against loss from unauthorized use or disposition.
- all significant transactions are authorised, recorded and reported correctly.
- financial and other data are reliable for preparing financial information.
- other data are appropriate for maintaining accountability of assets.

The internal control is supplemented by an extensive internal audits programme, review by management along with documented policies, guidelines and procedures.

### 39. Internal Financial Controls and their adequacy

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

### 40. Whistle Blower Policy/Vigil Mechanism

The Company has adopted a Whistle Blower Policy to provide a formal mechanism to the Directors and employees to report their concerns about unethical behaviour, actual or suspected fraud or violation of the Company's Code of Conduct or Ethics Policy. The Policy provides for adequate safeguards against victimization of employees who avail of the mechanism and provides for direct access to the Chairman of the Audit Committee. It is affirmed that no person has been denied access to the Audit Committee.

The said Policy is available on the Company website and can be accessed by weblink [https://hccindia.com/uploads/Investors/Vigil\\_Mechanism\\_Policy.pdf](https://hccindia.com/uploads/Investors/Vigil_Mechanism_Policy.pdf).

### 41. Sexual Harassment

The Company has always believed in providing a conducive work environment devoid of discrimination and harassment including sexual harassment. The Company has a well formulated Policy on Prevention and Redressal of Sexual Harassment. The objective of the Policy is to prohibit, prevent and address issues of sexual harassment at the workplace. This Policy has striven to prescribe a code of conduct for the employees and all employees have access to the Policy document and are required to strictly abide by it. The Policy covers all employees, irrespective of their nature of employment and is also applicable in respect of all allegations of sexual harassment made by an outsider against an employee.

The Company has duly constituted an Internal Complaints Committee in line with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Rules thereunder. During the financial year 2022-23, no case of Sexual Harassment was reported.

#### **42. Reporting of Frauds**

There was no instance of fraud during the year under review, which required the Statutory Auditors to report under Section 143(12) of the Act and the Rules made thereunder.

#### **43. Significant and material Orders passed by the Regulators/Courts, if any**

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

#### **44. Material changes and commitment if any, affecting financial position of the Company from the end of financial year till the date of the report**

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

#### **45. Annual Return**

The Company has uploaded Annual Return on the website of the Company i.e., [www.hccindia.com](http://www.hccindia.com).

#### **46. Green Initiatives**

In line with the Green Initiatives, the Notice of 97<sup>th</sup> Annual General Meeting of the Company is being sent to all

Members whose email addresses are registered with the Company/Depository Participant(s). Members who have not registered their e-mail addresses, are requested to register their e-mail IDs with Company's Registrar and Share Transfer Agents, TSR Consultants Private Limited at C-101, 1<sup>st</sup> Floor, 247 Park, L.B.S. Marg, Vikhroli (West), Mumbai – 400083.

#### **47. Dividend Distribution Policy**

Dividend Distribution Policy of the Company ("the Policy"), endeavours for fairness, consistency and sustainability while distributing profits to the Members and same is attached to this Report as **Annexure VI**.

#### **48. Acknowledgement**

Your Directors would like to acknowledge and place on record their sincere appreciation to all Stakeholders, Clients, Financial Institutions, Banks, Central and State Governments, the Company's valued Investors and all other Business Partners, for their continued co-operation and support extended during the year.

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

For and on behalf of Board of Directors

**Ajit Gulabchand**  
Chairman

#### **Registered Office:**

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

Place: Mumbai

Date: August 03, 2023



# ANNEXURE I TO THE BOARD'S REPORT

## DISCLOSURE PURSUANT TO THE COMPANIES (SHARE CAPITAL AND DEBENTURES) RULES, 2014 AND SECURITIES AND EXCHANGE BOARD OF INDIA (SHARE BASED EMPLOYEE BENEFITS AND SWEAT EQUITY) REGULATIONS, 2021 AS AT MARCH 31, 2023

No.	Particulars	Details												
a)	No. of Options outstanding (for grant) at the beginning of the year	86,43,150* (Eighty-Six Lakh Forty-Three Thousand One Hundred Fifty)												
b)	No. of Options granted during the year	3,71,748 (Three Lakh Seventy-One Thousand Seven Hundred Forty-Eight)												
c)	Pricing formula	At an exercise price of ₹ 13.45 per option determined as per clause 10.1(b) of the HCC Employee Stock Option Scheme uploaded at <a href="http://www.hccindia.com">www.hccindia.com</a>												
d)	Vesting Requirements	<p>The option shall be vested as per vesting schedule given below in accordance with clause 9.3 of HCC Employee Stock Option Scheme uploaded at <a href="http://www.hccindia.com">www.hccindia.com</a></p> <table> <tr> <th>Date (After)*</th><th>Percentage</th><th>No. of options vested</th></tr> <tr> <td>March 15, 2024</td><td>50%</td><td>1,85,874</td></tr> <tr> <td>March 15, 2025</td><td>25%</td><td>92,937</td></tr> <tr> <td>March 15, 2026</td><td>25%</td><td>92,937</td></tr> </table> <p>*There is a minimum gap of one year between date of grant and vesting.</p>	Date (After)*	Percentage	No. of options vested	March 15, 2024	50%	1,85,874	March 15, 2025	25%	92,937	March 15, 2026	25%	92,937
Date (After)*	Percentage	No. of options vested												
March 15, 2024	50%	1,85,874												
March 15, 2025	25%	92,937												
March 15, 2026	25%	92,937												
e)	Maximum term /exercise period of the Options granted	Exercise period means a period of four years from the vesting date within which the vested Options can be exercised.												
f)	No. of Options vested	Nil												
g)	No. of Options exercised	Nil												
h)	No. of shares arising as a result of exercise of Options	Nil												
i)	Money realized by exercise of Options	Nil												
j)	No. of Options lapsed	Nil												
k)	Variation in the terms of Options	Nil												
l)	No. of Options in force (in the hands of employee) at the end of the year	3,71,748 (Three Lakh Seventy-One Thousand Seven Hundred Forty-Eight)												
m)	No. of Options exercisable (in the hands of employee) at the end of the year	Nil												
n)	Balance Options available for grant	82,71,402 (Eighty-Two Lakh Seventy-One Thousand Four Hundred and Two)												
o)	Employee wise details of stock options granted, during the financial year ended March 31, 2023, to:													
	(i) senior managerial personnel: Jaspreet Bhullar, Chief Executive Officer	3,71,748 (Three Lakh Seventy-One Thousand Seven Hundred Forty-Eight)												
	(ii) any other employee to whom 5% or more of option granted:	Nil												
	(iii) identified employees who were granted option, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant:	Nil												

\*Previous year's figures have been re-grouped and re-aligned to match the same with in-principle approval granted by the stock exchanges.

For and on behalf of Board of Directors

**Ajit Gulabchand**  
Chairman

### Registered Office:

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

Place : Mumbai

Date: August 03, 2023

# ANNEXURE II TO THE BOARD'S REPORT

## REPORTING ON CORPORATE SOCIAL RESPONSIBILITY (CSR)

### 1. A brief outline of the CSR Policy of the Company:

The Corporate Social Responsibility (CSR) Policy as recommended by the CSR Committee and approved by the Board of Directors of the Company on June 23, 2021 is available on the Company's website and can be accessed by weblink: [https://hccindia.com/uploads/Investors/Corporate\\_Social\\_Responsibility\\_Policy.pdf](https://hccindia.com/uploads/Investors/Corporate_Social_Responsibility_Policy.pdf)

HCC is aware of the social responsibilities that accompany its leadership status. The Company remains steadfast in pursuing holistic growth with responsibility towards the people and the environment. The Company's CSR philosophy is 'Do Good to Do Well and Do Well to Do Good'.

### 2. Composition of CSR Committee:

Sr. No.	Name and Nature of Directorship	Designation	Number of Meeting of CSR Committee held during the year	Number of Meeting of CSR Committee attended during the year
1	Ajit Gulabchand (Chairman & Managing Director)	Chairman	1	1
2	N. R. Acharyulu (Independent Director)	Member	1	1
3	Mahendra Singh Mehta (Independent Director)	Member	1	1

### 3. Provide the web link where the Composition of the CSR Committee, CSR Policy and CSR projects approved by the Board are disclosed on the Company's website:

#### CSR Committee:

<http://hccindia.com/investors/board-committees>

#### CSR Policy:

[https://hccindia.com/uploads/Investors/Corporate\\_Social\\_Responsibility\\_Policy.pdf](https://hccindia.com/uploads/Investors/Corporate_Social_Responsibility_Policy.pdf)

#### CSR Projects:

<http://hccindia.com/about-us/sustainability/community-initiatives>

### 4. Provide the details of the impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, if applicable (attach the report):

Not Applicable

### 5. Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any:

Sr. No.	Financial Year	The amount available for set-off from preceding financial years (in ₹)	The amount required to be set-off for the financial year, if any (in ₹)
---------	----------------	--	---

Nil

### 6. Average net profit of the Company as per section 135(5): Nil

### 7. (a) Two per cent of average net profit of the Company as per section 135(5) - Not Applicable

### (b) Surplus arises from the CSR projects or programmes or activities of the previous financial years - Nil

### (c) Amount required to be set off for the financial year- Nil

### (d) Total CSR obligation for the financial year (7a+7b-7c)- Nil

### 8. (a) CSR amount spent or unspent for the financial year:

Total Amount Spent for the Financial Year. 2022-23 (in ₹)	Amount Unspent (in ₹)				
	The total amount transferred to Unspent CSR Account as per section 135(6)		Amount transferred to any fund specified under Schedule VII as per the second provision to section 135(5)		
	Amount	Date of transfer	Name of the Fund	Amount	Date of transfer
Nil	NA	NA	NA	NA	NA

**(b) Details of CSR amount spent against ongoing projects for the financial year:**

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
Sr. No.	Name of the Project	Item from the list of activities in Schedule VII to the Act	Local area (Yes/No)	Location of the project	Project duration	Amount allocated for the project (in ₹)	Amount spent in the current financial year (in ₹)	Amount transferred to Unspent CSR Account for the project as per Section 135(6) (in ₹)	Mode of Implementation – Direct (Yes/No)	Mode of Implementation - Through Implementing Agency

----- NA -----

**(c) Details of CSR amount spent against other than ongoing projects for the financial year:**

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	
Sr. No.	Name of the Project	Item from the list of activities in Schedule VII to the Act	Local area (Yes/No)	Location of the project		Amount spent for the project (in ₹)	Mode of Implementation – Direct (Yes/ No)	Mode of Implementation- Through Implementing Agency	
				State	District			Name	CSR Reg. no.

----- NA -----

**(d) Amount spent in Administrative Overheads – Nil****(e) Amount spent on Impact Assessment, If applicable – Not Applicable****(f) Total amount spent for the financial year (8b+8c+8d+8e): Nil****(g) Excess amount for set off, if any:**

Sr. No.	Particulars	Amount (in ₹)
(i)	Two percent of average net profit of the Company as per section 135(5)	Nil
(ii)	Total amount spent for the Financial Year	Nil
(iii)	Excess amount spent for the financial year [(ii)-(i)]	Nil
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	Nil
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	Nil

**9. (a) Details of Unspent CSR amount for the preceding three financial years:**

Sr. No.	Preceding Financial Year	Amount transferred to Unspent CSR Account under section 135 (6) (in ₹)	Amount spent in the reporting Financial Year (in ₹)	Amount transferred to any fund specified under Schedule VII as per section 135(6), if any.			Amount remaining to be spent in succeeding financial years. (in ₹)
				Name of the Fund	Amount (in ₹)	Date of transfer	

----- NA -----



**(b) Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s):**

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Sr. No.	Project ID	Name of the Project	Financial Year in which the project was commenced	Project duration	Total amount allocated for the project (in ₹)	Amount spent on the project in the Reporting Financial Year (in ₹)	Cumulative amount spent at the end of reporting Financial Year. (in ₹)	Status of the Project Completed/ Ongoing
----- NA -----								
Total								

10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year (asset-wise details). - Not Applicable
- a. Date of creation or acquisition of the capital asset(s) – Not Applicable
- b. Amount of CSR spent for creation or acquisition of capital asset – Not Applicable
- c. Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc. – Not Applicable
- d. Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset). – Not Applicable
11. Specify the reason(s), if the Company has failed to spend two per cent of the average net profit as per section 135(5). – Not applicable

**Arjun Dhawan**  
Executive Vice Chairman

**Ajit Gulabchand**  
Chairman and  
Chairman of the CSR Committee

**Registered Office:**  
Hincon House,  
Lal Bahadur Shastri Marg, Vikhroli (West),  
Mumbai 400 083

Place: Mumbai  
Date : August 03, 2023

# ANNEXURE III TO THE BOARD'S REPORT

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

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

Mr. Ajit Gulabchand, Chairman & Managing Director	1:54
Mr. Arjun Dhawan, Executive Vice Chairman	1:47

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

### Directors:

Mr. Ajit Gulabchand, Chairman & Managing Director	-
Mr. Arjun Dhawan, Executive Vice Chairman	-

### Key Managerial Personnel:

Mr. Jaspreet Bhullar, Chief Executive Officer	-
Mr. Rahul Rao, Chief Financial Officer	2.8%
Mr. Vithal P. Kulkarni, Executive Vice President & Company Secretary (Up to May 12, 2022)	-
Mr. Nitesh Kumar Jha, Company Secretary (w.e.f. May 12, 2022)	-

- iii. The percentage increase in the median remuneration of employees in the financial year – Nil.

- iv. The number of permanent employees on rolls of the Company: 1,094 employees as on March 31, 2023.

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

Average Salary Increase for KMPs (other than Chairman & Managing Director and Executive Vice Chairman)	0.7%
Average Salary Increase for non KMPs	7.5%

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

**The remuneration paid to employees is as per the Nomination and Remuneration Policy of the Company.**

For and on behalf of Board of Directors

**Ajit Gulabchand**  
Chairman

### Registered Office:

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

Place: Mumbai

Date: August 03, 2023

# ANNEXURE IV TO THE BOARD'S REPORT

## INFORMATION AS PER SECTION 134 READ WITH RULE 8 OF THE COMPANIES (ACCOUNTS) RULES, 2014 FOR THE FINANCIAL YEAR ENDED MARCH 31, 2023

### A. Conservation of Energy:

Following energy conservation measures have been taken by the Company,

#### 1) At MCRP:

The washroom fittings are replaced with the sensor operated ones which helps to reduce the wastage of water during flushing and avoids the wastage caused due to accidental opening of taps. The provision of collection of AC discharge water from the office premises is made, this water is used for gardening purpose.

#### 2) At MML3:

Portable garden sprinklers have been implemented for dust suppression measures to replace the conventional manual sprinkling. This has helped to reduce the usage of water, cost, and the entire operation automated.

### B. Technology Absorption and initiatives:

#### 1) At MML3:

Use of GGBS replaces Portland cement resulting in lower levels of extraction of silica, limestone as well as reducing GHG (Green House Gas) emissions in concrete improves plasticity, decrease permeability, increase sulphate resistance, and enhance durability of concrete. A quantity of 15124.75 MT was utilized.

#### 2) At MCRP:

During drilling bucket roller bit barrels were adopted instead of conventional piling bits which reduces noise, vibration and grinding sound. Muck removal arrangement was fabricated for removal of bucket muck reducing the noise generated during the conventional operation.

#### 3) At VPHEP:

Dumpers are fitted with GPS tracking devices, this enables to monitor the routes, battery life and fuel consumption. It also helps for providing quick, accurate support in situations of distress.

Bio-stabilization technique is implemented for slope stabilization at VPHEP project. This technique facilitates natural plantation growth and is environment friendly, nontoxic and enhances the aesthetic appearance.

#### 4) At T-49A:

Bio-stabilization technique is implemented for the slopes. This technique facilitates natural plantation growth and is environment friendly, nontoxic and enhances the aesthetic appearance.

Adopted for Reinforced Soil Wall / slope structure system for Sumber Yard to increase stability, erosion control of slopes by using natural plantation growth.

#### 5) At DC-06:

For suppression of ambient dust and smog, use of anti-smog guns has been implemented. This helps to improve the ambient air quality in the working premises by spraying water in the form of mist into the air, which helps in settling the suspended dust.

Biometric based access control system is installed in all the dumpers to avoid unauthorized operation by non-competent drivers. Only authorized drivers can start the vehicle after scanning his finger.

#### 6) At Bengaluru Metro Rail Project (Reach V Pkg-3)

Use of Prestressed Double T Girders in place of Cast-in-situ beams & slabs at five-level Jayadeva Hospital Station Building to increase the speed of Construction, Quality and Safety at the busy junction.

Double T girders are faster in construction compared to alternative construction methods with attractive appearance due to steel form finish and chamfered edges.

#### 7) At Anjikhad Cable Stayed Bridge

Anjikhad Bridge is country's "first cable-stayed bridge" on Indian Railways in Jammu and Kashmir located in the young fold mountains of Himalayas having extremely complex, fragile, and daunting geological features in the form of faults, folds and thrusts and besides seismic proneness of the region.

Under the Instrumentation and Bridge health monitoring scheme, strain gauges installation is in progress to measure strain, installation of other integrated bridge monitoring system is planned at various locations of the structure to monitor Structural Health during service.

#### 8) At Imphal – Kangchup-Tamenlong Road Project (IKTRP):

Use of hydro-seeding technique for erosion control instead of traditional method. Hydro seeding techniques is a planting process that uses a slurry of seed and mulch. This technique is cost effective and time saving as compared to the conventional methods.

Use of Geocell is cost effective initiative solution adopted to strengthen weak subgrade soils and increase bearing capacity of road construction. A sum of 91,830 Square Meter was placed successfully to strengthen the subgrade of road.



**9) At BARC Tarapur, IGCAR FRFCF projects**

Use of fly ash in concrete improves plasticity, decrease permeability, increase sulphate resistance, and enhance durability of concrete. Fly ash replaces Portland cement resulting in lower levels of extraction of silica, limestone as well as reducing GHG (Green House Gas) emissions, utilized fly ash in concrete production as per the Indian standard specifications.

A sum of 5,589 MT of fly ash was utilized.

**10) At VPHEP**

Use of Portland slag cement in concrete to mitigate concrete from alkali silica reaction to improve the durability of concrete.

A sum of 10,346 tonnes of Portland slag cement was successfully used and found durability of concrete structure.

**11) At Tehri Project**

As conventional concrete is difficult to place and compact behind steel liners in vertical penstocks. Hence Self Compacting Concrete ("SCC") has been placed to ensure proper compaction and to avoid voids. A quantity of 8,170 Cum of SCC was successfully placed in position.

**12) At NH-34, Pkg. – 3**

Use of RE wall block (Facia) in Reinforced Soil Wall resulting in increased strength, stability and speed of construction (Facia area 69,622 Sq. Mtr, Number of blocks used 7,50,528 Numbers)

Reached to maximum height of Reinforced Soil Wall Block 18.00 Mtr. (Which is of unique in height, using RS Wall Block construction method).

**13) At FRFCF IGCAR**

Heavy Density Concrete by interconnecting Stationary Concrete Pump with Boom Placer – Adoptive concrete pipe is developed for interconnecting the boom placer (Putzmeister / CIFA) with the stationary concrete pump (Schwing Stetter Make SP 3000)

Developed in house Teflon make drive gear, part of Pneumatic Grease Pump – In place of complete purchase of Pneumatic Grease Pump of Aquarius make MP 60 & SP

60 batching plant supplied by OEM, we developed Teflon make drive gear.

In-house fabrication of Screw Balancing support of ice discharge screw – in place of purchasing of complete system as integrated part of ice discharge screw system inclusive of Motor, Gear Box, Discharge Screw and Hanger Bearing OEM we developed Screw Balancing support of ice discharge screw.

**14) At Equipment Dept. HO & Projects**

Equipment Dept.- Online Equipment Approval process in SAP has been developed to approve Form 60 & Form 129.

**15) At IMS/HO**

Quick splitting tool is developed for uploading the audit report in co-ordination with the Highbar team. This helps in saving time and man hours spent as compared to that of previous method.

Online HSE Legal Compliance Monitoring portal is under revamp which shall avoid duplication of work and help to save man hours, this upgradation is being done with the Company's Highbar team.

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

Total Foreign Exchange used and Earned:

Earnings in Foreign Currency	₹ 63.52 crore
Expenditure in Foreign Currency	₹ 12.91 crore

For and on behalf of Board of Directors

**Ajit Gulabchand**  
Chairman

**Registered Office:**

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

Place : Mumbai

Date: August 03, 2023

# ANNEXURE V TO THE BOARD'S REPORT

FORM NO. MR-3

## SECRETARIAL AUDIT REPORT

For the year ended 31<sup>st</sup> March 2023

[Pursuant to section 204(1) of the Companies Act, 2013 and Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,  
The Members of,  
Hindustan Construction Company Limited  
Hincon House, Lal Bahadur Shastri Marg,  
Vikhroli (West), Mumbai- 400083

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Hindustan Construction Company Limited** having **CIN: - L45200MH1926PLC001228** (hereinafter called the "the Company") for the financial year ended on 31<sup>st</sup> March, 2023 (the "Audit Period"/"Period under review"/"Review Period").

We conducted the Secretarial Audit in a manner that provided us a reasonable basis for evaluating the Company's corporate conducts/ statutory compliances and expressing our opinion thereon.

We are issuing this report based on:

- (i) **Our verification** of the Company's books, papers, minutes books, forms and returns filed, records provided through virtual data room /physically and other records maintained by the Company;
- (ii) **Compliance certificates** confirming compliance with Corporate laws applicable to the Company given by the Key Managerial Personnel / Senior Managerial Personnel of the Company and taken on record by the Company's Audit Committee / Board of Directors; and
- (iii) **Representations** made, documents produced and information provided by the Company, its officers, agents and authorized representatives during our conduct of Secretarial Audit

We hereby report that, in our opinion, during the Audit Period covering the financial year ended on 31<sup>st</sup> March, 2023, the Company has:

- (i) Complied with the statutory provisions listed hereunder; and
- (ii) Board processes and compliance mechanisms are in place to the extent, in the manner and subject to the reporting made hereinafter.

### 1. COMPLIANCE WITH SPECIFIC STATUTORY PROVISIONS

#### We further report that:

- 1.1 We have examined the books, papers, minutes books, forms and returns filed and other records maintained by the Company during the year in terms of the applicable provisions / clauses of:
  - (i) The Companies Act, 2013 ("the Act") and the Rules made thereunder;
  - (ii) The Securities Contracts (Regulation) Act, 1956 ("SCRA") and the Rules made thereunder;
  - (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
  - (iv) The Foreign Exchange Management Act, 1999 ("FEMA") and the Rules/Regulations made thereunder to the extent of Overseas Direct Investments and External Commercial Borrowings;
  - (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ("SEBI Act")
    - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
    - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015\*;
    - (c) The Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021;
    - (d) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations");
    - (e) The Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018 to the extent applicable;
    - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client; and

- (g) The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021

\* The Company has also maintained a Structured Digital Database ("SDD") pursuant to the requirements of regulation 3 (5) and 3 (6) of Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015.

- (vi) Secretarial Standards relating to meetings of Board of Directors and General Meetings issued by The Institute of Company Secretaries of India and notified by the Central Government under Section 118 (10) of the Act which have mandatory application.

## 1.2 During the period under review:

- (i) The Company has complied with the all the applicable provisions of all the aforesaid Acts, Rules, Regulations, Guidelines and Standards as mentioned above.
- (ii) Generally complied with the applicable provisions / clauses of:
- (a) FEMA to the extent of Overseas Direct Investments and External Commercial Borrowings mentioned under paragraph 1.1 (iv);
- (b) The Secretarial Standards on meetings of Board of Directors ("SS-1") and on General Meetings ("SS-2") mentioned under paragraph 1.1 (vi) above, which are applicable to the meetings of the Board of Directors and its Committees thereof, held during the audit period, the 96<sup>th</sup> Annual General Meeting ("AGM") held on 29<sup>th</sup> September, 2022 and the Extra-Ordinary General Meetings ("EGM") held on 22<sup>nd</sup> June, 2022 and 14<sup>th</sup> February, 2023. The compliance of the provisions of the Rules made under the Act with regard to participation of Directors through video conference for the Board/Committee meeting(s) held during the audit period, were verified based on the minutes of the meetings provided by the Company.

## 1.3 During the audit period under review, provisions of the following Acts /Regulations were not applicable to the Company

- (i) The Foreign Exchange Management Act, 1999 and the Rules/Regulations made thereunder to the extent of Foreign Direct Investment.
- (ii) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
- (iii) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021; and
- (iv) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018

1.4 We have also examined, on test-check basis, the relevant documents and records maintained by the Company and provided to us with respect to the following Statute(s) which are applicable to the Company:-

- a) Building and other Construction Workers (Regulation of Employment and Conditions of Service) Act, 1996;
- b) Explosives Act 1984 and Rules 2008 framed thereunder;
- c) Gas Cylinder Rules, 2004;
- d) Mines Act, 1954 and Rules framed thereunder;
- e) The Air (Prevention & Control of Pollution) Act, 1981 and Rules framed thereunder;
- f) The Water (Prevention & Control of Pollution) Act, 1974 and Rules 1975 framed thereunder (amended up to 1988);
- g) The Hazardous and Other Waste (Management, Handling & Transboundary Movement) Rules, 2016;
- h) The Environment (Protection) Act, 1986 and Rules framed thereunder;
- i) Petroleum Act 1934 and Rules framed thereunder;
- j) The Indian Electricity Act, 2003; and
- k) The Factories Act, 1948

## 2. BOARD PROCESSES OF THE COMPANY:

We further report that:

### 2.1 The Board of Directors of the Company as on 31<sup>st</sup> March, 2023 comprised of:

- (i) Two Executive Directors- Mr. Ajit Gulabchand (DIN: 00010827) and Mr. Arjun Dhawan (DIN: 01778379);
- (ii) One Non-Executive Nominee Director – Mr. Mukul Sarkar (DIN: 00893700);
- (iii) One Non-Executive Non-Independent Director- Mr. Arun Vishnu Karambelkar (DIN: 02151606) and
- (iv) Four Non-Executive Independent Directors, including a Woman Independent Director- Mr. Ramanujacharyulu Nateri (DIN: 02010249), Mr. Mahendra Singh Mehta (DIN: 00019566), Mr. Santosh Janakiram Iyer (DIN: 06801226) and Dr. (Ms.) Mita Dixit (DIN: 08198165).

### 2.2 The processes relating to the following changes in the composition of the Board of Directors and Key Managerial Personnel during the audit period, were carried out in compliance with the provisions of the Act and Listing Regulations:

1. Resignation of Mr. Vithal Kulkarni, as Company Secretary of the Company w.e.f. 12<sup>th</sup> May, 2022.

2. Appointment of Mr. Nitesh Kumar Jha, as Company Secretary of the Company, at the meeting of Board of Directors of the Company held on 12<sup>th</sup> May, 2022.
  3. Re-appointment of Mr. Arjun Dhawan (DIN: 01778379), as a Whole-Time Director of the Company, not liable to retire by rotation, w.e.f. 01<sup>st</sup> April, 2022 for a period of five (05) years, by the shareholders at the EGM of the Company held on 22<sup>nd</sup> June, 2022.
  4. Re-appointment of Mr. Arun Vishnu Karambelkar (DIN: 02151606), as a Director of the Company, on retirement by rotation, at the 96<sup>th</sup> AGM of the Company, held on 29<sup>th</sup> September, 2022.
  5. Re-appointment of Mr. Santosh Janakiram Iyer (DIN: 06801226), as an Independent Director of the Company, has been approved by the shareholders at 96<sup>th</sup> AGM of the Company held on 29<sup>th</sup> September, 2022 for a second term of five (05) consecutive years. During the above term, he shall not be liable to retire by rotation and his appointment has been recommended by the Nomination and Remuneration Committee of the Board at its Meeting held on 12<sup>th</sup> May, 2022.
  6. Re-appointment of Mr. Mahendra Singh Mehta (DIN: 00019566), as an Independent Director of the Company, has been approved by the shareholders at 96<sup>th</sup> AGM of the Company held on 29<sup>th</sup> September, 2022 for a second term of five (05) consecutive years. During the above term, he shall not be liable to retire by rotation and his appointment has been recommended by the Nomination and Remuneration Committee of the Board at its Meeting held on 12<sup>th</sup> May, 2022.
  7. Re-appointment of Mr. Ajit Gulabchand (DIN: 00010827) as a Director of the Company, not liable to retire by rotation and as the Non-Executive Chairman of the Company w.e.f. 1<sup>st</sup> April, 2023, upon expiry of his tenure as Chairman and Managing Director of the Company on 31<sup>st</sup> March, 2023 has been approved by the shareholders at the EGM of the Company, held on 14<sup>th</sup> February, 2023.
  8. Appointment of Mr. Jaspreet Bhullar (DIN: 03644691) as a Director of the Company, liable to retire by rotation and as Managing Director and Chief Executive Officer ("MD & CEO") of the Company, for a period of five (05) years w.e.f. 01<sup>st</sup> April, 2023 has been approved by the shareholders at the EGM of the Company, held on 14<sup>th</sup> February, 2023.
- 2.3 Adequate notice(s) with Agenda and the detailed notes to Agenda of at least seven days was given to all the directors to enable them to plan their schedule for the meetings of the Board and its Committees thereof, and where the meetings were held at shorter notice, due compliance was ensured, as required under the Act and the Secretarial Standard on meetings of the Board of Directors.
- 2.4 A system exists for directors to seek and obtain further information and clarifications on the agenda items before the meetings and to ensure their meaningful participation at the meetings.
- 2.5 We note from the minutes examined during the course of audit that, at the Board meetings held during the year:
- (i) Decisions were taken through the majority of the Board; and
  - (ii) No dissenting views were expressed by any Board member on any of the subject matters discussed, which were required to be recorded as part of the minutes.
- ### 3. COMPLIANCE MECHANISM
- There are reasonably adequate systems and processes prevalent in the Company, which are commensurate with its size and operations, to monitor and ensure compliance with all applicable laws, rules, regulations and guidelines. We are also informed that in view of a technical issue, the Company has delayed compliance with the requirement of filing of reports/returns in respect of information related to Non-Convertible Debentures issued by the Company. It was also observed that due to technical issue in the systems of the Company there was inadvertent delay in filing of information pursuant to Listing Regulations, on a specific instance in the prescribed form although the Company had furnished the same information in other mode of prescribed form within time.
- ### 4. SPECIFIC EVENTS / ACTIONS
- 4.1 During the period under review, the following specific events/ actions, having a major bearing on the Company's affairs took place:-
1. The shareholders of the Company, at their 96<sup>th</sup> Annual General Meeting held on 29<sup>th</sup> September, 2022, have approved by way of a Special Resolution the following items:
    - i. Payment of remuneration to Mr. Ajit Gulabchand, Chairman and Managing Director of the Company, for the period from 01<sup>st</sup> April, 2022 to 31<sup>st</sup> March, 2023.
    - ii. Payment of remuneration to Mr. Arjun Dhawan, Vice Chairman and Whole Time Director of the Company, for the period three (03) years from 01<sup>st</sup> April, 2022 to 31<sup>st</sup> March, 2025.
    - iii. Payment of a consolidated amount in lieu of the remuneration (accrued, but not paid) to Mr. Ajit Gulabchand, Chairman and Managing Director of the Company for the period from 01<sup>st</sup> April, 2019 to 31<sup>st</sup> March, 2022.
    - iv. Payment of a consolidated amount in lieu of the remuneration (accrued, but not paid) to Mr. Arjun Dhawan, Vice Chairman and Whole Time Director of the Company for the period from 01<sup>st</sup> April, 2019 to 31<sup>st</sup> March, 2022.



- v. Authorised the Board of Directors of the Company to create, issue, offer and allot Equity Shares and/or Equity Shares through depository receipts including American Depository Receipts (“ADRs”), Global Depository Receipts (“GDRs”) and/or Foreign Currency Convertible Bonds (“FCCBs”), Foreign Convertible Debentures (“FCDs”), Partly Convertible Debentures (“PCDs”), Optionally Convertible Debentures (“OCDs”), and/or other securities convertible into Equity Shares at a later date, at the option of the Company and/or the holder(s) of such securities or with or without detachable warrants with a right exercisable by the warrant holders to convert or subscribe to the Equity Shares or otherwise, whether rupee denominated or denominated in foreign currency (collectively referred as “Securities”), with or without a green shoe option, or issued/allotted through Qualified Institutions Placement (“QIP”) in accordance with the applicable regulations of Securities and Exchange Board of India (“SEBI Regulations”), for an aggregate amount not exceeding ₹ 1,000 Crore (Rupees One Thousand Crore Only).

2. The Board of Directors of the Company at its meeting held on 4<sup>th</sup> August, 2022 approved restructuring of the following existing Optionally Convertible Debentures (“OCDs”) issued by the Company to the lenders through private placement basis by extending their tenure by two (02) years i.e. till 31<sup>st</sup> March, 2029:

Sr. No.	Bank Name	OCD Amt (₹ Crore)
1	Union Bank of India	38.57
2	Axis Bank	97.45
3	Bank of Baroda	65.32
4	Bank of Maharashtra	9.27
5	Canara Bank	179.59
6	Central Bank of India	22.01
7	DBS Bank	12.36
8	EXIM Bank	13.97
9	Federal Bank	22.16
10	ICICI Bank	78.75
11	IDBI Bank	154.88
12	IFCI Ltd	46.52
13	Indian Bank	24.65
14	Indian Overseas Bank	25.74
15	Jammu & Kashmir Bank	37.60
16	State Bank of India	82.03
17	NABARD	14.22
18	Punjab National Bank	227.26
19	SREI	36.67
20	Standard Chartered Bank	2.26
<b>Total</b>		<b>1,191.28</b>

3. The Board of Directors of the Company at its meeting held on 4<sup>th</sup> August, 2022 approved to offer, issue and list, as Secured and/or Unsecured and Redeemable Listed Non-

Convertible Debentures (“NCDs”) for consideration other than Cash to its lenders, against conversion of their existing facilities, for an amount not exceeding ₹ 841 Crore (Rupees Eight Hundred and Forty-One Crore Only), having face value of ₹ 10,00,000/- each (Rupees Ten Lakh Only), at par, on a private placement basis, as a part of debt resolution plan of the Company, formulated under the Framework prescribed by the Reserve Bank of India, and considered by the Company as Resolution Plan. These NCDs have been listed in Bombay Stock Exchange (BSE) w.e.f. 26<sup>th</sup> September, 2022.

4. (A) During the audit period, the Company has:
- By way of Private Placement, issued and allotted 3,700 Secured, Redeemable NCDs on 26<sup>th</sup> September, 2022, of face value ₹ 10,00,000/- (Rupees Ten Lakh Only) each, at par for an aggregate amount of ₹ 370 Crore (Rupees Three Hundred and Seventy Crore Only) and these have been listed at BSE Limited, w.e.f. 29<sup>th</sup> September, 2022.
  - By way of Private Placement, issued and allotted 4,539 Unsecured, Redeemable NCDs on 26<sup>th</sup> September, 2022 of face value ₹ 10,00,000/- (Rupees Ten Lakh Only) each, at par for an aggregate amount of ₹ 453.9 Crore (Rupees Four Hundred Fifty-Three Crore and Ninety Lakh Only) and these have been listed at BSE Limited, w.e.f. 29<sup>th</sup> September, 2022.

- (B) As on 31<sup>st</sup> March, 2023, after redemption of debentures during the audit period, the following debentures (listed and unlisted) are outstanding:-

- Non-Convertible Debentures aggregating to ₹ 788.8 Crore is outstanding; and
- Optionally Convertible Debentures aggregating to ₹ 1188.92 Crore is outstanding.

- (C) Out of the aforesaid outstanding amount as mentioned in point (B) above, the amount aggregating to ₹ 70,00,000/- (Rupees Seventy Lakh Only) was redeemed on 03<sup>rd</sup> April, 2023, which is subsequent to the end of audit period, and in respect of which, we are informed by the Company that they have not furnished prior intimation to the stock exchanges in respect of fixing of record date, since the redemption was required to be carried out on a priority basis, on instructions by the lenders in connection with the Resolution Plan.

5. In accordance with the authority granted to the Board by the Members at 95<sup>th</sup> Annual General Meeting held on 23<sup>rd</sup> September, 2021, the Board of Directors of the Company at its meeting held on 04<sup>th</sup> August, 2022 approved to create, offer, issue and allot such number of equity shares of the face value of ₹ 1/- (Rupees One Only) each (the “Equity Shares”), aggregating up to ₹ 500 Crore (Rupees Five Hundred Crore Only) to Qualified Institutional Buyers (“QIBs”) by way of QIP, in one or more tranches and subsequently the shares will be listed.

6. The shareholders of the Company, at their EGM held on 14<sup>th</sup> February, 2023, have approved by way of a Special Resolution the following items:-
- Amendment to the Articles of Association ("AOA") of the Company by substitution of Article No. 85 (1) with the following clause:  
*The Chairman and Whole-time Director(s) (other than Managing Director) shall be Directors not liable to retire by rotation. The Board shall have the power to determine the Directors whose period of office is or is not liable to determination by retirement of Directors by rotation.*
  - Re-appointment of Mr. Ajit Gulabchand as a Director, not liable to retire by rotation and as the Non-Executive Chairman w.e.f. 01<sup>st</sup> April, 2023 and payment of remuneration for a period of three (03) years commencing from 01<sup>st</sup> April, 2023.
  - Appointment of Mr. Jaspreet Bhullar as a Director, liable to retire by rotation and as Managing Director & Chief Executive Officer of the Company, for a period of five (05) years w.e.f. 01<sup>st</sup> April, 2023 and payment of remuneration for a period of three (03) years commencing from 01<sup>st</sup> April, 2023.
7. The Company has carried out renewal/rollover of the existing Inter-Corporate Deposits ("ICDs") given to HCC Mauritius Enterprises Ltd, a Wholly Owned Subsidiary ("WOS"), for a period of one year from their respective due dates, during the FY 2022-23 also, aggregating to USD 1,64,11,925.
8. The Company has carried out renewal/rollover of the existing ICDs given to following Wholly Owned Subsidiaries (situated in India and Abroad), for a period of one year from their respective due dates, during the FY 2022-23:

Sr. No.	Name of the Company	Amount (₹ in Crore)	Amount (USD in Crore)
1.	HCC Mauritius Investment Limited	-	0.52
2.	HCC Infrastructure Company Limited	1,562.41	-
3.	Maan Township Developers Limited	19.12	-
4.	HRL Township Developers Limited	0.41	-
5.	Highbar Technologies Limited	2.39	-

We are informed by the Company that the Company has not received any interest income on ICDs from Indian Subsidiary Companies during the FY 2022-23.

9. Pursuant to the order dated 23<sup>rd</sup> March, 2021, issued by the Hon'ble High Court of Kerala ("the Court"), in the matter of Hindustan Construction Company Limited Vs Kerala State Electricity Board ("KSEB"), the Board of Directors

of the Company at its meeting held on 27<sup>th</sup> May, 2021, has approved for providing the Corporate Guarantee for an amount of ₹ 1,19,29,965/- (Rupees One Crore Nineteen Lakh Twenty-Nine Thousand Nine Hundred and Sixty-Five Only) in favour of "Principal Subordinate Judge of Thiruvananthapuram". Further as informed by the Company the matter is still pending for hearing and disposal by the Court.

10. We are informed that Company has taken steps for compliance with the relevant provisions of FEMA, 1999, in relation to two subsidiaries, which are incorporated outside India and this is for filing of relevant returns with Reserve Bank of India ("RBI") and in relation to the delay in discharging the commitments in respect of payment for supply of equipments and services from abroad to the extent of ₹ 41.41 Crore, during the FY 2020-21 and this is for approaching the concerned authorities, for condonation of such delays. We are informed that the Company is in the process of the same and would be providing the relevant documents to us after completion of procedural formalities. Thus, as the relevant documents are yet to be made available to us, we are unable to make any comments in respect of the Company's completion of compliance with relevant provisions in this regard.
11. During the year 3,71,748 stock options have been granted to Mr. Jaspreet Bhullar Chief Executive Officer of the company.
12. The Company has issued during the year, Non-Convertible Debentures (NCDs) amounting to ₹823.90 Crore against the amount of liabilities due to various lenders, in terms of a Resolution Plan (RP), which has been approved by the concerned authorities. In view of the above, the Company has however contended and represented to us that it was not necessary for the Company to obtain the specific approval of the lenders in terms of Schedule V of the Act as regards the consolidated amount in lieu of remuneration paid/payable to the Chairman and Managing Director and Whole Time Director of the Company, aggregating to ₹ 41.07 Crore for the financial years ended 31<sup>st</sup> March, 2022, 31<sup>st</sup> March, 2021 and 31<sup>st</sup> March, 2020, and also that the approval of the shareholders has been obtained for the same.

**(Venkataraman Krishnan)**

Associate Partner

ACS No:8897 / COP No: 12459

**For BNP & Associates**

Company Secretaries

[Firm Regn. No. P2014MH037400]

[PR No.: -637 / 2019]

[UDIN: A008897E000327204]

Date: 18 – May- 2023

Place: Mumbai

*The members are requested to read this report along with our letter of even date annexed to this report as Annexure-A.*

## ANNEXURE A TO THE SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 31<sup>ST</sup> MARCH 2023

To,  
The Members of,  
Hindustan Construction Company Limited  
Hincon House, Lal Bahadur Shastri Marg,  
Vikhroli (West), Mumbai- 400083

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

1. The Company's management is responsible for maintenance of secretarial records and compliance with the provisions of corporate and other applicable laws, rules, regulations and standards. Our responsibility is to express an opinion on the secretarial records produced for our audit.
2. We have followed such audit practices and processes as we considered appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records.
3. We have considered compliance related actions taken by the company based on independent legal /professional opinion obtained as being in compliance with law.
4. We have verified the secretarial records furnished to us on a test basis to see whether the correct facts are reflected therein. We have also examined the compliance procedures

followed by the Company. We believe that the processes and practices we followed, provide a reasonable basis for our opinion.

5. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
6. We have obtained the management's representation about the compliance of laws, rules and regulations and happening of events, wherever required.
7. Our Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

**(Venkataraman Krishnan)**

Associate Partner

ACS No:8897 / COP No: 12459

For BNP & Associates

Company Secretaries

[Firm Regn. No. P2014MH037400]

[PR No.: -637 / 2019]

[UDIN: A008897E000327204]

Date: 18 – May- 2023

Place: Mumbai

# ANNEXURE VI TO THE BOARD'S REPORT

## DIVIDEND DISTRIBUTION POLICY

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

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

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

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

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

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

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

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

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

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

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



# BUSINESS RESPONSIBILITY & SUSTAINABILITY REPORT

## SECTION A: GENERAL DISCLOSURES

### 1) Details of the Listed Entity

1. Corporate Identity Number (CIN) of the Listed Entity: L45200MH1926PLC001228
2. Name of the Listed Entity: Hindustan Construction Company Ltd.(HCC)
3. Year of Incorporation: 1926
4. Registered Office Address: Hicon House, Lal Bahadur Shastri Marg, Vikhroli West, Mumbai 400083
5. Corporate Address: Hicon House, Lal Bahadur Shastri Marg, Vikhroli West, Mumbai 400083
6. E-mail: [contactus@hccindia.com](mailto:contactus@hccindia.com)
7. Telephone: +91 22 25751000
8. Website: [www.hccindia.com](http://www.hccindia.com)
9. Financial year for which Report is prepared: 2022-23
10. Name of the Stock Exchange(s) where shares are listed:
  - a. National Stock Exchange of India Limited (NSE)
  - b. BSE Limited (BSE)
11. Paid-up Capital: ₹ 1,51,30,28,244
12. Name and contact details (telephone, email address) of the person who may be contacted in case of any queries on the BRSR Report:

Particulars	Details
Name	Mr. Sandeep Sawant
Designation	General Manager – Corporate Communications
Telephone Number	+91 22 2575 1353
Email ID	sandeep.sawant@hccindia.com

13. **Reporting boundary:** Are the disclosures under this Report made on a standalone basis (i.e. only for the Entity) or on a consolidated basis (i.e. for the Entity and all the Entities which form a part of its consolidated financial statements, taken together).

The disclosures under this Report have been made on a standalone basis. The reporting scope encompasses HCC's project sites and offices across India.

### 2) Products/Services

14. Details of business activities:

Description of Main Activity	Description of Business Activity	% of Turnover of the Entity
Infrastructure	Engineering, Procurement and Construction of Roads, Railways, Metros, Elevated Corridors, Water Supply and Distribution, Irrigation Projects, Hydel Power, Nuclear Power and Process Plants.	100%

15. Products/Services sold by the Entity (accounting for 90% of the Entity's Turnover):

NIC Code			Products/Services	% of total Turnover contributed
Group	Class	Sub Code		
421	4210	42101	Construction and maintenance of motorways, streets, roads, other vehicular and pedestrian ways, highways, bridges, tunnels and subways	63
422	4220	42201	Construction and maintenance of power plants	19
422	4220	42204	Construction and maintenance of water main and line connection, water reservoirs including irrigation system (canal)	14

### 3) Operations

16. Number of locations where plants and/or operations/offices of the Entity are situated

Location	Number of projects	Number of offices	Total
National	37	2	39
International	2	-	2

17. Markets served by the Entity:

a. Number of locations

Locations	Number
National (No. of States)	15
International (No. of Countries)	1

b. What is the contribution of exports as a percentage of the total turnover of the Entity?

Nil

c. A brief on types of customers

HCC is engaged in the engineering and construction of large infrastructure projects, many of which are of national importance. It develops and executes technically complex, high-value projects that span across diverse segments such as transportation, power, marine projects, irrigation and water supply, special buildings and industrial plants. Majority of HCCs clients are State and Central Government departments, Ministries, and local Municipal Bodies

### 4) Employees

18. Details as at the end of Financial Year:

a. Employees and Workers (including differently abled):

Particulars	Total (A)	Male		Female	
		No. (B)	% (B/A)	No. (C)	% (C/A)
<b>Employees</b>					
Permanent (D)	1,051	1,007	95.82	44	4.18
Other than permanent (E)	41	39	95.12	2	4.88
<b>Total Employees (D+E)</b>	<b>1,092</b>	<b>1,046</b>	<b>95.79</b>	<b>46</b>	<b>4.21</b>
<b>Workers</b>					
Permanent (F)	3,713	3,713	100	-	-
Other than permanent (G)	9,527	9,527	100	-	-
<b>Total Workers (F+G)</b>	<b>13,240</b>	<b>13,240</b>	<b>100</b>	<b>-</b>	<b>-</b>

b. Differently abled Employees and Workers:

Particulars	Total (A)	Male		Female	
		No. (B)	% (B/A)	No. (C)	% (C/A)
<b>Employees</b>					
Permanent (D)	4	4	-	-	-
Other than permanent (E)	-		-	-	-
<b>Total Employees (D+E)</b>	<b>4</b>	<b>4</b>			
<b>Workers</b>					
Permanent (F)	-	-	-	-	-
Other than permanent (G)	-	-	-	-	-
<b>Total Workers (F+G)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	

19. Participation/Inclusion/Representation of women

	Total (A)	No. and Percentage of Female	
		No. (B)	% (B/A)
Board of Directors	8	1	13%
Key Management Personnel	3	-	-

20. Turnover rate for Permanent Employees and Workers

	FY22-23 (Turnover rate in current FY in %)			FY21-22 (Turnover rate in previous FY in %)		
	Male	Female	Total	Male	Female	Total
Permanent Employees	33%	1%	34%	32%	1%	33%
Permanent Workers	-	-	-	-	-	-

5) Holding, Subsidiary and Associate Companies (including Joint Ventures)

21. Names of Holding / Subsidiary / Associate Companies / Joint Ventures

Sr.	Name of the Subsidiary/Associate Companies (A)	Indicate whether Subsidiary / Associate	% of shares held by Listed Entity	Does the Entity indicated at column a, participate in the Business Responsibility initiatives of the Listed Entity? (Yes/No)
1	Western Securities Limited	Subsidiary	97.87	No
2	HREL Real Estate Limited	Subsidiary	100	No
3	Panchkutir Developers Limited	Subsidiary	100	No
4	HCC Mauritius Enterprises Limited	Subsidiary	100	No
5	HCC Contract Solutions Limited	Subsidiary	100	No
6	Highbar Technologies Limited	Subsidiary	100	No
7	HCC Infrastructure Company Limited	Subsidiary	100	No
8	HCC Mauritius Investments Limited	Subsidiary	100	No
9	HRL Township Developers Limited	Subsidiary	100	No
10	Maan Township Developers Limited	Subsidiary	100	No
11	Prolific Resolution Private Limited	Subsidiary	100	No
12	HRL (Thane) Real Estate Limited	Subsidiary	-	No
13	Nashik Township Developers Limited	Subsidiary	-	No
14	Powai Real Estate Developers Limited	Subsidiary	-	No
15	HCC Realty Limited	Subsidiary	-	No
16	HCC Aviation Limited	Subsidiary	-	No
17	HCC Operations & Maintenance Limited	Subsidiary	-	No
18	Narmada Bridge Tollways Limited	Subsidiary	-	No

Sr.	Name of the Subsidiary/Associate Companies (A)	Indicate whether Subsidiary / Associate	% of shares held by Listed Entity	Does the Entity indicated at column a, participate in the Business Responsibility initiatives of the Listed Entity? (Yes/No)
19	Badarpur Faridabad Tollway Limited	Subsidiary	-	No
20	Raiganj-Dalkhola Highways Limited	Subsidiary	-	No
21	Steiner AG	Subsidiary	-	No
22	Steiner Promotions et Participations SA	Subsidiary	-	No
23	Steiner (Deutschland) GmbH	Subsidiary	-	No
24	Steiner Constructions SA (Switzerland)	Subsidiary	-	No
25	VM & ST AG	Subsidiary	-	No
26	Steiner Leman SAS	Subsidiary	-	No
27	Steiner India Limited	Subsidiary	-	No
28	Manufakt8048 AG	Subsidiary	-	No
29	Werkarena Basel AG	Joint venture	-	No
30	Evostate AG	Associate	-	No
31	MCR Managing Corp. Real Estate	Associate	-	No
32	Evostate Immobilien AG	Associate	-	No
33	Highbar Technocrat Limited	Associate	-	No
34	Hegias AG	Associate	-	No

## 6) CSR Details

22. i. Whether CSR is applicable as per section 135 of Companies Act, 2013 : Yes (financial year 2023-24)
- ii. Turnover (in ₹): 5,222.01 Crore
- iii. Net worth (in ₹): 720.92 Crore

## 7) Transparency and Disclosures Compliances

23. Complaints/Grievances on any of the principles (Principles 1 to 9) under the National Guidelines on Responsible Business Conduct

Stakeholder group from whom complaint is received	Grievance redressal mechanism in place (Yes/No) (If Yes, then provide weblink for grievance redress policy) #	FY 22-23 Current Financial Year			FY 21-22 Previous Financial Year		
		Number of complaints filed during the year	Number of complaints pending resolution at close of the year	Remark	Number of complaints filed during the year	Number of complaints pending resolution at close of the year	Remark
Communities	-	-	-	-	-	-	-
Investors (other than shareholders)	-	-	-	-	-	-	-
Shareholders	Yes	87	4	Resolved	49	4	Resolved
Employees and workers	Yes	123	11	Resolved	112	9	Resolved
Customers*	Yes	-	-	-	-	-	-
Supply chain partners	-	-	-	-	-	-	-
Other (Anonymous emails/letters)	-	-	-	-	-	-	-

#The Policies guiding HCC's conduct with all its stakeholders including grievance mechanism are available on the Company's Website. The link to the policies: <http://hccindia.com/investors/hcc-code>

\* Customer satisfaction score of 85% in financial year 2022-23.



## 24. Overview of the Entity's material responsible business conduct issues

Please indicate material responsible business conduct and sustainability issues pertaining to environmental and social matters that present a risk or an opportunity to your business, rationale for identifying the same, approach to adapt or mitigate the risk along-with its financial implications, as per the following format.

Sr.	Material issue identified*	Indicate whether risk or opportunity (R/O)	Rationale for identifying the risk / opportunity	In case of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity (indicate positive or negative implications)
1	Customer experience & satisfaction	O	-	-	Positive
2	Corporate Governance	R	-	Policy revision/ upgradation/ Board review (Refer to Principle-1)	Negative
3	Business Ethics	R	-	Vigil Mechanism Policy and its deployment. The Company has a Vigil Mechanism Policy for its Employees, Vendors and Channel Partners, for further details refer to Principle-1	Negative
4	Employee & workforce engagement, welfare	O	-	-	Positive
5	Health & safety	R	-	Training/ awareness/ technological upgradation/ review at senior level and Board committee. HCC is committed to achieve 'ZERO reportable injuries' at each work front. For more details refer to Principle-3	Negative
6	Human rights & labour conditions	R	-	HCC has always been committed to foster a culture of caring and trust. Training on various issues related to human rights are covered under new employee induction, EHS training, Code of Conduct etc. For more details, refer to Principle 3.	Negative
7	Skilled manpower	O/R	-	Skill based trainings is imparted to Workers based on the needs. For further details refer to Principle 3 on training given to Employees for skill upgradation.)	Positive / Negative
8	Sustainable supply chain	O/R	-	Supplier/Vendor Code of Conduct (COC) covers EHS and Human Rights parameters to be adhered and Supply Chain Partners must sign the COC as a part of the contract documents.	Positive / Negative
9	Talent management, attrition, retention, and development	O/R	-	For details, refer to chapter on Human Resources in the Management Discussion and Analysis section.	Positive/ Negative

Sr.	Material issue identified*	Indicate whether risk or opportunity (R/O)	Rationale for identifying the risk / opportunity	In case of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity (indicate positive or negative implications)
10	Climate action	O	-	-	Positive
11	Diversity, inclusion & equal opportunity	O	-	-	Positive
12	Data security, privacy, and cybersecurity	R	-	Policy and deployment, audits/ Cyber Security Assurance Framework	Negative
13	Quality of products and project delivery	O/R	-	For details, refer to chapter on Operations overview in the Management Discussion and Analysis section.	Positive
14	Brand management	O	-	-	Positive
15	Water, waste & hazardous material management	O/R	-	For details, refer to Principle 6.	Positive/ Negative
16	Social engagement & impact	O	-	-	Positive

## SECTION B: MANAGEMENT AND PROCESS DISCLOSURES

P 1 Businesses should conduct and govern themselves with integrity, and in a manner that is Ethical, Transparent and Accountable.

P 2 Businesses should provide goods and services in a manner that is sustainable and safe.

P 3 Businesses should respect and promote the well-being of all Employees, including those in their value chains.

P 4 Businesses should respect the interests of and be responsive to all its stakeholders.

P 5 Businesses should respect and promote human rights.

P 6 Businesses should respect and make efforts to protect and restore the environment.

P 7 Businesses, when engaging in influencing public and regulatory policy, should do so in a manner that is responsible and transparent.

P 8 Businesses should promote inclusive growth and equitable development.

P 9 Businesses should engage with and provide value to their consumers in a responsible manner.

Disclosure Questions		P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
<b>Policy &amp; management process</b>										
1	a. Whether your Entity's policy/ policies cover each principle and its core elements of the NGRBCs. (Yes/ No)	Y	Y	Y	Y	Y	Y	Y	Y	Y
	b. Has the policy been approved by the Board? (Yes/No)	Y	Y	Y	Y	Y	Y	Y	Y	Y
	c. Web Link of the Policies, if available	<a href="https://hccindia.com/investors/list-of-corporate-policies">https://hccindia.com/investors/list-of-corporate-policies</a>								
2	Whether the Entity has translated the policy into procedures. (Yes / No)	Y	Y	Y	Y	Y	Y	Y	Y	Y

Disclosure Questions	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
3 Do the enlisted policies extend to your value chain partners? (Yes/No)	Y	Y	Y	Y	Y	Y	Y	Y	Y
4 Name of the national and international codes/ certifications/ labels/ standards (e.g., Forest Stewardship Council, Fairtrade, Rainforest Alliance, Trustee) standards (e.g., SA 8000, OHSAS, ISO, BIS) adopted by your Entity and mapped to each principle.	ISO14001 and ISO45001	ISO45001	IIRC IR Principle	Indian labour codes	ISO14001	-	IIRC IR Principle	IIRC IR Principle	-
5 Specific commitments, goals and targets set by the Entity with defined timelines, if any.	-	-	-	-	-	-	-	-	-
6 Performance of the Entity against the specific commitments, goals, and targets along-with reasons in case the same are not met.	-	-	-	-	-	-	-	-	-

We advocate efforts to achieve 'ZERO reportable injuries' at each work front.

7. Statement by director responsible for the business responsibility report, highlighting ESG related challenges, targets and achievements:
- HCC believes in environmental transparency and disclosing its activities' economic, environmental, and social impacts through sustainability reports. It had published thirteen sustainability reports accredited by the Global Reporting Initiative guidelines. The Company engages a third-party assurance provider to review the contents and accuracy of our sustainability reporting.
- One of HCC's overarching sustainability priorities is designing and building infrastructure in an environmentally responsible manner. Its Integrated Management System reflects the commitment to improving environmental, safety and quality performance in ways that go beyond regulatory compliance. The Company is also conscious of material consumption and water footprint and encourages energy-efficient practices.
- The Company is a member of UN Global Compact (UNGC), TERI-World Business Council on Sustainable Development and signatory to various UNGC initiatives, including 'Caring for Climate' and 'The CEO Water Mandate'.
8. Details of the highest authority responsible for implementation and oversight of the Business Responsibility Policy(ies):
- |                  |                         |
|------------------|-------------------------|
| Name of Director | Mr. Arjun Dhawan        |
| Designation      | Executive Vice Chairman |
| DIN              | 01778379                |

9. Does the Entity have a specified Committee of the Board/ Director responsible for decision making on sustainability related issues? (Yes / No). If yes, provide details.

Yes, the Company's CSR Committee is responsible for decision making on sustainability related issues.

10. Details of Review of NGRBCs by the Company:

Subject for Review	Indicate whether review was undertaken by Director / Committee of the Board/ any other Committee									Frequency (annually/ Half yearly/ Quarterly/ any other – please specify)								
	P1	P2	P3	P4	P5	P6	P7	P8	P9	P1	P2	P3	P4	P5	P6	P7	P8	P9
Performance against above Policies and follow up action	All the Policies of the Company are approved by the Board and reviewed periodically or on a need basis by the CSR Committee as a part of ESG review. During the review, the effectiveness of the Policies is evaluated and necessary amendments to Policies and procedures are implemented.																	
Compliance with statutory requirements of relevance to the principles, and rectification of any non-compliances	The Company complies with the extant regulations and principles as are applicable.																	

	P1	P2	P3	P4	P5	P6	P7	P8	P9
11. Has the Entity carried out independent assessment/ evaluation of the working of its Policies by an external agency? (Yes/No). If yes, provide name of the agency.	Yes. ISO certification body has conducted audit in various head office functions and projects on different subjects such as ISO9001, ISO14001, ISO45001 and BDO India conducts sustainability assurance.								

12. If answer to question (1) above is "No" i.e. not all Principles are covered by a policy, reasons to be stated:

Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
The Entity does not consider the principles material to its business (Yes/No)	NA	NA	NA	NA	NA	NA	NA	NA	NA
The Entity is not at a stage where it is in a position to formulate and implement the policies on specified principles (Yes/No)	NA	NA	NA	NA	NA	NA	NA	NA	NA
The Entity does not have the financial or/human and technical resources available for the task (Yes/No)	NA	NA	NA	NA	NA	NA	NA	NA	NA
It is planned to be done in the next financial year (Yes/No)	NA	NA	NA	NA	NA	NA	NA	NA	NA
Any other reason (please specify)	NA	NA	NA	NA	NA	NA	NA	NA	NA

NA – Not Applicable.

## SECTION C: PRINCIPLE WISE PERFORMANCE DISCLOSURE

This section is aimed at helping entities demonstrate their performance in integrating the Principles and Core Elements with key processes and decisions. The information sought is categorized as "Essential" and "Leadership". While the essential indicators are expected to be disclosed by every Entity that is mandated to file this report, the leadership indicators may be voluntarily disclosed by entities which aspire to progress to a higher level in their quest to be socially, environmentally and ethically responsible.



**Principle 1: Businesses should conduct and govern themselves with integrity and in a manner that is ethical, transparent, and accountable.**

**Essential Indicators**

1. Percentage coverage by training and awareness programmes on any of the principles during the financial year:

Segment	Total Number of training and awareness programmes held	Topics/principles covered under the training and its impact	% age of persons in respective category covered by the awareness programmes
Board of Directors (BOD)	-	Business, strategy, risk, and update of laws	-
Key Managerial Personnel (KMP)	-	Business, strategy, risk, and update of laws	-
Employees other than BOD and KMPs	3 no of programmes	Business principles for Responsible Organisation Code of Conduct, Principles of Corporate Governance and POSH	100%
Workers	20,876 manhours of Training and Awareness	EHS training	100%

2. Details of fines / penalties /punishment/ award/ compounding fees/ settlement amount paid in proceedings (by the Entity or by Directors / KMPs) with regulators/ law enforcement agencies/ judicial institutions, in the financial year, in the following format:

The Company had no monetary and non-monetary fines / penalties /punishment/ award/ compounding fees/ settlement amount paid in proceedings (by the Entity or by Directors / KMPs) with regulators/ law enforcement agencies/ judicial institutions, in the financial year 2022-23 based on materiality thresholds.

Monetary					
	NGRBC Principle	Name of the regulatory/ enforcement agencies/ judicial institutions	Amount (in ₹)	Brief of the Case	Has an appeal been preferred? (Yes/No)
Penalty/ Fine	-	-	-	-	-
Settlement	-	-	-	-	-
Compounding Fee	-	-	-	-	-

Non- Monetary					
	NGRBC Principle	Name of the regulatory/ enforcement agencies/ judicial institutions	Amount (in ₹)	Brief of the Case	Has an appeal been preferred? (Yes/No)
Imprisonment	-	-	-	-	-
Punishment	-	-	-	-	-

3. Of the instances disclosed in Question 2 above, details of the Appeal/ Revision preferred in cases where monetary or non-monetary action has been appealed: Not applicable

Case Details	Name of the regulatory/ enforcement agencies/ judicial institutions
-	-

4. Does the Entity have an anti-corruption or anti-bribery policy? If yes, provide details in brief and if available, provide a web-link to the policy.

Yes, The Company has 'zero tolerance' of any practice that may be classified as corruption, bribery or giving or receipt of bribes. The Code of Conduct of the Company serves as a guide for all Executive Directors, Senior Management Personnel and Functional Heads including Members of the core Management Team for ensuring compliance with applicable anti-bribery laws, rules and regulations.

The Code of Conduct is disclosed on the Website of the Company at <https://www.hccindia.com/investors/hcc-code>.

5. Number of Directors/KMPs/Employees/Workers against whom disciplinary action was taken by any law enforcement agency for the charges of bribery/ corruption:

There have been no cases involving disciplinary action taken by any law enforcement agency on the charges of bribery / corruption against Directors / KMPs / Employees / Workers that have been brought to the Company's attention.

	<b>FY 22-23</b> <b>Current Financial Year</b>	<b>FY 21-22</b> Previous Financial Year
Directors	-	-
KMPs	-	-
Employees	-	-
Workers	-	-

6. Details of complaints with regards to conflict of interest:

	<b>FY 22-23</b> <b>Current Financial Year</b>		<b>FY 21-22</b> Previous Financial Year	
	<b>Number</b>	<b>Remarks</b>	Number	Remarks
Number of complaints received in relation to issues of Conflict of Interest of the Directors	-	-	-	-
Number of complaints received in relation to issues of Conflict of Interest of the KMPs	-	-	-	-

7. Provide details of any corrective action taken or underway on issues related to fines/ penalties / action taken by regulators/ law enforcement agencies/ judicial institutions, on cases of corruption and conflicts of interest.

Not applicable

### Leadership Indicators

1. Awareness programmes conducted for value chain partners on any of the principles during the financial year:

Total number of awareness programmes held	Topics/principles covered under the Training	% age of value chain partners covered (by value of business done with such partners) under the awareness programmes
-	-	-

2. Does the Entity have processes in place to avoid/ manage conflict of interests involving Members of the Board? (Yes/No) If yes, provide details of the same.

Yes, the Company has a detailed policy known as the code of conduct, the purpose of which is to ensure that "Board of Directors and Senior Management shall observe high standards of ethical conduct, fairness and integrity and shall work to the best of their ability, responsibility and judgement in a manner that is in consonance with the best interests of the Company and its stakeholders".

More details of the same can be found at <https://hccindia.com/uploads/corporate/Code-of-Conduct.pdf>

## Principle 2: Businesses should provide goods and services in a manner that is sustainable and safe

### Essential Indicators

- Percentage of R&D and capital expenditure (capex) investments in specific technologies to improve the environmental and social impacts of product and processes to total R&D and capex investments made by the Entity, respectively.

	FY 22-23 Current Financial Year	FY 21-22 Previous Financial Year	Details of improvements in environmental and social impacts
R & D	-	-	-
Capex	0.01	0.07	-

HCC conducts R&D linked to environmental and social initiatives, however currently the expenditures are not tracked.

- Does the Entity have procedures in place for sustainable sourcing?

The Company has a procedure for sustainable sourcing where all the new and existing supply chain partners are mandatorily evaluated on environment, health & safety and sustainability parameters before onboarding. Also, Supplier/ Vendor Code of Conduct (COC) covers EHS parameters to be adhered and value chain partners (supply chain partners) must sign the COC as a part of the contract documents. Vendor evaluation procedure is in place for to ensure compliance.

- If yes, what percentage of inputs were sourced sustainably?

It is mandatory to furnish the evaluation questionnaire (EHS and sustainability parameters) before onboarding as value chain partners (supply chain partners) and it has 100% coverage.

- Describe the processes in place to safely reclaim your products for reusing, recycling and disposing at the end of life, for (a) Plastics (including packaging) (b) E-waste (c) Hazardous waste and (d) other waste.

In construction, the above category of waste is generated as by-product. The Company has producer in place to handle the above-mentioned waste in line with regulatory requirement during course of construction and operation.

- Whether Extended Producer Responsibility (EPR) is applicable to the Entity's activities (Yes / No). If yes, whether the waste collection plan is in line with the Extended Producer Responsibility (EPR) plan submitted to Pollution Control Boards? If not, provide steps taken to address the same.

EPR is not applicable as the major business of the Company is construction and associated services and the Company does not manufacture any consumer products.

### Leadership Indicators

- Has the Entity conducted Life Cycle Perspective / Assessments (LCA) for any of its products (for manufacturing industry) or for its services (for service industry)? If yes, provide details in the following format?

No, the Company hasn't undertaken any such study. However, Life Cycle Perspective for major product is evaluated prior to its purchase. The assessment is maintained in documented form.

NIC Code	Name of Product/ Service	% of Total Turnover contributed	Boundary for which the Life Cycle Perspective/ Assessment was conducted	Whether conducted by Independent external agency (Yes/No)	Results communicated in public domain (Yes/ No). If yes, provide the web-link.
-	-	-	-	-	-

- If there are any significant social or environmental concerns and/or risks arising from production or disposal of your products / services, as identified in the Life Cycle Perspective / Assessments (LCA) or through any other means, briefly describe the same along-with action taken to mitigate the same.: Not Applicable.

Name of Product / Service	Description of the risk/concern	Action Taken
-	-	-

3. Percentage of recycled or reused input material to total material (by value) used in production (for manufacturing industry) or providing services (for service industry).

Indicate input material	Recycled or re-used input material to total material	
	FY 22-23	FY 21-22
Fly ash and Ground Granulated Blast-furnace Slag in place of Cement	4.30%	40.13%
Crushed Sand in place of Natural Sand	78.29%	88.61%

4. Of the products and packaging reclaimed at end of life of products, amount (in metric tonnes) reused, recycled, and safely disposed, as per the following format:

Not applicable as the Company does not have any specific consumer product and there is no product reclamation at the end of the product life. However, the waste material generated at the operation and project sites are safely disposed as per the applicable regulatory requirements.

	FY 22-23 Current Financial Year			FY 21-22 Previous Financial Year		
	Re-used	Re-cycled	Safely Disposed	Re-used	Re-cycled	Safely Disposed
Plastics (including packaging) (MT)	-	-	17.92	-	-	-
E-waste	-	-	17.10	-	-	1.88
Hazardous Waste						
a) Used Oil (KL)	-	-	22.50			22.20
b) MS Empty Drums (No)	-	-	530.00	-	-	3,774.00
Other Waste						
a) Cement bags (Nos)	-	-	3,49,240.00			3,97,430.00
b) Steel Scrap ( MT)	-	-	17,024.00	-	-	3,599.60

5. Reclaimed products and their packaging materials (as percentage of products sold) for each product category.

Indicate product category	Reclaimed products and their packaging materials as % of total products sold in respective category
NA	NA

NA: Not applicable

### Principle 3: Businesses should respect and promote the well-being of all employees, including those in their value chains.

#### Essential Indicators

1. a. Details of measures for the well-being of employees:

Category	Total (A)	Health insurance		Accident insurance		Maternity benefits		Paternity Benefits		Day Care facilities	
		Number (B)	% (B/A)	Number (C)	% (C/A)	Number (D)	% (D/A)	Number (E)	% (E/A)	Number (F)	% (F/A)
Permanent employees											
Male	1,007	1,007	100%	1,007	100%	-	-	-	-	-	-
Female	44	44	100%	44	100%	35	79%	-	-	-	-
Total	1,051	1,051	100%	1,051	100%	35	79%	-	-	-	-
Other than Permanent employees											
Male	39	39	100%	39	100%	-	-	-	-	-	-
Female	2	2	100%	2	100%	3	100%	-	-	-	-
Total	41	41	100%	41	100%	3	100%	-	-	-	-

b. Details of measures for the well-being of workers:

Category	Total (A)	Health insurance		Accident insurance		Maternity benefits		Paternity Benefits		Day Care facilities	
		Number (B)	% (B/A)	Number (C)	% (C/A)	Number (D)	% (D/A)	Number (E)	% (E/A)	Number (F)	% (F/A)
Permanent workers											
Male	3,713	3,713	100%	3,713	100%	-	-	-	-	-	-
Female	-	-	-	-	-	-	-	-	-	-	-
Total	3,713	3,713	100%	3,713	100%	-	-	-	-	-	-
Other than Permanent workers											
Male	9,527	9,527	-	9,527	100%	-	-	-	-	-	-
Female	-	-	-	-	-	-	-	-	-	-	-
Total	9,527	9,527	-	9,527	100%	-	-	-	-	-	-

- Permanent workers are being paid medical allowance @ 25 days basic salary per annum.
- For the Health Insurance of the other than Permanent workers free first medical aid is provided.

2. Details of retirement benefits, for Current FY and Previous Financial Year.

Benefits	FY 22-23 Current Financial Year			FY 21-22 Previous Financial Year		
	No. of employees covered as a % of total employees	No. of workers covered as a % of total workers	Deducted and deposited with the authority (Y/N/N.A)	No. of employees covered as a % of total employees	No. of workers covered as a % of total workers	Deducted and deposited with the authority (Y/N/N.A)
PF	100%	100%	Y	100%	100%	Y
Gratuity	100%	100%	Y	100%	100%	Y
ESI	100%	100%	Y	100%	100%	Y

3. Accessibility of workplaces

Are the premises / offices of the entity accessible to differently abled employees and workers, as per the requirements of the Rights of Persons with Disabilities Act, 2016? If not, whether any steps are being taken by the entity in this regard.

Yes, most of the Company's permanent office buildings and manufacturing locations are accessible to differently abled employees and workers, as per the requirements of the Rights of Persons with Disabilities Act, 2016.

4. Does the Entity have an equal opportunity policy as per the Rights of Persons with Disabilities Act, 2016? If so, provide a web-link to the policy.

Yes, The Policy is available on Company's intranet portal.

5. Return to work and Retention rates of permanent employees and workers that took parental leave.

Gender	Permanent employees		Permanent workers <sup>#</sup>	
	Return to work rate (%)	Retention rate (%)	Return to work rate (%)	Retention rate (%)
Male	-	-	-	-
Female	2%	-	-	-
<b>Total</b>	<b>2%</b>	<b>-</b>	<b>-</b>	<b>-</b>

<sup>#</sup> The Company is putting a process in place to compile the above data for Permanent workers for FY23.



6. Is there a mechanism available to receive and redress grievances for the following categories of employees and worker? If yes, give details of the mechanism in brief.

	Yes/No (If Yes, then give details of the mechanism in brief)
Permanent Workers	Yes, the Company has a dedicated team of personnel officers stationed at all its sites. All grievances raised by employees are resolved as per the established guidelines.
Other than Permanent Workers	
Permanent Employees	The Company has a mechanism accessible to all employees to raise their complaints and grievances which are addressed by HR. The grievances can be also raised through whistle-blower system through dedicated mail.
Other than Permanent Employees	

7. Membership of Employees and Workers in Association(s) or Unions recognised by the Listed Entity:

Category	FY 22-23 Current Financial Year			FY 21-22 Previous Financial Year		
	Total employees/worker in respective category (A)	No. of employees/Workers in respective category, who are part of association(s) or Union (B)	% (B/A)	Total employees/worker in respective category (A)	No. of employees/Workers in respective category, who are part of association(s) or Union (B)	% (B/A)
<b>Permanent Employees</b>						
Male	-	-	-	-	-	-
Female	-	-	-	-	-	-
<b>Permanent Workers</b>						
Male	3,713	3,713	100%	3,691	3,691	100%
Female	-	-	-	-	-	-

8. Details of training given to employees and workers:

Category	FY 22-23 Current Financial Year					FY 21-22 Previous Financial Year				
	Total (A)	On Health and safety measures		On Skill upgradation		Total (D)	On Health and safety measures		On Skill upgradation	
		No. (B)	% (B/A)	No. (C)	% (C/A)		No. (E)	% (E/D)	No. (F)	% (F/D)
<b>Employees</b>										
Male	1,046	-	-	94	10%	978	391	39%	47	4%
Female	46	-	-	15	32%	31	0	-	6	19%
<b>Total</b>	<b>1,092</b>	<b>-</b>	<b>-</b>	<b>109</b>	<b>11%</b>	<b>1,009</b>	<b>391</b>	<b>38%</b>	<b>53</b>	<b>5%</b>
<b>Workers</b>										
Male	13,240	5,219	39%	-	-	13,817	9,903	71%	-	-
Female	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>13,240</b>	<b>5,219</b>	<b>39%</b>	<b>-</b>	<b>-</b>	<b>13,817</b>	<b>9,903</b>	<b>71%</b>	<b>-</b>	<b>-</b>

Training on various issues related to human rights are covered under new employee induction and EHS training.

9. Details of performance and career development reviews of employees and worker:

Category	FY 22-23 Current Financial Year			FY 21-22 Previous Financial Year		
	Total (A)	Total (B)	% (B / A)	Total (C)	Total (D)	% (D/C)
<b>Employees</b>						
Male	1,046	982	93.88%	-	-	-
Female	46	45	97.83%	-	-	-
<b>Workers</b>						
Male	-	-	-	-	-	-
Female	-	-	-	-	-	-

10. Health and safety management system:

- Whether an occupational health and safety management system has been implemented by the Entity? (Yes/No). If yes, the coverage of such system?

Yes, the Company has an Integrated Management Systems for Quality (ISO 9001), Occupational Health & Safety (ISO 45001) and Environment (ISO 14001). EHS Management System defines the mandatory requirements for the systematic management and execution within the organisation. The Company's Integrated EHS Management System is accredited by international certification body TUV Nord.

- What are the processes used to identify work-related hazards and assess risks on a routine and non-routine basis by the Entity?

For every routine and non-routine activity occurring at the projects, Risk assessment in the form of HIRAC (Hazard Identification, risk assessment and control measures) and EAI (Environmental aspects and impacts) is prepared elaborating the control measures adopted for identified potential risks during the execution of the activity. Also, HCC has undertaken the Proactive Safety Observation Programme (PSOP). The PSOP programme analyses the causes of possible accidents, near-misses, unsafe conditions and unsafe acts. Each of these causes is systematically reported and pre-emptive actions are taken to mitigate the chances of an accident. Going one step further, the Company has added a new dimension to its safety programme by introducing the Behaviour-based Safety Programme. Behaviour-based Safety (BBS) emphasizes that employees need to take ownership of their own behaviour. If they behave in an unsafe manner, they are repeatedly made to correct themselves. Both safe and unsafe behaviours are recorded and displayed as learning opportunities. BBS emphasises that unsafe conditions are created by unsafe behaviours. The purpose of BBS is to identify both safe and at-risk behaviours, identify possibilities for injury, communicate the risk and help identify safer solutions. A BBS steering committee monitors its progress. The feedback process reinforces the use of safe behaviours and helps the Company to determine why certain at-risk behaviours were carried out. Collecting information about at-risk behaviour helps management determine the root cause of such behaviour and helps in developing an action plan to remove the mental barrier causing this behaviour.

- Whether you have processes for Workers to report work related hazards and to remove themselves from such risks.

Yes, the Company has processes for Workers to report work related hazards and to remove themselves from such risks.

- Do the Employees/Workers of the Entity have access to non-occupational medical and healthcare services?

Yes, Employees and Workers of the Company have access to non-occupational medical and healthcare services

11. Details of safety related incidents, in the following format:

Safety Incident/Number	Category	FY 22-23	FY 21-22
		Current Financial Year	Previous Financial Year
Lost Time Injury Frequency Rate (LTIFR) (per one million-person hours worked)	Employees	-	-
	Workers	14	-
Total recordable work-related injuries	Employees	-	-
	Workers	-	-
No. of fatalities	Employees	-	-
	Workers	4	-
High consequence work-related injury or ill-health (excluding fatalities)	Employees	-	-
	Workers	-	-

12. Describe the measures taken by the Entity to ensure a safe and healthy workplace.

As a part of the EHS Management system, a project specific EHS plan is prepared at the inception of every new project that determines the broad parameters of EHS management. This EHS plan identifies the hazardous operations and the risks arising from such hazards which are within the scope of the work. It even specifies the required integrated preventive measures (Controls) to mitigate the same. The Company has undertaken several initiatives over the years to improve safety performance, including mandatory induction and training programmes, toolbox talks, demonstration of usages of personal protective equipment etc. Besides these initiatives, HCC has undertaken the Proactive Safety Observation Programme (PSOP) and Behaviour-based Safety (BBS) programme which has brought about a paradigm shift in the way safety is observed at all project sites.

13. Number of Complaints on the following made by employees and workers:

Benefits	FY 22-23 Current Financial Year			FY 21-22 Current Financial Year		
	Filed during the year	Pending resolution at the end of year	Remarks	Filed during the year	Pending resolution at the end of year	Remarks
Working Conditions	-	-	-	-	-	-
Health & safety	-	-	-	-	-	-
Others	-	-	-	-	-	-

14. Assessments for the year:

% of your plants and offices that were assessed (by Entity or statutory authorities or third parties)	
Health and safety practices	100%
Working Conditions	HCC has robust External and Internal audit process in line with ISO 9001:2015, ISO 45001 and ISO 14001 and it covers all construction projects and offices. At least one External audit and two internal audits are conducted in a financial year for all such sites/offices.

15. Provide details of any corrective action taken or underway to address safety-related incidents (if any) and on significant risks / concerns arising from assessments of health & safety practices and working conditions.

The Company's EHS Council undertakes a review of all accidents and incidents, and formulate procedures based on risk analysis of data gathered through various assessment tools. This data is used for predictive analysis, measurement of incidents and unsafe behaviours. This enables identification of the key areas of risk which in turn guides the projects to proactively manage and focus resources to prevent any accidents or incidents. Such analysis is shared throughout the organisation, to support HCC's ZERO HARM objective.

## Leadership Indicators

- Does the Entity extend any life insurance or any compensatory package in the event of death of (A) Employees (B) Workers

The Company extends life insurance coverage in the event of death of its Employees and Workers.

- Provide the measures undertaken by the Entity to ensure that statutory dues have been deducted and deposited by the value chain partners.

Adherence to the applicable statutory provisions including payment and deduction of statutory dues is incorporated in the contract agreement with the value chain partners. The Company makes sure that all the relevant clauses dealing with statutory compliance are validated and honoured by both sides.

- Provide the number of Employees /Workers having suffered high consequence work- related injury / ill-health / fatalities (as reported in Q11 of Essential Indicators above), who have been rehabilitated and placed in suitable employment or whose family members have been placed in suitable employment:

Benefits	Total no. of affected employees/workers*		No. of employees/workers that are rehabilitated and placed in suitable employment or whose family members have been placed in suitable Employment	
	FY22-23 (Current FY)	FY21-22 (Previous FY)	FY22-23 (Current FY)	FY21-22 (Previous FY)
Employees	-	-	-	-
Workers	18	-	-	-

- Does the Entity provide transition assistance programmes to facilitate continued employability and the management of career endings resulting from retirement or termination of employment?

The Company extends all possible support to employees whose careers might have ended due to retirement or retrenchment. The benefits extended are in accordance with the local laws.

- Details on assessment of value chain partners (Supply chain partners):

% of value chain partners (by value of business done with such partners) that were assessed	
Health and safety practices	100%
Working Conditions	A procedure is in place to assess the working conditions of value chain partners.

- Provide details of any corrective actions taken or underway to address significant risks / concerns arising from assessments of health and safety practices and working conditions of value chain partners.

As per the internal EHS audit procedure and assessment carried out, all the observations and non-conformances are properly recorded and notified for closeout. Once closeouts are done, they are recorded with details of closeouts. These details can be retrieved from respective sites, manufacturing units and operations.

All the suppliers and contractors of the Company are evaluated on their safety infrastructure processes and strengths before awarding a contract. The continued monitoring and measuring of suppliers and contractors ensure a comprehensive safe environment. This is further enhanced with regular refresher training sessions and capacity-building programmes. In addition, periodic site visits by the senior management and site audits improve the EHS performance.

## Principle 4: Businesses should respect the interests of and be responsive to all its stakeholders.

### Essential Indicators

- Describe the processes for identifying key stakeholder groups of the Entity.

HCC has systematically identified, prioritised, and engaged with a diverse set of stakeholders considering the present and potential impacts of its business on them and vice versa. In line with its business models, the Company has identified the following as key stakeholder groups:

Stakeholders	Basis of Identification
Customers / Clients	Government owned enterprises (central and state) contribute to majority of the Company's current orderbook, hence they are the largest clients for the business. In addition to providing the business, they also determine policies for various areas as well as determine the plans for various sectors.
Suppliers / Subcontractors	EPC have significant dependence on supply chain partners for sourcing of key raw materials e.g., cement, aggregates, steel and other materials for construction projects and outsourcing activities such as low-end civil works in construction projects. To maintain sustainable growth, these partners are key elements in meeting the delivery and cost objectives for various contracts.
Employees and workforce	Construction is a labour-intensive activity, and HCC employs large number of workers in addition to its own employees. Hence, their skills development, health and well-being are important for the Company's ongoing and future operations.
Investors and Shareholders	Investors and shareholders make an important contribution to the growth of the Company by providing financial resources. They also play an important role through exercise of their voting rights with respect to important plans of the Company.
JV Partners	Partnership development is a critical management approach in the strategic business sector, minimizing business risk during the bid and project execution.
Local Communities	HCC helps catalyse socio-economic development of communities around its project sites at various locations across the country. Focus is on under-privileged and marginalized sections to enable them to bring them on-par with others.

2. List stakeholder groups identified as key for your Entity and the frequency of engagement with each stakeholder group.

Stakeholder Group	Whether identified as Vulnerable & Marginalized Group (Yes/No)	Channels of Communication	Frequency of engagement	Purpose and scope of engagement including key topics and concerns raised during such engagement
Customers / Clients	No	Business interactions, client satisfaction surveys	Quarterly	Customer satisfaction and feedback, project delivery, timeline, challenges faced during execution.
Suppliers / Subcontractors	No	One on one engagement continuously to fulfil the requirements and resolve the issues.	As and when required	Need and expectation, schedule, supply chain issue, need for awareness and other training, their regulatory compliance, EHS performance etc.
Employees and workforce	No	regular communications, newsletter HCC News, emailer E&C connect, employee intranet, departmental meetings, training programs, and structured performance management system.	As and when required	Employees' growth and benefits, their expectation, volunteering, career growth, professional development and continuing education and skill training etc.
Investors and Shareholders	No	Press Releases, dedicated email ID for Investor Relations, Quarterly Results, Annual Reports, AGM (Shareholders interaction), Quarterly investor presentation, Investors meets, stock exchange filings and corporate website.	As and when required	To understand their need and expectation which are material to the Company. Key topics are Company's financial performance etc.
JV Partners	No	Business interactions	As and when required	To understand their need and expectations which are material to the Company.
Local Communities	Yes	Direct engagement and through the Company's CSR project implementation partners (NGOs)	As and when required	Their expectations and feedback on impact/ success of CSR project and further scope of community engagement.



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

**Essential Indicators**

1. Employees and Workers who have been provided training on human rights issues and policy(ies) of the Entity, in the following format:

Category	FY 22-23 Current Financial Year			FY 21-22 Previous Financial Year		
	Total (A)	No. of employee/workers covered (B)	% (B/A)	Total (C)	No. of employee/workers covered (D)	% (D/C)
<b>Employees</b>						
Permanent	1,051	-	-	978	-	-
Other than permanent	41	-	-	31	-	-
<b>Total Employees</b>	<b>1,092</b>	<b>-</b>	<b>-</b>	<b>1,009</b>	<b>-</b>	<b>-</b>
<b>Workers</b>						
Permanent	3,713	-	-	3,691	-	-
Other than permanent	9,527	-	-	10,126	-	-
<b>Total Workers</b>	<b>13,240</b>	<b>-</b>	<b>-</b>	<b>13,817</b>	<b>-</b>	<b>-</b>

Training on various issues related to human rights like POSH etc.

2. Details of minimum wages paid to Employees and Workers, in the following format:

Category	FY 22-23 Current Financial Year					FY 21-22 Previous Financial Year*				
	Total (A)	Equal to Minimum Wage		More than Minimum Wage		Total (D)	Equal to Minimum Wage		More than Minimum Wage	
		No. (B)	% (B/A)	No. (C)	% (C/A)		No. (E)	% (E/D)	No. (F)	% (F/D)
<b>Employees Permanent</b>										
Male	-	-	-	-	-	-	-	-	-	-
Female	-	-	-	-	-	-	-	-	-	-
<b>Other than Permanent</b>										
Male	-	-	-	-	-	-	-	-	-	-
Female	-	-	-	-	-	-	-	-	-	-
<b>Workers Permanent</b>										
Male	3,713	-	-	3,713	100%	3,691	-	-	3,691	100%
Female	-	-	-	-	-	-	-	-	-	-
<b>Other than Permanent</b>										
Male	9,527	9,527	100%	-	-	-	-	-	-	-
Female	-	-	-	-	-	-	-	-	-	-

\*100% coverage of employees and workers towards payment of equal to/more than minimum wages; Breakup is not available FY22-23.

3. Details of remuneration/salary/wages, in the following format:

Benefits	Male		Female	
	Number	Median remuneration/ salary/ wages of respective category (In ₹)	Number	Median remuneration/ salary/ wages of respective category (In ₹)
Board of Directors (BoD) (Whole-time Directors)	2	5,25,00,000	-	-
Key Managerial Personnel	3	1,54,23,006	-	-
Employees other than BoD and KMP	1,043	9,35,122	46	10,91,578
Workers	3,713	2,19,420	-	-

4. Do you have a focal point (Individual/Committee) responsible for addressing human rights impacts or issues caused or contributed to by the business?

The Company is compliant to all national and international norms and guidelines on human rights. The HR and IR team acts as the single point of contact for such issues.

5. Describe the internal mechanisms in place to redress grievances related to human rights issues.

The Company has a well-defined grievance redressal Policy on its intranet portal. It comprises of clear guidelines and well-defined escalation matrix comprising of stakeholders who are empowered to deal with various kinds of grievances (not restricted to only human rights). Any employee / worker can follow the due process and get their grievances resolved in an amicable way.

6. Number of Complaints on the following made by employees and workers:

Benefits	FY 22-23			FY 21-22		
	Current Financial Year			Current Financial Year		
	Filed during the year	Pending resolution at the end of year	Remarks	Filed during the year	Pending resolution at the end of year	Remarks
Sexual harassment	-	-	-	-	-	-
Discrimination at workplace	-	-	-	-	-	-
Child Labour	-	-	-	-	-	-
Forced Labour/ Involuntary Labour	-	-	-	-	-	-
Wages	-	-	-	-	-	-
Other human Rights related issues	-	-	-	-	-	-

7. Mechanisms to prevent adverse consequences to the complainant in discrimination and harassment cases.

The Company has established a host of policies like the code of conduct, Vigil mechanism, Prevention of Sexual harassment at the Workplace etc. that outline the various redressal mechanisms available to all employees. Additionally, there are elaborate guidelines which must be followed by the investigating authority to ensure that confidentiality is maintained and victimization is prevented.

8. Do human rights requirements form part of your business agreements and contracts?

Yes. The Company adheres to the UNGC (United Nation Global Compact) principles which include Human Rights clauses.

9. Assessments for the year

% of your plants and offices that were assessed (by Entity or statutory authorities or third parties)	
Child labour	100%
Forced/involuntary labour	100%
Sexual harassment	100%
Discrimination at workplace	100%
Wages	100%
Others – please specify	-

10. Provide details of any corrective actions taken or underway to address significant risks / concerns arising from the assessments at Question 9 above.

We do not foresee any significant risks /concerns.

### Leadership Indicators

1. Details of a business process being modified / introduced as a result of addressing human rights grievances/complaints.

No complaint received in financial year 2022-23 for human rights violation.

2. Details of the scope and coverage of any Human rights due-diligence conducted.

The Company adheres to the UNGC (United Nation Global Compact) principles which include Human Rights clauses. Further, the Company conducts regular audit and inspection through internal audit protocols by EHS and IR department on EHS and human rights issues. The scope of audit covers all project sites.

3. Is the premise/office of the entity accessible to differently abled visitors, as per the requirements of the Rights of Persons with Disabilities Act, 2016?

Most of the permanent facilities and office buildings are accessible to differently abled visitors, as per the requirements of the Rights of Persons with Disabilities Act, 2016.

4. Details on assessment of value chain partners:

% of Value chain partners (by value of business done with such partners) that were assessed	
Child labour	-
Forced/involuntary labour	-
Sexual harassment	-
Discrimination at workplace	-
Wages	-
Others – please specify	-

5. Provide details of any corrective actions taken or underway to address significant risks / concerns arising from the assessments at Question 4 above.

Not applicable

**Principle 6: Businesses should respect and make efforts to protect and restore the environment.**

**Essential Indicators**

1. Details of total energy consumption (in Joules or multiples) and energy intensity, in the following format:

Parameter #		FY22-23 Current Financial Year	FY21-22 Previous Financial Year
Total Direct Energy	GJ	3,80,851.00	4,07,008.61
	kWh	10,57,91,944.44	11,30,57,947.93
Diesel	KL	10,420.00	11,135.67
	GJ	3,80,851.00	4,07,008.61
Total Indirect Energy (purchased electricity)	kWh	4,17,83,932.17	3,79,91,150
	GJ	1,50,422.16	1,36,768.14
Energy intensity per rupee of turnover (Total energy consumption/ turnover in rupees)		1.17	1.29

#Scope excludes transit houses, guest houses, holiday homes and company owned residential facilities for both FY22-23 and FY21-22

**Note:** Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

Yes, the sustainability data assurance is carried out by BOD India.

2. Does the Entity have any sites / facilities identified as designated consumers (DCs) under the Performance, Achieve and Trade (PAT) Scheme of the Government of India? (Y/N) If yes, disclose whether targets set under the PAT scheme have been achieved. In case targets have not been achieved, provide the remedial action taken, if any.

No. Not Applicable.

3. Provide details of the following disclosures related to water, in the following format:

Parameter #		FY22-23 Current Financial Year	FY21-22 Previous Financial Year
<b>Water withdrawal by source (in kilolitres)</b>			
(i) Surface water		2,22,992	1,65,950
(ii) Groundwater		45,114	34,218
(iii) Third party water		1,93,969	1,91,186
(iv) Seawater / desalinated water		20,110	28,625
(v) Others		1,350	10,839
<b>Total volume of water withdrawal (in kilolitres) (i + ii + iii + iv + v)</b>		<b>4,83,535</b>	<b>4,30,818</b>
<b>Total volume of water consumption (in kilolitres)</b>		<b>4,26,951</b>	<b>4,30,548</b>
Water intensity per rupee of turnover (Water consumed / turnover)		-	-

**Note:** Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

Yes, the sustainability data assurance is carried out by BDO India.

4. Has the Entity implemented a mechanism for Zero Liquid Discharge? If yes, provide details of its coverage and implementation.

No. The company does not have any manufacturing facility, hence Zero Liquid discharge will not be applicable. However, at the project site, all the wastewater is treated and treated wastewater is recycled or reused as appropriate.

5. Please provide details of air emissions (other than GHG emissions) by the Entity, in the following format:

Parameter	Unit	FY22-23 Current Financial Year	FY21-22 Previous Financial Year
NOx	Tonnes	4.69	NA
SOx	Tonnes	4.89	NA
Particulate matter (PM)	Tonnes	NA	NA
Persistent organic pollutants (POP)	-	NA	NA
Volatile organic compounds (VOC)	-	NA	NA
Hazardous air pollutants (HAP)	-	NA	NA
Others – (ODS)	Tonnes	NA	NA

\* Nox and Sox are calculated by total HSD consumption for DG operation.

NA - Data not available.

**Note:** Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

Yes, the assurance is carried out by BDO India.

6. Provide details of greenhouse gas emissions (Scope 1 and Scope 2 emissions) & its intensity in the following format:

Parameter #	Unit	FY22-23 Current Financial Year	FY21-22 Previous Financial Year
Total Scope 1 emissions (Break-up of the GHG into CO <sub>2</sub> , CH <sub>4</sub> , N <sub>2</sub> O, HFCs, PFCs, SF <sub>6</sub> , NF <sub>3</sub> , if available)	Metric tonnes of CO <sub>2</sub> Equivalent	28,221.06	30,159.34
Total Scope 2 emissions (Break-up of the GHG into CO <sub>2</sub> , CH <sub>4</sub> , N <sub>2</sub> O, HFCs, PFCs, SF <sub>6</sub> , NF <sub>3</sub> , if available)	Metric tonnes of CO <sub>2</sub> Equivalent	33,009.31	30,013.01
<b>Total Scope 1 and Scope 2 emissions per rupee of turnover</b>	Metric tonnes of CO <sub>2</sub> Equivalent Per R Bn	1.17	1.29

**Note:** Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

Yes- The assurance has been conducted by BDO India.

7. Does the Entity have any project related to reducing Green House Gas emission? If yes, then provide details.

No.

8. Provide details related to waste management by the Entity, in the following format:

Parameter	FY22-23 Current Financial Year	FY21-22 Previous Financial Year
<b>Total Waste generated (in metric tonnes)</b>		
Plastic waste (A)	17.92	NA
E-waste (B)	17.10	NA
Bio-medical waste (C)	0.01	0.02
Construction and demolition waste (D)	235.81	297.24
Battery waste (E)s	2.62	NA
Radioactive waste (F)	-	-
Other Hazardous waste. Please specify, if any. (G)		
a) used Oil (KL)	22.50	22.20
b) MS Drums	4.50	32.07
Other Non-hazardous waste generated (H). Please specify, if any. (Break-up by composition i.e. by materials relevant to the sector)		
a) Steel scrap	17,024.30	3,599.60
b) Cement bags	24.45	27.80
<b>Total (A + B + C + D + E + F + G + H)</b>	<b>17,349.21</b>	<b>3,978.93</b>

Parameter	FY22-23 Current Financial Year	FY21-22 Previous Financial Year
<b>For each category of waste generated, total waste recovered through recycling, re-using or other recovery operations (in metric tonnes)</b>		
<b>Category of waste</b>		
(i) Recycled	-	-
(ii) Re-used	-	-
(iii) Other recovery operations	-	-
<b>Total</b>	-	-
<b>For each category of waste generated, total waste disposed by nature of disposal method (in metric tonnes)</b>		
<b>Category of waste</b>		
(iv) Incineration	-	-
(v) Landfilling	-	-
(vi) Other disposal operations (Disposed through authorised vendors)	17,349.20	3,978.93

\*For conversion in tones unit weight are assumed based on the values as in the product manual.

NA- Not Applicable

9. Briefly describe the waste management practices adopted in your establishments. Describe the strategy adopted by your company to reduce usage of hazardous and toxic chemicals in your products and processes and the practices adopted to manage such wastes.

HCC is certified under ISO 14001:2015 and the scope covers its entire operations including offices, headquarters, construction projects and temporary facilities. Under the environmental management system, the Company has guidelines for comprehensive waste management for the identification, segregation, collection, recycling, and final disposal. Performance is monitored and waste data is collected on annual basis.

10. If the Entity has operations/offices in/around ecologically sensitive areas (such as national parks, wildlife sanctuaries, biosphere reserves, wetlands, biodiversity hotspots, forests, coastal regulation zones etc.) where environmental approvals / clearances are required, please specify details in the following format:

Sr. No.	Location of operations/offices	Type of Operations	Whether the conditions of environmental approval / clearance are being complied with? (Y/N) If no, the reasons thereof and corrective action taken, if any.
1	Mumbai Coastal Road Project	Construction	The project falls under Coastal regulatory zone. Environment Clearance ("EC") has been taken. However, EC is under client scope.

The above selected project mentioned herein is the Company's major construction projects.

11. Details of environmental impact assessments of projects undertaken by the Entity based on applicable laws, in the current financial year:

The Company has not conducted any environmental impact assessments (EIA) of projects or industrial facility in financial year 2022-23. For the construction projects, it is under the scope of the proponents, and the Company ensures that all regulatory permits and approvals are in place before starting of the construction work. For the ongoing construction projects, all the applicable EIAs are carried out by the proponent before the construction project is awarded to the Company.

Name and brief details of project	EAI notification no.	Date	Whether conducted by independent external agency (yes / no)	Results communicated in public domain (yes / no)	Relevant Web link
-	-	-	-	-	-

12. Is the Entity compliant with the applicable environmental law/ regulations/ guidelines in India; such as the Water (Prevention and Control of Pollution) Act, Air (Prevention and Control of Pollution) Act, Environment protection act and rules thereunder (Y/N).

All the Company projects and industrial facilities follow the applicable environmental law/ regulations/ guidelines in India, such as the Water (Prevention and Control of Pollution) Act, Air (Prevention and Control of Pollution) Act, Environment Protection Act and rules thereunder.



If not, provide details of all such non-compliances, in the following format:

Sr. No.	Specify the law / regulation / guidelines which was not complied with	Provide details of the non- compliance	Any fines / penalties / action taken by regulatory agencies such as pollution control boards or by courts	Corrective action taken, if any
-	-	-	-	-
-	-	-	-	-

## Leadership Indicators

1. Provide break-up of the total energy consumed (in Joules or multiples) from renewable and non-renewable sources, in the following format

Parameter	<b>FY22-23 Current Financial Year Giga Joules</b>	<b>FY21-22 Previous Financial Year Giga Joules</b>
<b>From renewable sources</b>		
Total electricity consumption (A)	-	-
Total fuel consumption (B)	-	-
Energy consumption through other sources (C) {purchased electricity}	1,36,768.14	1,26,967.62
<b>Total energy consumed from renewable sources (A+B+C)</b>	<b>1,36,768.14</b>	<b>1,26,967.62</b>
<b>From non-renewable sources</b>		
Total electricity consumption (D)	-	-
Total fuel consumption (E)	39,338.95	4,17,430.64
Energy consumption through other sources (F)	-	-
<b>Total energy consumed from non-renewable sources (D+E+F)</b>	<b>39,338.95</b>	<b>4,17,430.64</b>

**Note:** Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

Yes, the assessment has been conducted by BDO India

2. Provide the following details related to water discharged:

Parameter	<b>FY22-23 Current Financial Year</b>	<b>FY21-22 Previous Financial Year</b>
Water discharge by destination and level of treatment (in kilolitres)	-	-
(i) To Surface water	-	-
- No treatment	-	-
- With treatment – please specify level of Treatment	-	-
(ii) To Groundwater	-	-
- No treatment	-	-
- With treatment – please specify level of Treatment	-	-
(iii) To Seawater	-	-
- No treatment	-	-
- With treatment – please specify level of Treatment	-	-
(iv) Sent to third-parties	-	-
- No treatment	-	-
- With treatment – please specify level of treatment	-	-
(v) Others	-	-
- No treatment	-	-
- With treatment – please specify level of Treatment	-	-
<b>Total water discharged (in kilolitres)</b>	<b>-</b>	<b>-</b>

All the plants under the Company's scope have treatment facilities and operates under Zero Liquid Discharge (ZLD)

3. Water withdrawal, consumption and discharge in areas of water stress (in kilolitres):

None.

For each facility / plant located in areas of water stress, provide the following information:

- (i) Name of the area
- (ii) Nature of operations
- (iii) Water withdrawal, consumption and discharge in the following format:

Parameter	FY22-23 Current Financial Year	FY21-22 Previous Financial Year
<b>Water withdrawal by source (in kilolitres)</b>		
(i) Surface water	NA	NA
(ii) Groundwater	NA	NA
(iii) Third party water	NA	NA
(iv) Seawater / desalinated water	NA	NA
(v) Others	NA	NA
Total volume of water withdrawal (in kilolitres)	NA	NA
Total volume of water consumption (in kilolitres)	NA	NA
Water intensity (optional) – the relevant metric may be selected by the Entity	NA	NA
<b>Water discharge by destination and level of treatment (in kilolitres)</b>		
(i) Into Surface water	NA	NA
- No treatment	NA	NA
- With treatment – please specify level of treatment	NA	NA
(ii) Into Groundwater	NA	NA
- No treatment	NA	NA
- With treatment – please specify level of treatment	NA	NA
(iii) Into Seawater	NA	NA
- No treatment	NA	NA
- With treatment – please specify level of treatment	NA	NA
(iv) Sent to third-parties	NA	NA
- No treatment	NA	NA
- With treatment – please specify level of treatment	NA	NA
(v) Others	NA	NA
- No treatment	NA	NA
- With treatment – please specify level of treatment	NA	NA
<b>Total water discharged (in kilolitres)</b>	<b>NA</b>	<b>NA</b>

Currently, the Company does not have an assessment of operations that could be in water stressed area.

NA- Not Applicable

**Note:** Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

Yes, the assessment has been conducted by BDO India.

4. Please provide details of total Scope 3 emissions & its intensity, in the following format:

Parameter	Unit	FY22-23 Current Financial Year	FY21-22 Previous Financial Year
Total Scope 3 emissions (Break-up of the GHG into CO <sub>2</sub> , CH <sub>4</sub> , N <sub>2</sub> O, HFCs, PFCs, SF <sub>6</sub> , NF <sub>3</sub> , if available)	Metric tonnes of CO <sub>2</sub> equivalent	NA	NA
Total Scope 3 emissions per rupee of turnover	Metric tonnes of CO <sub>2</sub> Equivalent/ Billion INR	NA	NA
Total Scope 3 emission intensity – (optional) – the relevant metric may be selected by the Entity		NA	NA

At present only Scope 1 and 2 emissions are being captured and calculated.

NA- Not Applicable

**Note:** Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

Yes, the assessment has been conducted by BDO India.

5. With respect to the ecologically sensitive areas reported at Question 10 of Essential Indicators above, provide details of significant direct & indirect impact of the Entity on biodiversity in such areas along-with prevention and remediation activities.

Currently only one project of HCC falls in CRZ notification 2011 as identified within the respective EIA studies conducted earlier, where Environmental Clearance (EC)/approval and permits as applicable are in place. All the regulatory compliance reports are being submitted as mentioned in the EC/Approval terms and conditions. Further, all the applicable Consent to Establish (CTE) and Consent to Operate (CTO) are in place for Batching Plants, Precast Yards, Fabrication Yard, and Industrial Facilities as applicable.

6. If the entity has undertaken any specific initiatives or used innovative technology or solutions to improve resource efficiency, or reduce impact due to emissions / effluent discharge / waste generated, please provide details of the same as well as outcome of such initiatives, as per the following format:

Sr.	Initiative undertaken	Details of the initiative (Web-link, if any, may be provided along-with summary)	Outcome of the initiative
1	Covering of batching plant	The batching plant at Mumbai Coastal Road Project is covered completely. This helps to reduce the dust emissions and noise pollution.	a. Compliance to the ambient air quality standards. b. No complaints from neighbour residents and client. c. Improved air quality levels at the project.
2	Promoting sustainable construction	Reduction in CO <sub>2</sub> impact by using supplementary cementitious materials in concrete	a. Saving of raw material cost of cement used: ₹ 8.47 Cr. b. GHG emission of 5664.9 Ton CO <sub>2</sub> eq saved due to usage of fly ash and GGBS instead of cement.
3	Use of Bio-engineering method for slope protection	Using Bio-stabilization of slopes of T49 Tunnel and Vishnugad Pipalkoti HEP projects	a. Facilitates natural vegetation growth as the method enables the vegetation growth to stabilize the slope. b. Environmentally friendly, non-toxic and safe for sensitive environments. c. Slope protection efforts consider both engineering protection and environmental beautification (Aesthetically Appealing).

7. Does the Entity have a business continuity and disaster management plan? Give details in 100 words/ web link.

The Company has established emergency preparedness plans at each project site to deal with the emergency situations. It also provides response procedures for preventing and mitigating the hazard & risk and environmental impacts arising from emergency situations including the provision for first aid.

As the founder member of the Disaster Resource Partnership (DRP) formed at the World Economic Forum in 2004, HCC ensures that the core strengths and existing capacities of the Infrastructure and Urban Development community are mobilized

during and after crisis to reduce suffering and save lives. HCC became a co-founder and regional coordinator of the Disaster Resource Network India in November 2002. DRN India's missions were to train private firm personnel in disaster relief, and to make plans and structures that could become operational in crises. When disaster strikes, HCC is the first responders with heavy equipment and satellite communication systems availability. Before external help arrives, HCC knows what infrastructure has broken down, how to repair it and what the requirements are. With trained personnel in disaster response, HCC offer help to local authorities in rescue and relief operations.

The plan is available on the Website of the Company at <http://hccindia.com/about-us/beyond-bread/disaster-relief>

8. Disclose any significant adverse impact to the environment, arising from the value chain of the Entity. What mitigation or adaptation measures have been taken by the Entity in this regard.

No significant adverse impact has been reported from any value chain partners. A separate Code of Conduct (CoC) has been extended to vendors and service providers which covers the need for compliance with environmental regulations, health and safety, labour practices, minimum wages.

9. Percentage of value chain partners (by value of business done with such partners) that were assessed for environmental impacts.

None.

**Principle 7: Businesses, when engaging in influencing public and regulatory policy, should do so in a manner that is responsible and transparent.**

1. A. Number of affiliations with trade and industry chambers/ associations.
- B. List the top 10 trade and industry chambers/ associations (determined based on the total members of such body) the Entity is a member of/ affiliated to.

Sr. No.	Name of the trade and industry chambers/ associations	Reach of trade and industry chambers/ associations (State/National)
1	Confederation of Indian Industry (CII)	National
2	World Economic Forum (WEF)	Global
3	Construction Skills Development Council of India (CSDCI)	National
4	Construction Federation of India (CFI)	National
5	Disaster Resource Network India	National
6	UK India Business Council (UKIBC)	Global
7	Private Sector Alliance for Disaster Resilient Societies (ARISE), United Nations International Strategy for Disaster Risk Reduction (UNISDR)	Global
8	United Nations' Global Compact's CEO Water Mandate	Global
9	Caring for Climate, United Nation's action platform for business.	Global
10	World Economic Forum's CEO Climate Leaders	Global
11	International Federation of Asian and Western Pacific Contractors' Associations (IFAWPCA)	Global
12	Builders Association of India (BAI)	National
13	Young Presidents' Organization (YPO) Mumbai chapter	National

2. Provide details of corrective action taken or underway on any issues related to anti-competitive conduct by the Entity, based on adverse orders from regulatory authorities:

During the year, there were no such cases.

Name of authority	Brief of the case	Corrective action taken
-	-	-
-	-	-

## Leadership Indicators

- Details of public policy positions advocated by the Entity:

HCC is represented by its Chairman, Mr. Ajit Gulabchand at several national and global, governmental, departmental and industries forums. The Company proactively engages with various stakeholders including industry chambers, associations, governments, and regulators and provides its inputs on various areas such as infrastructure development and construction, health, and safety, amongst others. The Company is committed to engage in the public policy advocacy process in a responsible and ethical manner.

Sr. No.	Public Policy Covered	Method restored for such advocacy	Whether information in public Domain	Frequency of review by Board	Web Link if available
-	-	-	-	-	-
-	-	-	-	-	-

## Principle 8: Businesses should promote inclusive growth and equitable development.

### Essential Indicators

- Details of Social Impact Assessments (SIA) of projects undertaken by the Entity based on applicable laws, in the current financial year.

Name and brief detail of the project	SIA Notification Number	Date of Notification	Whether conducted by independent external agency	Results communicated in public domain	Web Link if available
NA	NA	NA	NA	NA	NA

NA: Not applicable

- Provide information on project(s) for which ongoing Rehabilitation and Resettlement (R&R) is being undertaken by your Entity, in the following format: Not applicable.

No rehabilitation and resettlement was undertaken by the Company during this reporting period.

Sr. No	Name of the project for which R&R is going	State	District	No. of Projects Affected families	% of PA Fs covered by R&R	Amount paid to PA Fs in the FY (in INR)
-	-	-	-	-	-	-
-	-	-	-	-	-	-

- Describe the mechanisms to receive and redress grievances of the community.

At the Company's construction sites, public complaints are collected through suggestion box and mail. The complaints or grievances received from community is addressed by the site management involving the industrial and administration department and also the clients, as applicable. Any issue which is unresolved or needs management intervention is escalated to the respective business heads.

- Percentage of input material (inputs to total inputs by value) sourced from suppliers:

	<b>FY22-23</b> Current Financial Year	FY21-22 Previous Financial Year
Directly sourced from MSMEs/small producers	18%	23%
Sourced directly from within the district and neighbouring districts	86%	89%

The data is for the three projects in Maharashtra state, and the sourcing pattern remains similar for the rest of India



## Leadership Indicators

1. Provide details of actions taken to mitigate any negative social impacts identified in the Social Impact Assessments (Reference: Question 1 of Essential Indicators above)

Details of negative social impact identified	Corrective action taken
No negative social impact has been identified in social impact assessment.	N.A.

NA: Not available

2. Provide the following information on CSR projects undertaken by your Entity in designated aspirational districts as identified by government bodies:

Sr. No.	Aspirational District	Amount spent (In ₹)
-	-	-

3. (a) Do you have a preferential procurement policy where you give preference to purchase from suppliers comprising marginalized /vulnerable groups?

HCC is engaged in the business of construction and engineering and majority of the Company's procurement is of industrial origin and procured in bulk. The Company does not have a preferential procurement policy to purchase from suppliers comprising marginalized /vulnerable groups.

- (b) From which marginalized /vulnerable groups do you procure?

Not Applicable.

- (c) What percentage of total procurement (by value) does it constitute?

Not Applicable.

4. Details of the benefits derived and shared from the intellectual properties owned or acquired by your Entity (in the current financial year), based on traditional knowledge:

Not applicable as the Company does not have any intellectual properties owned or acquired by the Entity (in the current financial year), based on traditional knowledge.

Sr. No.	Intellectual Property based upon traditional knowledge	Owned/ Acquired (Yes/No)	Benefit (Yes/No)	Benefits of calculating benefit share
-	-	-	-	-

5. Details of corrective actions taken or underway, based on any adverse order in intellectual property related disputes wherein usage of traditional knowledge is involved:

Name of authority	Brief of the case	Corrective action taken
-	-	-
-	-	-

6. Details of beneficiaries of CSR Projects:

Sr. No	CSR Project	No. of persons benefitted from CSR Projects	% of beneficiaries from vulnerable and marginalized groups
-	-	-	-

The Company's projects are designed to serve the beneficiaries from the under privileged, marginalised, vulnerable and backward communities of the society.

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

**Essential Indicators**

1. Describe the mechanisms in place to receive and respond to consumer complaints and feedback.

The Company collects feedback forms from client/customer every three months as per the Company's established IMS documented information. Customers evaluate the performance and provide rating on the following parameters:

- Designing / Detail Engineering
- Planning
- Construction Capability
- Project Quality
- Management

Customer complaints are received through email, transmittal letter communications and verbal communications directly to project management teams. A complaint register is maintained for customers to record their complaints as per the established IMS documented information.

2. Turnover of products and/ services as a percentage of turnover from all products/service that carry information about:

As a percentage to total turnover	
Environmental and social parameters relevant to the product	Not applicable as the Company does not have specific consumer product or product range.
Safe and responsible usage	
Recycling and/or safe disposal	

3. Number of consumer complaints in respect of the following:

	FY 22-23 Current Financial Year			FY 21-22 Current Financial Year		
	Received during the year	Pending resolution at end of year	Remarks	Received during the year	Pending resolution at end of year	Remarks
Data privacy	-	-	-	-	-	-
Advertising	-	-	-	-	-	-
Cyber-security	-	-	-	-	-	-
Delivery of essential services	-	-	-	-	-	-
Restrictive Trade practices	-	-	-	-	-	-
Unfair Trade practices	-	-	-	-	-	-
Other	-	-	-	-	-	-

4. Details of instances of product recalls on account of safety issues:

The Company does not have any specific consumer products hence not applicable.

	Number	Reason for Call
Voluntary recalls	-	-
Forced recalls	-	-

5. Does the Entity have a framework/ policy on cyber security and risks related to data privacy? If available, provide a web-link of the policy

Yes, The Policy is available on the Company's intranet portal.

6. Provide details of any corrective actions taken or underway on issues relating to advertising, and delivery of essential services; cyber security and data privacy of customers; re-occurrence of instances of product recalls; penalty / action taken by regulatory authorities on safety of products / services.

None.

### Leadership Indicators

1. Channels / platforms where information on products and services of the Entity can be accessed (provide web link, if available).

The Company's business offerings can be found on the website: <http://hccindia.com/>.

2. Steps taken to inform and educate consumers about safe and responsible usage of products and/or services.

The Company does not operate in B2C model. For projects, regular interaction with the client are conducted during the execution phase. The Company extends an opportunity to explain about its innovations, new technology and techniques that are implemented to enhance product quality and work methodology.

3. Mechanisms in place to inform consumers of any risk of disruption/discontinuation of essential services.

During execution of construction projects and transport of heavy machinery, the clients and concerned departmental authorities are informed through transmittal letters and their permissions are sought for road closure, traffic diversion and isolation of essential services.

4. Does the Entity display product information on the product over and above what is mandated as per local laws? (Yes/No/Not Applicable) If yes, provide details in brief. Did your Entity carry out any survey with regard to consumer satisfaction relating to the major products / services of the Entity, significant locations of operation of the Entity or the Entity as a whole? (Yes/No)

Not applicable, as the Company operates in B2B model. The average customer satisfaction score during FY22-23 was 85%.

5. Provide the following information relating to data breaches:

a) Number of instances of data breaches along-with impact

There were no data breaches during the year.

b) Percentage of data breaches involving personally identifiable information of customers-

NIL

# INDEPENDENT AUDITOR'S REPORT

To the Members of Hindustan Construction Company Limited

## Report on the Audit of the Standalone Financial Statements

### Qualified Opinion

1. We have audited the accompanying standalone financial statements of **Hindustan Construction Company Limited** and its joint operations (together referred to as 'the Company'), as listed in Annexure I, which comprise the Balance Sheet as at 31 March 2023, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flow and the Statement of Changes in Equity for the year then ended, and notes to the standalone financial statements, including a summary of the significant accounting policies and other explanatory information.
2. In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of the reports of the other auditors as referred to in paragraph 16 below, except for the possible effects of the matters described in the Basis for Qualified Opinion section of our report, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ('the Act') in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards ('Ind AS') specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015 and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2023, and its profit (including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

### Basis for Qualified Opinion

3. As stated in:
  - a) Note 34 to the standalone financial statements, the Company's investments in subsidiaries as at 31 March 2023 includes non-current investment and current investment in HCC Infrastructure Company Limited ('HICL'), its wholly owned subsidiary, amounting to ₹ 1,214.65 crore and ₹ 220 crore, respectively, stated at cost. The subsidiary's consolidated net-worth as at 31 March 2023 is substantially eroded but, the said investment is considered fully recoverable by the management on the basis of factors stated in the aforesaid note including a valuation report obtained from an independent valuer.

However, in the absence of sufficient appropriate audit evidence to support the significant judgements and estimates relating to underlying assumptions applied by the management in the aforementioned valuation report, we are unable to comment upon the adjustments, if any, that are required to the carrying value of the aforesaid investment and consequential impact, if any, on the standalone financial statements.

Our audit report dated 12 May 2022 on the standalone financial statements for the year ended 31 March 2022 was also qualified in respect of this matter.

- b) Note 9.1 to the the standalone financial statements, the Company has recognised net deferred tax assets amounting to ₹ 741.93 crore as at 31 March 2023, which includes deferred tax assets on carried forward unused tax losses, unused tax credits and other taxable temporary differences on the basis of expected availability of future taxable profits for utilization of such deferred tax assets. However, in view of the history of losses recorded by the Company, we are unable to obtain sufficient appropriate audit evidence with respect to the projections for future taxable profits prepared by the management and therefore, are unable to comment on any adjustments that may be required to the carrying value of aforesaid net deferred tax assets as at 31 March 2023.

Our audit report dated 12 May 2022 on the standalone financial statements for the year ended 31 March 2022 was also qualified in respect of this matter.

4. We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ('ICAI') together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained together with the audit evidence obtained by the other auditors, in terms of their reports referred to in paragraph 16 of the Other Matter section below, is sufficient and appropriate to provide a basis for our qualified opinion.

### Key Audit Matters

5. Key audit matters are those matters that, in our professional judgment, and based on the consideration of the reports of the other auditors as referred to paragraph 16 below, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.
6. In addition to the matters described in the Basis for Qualified Opinion section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Key audit matter	How our audit addressed the key audit matter
<p><b>(a) Accounting of novation of specified debt and assignment of specified arbitration awards and claims pursuant to implementation of debt resolution plan as per the terms of Master Framework Agreement ('MFA') (Refer note 31.1 to the standalone financial statements)</b></p>	
<p>During the current year, the Company has successfully implemented its debt resolution plan as per the terms of Master Framework Agreement ('MFA') in relation to its Facilities, Guarantees and Put Obligations in accordance with the Reserve Bank of India (Prudential Framework for Resolution of Stressed Assets) Directions, 2019 dated 7 June 2019. Consequent to the aforementioned debt resolution plan, effective 1 July 2022:</p>	<p>Our audit procedures included but were not limited to the following in relation to accounting of debt resolution plan and the treatment of resultant difference arising from such debt resolution:</p>
<ul style="list-style-type: none"> <li>• The Company has novated specified debt of lenders aggregating ₹ 2,855.69 crore to Prolific Resolution Private Limited ('PRPL'), a wholly owned subsidiary of the Company, with the consideration being the assignment of beneficial interest in the specified arbitration awards and claims of ₹ 6,508.44 crore with a carrying value of ₹ 2,894.11 crore in favor of PRPL;</li> <li>• The Company has also furnished a Corporate Guarantee in favor of lenders for debt novated to PRPL;</li> <li>• The specified terms of facilities have also been revised with respect to the repayment terms, rates of interest and waiver of penal interest by lenders, including lenders of Lavasa Corporation Limited ('LCL'), an erstwhile subsidiary of the Company, whose liabilities were taken over in earlier years by the Company pursuant to put options and corporate guarantees issued by the Company to LCL lenders.</li> </ul>	<ul style="list-style-type: none"> <li>• Obtained an understanding of the terms of the MFA from the management.</li> <li>• Evaluated the design and implementation and tested the operating effectiveness of the key internal controls relating to accounting, measurement and de-recognition of specified debt and specified arbitration awards and claims as per the terms of MFA.</li> <li>• Reviewed the terms of the MFA to assess whether the derecognition of specified debt and specified awards and claims was in accordance with the criteria given under Ind AS 109, 'Financial Instruments' ('Ind AS 109');</li> <li>• Verified that the resultant net difference between debts novated and specified awards and claims assigned in favour of PRPL has been recognised in accordance with Ind AS 109;</li> <li>• Verified the accounting treatment for revision in the terms of original facilities by the lenders is in accordance with Ind AS 109; and</li> <li>• Evaluated the appropriateness and adequacy of the disclosures in the standalone financial statements in accordance with the applicable accounting standards</li> </ul>
<p>Accordingly, effective 1 July 2022, the aforementioned assets aggregating ₹ 2,894.11 crore and aforementioned liabilities aggregating ₹ 2,855.69 crore have been derecognised by the Company. The net assets transferred to PRPL represents Company's investment in PRPL and consequently the resultant net difference between assets and liabilities of ₹ 38.42 crore has been recognised as Deemed Investment in PRPL. Further, the revision in the specified term of facilities resulted in reduction of liabilities to lenders and a resultant gain of ₹ 223.30 crore, was recognised in the Statement of Profit and Loss and presented as an exceptional item.</p>	
<p>The accounting treatment with respect to the derecognition of the novated debt and assigned assets as well as the recognition of the deemed investment and resulting gain due to revision of terms of facilities involved exercise of significant judgement by management and managements expert.</p>	
<p>Considering the complexities involved and material impact on the standalone financial statement for the current year, this area has been considered as key audit matter.</p>	



Key audit matter	How our audit addressed the key audit matter
<p><b>(b) Recognition of contract revenue, margin and contract costs (Refer note 24 to the standalone financial statements)</b></p>	
<p>The Company's revenue primarily arises from construction contracts which, by its nature, is complex given the significant judgements involved in the assessment of current and future contractual performance obligations.</p>	<p>Our audit procedures to address this key audit matter included, but were not limited to the following:</p>
<p>The Company recognizes contract revenue and the resultant profit/ loss on the basis of stage of completion determined based on the proportion of contract costs incurred at balance sheet date, relative to the total estimated costs of the contract at completion. The recognition of contract revenue and the resultant profit/ loss therefore rely on estimates in relation to forecast revenue and forecast contract costs. These contract estimates are reviewed by the management on a periodic basis. In doing so, the management is required to exercise judgement in its assessment of the transaction price (i.e., revenue on contracts) which may also include variable considerations that are recognised when the recovery of such consideration is highly probable. The judgment is also required to be exercised to assess the completeness and accuracy of forecast costs to complete.</p>	<ul style="list-style-type: none"> <li>• Obtained an understanding of the Company's revenue recognition processes and evaluated the appropriateness of the Company's accounting policy for revenue recognition in accordance with Ind AS 115 – Revenue from contracts with customers;</li> <li>• Evaluated the design and tested the operating effectiveness of key internal financial controls including those related to estimation of forecasted contract revenue and contracts costs;</li> <li>• For a sample of contracts, performed the following procedures: <ul style="list-style-type: none"> <li>- inspected the underlying documents such as customer contract/ agreement and variation orders, if any, for the significant contract terms and conditions;</li> <li>- evaluated the identification of performance obligations of the contract;</li> <li>- obtained an understanding of and evaluated the reasonableness of the assumptions applied in determining the forecasted revenue and cost to complete;</li> <li>- tested the existence and valuation of variable consideration with respect to the contractual terms and conditions and inspected the correspondence with customers; and</li> <li>- reviewed the legal and contracting experts' note and/ or legal opinion from independent legal counsel obtained by the management, if any;</li> <li>- For cost incurred to date, tested samples to appropriate supporting documents and performed cut-off procedures;</li> <li>- Tested the forecasted cost by obtaining executed purchase orders/ agreements/ relevant documents and evaluated the reasonableness of management judgements/ estimates; and</li> </ul> </li> <li>• Evaluated the appropriateness and adequacy of the disclosures related to contract revenue and costs in the standalone financial statements in accordance with the applicable accounting standards.</li> </ul>
<p>Changes in these judgements, and the related estimates as contracts progress can result in material adjustments to revenue and margins. As a result of the above judgments, complexities involved and material impact on the related financial statement elements, this area has been considered a key audit matter in the audit of the standalone financial statements.</p>	

Key audit matter	How our audit addressed the key audit matter
<b>(c) Uncertainties relating to recoverability of unbilled work-in-progress (contract assets), current trade receivables and non-current trade receivables (Refer Note 35 of the standalone financial statements)</b>	
<p>The Company, as at 31 March 2023, has unbilled work-in-progress (contract assets), current trade receivables and non-current trade receivables amounting to ₹ 602.33 crore, ₹ 255.69 crore and ₹ 57.52 crore, respectively, which represent various receivables in respect of closed/ substantially closed/ suspended/ terminated projects. The Company is at various stages of negotiations/ discussions / arbitration/ litigation with the customers in respect of the aforementioned receivables.</p> <p>Management, based on contractual tenability, progress of the negotiations/ discussions/ arbitration/ litigation and relying on the legal opinion obtained from independent legal counsel in certain cases, has determined that no provision is required to be recognised for the aforementioned receivables.</p> <p>Considering the materiality of the amounts involved, uncertainty associated with the outcome of the negotiations/ discussions/ arbitration/ litigation and significance of management judgement involved in assessing the recoverability, this was considered to be a key audit matter in the audit of the standalone financial statements.</p> <p>Further, the aforementioned matter as fully explained in Note 35 to the standalone financial statements is also considered fundamental to the user's understanding of the standalone financial statements.</p>	<p>Our audit procedures included, but were not limited to, the following:</p> <ul style="list-style-type: none"> <li>• Obtained an understanding of the management process and evaluated the design and tested the effectiveness of key internal financial controls for assessing the recoverability of unbilled work-in-progress (contract assets) and trade receivables.</li> <li>• Assessed the reasonability of judgements exercised and estimates made by management with respect to the recoverability of these receivables and validated them with corroborating evidence;</li> <li>• Verified contractual arrangements to support management's position on the tenability and recoverability of these receivables;</li> <li>• Obtained an understanding of the current period developments for respective receivables pending at various stages of negotiations/ discussions/ arbitration/ litigation and corroborated the updates with relevant underlying documents.</li> <li>• Reviewed the legal and contractual experts' note and/ or legal opinion from independent legal counsel obtained by the management with respect to certain contentious matters; and</li> <li>• Evaluated the appropriateness and adequacy of the disclosures in the standalone financial statements in accordance with the applicable accounting standards.</li> </ul>

Key audit matter	How our audit addressed the key audit matter
<b>(d) Assessment of going concern basis of accounting (Refer Note 2(iv)(a) to the standalone financial statements)</b>	
<p>The Company has incurred continued losses in the previous years, resulting in substantial erosion of its net worth. Further, the Company was also in continued default on payment to its lenders and had overdue payments to operational creditors of which certain creditors also applied before the National Company Law Tribunal ('NCLT') for debt resolution under the Insolvency and Bankruptcy Code, 2016, however, none of which have been admitted so far.</p> <p>During the current year, the Company has successfully implemented the debt resolution plan as explained in Note 31.1 to the standalone financial statements. Consequently, the Company is no longer in default in repayment of dues to its lenders as at 31 March 2023. Management has prepared future cash flow forecasts to assess the Company ability to operate as a going concern for a period of at least 12 months from the date of financial statements and concluded that the going concern basis of accounting used for preparation of the accompanying standalone financial statements is appropriate with no material uncertainty over going concern.</p>	<p>Our audit procedures included but were not limited to, the following in relation to assessment of appropriateness of going concern basis of accounting:</p> <ul style="list-style-type: none"> <li>• Obtained an understanding of the process followed by management for assessing the Company's ability to continue as a going concern. Also, obtained an understanding around the methodology adopted by the Company to assess their future business performance including the preparation of a cash flow forecast for the business;</li> <li>• Evaluated the design and tested the operating effectiveness of key controls relating to management's assessment of going concern;</li> <li>• Obtained from management, the projected cash flows for the next twelve months basis their future business plans;</li> <li>• Inspected the relevant underlying documents for assessing the appropriateness of projected cash flow for the next 12 months;</li> </ul>

Key audit matter	How our audit addressed the key audit matter
<p>We have considered the assessment of management's evaluation of Company's ability to continue as a going concern as a key audit matter for the current year audit due to the pervasive impact thereof on the standalone financial statements and the significant management judgements and assumptions that are inherently subjective and dependent on future events, involved in preparation of cash flow projections and determination of the overall conclusion by the management.</p>	<ul style="list-style-type: none"> <li>• Tested the appropriateness of the key assumptions used by the management that had the most material impact on the cash flow forecasts and discussed these assumptions with the management and with those charged with governance;</li> <li>• Performed independent sensitivity analysis to test the impact of the variations on the cash flows due to change in the key assumptions; and</li> <li>• Assessed the appropriateness and adequacy of the disclosures, in respect of use of going concern assumption for preparation of standalone financial statement in accordance with the applicable accounting standards.</li> </ul>

### Information other than the Financial Statements and Auditor's Report thereon

7. The Company's Board of Directors are responsible for the other information. The other information comprises the information included in the Board Report, Report on Corporate Governance and Management Discussion and Analysis Report, but does not include the standalone financial statements and our auditor's report thereon.

Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. As described in the Basis for Qualified Opinion section above, the modifications pertain to recoverability of exposure in a wholly owned subsidiary and realisability of deferred tax assets. Accordingly, we are unable to conclude whether or not the other information is materially misstated with respect to these matters.

### Responsibilities of Management and Those Charged with Governance for the Standalone Financial Statements

8. The accompanying standalone financial statements have been approved by the Company's Board of Directors. The Company's Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation and presentation of these standalone financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, changes in equity and cash flows of the Company in accordance with the Ind AS specified

under section 133 of the Act and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

9. In preparing the financial statements, the Board of Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intend to liquidate the Company or to cease operations, or has no realistic alternative but to do so.
10. Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

### Auditor's Responsibilities for the Audit of the Standalone Financial Statements

11. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

12. As part of an audit in accordance with Standards on Auditing, specified under section 143(10) of the Act we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- Conclude on the appropriateness of Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern;
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation; and
- Obtain sufficient appropriate audit evidence regarding the financial statements of the Company and its joint operations or the business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the audit of financial statements of the Company and such joint operations included in the financial statements, of which we are the independent auditors, if any. For the joint operations included in the financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out

by them. We remain solely responsible for our audit opinion.

13. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
14. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
15. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### Other Matter

16. We did not audit the financial statements of eight (8) joint operations included in the standalone financial statements of the Company, whose financial statements reflects total assets and net assets of ₹ 265.14 crore and ₹ 66.65 crore, respectively, as at 31 March 2023, and the total revenues of ₹ 362.09 crore, total net loss after tax of ₹ 0.57 crore, total comprehensive loss of ₹ 0.57 crore, and cash outflows (net) of ₹ 8.08 crore for the year ended on that date, as considered in the standalone financial statements. These financial statements have been audited by other auditors, whose audit reports have been furnished to us by the management, and our opinion on the standalone financial statements, in so far as it relates to the amounts and disclosures included in respect of these joint operations, and our report in terms of sub-section (3) of section 143 of the Act in so far as it relates to the aforesaid joint operations, is based solely on the reports of such other auditors.

Further, of these joint operations, the financial statements of five (5) joint operations have been prepared in accordance with accounting principles generally accepted in India, including accounting standards issued by the ICAI. The Company's management has converted the financial statements of such joint operations in accordance with Ind AS. We have audited these conversion adjustments made by the Company's management. Our opinion, in so far as it relates to the amounts and disclosures included in respect of these joint operations, is based on the audit report of other auditors and the conversion adjustments prepared by the management of the Company and audited by us.

Our opinion above on the standalone financial statements, and our report on other legal and regulatory requirements below, are not modified in respect of the above matters with respect to our reliance on the work done by and the reports of the other auditors.

## Report on Other Legal and Regulatory Requirements

17. As required by section 197(16) of the Act, based on our audit, we report that the Company has paid remuneration to its directors during the year in accordance with the provisions of and limits laid down under section 197 read with Schedule V to the Act.
18. As required by the Companies (Auditor's Report) Order, 2020 ('the Order') issued by the Central Government of India in terms of section 143(11) of the Act, we give in the Annexure II a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
19. Further to our comments in Annexure II, as required by section 143(3) of the Act based on our audit and on the consideration of the reports of other auditors as referred to in paragraph 16 above, we report, to the extent applicable, that:
  - a) We have sought and except for the matters described in the Basis for Qualified Opinion section, obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the accompanying standalone financial statements;
  - b) Except for the possible effects of the matters described in the Basis for Qualified Opinion section, in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - c) The standalone financial statements dealt with by this report are in agreement with the books of account;
  - d) Except for the possible effects of the matters described in the Basis for Qualified Opinion section, in our opinion, the aforesaid standalone financial statements comply with Ind AS specified under section 133 of the Act;
  - e) The matters described in paragraph 3 under the Basis for Qualified Opinion section, in our opinion, may have an adverse effect on the functioning of the Company;
  - f) On the basis of the written representations received from the directors and taken on record by the Board of Directors, none of the directors are disqualified as on 31 March 2023 from being appointed as a director in terms of section 164(2) of the Act;
  - g) The qualification relating to the maintenance of accounts and other matters connected therewith are as stated in the Basis for Qualified Opinion section;
- h) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company as on 31 March 2023 and the operating effectiveness of such controls, refer to our separate Report in Annexure III wherein we have expressed a modified opinion; and
- i) With respect to the other matters to be included in the Auditor's Report in accordance with rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of other auditors as referred to in paragraph 16 above:
  - i. The Company, as detailed in note 6.1, 33, 34 and 35 to the standalone financial statements, has disclosed the impact of pending litigations on its financial position as at 31 March 2023;
  - ii. The Company, as detailed in note 20.1 to the standalone financial statements, has made provision as at 31 March 2023, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts;
  - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the year ended 31 March 2023;
  - iv. a) The management has represented that, to the best of its knowledge and belief, as disclosed in note 46(v) to the standalone financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or securities premium or any other sources or kind of funds) by the Company to or in any person or entity, including foreign entities ('the intermediaries'), with the understanding, whether recorded in writing or otherwise, that the intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ('the Ultimate Beneficiaries') or provide any guarantee, security or the like on behalf the Ultimate Beneficiaries;
  - b) The management has represented that, to the best of its knowledge and belief, as disclosed in note 46(vi) to the standalone financial statements, no funds have been received by the Company from any person or entity, including foreign entities ('the Funding Parties'), with the understanding, whether



recorded in writing or otherwise, that the Company shall, whether directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ('Ultimate Beneficiaries') or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and

- c) Based on such audit procedures performed as considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the management representations under sub-clauses (a) and (b) above contain any material misstatement.
- v. The Company has not declared or paid any dividend during the year ended 31 March 2023.
- vi. Proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 requires all companies which use

accounting software for maintaining their books of account, to use such an accounting software which has a feature of audit trail, with effect from the financial year beginning on 1 April 2023 and accordingly, reporting under Rule 11(g) of Companies (Audit and Auditors) Rules, 2014 (as amended) is not applicable for the current financial year.

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

**Shashi Tadwalkar**  
Partner  
Membership No.: 101797  
UDIN: 23101797BGXFAB9892

Place: Mumbai  
Date: 18 May 2023

## ANNEXURE I TO THE INDEPENDENT AUDITOR'S REPORT

### List of joint operations included in the Standalone Financial Statements

Sr. No.	Name of the entity
1.	Kumagai – Skanska – HCC- Itochu Group
2.	HCC- L&T Purulia Joint Venture
3.	Alpine- Samsung- HCC Joint Venture
4.	Alpine- HCC Joint Venture
5.	HCC- Samsung Joint Venture CC 34
6.	Nathpa Jhakri Joint Venture
7.	HCC – VCCL Joint Venture
8.	HCC- HDC Joint Venture

## ANNEXURE II TO THE INDEPENDENT AUDITOR'S REPORT

### Annexure II referred to in Paragraph 19 of the Independent Auditor's Report of even date to the members of Hindustan Construction Company Limited on the standalone financial statements for the year ended 31 March 2023

In terms of the information and explanations sought by us and given by the Company and the books of account and records examined by us in the normal course of audit, and to the best of our knowledge and belief, we report that:

- (i) (a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment and right of use assets.
- (B) The Company has maintained proper records showing full particulars of intangible assets.
- (b) The Company has a regular programme of physical verification of its property, plant and equipment and right of use assets under which the assets are physically verified in a phased manner over a period of 3 years, which in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. In accordance with this programme, certain property, plant and equipment and right of use assets were verified during the year and no material discrepancies were noticed on such verification.
- (c) The title deeds of all the immovable properties held by the Company (other than properties where the Company

is a lessee and the lease agreements are duly executed in favor of the lessee) disclosed in note 3A to the standalone financial statements are held in the name of the Company.

- (d) The Company has not revalued its property, plant and equipment (including right of use assets) or intangible assets during the year.
- (e) No proceedings have been initiated or are pending against the Company for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 (as amended) and rules made thereunder.
- (ii) (a) The management has conducted physical verification of inventory at reasonable intervals during the year. In our opinion, the coverage and procedure of such verification by the management is appropriate and no discrepancies of 10% or more in the aggregate for each class of inventory were noticed as compared to book records.
- (b) As disclosed in note 18.5 to the standalone financial statements, the Company has been sanctioned a working capital limit in excess of ₹ 5 crore by banks based on the security of current assets. The quarterly returns/ statements, in respect of the working capital limits have been filed by the Company with such banks and such returns/ statements are in agreement with the books of account of the Company for the respective periods which were subject to audit/ review, except for the following.

₹ crore

Name of the Bank (Nature of Current Assets offered as Security)	Working capital limit sanctioned	Quarter End	Particulars	Amount disclosed as per Statement	Amount as per books of accounts	Difference	Remarks/ reason, if any
ICICI Bank, Punjab National Bank, Indian Bank, Union Bank of India, Canara Bank, State Bank of India, IDBI Bank Limited, Jammu & Kashmir Bank, Standard Chartered Bank, Bank of Baroda, Federal Bank, DBS Bank	1,101.65	31 March 2022	Inventory and Unbilled work-in-progress	2,187.87	3,028.59	840.72	Difference is mainly on account of arrangement with banks/ financial institution, which requires the Company to submit the details of inventory, trade receivable, unbilled work-in-progress excluding projects executed as joint operations and projects which are closed/ suspended/ terminated etc.
			Trade Receivables	1,748.15	4,234.78	2,486.63	
	1,101.65	30 June 2022	Inventory and Unbilled work-in-progress	2,295.50	3,026.01	730.51	
			Trade Receivables	1,726.20	4,279.58	2,553.38	

- (iii) (a) The Company has provided loans or guarantees to subsidiaries during the year as per details given below:

₹ crore

Particulars	Guarantees	Security	Loans	Advances in nature of loans
Aggregate amount provided/ granted during the year:				
- Subsidiaries	3,111.32	-	23.88	-
- Joint Ventures	-	-	-	-
- Associates	-	-	-	-
- Others	-	-	-	-
Balance outstanding as at balance sheet date in respect of above cases:				
- Subsidiaries	3,111.32	-	23.88	-
- Joint Ventures	-	-	-	-
- Associates	-	-	-	-
- Others	-	-	-	-

- (b) In our opinion, and according to the information and explanations given to us, the investments made, guarantees provided, security given and terms and conditions of the grant of all loans and advances in the nature of loans and guarantees provided are, prima facie, not prejudicial to the interest of the Company.
- (c) In respect of loans and advances in the nature of loans granted by the Company, the schedule of repayment of principal and payment of interest has been stipulated, but the principal and payment of interest are currently not due for repayment since these have been renewed as stated in clause 3(e) below.
- (d) There is no amount which is overdue for more than 90 days in respect of loans or advances in the nature of loans granted to such companies, firms, LLPs or other parties.
- (e) The Company has granted loans or advances in the nature of loans, which had fallen due during the year and such loans or advances in the nature of loans were renewed/ extended during the year. The details of the same has been given below:

₹ crore

Name of the party	Total loan amount	Aggregate amount of existing loans renewed or extended or settled by fresh loans	Nature of extension (i.e. renewed/ extended/ fresh loan provided)	Percentage of the aggregate to the total loans or advances in the nature of loans granted during the year
HCC Infrastructure Company Limited	1,562.41	1,562.41	Renewal	Nil
Maan Township Developers Limited	19.12	19.12	Renewal	Nil
HRL Township Developers Limited	0.41	0.41	Renewal	Nil
Highbar Technologies Limited	2.39	2.39	Renewal	Nil
HCC Mauritius Enterprises Limited	133.96	133.96	Renewal	Nil
HCC Mauritius Investment Limited	42.81	42.81	Renewal	Nil

- (f) The Company has not granted any loan or advance in the nature of loan, which is repayable on demand or without specifying any terms or period of repayment.
- (iv) The Company has not entered into any transaction covered under section 185 of the Act. As the Company is engaged in providing infrastructural facilities as specified in Schedule VI of the Act, provisions of section 186 except sub-section (1) of the Act are not applicable to the Company. In our opinion, and according to the information and explanations given to us, the Company has complied with the provisions of sub-section (1) of section 186 in respect of investments, as applicable.
- (v) In our opinion, and according to the information and explanations given to us, the Company has not accepted any deposits or there are no amounts which have been deemed to be deposits within the meaning of sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, reporting under clause 3(v) of the Order is not applicable to the Company.
- (vi) The Central Government has specified maintenance of cost records under sub-section (1) of section 148 of the Act in respect of the products of the Company. We have broadly reviewed the books of account maintained by the Company pursuant to the Rules made by the Central Government for the maintenance of cost records and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- (vii) (a) In our opinion, and according to the information and explanations given to us, undisputed statutory dues including goods and services tax, provident fund, employees' state insurance, income-tax, cess and other material statutory dues, as applicable, have not been regularly deposited with the appropriate authorities and there have been significant delays in a large number of cases. Undisputed amounts payable in respect thereof, which were outstanding at the year-end for a period of more than six months from the date they became payable are as follows:

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

Name of the statute	Nature of dues	Amount (₹ crore)	Period to which the amount relates	Due Date	Date of Payment
The Manipur Professions, Trades, Callings And Employments Taxation Act, 1981	Professional Tax	0.00*	April 2022 to September 2022	Various	Various
The Tamil Nadu Tax on Professions, Trades, Callings and Employments Act, 1992		0.00*	August 2022	31-Oct-22	Unpaid
The Employees Provident Funds And Miscellaneous Provisions Act, 1952	Contribution to provident fund	0.00*	June 2021 to June 2022	Various	Unpaid

\*represents amounts less than ₹ 1 lakh.

- (b) According to the information and explanations given to us, there are no statutory dues referred in sub-clause (a) which have not been deposited with the appropriate authorities on account of any dispute except for the following:

₹ crore

Name of the statute	Nature of dues	Total Amount	Amount paid under protest	Period to which the amount relates to	Forum where dispute is pending
The Income Tax Act, 1961	Income Tax	15.54	15.54	AY 2008-09 to AY 2010-11	High Court
		2.45	2.45	AY 2010- 11	Commissioner of Income Tax (Appeals)
		32.07	-	AY 2015-16	Income Tax Appellate Tribunal
The Central Sales Tax Act, 1956	Entry Tax	0.43	0.01	FY 2011-12 and FY 2017-18	Assessment Officer upto Commissioner Level
		6.02	1.59	Multiple years from FY 2003-04 to FY 2017-18	Appellate Tax Tribunal
	Central Sales Tax	11.63		FY 2004-05, FY 2010-11 and FY 2017-18	Assessment Officer upto Commissioner Level
	Value Added Tax	46.88	2.70	Multiple years from FY 2004-05 to FY 2017-18	Assessment Officer upto Commissioner Level
		67.75	0.04	Multiple years from FY 2004-05 to FY 2016-17	Appellate Tax Tribunal
		3.84	-	FY 2012-13	High Court
	Goods and Services Tax Act, 2017	7.11	1.09	FY 2017-18 and FY 2019-20	High Court
The Finance Act 1994	Service Tax	0.11	0.01	Multiple years from 2013-14 to FY 2017-18	Assessment Officer upto Commissioner Level
		28.71	1.07	Multiple years from FY 2008-09 to FY 2017-18	CESTAT
		44.18	-	FY 2011-12 and 2012-2013	Supreme Court

- (viii) According to the information and explanations given to us, no transactions were surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (43 of 1961) which have not been previously recorded in the books of accounts

- (ix) (a) According to the information and explanations given to us, the Company has not defaulted in repayment of loans or other borrowings to any lender or in the payment of interest thereon, except for the below:

Nature of borrowing, including debt securities	Name of lender	Amount not paid on due date (₹ crore)	Whether principal or interest	No. of days delay or unpaid till the date of audit report	Remarks, if any
Debentures	Life Insurance Corporation	0.20	Interest	91 to 180 days	Refer note below
		2.98	Principal	181 to 365 days	
		0.23	Interest	181 to 365 days	
Term Loans from Banks	Bank of Maharashtra	0.15	Interest	0 to 30 days	Refer note below
		0.30	Interest	31 to 90 days	
		0.12	Principal	91 to 180 days	
		0.43	Interest	91 to 180 days	
		1.19	Principal	181 to 365 days	
		0.80	Interest	181 to 365 days	
		7.38	Principal	>365 days	
		2.55	Interest	>365 days	
Term Loans from Banks	Canara Bank	2.01	Interest	0 to 30 days	Refer note below
		4.02	Interest	31 to 90 days	
		0.95	Principal	91 to 180 days	
		6.73	Interest	91 to 180 days	
		9.49	Principal	181 to 365 days	
		11.79	Interest	181 to 365 days	
		95.50	Principal	>365 days	
		40.36	Interest	>365 days	

Nature of borrowing, including debt securities	Name of lender	Amount not paid on due date (₹ crore)	Whether principal or interest	No. of days delay or unpaid till the date of audit report	Remarks, if any
Term Loans from Banks	Central Bank of India	0.30	Interest	0 to 30 days	Refer note below
		0.60	Interest	31 to 90 days	
		0.83	Interest	91 to 180 days	
		2.13	Principal	181 to 365 days	
		1.61	Interest	181 to 365 days	
		12.70	Principal	>365 days	
		7.18	Interest	>365 days	
Term Loans from Banks	IDBI Bank Limited	0.34	Interest	0 to 30 days	Refer note below
		0.67	Interest	31 to 90 days	
		1.11	Principal	91 to 180 days	
		1.07	Interest	91 to 180 days	
		10.76	Principal	181 to 365 days	
		2.06	Interest	181 to 365 days	
		11.56	Principal	>365 days	
Term Loans from Banks	Indian Overseas Bank	1.44	Interest	>365 days	Refer note below
		0.47	Interest	0 to 30 days	
		0.94	Interest	31 to 90 days	
		1.51	Interest	91 to 180 days	
		3.02	Principal	181 to 365 days	
		2.68	Interest	181 to 365 days	
		21.82	Principal	>365 days	
Term Loans from Banks	Punjab National Bank	8.31	Interest	>365 days	Refer note below
		0.14	Interest	0 to 30 days	
		0.28	Interest	31 to 90 days	
		0.40	Interest	91 to 180 days	
		1.44	Principal	181 to 365 days	
		0.77	Interest	181 to 365 days	
		6.41	Principal	>365 days	
Term Loans from Banks	State Bank of India	1.98	Interest	>365 days	Refer note below
		0.76	Interest	0 to 30 days	
		1.51	Interest	31 to 90 days	
		2.40	Interest	91 to 180 days	
		4.82	Interest	181 to 365 days	
		40.48	Principal	>365 days	
		14.55	Interest	>365 days	
Term Loans from Banks	Syndicate Bank	1.18	Interest	0 to 30 days	Refer note below
		2.36	Interest	31 to 90 days	
		3.66	Interest	91 to 180 days	
		7.76	Principal	181 to 365 days	
		7.42	Interest	181 to 365 days	
		53.07	Principal	>365 days	
		25.32	Interest	>365 days	
Term Loans from Banks	Union Bank of India	0.23	Interest	0 to 30 days	Refer note below
		0.47	Interest	31 to 90 days	
		0.66	Interest	91 to 180 days	
		1.54	Principal	181 to 365 days	
		1.47	Interest	181 to 365 days	
		9.74	Principal	>365 days	
		5.08	Interest	>365 days	



Nature of borrowing, including debt securities	Name of lender	Amount not paid on due date (₹ crore)	Whether principal or interest	No. of days delay or unpaid till the date of audit report	Remarks, if any
Term Loans from Banks	United Bank of India	1.64	Interest	0 to 30 days	Refer note below
		3.28	Interest	31 to 90 days	
		2.02	Interest	91 to 180 days	
		11.45	Principal	181 to 365 days	
		4.03	Interest	181 to 365 days	
		79.29	Principal	>365 days	
		37.56	Interest	>365 days	
Term Loans from Financial Institutions	SREI Finance Private Limited	0.92	Interest	0 to 30 days	Refer note below
		1.83	Interest	31 to 90 days	
		2.99	Interest	91 to 180 days	
		4.31	Principal	181 to 365 days	
		5.53	Interest	181 to 365 days	
		44.08	Principal	>365 days	
		17.67	Interest	>365 days	
Term Loans from Financial Institutions	Asia Credit Opportunities (Mauritius) Limited	0.66	Interest	0 to 30 days	Refer note below
		1.44	Interest	31 to 90 days	
		1.35	Interest	91 to 180 days	
		2.29	Interest	181 to 365 days	
		75.06	Principal	>365 days	
		8.79	Interest	>365 days	
Term Loans from Financial Institutions	Industrial Finance Corporation of India	0.81	Interest	0 to 30 days	Refer note below
		1.62	Interest	31 to 90 days	
		0.63	Principal	91 to 180 days	
		2.37	Interest	91 to 180 days	
		6.07	Principal	181 to 365 days	
		4.17	Interest	181 to 365 days	
		39.51	Principal	>365 days	
		14.23	Interest	>365 days	
Term Loans from Financial Institutions	The Federal Bank Limited	0.06	Interest	0 to 30 days	Refer note below
		0.12	Interest	31 to 90 days	
		0.40	Interest	91 to 180 days	
		0.30	Interest	181 to 365 days	
		4.52	Principal	>365 days	
		1.04	Interest	>365 days	
Term Loans from Financial Institutions	National Bank for Agriculture and Rural Development	0.17	Principal	0 to 30 days	Refer note below
		0.17	Interest	0 to 30 days	
		0.34	Interest	31 to 90 days	
		0.17	Principal	91 to 180 days	
		0.49	Interest	91 to 180 days	
		1.91	Principal	181 to 365 days	
		0.96	Interest	181 to 365 days	
		11.46	Principal	>365 days	
		2.97	Interest	>365 days	
Term Loans from Financial Institutions	Life Insurance Corporation	0.00*	Interest	0 to 30 days	Refer note below
		0.40	Principal	31 to 90 days	
		0.02	Interest	31 to 90 days	
		0.40	Principal	91 to 180 days	
		0.12	Interest	91 to 180 days	
		1.21	Principal	181 to 365 days	
		0.14	Interest	181 to 365 days	
		0.00*	Principal	>365 days	
		0.00*	Interest	>365 days	

Nature of borrowing, including debt securities	Name of lender	Amount not paid on due date (₹ crore)	Whether principal or interest	No. of days delay or unpaid till the date of audit report	Remarks, if any
Working Capital Demand Loan	ICICI Bank	137.05	Principal	>365 days	Refer note below
		4.01	Interest	>365 days	
Working Capital Demand Loan	Indian Bank	25.68	Principal	>365 days	Refer note below
		9.78	Interest	>365 days	
Working Capital Demand Loan	Canara Bank	17.42	Principal	>365 days	Refer note below
		0.54	Interest	>365 days	
Working Capital Demand Loan	State Bank of India	90.99	Principal	>365 days	Refer note below
		35.22	Interest	>365 days	
Working Capital Demand Loan	IDBI Bank Limited	80.20	Principal	>365 days	Refer note below
Working Capital Demand Loan	Jammu & Kashmir Bank Limited	51.71	Principal	>365 days	Refer note below
		1.43	Interest	>365 days	
Working Capital Demand Loan	The Federal Bank Limited	15.20	Principal	>365 days	Refer note below
		3.80	Interest	>365 days	
Working Capital Demand Loan	Punjab National Bank	204.39	Principal	>365 days	Refer note below
		6.07	Interest	>365 days	
Cash Credit	Punjab National Bank	186.75	Principal	>365 days	Refer note below
		12.80	Interest	>365 days	
Cash Credit	ICICI Bank	12.71	Principal	>365 days	Refer note below
		2.05	Interest	>365 days	
Cash Credit	Indian Bank	29.11	Principal	>365 days	Refer note below
		13.89	Interest	>365 days	
Cash Credit	Union Bank of India	17.53	Principal	>365 days	Refer note below
		9.64	Interest	>365 days	
Cash Credit	IDBI Bank Limited	81.29	Principal	>365 days	Refer note below
Cash Credit	Canara Bank	14.10	Principal	>365 days	Refer note below
		0.83	Interest	>365 days	
Cash Credit	State Bank of India	164.99	Principal	>365 days	Refer note below
		87.24	Interest	>365 days	
Cash Credit	Jammu & Kashmir Bank Limited	73.53	Principal	>365 days	Refer note below
		3.34	Interest	>365 days	
Cash Credit	Bank of Baroda	29.75	Principal	>365 days	Refer note below
		15.95	Interest	>365 days	
Cash Credit	The Federal Bank Limited	8.52	Principal	>365 days	Refer note below
		4.17	Interest	>365 days	
Cash Credit	DBS Bank Limited	2.53	Principal	>365 days	Refer note below
		2.06	Interest	>365 days	
Other Bank Loans	Bank of Maharashtra	0.13	Interest	0 to 30 days	Refer note below
		0.27	Interest	31 to 90 days	
		0.39	Interest	91 to 180 days	
		0.81	Interest	181 to 365 days	
		11.93	Principal	>365 days	
		4.77	Interest	>365 days	
Other Bank Loans	ICICI Bank	1.13	Interest	0 to 30 days	Refer note below
		2.31	Interest	31 to 90 days	
		3.40	Interest	91 to 180 days	
		10.72	Principal	181 to 365 days	
		6.95	Interest	181 to 365 days	
		59.49	Principal	>365 days	
		9.56	Interest	>365 days	

Nature of borrowing, including debt securities	Name of lender	Amount not paid on due date (₹ crore)	Whether principal or interest	No. of days delay or unpaid till the date of audit report	Remarks, if any
Other Bank Loans	Canara Bank	0.35	Interest	0 to 30 days	Refer note below
		0.71	Interest	31 to 90 days	
		1.05	Interest	91 to 180 days	
		2.14	Interest	181 to 365 days	
		31.31	Principal	>365 days	
		6.30	Interest	>365 days	
Other Bank Loans	Union Bank of India	0.55	Interest	0 to 30 days	Refer note below
		1.11	Interest	31 to 90 days	
		1.64	Interest	91 to 180 days	
		3.35	Interest	181 to 365 days	
		49.05	Principal	>365 days	
		7.52	Interest	>365 days	

\* represents amount less than ₹ 1 lakh.

Note: Above represents default in payment of loans and other borrowing to lenders until 30 June 2022. Pursuant to implementation of the resolution plan w.e.f. 1 July 2022, as detailed in note 31.1 to the accompanying standalone financial statements, the Company is no longer in default in repayment of dues to its lenders.

- (b) According to the information and explanations given to us including representation received from the management of the Company, and on the basis of our audit procedures, we report that the Company has not been declared a willful defaulter by any bank or financial institution or government or any government authority.
- (c) In our opinion and according to the information and explanations given to us, the Company has not raised any money by way of term loans during the year and there has been no utilisation during the current year of the term loans obtained by the Company during any previous years. Accordingly, reporting under clause 3(ix)(c) of the Order is not applicable to the Company.
- (d) In our opinion and according to the information and explanations given to us, the Company has not raised any funds on short term basis during the year. Accordingly, reporting under clause 3(ix)(d) of the Order is not applicable to the Company.
- (e) According to the information and explanations given to us and on an overall examination of the financial statements of the Company, the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries, associates or joint ventures.
- (f) According to the information and explanations given to us, the Company has not raised any loans during the year on the pledge of securities held in its subsidiaries, joint ventures or associate companies.
- (x) (a) The Company has not raised any money by way of initial public offer or further public offer (including debt instruments), during the year. Accordingly, reporting under clause 3(x)(a) of the Order is not applicable to the Company.
- (b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or (fully, partially or optionally) convertible debentures during the year. Accordingly, reporting under clause 3(x)(b) of the Order is not applicable to the Company.
- (xi) (a) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company or no material fraud on the Company has been noticed or reported during the period covered by our audit.
- (b) According to the information and explanations given to us including the representation made to us by the management of the Company, no report under sub-section 12 of section 143 of the Act has been filed by the auditors in Form ADT-4 as prescribed under Rule 13 of Companies (Audit and Auditors) Rules, 2014, with the Central Government for the period covered by our audit.
- (c) According to the information and explanations given to us including the representation made to us by the management of the Company, there are no whistle-blower complaints received by the Company during the year.
- (xii) The Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it. Accordingly, reporting under clause 3(xii) of the Order is not applicable to the Company.
- (xiii) In our opinion and according to the information and explanations given to us, all transactions entered into by the Company with the related parties are in compliance with sections 177 and 188 of the Act, where applicable. Further, the details of such related party transactions have been disclosed in the standalone financial statements, as required under Indian Accounting Standard (Ind AS) 24, Related Party Disclosures specified in Companies (Indian Accounting Standards) Rules 2015 as prescribed under section 133 of the Act.

(xiv) (a) In our opinion and according to the information and explanations given to us, the Company has an internal audit system as per the provisions of section 138 of the Act which is commensurate with the size and nature of its business.

(b) We have considered the reports issued by the Internal Auditors of the Company till date for the period under audit.

(xv) According to the information and explanation given to us, the Company has not entered into any non-cash transactions with its directors or persons connected with its directors and accordingly, reporting under clause 3(xv) of the Order with respect to compliance with the provisions of section 192 of the Act are not applicable to the Company.

(xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, reporting under clauses 3(xvi)(a), (b) and (c) of the Order are not applicable to the Company. Further, based on the information and explanations given to us and as represented by the management of the Company, the Group as defined in Core Investment Companies (Reserve Bank) Directions, 2016) does not have any CIC.

(xvii) The Company has not incurred cash losses in the current financial year but had incurred cash losses amounting to ₹59.46 crores in the immediately preceding financial year. For the purpose of reporting under this clause, while arriving at the amount of cash losses, the possible effects of the qualifications as described in 'Basis for Qualified Opinion' section of the audit report on the financial statements for the current year and immediately preceding financial year issued by us, in respect of which we are unable to determine the effect thereof on the cash losses reported under this clause due to lack of necessary information, have not been taken into consideration.

(xviii) There has been no resignation of the statutory auditors during the year. Accordingly, reporting under clause 3(xviii) of the Order is not applicable to the Company.

(xix) According to the information and explanations given to us and on the basis of the financial ratios, ageing

and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the standalone financial statements, our knowledge of the plans of the Board of Directors and management and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report indicating that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

(xx) According to the information and explanations given to us, the Company has met the criteria as specified under sub-section (1) of section 135 of the Act read with the Companies (Corporate Social Responsibility Policy) Rules, 2014, however, in the absence of average net profits in the immediately three preceding years, there is no requirement for the Company to spend any amount under sub-section (5) of section 135 of the Act. Accordingly, reporting under clause 3(xx) of the Order is not applicable to the Company.

(xxi) The reporting under clause 3(xxi) of the Order is not applicable in respect of audit of standalone financial statements of the Company. Accordingly, no comment has been included in respect of said clause under this report.

For **Walker Chandiok & Co LLP**

Chartered Accountants

Firm's Registration No.: 001076N/N500013

**Shashi Tadwalkar**

Partner

Membership No.: 101797

UDIN: : 23101797BGXFAB9892

Place: Mumbai

Date: 18 May 2023

# ANNEXURE III TO THE INDEPENDENT AUDITOR'S REPORT

**Annexure III to the Independent Auditor's Report of even date to the members of Hindustan Construction Company Limited, on the standalone financial statements for the year ended 31 March 2023**

## **Independent Auditor's Report on the internal financial controls with reference to financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ('the Act')**

1. In conjunction with our audit of the standalone financial statements of **Hindustan Construction Company Limited** ('the Company') as at and for the year ended 31 March 2023, we have audited the internal financial controls with reference to financial statements of the Company as at that date.

### **Responsibilities of Management and Those Charged with Governance for Internal Financial Controls**

2. The Company's Board of Directors is responsible for establishing and maintaining internal financial controls based on internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting ('the Guidance Note') issued by the Institute of Chartered Accountants of India ('the ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of the Company's business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

### **Auditor's Responsibility for the Audit of the Internal Financial Controls with Reference to Financial Statements**

3. Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the ICAI prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements, and the Guidance Note issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements were established and maintained and if such controls operated effectively in all material respects.
4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements includes

obtaining an understanding of such internal financial controls, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion on the Company's internal financial controls with reference to financial statements.

### **Meaning of Internal Financial Controls with Reference to Financial Statements**

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

### **Inherent Limitations of Internal Financial Controls with Reference to Financial Statements**

7. Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial controls with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.



### Qualified opinion

8. According to the information and explanations given to us and based on our audit, the following material weaknesses have been identified in the operating effectiveness of the Company's internal financial controls with reference to financial statements as at 31 March 2023:
- a) The Company's internal financial control system towards estimating the carrying value of investment in the subsidiary company, as explained in Note 34 to the standalone financial statements were not operating effectively which could potentially lead to not providing for adjustments, if any, that may be required to the carrying values of investments and dues recoverable from such subsidiary and its consequential impact on the earnings, other equity and related disclosures in the standalone financial statements.
  - b) The Company's internal financial controls system with respect to assessing the recoverability of deferred tax assets, as explained in Note 9.1 to the standalone financial statements were not operating effectively, which could potentially lead to a material misstatement in the carrying amount of deferred tax assets and its consequential impact on the earnings, other equity and related disclosures in the standalone financial statements.
9. A 'material weakness' is a deficiency, or a combination of deficiencies, in internal financial controls with reference to financial statements, such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis.
10. In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements as at 31 March 2023, based on internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI, and except for the effects/possible effects of the material weaknesses described above on the achievement of the objectives of the control criteria, the Company's internal financial controls with reference to financial statements were operating effectively as at 31 March 2023.
11. We have considered the material weaknesses identified and reported above in determining the nature, timing, and extent of audit tests applied in our audit of the standalone financial statements of the Company as at and for the year ended 31 March 2023, and these material weaknesses have affected our opinion on the standalone financial statements of the Company, and we have issued a qualified opinion on the standalone financial statements.

For **Walker Chandiok & Co LLP**

Chartered Accountants

Firm's Registration No.: 001076N/N500013

**Shashi Tadwalkar**

Partner

Membership No.: 101797

UDIN: 23101797BGXFAB9892

Place: Mumbai

Date: 18 May 2023

# STANDALONE BALANCE SHEET AS AT 31 MARCH 2023

(Amount in ₹ crore, unless otherwise stated)

Particulars	Note No.	As at 31 March 2023	As at 31 March 2022
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	3A	299.32	370.52
Right-of-use assets	3B	0.37	1.60
Capital work-in-progress	3C	0.12	0.68
Intangible assets	4	0.09	0.20
Financial assets			
Investments in subsidiaries	5	1,353.50	1,315.03
Other investments	5A	18.47	19.67
Trade receivables	6	621.96	187.59
Loans	7	222.57	184.46
Other financial assets	8	0.42	2.23
Deferred tax assets (net)	9	741.93	741.74
Non-current tax assets (net)	9	43.56	47.14
Other non-current assets	10	54.81	67.90
<b>Total non-current assets</b>		<b>3,357.12</b>	<b>2,938.76</b>
<b>Current assets</b>			
Inventories	11	170.43	175.83
Financial assets			
Investments in subsidiaries	5	220.00	350.00
Trade receivables	6	2,052.92	1,764.13
Cash and cash equivalents	12	216.30	237.86
Bank balances other than cash and cash equivalents	13	4700	304.00
Other financial assets	8	236.78	208.99
Unbilled work-in-progress (contract assets)	14	1,892.23	2,390.23
Other current assets	10	191.29	257.72
		<b>5,026.95</b>	<b>5,688.76</b>
Assets held for sale/ Assets of disposal group held for sale	15	2.19	2,642.46
<b>Total current assets</b>		<b>5,029.14</b>	<b>8,331.22</b>
<b>TOTAL ASSETS</b>		<b>8,386.26</b>	<b>11,269.98</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity share capital	16	151.31	151.31
Other equity	17	569.61	317.02
<b>Total equity</b>		<b>720.92</b>	<b>468.33</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Financial liabilities			
Borrowings	18	1,785.45	964.90
Other financial liabilities	19	1,399.45	1,505.06
Provisions	20	21.26	25.10
<b>Total non-current liabilities</b>		<b>3,206.16</b>	<b>2,495.06</b>
<b>Current liabilities</b>			
Financial liabilities			
Borrowings	18	171.07	379.12
Lease liabilities		0.41	1.70
Trade payables	21		
- Total outstanding dues of micro enterprises and small enterprises		134.00	79.06
- Total outstanding dues of creditors other than micro enterprises and small enterprises		1,721.02	1,747.33
Other financial liabilities	19	518.01	1,069.47
Other current liabilities	22	1,419.75	1,742.51
Provisions	20	494.92	345.36
		<b>4,459.18</b>	<b>5,364.55</b>
Liabilities of a disposal group held for sale	23	-	2,942.04
<b>Total current liabilities</b>		<b>4,459.18</b>	<b>8,306.59</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>8,386.26</b>	<b>11,269.98</b>

The accompanying notes form an integral part of the Standalone Financial Statements

This is the Standalone Balance Sheet referred to in our audit report of even date.

For **Walker Chandio & Co LLP**

Chartered Accountants

Firm Registration No. 001076N / N500013

**Shashi Tadwalkar**

Partner

Membership No.: 101797

Place: Mumbai

Date : 18 May 2023

For and on behalf of the Board of Directors

**Ajit Gulabchand**

**Arjun Dhawan**

**Jaspreet Bhullar**

**Rahul P. Rao**

**Dr. Mita Dixit**

**Nitesh Jha**

DIN : 00010827

DIN : 01778379

DIN : 03644691

DIN : 08198165

FCS No. 8436

Place: Mumbai

Date : 18 May 2023

Chairman

Vice Chairman

Managing Director & Chief Executive Officer

Chief Financial Officer

Director

Company Secretary

# STANDALONE STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2023

(Amount in ₹ crore, unless otherwise stated)

Particulars	Note No.	Year ended 31 March 2023	Year ended 31 March 2022
<b>Income</b>			
Revenue from operations	24	5,222.01	4,666.28
Other income	25	61.22	80.24
<b>Total income</b>		<b>5,283.23</b>	<b>4,746.52</b>
<b>Expenses</b>			
Cost of materials consumed	26	1,009.66	865.07
Subcontracting expenses		2,727.99	2,263.26
Employee benefits expense	27	323.78	345.92
Finance costs	28	663.97	948.80
Depreciation and amortisation expense	29	78.05	93.64
Other expenses	30	448.19	403.11
<b>Total expenses</b>		<b>5,251.64</b>	<b>4,919.80</b>
<b>Profit/ (Loss) before exceptional items and tax</b>		<b>31.59</b>	<b>(173.28)</b>
Exceptional item- gain	31	223.30	-
<b>Profit/ (Loss) before tax</b>		<b>254.89</b>	<b>(173.28)</b>
<b>Tax expense/ (credit)</b>	9		
Current tax		1.66	5.96
Deferred tax		(0.19)	(26.14)
Total tax expense		<b>1.47</b>	<b>(20.18)</b>
<b>Net profit/ (loss) for the year (A)</b>		<b>253.42</b>	<b>(153.10)</b>
<b>Other comprehensive income/ (loss)</b>			
(a) Items that will not be reclassified subsequently to statement of profit or loss (net of tax)			
- Gain on remeasurement of defined benefit plans		1.86	0.73
- Gain/ (Loss) on fair value of equity instruments		(1.20)	7.13
(b) Items that will be reclassified subsequently to statement of profit or loss		-	-
<b>Other comprehensive income for the year, net of tax (a+b)</b>		<b>0.66</b>	<b>7.86</b>
<b>Total comprehensive income/ (loss) for the year, net of tax (A+B)</b>		<b>254.07</b>	<b>(145.24)</b>
Earnings/ (Loss) per equity share of face value of ₹ 1 each	32		
Basic (in ₹)		1.67	(1.01)
Diluted (in ₹)		1.67	(1.01)

The accompanying notes form an integral part of the Standalone Financial Statements.  
This is the Standalone Statement of Profit and Loss referred to in our audit report of even date.

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

**Shashi Tadwalkar**  
Partner  
Membership No.: 101797  
Place: Mumbai  
Date : 18 May 2023

For and on behalf of the Board of Directors

**Ajit Gulabchand**  
**Arjun Dhawan**  
**Jaspreet Bhullar**  
**Rahul P. Rao**  
**Dr. Mita Dixit**  
**Nitesh Jha**

DIN : 00010827  
DIN : 01778379  
DIN : 03644691

DIN : 08198165  
FCS No. 8436

*Chairman*  
*Vice Chairman*  
*Managing Director & Chief Executive Officer*  
*Chief Financial Officer*  
*Director*  
*Company Secretary*

Place: Mumbai  
Date : 18 May 2023

# STANDALONE CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2023

(Amount in ₹ crore, unless otherwise stated)

Particulars	Year ended 31 March 2023	Year ended 31 March 2022
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit/ (loss) before tax	254.89	(173.28)
<b>Adjustments for:</b>		
Depreciation and amortisation expense	78.05	93.64
Finance costs	663.97	948.80
Interest income	(27.42)	(32.15)
Gain on settlement of debt	-	(28.25)
Gain on implementation of resolution plan	(223.30)	-
Dividend income	-	(0.04)
Unrealised exchange gain on foreign currency translation (net)	(2.75)	(1.39)
Profit on disposal of property, plant and equipment (net)	(2.89)	(2.36)
Loss allowance on financial assets	27.72	-
Provision no longer required written back	(49.27)	(6.33)
	<b>464.11</b>	<b>971.92</b>
<b>Operating profit before working capital changes</b>	719.00	798.64
<b>Adjustments for changes in working capital:</b>		
Decrease in inventories	5.40	11.92
(Increase)/ decrease in trade receivables (Refer note 3 below)	(441.81)	163.43
Increase financial assets, other assets and unbilled work-in-progress (contract assets)	(44.73)	(573.72)
(Decrease)/ increase in trade payables, other financial liabilities, other liabilities and provisions	(161.84)	207.27
<b>Cash generated from operations</b>	<b>76.02</b>	<b>607.54</b>
Refund of direct taxes (net of paid)	1.91	37.16
<b>Net cash generated from operating activities</b>	<b>77.93</b>	<b>644.70</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment (Refer note 2 below)	(13.82)	(9.19)
Proceeds from sale of property, plant and equipment	9.47	34.31
Investment in subsidiary	(0.05)	-
Proceeds from repayment of inter-corporate deposits (deemed investments)	130.00	7.00
Net proceeds from / (investments in) bank deposits	257.27	(208.95)
Interest received	18.88	20.18
Dividend received	-	0.04
<b>Net cash generated from/ (used in) investing activities</b>	<b>401.75</b>	<b>(156.61)</b>

# STANDALONE CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2023

(Amount in ₹ crore, unless otherwise stated)

Particulars	Year ended 31 March 2023	Year ended 31 March 2022
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Repayment of long-term borrowings (Refer note 3 below)	(171.82)	(6.05)
Repayment of short-term borrowings (net) (Refer note 3 below)	(37.89)	(124.55)
Finance costs paid	(290.75)	(345.85)
Repayment of lease liabilities	(1.29)	(1.82)
<b>Net cash used in financing activities</b>	<b>(501.75)</b>	<b>(478.27)</b>
<b>Net increase/ (decrease) in cash and cash equivalents (A+B+C)</b>	<b>(22.07)</b>	<b>9.82</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>237.86</b>	<b>228.17</b>
Unrealised foreign exchange gain/ (loss)	0.51	(0.13)
<b>Cash and cash equivalents at the end of the year (Refer note 12)</b>	<b>216.30</b>	<b>237.86</b>

## Notes:

- 1) The cash flow statement has been prepared under the indirect method as set out in Indian Accounting Standard (Ind AS 7) Statement of Cash Flows.
- 2) Additions include movements of capital work-in-progress, capital advances and liability for capital goods, including intangible assets.
- 3) Excludes movement on account of assignment of specified arbitration awards and claims and related specified debt to Prolific Resolution Private Limited pursuant to implementation of resolution plan as detailed in note 31.1.

This is the Standalone Cash Flow Statement referred to in our audit report of even date.

For **Walker Chandiok & Co LLP**

Chartered Accountants

Firm Registration No. 001076N / N500013

**Shashi Tadwalkar**

Partner

Membership No.: 101797

Place: Mumbai

Date : 18 May 2023

For and on behalf of the Board of Directors

**Ajit Gulabchand**

DIN : 00010827

**Arjun Dhawan**

DIN : 01778379

**Jaspreet Bhullar**

DIN : 03644691

**Rahul P. Rao**

**Dr. Mita Dixit**

DIN : 08198165

**Nitesh Jha**

FCS No. 8436

Place: Mumbai

Date : 18 May 2023

Chairman

Vice Chairman

Managing Director & Chief Executive Officer

Chief Financial Officer

Director

Company Secretary

# STANDALONE STATEMENT OF CHANGES IN EQUITY AS AT AND FOR THE YEAR ENDED 31 MARCH 2023

(Amount in ₹ crore, unless otherwise stated)

## a) Equity share capital (equity shares of ₹ 1 each)

Particulars	Issued, subscribed and paid-up Number	Amount
<b>As at 1 April 2021</b>	<b>1,513,028,244</b>	<b>151.31</b>
Issue of equity shares	-	-
<b>As at 31 March 2022</b>	<b>1,513,028,244</b>	<b>151.31</b>
Issue of equity shares	-	-
<b>As at 31 March 2023</b>	<b>1,513,028,244</b>	<b>151.31</b>

Particulars	Reserves and surplus					Equity instruments		Total equity attributable to equity holders
	Capital reserve	Forfeited debentures account	Securities premium	Debenture redemption reserve	Foreign currency monetary translation reserve	Share option reserve	Retained earnings through comprehensive income	
<b>As at 1 April 2021</b>	<b>15.19</b>	<b>0.02</b>	<b>2,568.76</b>	<b>54.99</b>	<b>(0.23)</b>	<b>174.38</b>	<b>- (2,332.73)</b>	<b>460.55</b>
Loss for the year	-	-	-	-	-	-	(153.10)	(153.10)
Other comprehensive income for the year	-	-	-	-	-	-	0.73	7.86
Restatement of foreign currency monetary translation items	-	-	-	-	3.84	-	-	3.84
Amortization of foreign currency monetary translation items	-	-	-	-	(2.13)	-	-	(2.13)
<b>As at 31 March 2022</b>	<b>15.19</b>	<b>0.02</b>	<b>2,568.76</b>	<b>54.99</b>	<b>1.48</b>	<b>174.38</b>	<b>- (2,485.10)</b>	<b>317.02</b>
Profit for the year	-	-	-	-	-	-	253.42	253.42
Other comprehensive income/ (loss) for the year	-	-	-	-	-	-	1.86	0.65
Restatement of foreign currency monetary translation items	-	-	-	-	1.67	-	-	1.67
Shared based payment expense	-	-	-	-	-	0.00*	-	0.00*
Amortization of foreign currency monetary translation items	-	-	-	-	(3.15)	-	-	(3.15)
<b>As at 31 March 2023</b>	<b>15.19</b>	<b>0.02</b>	<b>2,568.76</b>	<b>54.99</b>	<b>-</b>	<b>174.38</b>	<b>0.00* (2,229.82)</b>	<b>569.61</b>

\* represents amount less than ₹ 1 lakh.

This is the Standalone Statement of Changes in Equity referred to in our audit report of even date.

For **Walker Chandlok & Co LLP**

Chartered Accountants

Firm Registration No. 001076N / N500073

For and on behalf of the Board of Directors

**Ajit Gulabchand**

**Arjun Dhawan**

**Jaspreet Bhullar**

**Rahul P Rao**

**Dr. Mita Dixit**

**Nitesh Jha**

DIN : 00010827

DIN : 01778379

DIN : 03644691

DIN : 08198165

FCS No. 8436

Chairman

Vice Chairman

Managing Director & Chief Executive Officer

Chief Financial Officer

Director

Company Secretary

**Shashi Tadwalkar**

Partner

Membership No. : 101797

Place: Mumbai

Date : 18 May 2023



## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO THE STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2023

### NOTE 1 CORPORATE INFORMATION

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

The standalone financial statements ('the financial statements') of the Company for the year ended 31 March 2023 were authorised for issue in accordance with resolution of the Board of Directors on 18 May 2023.

### Note 2 Significant accounting policies

#### i Basis of preparation

The financial statements of the Company have been prepared to comply in all material respects with the Indian Accounting Standards ('Ind AS') as prescribed under Section 133 of the Companies Act, 2013 ('the Act') read with Companies (Indian Accounting Standards) Rules as amended from time to time and guidelines issued by Securities and Exchange Board of India (SEBI) to the extent applicable.

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

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

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

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

#### iii Accounting estimates

The preparation of the financial statements, in conformity with the recognition and measurement principles of Ind

AS, requires the management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities as at the date of financial statements and the results of operation during the reported period. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates which are recognised in the period in which they are determined.

#### iv Key accounting estimates and assumptions

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

##### a. Going concern

The Company in earlier years has incurred significant losses resulting in substantial erosion of net worth. Further, the Company was also in default on payment to its lenders and also had overdue payments to operational creditors of which certain creditors also applied before National Company Law Tribunal ('NCLT') for debt resolution under Insolvency and Bankruptcy Code, 2016, none of which were admitted. During the current year, the Company has successfully novated specified debt of lenders aggregating ₹ 2,855.69 crore to Prolific Resolution Private Limited ('PRPL'), a wholly owned subsidiary of the Company, with the consideration being the assignment of beneficial interest in the specified arbitration awards and claims with a carrying value of ₹ 2,894.11 crore in favor of PRPL. Consequently, the Company is not in default in repayment of dues to its lenders as at 31 March 2023.

Based on the above and considering the future business plans, including time-bound monetization of assets, the management has prepared the future cash flow forecasts to assess its ability to operate as a going concern for a period of at least 12 months from the date of financial statements and concluded that the going concern basis of accounting used for preparation of the accompanying standalone financial statements is appropriate with no material uncertainty over going concern.

##### b. Contract estimates

Refer note 2(xxii) below

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO THE STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2023

### c. Variable consideration (claims)

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

### d. Valuation of investment in / loans to subsidiaries / joint ventures

The Company has performed evaluation of its equity investments of subsidiaries and joint venture to assess whether there is any indication of impairment in the carrying value. Equity investments are tested for impairment, whenever events or changes in circumstances indicate that the carrying amount is higher than the recoverable amount. The recoverable amount is the higher of the asset's fair value less cost of disposal and value in use. When the fair value of investments in subsidiaries cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the discounted cash flow model. Similar assessment is carried for exposure of the nature of loans and interest receivable thereon. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as expected earnings in future years, liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of these investments.

### e. Deferred tax assets

The realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which the temporary differences become deductible. Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies and the timing for expiration of such losses under applicable tax laws.

Based on the projections for future taxable income over the periods in which the deferred income tax assets are deductible, management believes that the Company will realize the benefits of those deductible differences. The amount of the deferred tax assets considered realizable, however, could be reduced in the near term if estimates of future taxable income during the carry forward period are reduced.

### f. Provisions and contingent liabilities

A provision is recognised when the Company has a present obligation as result of a past event and it is probable that the outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates. The assessment of the existence, and potential quantum, of contingencies inherently involves the exercise of significant judgements and the use of estimates regarding the outcome of future events.

### g. Defined benefit plans

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

### v. Fair value measurement

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

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

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

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

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

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

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

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO THE STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2023

follows, based on the lowest level input that is significant to the fair value measurement as a whole:

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

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

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

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

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

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

### vi Property, plant and equipment (Tangible assets)

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

Subsequent expenditure relating to property, plant and equipment is capitalised only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance costs are charged to the Statement of Profit and Loss as incurred. The cost and related accumulated depreciation are eliminated from the financial statements, either on disposal or when retired from active use and the resultant gain or loss are recognised in the Statement of Profit and Loss.

When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied.

The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

### vii Capital work-in-progress

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

### viii Intangible assets

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

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

### ix Non-current assets or disposal group held for sale

Non-current assets or disposal group (including liabilities directly associated with those assets of a disposal group) that are available for immediate sale and where the sale is highly probable of being completed within one year from the date of classification are considered and classified as assets held for sale. Non-current assets or disposal group held for sale are measured at the lower of carrying amount or fair value less costs to sell except financial assets within the scope of Ind AS 109- Financial Instruments. The determination of fair value less costs to sell includes use of management estimates and assumptions. The fair value of asset held for sale has been estimated using observable inputs such as price quotations.

### x Depreciation and amortisation

Depreciation is provided for property, plant and equipment so as to expense the cost less residual value over their estimated useful lives on a straight line basis, except Building and sheds which is depreciated using WDV method. Intangible assets are amortised from the date they are available for use, over their estimated useful lives.

The useful lives are as per Schedule II to the Act except in case of certain assets, where the useful life is based on technical evaluation by management.

Asset category	Useful life (in years)
Building and sheds	3 to 60
Plant and equipment	2 to 14
Furniture and fixtures	10
Vehicles	3 to 12
Office equipment	5
Speed boat	13
Computers	3
Intangible (Computer software)	3 to 5

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO THE STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2023

The estimated useful life and residual values are reviewed at each financial year end and the effect of any change in the estimates of useful life/ residual value is accounted on prospective basis.

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

Depreciation on additions is provided on a pro-rata basis, from the date on which asset is ready to use.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are accounted in the Statement of Profit and Loss under Other income and Other expenses.

### **xi Investments in subsidiaries, joint ventures and associates**

Investments in subsidiaries, joint ventures and associates are recognised at cost as per Ind AS 27- Separate Financial Statements, except where investments accounted for at cost shall be accounted for in accordance with Ind AS 105- Non-current Assets Held for Sale and Discontinued Operations, when they are classified as held for sale.

### **xii Financial instruments**

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

#### **Initial recognition and measurement**

The Company recognizes financial assets and financial liabilities when it becomes a party to the contractual provisions of the instrument. All financial assets and liabilities are recognized at fair value on initial recognition, except for trade receivables which are initially measured at transaction price. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities, which are not at fair value through profit or loss, are added to the fair value on initial recognition.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. The Company's business model refers to how it manages its financial assets to generate cash flows. The business model determines whether the cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

#### **a Financial assets**

##### **i) Subsequent measurement**

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

##### **- Financial assets at amortised cost**

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

##### **- Financial assets measured at fair value through Other Comprehensive Income**

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

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

##### **- Financial assets measured at fair value through profit or loss (FVTPL)**

Any financial asset which does not meet the criteria for categorization as financial asset at amortized cost or at FVTOCI, is classified as financial asset at FVTPL. Financial assets included within the FVTPL category are subsequently measured at fair value with all changes recognized in the statement of profit and loss.

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO THE STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2023

### ii) Impairment of financial assets

In accordance with Ind AS 109, the Company applies the expected credit loss ('ECL') model for measurement and recognition of impairment loss on financial assets and credit risk exposures. ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the entity expects to receive (i.e., all cash shortfalls), discounted at the original EIR. Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date.

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

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

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

### iii) De-recognition of financial assets

The Company de-recognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all risks and rewards of ownership of the asset to another entity.

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

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

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity, if any, is recognised in profit or loss, except in case of equity instruments classified as FVOCI, where such cumulative gain or loss is not recycled to statement of profit and loss.

### b Equity instruments and financial liabilities

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

#### I. Equity instruments

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

#### II. Financial liabilities

##### i) Subsequent measurement

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

##### - Financial liabilities at FVPL

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

##### - Financial liabilities at amortised cost

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

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO THE STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2023

the term of the borrowings in the Statement of Profit and Loss.

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

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

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

### - Financial guarantee contracts

Financial guarantee contracts issued by the Company are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the amount of loss allowance determined as per impairment requirements of Ind AS 109 and the amount recognised less cumulative amortisation. Amortisation is recognised as finance income in the Statement of Profit and Loss.

### ii) De-recognition of financial liabilities

Financial liabilities are de-recognised when the obligation specified in the contract is discharged, cancelled or expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the

terms of an existing liability are substantially modified, such an exchange or modification is treated as de-recognition of the original liability and recognition of a new liability. The difference in the respective carrying amounts is recognised in the Statement of Profit and Loss.

### c Offsetting financial instruments

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

## xiii Employee benefits

### a Defined contribution plan

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

### b Defined benefit plan

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

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



## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO THE STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2023

### **c Leave entitlement and compensated absences**

Accumulated leave which is expected to be utilised within next twelve months, is treated as short-term employee benefit. Leave entitlement, other than short term compensated absences, are provided based on a actuarial valuation, similar to that of gratuity benefit. However, as the Company does not have an unconditional right to defer settlement for these obligations, the above liabilities are presented as current. Re-measurement, comprising of actuarial gains and losses, in respect of leave entitlement are recognised in the Statement of Profit and Loss in the period in which they occur.

### **d Short-term benefits**

Employee benefits such as salaries, wages, bonus, incentive etc. falling due wholly within twelve months of rendering the service are classified as short-term employee benefits and are expensed in the period in which the employee renders the service.

### **xiv Contract assets**

Contract revenue earned in excess of certification are classified as contract assets (which we refer as unbilled work-in-progress). A contract asset is initially recognised for revenue earned from engineering and construction services because the receipt of consideration is conditional on successful completion of the service. Upon completion of the service and acceptance by the customer, the amount recognised as contract assets is reclassified to trade receivables.

### **xv Contract liabilities**

Certification in excess of contract revenue are classified as contract liabilities (which we refer to as due to customer). A contract liability is recognised if a payment is received or a payment is due (whichever is earlier) from a customer before the Company transfers the related goods or services. Contract liabilities are recognised as revenue when the Company performs under the contract (i.e., transfers control of the related goods or services to the customer).

### **xvi Inventories**

The stock of construction materials, stores, spares and embedded goods and fuel is valued at cost or net realisable value, whichever is lower. However, these items are considered to be realisable at cost if the finished products in which they will be used, are expected to be sold at or above cost. Cost is determined on weighted average basis and includes all applicable cost of bringing the goods to their present location and condition. Revenue from sale of scrap material is presented as reduction from cost of materials consumed in the Statement of Profit and Loss.

### **xvii Cash and cash equivalents**

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

### **xviii Segment reporting**

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

### **xix Borrowing costs**

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

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

### **xx Foreign exchange translation of foreign projects and accounting of foreign exchange transaction**

#### **a Initial recognition**

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

#### **b Conversion**

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

#### **c Treatment of exchange difference**

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

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO THE STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2023

Exchange differences arising on long-term foreign currency monetary items related to acquisition of a Property, plant and equipment are adjusted to the carrying value of the assets and depreciated over the remaining useful life of the Property, Plant and Equipment and exchange differences arising on all other long-term foreign currency monetary items are accumulated in the "Foreign Currency Monetary Translation Reserve" and amortised over the remaining life of the concerned monetary item.

### xxi Revenue recognition

#### a Contract Revenue

Revenue is recognized upon transfer of control of promised products or services to customers in an amount that reflects the consideration the Company expect to receive in exchange for those products or services. The Company derives revenues primarily from providing engineering and construction services.

The Company evaluates whether the performance obligations in engineering and construction services are satisfied at a point in time or over time. The performance obligation is transferred over time if one of the following criteria is met:

- As the entity performs, the customer simultaneously receives and consumes the benefits provided by the entity's performance.
- The entity's performance creates or enhances an asset (e.g., work in progress) that the customer controls as the asset is created or enhanced.
- The entity's performance does not create an asset with an alternative use to the entity and the entity has an enforceable right to payment for performance completed to date.

The percentage-of-completion of a contract is determined by the proportion that contract costs incurred for work performed upto the reporting date bear to the estimated total contract costs. When there is uncertainty as to measurement or ultimate collectability, revenue recognition is postponed until such uncertainty is resolved.

For performance obligations in which control is not transferred over time, control is transferred as at a point in time.

Transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring good or service to a customer excluding amounts collected on behalf of a third party and is adjusted for variable considerations.

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

Due to the nature of the work required to be performed on many of the performance obligations, the estimation of total revenue and cost of completion is complex, subject to many variables and requires significant judgement. Variability in the transaction price arises primarily due to liquidated damages, price variation clauses, changes in scope, incentives, if any. The Company considers its experience with similar transactions and expectations regarding the contract in estimating the amount of variable consideration to which it will be entitled and determining whether the estimated variable consideration should be constrained. The Company includes estimated amounts in the transaction price to the extent it is probable that a significant reversal of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is resolved. The estimates of variable consideration are based largely on an assessment of anticipated performance and all information (historical, current and forecasted) that is reasonably available.

Contract modifications are accounted for when additions, deletions or changes are approved either to the contract scope or contract price. The accounting for modifications of contracts involves assessing whether the services added to an existing contract are distinct and whether the pricing is at the standalone selling price. Services added that are not distinct are accounted for on a cumulative catch up basis, while those that are distinct are accounted for prospectively, either as a separate contract, if the additional services are priced at the standalone selling price, or as a termination of the existing contract and creation of a new contract if not priced at the standalone selling price.

The Company presents revenues net of indirect taxes in its Statement of Profit and Loss.

Costs to obtain a contract which are incurred regardless of whether the contract was obtained are charged-off in Statement of Profit and Loss immediately in the period in which such costs are incurred.

#### b Interest on arbitration awards

Interest on arbitration awards, being in the nature of additional compensation as per the terms of the contract is recognised as other operating revenue that reflects the consideration the Company has received or expects to receive on favourable arbitration awards.

### xxii Other income

#### a. Interest income

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

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO THE STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2023

### b. Dividend income

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

### c. Other non-operating income

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

## xxiii Interest in joint arrangements

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

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

## xxiv Income tax

Income tax expense comprises of current tax expense and the net change in the deferred tax asset or liability during the year. Current and deferred taxes are recognised in the Statement of Profit and Loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity, respectively.

### a. Current tax

Current income tax is recognised based on the estimated tax liability computed after taking credit for allowances and exemptions in accordance with the Income Tax Act, 1961. Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. The Company as at 31 March 2023 continues to follow the old tax regime. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions

taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The Company shall reflect the effect of uncertainty for each uncertain tax treatment by using either most likely method or expected value method, depending on which method predicts better resolution of the treatment

### b. Deferred tax

Deferred tax is determined by applying the Balance Sheet approach. Deferred tax assets and liabilities are recognised for all deductible temporary differences between the financial statements' carrying amount of existing assets and liabilities and their respective tax base. Deferred tax assets and liabilities are measured using the enacted tax rates or tax rates that are substantively enacted at the Balance Sheet date. The effect on deferred tax assets and liabilities of a change in tax rates is recognised in the period that includes the enactment date. Deferred tax assets are only recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Such assets are reviewed at each Balance Sheet date to reassess realisation. Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets include Minimum Alternative Tax (MAT) paid in accordance with the tax laws in India, to the extent it would be available for set off against future current income tax liability. Accordingly, MAT is recognised as deferred tax asset in the balance sheet when the asset can be measured reliably and it is probable that the future economic benefit associated with the asset will be realised.

In assessing the recoverability of deferred tax assets, the Company relies on the forecast assumptions used elsewhere in the financial statements and in other management reports, which, among other things, reflect the potential impact of upon the likely timing and the level of future taxable profits together with future tax planning strategies and the timing for expiration of such losses under applicable tax laws.

## xxv Leases

The Company's lease asset classes primarily consist of leases for vehicles and buildings. The Company assesses whether a contract contains a lease, at inception of a

## **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO THE STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2023**

contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange of the consideration.

At the date of the commencement of the lease, the Company recognises a right-of-use asset representing its right to use the underlying asset for the lease term and a corresponding lease liability for all the lease arrangements in which it is a lease, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the period of the lease.

The right-of-use assets are initially recognised at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease. They are subsequently measured at cost less accumulated depreciation and impairment losses. Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset. The estimated useful life of the assets are determined on the same basis as those of property, plant and equipment.

Right-of-use assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. Carrying amount of right-of-use asset is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

The lease liability is initially measured at amortized cost at the present value of the future lease payments. The future lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates. For a lease with reasonably similar characteristics, the Company, on a lease by lease basis, may adopt either the incremental borrowing rate specific to the lease or the incremental borrowing rate for the portfolio as a whole.

Right-of-use assets and Lease liabilities have been separately presented in the Balance Sheet. Further, lease payments have been classified as financing cash flows.

### **xxvi Impairment of non-financial assets**

As at each Balance Sheet date, the Company assesses whether there is an indication that a non-financial asset may be impaired and also whether there is an indication of reversal of impairment loss recognised in the previous periods. If any indication exists, or when annual impairment testing for an asset is required, the Company determines the recoverable amount and impairment loss is recognised when the carrying amount of an asset exceeds its recoverable amount.

### **Recoverable amount is determined:**

- In case of an individual asset, at the higher of the assets' fair value less cost to sell and value in use; and
- In case of cash generating unit (a group of assets that generates identified, independent cash flows), at the higher of cash generating 'unit's fair value less cost to sell and value in use.

In assessing value in use, the estimated future cash flows are discounted to their present value using pre-tax discount rate that reflects current market assessments of the time value of money and risk specified to the asset. In determining fair value less cost to sell, recent market transaction are taken into account. If no such transaction can be identified, an appropriate valuation model is used.

Impairment losses of continuing operations, including impairment on inventories, are recognised in the Statement of Profit and Loss, except for properties previously revalued with the revaluation taken to OCI. For such properties, the impairment is recognised in OCI up to the amount of any previous revaluation.

When the Company considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss is reversed through the Statement of Profit and Loss.

### **xxvii Trade receivables**

A receivable is classified as a 'trade receivable' if it is in respect of the amount due on account of goods sold or services rendered in the normal course of business. Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the EIR method, less provision for impairment. Trade receivables ageing has been presented based on the due date of payment.

### **xxviii Trade payables**

A payable is classified as a 'trade payable' if it is in respect of the amount due on account of goods purchased or services received in the normal course of business. These amounts represent liabilities for goods and services provided to the Company prior to the end of the financial year which are unpaid. These amounts are unsecured and are usually settled as per the payment terms stated in the contract. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the EIR method. Trade payables ageing has been presented based on the due date of payment.

## **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO THE STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2023**

### **xxix Earnings per share**

Basic earnings per share is computed by dividing the net profit or loss for the period attributable to the equity shareholders of the Company by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period and for all periods presented is adjusted for events, such as bonus shares, other than the conversion of potential equity shares, that have changed the number of equity shares outstanding, without a corresponding change in resources.

Diluted earnings per share is computed by dividing the net profit or loss for the period attributable to the equity shareholders of the Company and weighted average number of equity shares considered for deriving basic earnings per equity share and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares. The dilutive potential equity shares are adjusted for the proceeds receivable had the equity shares been actually issued at fair value (i.e. the average market value of the outstanding equity shares).

### **xxx Dividend**

Final dividend on shares is recorded as a liability on the date of approval by the shareholders and interim dividends are recorded as a liability on the date of declaration by the Board of Directors.

### **xxxi Provisions, contingent liabilities, contingent assets and commitments**

A provision is recognised when the Company has a present obligation (legal or constructive) as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, in respect of which a reliable estimate can be made of the amount of obligation. Provisions (excluding gratuity and compensated absences) are determined based on management's estimate required to settle the obligation at the Balance Sheet date. In case the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost. These are reviewed at each Balance Sheet date and adjusted to reflect the current management estimates.

Contingent liabilities are disclosed in respect of possible obligations that arise from past events, whose existence would be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company. A contingent liability also arises, in

rare cases, where a liability cannot be recognised because it cannot be measured reliably.

Contingent assets are disclosed where an inflow of economic benefits is probable.

Commitments are future liabilities for contractual expenditure, classified and disclosed as estimated amount of contracts remaining to be executed on capital account and not provided for.

### **xxxii Share based payments**

Share based compensated benefits are provided to certain grades of employees in consideration of the services rendered. Under the equity settled share based payment, the fair value on the grant date of the instrument given to employees is recognised as 'employee benefits expenses' with a corresponding increase in equity over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. The fair value of the options at the grant date is calculated by an independent valuer basis Black Scholes model. At the end of each period, the entity revises its estimates of the number of options that are expected to vest based on the non-market vesting and service conditions. It recognizes the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity. Upon exercise of share options, the proceeds received are allocated to share capital up to the par value of the shares issued with any excess being recorded as share premium.

### **xxxiii Exceptional items**

When items of income and expense within statement of profit or loss from ordinary activities are of such size, nature or incidence that their disclosure is relevant to explain the performance of the enterprise for the period, the nature and amount of such material items are disclosed separately as exceptional items.

### **xxxiv Recent accounting pronouncements**

Ministry of Corporate Affairs ("MCA") notifies new standards or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On 31 March, 2023, MCA amended the Companies (Indian Accounting Standards) Amendment Rules, 2023, as below:

#### **Ind AS 1 - Presentation of Financial Statements**

This amendment requires the entities to disclose their material accounting policies rather than their significant accounting policies. The effective date for adoption of this amendment is annual periods beginning on or after 1 April 2023. The Company does not expect any significant impact of the amendment on its financial statements.

## **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO THE STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2023**

(Amount in ₹ crore, unless otherwise stated)

### **Ind AS 8 - Accounting Policies, Changes in Accounting Estimates and Errors**

This amendment has introduced a definition of 'accounting estimates' and included amendments to Ind AS 8 to help entities distinguish changes in accounting policies from changes in accounting estimates. The effective date for adoption of this amendment is annual periods beginning on or after 1 April 2023. The Company does not expect any significant impact of the amendment on its financial statements.

### **Ind AS 109 - Financial Instruments**

The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender,

including fees paid or received by either the borrower or lender on the other's behalf.

In accordance with the transitional provisions, the Company applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment (the date of initial application). The Company does not expect any significant impact of the amendment on its financial statements.

### **Ind AS 12 - Income Taxes**

This amendment has narrowed the scope of the initial recognition exemption so that it does not apply to transactions that give rise to equal and offsetting temporary differences. The effective date for adoption of this amendment is annual periods beginning on or after 1 April 2023. The Company does not expect any significant impact of the amendment on its financial statements.



# SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO THE STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2023

(Amount in ₹ crore, unless otherwise stated)

## NOTE 3A PROPERTY, PLANT AND EQUIPMENT

Particulars	Freehold land	Building and shed	Plant and equipment	Furniture and fixtures	Vehicles	Office equipment	Speed boat	Computers	Total
<b>Gross carrying value (at deemed cost)</b>									
As at 1 April 2021	2.19	22.12	972.64	17.23	69.83	4.30	1.04	7.33	1,096.68
Additions	-	-	7.78	0.08	0.47	0.13	-	0.38	8.84
Disposals	-	-	(167.93)	-	(5.05)	(0.01)	-	-	(172.99)
Transferred from assets classified as held for sale	6.49	-	-	-	-	-	-	-	6.49
<b>As at 31 March 2022</b>	<b>8.68</b>	<b>22.12</b>	<b>812.49</b>	<b>17.31</b>	<b>65.25</b>	<b>4.42</b>	<b>1.04</b>	<b>7.71</b>	<b>939.02</b>
Additions	-	-	13.39	0.05	0.34	0.33	-	0.15	14.26
Disposals	-	-	(12.69)	-	(4.52)	-	-	-	(17.21)
Transferred to assets classified as held for sale (Refer note 15.1)	(2.19)	-	-	-	-	-	-	-	(2.19)
<b>As at 31 March 2023</b>	<b>6.49</b>	<b>22.12</b>	<b>813.19</b>	<b>17.36</b>	<b>61.07</b>	<b>4.75</b>	<b>1.04</b>	<b>7.86</b>	<b>933.88</b>
<b>Accumulated depreciation</b>									
As at 1 April 2021	-	9.03	545.38	15.49	38.71	3.28	0.65	5.69	618.23
Depreciation charge	-	0.89	85.90	0.30	2.67	0.60	0.11	0.84	91.31
Accumulated depreciation on disposals	-	-	(137.51)	-	(3.53)	-	-	-	(141.04)
<b>As at 31 March 2022</b>	<b>-</b>	<b>9.92</b>	<b>493.77</b>	<b>15.79</b>	<b>37.85</b>	<b>3.88</b>	<b>0.76</b>	<b>6.53</b>	<b>568.50</b>
Depreciation charge	-	0.82	72.57	0.13	2.38	0.17	0.11	0.52	76.71
Accumulated depreciation on disposals	-	-	(7.27)	-	(3.37)	-	-	-	(10.64)
<b>As at 31 March 2023</b>	<b>-</b>	<b>10.74</b>	<b>559.08</b>	<b>15.92</b>	<b>36.86</b>	<b>4.05</b>	<b>0.87</b>	<b>7.05</b>	<b>634.57</b>
<b>Net carrying value</b>									
As at 31 March 2022	8.68	12.20	318.72	1.52	27.40	0.54	0.28	1.18	370.52
<b>As at 31 March 2023</b>	<b>6.49</b>	<b>11.38</b>	<b>254.11</b>	<b>1.44</b>	<b>24.21</b>	<b>0.70</b>	<b>0.17</b>	<b>0.81</b>	<b>299.32</b>

Notes:

(i) Refer note 18.1 for information on Property, plant and equipment pledged as security against borrowings of the Company.

(ii) Refer note 33(B)(i) for disclosure of contractual commitments for acquisition of Property, plant and equipment.

(iii) The title deeds of all immovable properties (other than properties where the Company is lessee and lease arrangements are duly exercised in the favour of lessee) are held in the name of the Company.

## NOTE 3B RIGHT-OF-USE ASSETS

Particulars	Building	Vehicles	Total
<b>Gross carrying value</b>			
As at 1 April 2021	6.92	0.94	7.86
Additions	2.16	-	2.16
Disposals	(6.05)	(0.94)	(6.99)
<b>As at 31 March 2022</b>	<b>3.03</b>	<b>-</b>	<b>3.03</b>
Additions	-	-	-
Disposals	(0.87)	-	(0.87)
<b>As at 31 March 2023</b>	<b>2.16</b>	<b>-</b>	<b>2.16</b>
<b>Accumulated depreciation</b>			
As at 1 April 2021	5.66	0.87	6.53
Depreciation charge	1.82	0.07	1.89
Accumulated depreciation on disposals	(6.05)	(0.94)	(6.99)
<b>As at 31 March 2022</b>	<b>1.43</b>	<b>-</b>	<b>1.43</b>
Depreciation charge	1.23	-	1.23
Accumulated depreciation on disposals	(0.87)	-	(0.87)
<b>As at 31 March 2023</b>	<b>1.79</b>	<b>-</b>	<b>1.79</b>
<b>Net carrying value</b>			
As at 31 March 2022	1.60	-	1.60
<b>As at 31 March 2023</b>	<b>0.37</b>	<b>-</b>	<b>0.37</b>

Note: Refer note 42 for Ind AS 116- Leases and the related disclosures.

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO THE STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2023

(Amount in ₹ crore, unless otherwise stated)

### NOTE 3C CAPITAL WORK-IN-PROGRESS ('CWIP')

	Amount
<b>As at 1 April 2021</b>	1.61
Additions	2.52
Transferred to property, plant and equipment	(3.45)
<b>As at 31 March 2022</b>	<b>0.68</b>
Additions	0.12
Transferred to property, plant and equipment	-
Written off during the period	(0.68)
<b>As at 31 March 2023</b>	<b>0.12</b>

#### CWIP ageing schedule

Particulars	As at 31 March 2023		As at 31 March 2022	
	Projects in progress	Projects temporarily suspended	Projects in progress	Projects temporarily suspended
Less than 1 year	0.12	-	-	-
1-2 years	-	-	-	-
2-3 years	-	-	-	-
More than 3 years	-	-	-	0.68
<b>Total</b>	<b>0.12</b>	<b>-</b>	<b>-</b>	<b>0.68</b>

Notes:

- (i) There are no projects which has exceeded its cost compared to its original plan.
- (ii) Projects temporarily suspended represented expenses incurred for the construction of a sewage plant the construction of which has been abandoned and consequently written off.

### NOTE 4 INTANGIBLE ASSETS

Particulars	Computer software
<b>Gross carrying value (at deemed cost)</b>	
As at 1 April 2021	3.98
Additions	-
Disposals	-
<b>As at 31 March 2022</b>	<b>3.98</b>
Additions	-
Disposals	-
<b>As at 31 March 2023</b>	<b>3.98</b>
<b>Accumulated amortisation</b>	
As at 1 April 2021	3.34
Amortisation charge	0.44
<b>As at 31 March 2022</b>	<b>3.78</b>
Amortisation charge	0.11
<b>As at 31 March 2023</b>	<b>3.89</b>
<b>Net carrying value</b>	
<b>As at 31 March 2022</b>	<b>0.20</b>
<b>As at 31 March 2023</b>	<b>0.09</b>

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO THE STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2023**

(Amount in ₹ crore, unless otherwise stated)

**NOTE 5 INVESTMENTS IN SUBSIDIARIES**

	As at 31 March 2023	As at 31 March 2022
<b>Non-current</b>		
<b>I. Investments in equity instruments</b>		
a) In subsidiary companies in India	65.20	65.15
b) In subsidiary companies outside India	28.29	28.29
	<b>93.49</b>	<b>93.44</b>
<b>II. Deemed investment in subsidiary companies</b>		
(a) Deemed investment on inter-corporate deposits	1,216.20	1,216.20
(b) Deemed investment on transfer of assets to a subsidiary (Refer note 31)	38.42	-
(c) Deemed investment on fair valuation of corporate guarantee	5.39	5.39
	<b>1,260.01</b>	<b>1,221.59</b>
<b>Total non-current investments in subsidiaries (I + II)</b>	<b>1,353.50</b>	<b>1,315.03</b>
<b>Current</b>		
<b>Deemed investment in subsidiary company</b>		
Deemed Investment on inter-corporate deposits	220.00	350.00
<b>Total current Investments in Subsidiary</b>	<b>220.00</b>	<b>350.00</b>
<b>Total Investments in subsidiaries</b>	<b>1,573.50</b>	<b>1,665.03</b>

**Detailed list of Investments in subsidiaries**

	As at 31 March 2023	As at 31 March 2022
<b>I. Investments in equity shares at cost</b>		
<b>a) In subsidiary companies in India, unquoted fully paid up</b>		
- <b>Panchkutir Developers Limited</b>	50.02	50.02
1,400,000 (31 March 2022: 1,400,000) equity shares of ₹ 10 each		
- <b>HREL Real Estate Limited</b>	474.36	6.25
66,193,185 (31 March 2022: 66,193,185) equity shares of ₹ 10 each		
Less: Impairment (Refer note 5A.1)	(474.36)	(474.36)
	-	-
- <b>Highbar Technologies Limited (Refer notes 5.1 and 5.2)</b>	6.25	6.25
6,250,000 (31 March 2022: 6,250,000) equity shares of ₹ 10 each		
- <b>Western Securities Limited</b>	5.38	5.38
1,957,500 (31 March 2022: 1,957,500) equity shares of ₹ 10 each		
- <b>HCC Infrastructure Company Limited (Refer note 34)</b>	0.25	0.25
250,000 (31 March 2022: 250,000) equity shares of ₹ 10 each		
- <b>HCC Contract Solutions Limited</b>	0.05	0.05
50,000 (31 March 2022: 50,000) equity shares of ₹ 10 each		
- <b>MAAN Township Developers Limited</b>	0.10	0.10
100,000 (31 March 2022: 100,000) equity shares of ₹ 10 each		
- <b>HRL Township Developers Limited</b>	0.10	0.10
100,000 (31 March 2022: 100,000) equity shares of ₹ 10 each		
- <b>Prolific Resolution Private Limited</b>	0.05	0.00*
50,100 (31 March 2022: 100) equity shares of ₹ 10 each		
- <b>Raiganj Dalkhola Highways Limited ('RDHL') (Refer notes 5.1 and 5.3)</b>	3.00	3.00
3,000,000 (31 March 2022: 3,000,000) equity shares of ₹ 10 each		
- <b>Baharampore Farakka Highways Limited ('BFHL') (upto 28 March 2023)</b>	-	0.00*
Nil (31 March 2022: 100) equity shares of ₹ 10 each		
	<b>65.20</b>	<b>65.15</b>
<b>b) In subsidiary companies outside India, unquoted fully paid up.</b>		
- <b>HCC Mauritius Enterprises Limited (Refer note 5.1)</b>	22.23	22.23
5,005,000 (31 March 2022: 5,005,000) equity shares of USD 1 each		
- <b>HCC Mauritius Investments Limited (Refer note 5.1)</b>	6.06	6.06
1,000,000 (31 March 2022: 1,000,000) equity shares of USD 1 each		
	<b>28.29</b>	<b>28.29</b>

\* represents amount less than ₹ 1 lakh.

# SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO THE STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2023

(Amount in ₹ crore, unless otherwise stated)

## NOTE 5 INVESTMENTS IN SUBSIDIARIES....Contd.

### Detailed list of Investments in subsidiaries

	As at 31 March 2023	As at 31 March 2022
<b>II. Deemed investment in subsidiary companies</b>		
<b>(a) Deemed investment on Inter-corporate deposits in India</b>		
<b>Non-Current</b>		
- HREL Real Estate Limited	138.04	138.04
Less: Impairment (Refer note 5A.1)	(138.04)	(138.04)
	-	-
- HCC Infrastructure Company Limited (Refer note 34)	1,212.41	1,212.41
- MAAN Township Developers Limited	3.71	3.71
- HRL Township Developers Limited	0.08	0.08
	<b>1,216.20</b>	<b>1,216.20</b>
<b>Current</b>		
- HCC Infrastructure Company Limited (Refer note 34)	220.00	350.00
<b>Total deemed investment on inter-corporate deposit in India</b>	<b>1,436.20</b>	<b>1,566.20</b>
<b>(b) Deemed investment on transfer of assets to a subsidiary (Refer note 31.1)</b>		
- Prolific Resolution Private Limited	38.42	-
	<b>38.42</b>	-
<b>(c) Deemed investment on corporate guarantee In India</b>		
- HCC Infrastructure Company Limited (Refer note 34)	1.99	1.99
	<b>1.99</b>	<b>1.99</b>
<b>Outside India</b>		
- HCC Mauritius Enterprises Limited	0.86	0.86
- HCC Mauritius Investments Limited	2.54	2.54
	<b>3.40</b>	<b>3.40</b>

**Note 5.1** The Company has pledged its shareholdings in the following subsidiaries in favour of the respective lenders of the subsidiary companies as a part of the financing agreements for facilities taken by the respective entities:

Name of the Company	No. of equity shares pledged	
	31 March 2023	31 March 2022
Highbar Technologies Limited	1,875,000	1,875,000
HCC Mauritius Enterprise Limited	5,005,000	5,005,000
HCC Mauritius Investments Limited	1,000,000	1,000,000
Raiganj Dalkhola Highways Limited	510,000	510,000
Prolific Resolution Private Limited	49,994	-

**Note 5.2** The Company has given a 'Non Disposal Undertaking' to the lenders of Highbar Technologies Limited to the extent of 3,074,940 (31 March 2022: 3,074,940) equity shares.

**Note 5.3** The Company has given an undertaking to National Highways Authority of India ('NHAI') that it will not transfer its shareholding in Raiganj-Dalkhola Highways Limited till the commercial operation date. The Company has entered into sale agreement with HICL to sell these shares at book value at future dates. Consequently, in respect of RDHL, the Company has received full consideration of ₹ 3.00 crore (31 March 2022: ₹ 3.00 crore) from HICL for transfer of the shares at book value, subject to necessary approvals and consents to the extent required. (Refer note 22)

Name of the BOT SPV	As at 31 March 2023		As at 31 March 2022	
	No. of shares	Amount	No. of shares	Amount
Baharampore Farakka Highways Limited	-	-	100	0.00*
Raiganj Dalkhola Highways Limited	3,000,000	3.00	3,000,000	3.00
<b>Total</b>	<b>3,000,000</b>	<b>3.00</b>	<b>3,000,100</b>	<b>3.00</b>

\* represents amount less than ₹ 1 lakh.

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO THE STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2023**

(Amount in ₹ crore, unless otherwise stated)

**NOTE 5 INVESTMENTS IN SUBSIDIARIES....Contd.**

**NOTE 5A OTHER INVESTMENTS**

	As at 31 March 2023	As at 31 March 2022
<b>I. Investments in equity instruments</b>	-	-
<b>II. Investments in preference shares at amortised cost</b>	-	-
<b>III. Deemed investment in other entities</b>	-	-
<b>IV. Other investments in equity shares at fair value through other comprehensive income (OCI)</b>	18.47	19.67
<b>Total other investments (I + II + III + IV)</b>	<b>18.47</b>	<b>19.67</b>
<b>Detailed list of other investments</b>		
<b>I. Investments in equity shares at cost</b>		
- Lavasa Corporation Limited 2,387 (31 March 2022: 2,387) equity shares of ₹ 10 each Less: Impairment (Refer note below)	0.01  (0.01)	0.01  (0.01)
	-	-
<b>II. Investments in preference shares at amortised cost</b>		
- Lavasa Corporation Limited 28 (31 March 2022: 28) 6% Cumulative Redeemable Preference Shares of ₹ 10 each, fully paid up Less: Impairment (Refer note below)	0.00*  (0.00)*	0.00*  (0.00)*
	-	-
<b>III. Deemed investments in other entities</b>		
Deemed investment on corporate guarantee		
- Lavasa Corporation Limited Less: Impairment (Refer note below)	764.36 (764.36)	764.36 (764.36)
	-	-
<b>IV. Other Investments in equity shares at fair value through other comprehensive income (OCI)</b>		
- Housing Development Finance Corporation Limited 15,220 (31 March 2022: 15,220) equity shares of ₹ 2 each, fully paid- quoted	4.00	3.64
- HDFC Bank Limited 5,000 (31 March 2022: 5,000) equity shares of ₹ 1 each, fully paid- quoted	0.81	0.73
- Khandwala Securities Limited 3,332 (31 March 2022: 3,332) equity shares of ₹ 10 each, fully paid- quoted	0.01	0.01
- Shushrusha Citizens Co-Op. Hospitals Limited 100 (31 March 2022: 100) equity shares of ₹ 100 each, fully paid- unquoted	0.00*	0.00*
- Hincon Finance Limited 120,000 (31 March 2022: 120,000) equity shares of ₹ 10 each, fully paid- unquoted	13.65	15.29
	<b>18.47</b>	<b>19.67</b>
<b>Total investments [5 + 5A]</b>	<b>1,591.97</b>	<b>1,684.70</b>

\* represents amount less than ₹ 1 lakh.

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO THE STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2023

(Amount in ₹ crore, unless otherwise stated)

### NOTE 5 INVESTMENTS IN SUBSIDIARIES....Contd.

**NOTE 5A.1:** The National Company Law Tribunal, Mumbai (NCLT) vide Order dated 30 August 2018, admitted an application filed against Lavasa Corporation Limited ('LCL') by an operational creditor and initiated the Corporate insolvency Resolution Process ('CIRP') under the insolvency and Bankruptcy Code 2016 ('IBC'). In accordance with the provisions of IBC, the powers of the Board of Directors of LCL have been suspended and the management of LCL presently vests with the Resolution Professional ('RP') appointed under the provisions of IBC. HREL Real Estate Limited ('HREL'), a wholly owned subsidiary of the Company, presently holds 68.70% equity stake in LCL. In view of uncertainties associated with the outcome of CIRP and as a matter of prudence, the Company impaired its investment in both these entities during the year ended 31 March 2019. Since the Company has lost control over LCL, it ceases to be a subsidiary under Ind AS. However, LCL continues to be a subsidiary under the Act.

	As at 31 March 2023	As at 31 March 2022
<b>Details:</b>		
<b>Aggregate of investments:</b>		
(i) Aggregate carrying value of quoted investments	4.82	4.38
(ii) Aggregate market value of quoted investments	4.82	4.38
(iii) Aggregate carrying value of unquoted investments		
- in subsidiaries	2,789.70	1,665.03
- in others	13.65	15.29
(iv) Aggregate amount of impairment in value of investments	1,376.77	1,376.77
(i) Investments carried at cost	2,789.70	1,665.03
(ii) Investments carried at amortised cost	-	-
(iii) Investments carried at fair value through other comprehensive income	18.48	19.67

### NOTE 6 TRADE RECEIVABLES

	As at 31 March 2023	As at 31 March 2022
<b>Non-current</b>		
Trade receivables ^ (Refer notes 6.1 and 35)	621.96	187.59
<b>Total non-current trade receivables</b>	<b>621.96</b>	<b>187.59</b>
<b>Current</b>		
Trade receivables (Refer notes 6.1 and 35)	2,052.92	4,047.19
[Including retention ₹ 789.11 crore (31 March 2022: ₹ 868.99 crore)]		
	2,052.92	4,047.19
Less: Transferred to Assets of a disposal group held for sale (Refer note 15.3)	-	(2,283.06)
<b>Total current trade receivables</b>	<b>2,052.92</b>	<b>1,764.13</b>
<b>Total trade receivables</b>	<b>2,674.88</b>	<b>1,951.72</b>

^ Presented net off advance received against favourable arbitration awards ₹ 3,378.69 crore (31 March 2022: ₹ 3,238.43 crore)

	As at 31 March 2023	As at 31 March 2022
<b>Break-up of security details</b>		
Trade receivables considered good- secured	-	-
Trade receivables considered good- unsecured	2,674.88	1,951.72
Trade receivables which have significant increase in credit risk	-	-
Trade receivables- credit impaired	27.72	-
<b>Total</b>	<b>2,702.60</b>	<b>1,951.72</b>
Loss allowance	(27.72)	-
<b>Total trade receivables</b>	<b>2,674.88</b>	<b>1,951.72</b>



## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO THE STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2023

(Amount in ₹ crore, unless otherwise stated)

### NOTE 6 TRADE RECEIVABLES....Contd.

**Note 6.1** Non-current trade receivables and current trade receivables as at 31 March 2023 includes ₹ 621.96 crore (31 March 2022: ₹ 187.59 crore) and ₹ 452.13 crore (31 March 2022: ₹ 2,770.14 crore) respectively, representing claims awarded in arbitration in favour of the Company and which have been challenged by the customers in courts. Out of the above, net arbitration award as at 31 March 2022 amounting to ₹ 2,283.06 crore was reclassified as assets of a disposal group held for sale, which has been derecognised during the current year (Refer note 15.3 and 31).

**Note 6.2** There are no trade receivables due from any director or any officer of the Company, either severally or jointly with any other person, or from any firms or private companies in which any director is a partner, a director or a member.

**Note 6.3** Trade receivables (other than receivables on account of claims awarded in arbitration in favour of the Company) are non-interest bearing and are generally on terms of 30 to 90 days except retention deposits, which are due after completion of the defect liability period of the respective projects.

**Note 6.4** Trade receivables ageing schedule

As at 31 March 2023	Outstanding for following periods from due date of payment						Total
	Not due	Less than 6 months	6 Months - 1 year	1-2 years	2-3 years	More than 3 years	
(i) Undisputed trade receivables- considered good	435.48	269.16	93.06	78.28	232.59	183.06	1,291.63
(ii) Undisputed trade receivables- which have significant increase in credit risk	-	-	-	-	-	-	-
(iii) Undisputed trade receivables- credit impaired	-	6.88	3.33	2.78	8.42	6.31	27.72
(iv) Disputed trade receivables- considered good (Non-current)	-	35.27	110.22	139.08	216.93	120.63	622.13
(v) Disputed trade receivables- considered good (Current)	-	309.21	1.98	367.18	46.39	36.36	761.12
(vi) Disputed trade receivables- which have significant increase in credit risk	-	-	-	-	-	-	-
(vii) Disputed trade receivables- credit impaired	-	-	-	-	-	-	-
	<b>435.48</b>	<b>620.52</b>	<b>208.59</b>	<b>587.32</b>	<b>504.33</b>	<b>346.36</b>	<b>2,702.60</b>
Less: Allowance for expected credit loss							<b>(27.72)</b>
<b>Total trade receivables</b>							<b>2,674.88</b>

Note : Refer note 14 for details of unbilled dues i.e. contract assets.

As at 31 March 2022 (Refer note (ii) below)	Outstanding for following periods from due date of payment						Total
	Not due	Less than 6 months	6 Months - 1 year	1-2 years	2-3 years	More than 3 years	
(i) Undisputed trade receivables- considered good	496.50	139.23	66.81	302.74	81.39	190.38	1,277.05
(ii) Undisputed trade receivables- which have significant increase in credit risk	-	-	-	-	-	-	-
(iii) Undisputed trade receivables- credit impaired	-	-	-	-	-	-	-
(iv) Disputed trade receivables- considered good (Non-current)	-	91.42	7.11	18.24	13.53	57.29	187.59
(v) Disputed trade receivables- considered good (Current)	-	446.52	179.66	397.19	300.43	1,446.34	2,770.14
(vi) Disputed trade receivables- which have significant increase in credit risk	-	-	-	-	-	-	-
(vii) Disputed trade receivables- credit impaired	-	-	-	-	-	-	-
<b>Total trade receivables</b>	<b>496.50</b>	<b>677.17</b>	<b>253.58</b>	<b>718.17</b>	<b>395.35</b>	<b>1,694.01</b>	<b>4,234.78</b>

Notes :

(i) Refer note 14 for details of unbilled dues i.e. current assets.

(ii) Trade receivables ageing schedule as at 31 March 2022 includes ageing in respect of trade receivables, which were classified as Asset of a disposal group held for sale.

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO THE STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2023**

(Amount in ₹ crore, unless otherwise stated)

**NOTE 7 LOANS**

	As at 31 March 2023	As at 31 March 2022
<b>Non-current</b>		
Inter-corporate deposits to subsidiaries	222.57	184.46
<b>Total non-current loans</b>	<b>222.57</b>	<b>184.46</b>
<b>Break-up of security details</b>		
Loans considered good- secured	-	-
Loans considered good- unsecured	222.57	184.46
Loans which have significant increase in credit risk	-	-
Loans-credit impaired	-	-
<b>Total</b>	<b>222.57</b>	<b>184.46</b>
Loss allowance	-	-
<b>Total loans</b>	<b>222.57</b>	<b>184.46</b>

**Note 7.1 In compliance of Regulation 34 of the Securities and Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulations, 2015 the required information is given as under:**

Loans and advance in the nature of loans given to subsidiaries (as defined under the Act) for business purposes.

Name of the entity	Outstanding balance		Maximum balance outstanding during	
	As at 31 March 2023	As at 31 March 2022	Year ended 31 March 2023	Year ended 31 March 2022
i) HCC Infrastructure Company Limited [Refer note below]	-	-	-	-
ii) HCC Mauritius Enterprises Limited	141.97	123.17	141.97	123.17
iii) Highbar Technologies Limited	2.39	2.39	2.39	2.39
iv) HCC Mauritius Investments Limited	58.68	39.37	58.68	39.37
v) HRL Township Developers Limited	0.41	0.41	0.41	0.41
vi) Maan Township Developers Limited	19.12	19.12	19.12	19.12
<b>Total</b>	<b>222.57</b>	<b>184.46</b>		

Notes:

Excludes inter-corporate deposits of ₹ 1,434.65 crore (31 March 2022: ₹ 1,562.41 crore) given to HCC Infrastructure Company Limited, classified as deemed investment under Ind AS.

**Note 7.2 Investment by the loanee in the Company's / subsidiary companies shares [Refer note (i) below]**

**(i) HCC Infrastructure Company Limited has invested in following subsidiary companies:**

Name of the entity	As at 31 March 2023	As at 31 March 2022
<b>Equity shares</b>		
HCC Operations & Maintenance Limited	0.05	0.05
Raiganj Dalkhola Highways Limited	197.62	137.00
<b>Total</b>	<b>197.67</b>	<b>137.05</b>

**(ii) HCC Mauritius Enterprise Limited has invested in following subsidiary company:**

Name of the entity	As at 31 March 2023	As at 31 March 2022
<b>Equity shares</b>		
Steiner AG	243.03	243.03
<b>Total</b>	<b>243.03</b>	<b>243.03</b>

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO THE STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2023

(Amount in ₹ crore, unless otherwise stated)

### NOTE 7 LOANS....Contd.

(iii) HCC Mauritius Investment Limited has invested in following subsidiary company:

Name of the entity	As at 31 March 2023	As at 31 March 2022
<b>Equity shares</b>		
Steiner AG	33.54	33.54
<b>Total</b>	<b>33.54</b>	<b>33.54</b>

**Note 7.3** There are no loans or advances in the nature of loans granted to promoters, Directors, KMPs and their related parties (as defined under Companies Act, 2013), either severally or jointly with any other person, that are:

- (a) repayable on demand; or
- (b) without specifying any terms or period of repayment

### NOTE 8 OTHER FINANCIAL ASSETS

	As at 31 March 2023	As at 31 March 2022
<b>Non-current</b>		
a) Security deposits	0.42	1.96
b) Bank deposits with balance maturity of more than 12 months	-	0.27
<b>Total non-current financial assets</b>	<b>0.42</b>	<b>2.23</b>
<b>Current</b>		
a) Receivables from		
- related parties (net)	162.83	132.38
- Others	58.32	45.59
b) Security deposits	9.98	20.34
c) Interest accrued	5.64	10.68
<b>Total current financial assets</b>	<b>236.78</b>	<b>208.99</b>
<b>Total other financial assets</b>	<b>237.20</b>	<b>211.22</b>

### NOTE 9 NON CURRENT TAX ASSETS (NET)

i. The following table provides the details of income tax assets and liabilities:

	As at 31 March 2023	As at 31 March 2022
a) Income tax assets	250.31	252.23
b) Income tax liabilities	(206.75)	(205.09)
<b>Net income tax assets</b>	<b>43.56</b>	<b>47.14</b>

ii. The gross movement in the income tax asset is as follows:

	As at 31 March 2023	As at 31 March 2022
<b>Net income tax asset at the beginning</b>	<b>47.14</b>	<b>90.26</b>
Income tax refund (net)	(1.92)	(37.16)
Current tax expense	(1.66)	(5.96)
<b>Net income tax asset at the end</b>	<b>43.56</b>	<b>47.14</b>

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO THE STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2023**

(Amount in ₹ crore, unless otherwise stated)

**NOTE 9 NON CURRENT TAX ASSETS (NET)...Contd.**

**iii. Income tax expense comprises:**

	As at 31 March 2023	As at 31 March 2022
Current tax expense	1.66	5.96
Deferred tax credit	(0.19)	(26.14)
<b>Income tax expenses/ (credit) [net] in Statement of Profit and Loss</b>	<b>1.47</b>	<b>(20.18)</b>
Deferred tax expense in other comprehensive income	0.00*	0.39
<b>Income tax expense/ (credit) [net]</b>	<b>1.47</b>	<b>(19.79)</b>

\* Represents amount less than ₹ 1 lakh.

**iv. A reconciliation of the income tax provision to the amount computed by applying the statutory income tax rate to the profit/ (loss) before income taxes is as below:**

	As at 31 March 2023	As at 31 March 2022
Profit/ (Loss) before income tax	254.89	(173.28)
Applicable income tax rate	34.944%	34.944%
<b>Computed expected tax expense/ (credit)</b>	<b>89.07</b>	<b>(60.55)</b>
Effect of expenses not allowed for tax purpose	7.09	1.33
Effect of income not considered for tax purpose	(7.06)	(12.85)
Impact of non recognition of deferred tax	-	46.66
Impact of losses where deferred tax not recognised	(89.29)	-
Others (including impact of tax of joint operations)	1.66	5.23
<b>Income tax expense charged/ (credited) to the Statement of Profit and Loss</b>	<b>1.47</b>	<b>(20.18)</b>

**v. Components of deferred tax assets and liabilities arising on account of temporary differences are:**

	As at 31 March 2023	As at 31 March 2022
<b>(a) Deferred tax assets (Refer note 9.1)</b>		
- Business loss / unabsorbed depreciation / MAT credit entitlements	2,100.17	1,708.12
- Impairment allowance on receivables / other assets	9.69	0.65
- Timing difference on tangible and intangible assets' depreciation and amortisation	35.07	36.01
- Expense allowable on payment basis	166.98	164.52
	<b>2,311.91</b>	<b>1,909.30</b>
<b>(b) Deferred tax liabilities</b>		
- Arbitration awards to be offered to tax on final settlement	(1,569.98)	(1,167.56)
<b>Total deferred tax assets (net) [a-b]</b>	<b>741.93</b>	<b>741.74</b>

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO THE STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2023

(Amount in ₹ crore, unless otherwise stated)

### NOTE 9 NON CURRENT TAX ASSETS (NET)...Contd.

vi. Movement in components of deferred tax assets and deferred tax liabilities are as follows:

	Business loss / unabsorbed depreciation / MAT credit entitlements	Impairment allowance on receivables / other assets	Timing difference on tangible and intangible assets depreciation and amortisation	Expense allowable on payment basis	Arbitration awards	Total
<b>At 1 April 2021</b>	<b>2,189.51</b>	<b>0.65</b>	<b>41.21</b>	<b>164.12</b>	<b>(1,679.50)</b>	<b>715.99</b>
(Charged) / credited						
- to profit or loss	(481.39)	-	(5.20)	0.79	511.94	26.14
- to other comprehensive income	-	-	-	(0.39)	-	(0.39)
<b>At 31 March 2022</b>	<b>1,708.12</b>	<b>0.65</b>	<b>36.01</b>	<b>164.52</b>	<b>(1,167.56)</b>	<b>741.74</b>
(Charged) / credited						
- to profit or loss	392.05	9.04	(0.94)	2.46	(402.42)	0.19
- to other comprehensive income	-	-	-	0.00*	-	0.00*
<b>At 31 March 2023</b>	<b>2,100.17</b>	<b>9.69</b>	<b>35.07</b>	<b>166.98</b>	<b>(1,569.98)</b>	<b>741.93</b>

\* Represents amount less than ₹ 1 lakh.

**Note 9.1** As at 31 March 2023, the Company has recognised net deferred tax assets amounting to ₹ 741.93 crore (31 March 2022: ₹ 741.74 crore), which includes deferred tax assets on carried forward unused tax losses, unused tax credits and other taxable temporary differences. The Company is confident of generating taxable profits from the unexecuted orders on hand/ future projects and expected realisation of claims/ arbitration awards. Accordingly, the management believes it is probable that sufficient future taxable profits will be available against which such deferred tax assets can be utilised.

**Note 9.2** In the absence of convincing evidence of future taxable profits against which unused tax losses can be utilised, the Company has not recognised deferred tax assets in respect of below mentioned temporary differences.

Loss incurred in assessment year	Loss carried forward		Carried forward valid upto
	As at 31 March 2023	As at 31 March 2022	
2021-22	-	141.29	2029-30
2023-24	65.39	-	2031-32

### NOTE 10 OTHER ASSETS

	As at 31 March 2023	As at 31 March 2022
<b>Non-current</b>		
a) Capital advances	0.77	1.29
b) Balances with government authorities	52.38	64.73
c) Prepaid expenses	1.66	1.88
<b>Total other non-current assets</b>	<b>54.81</b>	<b>67.90</b>
<b>Current</b>		
a) Advance to suppliers and sub-contractors	77.91	95.20
b) Balances with government authorities	102.84	149.62
c) Prepaid expenses	8.73	11.08
d) Other current assets	1.81	1.82
<b>Total other current assets</b>	<b>191.29</b>	<b>257.72</b>
<b>Total other assets</b>	<b>246.10</b>	<b>325.62</b>

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO THE STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2023**

(Amount in ₹ crore, unless otherwise stated)

**NOTE 11 INVENTORIES**

	As at 31 March 2023	As at 31 March 2022
a) Construction raw materials	166.17	170.05
b) Fuel	4.26	5.78
<b>Total inventories</b>	<b>170.43</b>	<b>175.83</b>

**NOTE 12 CASH AND CASH EQUIVALENTS**

	As at 31 March 2023	As at 31 March 2022
a) Balances with banks		
- in current accounts	215.90	91.08
- in deposit account (with original maturity upto 3 months)	-	146.26
b) Cash on hand	0.40	0.52
<b>Total cash and cash equivalents</b>	<b>216.30</b>	<b>237.86</b>

**NOTE 13 BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS**

	As at 31 March 2023	As at 31 March 2022
Bank deposits with maturity of more than 3 months and less than 12 months^^	47.00	304.00
<b>Total bank balances other than cash and cash equivalents</b>	<b>47.00</b>	<b>304.00</b>

^^ Includes ₹ 16.76 crore (31 March 2022: ₹ 26.04 crore) held as margin money against arbitration awards

**Note 13.1** There are no amounts due and outstanding to be credited to the Investor Education and Protection Fund as at 31 March 2023.

**NOTE 14 UNBILLED WORK-IN-PROGRESS (CONTRACT ASSETS)**

	As at 31 March 2023	As at 31 March 2022
Unbilled work-in-progress (contract assets) ^	1,892.23	2,749.63
Less: Transferred to Assets of disposal group held for sale (Refer note 15.3)	-	(359.40)
<b>Total Unbilled work-in-progress (contract assets)</b>	<b>1,892.23</b>	<b>2,390.23</b>

^ Net of advance received against work bill ₹ 174.33 crore (31 March 2022: ₹ 103.14 crore)

**NOTE 15 ASSETS HELD FOR SALE/ ASSETS OF DISPOSAL GROUP HELD FOR SALE**

	As at 31 March 2023	As at 31 March 2022
<b>(a) Asset held for sale - Freehold land</b>		
Opening balance	-	6.49
Add: Assets classified as held for sale (Refer note 15.1)	2.19	-
Less: Assets reclassified as property, plant and equipment (Refer note 15.2)	-	(6.49)
	<b>2.19</b>	<b>-</b>
<b>(b) Assets of a disposal group held for sale (Refer note 15.3)</b>		
- Trade receivables	-	2,283.06
- Unbilled work-in-progress (contract assets)	-	359.40
	<b>-</b>	<b>2,642.46</b>
<b>Total assets held for sale</b>	<b>2.19</b>	<b>2,642.46</b>



## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO THE STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2023

(Amount in ₹ crore, unless otherwise stated)

### NOTE 15 ASSETS HELD FOR SALE/ ASSETS OF DISPOSAL GROUP HELD FOR SALE...Contd.

**Note 15.1 :** During the current year, the Company has entered into an agreement to sell a freehold land situated at village Karnala (Tara) for an aggregate consideration of ₹ 95 crore. Pursuant to the agreement, the Company has received an advance of ₹ 5 crore, which has been presented under other current liabilities. The above sale is subject to approval from lenders of the Company. The Company expects the sale to be completed by 30 September 2023.

**Note 15.2 :** During the earlier years, the Company had entered into an agreement with a subsidiary company to develop a parcel of freehold land situated at Vikhroli, Mumbai pursuant to which an advance of ₹ 20.20 crore was received. However, as at 31 March 2022, considering the market conditions, the Company did not foresee to complete the transaction and therefore the sale no longer classified as 'highly probable' in accordance with Ind AS 105- Non-current Assets Held for Sale and Discontinued Operations. Accordingly, the same was re-classified as "Property, plant and equipment".

**Note 15.3 :** As detailed in note 31.1, pursuant to implementation of the resolution plan in the current year, assets representing specified arbitration awards and claims and liabilities representing specified debt and accrued interest /charges have been derecognised effective 1 July 2022.

As at 31 March 2022, the resolution plan with lenders had become binding due to receipt of requisite majority approvals. In accordance with Ind AS 105- Non-current Assets Held for Sale and Discontinued Operations, the assets (represented by arbitration award and claims) and liabilities (represented by debt and accrued interest / charges) qualified as assets and liabilities of a disposal group held for sale. Consequently, as at 31 March 2022, trade receivables and unbilled work-in-progress (contract assets) was classified as assets of a disposal group held for sale. Similarly, as at 31 March 2022, current borrowings, trade payables and other current financial liabilities was classified as liabilities of a disposal group held for sale.

### NOTE 16 EQUITY SHARE CAPITAL

	As at 31 March 2023		As at 31 March 2022	
	Number	Amount	Number	Amount
<b>Authorised share capital</b>				
Equity shares of ₹ 1 each	2,000,000,000	200.00	2,000,000,000	200.00
<b>Total authorised share capital</b>	<b>2,000,000,000</b>	<b>200.00</b>	<b>2,000,000,000</b>	<b>200.00</b>
<b>Issued, subscribed and paid-up equity share capital:</b>				
Equity shares of ₹ 1 each, fully paid up	1,513,028,244 <sup>^</sup>	151.31	1,513,028,244 <sup>^</sup>	151.31
<sup>^</sup> excludes 13,225 equity shares forfeited by the Company.				
<b>Total issued, subscribed and paid-up equity share capital</b>	<b>1,513,028,244</b>	<b>151.31</b>	<b>1,513,028,244</b>	<b>151.31</b>

#### a. Reconciliation of the equity shares outstanding at the beginning and at the end of the reporting year

	Number	Amount
<b>As at 1 April 2022</b>	<b>1,513,028,244</b>	<b>151.31</b>
Issued during the year	-	-
<b>As at 31 March 2022</b>	<b>1,513,028,244</b>	<b>151.31</b>
Issued during the year	-	-
<b>As at 31 March 2023</b>	<b>1,513,028,244</b>	<b>151.31</b>

#### b. Terms/ rights attached to equity shares:

The Company has only one class of equity shares having a par value of ₹ 1 per share. Each holder of equity share is entitled to one vote per share. The Company declares and pays dividends in Indian Rupees. The dividend proposed by the Board of Directors, if any, is subject to the approval of the shareholders in the ensuing Annual General Meeting, except interim dividend, if any.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

# SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO THE STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2023

(Amount in ₹ crore, unless otherwise stated)

## NOTE 16 EQUITY SHARE CAPITAL...Contd.

### c. Shares held by subsidiary company:

Western Securities Limited, a subsidiary company, holds 52,000 (31 March 2022: 52,000) equity shares in the Company.

### d. Shareholding of more than 5%:

Name of the Shareholder	As at 31 March 2023		As at 31 March 2022	
	No. of shares	% held	No. of shares	% held
Arya Capital Management Private Limited	-	-	244,013,391	16.13%
Hincon Holdings Limited	216,023,600	14.28%	216,023,600	14.28%
Asia Opportunities IV (Mauritius) Limited	115,462,961	7.63%	115,462,961	7.63%
HDFC Trustee Company Limited	73,580,077	4.86%	73,580,077	4.86%

As per the records of the company, including its register of shareholders/ members the above shareholding represents both legal and beneficial ownership of shares.

### e. Bonus shares / buy back / shares for consideration other than cash issued during past five years:

- (i) Aggregate number and class of shares allotted as fully paid up pursuant to contracts without payment being received in cash- Nil
- (ii) Aggregate number and class of shares allotted as fully paid up by way of bonus shares- Nil
- (iii) Aggregate number and class of shares bought back- Nil

### f. Shareholding of promoters

As at 31 March 2023

Name of Promoters	As at 31 March 2023		As at 31 March 2022		% Change during the year
	No. of shares held	% of total shares	No. of shares held	% of total shares	
Arya Capital Management Private Limited	-	-	244,013,391	16.13%	16.13%
Hincon Holdings Limited	216,023,600	14.28%	216,023,600	14.28%	-
Hincon Finance Limited	62,261,186	4.12%	62,261,186	4.12%	-
Ajit Gulabchand	2,117,294	0.14%	2,117,294	0.14%	-
Shalaka Investment Private Limited	538,000	0.04%	538,000	0.04%	-
Anjani Ashwin Parekh	251,400	0.02%	251,400	0.02%	-
Shalaka Gulabchand Dhawan	10,000	0.00% *	10,000	0.00% *	-

\* represents less than 0.01 %

As at 31 March 2022

Name of Promoters	As at 31 March 2022		As at 31 March 2021		% Change during the year
	No. of shares held	% of total shares	No. of shares held	% of total shares	
Arya Capital Management Private Limited	244,013,391	16.13%	244,013,391	16.13%	-
Hincon Holdings Limited	216,023,600	14.28%	216,023,600	14.28%	-
Hincon Finance Limited	62,261,186	4.12%	62,261,186	4.12%	-
Ajit Gulabchand	2,117,294	0.14%	2,117,294	0.14%	-
Shalaka Investment Private Limited	538,000	0.04%	538,000	0.04%	-
Anjani Ashwin Parekh	251,400	0.02%	251,400	0.02%	-
Shalaka Gulabchand Dhawan	10,000	0.00% *	10,000	0.00% *	-

\* represents less than 0.01 %

# SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO THE STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2023

(Amount in ₹ crore, unless otherwise stated)

## NOTE 17 OTHER EQUITY

	As at 31 March 2023	As at 31 March 2022
<b>Reserves and surplus</b>		
- Capital reserve	15.19	15.19
- Forfeited debentures account	0.02	0.02
- Securities premium	2,568.76	2,568.76
- Debenture redemption reserve	54.99	54.99
- Foreign currency monetary translation reserve	-	1.48
- General reserve	174.38	174.38
- Share option outstanding amount	0.00*	-
- Retained earnings	(2,229.82)	(2,485.10)
<b>Other comprehensive income</b>		
- Equity instruments at fair value through other comprehensive income	(13.90)	(12.70)
<b>Total Reserves and surplus</b>	<b>569.61</b>	<b>317.02</b>

\* Represents amount less than ₹ 1 lakh.

### Nature and purpose of reserves

#### i. Capital reserve

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

#### ii. Forfeited debentures account

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

#### iii. Securities premium

Securities premium is used to record the premium received on issue of shares. This account is utilised in accordance with the provisions of the Companies Act, 2013.

#### iv. Debenture redemption reserve

The Act requires that where a Company issues debentures, it shall create a debenture redemption reserve out of profits of the Company available for payment of dividend. The Company is required to maintain a Debenture Redemption Reserve of 25% of the value of the debentures issued, either by a public issue or a private placement basis. The amounts credited to the debenture redemption reserve cannot be utilised by the Company except to redeem debentures. Consequent to the amendment in the provision of Act, requirement to create reserve in respect of certain debenture have been withdrawn.

#### v. Foreign currency monetary translation reserve

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

#### vi. General reserve

Under the erstwhile Companies Act, 1956, a general reserve was created through an annual transfer of net profit at a specified percentage in accordance with applicable regulations. Consequent to the introduction of the Companies Act, 2013, the requirement to mandatorily transfer a specified percentage of net profit to general reserve has been withdrawn.

#### vii. Share option outstanding account

The share option outstanding reserve represents reserve in respect of equity settled share options granted to the Company's employees in pursuance of the Employee Stock Option Plans.

#### viii. Retained earnings

Retained earnings represents the profits/ losses that the Company has earned/ incurred till date including gain/ (loss) on remeasurement of defined benefits plans as adjusted for distributions to owners, transfer to other reserves, etc.

# SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO THE STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2023

(Amount in ₹ crore, unless otherwise stated)

## NOTE 17 OTHER EQUITY...Contd.

### ix. Equity instruments at fair value through other comprehensive income

The Company has elected to recognise changes in the fair value of certain investments in equity securities in other comprehensive income. These changes are accumulated within FVTOCI reserve within equity. The Company transfers amount from this reserve to retained earnings when the relevant equity securities are disposed off.

## NOTE 18 BORROWINGS

	As at 31 March 2023	As at 31 March 2022
<b>I Non-current borrowings:</b>		
<b>A. Secured</b>		
<b>1. 0.01% Optionally Convertible Debentures (OCDs)</b>		
(i) From banks	863.92	854.22
(ii) From others	77.92	88.29
	<b>941.84</b>	<b>942.51</b>
<b>2. Foreign Currency Term Loan - from Others</b>	<b>62.76</b>	-
<b>3. Non-Convertible Debentures (NCDs)</b>	<b>349.57</b>	-
	<b>1,354.17</b>	<b>942.51</b>
<b>B. Unsecured</b>		
<b>1. Foreign Currency Term Loan from bank</b>	26.98	22.39
<b>2. Non-Convertible Debentures</b>	404.30	-
	<b>431.28</b>	<b>22.39</b>
<b>Total non-current borrowings (A+B)</b>	<b>1,785.45</b>	<b>964.90</b>
<b>II. Current borrowings</b>		
<b>A. Secured</b>		
<b>1. Current maturities of long-term borrowings</b>		
(a) Non-Convertible Debentures	34.93	41.12
(b) Rupee Term Loans (RTL-A)		
(i) From banks	-	53.61
(ii) From others	-	25.90
(c) Rupee Term Loans (RTL-1)		
(i) From banks	-	47.91
(ii) From others	-	41.93
(d) Rupee Term Loans (RTL-2)		
(i) From banks	-	287.37
(ii) From others	-	37.93
(e) Working Capital Term Loans (WCTL-2)		
(i) From bank	-	4.52
(ii) From others	-	11.08
(f) Foreign Currency Term Loan - from Others	7.83	72.04
(g) 0.01% Optionally Convertible Debentures		
(i) From bank	107.99	225.68
(ii) From others	9.74	23.09
<b>2. Cash credit facilities (Repayable on demand)</b>	-	1,154.31
<b>3. Other working capital loans from banks</b>	-	636.56
	<b>160.49</b>	<b>2,663.05</b>

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO THE STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2023

(Amount in ₹ crore, unless otherwise stated)

### NOTE 18 BORROWINGS...Contd.

	As at 31 March 2023	As at 31 March 2022
<b>B. Unsecured</b>		
I) Loans from related parties (Repayable on demand) (Refer note 39)	0.41	0.41
II) Other bank loans	10.17	164.60
	<b>10.58</b>	<b>165.01</b>
Less: Transferred to Liabilities of a disposal group held for sale (Refer note 23)	-	(2,448.94)
	<b>10.58</b>	<b>(2,283.93)</b>
<b>Total current borrowings (A+B)</b>	<b>171.07</b>	<b>379.12</b>
<b>Total borrowings (I+II)</b>	<b>1,956.52</b>	<b>1,344.02</b>

#### Notes:

- (i) For security details and terms of repayment, refer note 18.1 below.
- (ii) Also refer note 18.4 below

### 18.1 Details of security and terms of repayment

#### I. Secured

##### (a) Optionally Convertible Debentures (OCDs)

OCDs have been issued to the lenders as part of the S4A Scheme with a tenor of 10 years and a coupon of 0.01% with an interest yield of 11.50% p.a. in yield equalization compounded on a quarterly basis. After the expiry of eighteen months from the issuance, the OCDs were to be converted into non-convertible debentures in case of non-occurrence of event of default as per the guidelines of the S4A Scheme. Pursuant to the exemption provided by the Securities and Exchange Board of India ('SEBI') from the application of Regulation 75 of SEBI ICDR regulations to the Company, the tenure of OCDs has been extended for a further 2.5 years beyond the statutorily prescribed period of 18 months. The lenders have an option to convert the OCDs into equity shares of the Company, in accordance with the terms thereof including in case of any event of default or default in payment during the 10 years from the date of issuance of respective OCDs. However, further lenders have extended the repayment period till 31 March 2029. The repayment tenure has been approved by SEBI. Accordingly, The revised repayment of the OCD commenced from 31 March 2023. Details of principal maturity have been provided below. Also refer note 18.1.1 for security details.

Date of Repayment	₹ crore
31 March 2024	117.73
31 March 2025	176.60
31 March 2026	176.60
31 March 2027	176.60
31 March 2028	176.60
31 March 2029	235.44
<b>Total</b>	<b>1,059.57</b>

##### (b) Foreign Currency Term Loan from others ('FCTL')

The FCTL carried a floating interest rate equal to 3 month LIBOR plus 350 basis points and were repayable in 3 quarterly instalments commencing from 31 December 2019.

During the current year, the Company implemented debt resolution plan pursuant to which the same has been restructures and are payable in 7 structured annual instalments commencing from 31 March 2023. The FCTL carries a floating interest rate equal to 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.

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO THE STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2023

(Amount in ₹ crore, unless otherwise stated)

### NOTE 18 BORROWINGS...Contd.

#### (c) Non-Convertible Debentures - LIC

These debentures were classified as RTL-1 and RTL-A as on 31 March 2022. These debentures carried an interest yield of 11.50% p.a. and were repayable in 31 quarterly instalments commencing 15 April 2014 and ending on 15 October 2021.

During the current year, the Company implemented its debt resolution plan with lenders pursuant to which principal outstanding of RTL-1 as at 1 July 2022 have been settled by issuing fresh NCDs. These NCDs carry an interest yield of 11.50% p.a. quarterly compounding and a coupon of 0.01% p.a. and are repayable in 7 structured annual instalments commencing 31 March 2023 and ending on 31 March 2029. Refer note 18.1.2 for security details.

#### (d) Non Convertible Debentures - Karnataka Bank

These debentures are issued to one of the lender of erstwhile subsidiary, which carry an interest yield of 9.5% p.a. compounded quarterly and a coupon of 0.01% p.a. These NCDs are repayable on 31 March 2026. These NCDs are secured by exclusive charge upto 0.19% on specific claims of the Company.

#### (e) Non Convertible Debentures - ACRE

These debentures have been issued during the current year. These NCDs carry an interest yield of 9.5% p.a. compounded quarterly and a coupon of 0.01% p.a. These are repayable in 2 structured instalments on 31 March 2026 and 30 June 2029. These NCDs are secured by exclusive charge upto 49.53% on specific claims of the Company.

#### (f) Rupee Term Loans (RTL-A)

RTL-A carried an interest rate of 11.75% p.a., payable monthly, to be reset annually with a two years moratorium and repayment terms of five years commencing 25 May 2017. During the current year, the Company implemented debt resolution plan pursuant to which the same have been transferred to SPV. Refer note 18.1.3 for security details.

#### (g) Rupee Term Loans 1 (RTL-1) and Rupee Term Loans 2 (RTL-2)

RTL- 1 and RTL- 2 carried an interest yield of 11.50% p.a. and are repayable in 31 quarterly instalments commencing 15 April 2014 and ending on 15 October 2021. During the current year, the Company implemented debt resolution plan pursuant to which the same have been transferred to SPV. Refer note 18.1.3 for security details.

#### (h) Working Capital Term Loan (WCTL-2)

Working Capital Term Loan (WCTL-2) carried an interest rate ranging from 11.10% p.a. to 11.75% p.a. (floating) linked to Monitoring Institution's base rate. These were repayable in 31 quarterly instalments commencing 15 April 2014 and ending on 15 October 2021. During the current year, the Company implemented debt resolution plan pursuant to which the same have been transferred to SPV. Refer note 18.1.3 for security details.

#### (i) Cash credit facilities

Cash credit facilities carried a floating interest rate equal to 6 month ICICI MCLR plus 285 basis points and were repayable on demand.

During the current year, the Company implemented debt resolution plan pursuant to which the same have been transferred to SPV. Refer note 18.1.4 for security details.

#### (j) Working capital loan

Working Capital Loans carried a floating interest rate equal to 6 month ICICI MCLR plus 285 basis points.

During the current year, the Company implemented debt resolution plan pursuant to which the same have been transferred to SPV. Refer note 18.1.4 for security details.

#### Note 18.1.1: Optionally Convertible Debentures (OCDs) are secured in the form of:

1. First ranking pari-passu charge on all of the Company's Property, plant and equipment (immovable and movable) [excluding the Specified Assets and Excluded Assets]; and
2. Second ranking and pari-passu security interest by way of a legal mortgage over the First, Second and the Fifth Mortgaged Properties as specified in the mortgage deed. The security perfection has been completed on the OCD facilities issued as part of the S4A scheme.



## **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO THE STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2023**

(Amount in ₹ crore, unless otherwise stated)

### **NOTE 18 BORROWINGS...Contd.**

#### **Note 18.1.2: Non-Convertible Debentures - LIC**

1. The parcel of land (immovable non-residential property) admeasuring 21.9 hectare at Tara Village, Panvel Taluka described as the First Mortgaged Properties.
2. All the present and future movable assets of the Borrower (excluding 'Current Assets' and 'Specified Assets') as the Second Mortgaged Properties.
3. All the present and future 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.

The terms 'Current Assets', 'Specified Assets' and 'Additional Assets' have been defined in the Master Restructuring Agreement (MRA).

The above security having ranking in respect to LIC-NCD are as below:

1. A first ranking and pari-passu security interest by way of legal mortgage over the First Mortgaged Properties and Second Mortgaged Properties.
2. A second ranking and pari-passu security interest by way of legal mortgage over the Third Mortgaged Properties, Fourth Mortgaged Properties and the Fifth Mortgaged Properties.

Collateral security pari-passu with lenders for LIC-NCD and OCD

1. HREL Real Estate Limited has provided Corporate guarantee for the above outstanding facilities of the Company.
2. First pari-passu charge on 154,151,669 shares of the Company and second charge on 85,767,617 equity shares of the Company held by Hincan Holdings Limited and Hincan Finance Limited.
3. First Pari-passu charge over Prolific Shares of 50,000 of HCC Holding
4. Personal guarantee of Chairman and Non-Executive Director of the Company.

#### **Note 18.1.3: RTL-A, RTL-1, RTL-2 and WCTL-2 are secured in the form of:**

1. The parcel of land (immovable non-residential property) admeasuring 21.9 hectare at Tara Village, Panvel Taluka described as the First Mortgaged Properties.
2. All the present and future movable assets of the Borrower (excluding 'Current Assets' and 'Specified Assets') as the Second Mortgaged Properties.
3. All the present and future current assets of the Borrower (other than those forming part of 'Additional Assets') as the Third Mortgaged Properties.
4. All of the 'Additional Assets' collectively referred to as the Fourth Mortgaged Properties.
5. All of the 'Specified Assets' collectively referred to as the Fifth Mortgaged Properties.

The terms 'Current Assets', 'Specified Assets' and 'Additional Assets' have been defined in the Master Restructuring Agreement (MRA).

The above security having ranking in respect to RTL1 and RTL-A are as below:

1. A first ranking and pari-passu security interest by way of legal mortgage over the First Mortgaged Properties and Second Mortgaged Properties.
2. A second ranking and pari-passu security interest by way of legal mortgage over the Third Mortgaged Properties, Fourth Mortgaged Properties and the Fifth Mortgaged Properties.

## **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO THE STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2023**

(Amount in ₹ crore, unless otherwise stated)

### **NOTE 18 BORROWINGS...Contd.**

The above security having ranking in respect to RTL2 and WCTL2 are as below:

A second ranking and pari-passu security interest by way of legal mortgage over all the Mortgaged Properties.

Collateral security pari-passu with lenders defined in MRA:

1. HREL Real Estate Limited has provided Corporate guarantee for the above outstanding facilities of the Company.
2. First pari-passu charge on 154,151,669 shares of the Company and second charge on 85,767,617 equity shares of the Company held by Hincon Holdings Limited and Hincon Finance Limited.
3. First pari-passu charge over Prolific Shares of 50,000 of HCC Holding
4. Personal guarantee of Chairman and Non-Executive Director of the Company.

#### **Note 18.1.4: Security and terms for Cash Credit Facilities and Other Working Capital Demand Loan:**

1. The parcel of land (immovable non-residential property) admeasuring 21.9 hectare at Tara Village, Panvel Taluka described as the First Mortgaged Properties.
2. All the present and future movable assets of the Borrower (excluding 'Current Assets' and 'Specified Assets') as the Second Mortgaged Properties.
3. All the present and future 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 Third and Fourth Mortgaged Properties.
2. In the form of a second ranking and pari-passu security interest by way of a legal mortgage over the First, Second and the Fifth Mortgaged Properties.

Collateral security pari-passu with lenders defined in MRA are same as indicated in note 17.1.1.

The securities towards working capital facilities also extend to guarantees given by the banks on behalf of the Company.

The terms 'Current Assets', 'Specified Assets' and 'Additional Assets' have been defined in the MRA.

## **II. Unsecured**

### **(A) Foreign Currency Term Loan from Bank**

During the previous year, the Company has entered into an amendment agreement with the lender wherein the parties have agreed to restructure the outstanding amounts for USD 6.89 Million with fixed interest rate of 1.91% compounded annually, repayable in 3 structured instalments commencing from 31 December 2028 and ending on 31 December 2030.

### **(B) Non Convertible Debentures - ARCIL**

These debentures have been issued during the current year. These NCDs carry an interest yield of 9.5% p.a. compounded quarterly and a coupon of 0.01% p.a. These NCDs are repayable in 7 structured annual instalments commencing 31 March 2023 and ending on 31 March 2029.

### **(C) Non Convertible Debentures - Others**

These debentures are classified as NCDs and carry an interest yield of 9.5% p.a. quarterly compounding and a coupon of 0.01% p.a. and are repayable in 3 structured instalments on 30 June 2029 and on 30 June 2031.

### **(D) Loan from related parties**

Loans from related parties carry an interest rate of 12.50% p.a. (31 March 2022: 12.50% p.a.) which are repayable on demand.

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO THE STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2023

(Amount in ₹ crore, unless otherwise stated)

### NOTE 18 BORROWINGS...Contd.

#### Note 18.2 Right to Recompense:

In accordance with the provisions of Master Restructuring Agreement (MRA) dated 29 June 2012 executed between the Company and its lenders, as amended from time to time and pursuant to deliberations between the parties, lenders have agreed for the recompense amount to be settled by the Company in the form of equity shares to be issued at a future date, which is *inter alia* dependent upon various factors including improved financial performance of the Company and other conditions, and which would be restricted to a maximum of 2.87% of equity share capital of the Company on the date of issue of such equity shares.

#### Note 18.3 Net debt reconciliation

An analysis of net debts and the movement in net debts for the year ended 31 March 2023 and 31 March 2022 is as follows:

	As at 31 March 2023	As at 31 March 2022
(A) Non-current borrowings	1,785.45	964.90
(B) Current borrowings	171.07	2,828.06
(C) Interest payable	1,544.22	1,594.09
(D) Cash and cash equivalents	216.30	237.86
<b>Net debts (E) = (A)+(B)+(C)-(D)</b>	<b>3,284.44</b>	<b>5,149.19</b>

Note: Debt as at 31 March 2022 Includes borrowings classified as Liabilities of a disposal group held for sale.

	Liabilities from financing activities			Other assets	Total (E)= (A)+(B) +(C)-(D)
	Non-current borrowings (A)	Current borrowings (B)	Interest payable (C)	Cash and cash equivalents (D)	
<b>Net debt as at 1 April 2021</b>	<b>1,197.33</b>	<b>2,754.48</b>	<b>1152.93</b>	<b>228.17</b>	<b>4,876.57</b>
Net increase in cash and cash equivalents	-	-	-	9.82	(9.82)
Repayment of long-term borrowings	(6.05)	-	-	-	(6.05)
Repayment of short-term borrowings	-	(124.55)	-	-	(124.55)
Foreign exchange fluctuations	-	-	-	(0.13)	0.13
Gain on restructuring	-	(28.25)	-	-	(28.25)
Interest expense	-	-	611.47	-	611.47
Reclassification	(226.38)	226.38	-	-	-
Interest paid	-	-	(170.31)	-	(170.31)
<b>Net debt as at 31 March 2022</b>	<b>964.90</b>	<b>2,828.06</b>	<b>1,594.09</b>	<b>237.86</b>	<b>5,149.19</b>
<b>Net debt as at 1 April 2022</b>	<b>964.90</b>	<b>2,828.06</b>	<b>1,594.09</b>	<b>237.86</b>	<b>5,149.19</b>
Net decrease in cash and cash equivalents	-	-	-	(22.07)	22.07
Repayment of long-term borrowings	(171.82)	-	-	-	(171.82)
Repayment of short-term borrowings	-	(37.89)	-	-	(37.89)
Gain on debt resolution plan	-	-	(223.30)	-	(223.30)
Foreign exchange fluctuations	3.99	-	-	0.51	3.48
Impact of resolution plan (Refer note 31.1)	-	(2,397.13)	(458.56)	-	(2855.69)
Interest expense	-	-	443.48	-	443.48
Reclassification	214.96	(221.97)	-	-	(7.01)
Conversion of other financial liability to debt (Refer note 19.1)	773.42	-	332.36	-	1,105.78
Interest paid	-	-	(143.85)	-	(143.85)
<b>Net debt as at 31 March 2023</b>	<b>1,785.45</b>	<b>171.07</b>	<b>1544.22</b>	<b>216.30</b>	<b>3284.44</b>

# SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO THE STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2023

(Amount in ₹ crore, unless otherwise stated)

## NOTE 18 BORROWINGS...Contd.

### Note 18.4: Default in repayment of Borrowings

- a) The Company was also in default on payment to its lenders until 30 June 2022. Pursuant to implementation of resolution plan as detailed in note 31.1, the Company is not in default in repayment of dues to its lenders as at 31 March 2023.
- b) As at 31 March 2022, the Company had defaulted in repayment of borrowings (non-current and current) including interest thereon. The item-wise breakup is as under:

Sr. No.	Category	Period	Principal (₹ in crore)	Interest (₹ in crore)
1	Non-Convertible Debentures	31 to 90 days	-	-
		91 to 180 days	1.49	0.02
		181 to 365 days	2.98	0.23
2	Term Loans from Banks	31 to 90 days	13.65	21.66
		91 to 180 days	20.83	13.69
		181 to 365 days	48.37	43.00
		> 365 days	298.96	116.20
3	Term Loans from Financial Institutions	31 to 90 days	1.55	7.93
		91 to 180 days	6.86	4.19
		181 to 365 days	16.12	12.48
		> 365 days	157.40	36.95
4	Working Capital Demand Loans	> 365 days	636.57	44.84
5	Cash Credit Facilities	> 365 days	493.74	118.98
6	Other Bank Loans	91 to 180 days	10.73	1.02
		> 365 days	153.90	47.34
Total			1,863.15	468.53

### Note 18.5 Disclosures pursuant to the requirements as specified under paragraph 6(L)(ix)(a) and (b) of the General Instructions for preparation of Balance Sheet of Schedule III of the Act.

Quarter ended	Name of the Bank	Particulars	Amount as per books of accounts	Amount reported in the quarterly return/statement	Difference	Reason for material variances
31 March 2022	ICICI Bank, Punjab National Bank, Indian Bank, Union Bank of India, Canara Bank, State Bank of India, IDBI Bank	Inventory and Unbilled work-in-progress	3,028.59	2,187.87	840.72	Refer note below
		Trade Receivables	4,234.78	1,748.15	2,486.63	
30 June 2022	Limited, Jammu & Kashmir Bank, Standard Chartered Bank, Bank of Baroda, Federal Bank, DBS Bank	Inventory and Unbilled work-in-progress	3,026.01	2,295.50	730.51	Refer note below
		Trade Receivables	4,279.58	1,726.20	2,553.38	
Quarter ended	Name of the Bank	Particulars	Amount as per books of accounts	Amount reported in the quarterly return/statement	Difference	Reason for material variances
30 June 2021	ICICI Bank, Punjab National Bank, Indian Bank, Union Bank of India, Canara Bank, State Bank of India, IDBI Bank	Inventory and Unbilled work-in-progress	2,741.38	2,160.21	581.17	Refer note below
		Trade Receivables	4,285.78	2,410.07	1,875.71	
30 September 2021	State Bank of India, IDBI Bank Limited, Jammu & Kashmir Bank, Standard Chartered Bank, Bank of Baroda, Federal Bank, DBS Bank	Inventory and Unbilled work-in-progress	2,796.76	2,205.14	591.62	Refer note below
		Trade Receivables	3,800.76	1,631.40	2,169.36	
31 December 2021	Bank, Bank of Baroda, Federal Bank, DBS Bank	Inventory and Unbilled work-in-progress	2,989.20	2,287.09	702.11	Refer note below
		Trade Receivables	3,961.10	1,713.78	2,247.32	

Note :

Difference is mainly on account of arrangement with banks/ financial institution, which requires the Company to submit the details of inventory, trade receivable, unbilled work-in-progress excluding projects executed as joint operations and projects which are closed/ suspended/ terminated etc.

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO THE STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2023

(Amount in ₹ crore, unless otherwise stated)

### NOTE 19 OTHER FINANCIAL LIABILITIES

	As at 31 March 2023	As at 31 March 2022
<b>Non-current</b>		
a) Financial liabilities of erstwhile subsidiary assumed (Refer note 19.1)	-	490.20
b) Interest accrued but not due (Refer note 19.2)	1,399.45	1,014.86
<b>Total non-current financial liabilities</b>	<b>1,399.45</b>	<b>1,505.06</b>
<b>Current</b>		
a) Interest accrued but not due (Refer note 19.2)	144.76	445.76
b) Interest accrued and due (Refer note 19.2)	21.68	516.64
c) Unpaid dividends	0.00*	0.00*
d) Financial liabilities of erstwhile subsidiary assumed (Refer notes 19.1)	2.12	255.24
e) Others		
- Due to employees	59.14	97.04
- Interest payable on contractee advances	279.23	213.44
- Due to related parties (Refer note 39)	1.50	1.63
- Liability for capital goods (Refer note 21.3)	5.83	6.46
- Other liabilities	3.75	4.06
	<b>518.01</b>	<b>1,540.27</b>
Less: Transferred to liabilities of a disposal group held for sale (Refer note 23)	-	(470.80)
<b>Total current financial liabilities</b>	<b>518.01</b>	<b>1,069.47</b>
<b>Total other financial liabilities</b>	<b>1,917.46</b>	<b>2,574.53</b>

\* represents amount less than ₹ 1 lakh.

	As at 31 March 2023	As at 31 March 2022
Other financial liabilities carried at amortised cost	1,917.46	2,574.53
Other financial liabilities carried at FVPL	-	-

#### Note 19.1 Liability towards invocation of put options and corporate guarantees by lenders of Lavasa Corporation Limited ('LCL')

In view of the invocation of put options by lenders of LCL and pursuant to sanction letters entered with lenders of LCL during earlier years, LCL liabilities aggregating ₹ 865.23 crore were taken over by the Company at ₹ 515 crore. As per the sanction letters, these liabilities carried an interest of 9.50% p.a. compounded quarterly with effect from 1 October 2018. Further, certain lenders of LCL had invoked corporate guarantees of the Company during earlier years and consequently, liabilities of ₹ 232.20 crore were recognised by the Company.

Pursuant to default in the terms of the sanction letter, in earlier years, one of the lender issued a letter to the Company for revocation of the settlement. Based on the negotiations and discussion by the management, the lender had agreed to continuing with similar settlement terms in the restructuring plan. Pending the final approvals, the differential between the liability pursuant to the put option agreement and the liability as per sanction letter was reported as Contingent Liability in the financial statements until period ended 31 March 2022.

During the current year, pursuant to implementation of debt resolution plan as detailed in note 31, the aforementioned liabilities have been extinguished by issuance of 7,226 NCD of face value of ₹ 10,00,000 each to the lenders of LCL. Refer note 18.1 for details of security and terms of repayment.

**Note: 19.2** Includes ₹ 353.60 crore (31 March 2022: ₹ 178.56 crore) and ₹ 13.04 crore (31 March 2022: ₹ 204.62 crore) in respect of non-current interest accrued but not due and current interest accrued but not due respectively, towards financial liabilities of LCL assumed as mentioned in note 19.1 above.

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO THE STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2023

(Amount in ₹ crore, unless otherwise stated)

### NOTE 20 PROVISIONS

	As at 31 March 2023	As at 31 March 2022
<b>Non-current</b>		
Provision for employee benefits (Refer note 37)		
- Gratuity	21.26	25.10
<b>Total non-current provisions</b>	<b>21.26</b>	<b>25.10</b>
<b>Current</b>		
a) Provision for employee benefits (Refer note 37)		
- Gratuity	8.14	6.12
- Leave entitlement and compensated absences	11.15	14.30
b) Provision for foreseeable losses (Refer note 20.1 below)	475.63	324.94
<b>Total current provisions</b>	<b>494.92</b>	<b>345.36</b>
<b>Total provisions</b>	<b>516.18</b>	<b>370.46</b>

**Note 20.1** The Company has adequately recognized foreseeable losses on projects wherever it was probable that total contract costs will exceed total.

**Note 20.2** Details of provision in respect of foreseeable losses is as stated below:

	As at 31 March 2023	As at 31 March 2022
Opening provision at the beginning of the year	324.94	128.07
Addition during the year	150.69	196.87
Utilised during the year	-	-
<b>Closing provision as at the end of the year</b>	<b>475.63</b>	<b>324.94</b>

### NOTE 21 TRADE PAYABLES

	As at 31 March 2023	As at 31 March 2022
Total outstanding dues of micro enterprises and small enterprises (Refer note 21.1 below)	134.00	79.06
Total outstanding dues of creditors other than micro enterprises and small enterprises	1,721.02	1,769.63
Less: Transferred to liabilities of a disposal group held for sale (Refer note 23)	-	(22.30)
<b>Total trade payables</b>	<b>1,855.02</b>	<b>1,826.39</b>

#### Note 21.1 Dues to Micro and Small Enterprise

The dues to Micro and Small Enterprises as required under the Micro, Small and Medium Enterprises Development Act, 2006 to the extent information available with the Company is given below:

	As at 31 March 2023	As at 31 March 2022
(a) The principal amount and the interest due thereon remaining unpaid to supplier as at the end of year:		
- Principal amount due to micro and small enterprises	134.00	79.06
- Interest due	19.62	6.99
(b) The amount of interest paid by the buyer in terms of section 16 of the MSMED Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year	-	-



# SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO THE STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2023

(Amount in ₹ crore, unless otherwise stated)

## NOTE 21 TRADE PAYABLES...Contd.

	As at 31 March 2023	As at 31 March 2022
(c) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act, 2006.	2.06	1.53
(d) The amount of interest accrued and remaining unpaid at the end of each accounting year.	13.16	1.14
(e) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act, 2006	21.68	8.52

**Note 21.2** Trade payables are non-interest bearing and are normally settled as per the payment terms stated in the contract.

## Note 21.3 Trade Payables ageing schedule

As at 31 March 2023	Outstanding for following periods from due date of payment						Total
	Not due	Unbilled dues	Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i) MSME	27.06	-	82.03	11.73	1.83	11.35	134.00
(ii) Others	455.11	519.09	441.40	53.84	31.46	220.12	1,721.02
(iii) Disputed dues – MSME	-	-	-	-	-	-	-
(iv) Disputed dues- Others	-	-	-	-	-	-	-
<b>Total trade payables</b>	<b>482.17</b>	<b>519.09</b>	<b>523.43</b>	<b>65.57</b>	<b>33.29</b>	<b>231.47</b>	<b>1,855.02</b>

As at 31 March 2022	Outstanding for following periods from due date of payment						Total
	Not due	Unbilled dues	Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i) MSME	-	-	69.76	2.22	4.61	2.47	79.06
(ii) Others	476.64	619.08	370.87	67.20	45.05	190.79	1,769.63
(iii) Disputed dues – MSME	-	-	-	-	-	-	-
(iv) Disputed dues- Others	-	-	-	-	-	-	-
<b>Total trade payables</b>	<b>476.64</b>	<b>619.08</b>	<b>440.63</b>	<b>69.42</b>	<b>49.66</b>	<b>193.26</b>	<b>1,848.69</b>

## NOTE 22 OTHER CURRENT LIABILITIES

	As at 31 March 2023	As at 31 March 2022
a) Due to customers	20.66	117.97
b) Advances		
- from contractee	1,292.38	1,539.40
- towards sale of freehold land	25.20	20.20
- towards sale of investments	15.00	15.00
- from scrap dealers	13.53	21.38
c) Statutory dues payable	52.98	28.56
<b>Total other current liabilities</b>	<b>1,419.75</b>	<b>1,742.51</b>

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO THE STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2023

(Amount in ₹ crore, unless otherwise stated)

### NOTE 23 LIABILITIES OF A DISPOSAL GROUPS HELD FOR SALE

	As at 31 March 2023	As at 31 March 2022
a) Current borrowings (Refer notes 15.3 and 31)	-	2,448.94
b) Other financial liabilities (Refer notes 15.3 and 31)	-	470.80
c) Trade payables (Refer notes 15.3 and 31)	-	22.30
<b>Total Liabilities of a disposal groups held for sale</b>	<b>-</b>	<b>2,942.04</b>

### NOTE 24 REVENUE FROM OPERATIONS

	Year ended 31 March 2023	Year ended 31 March 2022
a) Sale of products and services:		
- Contract revenue	4,916.83	4,235.56
b) Other operating revenue		
- Interest on arbitration awards	255.90	424.39
- Provision no longer required written back	49.28	6.33
	<b>305.18</b>	<b>430.72</b>
<b>Total revenue from operations</b>	<b>5,222.01</b>	<b>4,666.28</b>

#### Notes

#### Disclosure in accordance with Ind AS 115 - Revenue from Contracts with Customers

##### (a) Disaggregation of revenue

Company's entire business falls under one operational segment of 'Engineering and Construction'. Contract revenue represents revenue from Engineering and Construction contracts wherein the performance obligation is satisfied over a period of time. Further, the management believes that the nature, amount, timing and uncertainty of revenue and cash flows from all its contracts are similar. Accordingly, disclosure of revenue recognised from contracts disaggregated into categories has not been made.

##### (b) Unsatisfied performance obligations

The aggregate amount of transaction price allocated to performance obligations that are unsatisfied as at the end of reporting period is ₹ 14,772 crore (31 March 2022: ₹ 15,967 crore). Most of Company's contracts have a life cycle of three to five years. Management expects that around 25% - 30% of the transaction price allocated to unsatisfied contracts as of 31 March 2023 will be recognised as revenue during next reporting period depending upon the progress on each contracts. The remaining amounts are expected to be recognised over the next three to four years. The amount disclosed above does not include variable consideration.

##### (c) Contract balances

(i) Movement in contract balances during the year:

	Contract Assets (unbilled work-in-progress)	Contract Liabilities (due to customers)	Net Contract balances
<b>Balance as at 1 April 2021</b>	<b>2,269.24</b>	<b>112.20</b>	<b>2,157.04</b>
Net Increase / (decrease)	480.39	5.77	474.62
<b>Balance as at 31 March 2022<sup>^</sup></b>	<b>2,749.63</b>	<b>117.97</b>	<b>2,631.66</b>
Net Increase / (decrease)	(857.40)	(97.31)	(760.09)
<b>Balance as at 31 March 2023</b>	<b>1,892.23</b>	<b>20.66</b>	<b>1,871.57</b>

<sup>^</sup> includes ₹ 359.40 crore classified as assets of a disposal group held for sale (Refer note 14)

Note: Reduction in contract assets is primarily due to transfer of claims to Prolific Resolution Private Limited as part of debt resolution plan as referred in Note 31. Further, contract liability has decreased due to higher recognition of revenue as compared to progress bills raised during the year.

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO THE STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2023

(Amount in ₹ crore, unless otherwise stated)

### NOTE 24 REVENUE FROM OPERATIONS...Contd.

- (ii) Revenue recognised during the year from opening balance of contract liability (i.e. due to customers) amounts to ₹ 111.93 crore (31 March 2022: ₹ 82.01 crore)
- (iii) Revenue recognised during the year from the performance obligation satisfied upto previous year amounts to ₹ 61.58 crore (31 March 2022: ₹ 479.01 crore)
- (d) Out of the total revenue recognised during the year, ₹ 5,172.74 crore (31 March 2022: ₹ 4,659.95 crore) is recognised over a period of time and ₹ 49.27 crore (31 March 2022: ₹ 6.33 crore) is recognised at a point in time.
- (e) There are no reconciliation items between revenue from contracts with customers and revenue recognised with contract price.
- (f) **Cost to obtain or fulfil the contract:**
  - i. Amount of amortisation recognised in Statement of Profit and Loss during the year : Nil
  - ii. Amount recognised as contract assets as at 31 March 2023 : Nil

### NOTE 25 OTHER INCOME

	Year ended 31 March 2023	Year ended 31 March 2022
a) Interest income from financial assets at amortised cost	27.42	60.40
b) Dividend from long-term investments	-	0.04
c) Other non-operating income		
- Profit on disposal of property, plant and equipment (net)	2.89	2.36
- Financial guarantee commission	12.43	1.20
- Plant hire income	15.40	12.80
- Exchange gain (net)	2.75	1.39
- Miscellaneous	0.33	2.05
<b>Total other income</b>	<b>61.22</b>	<b>80.24</b>

### NOTE 26 COST OF MATERIALS CONSUMED

	Year ended 31 March 2023	Year ended 31 March 2022
Stock at beginning of the year	170.05	182.15
Add: Purchases	1,042.44	876.92
	<b>1,212.49</b>	<b>1,059.07</b>
Less: Sale of scrap and unserviceable material	(36.66)	(23.95)
	<b>1,175.83</b>	<b>1,035.12</b>
Less: Stock at the end of the year	(166.17)	(170.05)
<b>Total cost of construction materials consumed</b>	<b>1,009.66</b>	<b>865.07</b>

### NOTE 27 EMPLOYEE BENEFITS EXPENSE

	Year ended 31 March 2023	Year ended 31 March 2022
a) Salaries and wages	288.37	301.77
b) Contribution to provident and other funds [Refer note 37(B)(a)]	16.58	25.15
c) Staff welfare	18.83	19.00
d) Share based payment expense	0.00*	-
<b>Total employee benefits expense</b>	<b>323.78</b>	<b>345.92</b>

\* Represents amount less than ₹ 1 lakh.

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO THE STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2023

(Amount in ₹ crore, unless otherwise stated)

### NOTE 27 EMPLOYEE BENEFITS EXPENSE...Contd.

**Note 27.1** On 29 September 2022, the Company has obtained approval from shareholders by way of a special resolution in the Annual General Meeting for payment of managerial remuneration to Whole Time Directors ('WTDs') aggregating ₹ 10.50 crore for the financial year ending 31 March 2023. Consequent to the successful implementation of the resolution plan by the Company effective 26 September 2022, the Company was no longer required to obtain the prior approval from lenders.

Further, the managerial remuneration to WTDs for the period 1 April 2019 to 31 March 2022 aggregating ₹ 41.65 crore was accrued, of which ₹ 6.41 crore was paid, for which the approval from shareholders were obtained but the requisite approval from lenders were awaited. In the absence of the specific approval from lenders, the Company has decided to reverse / adjust the aforementioned managerial remuneration from WTDs. However, in view of the successful implementation of the resolution plan with lenders, the Company has also decided to make payment of a consolidated amount in lieu of the remuneration (accrued, but not paid) to WTDs for the period 01 April 2019 to 31 March 2022 and shareholders approval in the Annual General Meeting held on 29 September 2022 by way of a special resolution has been obtained by the Company.

The aforementioned payments are in accordance with section 197 of the Act and no further approvals are required to be obtained by the Company.

### NOTE 28 FINANCE COSTS

	Year ended 31 March 2023	Year ended 31 March 2022
<b>a) Interest expense on:</b>		
- debentures	348.24	259.80
- term loans and cash credit facilities	95.24	351.66
- financial liability of an erstwhile subsidiary	42.89	127.08
- advance from contractee	100.38	108.75
- Lease liabilities (Refer note 42)	0.13	0.29
- others	17.50	36.17
<b>b) Other borrowing costs</b>		
- guarantee commission	49.56	60.86
- other finance charges	10.03	4.19
<b>Total finance costs</b>	<b>663.97</b>	<b>948.80</b>

### NOTE 29 DEPRECIATION AND AMORTISATION EXPENSE

	Year ended 31 March 2023	Year ended 31 March 2022
a) Depreciation of tangible assets (Refer note 3A)	76.71	91.31
b) Depreciation of right-of-use assets (Refer note 3B)	1.23	1.89
c) Amortisation of intangible assets (Refer note 4)	0.11	0.44
<b>Total depreciation and amortisation expense</b>	<b>78.05</b>	<b>93.64</b>

### NOTE 30 OTHER EXPENSES

	Year ended 31 March 2023	Year ended 31 March 2022
a) Stationery, postage, telephone and advertisement	4.49	3.38
b) Travelling and conveyance	40.63	34.57
c) Professional fees	42.62	43.38
d) Rates and taxes	29.51	23.86
e) Power, fuel and water	147.65	137.83
f) Insurance	23.73	25.69
g) Rent (Refer note 42)	86.40	88.82

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO THE STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2023

(Amount in ₹ crore, unless otherwise stated)

### NOTE 30 OTHER EXPENSES...Contd.

	Year ended 31 March 2023	Year ended 31 March 2022
h) Loss allowance on financial assets	27.72	-
i) Repairs and maintenance- building	4.44	3.95
j) Repairs and maintenance- others	4.32	4.44
k) IT support and computer maintenance	10.36	9.68
l) Directors' sitting fees	0.57	0.75
m) Payment to auditors (Refer note 30.1)	3.08	3.36
n) Miscellaneous expenses	22.66	23.40
<b>Total other expenses</b>	<b>448.19</b>	<b>403.11</b>

#### Note 30.1 Payment to auditors

	Year ended 31 March 2023	Year ended 31 March 2022
i) Statutory audit and limited review	2.55	2.55
ii) Tax audit fees	0.20	0.20
iii) Certification fees	0.24	0.56
iv) Reimbursement of out of pocket expenses	0.09	0.05
<b>Total</b>	<b>3.08</b>	<b>3.36</b>

**Note 30.2** - The Company is not liable to incur any expenses on Corporate Social Responsibility as per section 135 of the Companies Act, 2013.

### NOTE 31 EXCEPTIONAL ITEMS

	Year ended 31 March 2023	Year ended 31 March 2022
Gain on debt resolution plan (Refer note below)	223.30	-
<b>Total exceptional items</b>	<b>223.30</b>	<b>-</b>

**Note 31.1** During the current year, the Company has successfully implemented its debt resolution plan in relation to its Facilities, Guarantees and Put Obligations in accordance with the Reserve Bank of India (Prudential Framework for Resolution of Stressed Assets) Directions, 2019 dated 7 June 2019 and pursuant to the approval granted by the Members in their Extra-Ordinary General Meetings held on 29 June 2021 and 23 March 2022. The key highlights of the Debt Resolution Plan are as follows:

- Effective 1 July 2022, the Company has novated specified debt of lenders aggregating ₹ 2,855.69 crore to Prolific Resolution Private Limited ('PRPL'), a wholly owned subsidiary of the Company, with the consideration being the assignment of beneficial interest in the specified arbitration awards and claims of ₹ 6,508.44 crore with a carrying value of ₹ 2,894.11 crore in favor of PRPL;
- PRPL has issued and allotted 28,544 non-convertible debentures ('NCD') having a face value of ₹ 1,000,000 each at par aggregating ₹ 2,854.40 crore, for consideration other than cash representing the debt novated to PRPL by the Company and the balance amounting to ₹ 1.29 crore has been paid upfront to the lenders;
- The Company has also furnished Corporate Guarantees in favor of the PRPL's lenders for debt novated to PRPL as well as pledge of shares held by the Company in PRPL to secure the above NCD's;
- The specified terms of facilities have been revised with respect to the repayment terms, rates of interest and waiver of penal interest by lenders, including lenders of Lavasa Corporation Limited ('LCL'), an erstwhile subsidiary of the Company, whose liabilities were taken over in earlier years by the Company pursuant to exercise/ invocation of Put options and Corporate Guarantees issued by the Company to LCL lenders. The liability towards LCL lenders has been extinguished by issuance of NCD; and

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO THE STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2023

(Amount in ₹ crore, unless otherwise stated)

### NOTE 31 EXCEPTIONAL ITEMS ..Contd.

- e) Upon the repayment of PRPL's liabilities, the beneficial interest of the PRPL's assets yet to be recovered or outstanding shall be assigned/ transferred and distributed between HCC and lenders of PRPL as per agreed terms and conditions.

Consequent to the above, assets and liabilities of a disposal group held for sale aggregating ₹ 2,894.11 crore and ₹ 2,855.69 crore, respectively, have been derecognised effective 1 July 2022. The net assets transferred to PRPL represents Company's investment in PRPL and consequently the resultant net difference between assets and liabilities has been recognised as Deemed Investment in PRPL. In addition, the revision in the specified term of facilities resulted in reduction of liabilities to lenders and a resultant gain of ₹ 223.30 crore, has been recognised in Statement of Profit and Loss and has been presented as an exceptional item.

### NOTE 32 EARNINGS/(LOSS) PER SHARE (EPS)

	Year ended 31 March 2023	Year ended 31 March 2022
<b>Basic and diluted EPS</b>		
A. Profit/ (Loss) computation for basic earnings per share of ₹ 1 each		
Net profit/ (loss) as per the Statement of Profit and Loss available for equity shareholders (₹ crore)	253.42	(153.10)
B. Weighted average number of equity shares for calculating basic earning per share (Nos.)	1,513,028,244	1,513,028,244
Add: Effect of dilution on account of employee stock option issued	12,035	-
Weighted average number of equity shares adjusted for the effect of dilution	<b>1,513,040,279</b>	<b>1,513,028,244</b>
C. EPS (₹ per share)		
- Basic EPS	1.67	(1.01)
- Diluted EPS	1.67	(1.01)

### NOTE 33 CONTINGENT LIABILITIES AND COMMITMENTS

#### A. Contingent liabilities

	As at 31 March 2023	As at 31 March 2022
(i) Claims against the company not acknowledged as debts	9.21	8.85
(ii) Income tax liability that may arise in respect of which the Company is in appeals	45.35	67.73
(iii) Sales tax liability / Works Contract Tax liability / Service Tax / GST/ Entry Tax liability that may arise in respect of matters in appeal	158.98	191.35
(iv) Put option given to lenders of Lavasa Corporation Limited to sell debentures to the company in the event of default (including interest and penal charges thereon) [Also refer note 19.1]	-	976.60

Note : It is not practicable for the Company to estimate the timings of cash outflows, if any, in respect of the above pending resolution of the respective proceedings. The Company does not expect any reimbursements in respect of the above contingent liabilities except in respect of matters stated in (iv) above. Future cash outflows in respect of the above are determinable only on receipt of judgments / decisions pending with various forums / authorities. The Company does not expect any outflow of economic resources in respect of the above and therefore no provision is made in respect thereof.

#### B. Commitments

	As at 31 March 2023	As at 31 March 2022
(i) Capital commitments (net of advances)	1.29	23.22
(ii) The company has given an underlying for non-disposal of investments in subsidiaries (Refer note 5.4)		



## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO THE STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2023

(Amount in ₹ crore, unless otherwise stated)

**Note 34** As at 31 March 2023, the Company has investments in its wholly owned subsidiary HCC Infrastructure Company Limited ('HICL') aggregating ₹ 1,434.65 crore classified as non-current investment ₹ 1,214.65 crore and current investment of ₹ 220 crore. The consolidated net worth of HICL as at 31 March 2023 has been substantially eroded. The management has obtained valuation report of HICL from an independent valuation expert. The valuation report includes significant judgements and estimates relating to underlying assumptions in respect of future business plans, cash flows from earn-out considerations, expected share of future revenues of subsidiaries sold and favourable arbitration awards in a subsidiary. Accordingly, based on aforementioned valuation report, the management believes that the recoverable amount of investment in HICL is higher than its carrying value as at 31 March 2023.

**Note 35** Unbilled work-in-progress (contract assets), current trade receivables and non current trade receivable includes ₹ 602.33 crore, ₹ 255.69 crore and ₹ 57.52 crore, respectively, outstanding as at 31 March 2023, representing receivables from customers based on the terms and conditions implicit in the contracts and other receivables in respect of closed/ substantially closed/ suspended/ terminated projects. These aforementioned receivables are mainly in respect of cost over-run arising due to client caused delays, deviation in design and change in scope of work; for which Company is at various stages of negotiation/ discussion with the clients or under arbitration/ litigation. Considering the contractual tenability, progress of negotiations/ discussions/ arbitration/ litigations and as legally advised in certain contentious matters, the management is confident of recovery of these receivables.

### NOTE 36 INTERESTS IN OTHER ENTITIES

#### a) Joint operations (unincorporated entities)

The Company's share of interest in joint operations is set out below:

Name of the entity	% of ownership interest held by the Company as at		Name of Joint Operator	Principal place of Business	Principal activities
	31 March 2023	31 March 2022			
HCC- L&T Purulia Joint Venture	57.00	57.00	Larsen and Toubro Limited	India	Construction
Nathpa Jhakri Joint venture	40.00	40.00	Impregilio-Spa, Italy	India	Construction
Kumagai- Skanska- HCC- Itochu Joint Venture	19.60	19.60	Skanska, Kumagai	India	Construction
Alpine- Samsung- HCC Joint Venture	33.00	33.00	Itochu, Alpine Meyreder Bau Samsung Corporation	India	Construction
Alpine- HCC Joint Venture	49.00	49.00	Alpine Meyreder Bau	India	Construction
HCC- Samsung Joint Venture CC-34	50.00	50.00	Samsung C&T Corporation	India	Construction
HCC- HDC Joint Venture	55.00	55.00	Hyundai Development Company	India	Construction
HCC- VCCL Joint Venture	50.00	50.00	Vensar Constructions Company Limited	India	Construction

#### i) Classification of joint arrangements

The aforementioned entities are joint arrangements whereby the parties that have joint control of the arrangement (i.e. joint operators) have rights to the assets, and obligations for the liabilities, relating to the arrangement. The Company (i.e. Joint Operator) recognises its direct right to assets, liabilities, revenue and expenses of Joint Operations and its share of any jointly held or incurred assets, liabilities, revenues and expenses and are incorporated in the standalone financial statements under the respective financial statement line item.

	As at 31 March 2023	As at 31 March 2022
<b>ii) Summarised balance sheet</b>		
Total assets	265.14	272.30
Total liabilities	394.62	440.44
<b>iii) Contingent liability/ capital commitment as at reporting date</b>		
Contingent liability	32.23	32.23
Capital and other commitment	-	-
	Year ended 31 March 2023	Year ended 31 March 2022
<b>iv) Summarised statement of profit and loss</b>		
Revenue from operations	359.79	350.23
Other income	2.29	4.81
Total expenses (including taxes)	362.65	358.81

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO THE STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2023**

(Amount in ₹ crore, unless otherwise stated)

**NOTE 37 DISCLOSURE RELATING TO EMPLOYEE BENEFITS AS PER IND AS 19 'EMPLOYEE BENEFITS'**

**A Defined benefit obligations**

**I Gratuity (unfunded)**

The gratuity plan is governed by the Payment of Gratuity Act, 1972 under which an employee who has completed five years of service is entitled to specific benefits. The level of benefits provided depends on the member's length of service and salary at retirement age.

	Year ended 31 March 2023	Year ended 31 March 2022
<b>a) Changes in defined benefit obligations</b>		
Present value of obligation as at the beginning of the year	31.22	36.33
Interest cost	2.03	1.32
Current service cost	1.98	1.27
Remeasurements- Net actuarial gain	(1.86)	(1.12)
Benefits paid	(3.97)	(6.58)
<b>Present value of obligation as at the end of the year</b>	<b>29.40</b>	<b>31.22</b>
<b>b) Expenses recognised in the Statement of Profit and Loss</b>		
Interest cost	2.03	1.32
Current service cost	1.98	1.27
<b>Total</b>	<b>4.01</b>	<b>2.59</b>
<b>c) Remeasurement gain recognised in OCI</b>		
Actuarial changes arising from changes in financial assumptions	(0.62)	(0.73)
Experience adjustments	(1.24)	(0.39)
<b>Total</b>	<b>(1.86)</b>	<b>(1.12)</b>
<b>d) Actuarial assumptions</b>		
<b>(i) Economic assumptions:</b>		
Discount rate	7.44% p.a.	6.98% p.a.
Salary escalation rate	6.00% p.a.	6.00% p.a.
<b>(ii) Demographic assumptions:</b>		
Mortality rate	Indian assured lives mortality 2012-14 (Urban)	Indian assured lives mortality 2012-14 (Urban)
Average future working lifetime	10 years	10 years
Attrition rate :		
- For services 4 years and below	8% p.a.	8% p.a.
- For services 5 years and above	4% p.a.	4% p.a.

The estimates of future salary increases, considered in actuarial valuation, is on account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

**e) Quantities sensitivity analysis for significant assumption is as below:**

Sensitivity for significant actuarial assumptions is computed by varying one actuarial assumption used for the valuation of the defined benefit obligation, keeping all other actuarial assumptions constant. The significant actuarial assumptions are discount rate and salary escalation rate.

The methods and type of assumptions used in preparing the sensitivity analysis did not change compared to the previous year.

# SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO THE STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2023

(Amount in ₹ crore, unless otherwise stated)

## NOTE 37 DISCLOSURE RELATING TO EMPLOYEE BENEFITS AS PER IND AS 19 'EMPLOYEE BENEFITS'...Contd.

	Year ended 31 March 2023	Year ended 31 March 2022
<b>i. Impact of change in discount rate on defined benefit obligations:</b>		
Present value of obligation at the end of the year		
a) Impact due to increase of 1%	(1.25)	(1.25)
b) Impact due to decrease of 1%	1.38	1.38
<b>ii. Impact of change in salary on defined benefit obligations:</b>		
Present value of obligation at the end of the year		
a) Impact due to increase of 1%	1.38	1.38
b) Impact due to decrease of 1%	(1.27)	(1.28)
<b>iii. Impact of change in attrition rate:</b>		
a) Impact due to increase of 1%	0.07	0.04
b) Impact due to decrease of 1%	(0.08)	(0.05)

Sensitivities due to mortality are not material and hence the impact of change due to these are not calculated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions, the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting year) has been applied when calculating the provision for defined benefit plan recognised in the Balance Sheet.

The method and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous years.

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it provides an approximation of the sensitivity of the assumptions shown.

### Risk exposure:

The defined plan is exposed to a number of risks, the most significant of which are detailed below:

- Salary increases** - Actual salary increases will increase the plan's liability. Increase in salary increase rate assumption in future valuations will also increase the liability.
- Discount rate** - Reduction in discount rate in subsequent valuations can increase the plan's liability.
- Mortality and disability** - Actual deaths and disability cases proving lower or higher than assumed in the valuation can impact the liabilities.

### f) Maturity analysis of defined benefit obligation

	As at 31 March 2023	As at 31 March 2022
Within the next 12 months	8.14	6.12
Between 2 and 5 years	10.73	14.52
Over 5 years	25.51	24.37

## II Provident fund

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

In accordance with an actuarial valuation of provident fund liabilities on the basis of guidance issued by Actuarial Society of India and based on the assumptions as mentioned below, there is no deficiency in the interest cost as the present value of the expected future earnings of the fund is greater than the expected amount to be credited to the individual members based on the expected guaranteed rate of interest of Government administered provident fund.

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO THE STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2023

(Amount in ₹ crore, unless otherwise stated)

### NOTE 37 DISCLOSURE RELATING TO EMPLOYEE BENEFITS AS PER IND AS 19 'EMPLOYEE BENEFITS'...Contd.

The details of fund and plan assets are given below:

	As at 31 March 2023	As at 31 March 2022
Fair value of plan assets	178.42	175.82
Present value of defined benefit obligations	176.36	171.26
<b>Net excess</b>	<b>2.06</b>	<b>4.56</b>

The plan assets have been primarily invested in Government securities and corporate bonds.

The principal assumptions used in determining the present value obligation of interest guarantee under the deterministic approach are as follows:

	Year ended 31 March 2023	Year ended 31 March 2022
Discount rate	7.44% p.a.	6.98% p.a.
Reinvestment period on maturity	4.70 years	5.52 years
Guaranteed rate of return	8.15% p.a.^	8.10% p.a.

^ The interest rate to be applied on the provident fund contribution for the financial year ended 31 March 2023 is pending to be notified by the Ministry of Finance, Government of India.

#### B Defined contribution plans

The Company has recognised the following amounts in the Statement of Profit and Loss:

	Year ended 31 March 2023	Year ended 31 March 2022
(a) Contribution to provident fund	13.91	22.02
(b) Contribution to superannuation fund	2.67	3.13
	<b>16.58</b>	<b>25.15</b>

#### C Liabilities for leave obligations

The leave obligations cover the Company's liability for sick and privilege leaves. The amount of provision with respect to leave obligation is ₹ 11.15 crore (31 March 2022 ₹ 14.30 crore) is presented as current, since the Company does not have any unconditional right to defer settlement for any of the obligations.

#### D Current / non-current classification

	As at 31 March 2023	As at 31 March 2022
<b>Gratuity</b>		
Current	8.14	6.12
Non-current	21.26	25.10
	<b>29.40</b>	<b>31.22</b>

### NOTE 38 FAIR VALUE

The fair value of the financial assets are included at amounts at which the instruments could be exchanged in a current transaction between willing parties other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair value:

- Fair value of cash and short term deposits, trade and other short term receivables, trade payables, other current liabilities, approximate their carrying amounts largely due to the short-term maturities of these instruments.
- Financial instruments with fixed and variable interest rates are evaluated by the Company based on parameters such as interest rates and individual credit worthiness of the counterparty. Based on this evaluation, allowances are taken to account for the expected losses of these receivables.

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO THE STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2023

(Amount in ₹ crore, unless otherwise stated)

### NOTE 38 FAIR VALUE..Contd.

#### A Financial instruments by category

The carrying value and fair value of financial instruments by categories were as follows:

##### As at 31 March 2023

Particulars	Refer note	Amortised cost	Fair value through profit or loss	Fair value through Other Comprehensive Income	Total carrying value	Total fair value
<b>Assets:</b>						
Investment in subsidiaries	5#	-	-	-	-	-
Investments in equity shares (unquoted)	5A	-	-	13.65	13.65	13.65
Investments in equity shares (quoted)	5A	-	-	4.82	4.82	4.82
Trade receivables	6, 15	2,674.88	-	-	2,674.88	2,674.88
Loans	7	222.57	-	-	222.57	222.57
Other financial assets	8	237.20	-	-	237.20	237.20
Cash and cash equivalents	12	216.30	-	-	216.30	216.30
Bank balances other than cash and cash equivalents	13	47.00	-	-	47.00	47.00
<b>Liabilities:</b>						
Borrowings	18	1,956.52	-	-	1,956.52	1,956.52
Other financial liabilities	19	1,917.46	-	-	1,917.46	1,917.46
Trade payables	21	1,855.02	-	-	1,855.02	1,855.02
Lease liabilities	-	0.41	-	-	0.41	0.41

##### As at 31 March 2022

Particulars	Refer note	Amortised cost	Fair value through profit or loss	Fair value through Other Comprehensive Income	Total carrying value	Total fair value
<b>Assets:</b>						
Investment in subsidiaries	5#	-	-	-	-	-
Investments in equity shares (unquoted)	5A	-	-	15.29	15.29	15.29
Investments in equity shares (quoted)	5A	-	-	4.38	4.38	4.38
Trade receivables	6, 15 ^	4,234.78	-	-	4,234.78	4,234.78
Loans	7	184.46	-	-	184.46	184.46
Other financial assets	8	211.22	-	-	211.22	211.22
Cash and cash equivalents	12	237.86	-	-	237.86	237.86
Bank balances other than cash and cash equivalents	13	304.00	-	-	304.00	304.00
<b>Liabilities:</b>						
Borrowings	18 ^	3,792.96	-	-	3,792.96	3,792.96
Other financial liabilities	19 ^	3,045.33	-	-	3,045.33	3,045.33
Trade payables	21 ^	1,848.69	-	-	1,848.69	1,848.69
Lease liabilities	-	1.70	-	-	1.70	1.70

# Investments in subsidiaries classified as equity investments have been accounted at historical cost. Since these are scope out of IndAS 109 for the purposes of measurement, the same have not been disclosed in the tables above.

^ includes balances classified as Assets and liabilities of a disposal group held for sale

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO THE STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2023

(Amount in ₹ crore, unless otherwise stated)

### NOTE 38 FAIR VALUE..Contd.

#### B Fair value hierarchy

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

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

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

The following table presents fair value hierarchy of assets and liabilities measured at fair value on a recurring basis:

Particulars	31 March 2023			31 March 2022		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Assets						
Investments in equity shares (quoted)	4.82	-	-	4.38	-	-
Investments in equity shares (unquoted)	-	13.65	-	-	15.29	-

### NOTE 39 DISCLOSURE IN ACCORDANCE WITH IND-AS 24 RELATED PARTY TRANSACTIONS

#### A. Names of related parties and nature of relationship

Name of the entity	Country of incorporation	Company's holding as at^		Subsidiaries of
		31 March 2023	31 March 2022	
<b>a) Subsidiaries</b>				
Western Securities Limited	India	97.87	97.87	Hindustan Construction Company Limited
HREL Real Estate Limited ('HREL')	India	100.00	100.00	Hindustan Construction Company Limited
Panchkutir Developers Limited	India	100.00	100.00	Hindustan Construction Company Limited
HCC Mauritius Enterprises Limited	Mauritius	100.00	100.00	Hindustan Construction Company Limited
HCC Contract Solutions Limited	India	100.00	100.00	Hindustan Construction Company Limited
Highbar Technologies Limited	India	100.00	100.00	Hindustan Construction Company Limited
HCC Infrastructure Company Limited #	India	100.00	100.00	Hindustan Construction Company Limited
HCC Mauritius Investments Limited	Mauritius	100.00	100.00	Hindustan Construction Company Limited
HRL Township Developers Limited	India	100.00	100.00	Hindustan Construction Company Limited
Maan Township Developers Limited	India	100.00	100.00	Hindustan Construction Company Limited
Prolific Resolution Private Limited	India	100.00	100.00	Hindustan Construction Company Limited
HRL (Thane) Real Estate Limited	India	100.00	100.00	HREL Real Estate Limited
Nashik Township Developers Limited	India	100.00	100.00	HREL Real Estate Limited
Powai Real Estate Developer Limited	India	100.00	100.00	HREL Real Estate Limited
HCC Realty Limited	India	100.00	100.00	HREL Real Estate Limited
HCC Aviation Limited	India	100.00	100.00	HREL Real Estate Limited



**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO THE STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2023**

(Amount in ₹ crore, unless otherwise stated)

**NOTE 39 DISCLOSURE IN ACCORDANCE WITH IND-AS 24 RELATED PARTY TRANSACTIONS..Contd.**

Name of the entity	Country of incorporation	Company's holding as at <sup>^</sup>		Subsidiaries of
		31 March 2023	31 March 2022	
HCC Operation and Maintenance Limited	India	100.00	100.00	HCC Infrastructure Company Limited
Narmada Bridge Tollways Limited	India	100.00	100.00	HCC Infrastructure Company Limited
Badarpur Faridabad Tollways Limited	India	100.00	100.00	HCC Infrastructure Company Limited
Baharampore-Farakka Highways Limited (upto March 28, 2023)	India	-	100.00	HCC Infrastructure Company Limited
Raiganj-Dalkhola Highways Limited	India	100.00	100.00	HCC Infrastructure Company Limited
Steiner AG	Switzerland	100.00	100.00	HCC Mauritius Enterprises Limited 66% HCC Mauritius Investments Limited 34%
Steiner Promotions et Participations SA	Switzerland	100.00	100.00	Steiner- AG
Steiner (Deutschland) GmbH	Germany	100.00	100.00	Steiner- AG
VM + ST AG	Switzerland	100.00	100.00	Steiner- AG
Steiner Leman SAS	France	100.00	100.00	Steiner- AG
Steiner India Limited	India	100.00	100.00	Steiner- AG
Manufakt8048 AG	Switzerland	100.00	100.00	Steiner Promotions et Participations SA
Steiner Construction SA (incorporated w.e.f. 12 July, 2022)	Switzerland	100.00	-	Steiner- AG

<sup>^</sup> including through subsidiary companies

# The Board of Directors of HCC Infrastructure Company Limited ('HICL'), a wholly owned subsidiary of the Company, at its meeting held on 18 November 2021 had approved a Scheme of Merger by absorption (the 'Scheme') of HCC Concessions Limited, HCC Power Limited, HCC Energy Limited and Dhule Palesner Operations and Maintenance Limited (together referred to as the 'transferor companies') with HICL. The shareholders of the transferor companies had also approved the Scheme at their separate meetings.

The Hon'ble National Law Tribunal, Mumbai Bench ('NCLT') has approved the aforesaid scheme vide its order dated 23 November 2022 pronouncing 1 April 2021 as the 'Appointed Date'. The certified true copy of the said order was received by HICL on 9 February 2023 and the order was filed with the Registrar of Companies on 30 March 2023. Pursuant to the Scheme, HCC Concessions Limited, HCC Power Limited, HCC Energy Limited and Dhule Palesner Operations and Maintenance Limited which hitherto considered as subsidiary has now been merged with HICL w.e.f. 1 April 2021.

	Country of incorporation	Company's holding as at (%) <sup>^</sup>	
		31 March 2023	31 March 2022
<b>b) Joint Venture</b>			
Werkarena Basel AG	Switzerland	50.00	50.00
<b>c) Associates</b>			
Evostate AG	Switzerland	30.00	30.00
MCR Managing Corp. Real Estate	Switzerland	30.00	30.00
Evostate Immobilien AG	Switzerland	30.00	30.00
Highbar Technocrat Limited	India	49.00	49.00
Hegias AG, Zurich (w.e.f. 18 August 2022)	Switzerland	23.20	-

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO THE STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2023**

(Amount in ₹ crore, unless otherwise stated)

**NOTE 39 DISCLOSURE IN ACCORDANCE WITH IND-AS 24 RELATED PARTY TRANSACTIONS...Contd.**

**d) Other related parties**

<b>Name</b>	<b>Relationship</b>
Mrs. Shalaka Gulabchand Dhawan	Daughter of Chairman and Non-Executive Director and Wife of Vice Chairman and Whole Time Director
Gulabchand Foundation	Other related party
Hincon Holdings Limited	Other related party
Hincon Finance Limited	Other related party
Shalaka Investment Private Limited	Other related party
Aarya Capital Management Private Limited	Other related party
HCC Employee's Provident Fund (Refer note below)	Post-employment contribution plan

Note: Refer note 37B(a) for information on transaction related to post-employment contribution plan

**B. Key Management Personnel**

Mr. Ajit Gulabchand	Chairman and Managing Director (upto 31 March 2023) Chairman and Non-Executive Director (w.e.f. 1 April 2023)
Mr. Jaspreet Bhullar	Chief Executive Officer (from 23 March 2022 to 31 March 2023) Chief Executive Officer and Managing Director (w.e.f. 1 April 2023)
Mr. Arjun Dhawan	Group Chief Executive Officer and Whole Time Director (upto 22 March 2022) Vice Chairman and Whole Time Director (w.e.f 23 March 2022)
Mr. Mukul Sarkar	Nominee Director
Mr. N. R. Acharyulu	Independent Director
Dr. Mita Dixit	Independent Director
Mr. Anil C. Singhvi	Independent Director (upto 23 December 2021)
Mr. Arun Karambelkar	Non-Executive, Non-Independent Director (w.e.f 23 June 2021)
Mr. Mahendra Singh Mehta	Independent Director
Mr. Santosh Janakiram Iyer	Independent Director
Mr. Vithal P. Kulkarni	Company Secretary (upto 12 May 2022)
Mr. Nitesh Jha	Company Secretary (w.e.f 12 May 2022)
Mr. Rahul Rao	Chief Financial Officer (w.e.f 12 August 2021)
Mr. U.V. Phani Kumar	Chief Executive Officer- E&C (upto 23 March 2022)

**C. Transactions with related parties:**

	<b>Year ended 31 March 2023</b>	<b>Year ended 31 March 2022</b>
<b>Revenue from operations</b>		
- Subsidiaries		
- Baharampore Farakka Highways Limited (upto 28 March 2023)	229.72	91.30
- Raiganj Dalkhiola Highways Limited	30.60	406.85
	<b>260.32</b>	<b>498.15</b>
<b>Interest income on Inter corporate deposits</b>		
- Subsidiaries		
- Highbar Technologies Limited	0.30	0.30
- HCC Mauritius Enterprise Limited	9.33	4.31
- HCC Mauritius Investment Limited	3.47	1.73
	<b>13.10</b>	<b>6.34</b>

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO THE STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2023**

(Amount in ₹ crore, unless otherwise stated)

**NOTE 39 DISCLOSURE IN ACCORDANCE WITH IND-AS 24 RELATED PARTY TRANSACTIONS...Contd.**

	Year ended 31 March 2023	Year ended 31 March 2022
<b>Finance income on corporate guarantees</b>		
- Subsidiaries		
- HCC Mauritius Investment Limited	0.88	0.97
- HCC Mauritius Enterprise Limited	0.19	0.23
- Prolific Resolution Private Limited	11.36	-
	<b>12.43</b>	<b>1.20</b>
<b>Reimbursement of expenses</b>		
- Subsidiaries		
- Steiner India Limited	0.02	0.07
- Highbar Technologies Limited	0.22	0.22
- HCC Infrastructure Company Limited	0.84	0.61
- Prolific Resolution Private Limited	10.50	-
- Western Securities Limited	0.49	0.43
	<b>12.07</b>	<b>1.33</b>
- Associates		
- Highbar Technocrat Limited	-	0.77
- Other related parties		
- Hicon Finance Limited	-	0.26
	<b>12.07</b>	<b>2.36</b>
<b>Interest expense on Inter corporate deposit taken</b>		
- Subsidiaries		
- Western Securities Limited	0.05	0.05
	<b>0.05</b>	<b>0.05</b>
<b>Services received</b>		
- Subsidiaries		
- Highbar Technologies Limited	2.32	2.05
- Western Securities Limited	0.59	0.61
- Steiner India Limited	0.55	1.52
	<b>3.46</b>	<b>4.18</b>
- Associates		
- Highbar Technocrat Limited	2.14	2.13
- Other related party		
- Hicon Holdings Limited	-	0.24
	<b>5.60</b>	<b>6.55</b>
<b>Inter corporate deposits recovered</b>		
- Subsidiaries		
- HCC Mauritius Investment Limited	15.87	-
- HCC Mauritius Enterprise Limited	8.01	-
	<b>23.88</b>	<b>-</b>

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO THE STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2023**

(Amount in ₹ crore, unless otherwise stated)

**NOTE 39 DISCLOSURE IN ACCORDANCE WITH IND-AS 24 RELATED PARTY TRANSACTIONS...Contd.**

	Year ended 31 March 2023	Year ended 31 March 2022
<b>Inter corporate deposits recovered</b>		
- Subsidiaries		
- HCC Infrastructure Company Limited	130.00	7.00
	<b>130.00</b>	<b>7.00</b>
<b>Awards and claims transferred</b>		
- Subsidiaries		
- Prolific Resolution Private Limited (Refer note 31.1)	2,894.11	-
	<b>2,894.11</b>	<b>-</b>
<b>Liabilities transferred</b>		
- Subsidiaries		
- Prolific Resolution Private Limited (Refer note 31.1)	2,855.69	-
	<b>2,855.69</b>	<b>-</b>
<b>Remuneration paid/ accrued to Key Management Personnel</b>		
<b>(a) Short-term employee benefits</b>		
- Mr. Ajit Gulabchand	5.13	6.17
- Mr. Arjun Dhawan	4.67	6.63
- Mr. Vithal P. Kulkarni	0.30	1.16
- Mr. U. V. Phani Kumar	-	2.95
- Mr. Jaspreet Bhullar	2.49	0.31
- Mr. Rahul Rao	1.19	0.69
- Mr. Nitesh Kumar Jha	0.38	-
	<b>14.16</b>	<b>17.91</b>
<b>(b) Post employment benefits</b>		
- Mr. Ajit Gulabchand	0.37	0.83
- Mr. Arjun Dhawan	0.33	0.37
- Mr. Vithal P. Kulkarni	-	-
- Mr. U. V. Phani Kumar	-	0.09
- Mr. Jaspreet Bhullar	0.10	0.00*
- Mr. Rahul Rao	0.06	0.04
- Mr. Nitesh Kumar Jha	0.01	-
	<b>0.87</b>	<b>1.33</b>
<b>(c) Total remuneration</b>		
- Mr. Ajit Gulabchand	5.50	7.00
- Mr. Arjun Dhawan	5.00	7.00
- Mr. Vithal P. Kulkarni	0.30	1.16
- Mr. U. V. Phani Kumar	-	3.04
- Mr. Jaspreet Bhullar	2.59	0.31
- Mr. Rahul Rao	1.25	0.73
- Mr. Nitesh Kumar Jha	0.39	-
	<b>15.03</b>	<b>19.24</b>

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO THE STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2023**

(Amount in ₹ crore, unless otherwise stated)

**NOTE 39 DISCLOSURE IN ACCORDANCE WITH IND-AS 24 RELATED PARTY TRANSACTIONS...Contd.**

	Year ended 31 March 2023	Year ended 31 March 2022
<b>Remuneration paid/ accrued</b>		
- Other related parties		
- Mrs. Shalaka Gulabchand Dhawan	1.30	1.28
	<b>1.30</b>	<b>1.28</b>
<b>Directors' sitting fees paid / accrued</b>		
- Key Management Personnel		
- Mr. Anil C. Singhvi	-	0.10
- Mr. N. R. Acharyulu	0.18	0.16
- Mr. Arun V. Karambelkar	0.01	0.04
- Mr. Santosh Jankiram Iyer	0.10	0.11
- Mr. Mahendra Singh Mehta	0.15	0.18
- Mr. Mukul Sarkar	0.04	0.05
- Dr. Mita Dixit	0.09	0.11
	<b>0.57</b>	<b>0.75</b>

\* Represents amount less than ₹ 1 lakh.

**D. Balances outstanding**

	Year ended 31 March 2023	Year ended 31 March 2022
<b>Outstanding receivables</b>		
<b>Trade receivable (net of advances)</b>		
- Subsidiaries		
- Baharampore-Farakka Highways Limited (upto 28 March 2023)	-	2.76
- Raiganj-Dalkhola Highways Limited	394.25	363.65
	<b>394.25</b>	<b>366.41</b>
<b>Receivables from related parties</b>		
- Subsidiaries		
- Panchkutir Developers Limited	54.98	54.98
- HCC Infrastructure Company Limited	3.21	2.60
- HCC Mauritius Enterprise Limited	57.49	43.94
- HCC Contract Solutions Limited	0.03	0.03
- Highbar Technologies Limited	16.13	15.83
- HCC Mauritius Investment Limited	16.34	10.92
- Steiner AG	2.27	1.98
- Steiner India Limited	1.62	1.60
- Western Securities Limited	0.73	0.20
- Badarpur Faridabad Tollways Limited	0.21	0.21
- Raiganj-Dalkhola Highways Limited	0.02	0.02
- Prolific Resolution Private Limited	9.78	0.04
- HCC Operation & Maintenance Limited	0.02	0.02
	<b>162.83</b>	<b>132.37</b>
- Other related parties		
- Hicon Holdings Limited	-	0.01
	<b>-</b>	<b>0.01</b>
	<b>162.83</b>	<b>132.38</b>

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO THE STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2023**

(Amount in ₹ crore, unless otherwise stated)

**NOTE 39 DISCLOSURE IN ACCORDANCE WITH IND-AS 24 RELATED PARTY TRANSACTIONS...Contd.**

	Year ended 31 March 2023	Year ended 31 March 2022
<b>Inter-corporate deposits</b>		
<b>Subsidiaries</b>		
- HCC Infrastructure Company Limited	1,432.41	1,562.41
- Highbar Technologies Limited	2.39	2.39
- HCC Mauritius Enterprise Limited	141.97	123.17
- HCC Mauritius Investment Limited	58.68	39.37
- Maan Township Developers Limited	19.12	19.12
- HRL Township Developers Limited	0.41	0.41
	<b>1,654.98</b>	<b>1,746.88</b>
<b>Outstanding payables</b>		
<b>Inter corporate deposits taken</b>		
- Subsidiaries		
- Western Securities Limited	0.41	0.41
	<b>0.41</b>	<b>0.41</b>
<b>Security deposits taken against sale of old equipment</b>		
- Subsidiaries		
- Steiner India Limited	1.10	1.10
	<b>1.10</b>	<b>1.10</b>
<b>Advance taken towards sale of Property, Plant and Equipment</b>		
- Subsidiaries		
- Steiner India Limited	20.20	20.20
	<b>20.20</b>	<b>20.20</b>
<b>Advance taken towards sale of investment</b>		
- Subsidiaries		
- HCC Infrastructure Company Limited	3.00	3.00
	<b>3.00</b>	<b>3.00</b>
<b>Payable to related parties</b>		
- Associates		
- Highbar Technocrat Limited	1.50	1.63
	<b>1.50</b>	<b>1.63</b>
- Other related parties		
- Hincon Finance Limited	0.00*	0.00*
	<b>0.00*</b>	<b>0.00*</b>
<b>Advance from contractee</b>		
- Subsidiaries		
- Baharampore Farakka Highways Limited (upto 28 March 2023)	-	6.73
- Raiganj-Dalkhola Highways Limited	4.51	4.51
	<b>4.51</b>	<b>11.24</b>
<b>Due to customers (contract liability)</b>		
- Subsidiaries		
- Baharampore Farakka Highways Limited (upto 28 March 2023)	-	91.21
	<b>-</b>	<b>91.21</b>



## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO THE STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2023

(Amount in ₹ crore, unless otherwise stated)

### NOTE 39 DISCLOSURE IN ACCORDANCE WITH IND-AS 24 RELATED PARTY TRANSACTIONS...Contd.

	Year ended 31 March 2023	Year ended 31 March 2022
<b>Corporate guarantees given by Company</b>		
- Subsidiaries		
- HCC Mauritius Enterprise Limited	38.94	47.05
- HCC Mauritius Investment Limited	175.05	195.41
- Prolific Resolution Private Limited	3,111.32	-
	<b>3,325.31</b>	<b>242.46</b>
<b>Corporate guarantees taken and outstanding at the end of the year</b>		
- Subsidiaries		
- HREL Real Estate Limited	6,675.33	9,677.27
	<b>6,675.33</b>	<b>9,677.27</b>
<b>Remuneration payable (net)</b>		
- Key Management Personnel		
- Mr. Ajit Gulabchand	0.35	17.39
- Mr. Arjun Dhawan	0.12	16.77
- Mr. U. V. Phani Kumar	-	0.15
- Mr. Vithal P. Kulkarni	-	0.09
- Mr. Rahul Rao	0.10	0.10
- Mr. Jaspreet Bhullar	0.22	0.31
- Mr. Nitesh Kumar Jha	0.03	-
	<b>0.82</b>	<b>34.81</b>
- Other related parties		
- Mrs. Shalaka Gulabchand Dhawan	0.11	0.11
	<b>0.11</b>	<b>0.11</b>
	<b>0.93</b>	<b>34.92</b>

\* represents amount less than ₹ 1 lakh

Notes:

- The above figure does not include provisional gratuity liability valued by an actuary, as separate figures are not available.
- Refer notes 18.1 for personal guarantee provided by CMD, shares pledged and other security created in respect of borrowing by the Company or the related parties.
- Refer notes 5.1 and 5.2 for pledge of shares for facilities taken by group entities.
- All Related Party Transactions entered during the year were in ordinary course of the business and are on arm's length basis.

### NOTE 40 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The Company's focus is to foresee the unpredictability of financial markets and seek to minimize potential adverse effects on its financial performance.

#### i Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk. Major financial instruments affected by market risk includes loans and borrowings.

##### a) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's total debt obligations with floating interest rates.

##### Interest rate sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected. With all other variables held constant, the Company's profit/ (loss) before tax is affected through

# SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO THE STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2023

(Amount in ₹ crore, unless otherwise stated)

## NOTE 40 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES...Contd.

the impact on floating rate borrowings, as follows:

	As at 31 March 2023	As at 31 March 2022
Increase in basis points	100 basis points	
Effect on profit/ (loss) before tax and total equity, increase by	<b>0.70</b>	20.67
Decrease in basis points	100 basis points	
Effect on profit/ (loss) before tax and total equity, decrease by	<b>0.70</b>	20.67

The assumed movement in basis points for the interest rate sensitivity analysis is based on the currently observable market environment, showing a significantly higher volatility than in prior year.

### b) Foreign currency risk

Although, the exchange rate between the rupee and foreign currencies has changed in recent years, it has not affected the results of the Company. The Company evaluates exchange rate exposure arising from foreign currency transaction and follows established risk management policies.

Foreign currency risk from financial instruments

#### As at 31 March 2023

(currency in crore)

Particulars	USD	EUR	SEK	Others
<b>Assets</b>				
Inter corporate deposits and interest thereon	3.35	-	-	0.03
Advance to suppliers	0.01	0.01	-	0.02
Trade receivables	0.00*	0.09	-	-
Bank balances (including deposit account)	0.00*	0.01	-	-
Unbilled work-in-progress (contract assets)	-	0.09	-	-
	<b>3.36</b>	<b>0.20</b>	<b>-</b>	<b>0.05</b>
<b>Liabilities</b>				
Borrowings	-	-	-	-
Advance from contractee	-	0.61	-	-
Trade payables	0.27	0.31	0.12	0.01
Interest accrued	0.21	-	-	-
	<b>0.48</b>	<b>0.92</b>	<b>0.12</b>	<b>0.01</b>
<b>Net assets/ (liabilities)</b>	<b>2.88</b>	<b>(0.72)</b>	<b>(0.12)</b>	<b>0.04</b>

#### As at 31 March 2022

(currency in crore)

Particulars	USD	EUR	SEK	Others
<b>Assets</b>				
Inter corporate deposits and interest thereon	2.89	-	-	-
Advance to suppliers	0.01	0.08	0.05	0.02
Trade receivables	0.00*	0.19	-	-
Bank balances (including deposit account)	0.00*	0.00*	-	-
Other financial assets	-	-	-	0.02
Unbilled work-in-progress (contract assets)	-	0.11	-	-
	<b>2.90</b>	<b>0.38</b>	<b>0.05</b>	<b>0.04</b>
<b>Liabilities</b>				
Loans from banks/ financial institutions	1.63	-	-	-
Advance from contractee	-	0.62	-	-
Trade payables	0.27	0.23	0.01	0.00*
Interest accrued	0.20	-	-	-
	<b>2.10</b>	<b>0.85</b>	<b>0.01</b>	<b>0.00*</b>
<b>Net assets/ (liabilities)</b>	<b>0.80</b>	<b>(0.47)</b>	<b>0.04</b>	<b>0.04</b>

\* represents amount less than ₹ 1 lakh.

# SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO THE STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2023

(Amount in ₹ crore, unless otherwise stated)

## NOTE 40 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES...Contd.

### Sensitivity analysis

Considering the Company's exposure of foreign currency financial instruments as at respective reporting dates' the impact on Statement of Profit and Loss due to fluctuation in exchange rates would be immaterial. Therefore, the disclosure for sensitivity analysis not been included in the standalone financial statements.

### c) Equity price risk

The Company's listed and non-listed equity securities are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Company manages the equity price risk through diversification and by placing limits on individual and total equity instruments. Reports on the equity portfolio are submitted to the Company's senior management on a regular basis. The Company's Board of Directors review and approve all equity investment decisions.

### At the reporting date, the exposure to:

- unlisted equity securities at fair value through other comprehensive income is ₹ 13.65 crore (31 March 2022: ₹ 15.29 crore).
- unlisted equity in subsidiaries at cost of ₹ 1,573.50 crore (31 March 2022: ₹ 1,665.03 crore).

### Sensitivity analysis

As at 31 March 2023, the exposure to listed equity securities at fair value was ₹ 4.82 crore (31 March 2022: ₹ 4.38 crore). Changes in this exposure would not have a material effect on the profit or loss and total equity of the Company.

## ii Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, financial assets. Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount.

### a) Trade receivables (gross of provision)

Trade receivables are typically unsecured and are derived from revenue earned from two main classes of trade receivables i.e. receivables from government promoted agencies and receivables from private third parties. A substantial portion of the Group's trade receivables are from government promoted agencies having strong credit worthiness. For ageing analysis of the receivable- Refer note 6.

	As at 31 March 2023		As at 31 March 2022 <sup>^</sup>	
	₹ crore	%	₹ crore	%
<b>Trade Receivables</b>				
- from government promoted agencies	2,294.95	84.92%	3,841.69	90.72%
- from private third parties	407.65	15.08%	393.09	9.28%
<b>Total trade receivables (Refer note 6)</b>	<b>2,702.60</b>	<b>100.00%</b>	<b>4,234.78</b>	<b>100.00%</b>

<sup>^</sup> includes balances classified under assets of a disposal group held for sale.

### Expected credit loss

In determining allowance for credit losses of trade receivables, the Company has used the practical expedient by computing the expected credit loss allowance based on a provision matrix. The provision matrix takes into account historical credit loss experience and is adjusted for forward looking information.

### The movement of the allowance for lifetime expected credit loss is stated below:

	31 March 2023	31 March 2022
Balance at the beginning of the year	-	-
Impairment allowance	27.72	-
Written off during the year	-	-
<b>Balance at the end of the year</b>	<b>27.72</b>	<b>-</b>

### b) Financial assets other than trade receivables

Financial assets other than trade receivables mainly comprise of cash and cash equivalents, Bank balances other than cash and cash equivalents, loan to subsidiaries and other financial assets. The Company monitors the credit exposure on these financial assets on a case-to-case basis. Loans to subsidiaries are assessed for credit risk based on the underlying valuation of the entity and their ability to repay within the contractual repayment terms. Cash and cash equivalents and bank balances other than cash and cash equivalents are held with bank and financial institutions with good credit rating. Based on the Company's historical experience, the credit risk on other financial assets is also extremely low.

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO THE STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2023

(Amount in ₹ crore, unless otherwise stated)

### NOTE 40 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES...Contd.

The following table gives details in respect of contract revenues generated from the top customer and top 5 customers for the year ended:

	As at 31 March 2023	As at 31 March 2022
Revenue from top customer	723.00	803.10
Revenue from top five customers	2,582.99	2,399.95

For the year ended 31 March 2023, two (31 March 2022: two) customers, individually, accounted for more than 10% of the revenue.

#### iii Liquidity risk

Liquidity is defined as the risk that the Company will not be able to settle or meet its obligations on time or at a reasonable price. The Company's treasury department is responsible for liquidity, funding as well as settlement management. In addition, processes and policies related to such risks are overseen by senior management. Management monitors the Company's net liquidity position through rolling forecasts on the basis of expected cash flows.

The table below provides details regarding the contractual maturities of significant financial liabilities:

Particulars	Less than 1 year #	1 - 5 years	More than 5 years	Total
<b>As at 31 March 2023</b>				
Borrowings (including interest accrued)	315.83	3155.75	59.31	3530.89
Lease liabilities	0.47	-	-	0.47
Trade payables	1,372.85	482.17	-	1,855.02
Other financial liabilities	373.25	-	-	373.25
Financial guarantee obligation	-	-	-	-
<b>Total</b>	<b>2,062.40</b>	<b>3,637.92</b>	<b>59.31</b>	<b>5,759.63</b>
<b>As at 31 March 2022</b>				
Borrowings <sup>^</sup> * (including interest accrued) <sup>^^</sup>	3,583.16	1,778.81	53.55	5,415.52
Lease liabilities	1.89	-	-	1.89
Trade payables <sup>^^</sup>	1,516.78	331.91	-	1,848.69
Other financial liabilities	779.16	668.76	-	1,447.92
Financial guarantee obligation	-	-	-	-
<b>Total</b>	<b>5,880.99</b>	<b>2,779.48</b>	<b>53.55</b>	<b>8,714.02</b>

<sup>^</sup> excluding financial liabilities of erstwhile subsidiary taken over by the Company

# Includes loans repayable on demand

\* Refer note 18.4 for details of continuing default as at reporting dates.

<sup>^^</sup> includes amount classified as Liabilities of a disposal group held for sale (Refer note 23)

### NOTE 41 CAPITAL MANAGEMENT

The primary objective of the Company's capital management is to maximise the shareholder's wealth. The Company's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitor the return on capital employed as well as the level of dividend to shareholders.

The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Company monitors capital using a debt equity ratio, which is total debt divided by total capital.

	As at 31 March 2023	As at 31 March 2022
Total debt (₹ crore)	1,956.52	3,792.96 <sup>^</sup>
Total equity excluding capital reserve (₹ crore)	705.73	453.14
<b>Total debt to equity ratio (Gearing ratio)</b>	<b>2.77</b>	<b>8.37</b>

<sup>^</sup> Balance as at 31 March 2022 includes ₹ 2,448.94 crore representing debt classified under Liabilities of a disposal group held for sale (Refer note 23).

Notes:

(i) excludes Nil (31 March 2022: ₹ 1,128.62 crore) representing financial liabilities (including interest) of an erstwhile subsidiary taken over by the Company.

(ii) excludes interest accrued aggregating ₹ 1,544.21 crore (31 March 2022: ₹ 1,977.26 crore) on total debt of the Company.

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO THE STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2023

(Amount in ₹ crore, unless otherwise stated)

### NOTE 41 CAPITAL MANAGEMENT...Contd.

In the long run, the Company's strategy is to continue to maintain the gearing ratio of less than 1. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. In order to achieve this overall objective, the Company's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the borrowings that define the capital structure requirements.

### NOTE 42 LEASES - IND AS 116

#### Right-of-use Assets:

The net carrying value of right-of-use assets as at 31 March 2023 amounts to ₹ 0.37 crore (31 March 2022: ₹ 1.60 crore). (Refer Note 3B).

#### (a) Lease liabilities:

- (i) As at 31 March 2023, the obligations under finance leases amounts to ₹ 0.41 crore (31 March 2022: ₹ 1.70 crore), which have been disclosed as lease liabilities on the face of the balance sheet.
- (ii) The following is the movement in lease liabilities:

	Year ended 31 March 2023	Year ended 31 March 2022
<b>Balance at the beginning of the year</b>	<b>1.70</b>	<b>1.36</b>
Additions during the year	-	2.16
Finance cost accrued during the year	0.13	0.29
Payment of lease liabilities	(1.42)	(2.11)
<b>Balance at the end of the year</b>	<b>0.41</b>	<b>1.70</b>

- (iii) The table below provides details regarding the contractual maturities of lease liabilities: (undiscounted)

Lease Liabilities	Carrying amount	Contractual cash flows			
		Total	0-1 year	1-5 years	5 years and above
<b>31 March 2023</b>	<b>0.41</b>	<b>0.47</b>	<b>0.47</b>	-	-
31 March 2022	1.70	1.89	1.89	-	-

#### (b) The Company recognised the following in the statement of profit and loss:

	Year ended 31 March 2023	Year ended 31 March 2022
Depreciation expense from right-of-use assets	1.23	1.89
Finance cost on lease liabilities	0.13	0.29
Rent expense pertaining to leases of low-value assets	-	-
Rent expense pertaining to leases with less than twelve months of lease term (Refer note 30)	86.40	88.82

- (c) Cash outflow in respect of lease liabilities for the year ended 31 March 2023 amounts to ₹ 1.29 crore (31 March 2022: ₹ 1.82 crore).

### NOTE 43 DISCLOSURE OF RATIOS:

Particulars	Formula for computation	Unit of Measurement	As at and for the year ended 31 March 2023	As at and for the year ended 31 March 2022
(a) Current Ratio	Current assets/ Current liabilities	Times	1.13	1.00
(b) Debt Equity ratio	Debt/ Equity	Times	2.77	8.37
(c) Debt Service Coverage Ratio	Earnings before interest <sup>^</sup> , depreciation and amortisation, exceptional items and tax)/ (Interest <sup>^</sup> on debt for the year + Principal repayment of borrowings and lease liabilities within one year)	Times	0.91	0.36
(d) Return on Equity Ratio	Profit/ (loss) after tax/ Net worth	Percentage	35.91%	(33.79%)
(e) Inventory Turnover Ratio	Cost of goods sold/ Average inventory	Times	21.59	17.21

# SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO THE STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2023

(Amount in ₹ crore, unless otherwise stated)

## NOTE 43 DISCLOSURE OF RATIOS:..Contd.

Particulars	Formula for computation	Unit of Measurement	As at and for the year ended 31 March 2023	As at and for the year ended 31 March 2022
(f) Trade Receivables Turnover Ratio	Revenue from operations/ Average trade receivables	Times	1.51	1.08
(g) Trade payables Turnover Ratio	Net purchases/ Average Trade Payables	Times	2.28	2.03
(h) Net Capital Turnover Ratio	Revenue from operations/Working capital	Times	9.16	189.43
(i) Net Profit Ratio	Profit/ (loss) after tax/ Revenue from operations	Percentage	4.85%	(3.28%)
(j) Return on Capital Employed (ROCE)	EBITE/ Capital employed	Percentage	19.41%	10.32%
(k) Return on Investment (ROI)	Not applicable	Percentage	N.A.	N.A.

Notes:

1. Debt = Non-current borrowings + Current borrowings
2. Net worth = Equity Share Capital + Other equity less capital reserve
3. EBITDA = Earnings before interest<sup>^</sup>, depreciation and amortisation, exceptional items and tax
4. Cost of goods sold = Cost of materials consumed + Subcontracting expenses
5. Net purchases = Cost of materials consumed + Closing inventory- Opening inventory + Subcontracting expenses + Other expenses
6. Working Capital = Current assets- Current liabilities
7. EBITE = Earnings before interest, tax and exceptional items
8. Capital employed = Total equity + Non-current borrowings + Current borrowings

\* Debt as at 31 March 2022 excludes financial liabilities of an erstwhile subsidiary taken over by the Company.

<sup>^</sup> Excludes interest expenses on financial liabilities of an erstwhile subsidiary taken over by the Company and interest on advance from customers.

## Reason for change in ratio by more than 25%

Particulars	% Variance in ratio between 31 March 2023 and 31 March 2022	Reason for Variance in excess of 25%
(a) Current Ratio	12.78%	Refer note below
(b) Debt Equity ratio	(66.88%)	Owing to reduction of debt due to implementation of the resolution plan
(c) Debt Service coverage Ratio	154.53%	Owing to increase in EBIDTA due to better margin and decrease in finance cost on account of debt resolution plan
(d) Return on Equity Ratio	206.28%	Owing to increase in in profit after tax majorly on account of gain on implementation of debt resolution plan
(e) Inventory Turnover Ratio	25.45%	Owing to increase in the cost of goods sold
(f) Trade Receivables Turnover Ratio	39.82%	Owing to increase in the revenue and decrease in average trade receivables on account of assignment of arbitration awards to PRPL as part of debt resolution plan
(g) Trade Payables Turnover Ratio	12.47%	Refer note below
(h) Net Capital Turnover Ratio	(95.16%)	Owing to increase in the working capital pursuant to implementation of resolution plan
(i) Net Profit Ratio	247.91%	Owing to increase in profit after tax majorly on account of gain on implementation of debt resolution plan
(j) Return on Capital Employed (ROCE)	88.06%	Owing to increase in EBIT due to increased turnover and decrease in debt pursuant to implementation of resolution plan
(k) Return on Investment (ROI)	N.A.	N.A.

Note: Since the change in ratio is less than 25%, no explanation is required to be disclosed.

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO THE STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2023

(Amount in ₹ crore, unless otherwise stated)

### NOTE 44 DISCLOSURES REQUIRED PURSUANT TO IND AS 102 SHARE BASED PAYMENT

The Company has granted stock options under the HCC Employees Stock Option Scheme ('ESOP Scheme'). These options would vest based on the vesting conditions as per letter of grant executed between the Company and its employees. Each option when exercised would be converted into one fully paid up equity share of ₹ 1 each of the Company. The relevant details of the scheme, grant and activity under ESOP Scheme are summarised below:

#### A. The number and weighted average exercise prices of, and movements in, share option:

	No. of Options	Exercise Price (₹)
<b>Options outstanding as at 1 April 2021</b>	-	-
Options granted during the year	-	-
Options forfeited/lapsed/expired during the year	-	-
Options exercised during the year	-	-
<b>Options outstanding as at 31 March 2022</b>	-	-
<b>Options outstanding as at 1 April 2022</b>	-	-
Options granted during the year	371,748	13.45
Options forfeited/lapsed/expired during the year	-	-
Options exercised during the year	-	-
<b>Options outstanding as at 31 March 2023</b>	<b>371,748</b>	<b>13.45</b>

The weighted average of the remaining contractual life is 2.96 years.

#### B. Fair value of the options has been calculated using Black Scholes Pricing Model. The following inputs were used to determine the fair value for options granted during the period:

Particulars	ESOP Scheme
Vesting period	3 years
Date of Grant	15 March 2023
Market Price	₹ 14.85
Expected life	2.96 years
Volatility	64%
Risk Free rate	7.36%
Exercise Price	₹ 13.45
Dividend Yield	NIL
Option Fair Value	₹ 8.31

Note: Expected volatility reflects assumption that the historical volatility over a year similar to the life of the options is indicative of future trends, which may not necessarily be the actual outcome.



## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO THE STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2023

(Amount in ₹ crore, unless otherwise stated)

### NOTE 45 OTHER STATUTORY INFORMATION:

- (i) The Company does not have any Benami property, where any proceeding has been initiated or pending against the Group for holding any Benami property.
- (ii) The Company does not have any transactions with struck off companies.
- (iii) The Company does not have any charges or satisfaction which is yet to be registered with Registrar of Companies beyond the statutory period.
- (iv) The Company has not traded or invested in Crypto currency or Virtual Currency during the financial year.
- (v) The Company has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:
  - a. directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company (Ultimate Beneficiaries); or
  - b. provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.
- (vi) The Company has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall:
  - a. directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries); or
  - b. provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
- (vii) The Company does not have any such transaction which is not recorded in the books of account that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961).
- (viii) The Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority.
- (ix) The Company has complied with the number of layers prescribed under the Companies Act, 2013.
- (x) The Company has not entered into any scheme of arrangement which has an accounting impact on the standalone financial statements for the current or previous year.

**Note 46** The Company is principally engaged in a single business segment viz. "Engineering and Construction". Also, refer note 40(ii)b for information on revenue from major customers.

**Note 47** Figures for the previous year have been regrouped/ rearranged, wherever considered necessary, to confirm to current period's classification. The impact of such reclassification/ regrouping is not material to the standalone financial statements.

This is a summary of significant accounting policies and other explanatory information referred to in our audit report of even date.

For **Walker Chandiok & Co LLP**

Chartered Accountants

Firm Registration No. 001076N / N500013

**Shashi Tadwalkar**

Partner

Membership No.: 101797

Place: Mumbai

Date : 18 May 2023

For and on behalf of the Board of Directors

**Ajit Gulabchand**

DIN : 00010827

Chairman

**Arjun Dhawan**

DIN : 01778379

Vice Chairman

**Jaspreet Bhullar**

DIN : 03644691

Managing Director & Chief Executive Officer

**Rahul P. Rao**

Chief Financial Officer

**Dr. Mita Dixit**

DIN : 08198165

Director

**Nitesh Jha**

FCS No. 8436

Company Secretary

Place: Mumbai

Date : 18 May 2023

## ANNEXURE I

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

#### Statement on Implication of Audit Qualifications for the Financial Year ended 31 March 2023

[See Regulation 33/52 of the SEBI (LODR) Amendment Regulations, 2016]

I.	Sl. No.	Particulars	Audited Figures (as reported before adjusting for qualifications)	Adjusted Figures (audited figures after adjusting for qualifications)
	1	Turnover/Total Income	5,283.23	Not ascertainable [Refer notes II (a) (i) to (ii) below]
	2	Total Expenditure	5,251.64	Not ascertainable [Refer notes II (a) (i) to (ii) below]
	3	Exceptional items	223.30	Not ascertainable [Refer notes II (a) (i) to (ii) below]
	4	Net Profit for the year after tax	253.41	Not ascertainable [Refer notes II (a) (i) to (ii) below]
	5	Earnings per share (amount in ₹)	1.67	Not ascertainable [Refer notes II (a) (i) to (ii) below]
	6	Total Assets	8,386.26	Not ascertainable [Refer notes II (a) (i) to (ii) below]
	7	Total Liabilities	7,665.34	Not ascertainable [Refer notes II (a) (i) to (ii) below]
	8	Net Worth	720.92	Not ascertainable [Refer notes II (a) (i) to (ii) below]
	9	Any other financial item(s) (as felt appropriate by the management)	-	-
II.	<b>Audit Qualification</b>			
	a.	<b>Details of Audit Qualification:</b>	<p>(i) Note 6 to the accompanying Statement, the Company's investments in subsidiaries as at 31 March 2023 includes non-current investments and current investments in HCC Infrastructure Company Limited ('HICL'), its wholly owned subsidiary, amounting to ₹ 1,214.65 crore and ₹ 220 crore, respectively, stated at cost. The subsidiary's consolidated net-worth as at 31 March 2023 is substantially eroded but, the said investment is considered fully recoverable by the management on the basis of factors stated in the aforesaid note including a valuation report obtained from an independent valuer.</p> <p>However, in the absence of sufficient appropriate audit evidence to support the significant judgements and estimates relating to underlying assumptions applied by the management in the aforementioned valuation report, we are unable to comment upon the adjustments, if any, that are required to the carrying value of the aforesaid investments and consequential impact, if any, on the accompanying Statement.</p> <p>(ii) Note 7 to the accompanying Statement, the Company has recognised net deferred tax assets amounting to ₹ 741.93 crore as at 31 March 2023, which includes deferred tax assets on carried forward unused tax losses, unused tax credits and other taxable temporary differences on the basis of expected availability of future taxable profits for utilization of such deferred tax assets.</p> <p>However, in view of the history of losses recorded by the Company, we are unable to obtain sufficient appropriate audit evidence with respect to the projections for future taxable profits prepared by the management and therefore, are unable to comment on any adjustments that may be required to the carrying value of aforesaid net deferred tax assets as at 31 March 2023.</p>	
	b.	<b>Type of Audit Qualification (Qualified/ Disclaimer of opinion/ Adverse):</b>	Qualified Opinion	

## ANNEXURE I...Contd.

<b>c. Frequency of Qualification:</b>	Qualification II (a) (i)- Appeared in continuation since the quarter/ period ended 31 December 2021; Qualification II (a) (ii)- Appeared in continuation since the quarter and year ended 31 March 2020
<b>d. For Audit Qualifications where the impact is quantified by the auditor, Management views:</b>	Not applicable as the impact is unquantified
<b>e. For Audit Qualifications where the impact is not quantified by the auditor:</b>	
<b>i) Management's estimation on the impact of audit qualification:</b>	Not ascertainable
<b>ii) If management is unable to estimate the impact, reasons for the same:</b>	<p>II (a) (i) As at 31 March 2023, the Company has investments in its wholly owned subsidiary HCC Infrastructure Company Limited ('HICL') aggregating ₹ 1,434.65 crore classified as non-current investment ₹ 1,214.65 crore and current investment of ₹ 220 crore. The consolidated net worth of HICL as at 31 March 2023 has been substantially eroded. The management has obtained valuation report of HICL from an independent valuation expert. The valuation report includes significant judgements and estimates relating to underlying assumptions in respect of future business plans, cash flows from earn-out considerations, expected share of future revenues of subsidiaries sold and favourable arbitration awards in a subsidiary. Accordingly, based on aforementioned valuation report, the management believes that the recoverable amount of investment in HICL is higher than its carrying value as at 31 March 2023.</p> <p>II (a) (ii) As at 31 March 2023, the Company has recognised net deferred tax assets amounting to ₹ 741.93 crore, which includes deferred tax assets on carried forward unused tax losses, unused tax credits and other taxable temporary differences. The Company is confident of generating taxable profits from the unexecuted orders on hand/ future projects and expected realisation of claims/ arbitration awards. Accordingly, the management believes it is probable that sufficient future taxable profits will be available against which such deferred tax assets can be utilised.</p>
<b>iii) Auditors' comments on (i) or (ii) above</b>	Included in details of auditor's qualifications stated above

### III. Signatories:

For **Walker Chandiok & Co LLP**  
**Shashi Tadwalkar**  
 Partner  
 Membership No.: 101797

For **Hindustan Construction Company Limited**  
**Jaspreet Bhullar**      **Mahendra Singh Mehta**  
 CEO and Managing Director      Audit Committee Chairman

Place: Mumbai  
 Date: 18 May 2023

Place: Mumbai  
 Date: 18 May 2023

Place : Mountain View, California  
 Date: 18 May 2023

**Rahul Rao**  
 Chief Financial Officer

Place : Mumbai  
 Date: 18 May 2023

# INDEPENDENT AUDITOR'S REPORT

To the Members of Hindustan Construction Company Limited

## Report on the Audit of the Consolidated Financial Statements

### Qualified Opinion

1. We have audited the accompanying consolidated financial statements of **Hindustan Construction Company Limited** and its joint operations ('the Holding Company') and its subsidiaries (the Holding Company and its subsidiaries together referred to as 'the Group'), its associates and joint ventures, as listed in Annexure I, which comprise the Consolidated Balance Sheet as at 31 March 2023, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity for the year then ended, and notes to the consolidated financial statements, including a summary of the significant accounting policies and other explanatory information.
2. In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors on separate financial statements and on the other financial information of the subsidiaries, associates and joint ventures, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ('the Act') in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards ('Ind AS') specified under section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, and other accounting principles generally accepted in India of the consolidated state of affairs of the Group, its associates and joint ventures, as at 31 March 2023, and their consolidated loss (including other comprehensive income), consolidated cash flows and the consolidated changes in equity for the year ended on that date.

### Basis for Qualified Opinion

3. Note 10.1 to the accompanying consolidated financial statements, the Holding Company has recognised net deferred tax assets amounting to ₹ 741.93 crore as at 31 March 2023, which includes deferred tax assets on carried forward unused tax losses, unused tax credits and other taxable temporary differences on the basis of expected availability of future taxable profits for utilization of such deferred tax assets. However, in view of the history of losses recorded by the Holding Company, we are unable to obtain sufficient appropriate audit evidence with respect to the projections for future taxable profits prepared by the management and therefore, are unable to comment on any adjustments that may be required to the carrying value of aforesaid net deferred tax assets as at 31 March 2023.

Our audit report dated 12 May 2022 on the consolidated audited financial statements for the year ended 31 March 2022 was also qualified in respect of this matter.

4. We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group, its associates and joint ventures in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ('ICAI') together with the ethical requirements that are relevant to our audit of the consolidated financial statements under the provisions of the Act and the rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained together with the audit evidence obtained by the other auditors in terms of their reports referred to in paragraphs 19 and 20 of the Other Matters section below, is sufficient and appropriate to provide a basis for our qualified opinion.

### Emphasis of Matters

5. In relation to the matters described in Note 49 to the accompanying consolidated financial statements and the following Material Uncertainty Related to Going Concern paragraph included in audit report on the consolidated financial statements of Steiner AG, a step-down subsidiary of the Holding Company, audited by an independent firm of Chartered Accountants, vide their audit report dated 27 April 2023 which is reproduced by us as under:

"We draw attention to the note XX of the consolidated financial statements describing the performance of the company given its challenging business situations and resulting liquidity difficulties it faced as at 31 March 2023. Furthermore, the company's syndicated bank guarantee agreement is valid up to 15 May 2023. These circumstances indicate the existence of a material uncertainty that may cast significant doubt about the company's ability to continue as a going concern. The company's ability to continue as a going concern depends on whether it can achieve the proposed liquidity measures."

6. In relation to the matter described in Note 39 to the accompanying consolidated financial statements and the following Emphasis of Matter paragraph included in the audit report of the financial statement of Raiganj-Dalkhola Highways Limited, a step-down subsidiary of the Holding Company, audited by an independent firm of Chartered Accountants, vide their audit report dated 16 May 2023, which is reproduced by us as under:

"Note XX, XX & XX of notes to accounts, the Company had taken term loans from consortium of banks and financial institution. The Company borrowings have been classified as non-performing assets by the lenders due

to defaults in payment of related dues. Balances of outstanding borrowings from the lenders including interest thereon, as recorded in books of accounts of Company are unconfirmed. Moreover, Yes Bank has assigned entire RDHL loan/ facility to J.C. Flowers Asset Reconstruction Pvt. Ltd. ("JCF ARC") for which the Company is in process to obtain detailed loan statements, terms of repayment and interest rate etc."

7. In relation to the matter described in Note 37 to the accompanying consolidated financial statements and the following Emphasis of Matter paragraph included in the audit report of the financial statements of HREL Real Estate Limited, a subsidiary of the Holding Company, audited by an independent firm of Chartered Accountants, vide their audit report dated 8 May 2023, which is reproduced by us as under:

"Note XX to the accompanying financial statements, the Company had provided corporate guarantees and put options aggregating ₹ 7,275.47 crore (previous year ₹ 6,069.65 crore) to the lenders of its erstwhile subsidiaries, Lavasa Corporation Limited (LCL) and Warasgaon Assets Maintenance Limited (WAML) in respect of amounts borrowed by these entities. LCL and WAML were admitted under the Corporate Insolvency and Resolution Process (CIRP) in accordance with the Insolvency and Bankruptcy Code, 2016 (IBC) dated 30 August 2018 and 20 December 2018, respectively, and Resolution Professionals (RP) were been appointed by the Committee of Creditors (CoC) of the lenders of respective companies. The lenders, to whom these

corporate guarantees and put options were furnished, have filed their claims with Resolution Professional and have also invoked the corporate guarantee/ put options issued by the Company. The National Company Law Tribunal, Mumbai Bench vide its order dated 26 February 2020, have approved the request of lenders of LCL and WAML to consolidate LCL, WAML and Dasve Convention Centre Limited (a subsidiary of LCL) and thereby get better valuation on liquidation. The Resolution Professional is in the process of formulating a resolution plan including identifying potential resolution applicant. The liability of the Company shall be determined once the debts due to these lenders are settled by Resolution Professional upon completion of the IBC process. Pending the outcome of the resolution process, no provision has been made in the financial statements by the management stating that the impact, if any, is currently unascertainable."

Our opinion is not modified in respect of the above matters.

#### Key Audit Matters

8. Key audit matters are those matters that, in our professional judgment and based on the consideration of the reports of the other auditors on separate financial statements of the subsidiaries, associates and joint ventures, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.
9. In addition to the matters described in the Basis for Qualified Opinion, we have determined the matters described below to be the key audit matters to be communicated in our report.

#### Key audit matter

#### How our audit addressed the key audit matter

##### **(a) Accounting of novation of specified debt and assignment of specified arbitration awards and claims pursuant to implementation of debt resolution plan as per the terms of Master Framework Agreement ('MFA') (Refer note 34.1 to the consolidated financial statements)**

During the current year, the Holding Company has successfully implemented its debt resolution plan as per the terms of Master Framework Agreement ('MFA') in relation to its Facilities, Guarantees and Put Obligations in accordance with the Reserve Bank of India (Prudential Framework for Resolution of Stressed Assets) Directions, 2019 dated 7 June 2019. Consequent to the aforementioned debt resolution plan, effective 1 July 2022:

- The Holding Company has novated specified debt of lenders aggregating ₹ 2,855.69 crore to Prolific Resolution Private Limited ('PRPL'), a wholly owned subsidiary of the Holding Company, with the consideration being the assignment of beneficial interest in the specified arbitration awards and claims of ₹ 6,508.44 crore with a carrying value of ₹ 2,894.11 crore in favor of PRPL;
- The Holding Company has also furnished a Corporate Guarantee in favor of lenders for debt novated to PRPL;

Our audit procedures included but were not limited to the following in relation to accounting of debt resolution plan and the treatment of resultant difference arising from such debt resolution:

- Obtained an understanding of the terms of the MFA from the management.
- Evaluated the design and implementation and tested the operating effectiveness of the key internal controls relating to accounting, measurement and de-recognition of specified debt and specified arbitration awards and claims as per the terms of MFA.
- Reviewed the terms of the MFA to assess whether the derecognition of specified debt and specified awards and claims was in accordance with the criteria given under Ind AS 109, 'Financial Instruments' ('Ind AS 109');

- The specified terms of facilities have also been revised with respect to the repayment terms, rates of interest and waiver of penal interest by lenders, including lenders of Lavasa Corporation Limited ('LCL'), an erstwhile subsidiary of the Holding Company, whose liabilities were taken over in earlier years by the Holding Company pursuant to put options and corporate guarantees issued by the Holding Company to LCL lenders.

Accordingly, effective 1 July 2022, the aforementioned assets aggregating ₹ 2,894.11 crore and aforementioned liabilities aggregating ₹ 2,855.69 crore have been derecognised by the Holding Company. The net assets transferred to PRPL represents Holding Company's investment in PRPL and consequently the resultant net difference between assets and liabilities of ₹ 38.42 crore has been recognised as Deemed Investment in PRPL in the standalone financial statements of the Holding Company. Further, the revision in the specified term of facilities resulted in reduction of liabilities to lenders and a resultant gain of ₹ 223.30 crore, was recognised in the Statement of Profit and Loss and presented as an exceptional item.

The accounting treatment with respect to the derecognition of the novated debt and assigned assets as well as the recognition of the deemed investment and resulting gain due to revision of terms of facilities involved exercise of significant judgement by management and managements expert.

Considering the complexities involved and material impact on the consolidated financial statement for the current year, this area has been considered as key audit matter.

- Verified that the resultant net difference between debts novated and specified awards and claims assigned in favour of PRPL has been recognised in accordance with Ind AS 109 in the standalone financial statements of the Holding Company;
- Verified the accounting treatment for revision in the terms of original facilities by the lenders is in accordance with Ind AS 109; and
- Evaluated the appropriateness and adequacy of the disclosures in the consolidated financial statements in accordance with the applicable accounting standards.

#### Key audit matter

#### How our audit addressed the key audit matter

##### **(b) Recognition of contract revenue, margin and contract costs (Refer note 26 to the consolidated financial statements)**

The Group's revenue primarily arises from construction contracts which, by its nature, is complex given the significant judgements involved in the assessment of current and future contractual performance obligations.

The Group recognizes contract revenue and the resultant profit/ loss on the basis of stage of completion determined based on the proportion of contract costs incurred at balance sheet date, relative to the total estimated costs of the contract at completion. The recognition of contract revenue and the resultant profit/ loss therefore rely on estimates in relation to forecast revenue and forecast contract costs. These contract estimates are reviewed by the management on a periodic basis. In doing so, the management is required to exercise judgement in its assessment of the transaction price (i.e. revenue on contracts) which may also include variable considerations that are recognised when the recovery of such consideration is highly probable. The judgment is also required to be exercised to assess the completeness and accuracy of forecast costs to complete.

Changes in these judgements, and the related estimates as contracts progress can result in material adjustments to revenue and margins. As a result of the above judgments, complexities involved and material impact on the related financial statement elements, this area has been considered a key audit matter in the audit of the consolidated financial statements.

Our audit procedures to address this key audit matter included, but were not limited to the following:

- Obtained an understanding of the Group's revenue recognition processes and evaluated the appropriateness of the Group's accounting policy for revenue recognition in accordance with Ind AS 115 – Revenue from contracts with customers;
- Evaluated the design and tested the operating effectiveness of key internal financial controls including those related to estimation of forecasted contract revenue and contracts costs;
- For a sample of contracts, performed the following procedures:
  - inspected the underlying documents such as customer contract/ agreement and variation orders, if any, for the significant contract terms and conditions;
  - evaluated the identification of performance obligations of the contract;
  - obtained an understanding of and evaluated the reasonableness of the assumptions applied in determining the forecasted revenue and cost to complete;

- tested the existence and valuation of variable consideration with respect to the contractual terms and conditions and inspected the correspondence with customers; and
- reviewed the legal and contracting experts' note and/ or legal opinion from independent legal counsel obtained by the management, if any;
- For cost incurred to date, tested samples to appropriate supporting documents and performed cut-off procedures;
- Tested the forecasted cost by obtaining executed purchase orders/ agreements/ relevant documents and evaluated the reasonableness of management judgements/ estimates; and
- Evaluated the appropriateness and adequacy of the disclosures related to contract revenue and costs in the consolidated financial statements in accordance with the applicable accounting standards.

Key audit matter	How our audit addressed the key audit matter
<p><b>(c) Uncertainties relating to recoverability of unbilled work-in-progress (contract assets), current trade receivables and non-current trade receivables (Refer note 38 of the consolidated financial statements)</b></p> <p>The Holding Company, as at 31 March 2023, has unbilled work-in-progress (contract assets), current trade receivables and non-current trade receivables amounting to ₹ 602.33 crore, ₹ 255.69 crore and ₹ 57.52 crore, respectively, which represent various receivables in respect of closed/ substantially closed/ suspended/ terminated projects. The Holding Company is at various stages of negotiations/ discussions / arbitration/ litigation with the customers in respect of the aforementioned receivables.</p> <p>Management, based on contractual tenability, progress of the negotiations/ discussions/ arbitration/ litigation and relying on the legal opinion obtained from independent legal counsel in certain cases, has determined that no provision is required to be recognised for the aforementioned receivables.</p> <p>Considering the materiality of the amounts involved, uncertainty associated with the outcome of the negotiations/ discussions/ arbitration/ litigation and significance of management judgement involved in assessing the recoverability, this was considered to be a key audit matter in the audit of the consolidated financial statements.</p> <p>Further, the aforementioned matter as fully explained in Note 38 to the consolidated financial statements is also considered fundamental to the user's understanding of the consolidated financial statements.</p>	<p>Our audit procedures included, but were not limited to, the following:</p> <ul style="list-style-type: none"> <li>• Obtained an understanding of the management process and evaluated the design and tested the effectiveness of key internal financial controls for assessing the recoverability of unbilled work-in-progress (contract assets) and trade receivables.</li> <li>• Assessed the reasonability of judgements exercised and estimates made by management with respect to the recoverability of these receivables and validated them with corroborating evidence;</li> <li>• Verified contractual arrangements to support management's position on the tenability and recoverability of these receivables;</li> <li>• Obtained an understanding of the current period developments for respective receivables pending at various stages of negotiations/ discussions/ arbitration/ litigation and corroborated the updates with relevant underlying documents.</li> <li>• Reviewed the legal and contractual experts' note and/ or legal opinion from independent legal counsel obtained by the management with respect to certain contentious matters; and</li> <li>• Evaluated the appropriateness and adequacy of the disclosures in the consolidated financial statements in accordance with the applicable accounting standards.</li> </ul>



**Key audit matter****How our audit addressed the key audit matter****(d) Assessment of going concern basis of accounting (Refer Note 2(v)(a) to the consolidated financial statements)**

The Group has incurred continued losses in the previous years, resulting in substantial erosion of its net worth. Further, the Holding Company was also in continued default on payment to its lenders and had overdue payments to operational creditors of which certain creditors also applied before the National Company Law Tribunal ('NCLT') for debt resolution under the Insolvency and Bankruptcy Code, 2016, however, none of which have been admitted so far.

During the current year, the Holding Company has successfully implemented the debt resolution plan as explained in Note 34.1 to the consolidated financial statements. Consequently, the Holding Company is no longer in default in repayment of dues to its lenders as at 31 March 2023. Management has prepared future cash flow forecasts to assess the Group ability to operate as a going concern for a period of at least 12 months from the date of financial statements and concluded that the going concern basis of accounting used for preparation of the accompanying consolidated financial statements is appropriate with no material uncertainty over going concern.

We have considered the assessment of management's evaluation of Group's ability to continue as a going concern as a key audit matter for the current year audit due to the pervasive impact thereof on the consolidated financial statements and the significant management judgements and assumptions that are inherently subjective and dependent on future events, involved in preparation of cash flow projections and determination of the overall conclusion by the management.

Our audit procedures included but were not limited to, the following in relation to assessment of appropriateness of going concern basis of accounting:

- Obtained an understanding of the process followed by management for assessing the Group's ability to continue as a going concern. Also, obtained an understanding around the methodology adopted by the Group to assess their future business performance including the preparation of a cash flow forecast for the business;
- Evaluated the design and tested the operating effectiveness of key controls relating to management's assessment of going concern;
- Obtained from management, the projected cash flows for the next twelve months basis their future business plans;
- Inspected the relevant underlying documents for assessing the appropriateness of projected cash flow for the next 12 months;
- Tested the appropriateness of the key assumptions used by the management that had the most material impact on the cash flow forecasts and discussed these assumptions with the management and with those charged with governance;
- Performed independent sensitivity analysis to test the impact of the variations on the cash flows due to change in the key assumptions;
- In addition to above procedures performed by us, the component auditor of Steiner AG, a wholly-owned subsidiary of the Group, has obtained and reviewed the weekly liquidity measures undertaken by such component and obtained amendment to the bank syndicated agreement; and.
- Assessed the appropriateness and adequacy of the disclosures, in respect of use of going concern assumption for preparation of consolidated financial statement in accordance with the applicable accounting standards.

**Information other than the Consolidated Financial Statements and Auditor's Report thereon**

10. The Holding Company's Board of Directors are responsible for the other information. The other information comprises the information included in the Board Report, Report on Corporate Governance and Management Discussion and Analysis, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit

or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

As described in the Basis for Qualified Opinion section above, the modification pertains to realisability of net deferred tax assets recognised by the Holding Company. Accordingly, we are unable to conclude whether or not the other information is materially misstated with respect to this matter.

### **Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements**

11. The accompanying consolidated financial statements have been approved by the Holding Company's Board of Directors. The Holding Company's Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation and presentation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated changes in equity and consolidated cash flows of the Group including its associates and joint ventures in accordance with the Ind AS specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, and other accounting principles generally accepted in India. The Holding Company's Board of Directors are also responsible for ensuring accuracy of records including financial information considered necessary for the preparation of consolidated Ind AS financial statements. Further, in terms of the provisions of the Act, the respective Board of Directors of the companies included in the Group, and its associate companies and joint venture companies covered under the Act are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error. These financial statements have been used for the purpose of preparation of the consolidated financial statements by the Board of Directors of the Holding Company, as aforesaid.
  12. In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group and of its associates and joint ventures are responsible for assessing the ability of the Group and of its associates and joint ventures to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.
  13. Those respective Board of Directors are also responsible for overseeing the financial reporting process of the companies included in the Group and of its associates and joint ventures.
- ### **Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**
14. Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.
  15. As part of an audit in accordance with Standards on Auditing specified under section 143(10) of the Act, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:
    - Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
    - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3) (i) of the Act, we are also responsible for expressing our opinion on whether the Holding Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls;
    - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
    - Conclude on the appropriateness of Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group and its associates and joint ventures to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our

conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and its associates and joint ventures to cease to continue as a going concern;

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation; and
- Obtain sufficient appropriate audit evidence regarding the financial statements of the entities or business activities within the Group, and its associates and joint ventures, to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of financial statements of such entities included in the consolidated financial statements, of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by the other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

16. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
17. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
18. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### Other Matters

19. We did not audit the financial statements of twenty-seven (27) subsidiaries, whose financial statements reflects total assets of ₹ 7,302.70 crore and net liabilities of ₹ 93.06 as at 31 March 2023, total revenues of ₹ 4,993.41 crore and net cash outflows amounting to ₹ 263.20 crore for the year ended on that date, as considered in the consolidated financial statements. The consolidated financial statements also include the Group's share of net profit (including

other comprehensive income) of ₹ 5.08 crore for the year ended 31 March 2023, as considered in the consolidated financial statements, in respect of four (4) associates and one (1) joint venture, whose financial statements have not been audited by us. These financial statements have been audited by other auditors whose reports have been furnished to us by the management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, associates and joint ventures, and our report in terms of sub-section (3) of section 143 of the Act in so far as it relates to the aforesaid subsidiaries, associates and joint ventures, are based solely on the reports of the other auditors.

Our opinion above on the consolidated financial statements, and our report on other legal and regulatory requirements below, are not modified in respect of the above matters with respect to our reliance on the work done by and the reports of the other auditors.

20. We did not audit the financial statements of eight (8) joint operations, whose financial statements reflects total assets of ₹ 265.14 crore and net assets of ₹ 66.65 as at 31 March 2023, total revenues of ₹ 362.09 crore and net cash outflows amounting to ₹ 8.08 crore for the year ended on that date, as considered in the financial statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these joint operations, and our report in terms of sub-section (3) of section 143 of the Act in so far as it relates to the aforesaid joint operations are based solely on the reports of the other auditors.

Further, of these joint operations, the financial statements of five (5) joint operations have been prepared in accordance with accounting principles generally accepted in India, including accounting standards issued by the ICAI. The Holding Company's management has converted the financial statements of such joint operations in accordance with Ind AS and other accounting principles generally accepted in India. We have audited these conversion adjustments made by the Holding Company's management. Our opinion, in so far as it relates to the amounts and disclosures included in respect of these joint operations is based on the audit report of other auditors and the conversion adjustments prepared by the management of the Holding Company and audited by us.

Our opinion above on the consolidated financial statements, and our report on other legal and regulatory requirements below, are not modified in respect of the above matters with respect to our reliance on the work done by and the reports of the other auditors.

21. We did not audit the financial statements of one (1) subsidiary, whose financial statements reflect total assets of ₹ 39.61 crore and net asset of ₹ 5.45 crore as at

31 March 2023, total revenues of ₹ 2.48 crore and net cash inflow amounting to ₹ 0.17 crore for the year then ended, as considered in the consolidated financial statements. The consolidated financial statements also includes the Group's share of net profit (including other comprehensive income) of ₹ 4.51 crore for the year ended 31 March 2023, as considered in the consolidated financial statements in respect of one (1) associate, whose financial statements have not been audited by us. These financial statements are unaudited and have been furnished to us by the management and our opinion on the consolidated financial statements, is so far as it relates to the amounts and disclosures included in respect of aforesaid subsidiary and associate, is based solely on such unaudited financial statements. In our opinion, and according to the information and explanations given to us by the management, these financial statements are not material to the Group.

Our opinion above on the consolidated financial statements, and our report on other legal and regulatory requirements below, are not modified in respect of the above matter with respect to our reliance on the financial statements certified by the management.

## Report on Other Legal and Regulatory Requirements

22. As required by section 197(16) of the Act based on our audit and on the consideration of the reports of the other auditors, referred to in paragraph 19, on separate financial statements of the subsidiaries, associates and joint ventures, we report that the Holding Company incorporated in India, whose financial statements have been audited under the Act have paid remuneration to their respective directors during the year in accordance with the provisions of and limits laid down under section 197 read with Schedule V to the Act.

Further, we report that seventeen (17) subsidiary companies incorporated in India whose financial statements have been audited under the Act have not paid or provided for any managerial remuneration during the year. Accordingly, reporting under section 197(16) of the Act is not applicable in respect of such subsidiary companies.

23. As required by clause (xxi) of paragraph 3 of Companies (Auditor's Report) Order, 2020 ('the Order') issued by the Central Government of India in terms of section 143(11) of the Act based on the consideration of the Order reports issued till date by us and by the respective other auditors as mentioned in paragraph 19 above, of companies included in the consolidated financial statements and covered under the Act, refer Annexure II for details of qualifications and/or adverse remarks given by respective auditors in the Order reports of such companies. The annexure also separately contains details of those companies included in the consolidated financial statements and covered under the Act for which the respective Order reports as required under Section 143(11) of the Act have not yet been issued.
24. As required by section 143(3) of the Act, based on our audit and on the consideration of the reports of the

other auditors on separate financial statements and other financial information of the subsidiaries, associates and joint ventures incorporated in India whose financial statements have been audited under the Act, we report, to the extent applicable, that:

- a) We have sought and except for the matter described in the Basis for Qualified Opinion section, obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the aforesaid consolidated financial statements;
- b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors, except for the possible effects of the matter described in the Basis for Qualified Opinion section with respect to the financial statements of the Holding Company,
- c) The consolidated financial statements dealt with by this report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements;
- d) Except for the possible effects of the matter described in the Basis for Qualified Opinion section, in our opinion, the aforesaid consolidated financial statements comply with Ind AS specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015;
- e) The matter described in paragraph 3 of the Basis for Qualified Opinion section, in our opinion, may have an adverse effect on the functioning of the Holding Company; paragraph 5 of the Emphasis of Matter section, may have an adverse effect on the functioning of Steiner AG (a step-down subsidiary of the Holding Company); and paragraph 7 of the Emphasis of Matter section may have an adverse effect on the functioning of HREL Real Estate Limited (a subsidiary of the Holding Company).
- f) On the basis of the written representations received from the directors of the Holding Company, its subsidiary companies and taken on record by the Board of Directors of the Holding Company, its subsidiary companies and the reports of the statutory auditors of its subsidiary companies, associate companies and joint venture companies, covered under the Act, none of the directors of the Group companies, its associate companies and joint venture companies, are disqualified as on 31 March 2023 from being appointed as a director in terms of section 164(2) of the Act.
- g) The qualifications relating to the maintenance of accounts and other matters connected therewith are as stated in paragraph 3 of the Basis for Qualified Opinion section with respect to the Holding Company;
- h) With respect to the adequacy of the internal financial controls with reference to financial statements of the

Holding Company, and its subsidiary companies, associate companies and joint venture companies covered under the Act, and the operating effectiveness of such controls, refer to our separate report in 'Annexure III' wherein we have expressed a modified opinion; and

- i) With respect to the other matters to be included in the Auditor's Report in accordance with rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditors on separate financial statements and other financial information of the subsidiaries, associates and joint ventures incorporated in India, whose financial statements have been audited under the Act:
- i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group, its associates and joint ventures as detailed in notes 7.1, 36, 37, 38 and 40 to the consolidated financial statements;
- ii. provision has been made in these consolidated financial statements, as required under the applicable law or Ind AS, for material foreseeable losses, on long-term contracts including derivative contracts, as detailed in note 22.2 to the consolidated financial statements;
- iii. there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company, and its subsidiary companies, associate companies and joint venture companies covered under the Act, during the year ended 31 March 2023;
- iv. a. The respective managements of the Holding Company and its subsidiary companies, associate companies and joint venture companies incorporated in India whose financial statements have been audited under the Act have represented to us and the other auditors of such subsidiaries, associates and joint ventures respectively that, to the best of their knowledge and belief, as disclosed in note 53(v) to the consolidated financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or securities premium or any other sources or kind of funds) by the Holding Company or its subsidiary companies, its associate companies or its joint venture companies to or in any person(s) or entity(ies), including foreign entities ('the intermediaries'), with the understanding, whether recorded in writing or otherwise, that the intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Holding Company, or any such subsidiary companies, its associate companies or its joint venture companies ('the Ultimate Beneficiaries') or provide any guarantee, security or the like on behalf the Ultimate Beneficiaries;
- b. The respective managements of the Holding Company and its subsidiary companies, associate companies and joint venture companies incorporated in India whose financial statements have been audited under the Act have represented to us and the other auditors of such subsidiaries, associates and joint ventures respectively that, to the best of their knowledge and belief, as disclosed in the note 53(vi) to the accompanying consolidated financial statements, no funds have been received by the Holding Company or its subsidiary companies, or its associate companies or its joint venture companies from any person(s) or entity(ies), including foreign entities ('the Funding Parties'), with the understanding, whether recorded in writing or otherwise, that the Holding Company, or any such subsidiary companies, its associate companies or its joint venture companies shall, whether directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ('Ultimate Beneficiaries') or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and
- c. Based on such audit procedures performed by us and that performed by the auditors of the subsidiaries, associates and joint ventures, as considered reasonable and appropriate in the circumstances, nothing has come to our or other auditors' notice that has caused us or the other auditors to believe that the management representations under sub-clauses (a) and (b) above contain any material misstatement.
- v. The Holding Company, its subsidiary companies, associate companies and joint venture companies have not declared or paid any dividend during the year ended 31 March 2023.
- vi. Proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 requires all companies which use accounting software for maintaining their books of account, to use such an accounting software which has a feature of audit trail, with effect from the financial year beginning on 1 April 2023 and accordingly, reporting under Rule 11(g) of Companies (Audit and Auditors) Rules, 2014 (as amended) is not applicable for the current financial year.

For **Walker Chandiok & Co LLP**

Chartered Accountants

Firm's Registration No.: 001076N/N500013

**Shashi Tadwalkar**

Partner

Membership No.: 101797

UDIN: 23101797BGXFAC2333

Place: Mumbai

Date: 18 May 2023

# ANNEXURE I TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1 of our report of even date)

## List of Entities included in the consolidated financial statements

Subsidiary Companies	
HCC Contract Solutions Limited	HCC Aviation Limited
Western Securities Limited	Steiner AG
HREL Real Estate Limited	HCC Realty Limited
Panchkutir Developers Limited	HCC Operation and Maintenance Limited
HCC Mauritius Enterprises Limited	Steiner Promotions et Participations SA
Highbar Technologies Limited	Steiner (Deutschland) GmbH
HCC Infrastructure Company Limited	VM + ST AG
HCC Mauritius Investments Limited	Steiner Leman SAS
HRL Township Developers Limited	Steiner India Limited
HRL (Thane) Real Estate Limited	Powai Real Estate Developer Limited
Nashik Township Developers Limited	Prolific Resolution Private Limited
Maan Township Developers Limited	Baharampore- Farakka Highways Limited (upto 28 March 2023)
Manufakt8048 AG	Raiganj- Dalkhola Highways Limited
Narmada Bridge Tollways Limited	Steiner Construction SA (incorporated w.e.f. 12 July 2022)
Badarpur Faridabad Tollways Limited	
Associates	
Highbar Technocrat Limited	Evostate Immobilien AG
Evostate AG	MCR Managing Corp. Real Estate
Hegias AG, Zurich (incorporated w.e.f. 18 August 2022)	
Joint Venture / Joint Operations	
Kumagai- Skanska- HCC- Itochu Group	Alpine- HCC Joint Venture
HCC- L&T Purulia Joint Venture	HCC Samsung Joint Venture CC 34
Alpine- Samsung- HCC Joint Venture	Werkarena Basel AG
Nathpa Jhakri Joint Venture	HCC- VCCL Joint Venture
HCC- HDC Joint Venture	

## ANNEXURE II TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 23 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

- A) Followings are the qualifications/ adverse remarks reported by us and the other auditors in the Order reports of the companies included in the consolidated financial statements for the year ended 31 March 2023 for which such Order reports have been issued till date and made available to us:

Sr. No.	Name of the entity	CIN	Holding Company / subsidiary / Associate / Joint Venture/ Joint operation	Clause number of the CARO report which is qualified or adverse
1	Hindustan Construction company Limited	L45200MH1926PLC001228	Holding Company	Clause (ii)(b), (vii)(a), (ix)(a),
2	Western Securities Limited	U67120MH1985PLC037511	Subsidiary	Clause (iii)(b), (iii)(c) (iii)(d), (iii)(e), (iii)(f) and (iv)
3	HREL Real Estate Limited	U70100MH2005PLC154004	Subsidiary	Clause (iii)(b), (iii)(c), (vii)(a) and (xix)
4	Panchkutir Developers Limited	U45201MH2006PLC165073	Subsidiary	Clause (iii)(b), (iii)(c) and (vii)(a)
5	HCC Infrastructure Company Limited	U45400MH2010PLC210944	Subsidiary	Clause (iii)(c)
6	HRL Township Developers Limited	U45201MH2006PLC163478	Subsidiary	Clause (iii)(b) and (iii)(c)
7	Maan Township Developers Limited	U45200MH2007PLC167462	Subsidiary	Clause (iii)(b) and (iii)(c)
8	HCC Aviation Limited	U63033MH2008PLC182384	Subsidiary	Clause (iii)(b) and (iii)(c)
9	Badarpur Faridabad Tollways Limited	U45203MH2008PLC184750	Subsidiary	Clause (xix)
10	Raiganj-Dalkhola Highways Limited	U45400MH2010PLC200734	Subsidiary	Clause (ix)(a)

- B) Following are the companies included in the consolidated financial statements for the year ended 31 March 2023 audited by other auditor, for which the reports under section 143(11) of such companies have not yet been issued by the other auditor, as per information and explanation given to us by the management in this respect:

S No	Name of the entity	CIN	Subsidiary/ Associate/ Joint Venture
1	Steiner India Limited	U45203MH2011FLC221029	Subsidiary



# ANNEXURE III TO THE INDEPENDENT AUDITOR'S REPORT

## **Annexure III to the Independent Auditor's Report of even date to the members of Hindustan Construction Company Limited on the consolidated financial statements for the year ended 31 March 2023**

Independent Auditor's Report on the internal financial controls with reference to financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ('the Act')

1. In conjunction with our audit of the consolidated financial statements of **Hindustan Construction Company Limited** and its joint operations ('the Holding Company') and its subsidiaries (the Holding Company and its subsidiaries together referred to as 'the Group'), its associates and joint ventures as at and for the year ended 31 March 2023, we have audited the internal financial controls with reference to financial statements of the Holding Company, its subsidiary companies and its associate companies, which are companies covered under the Act, as at that date.

### **Responsibilities of Management and Those Charged with Governance for Internal Financial Controls**

2. The respective Board of Directors of the Holding Company, its subsidiary companies and its associate companies, which are companies covered under the Act, are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the 'Guidance Note') issued by the Institute of Chartered Accountants of India (the 'ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of the Company's business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

### **Auditor's Responsibility for the Audit of the Internal Financial Controls with Reference to Financial Statements**

3. Our responsibility is to express an opinion on the internal financial controls with reference to financial statements of the Holding Company, its subsidiary companies and its associate companies, as aforesaid, based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the ICAI prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements, and the Guidance Note issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements were established and maintained and if such controls operated effectively in all material respects.

4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements includes obtaining an understanding of such internal financial controls, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.
5. We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our qualified audit opinion on the internal financial controls with reference to financial statements of the Holding Company, its subsidiary companies and its associate companies, as aforesaid.

### **Meaning of Internal Financial Controls with Reference to Financial Statements**

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

### **Inherent Limitations of Internal Financial Controls with Reference to Financial Statements**

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

subject to the risk that the internal financial controls with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### Qualified Opinion

8. According to the information and explanations given to us and based on our audit, the following material weaknesses have been identified in the operating effectiveness of the Group's internal financial controls with reference to financial statements as at 31 March 2023:

The Holding Company's internal financial system with respect to assessing the recoverability of deferred tax assets, as explained in Note 10.1 to the consolidated financial statements were not operating effectively, which could potentially lead to a material misstatement in the carrying amount of deferred tax assets and its consequential impact on the earnings, other equity and related disclosures in the consolidated financial statements.

9. A 'material weakness' is a deficiency, or a combination of deficiencies, in internal financial controls with reference to financial statements, such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis.
10. In our opinion and based on the consideration of the reports of the other auditors on internal financial controls with reference to financial statements of the subsidiary companies; the Holding Company, subsidiary companies and associate companies which are companies covered under the Act has, in all material respects, adequate internal financial controls with reference to consolidated financial statements as at 31 March 2023, based on internal control over financial reporting criteria established by the Group considering the essential components of internal control stated in the Guidance Note issued by the ICAI, and, except for the possible effects of the material weakness described above on the achievement of the objectives of the control criteria, the Group's internal financial controls with reference to financial statements were operating effectively as at 31 March 2023.
11. We have considered the material weaknesses identified and reported above in determining the nature, timing, and extent of audit tests applied in our audit of the consolidated financial statements of the Group and its associate company, which are companies covered under the Act, as at and for the year ended 31 March 2023, and these material weaknesses have affected our opinion on the consolidated financial statements of the Group, and its associate companies and we have issued a qualified opinion on the consolidated financial statements.

### Other Matters

12. We did not audit the internal financial controls with reference to financial statements in so far as it relates to seventeen (17) subsidiary companies, which are companies covered under the Act, whose financial statements reflect

total assets of ₹ 3,787.54 crore and net liabilities of ₹ 469.42 crore as at 31 March 2023, total revenues of ₹ 614 crore and net cash flow amounting to ₹ 10.24 crore for the year ended on that date, as considered in the consolidated financial statements. The internal financial controls with reference to financial statements in so far as it relates to such subsidiary companies have been audited by other auditors whose reports have been furnished to us by the management and our report on the adequacy and operating effectiveness of the internal financial controls with reference to financial statements for the Holding Company, its subsidiary companies and its associate companies, as aforesaid, under Section 143(3)(i) of the Act in so far as it relates to such subsidiary companies is based solely on the reports of the auditors of such companies. Our opinion is not modified in respect of this matter with respect to our reliance on the work done by and on the reports of the other auditors.

13. We did not audit the internal financial controls with reference to financial statements in so far as it relates to one (1) subsidiary, which is a company covered under the Act, whose financial statements reflect total assets of ₹ 39.61 crore and net assets of ₹ 5.45 crore as at 31 March 2023, total revenues of ₹ 2.48 crore and net cash inflows amounting to ₹ 0.17 crore for the year ended on that date; and one (1) associate companies, which is a company covered under the Act, in respect of which, the Group's share of net profit (including other comprehensive income) of ₹ 4.51 crore for the year ended 31 March 2023 has been considered in the consolidated financial statements. The internal financial controls with reference to financial statements of this subsidiary company and associate company, which are companies covered under the Act, are unaudited and our opinion under Section 143(3)(i) of the Act on adequacy and operating effectiveness of the internal financial controls with reference to financial statements insofar as it relates to the aforesaid subsidiary and associate company, which are companies covered under the Act, is solely based on the corresponding internal financial controls with reference to financial statements report certified by the management of such companies. In our opinion and according to the information and explanations given to us by the management, these financial statements are not material to the Group. Our opinion is not modified in respect of the above matter with respect to our reliance on the internal financial controls with reference to financial statements report certified by the management.

For **Walker Chandiok & Co LLP**

Chartered Accountants

Firm's Registration No.: 001076N/N500013

**Shashi Tadwalkar**

Partner

Membership No.: 101797

UDIN: 23101797BGXFAC2333

Place: Mumbai

Date: 18 May 2023

# CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2023

(Amount in ₹ crore, unless otherwise stated)

Particulars	Note No.	As at 31 March 2023	As at 31 March 2022 (Restated)
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	3A	358.09	436.23
Right-of-use assets	3B	186.80	217.61
Capital work-in-progress	3C	0.12	0.68
Investment property	4	2.84	2.79
Goodwill	5	3.38	3.38
Other intangible assets	5	72.10	62.54
Investments in associates and joint ventures	6	59.66	20.47
Financial assets			
Other investment	6A	19.11	37.90
Trade receivables	7	670.12	235.75
Loans	8	42.26	57.32
Other financial assets	9	3,118.45	18.09
Deferred tax assets (net)	10	782.02	742.68
Non-current tax assets (net)	10	117.46	121.54
Unbilled work-in-progress (contract assets)	16	-	24.56
Other non-current assets	11	117.56	67.90
<b>Total non-current assets</b>		<b>5,549.97</b>	<b>2,049.45</b>
<b>Current assets</b>			
Inventories	12	490.52	484.84
Financial assets			
Investments	13	0.70	0.66
Trade receivables	7	2,180.68	2,090.96
Cash and cash equivalents	14	581.91	720.97
Bank balances other than cash and cash equivalents	15	571.63	821.42
Other financial assets	9	96.93	93.42
Unbilled work-in-progress (contract assets)	16	3,442.44	3,921.48
Other current assets	11	262.96	322.98
		<b>7,627.77</b>	<b>8,456.73</b>
Assets held for sale	17	2.19	3,719.00
<b>Total current assets</b>		<b>7,629.96</b>	<b>12,175.73</b>
<b>TOTAL ASSETS</b>		<b>13,179.93</b>	<b>14,225.18</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity share capital	18	151.31	151.31
Other equity	19	(865.69)	(810.45)
<b>Equity attributable to owners of the parent</b>		<b>(714.38)</b>	<b>(659.14)</b>
Non-controlling interest		0.00*	0.00*
<b>Total equity</b>		<b>(714.38)</b>	<b>(659.14)</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Financial liabilities			
Borrowings	20	4,851.11	1,178.47
Lease liabilities	41	185.70	197.67
Other financial liabilities	21	1,708.73	1,554.89
Provisions	22	126.68	111.96
Deferred tax liabilities (net)	10	-	31.45
<b>Total non-current liabilities</b>		<b>6,872.22</b>	<b>3,074.44</b>
<b>Current liabilities</b>			
Financial liabilities			
Borrowings	20	443.41	612.71
Lease liabilities	41	31.35	29.15
Trade payables	23	-	-
- Total outstanding dues of micro enterprises and small enterprises		134.67	80.00
- Total outstanding dues of creditors other than micro enterprises and small enterprises		2,856.54	2,978.54
Other financial liabilities	21	856.67	1,417.02
Other current liabilities	24	2,088.53	2,444.91
Current tax liabilities	10	8.97	1.24
Provisions	22	601.94	479.20
		<b>7,022.08</b>	<b>8,042.77</b>
Liabilities held for sale	25	-	3,767.11
<b>Total current liabilities</b>		<b>7,022.08</b>	<b>11,809.88</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>13,179.93</b>	<b>14,225.18</b>

\* Represents amount less than ₹ 1 lakh

The accompanying notes form an integral part of the consolidated financial statements

This is the Consolidated Balance Sheet referred to in our audit report of even date

For **Walker Chandio & Co LLP**

Chartered Accountants

Firm Registration No. 001076N / N500013

**Shashi Tadwalkar**

Partner

Membership No.: 101797

Place: Mumbai

Date : 18 May 2023

For and on behalf of the Board of Directors

**Ajit Gulabchand**

DIN : 00010827

Chairman

**Arjun Dhawan**

DIN : 01778379

Vice Chairman

**Jaspreet Bhullar**

DIN : 03644691

Managing Director & Chief Executive Officer

**Rahul P. Rao**

Chief Financial Officer

**Dr. Mita Dixit**

DIN : 08198165

Director

**Nitesh Jha**

FCS No. 8436

Company Secretary

Place: Mumbai

Date : 18 May 2023

# CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2023

(Amount in ₹ crore, unless otherwise stated)

	Note No.	As at 31 March 2023	As at 31 March 2022 (Restated)
<b>Continuing Operations</b>			
<b>Income</b>			
Revenue from operations	26	9,856.59	10,668.26
Other income	27	55.74	158.20
<b>Total income</b>		<b>9,912.33</b>	<b>10,826.46</b>
<b>Expenses</b>			
Cost of materials consumed	28	1,009.64	865.06
Subcontracting expenses		6,833.08	7,112.79
Changes in inventories	29	(11.04)	(17.14)
Employee benefits expense	30	836.67	933.53
Finance costs	31	1,012.31	1,036.26
Depreciation and amortisation expense	32	128.55	138.34
Other expenses	33	611.53	586.21
<b>Total expenses</b>		<b>10,420.74</b>	<b>10,655.05</b>
<b>Profit/ (Loss) before share of profit of associates/ joint ventures, exceptional items and tax</b>		<b>(508.41)</b>	<b>171.41</b>
Share of profit of associates/ joint ventures (net)		9.59	5.21
<b>Profit/ (Loss) before exceptional items and tax</b>		<b>(498.82)</b>	<b>176.62</b>
Exceptional items- Gain	34	409.74	460.64
<b>Profit/ (Loss) before tax</b>		<b>(89.08)</b>	<b>637.26</b>
<b>Tax expense / (credit)</b>	10		
Current tax		8.30	25.78
Deferred tax		(70.79)	39.74
<b>Total tax expense/ (credit)</b>		<b>(62.49)</b>	<b>65.52</b>
<b>Profit / (loss) for the year from continuing operations (A)</b>		<b>(26.59)</b>	<b>571.74</b>
<b>Discontinued Operations</b>			
Profit/ (Loss) before tax from discontinued operations		(1.08)	4.07
Tax expense of discontinued operations		0.17	13.07
<b>Loss from discontinued operations (after tax) (B)</b>		<b>(1.25)</b>	<b>(9.00)</b>
<b>Net profit / (loss) for the year from total operation (A) + (B)</b>		<b>(27.84)</b>	<b>562.74</b>
<b>Other comprehensive income / (loss)</b>			
<b>(a) Items that will not be reclassified to profit or loss (net of tax)</b>			
- Gain/ (Loss) on remeasurement of defined benefit plans		(20.23)	82.49
- Gain on fair value of equity instruments		0.53	7.09
<b>(b) Items that will be reclassified subsequently to statement of profit or loss (net of tax)</b>			
- Translation loss relating to foreign operations		(6.06)	(4.51)
<b>Total other comprehensive income / (loss) for the year, net of tax (C)</b>		<b>(25.76)</b>	<b>85.07</b>
<b>Total comprehensive income / (loss) for the year, net of tax (A+B+C)</b>		<b>(53.60)</b>	<b>647.81</b>
<b>Profit / (loss) for the year attributable to:</b>			
Owners of the parent		(27.84)	562.74
Non-controlling interest		(0.00)*	0.00*
<b>Other comprehensive income / (loss) for the year attributable to:</b>			
Owners of the parent		(25.76)	85.07
Non-controlling interest		(0.00)*	0.00*
<b>Total comprehensive income / (loss) for the year attributable to:</b>			
Owners of the parent		(53.60)	647.81
Non-controlling interest		(0.00)*	0.00*
<b>Earnings / (Loss) per share (Face value of ₹ 1 each) - for continuing operations</b>			
a) Basic EPS (in ₹)	35	(0.18)	3.78
b) Diluted EPS (in ₹)		(0.18)	3.78
<b>Earnings / (Loss) per share (Face value of ₹ 1 each) - for discontinued operations</b>			
a) Basic EPS (in ₹)	35	(0.01)	(0.06)
b) Diluted EPS (in ₹)		(0.01)	(0.06)
<b>Earnings/ (Loss) per share (Face value of ₹ 1 each) - for total operations</b>			
a) Basic EPS (in ₹)	35	(0.19)	3.72
b) Diluted EPS (in ₹)		(0.19)	3.72

\* Represents amount less than ₹ 1 lakh

The accompanying notes form an integral part of the consolidated financial statements

This is the Consolidated Statement of Profit and Loss referred to in our audit report of even date

For **Walker Chandio & Co LLP**

Chartered Accountants

Firm Registration No. 001076N / N500013

**Shashi Tadwalkar**

Partner

Membership No.: 101797

Place: Mumbai

Date : 18 May 2023

For and on behalf of the Board of Directors

**Ajit Gulabchand**

**Arjun Dhawan**

**Jaspreet Bhullar**

**Rahul P. Rao**

**Dr. Mita Dixit**

**Nitesh Jha**

DIN : 00010827

DIN : 01778379

DIN : 03644691

DIN : 08198165

FCS No. 8436

Chairman

Vice Chairman

Managing Director & Chief Executive Officer

Chief Financial Officer

Director

Company Secretary

Place: Mumbai

Date : 18 May 2023

# CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2023

(Amount in ₹ crore, unless otherwise stated)

	Year ended 31 March 2023	Year ended 31 March 2022 (Restated)
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit/ (loss) before tax including discontinued operations	(90.16)	641.33
<b>Adjustments for:</b>		
Depreciation and amortisation expense	128.55	138.34
Finance costs	1,012.31	1,036.26
Interest income	(20.95)	(33.00)
Fair valuation gain on subsequent measurement of financial assets	(248.55)	-
Gain on implementation of debt resolution plan of the holding company	(223.30)	-
Gain on settlement of debt	(43.96)	(134.35)
Gain on deconsolidation of an erstwhile subsidiary	(142.48)	-
Share of profit of associates and joint ventures	(9.59)	(5.21)
Dividend income	(4.57)	(1.14)
Unrealised exchange gain on foreign currency translation (net)	(4.18)	(3.92)
Profit on disposal of property, plant and equipment (net)	(2.89)	(2.36)
Loss allowance on financial assets	29.72	16.90
Provision no longer required written back	(50.14)	(23.43)
	<b>419.97</b>	<b>988.09</b>
<b>Operating profit before working capital changes</b>	329.81	1,629.42
<b>Adjustments for changes in working capital:</b>		
Increase in inventories	(5.68)	(5.24)
Increase in trade receivables	(239.57)	(37.64)
Decrease in other financial assets, other assets and unbilled work-in-progress	145.20	97.42
Decrease in trade payables, other financial liabilities, other liabilities and provisions	(217.83)	(652.95)
<b>Cash generated from operations</b>	<b>11.93</b>	<b>1,031.01</b>
Direct taxes paid/ (refunded) (net)	4.98	(84.38)
<b>Net cash generated from operating activities</b>	<b>16.91</b>	<b>946.63</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(215.37)	(89.25)
Proceeds from disposal of property, plant and equipment	9.47	34.30
Proceeds from sale of investments	5.69	-
Investments in associates	(29.60)	-
Net proceeds from / (investments in) bank deposits	250.06	(201.04)
Interest received	25.89	29.82
Proceeds from sale of an erstwhile subsidiary	373.99	-
Dividend received	4.57	1.14
<b>Net cash generated from / (used in) investing activities</b>	<b>424.70</b>	<b>(225.03)</b>

# CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2023

(Amount in ₹ crore, unless otherwise stated)

	Year ended 31 March 2023	Year ended 31 March 2022 (Restated)
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Repayment of long-term borrowings	(175.43)	(734.01)
(Repayment of) / Proceeds from short-term borrowings (net)	(26.00)	519.08
Repayment of lease obligations	(9.77)	(19.01)
Finance costs paid	(391.90)	(426.01)
<b>Net cash generated used in financing activities</b>	<b>(603.10)</b>	<b>(659.95)</b>
<b>Net increase / (decrease) in cash and cash equivalents (A+B+C)</b>	<b>(161.49)</b>	<b>61.65</b>
Cash and cash equivalents at the beginning of the year	720.97	642.13
Unrealised foreign exchange gain on cash and cash equivalents (net)	22.43	17.19
Cash and cash equivalents at the end of the year (Refer note 14)	581.91	720.97

Notes:

- 1) The cash flow statement has been prepared under the indirect method as set out in Ind AS 7- Statement of Cash Flows.
- 2) Additions include movements of capital work-in-progress, capital advances and liability for capital goods, including intangible assets.

This is the Consolidated Cash Flow Statement referred to in our audit report of even date.

For **Walker Chandiok & Co LLP**

Chartered Accountants

Firm Registration No. 001076N / N500013

**Shashi Tadwalkar**

Partner

Membership No.: 101797

Place: Mumbai

Date : 18 May 2023

For and on behalf of the Board of Directors

**Ajit Gulabchand**

DIN : 00010827

Chairman

**Arjun Dhawan**

DIN : 01778379

Vice Chairman

**Jaspreet Bhullar**

DIN : 03644691

Managing Director & Chief Executive Officer

**Rahul P. Rao**

Chief Financial Officer

**Dr. Mita Dixit**

DIN : 08198165

Director

**Nitesh Jha**

FCS No. 8436

Company Secretary

Place: Mumbai

Date : 18 May 2023

# CONSOLIDATED STATEMENT OF CHANGE IN EQUITY FOR THE YEAR ENDED MARCH 31, 2023

(Amount in ₹ crore, unless otherwise stated)

## a) Equity share capital (equity shares of ₹ 1 each)

Particulars	Issued, subscribed and paid	
	Number	Amount
<b>As at 1 April 2021</b>	<b>1,512,976,244</b>	<b>151.31</b>
Issued during the year	-	-
<b>As at 31 March 2022</b>	<b>1,512,976,244</b>	<b>151.31</b>
Issued during the year	-	-
<b>As at 31 March 2023</b>	<b>1,512,976,244</b>	<b>151.31</b>

## b) Other equity

Particulars	Reserves and surplus					Other comprehensive income				Non-controlling interest	Total equity attributable to equity holders	
	Capital reserve	Forfeited debentures account	Securities premium	Share option outstanding reserve	Debt redemption reserve	Foreign currency translation reserve	General reserve	Retained earnings	Equity instruments at fair value through other comprehensive income			Translation loss relating to foreign operation (net)*
As at 1 April 2021	31.49	0.02	2,650.87	-	54.99	(0.24)	180.24	(4,219.36)	(18.63)	(147.56)	0.00*	(1,468.18)
Profit for the year	-	-	-	-	-	-	-	562.74	-	-	-	562.74
Other comprehensive income for the year	-	-	-	-	-	-	-	82.49	7.09	(4.51)	-	85.07
Impact of business combination (Refer note 51)	8.21	-	-	-	-	-	-	-	-	-	-	8.21
Restatement of foreign currency monetary translation items	-	-	-	-	-	-	3.84	-	-	-	-	3.84
Amortization of foreign currency monetary translation items	-	-	-	-	-	(2.13)	-	-	-	-	-	(2.13)
As at 31 March 2022	39.70	0.02	2,650.87	-	54.99	1.47	180.24	(3,574.12)	(11.54)	(152.07)	0.00*	(810.45)
Loss for the year	-	-	-	-	-	-	-	(27.84)	-	-	-	(27.84)
Other comprehensive loss for the year	-	-	-	-	-	-	-	(20.23)	0.53	(6.06)	-	(25.76)
Restatement of foreign currency monetary translation items	-	-	-	-	-	-	1.51	-	-	-	-	1.51
Share based payment expense	-	-	-	0.00*	-	-	-	-	-	-	-	0.00*
Amortization of foreign currency monetary translation items	-	-	-	-	-	-	(3.15)	-	-	-	-	(3.15)
As at 31 March 2023	39.70	0.02	2,650.87	0.00*	54.99	(0.17)	180.24	(3,622.20)	(11.01)	(158.13)	0.00*	(865.69)

\* Represents amount less than ₹ 1 lakh

This is the consolidated statement of Changes in Equity referred to in our audit report of even date

For **Walker Chandiok & Co LLP**

Chartered Accountants

Firm Registration No. 001076N / N500013

For and on behalf of the Board of Directors

**Ajit Gulabchand**

**Arjun Dhawan**

**Jaspreet Bhullar**

**Rahul P. Rao**

**Dr. Mita Dixit**

**Nitesh Jha**

Chairman

Vice Chairman

Managing Director & Chief Executive Officer

Chief Financial Officer

Director

Company Secretary

**Shashi Tadwalkar**

Partner

Membership No.: 101797

Place: Mumbai

Date: 18 May 2023

Place: Mumbai

Date: 18 May 2023



## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2023

### NOTE 1 CORPORATE INFORMATION

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

The consolidated financial statements comprises the financial statements of the Company and its subsidiaries (the Company and its subsidiaries referred to as the "Group") and its associates and joint arrangements. The Group is principally engaged in the business of providing engineering and construction services, real estate, and infrastructure. These consolidated financial statements ("the financial statements") of the Group for the year ended 31 March 2023 were authorised for issue in accordance with resolution of the Board of Directors on 18 May 2023.

### NOTE 2.1 SIGNIFICANT ACCOUNTING POLICIES

#### i Basis of preparation

The financial statements of the Group have been prepared to comply in all material respects with the Indian Accounting Standards ("Ind AS") as prescribed under Section 133 of the Companies Act, 2013 ('the Act') read with Companies (Indian Accounting Standards) Rules as amended from time to time and guidelines issued by Securities and Exchange Board of India (SEBI) to the extent applicable.

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

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

The Balance Sheet and the Statement of Profit and Loss are prepared and presented in the format prescribed in the Schedule III to Act. The statement of cash flow has been prepared under the indirect method as set out in Indian Accounting Standard (Ind AS 7)- Statement of Cash Flows. The disclosure requirements with respect to items in the Balance Sheet and Statement of Profit and Loss, as prescribed in the Schedule III to the Act, are presented by way of notes forming part of the financial statements along with other notes required to be disclosed under the notified Ind AS and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended.

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

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

#### iii. Principles of consolidation

The financial statements have been prepared on the following basis:

##### a. Subsidiaries

- The consolidated financial statements incorporate the financial statements of the Holding Company and its subsidiaries. For this purpose, an entity which is, directly or indirectly, controlled by the Parent Company is treated as subsidiary. The Parent Company together with its subsidiaries constitute the Group. Control exists when the Parent Company, directly or indirectly, has power over the investee, is exposed to variable returns from its involvement with the investee and has the ability to use its power to affect its returns.
- Consolidation of a subsidiary begins when the Parent Company, directly or indirectly, obtains control over the subsidiary and ceases when the Parent Company, directly or indirectly, loses control of the subsidiary. Income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated Statement of Profit and Loss from the date the Parent Company, directly or indirectly, gains control until the date when the Parent Company, directly or indirectly, ceases to control the subsidiary.
- The consolidated financial statements of the Group combines financial statements of the Parent Company and its subsidiaries line-by-line by adding together the like items of assets, liabilities, income and expenses. All intra-group assets, liabilities, income, expenses and unrealised profits/losses on intra-group transactions are eliminated on consolidation. The accounting policies of subsidiaries have been harmonised to ensure the consistency with the policies adopted by the Parent Company. The consolidated financial statements have been presented to the extent possible, in the same manner as Parent Company's standalone financial statements.

Profit or loss and each component of other comprehensive income are attributed to the owners

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2023

of the Parent Company and to the non-controlling interests and have been shown separately in the financial statements.

- Non-controlling interest represents that part of the total comprehensive income and net assets of subsidiaries attributable to interests which are not owned, directly or indirectly, by the Parent Company.
- The gains/losses in respect of part divestment/dilution of stake in subsidiary companies not resulting in ceding of control, are recognised directly in other equity attributable to the owners of the Parent Company.
- The gains/ losses in respect of divestment of stake resulting in ceding of control in subsidiary companies are recognised in the Statement of Profit and Loss. The investment representing the interest retained in a former subsidiary, if any, is initially recognised at its fair value with the corresponding effect recognised in the Statement of Profit and Loss as on the date the control is ceded. Such retained interest is subsequently accounted as an associate or a joint venture or a financial asset.

### **b. Investments in joint venture and associates**

When the Group has with other parties joint control of the arrangement and rights to the net assets of the joint arrangement, it recognises its interest as joint venture. Joint control exists when the decisions about the relevant activities require unanimous consent of the parties sharing the control. When the Group has significant influence over the other entity, it recognises such interests as associates. Significant influence is the power to participate in the financial and operating policy decisions of the entity but is not control or joint control over the entity.

The results, assets and liabilities of joint venture and associates are incorporated in the consolidated financial statements using equity method of accounting after making necessary adjustments to achieve uniformity in application of accounting policies, wherever applicable. An investment in associate or joint venture is initially recognised at cost and adjusted thereafter to recognise the Group's share of profit or loss and other comprehensive income of the joint venture or associate. Gain or loss in respect of changes in other equity of joint ventures or associates resulting in dilution of stake in the joint ventures and associates is recognised in the Statement of Profit and Loss. On acquisition of investment in a joint venture or associate, any excess of cost of investment over the fair value of the assets and liabilities of the joint venture, is recognised as goodwill and is included in the carrying value of the investment in the joint venture and associate. The excess of fair value of assets and

liabilities over the investment is recognised directly in equity as capital reserve. The unrealised profits/ losses on transactions with joint ventures are eliminated by reducing the carrying amount of investment.

The carrying amount of the equity accounted investments are tested for impairment in accordance with the policy.

When the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

### **c. Interests in joint operations**

In accordance with Ind AS 111 - Joint Arrangements, when the Group has joint control of the arrangement based on contractually determined right to the assets and obligations for liabilities, it recognises such interests as joint operations. Joint control exists when the decisions about the relevant activities require unanimous consent of the parties sharing the control. In respect of its interests in joint operations, the Group recognises its share in assets, liabilities, income and expenses line-by-line in the standalone financial statements of the entity which is party to such joint arrangement which then becomes part of the consolidated financial statements of the Group when the financial statements of the Parent Company and its subsidiaries are combined for consolidation.

### **d. Business combination / Goodwill on consolidation**

The Group accounts for its business combinations under acquisition method of accounting. Acquisition related costs are recognised in the statement of profit and loss as incurred. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the condition for recognition are recognised at their fair values at the acquisition date.

The excess of the:

- Consideration transferred;
- Amount of any non-controlling interest in the acquired business, and
- Acquisition-date fair value of any previous equity interest in the acquired business over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognized in other comprehensive income and accumulated in equity as capital reserve provided there is clear evidence of the underlying reasons for classifying the business combination as a

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2023

bargain purchase. In other cases, the bargain purchase is recognized directly in equity as capital reserve.

Goodwill arising on consolidation is not amortised, however, it is tested for impairment annually. In the event of cessation of operations of a subsidiary, the unimpaired goodwill is written off fully. Business combinations arising from transfers of interests in entities that are under common control are accounted at historical cost. The difference between any consideration given and the aggregate historical carrying amounts of assets and liabilities of the acquired entity are recorded in shareholders' equity.

- e. Notes to the financial statements represent notes involving items which are considered material and are accordingly disclosed. Materiality for the purpose is assessed in relation to the information contained in the financial statements. Further, additional statutory information disclosed in separate financial statements of the subsidiary and/or a parent having no bearing on the true and fair view of the financial statements has not been disclosed in these financial statements.

### iv. Accounting estimates

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

### v. Key accounting estimates and assumptions

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

#### a. Going concern

The Group in earlier years has incurred significant losses resulting in full erosion of net worth. Further, the Holding Company was also in default on payment

to its lenders and also had overdue payments to operational creditors of which certain creditors also applied before National Company Law Tribunal ('NCLT') for debt resolution under Insolvency and Bankruptcy Code, 2016, none of which were admitted. During the current year, the Holding Company has successfully novated specified debt of lenders aggregating ₹ 2,855.69 crore to Prolific Resolution Private Limited ('PRPL'), a wholly owned subsidiary of the Group, with the consideration being the assignment of beneficial interest in the specified arbitration awards and claims with a carrying value of ₹ 2,894.11 crore in favor of PRPL. Consequently, the Holding Company is not in default in repayment of dues to its lenders as at 31 March 2023.

Based on the above and considering the future business plans, including time-bound monetization of assets, the management has prepared the future cash flow forecasts to assess its ability to operate as a going concern for a period of at least 12 months from the date of financial statements and concluded that the going concern basis of accounting used for preparation of the accompanying consolidated financial statements is appropriate with no material uncertainty over going concern.

#### b. Contract estimates

Refer note 2(xxiii) below.

#### c. Variable consideration (Claims)

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

#### d. Deferred tax assets

The realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which the temporary differences become deductible. Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies and the timing for expiration of such losses under applicable tax laws.

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2023

Based on the projections for future taxable income over the periods in which the deferred income tax assets are deductible, management believes that the Group will realize the benefits of those deductible differences. The amount of the deferred tax assets considered realizable, however, could be reduced in the near term if estimates of future taxable income during the carry forward period are reduced..

### e. Defined benefit plans

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

### f. Leases

The Group evaluates if an arrangement qualifies to be a lease as per the requirements of Ind AS 116. Identification of a lease required significant judgement. The Group uses significant judgement in assessing the lease term (including anticipated renewals) and the applicable discount rate. The Group revises the lease term if there is a change in non-cancellable period of a lease.

### g. Provisions and contingent liabilities

A provision is recognised when the Group has a present obligation as result of a past event and it is probable that the outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates. The assessment of the existence, and potential quantum, of contingencies inherently involves the exercise of significant judgements and the use of estimates regarding the outcome of future events.

### vi. Fair value measurement

The Group measures financial instruments, at fair value at each balance sheet date.

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

- In the principal market for the asset or liability, or

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

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

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

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

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

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

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

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

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

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

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

### vii. Property, plant and equipment (Tangible assets)

Property, plant and equipment are stated at cost of acquisition including attributable interest and finance costs, if any, till the date of acquisition/ installation of the assets

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2023

less accumulated depreciation and accumulated impairment losses, if any.

Subsequent expenditure relating to Property, plant and equipment is capitalised only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are charged to the Statement of Profit and Loss as incurred. The cost and related accumulated depreciation are eliminated from the financial statements, either on disposal or when retired from active use and the resultant gain or loss are recognised in the Statement of Profit and Loss.

When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied.

The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

### viii. Capital work-in-progress

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

### ix. Investment property

Investment properties are held to earn rentals or for capital appreciation, or both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Investment properties are measured initially at their cost of acquisition. The cost comprises purchase price, borrowing cost if capitalization criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group. All other repair and maintenance costs are recognised in Statement of Profit and Loss as incurred.

Though the Group measures investment property using cost based measurement, the fair value of investment property is disclosed in the notes. Fair values are determined on an annual evaluation based on the reckoner value with the main inputs being comparable transactions and industry data.

Depreciation on investment properties (building) is provided on the straight-line method, computed on the basis of

useful lives as prescribed in Schedule II to the Act i.e. 60 years. The residual values, useful lives and method of depreciation are reviewed at the end of each financial year and the effect of any change in the estimates of useful lives/residual value is accounted on prospective basis.

### x. Intangible assets

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

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

The Group recognises an intangible asset arising from a service concession arrangement when it has a right to charge for usage of the concession infrastructure. An intangible asset received as Consideration for providing construction or upgrade services in a service concession arrangement is measured at fair value on initial recognition by reference to the fair value of the services provided. Subsequent to initial recognition, the intangible asset is measured at cost, which includes capitalised borrowing costs, less accumulated amortisation and accumulated impairment losses.

The estimated useful life of an intangible asset in a service concession arrangement is the period from when the Group is able to charge the public for the use of the infrastructure to the end of the concession period.

### xi. Non-current assets or disposal group held for sale

Non-current assets or disposal group (including liabilities directly associated with those assets of a disposal group) that are available for immediate sale and where the sale is highly probable of being completed within one year from the date of classification are considered and classified as assets held for sale. Non-current assets or disposal group held for sale are measured at the lower of carrying amount or fair value less costs to sell except financial assets within the scope of Ind AS 109- Financial Instruments. The determination of fair value less costs to sell includes use of management estimates and assumptions. The fair value of asset held for sale has been estimated using observable inputs such as price quotations.

### xii. Depreciation and amortisation

Depreciation is provided for property, plant and equipment so as to expense the cost less residual value over their estimated useful lives on a straight line basis, except Building and sheds which is depreciated using WDV method. Intangible assets are amortised from the date they are available for use, over their estimated useful lives. The useful lives are as per Schedule II to the Act except in case

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2023

of certain assets, where the useful life is based on technical evaluation by management.

Asset category	Useful life (in years)
Building and sheds	3 to 60
Leasehold improvements	As per the period of lease or estimated useful life determined by management's expert, whichever is lower.
Plant and equipment	2 to 14
Furniture fixtures and office equipment	5 to 10
Vehicles	3 to 12
Speed boat	13
Computers	3
Intangible assets	3 to 5

The estimated useful life and residual values are reviewed at each financial year end and the effect of any change in the estimates of useful life/residual value is accounted on prospective basis.

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

Depreciation on additions is provided on a pro-rata basis, from the date on which asset is ready to use.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are accounted in the Statement of Profit and Loss under Other income or Other expenses.

### xiii. Financial instruments

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

#### a Financial assets

##### i) Initial recognition and measurement

The Company recognizes financial assets and financial liabilities when it becomes a party to the contractual provisions of the instrument. All financial assets and liabilities are recognized at fair value on initial recognition, except for trade receivables which are initially measured at transaction price. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities, which are not at fair value through profit or loss, are added to the fair value on initial recognition.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the

Company's business model for managing them. The Company's business model refers to how it manages its financial assets to generate cash flows. The business model determines whether the cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

##### ii) Subsequent measurement

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

##### - Financial assets at amortised cost

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

##### - Financial assets measured at fair value through Other Comprehensive Income

Financial assets are measured at Fair Value through Other Comprehensive Income ('FVOCI') if these financial assets are held within a business model with an objective to hold these assets in order to collect contractual cash flows or to sell these financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in the Statement of Profit and Loss.

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

##### - Financial assets measured at fair value through profit or loss (FVTPL)

Any financial asset which does not meet the criteria for categorization as financial asset at amortized cost or at FVTOCI, is classified as financial asset at FVTPL. Financial assets included within the FVTPL category

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2023

are subsequently measured at fair value with all changes recognized in the statement of profit and loss.

### iii) Impairment of financial assets

In accordance with Ind AS 109, the Group applies the expected credit loss ("ECL") model for measurement and recognition of impairment loss on financial assets and credit risk exposures. ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the entity expects to receive (i.e. after all cash shortfalls), discounted at the original EIR. Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date.

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

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

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

### iv) De-recognition of financial assets

The Group de-recognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all risks and rewards of ownership of the asset to another entity.

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

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

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity, if any, is recognised in profit or loss, except in case of equity instruments classified as FVOCI, where such cumulative gain or loss is not recycled to statement of profit and loss.

### b Equity instruments and financial liabilities

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

#### i) Equity instruments

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

#### ii) Financial liabilities

##### - Subsequent measurement

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

##### - Financial liabilities at FVPL

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

##### - Financial liabilities at amortised cost

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

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



## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2023

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

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

### - **Financial guarantee contracts**

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the amount of loss allowance determined as per impairment requirements of Ind AS 109 and the amount recognised less cumulative amortisation. Amortisation is recognised as finance income in the Statement of Profit and Loss.

### - **De-recognition of financial liabilities**

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

### c **Offsetting financial instruments**

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

## xiv. **Employee benefits**

### a. **Defined contribution plan**

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

### b. **Defined benefit plan**

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

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

In case of foreign subsidiaries, the post-employment benefit plan, in the form of a pension, qualify as defined benefit plans. For the purposes of determining the defined benefit obligation at the reporting date, the total defined benefit obligations, made by an independent actuary using the projected unit credit method, are compared to the fair value of the plan assets and resultant surplus or shortfall is recognised as an asset or liability, respectively. Re-measurement, comprising of actuarial gains and losses, in respect of this pension plan are recognised in the OCI, in the period in which they occur.

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2023

### c. Leave entitlement and compensated absences

Accumulated leave which is expected to be utilised within next twelve months, is treated as short-term employee benefit. Leave entitlement, other than short term compensated absences, are provided based on a actuarial valuation, similar to that of gratuity benefit. However, as the Company does not have an unconditional right to defer settlement for these obligations, the above liabilities are presented as current. Re-measurement, comprising of actuarial gains and losses, in respect of leave entitlement are recognised in the Statement of Profit and Loss in the period in which they occur.

### d. Short-term benefits

Employee benefits such as salaries, wages, bonus, incentive etc. falling due wholly within twelve months of rendering the service are classified as short-term employee benefits and are expensed in the period in which the employee renders the service.

### xv. Contract assets

Contract revenue earned in excess of certification are classified as contract assets (which we refer as unbilled work-in-progress). A contract asset is initially recognised for revenue earned from engineering and construction services because the receipt of consideration is conditional on successful completion of the service. Upon completion of the service and acceptance by the customer, the amount recognised as contract assets is reclassified to trade receivables.

### xvi. Contract liabilities

Certification in excess of contract revenue are classified as contract liabilities (which we refer to as due to customer). A contract liability is recognised if a payment is received or a payment is due (whichever is earlier) from a customer before the Company transfers the related goods or services. Contract liabilities are recognised as revenue when the Company performs under the contract (i.e., transfers control of the related goods or services to the customer).

### xvii. Inventories

#### a. Construction materials, stores, spares and fuel

The stock of construction materials, stores, spares and embedded goods and fuel is valued at cost or net realisable value, whichever is lower. However, these items are considered to be realisable at cost if the finished products in which they will be used, are expected to be sold at or above cost. Cost is determined on weighted average basis and includes all applicable cost of bringing the goods to their present location and condition. Revenue from sale of scrap material is presented as reduction from cost of materials consumed in the Statement of Profit and Loss.

### b. Land and development rights

Undeveloped land (including development costs) and finished units which are held for sale are valued at the lower of construction costs and net selling price.

### c. Project work in progress

Land and construction / development expenses are accumulated under "Project work-in-progress" and the same are valued at lower of cost or net realizable value.

Cost of land purchased / acquired by the Group includes purchase / acquisition price plus stamp duty and registration charges.

Construction / development expenditure includes cost of development rights, all direct and indirect expenditure incurred on development of land/ construction, attributable interest and financial charges and overheads relating to site management and administration less incidental revenues arising from site operations.

### xviii. Cash and cash equivalents

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

### xix. Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker regularly monitors and reviews the operating result of the whole Group as one segment of "Engineering and Construction."

Thus, as defined in Ind AS 108 "Operating Segments," the Group's entire business falls under this one operational segment and hence the necessary information has already been disclosed in the Balance Sheet and the Statement of Profit and Loss.

### xx. Borrowing costs

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

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

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2023

### xxi. Foreign exchange translation of foreign projects and accounting of foreign exchange transaction

#### a. Initial recognition

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

#### b. Conversion

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

#### c. Treatment of exchange difference

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

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

#### d. Translation of foreign operations

The Group presents the consolidated financial statements in INR. For the purpose of these consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising on translation are recognised in other comprehensive income and accumulated in equity.

### xxii. Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants relating to income are deferred and recognised in the profit and loss over the period necessary

to match them with the costs that they are intended to compensate and presented within other income.

Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred income and are credited to profit or loss on a straight line basis over the expected lives of the related assets and presented with other income.

### xxiii. Revenue recognition

#### a. Revenue from construction contracts

The Group evaluates whether the performance obligations in engineering and construction services are satisfied at a point in time or over time. The performance obligation is transferred over time if one of the following criteria is met:

- As the entity performs, the customer simultaneously receives and consumes the benefits provided by the entity's performance
- The entity's performance creates or enhances an asset (e.g., work in progress) that the customer controls as the asset is created or enhanced.
- The entity's performance does not create an asset with an alternative use to the entity and the entity has an enforceable right to payment for performance completed to date.

The percentage-of-completion of a contract is determined by the proportion that contract costs incurred for work performed upto the reporting date bear to the estimated total contract costs. When there is uncertainty as to measurement or ultimate collectability, revenue recognition is postponed until such uncertainty is resolved.

Transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring good or service to a customer excluding amounts collected on behalf of a third party and is adjusted for variable considerations.

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

Due to the nature of the work required to be performed on many of the performance obligations, the estimation of total revenue and cost of completion is complex, subject to many variables and requires significant judgment. Variability in the transaction price arises primarily due to liquidated damages, price variation clauses, changes in scope, incentives, if any. The Group considers its experience with similar transactions and expectations regarding the contract in estimating the amount of variable consideration to which it will be entitled and determining whether the estimated variable consideration should be

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2023

constrained. The Group includes estimated amounts in the transaction price to the extent it is probable that a significant reversal of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is resolved. The estimates of variable consideration are based largely on an assessment of anticipated performance and all information (historical, current and forecasted) that is reasonably available.

Contract modifications are accounted for when additions, deletions or changes are approved either to the contract scope or contract price. The accounting for modifications of contracts involves assessing whether the services added to an existing contract are distinct and whether the pricing is at the standalone selling price. Services added that are not distinct are accounted for on a cumulative catch up basis, while those that are distinct are accounted for prospectively, either as a separate contract, if the additional services are priced at the standalone selling price, or as a termination of the existing contract and creation of a new contract if not priced at the standalone selling price.

The Group presents revenues net of indirect taxes in its Statement of Profit and Loss.

Costs to obtain a contract which are incurred regardless of whether the contract was obtained are charged-off in Statement of Profit and Loss immediately in the period in which such costs are incurred.

### **b. Software development and servicing revenue**

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 collectability is recognized as per percentage of completion method. Revenue from last billing date to the Balance Sheet date is recognized as unbilled revenue. Stage of completion is measured by reference to the proportion that service cost incurred for work performed to date bears to the estimated total service cost. Service cost incurred to date excludes costs that relate to future activity on the contract. Such costs are recognized as an asset and are classified as unbilled revenue as due from customers.

Servicing revenue is recognized over the term of servicing contract. For sales of services, revenue is recognized in the accounting period in which the services are rendered, by reference to stage of completion of the specific transaction and assessed on the basis of actual services provided as a proportion of the total services to be provided.

Time and material contracts is recognized as and when the related services are provided.

Annual maintenance service contracts are recognized proportionately over the period in which services are rendered.

Revenue from sale of user licenses for software applications is recognized on transfer of the title/ product, in accordance with the sales contract. Revenue from product sales are shown as net of all applicable taxes and discounts.

### **c. Interest on arbitration awards**

Interest on arbitration awards, being in the nature of additional compensation as per the terms of the contract is recognised as other operating revenue that reflects the consideration the Company has received or expects to receive on favourable arbitration awards.

### **d. Fair valuation gain on subsequent measurement of financial assets**

The Group recognizes the changes in the fair value of the financial assets held through profit and loss account in the statement of profit and loss. At each reporting date the entity carries out fair value assessment of the financial assets in accordance with the principles laid down in Ind AS 113 – Fair Value Measurement through a registered valuer and on the basis of the fair valuation report recognizes the accretion to the carrying value of the Financial Assets held through profit and loss account in its other operating income.

## **xxiv. Other income**

### **a. Interest income**

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

### **b. Dividend income**

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

### **c. Other income**

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

### **d. Rental income**

Rent is recognised on time proportionate basis.

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2023

### e. Finance and other income

Finance income is accrued on a time proportion basis, by reference to the principal outstanding and the applicable EIR. Other income is accounted for on accrual basis. Where the receipt of income is uncertain, it is accounted for on receipt basis.

### xxv. Income tax

Income tax expense comprises of current tax expense and the net change in the deferred tax asset or liability during the year. Current and deferred taxes are recognised in the Statement of Profit and Loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity, respectively.

#### a. Current tax

Current tax is recognised based on the estimated tax liability computed after taking credit for allowances and exemptions in accordance with the Income Tax Act, 1961. Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. The Group as at 31 March 2023 continues to follow the Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The Group shall reflect the effect of uncertainty for each uncertain tax treatment by using either most likely method or expected value method, depending on which method predicts better resolution of the treatment.

#### b. Deferred tax

Deferred tax is determined by applying the Balance Sheet approach. Deferred tax assets and liabilities are recognised for all deductible temporary differences between the financial statements' carrying amount of existing assets and liabilities and their respective tax base. Deferred tax assets and liabilities are measured using the enacted tax rates or tax rates that are

substantively enacted at the Balance Sheet date. The effect on deferred tax assets and liabilities of a change in tax rates is recognised in the period that includes the enactment date. Deferred tax assets are only recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Such assets are reviewed at each Balance Sheet date to reassess realisation.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets include Minimum Alternative Tax (MAT) paid in accordance with the tax laws in India, to the extent it would be available for set off against future current income tax liability. Accordingly, MAT is recognised as deferred tax asset in the balance sheet when the asset can be measured reliably and it is probable that the future economic benefit associated with the asset will be realised.

The Group recognises deferred tax liability for all taxable temporary differences associated with investments in subsidiaries and associates, except to the extent that both of the following conditions are satisfied:

- When the Group is able to control the timing of the reversal of the temporary difference; and
- It is probable that the temporary difference will not reverse in the foreseeable future

In assessing the recoverability of deferred tax assets, the Group relies on the forecast assumptions used elsewhere in the financial statements and in other management reports, which, among other things, reflect the potential impact of upon the likely timing and the level of future taxable profits together with future tax planning strategies and the timing for expiration of such losses under applicable tax laws.

### xxvii. Leases

The Group's lease asset classes primarily consist of leases for vehicles, building and shed. The Group assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange of the consideration.

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2023

At the date of the commencement of the lease, the Group recognises a right-of-use asset representing its right to use the underlying asset for the lease term and a corresponding lease liability for all the lease arrangements in which it is a lease, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease.

The right-of-use assets are initially recognised at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease. They are subsequently measured at cost less accumulated depreciation and impairment losses. Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset. The estimated useful life of the assets are determined on the same basis as those of property, plant and equipment.

Right-of-use assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. Carrying amount of right-of-use asset is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

The lease liability is initially measured at amortized cost at the present value of the future lease payments. The future lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates. For a lease with reasonably similar characteristics, the Group, on a lease by lease basis, may adopt either the incremental borrowing rate specific to the lease or the incremental borrowing rate for the portfolio as a whole.

Right-of-use assets have been separately presented in the Balance Sheet and the Lease liability is presented under Other financial liabilities. Further, lease payments have been classified as financing cash flows.

### xxvii. Impairment of non-financial assets

As at each Balance Sheet date, the Group assesses whether there is an indication that a non-financial asset may be impaired and also whether there is an indication of reversal of impairment loss recognised in the previous periods. If any indication exists, or when annual impairment testing for an asset is required, the Group determines the recoverable amount and impairment loss is recognised when the carrying amount of an asset exceeds its recoverable amount.

#### Recoverable amount is determined:

- In case of an individual asset, at the higher of the assets' fair value less cost to sell and value in use; and

- In case of cash generating unit (a group of assets that generates identified, independent cash flows), at the higher of cash generating unit's fair value less cost to sell and value in use.

In assessing value in use, the estimated future cash flows are discounted to their present value using pre-tax discount rate that reflects current market assessments of the time value of money and risk specified to the asset. In determining fair value less cost to sell, recent market transaction are taken into account. If no such transaction can be identified, an appropriate valuation model is used.

Impairment losses of continuing operations, including impairment on inventories, are recognised in the Statement of Profit and Loss, except for properties previously revalued with the revaluation taken to OCI. For such properties, the impairment is recognised in OCI up to the amount of any previous revaluation.

When the Group considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss is reversed through the Statement of Profit and Loss.

### xxviii. Trade receivables

A receivable is classified as a 'trade receivable' if it is in respect of the amount due on account of goods sold or services rendered in the normal course of business. Trade receivables are recognised initially at transaction price and subsequently measured at amortised cost using the EIR method, less provision for impairment. Trade receivables ageing has been presented based on the due date of payment.

### xxix. Trade payables

A payable is classified as a 'trade payable' if it is in respect of the amount due on account of goods purchased or services received in the normal course of business. These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year which are unpaid. These amounts are unsecured and are usually settled as per the payment terms stated in the contract. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the EIR method. Trade payables ageing has been presented based on the due date of payment.

### xxx. Earnings per share

Basic earnings per share is computed by dividing the net profit or loss for the period attributable to the equity shareholders of the parent by the weighted average

## **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2023**

number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period and for all periods presented is adjusted for events, such as bonus shares, other than the conversion of potential equity shares, that have changed the number of equity shares outstanding, without a corresponding change in resources.

Diluted earnings per share is computed by dividing the net profit or loss for the period attributable to the equity shareholders of the parent and weighted average number of equity shares considered for deriving basic earnings per equity share and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares. The dilutive potential equity shares are adjusted for the proceeds receivable had the equity shares been actually issued at fair value (i.e. the average market value of the outstanding equity shares).

### **xxxi.Provisions, contingent liabilities and contingent assets**

A provision is recognised when the Group has a present obligation (legal or constructive) as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, in respect of which a reliable estimate can be made of the amount of obligation. Provisions (excluding gratuity and compensated absences) are determined based on management's estimate required to settle the obligation at the Balance Sheet date. In case the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost. These are reviewed at each Balance Sheet date and adjusted to reflect the current management estimates.

Contingent liabilities are disclosed in respect of possible obligations that arise from past events, whose existence would be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. A contingent liability also arises, in rare cases, where a liability cannot be recognised because it cannot be measured reliably.

Contingent assets are disclosed where an inflow of economic benefits is probable.

Commitments are future liabilities for contractual expenditure, classified and disclosed as estimated amount of contracts remaining to be executed on capital account and not provided for.

### **xxxii.Provision for warranty**

In case of real estate projects of a subsidiary, the estimated liability for warranty is recorded on the building and its components during the construction period. These estimates are established using historical information on the nature, frequency and average cost of obligations and

management estimates regarding possible future incidence based on corrective actions during the construction period under warranty phase.

### **xxxiii.Treasury shares**

Treasury shares represents own equity instruments reacquired by the Holding Company or other members of the Consolidated Group, which are deducted from the equity of the acquiring entity. Treasury shares held is disclosed separately in the financial statements.

### **xxxiv. Share issue expenses**

Share issue expenses are charged off against available balance in the Securities premium.

### **xxxv.Share based payments**

Share based compensated benefits are provided to certain grades of employees in consideration of the services rendered. Under the equity settled share based payment, the fair value on the grant date of the instrument given to employees is recognised as 'employee benefits expenses' with a corresponding increase in equity over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. The fair value of the options at the grant date is calculated by an independent valuer basis Black Scholes model. At the end of each period, the entity revises its estimates of the number of options that are expected to vest based on the non-market vesting and service conditions. It recognizes the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity. Upon exercise of share options, the proceeds received are allocated to share capital up to the par value of the shares issued with any excess being recorded as share premium.

### **xxxvi.Exceptional items**

When items of income and expense within profit or loss from ordinary activities are of such size, nature or incidence that their disclosure is relevant to explain the performance of the enterprise for the period, the nature and amount of such material items are disclosed separately as exceptional items.

### **xxxvii.Dividend**

Final dividend on shares is recorded as a liability on the date of approval by the shareholders and interim dividends are recorded as a liability on the date of declaration by the Board of Directors.

## **NOTE 2.2 RECENT ACCOUNTING PRONOUNCEMENTS**

Ministry of Corporate Affairs ("MCA") notifies new standards or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On 31 March, 2023, MCA amended the Companies (Indian Accounting Standards) Amendment Rules, 2023, as below:



## **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2023**

### **Ind AS 1 - Presentation of Financial Statements**

This amendment requires the entities to disclose their material accounting policies rather than their significant accounting policies. The effective date for adoption of this amendment is annual periods beginning on or after 1 April 2023. The Group does not expect any significant impact of the amendment on its financial statements.

### **Ind AS 8 - Accounting Policies, Changes in Accounting Estimates and Errors**

This amendment has introduced a definition of 'accounting estimates' and included amendments to Ind AS 8 to help entities distinguish changes in accounting policies from changes in accounting estimates. The effective date for adoption of this amendment is annual periods beginning on or after 1 April 2023. The Group does not expect any significant impact of the amendment on its financial statements.

### **Ind AS 109 - Financial Instruments**

The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified

financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. In accordance with the transitional provisions, the Company applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment (the date of initial application). The Company does not expect any significant impact of the amendment on its financial statements.

### **Ind AS 12 - Income Taxes**

This amendment has narrowed the scope of the initial recognition exemption so that it does not apply to transactions that give rise to equal and offsetting temporary differences. The effective date for adoption of this amendment is annual periods beginning on or after 1 April 2023. The Group does not expect any significant impact of the amendment on its financial statements.

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2023**

(Amount in ₹ crore, unless otherwise stated)

**NOTE 3A PROPERTY, PLANT AND EQUIPMENT**

	Freehold land	Building and sheds	Leasehold improvements	Plant and equipment	Furniture, fixtures and office equipment	Vehicles	Speed boat	Computers	Total
<b>Gross carrying value (at deemed cost)</b>									
As at 1 April 2021	32.41	108.19	3.78	972.86	91.43	59.81	1.04	7.43	1,276.95
Additions	-	-	-	8.06	0.22	3.39	-	0.48	12.15
Disposals	-	-	-	(167.93)	(0.01)	(5.04)	-	-	(172.98)
Transferred from assets classified as held for sale (Refer note 17.2)	6.49	-	-	-	-	-	-	-	6.49
Transferred to assets held for sale (Refer note 17.4)	(0.61)	-	-	(0.50)	(0.40)	(0.61)	-	(0.17)	(2.29)
<b>As at 31 March 2022</b>	<b>38.29</b>	<b>108.19</b>	<b>3.78</b>	<b>812.49</b>	<b>91.24</b>	<b>57.55</b>	<b>1.04</b>	<b>7.74</b>	<b>1,120.32</b>
Additions	-	-	-	13.39	0.39	0.36	-	0.16	14.30
Disposals	-	-	-	(12.69)	-	(4.52)	-	-	(17.21)
Transferred to assets held for sale (Refer note 17.1)	(2.19)	-	-	-	-	-	-	-	(2.19)
<b>As at 31 March 2023</b>	<b>36.10</b>	<b>108.19</b>	<b>3.78</b>	<b>813.20</b>	<b>91.63</b>	<b>53.39</b>	<b>1.04</b>	<b>7.90</b>	<b>1,115.22</b>
<b>Accumulated depreciation</b>									
As at 1 April 2021	-	87.05	2.34	545.46	57.63	28.22	0.65	4.88	726.25
Depreciation charge	-	1.04	0.30	85.91	8.61	2.87	0.11	1.09	99.93
Accumulated depreciation on disposals	-	-	-	(137.51)	-	(3.53)	-	-	(141.04)
Transferred to assets held for sale (Refer note 17.4)	-	-	-	(0.09)	(0.37)	(0.43)	-	(0.17)	(1.06)
<b>As at 31 March 2022</b>	<b>-</b>	<b>88.09</b>	<b>2.64</b>	<b>493.77</b>	<b>65.87</b>	<b>27.13</b>	<b>0.76</b>	<b>5.80</b>	<b>684.09</b>
Depreciation charge	-	0.97	0.30	72.57	5.99	2.98	0.11	0.83	83.75
Accumulated depreciation on disposals	-	-	-	(7.26)	-	(3.37)	-	-	(10.63)
Adjustments [Refer sub note (iii)]	-	-	-	-	(0.08)	-	-	-	(0.08)
<b>As at 31 March 2023</b>	<b>-</b>	<b>89.06</b>	<b>2.94</b>	<b>559.08</b>	<b>71.78</b>	<b>26.74</b>	<b>0.87</b>	<b>6.63</b>	<b>757.13</b>
<b>Net carrying value</b>									
As at 31 March 2022	38.29	20.10	1.14	318.72	25.37	30.42	0.28	1.94	436.23
<b>As at 31 March 2023</b>	<b>36.10</b>	<b>19.13</b>	<b>0.84</b>	<b>254.12</b>	<b>19.85</b>	<b>26.65</b>	<b>0.17</b>	<b>1.27</b>	<b>358.09</b>

Notes:

- (i) Refer note 20 for information of property, plant and equipment pledged as security against borrowings of the Group.
- (ii) Refer note 36(B)(i) for disclosure of contractual commitments for acquisition of Property, plant and equipment.
- (iii) Adjustments represents exchange loss arising on long-term foreign currency monetary items.

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2023

(Amount in ₹ crore, unless otherwise stated)

### NOTE 3B RIGHT-OF-USE ASSETS

	Buildings	Vehicles	Total
<b>Gross carrying value</b>			
As at 1 April 2021	305.77	0.94	306.71
Additions	2.16	-	2.16
Disposals	-	-	-
<b>As at 31 March 2022</b>	<b>307.93</b>	<b>0.94</b>	<b>308.87</b>
Additions	-	-	-
Disposals	-	-	-
<b>As at 31 March 2023</b>	<b>307.93</b>	<b>0.94</b>	<b>308.87</b>
<b>Accumulated depreciation</b>			
As at 1 April 2021	60.07	0.87	60.94
Depreciation charge	30.25	0.07	30.32
Accumulated depreciation on disposals	-	-	-
<b>As at 31 March 2022</b>	<b>90.32</b>	<b>0.94</b>	<b>91.26</b>
Depreciation charge	30.81	-	30.81
Accumulated depreciation on disposals	-	-	-
<b>As at 31 March 2023</b>	<b>121.13</b>	<b>0.94</b>	<b>122.07</b>
<b>Net carrying value</b>			
As at 31 March 2022	217.61	-	217.61
<b>As at 31 March 2023</b>	<b>186.80</b>	<b>-</b>	<b>186.80</b>

Also refer note 41 for the Ind AS 116- Leases and the related disclosures.

### NOTE 3C CAPITAL WORK-IN-PROGRESS ('CWIP')

Particulars	Amount
As at 1 April 2021	1.61
Additions	2.52
Transferred to property, plant and equipment	(3.45)
<b>As at 31 March 2022</b>	<b>0.68</b>
Additions	0.12
Transferred to property, plant and equipment	-
Written off during the period	(0.68)
<b>As at 31 March 2023</b>	<b>0.12</b>

### NOTE: CWIP AGEING SCHEDULE

	As at 31 March 2023		As at 31 March 2022	
	Projects in progress	Projects temporarily suspended	Projects in progress	Projects temporarily suspended
Less than 1 year	0.12	-	-	-
1-2 years	-	-	-	-
2-3 years	-	-	-	-
More than 3 years	-	-	-	0.68
<b>Total</b>	<b>0.12</b>	<b>-</b>	<b>-</b>	<b>0.68</b>

#### Notes:

- i) Projects temporarily suspended represented expenses incurred for the construction of a sewage plant the construction of which has been abandoned and consequently written off.

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2023

(Amount in ₹ crore, unless otherwise stated)

ii) There are no projects which has exceeded its cost compared to its original plan.

### NOTE 4 INVESTMENT PROPERTY

	Land	Building	Total
<b>Gross carrying value (at deemed cost)</b>			
As at 1 April 2021	2.50	2.36	4.86
Additions	-	-	-
Disposals	-	-	-
Transferred to assets held for sale (Refer note 17.4)	(0.26)	-	(0.26)
<b>As at 31 March 2022</b>	<b>2.24</b>	<b>2.36</b>	<b>4.60</b>
Additions	-	-	-
Adjustment [Refer sub note (iii)]	0.07	-	0.07
Disposals	-	-	-
<b>As at 31 March 2023</b>	<b>2.32</b>	<b>2.36</b>	<b>4.67</b>
<b>Accumulated depreciation</b>			
<b>As at 1 April 2021</b>	-	1.78	1.78
Depreciation charge	-	0.03	0.03
<b>As at 31 March 2022</b>	-	<b>1.81</b>	<b>1.81</b>
Depreciation charge	-	0.03	0.03
<b>As at 31 March 2023</b>	-	<b>1.84</b>	<b>1.84</b>
<b>Net carrying value</b>			
<b>As at 31 March 2022</b>	2.24	0.55	2.79
<b>As at 31 March 2023</b>	<b>2.32</b>	<b>0.52</b>	<b>2.84</b>

### Information regarding income and expenditure of Investment Property

	Year ended 31 March 2023	Year ended 31 March 2022
Rental income derived from investment property	0.50	0.54
Direct operating expenses (including repairs and maintenance) generating rental income	(0.08)	(0.09)
Gain arising from investment properties before depreciation and indirect expenses	0.42	0.45
Less : Depreciation	(0.03)	(0.03)
Gain arising from investment properties before indirect expenses	0.39	0.42

Note:

(i) The fair value of the investment properties held by the Group as at the Balance Sheet date is ₹ 15.04 crore (31 March 2022 : ₹ 15.80 crore).

(ii) The Group has fair valued its Investment properties during the year, however the valuation is not done by the registered valuer as defined under rule 2 of the Companies (Registered Valuers and Valuation) Rules, 2017.

(iii) Adjustments represents exchange loss arising on long-term foreign currency monetary items.

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2023

(Amount in ₹ crore, unless otherwise stated)

### NOTE 5 OTHER INTANGIBLE ASSETS AND GOODWILL

	Computer software	Other Intangible assets	Total	Goodwill
<b>Gross carrying value (at deemed cost)</b>				
As at 1 April 2021	94.90	956.57	1,051.47	3.38
Additions	6.46	-	6.46	-
Transferred from Intangible assets under development	-	57.19	57.19	-
Transferred to assets held for sale (Refer note 17.4)	-	(1,013.76)	(1,013.76)	-
Disposals	-	-	-	-
<b>As at 31 March 2022</b>	<b>101.36</b>	<b>-</b>	<b>101.36</b>	<b>3.38</b>
Additions	22.96	-	22.96	-
Disposals	-	-	-	-
<b>As at 31 March 2023</b>	<b>124.32</b>	<b>-</b>	<b>124.32</b>	<b>3.38</b>
<b>Accumulated amortisation</b>				
As at 1 April 2021	30.76	243.45	274.21	-
Amortisation charge	8.06	31.23	39.28	-
Transferred to assets held for sale (Refer note 17.4)	-	(274.68)	(274.68)	-
<b>As at 31 March 2022</b>	<b>38.82</b>	<b>-</b>	<b>38.82</b>	<b>-</b>
Amortisation charge	13.96	-	13.96	-
Adjustments	(0.55)	-	(0.55)	-
<b>As at 31 March 2023</b>	<b>52.22</b>	<b>-</b>	<b>52.22</b>	<b>-</b>
<b>Net carrying value</b>				
<b>As at 31 March 2022</b>	<b>62.54</b>	<b>-</b>	<b>62.54</b>	<b>3.38</b>
<b>As at 31 March 2023</b>	<b>72.10</b>	<b>-</b>	<b>72.10</b>	<b>3.38</b>

#### NOTE 5.1 IMPAIRMENT TESTING FOR GOODWILL

Goodwill is tested for impairment annually in accordance with the Group's procedure for determining the recoverable amount of such assets. The recoverable amount is determined based on the fair value of the underlying net assets of the entity. The fair value measurement has been categorised as level 3 fair value based on the inputs to the valuation technique used. Based on the above, no impairment provision is considered necessary as the recoverable value exceeded the carrying value.

#### NOTE 5.2 INTANGIBLE ASSET UNDER DEVELOPMENT

	Amount
As at 1 April 2021	38.79
Additions	116.34
Transferred to other intangible assets	(57.19)
Less: Transferred to assets held for sale (Refer note 17.4)	(97.94)
<b>As at 31 March 2022</b>	<b>-</b>
Additions	-
<b>As at 31 March 2023</b>	<b>-</b>

#### Intangible asset under development ageing

Particulars	As at 31 March 2023	As at 31 March 2022
Less than 1 year	-	97.94
Transferred to assets held for sale (Refer note 17.4)	-	(97.94)
<b>Total</b>	<b>-</b>	<b>-</b>

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2023**

(Amount in ₹ crore, unless otherwise stated)

**NOTE 6 INVESTMENTS IN ASSOCIATES AND JOINT VENTURES**

	As at 31 March 2023	As at 31 March 2022
<b>Investments at cost</b>		
i) in associates in India	20.49	15.97
ii) in associates outside India	39.17	4.50
iii) in joint venture outside India	0.00*	0.00*
<b>Total investments in associates and joint ventures</b>	<b>59.66</b>	<b>20.47</b>
<b>Detailed list of investments in associates and joint ventures</b>		
<b>Investments at cost, unquoted and fully paid up</b>		
<b>i) In associates in India</b>		
Highbar Technocrat Limited	20.49	15.97
99,940 (31 March 2022: 99,440) equity shares of ₹ 10 each		
	<b>20.49</b>	<b>15.97</b>
<b>ii) In associates outside India</b>		
Evostate AG	10.57	3.66
300 (31 March 2022: 300) equity shares of CHF 1,000 each		
Hegias AG (w.e.f. 18 August 2022 )	27.19	-
7,082,160 (31 March 2022: Nil) shares of CHF 0.01 each		
MCR Managing Corp	1.41	0.84
30 (31 March 2022: 30) equity shares of CHF 1,000 each		
	<b>39.17</b>	<b>4.50</b>
<b>iii) In joint ventures outside India</b>		
Werkarena Basel AG	0.00*	0.00*
500 (31 March 2022: 500) equity shares of CHF 1,000 each	<b>0.00*</b>	<b>0.00*</b>
	<b>59.66</b>	<b>20.47</b>

\* Represents amount less than ₹ 1 lakh

**Note 6.1 The Group's share of profit / (loss) of associates and joint ventures is as follows:**

	As at 31 March 2023	As at 31 March 2022
<b>From associates</b>		
Highbar Technocrat Limited	21.49	16.98
Evostate AG	(8.89)	(16.50)
Hegias AG	(3.04)	-
MCR Managing Corp	3.64	3.13
<b>From joint venture</b>		
Werkarena Basel AG	0.00*	0.00*
	<b>13.20</b>	<b>3.61</b>

\* Represents amount less than ₹ 1 lakh

# SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2023

(Amount in ₹ crore, unless otherwise stated)

## NOTE 6 INVESTMENTS IN ASSOCIATES AND JOINT VENTURES...Contd.

### NOTE 6A OTHER INVESTMENTS

	As at 31 March 2023	As at 31 March 2022
I. Investments in debentures	-	15.46
II. Other investments in equity shares at fair value through Other Comprehensive Income		
In India	18.47	19.67
Outside India	0.64	2.77
<b>Total other investments</b>	<b>19.11</b>	<b>37.90</b>
<b>Detailed list of other investments</b>	<b>As at 31 March 2023</b>	<b>As at 31 March 2022</b>
<b>I. Investments in debentures</b>		
Farakka Raiganj Highways Limited	-	15.46
Nil (31 March 2022- 1,058,765,172) non convertible debentures		
	<b>-</b>	<b>15.46</b>
<b>II. Other investments in equity shares at fair value through Other Comprehensive Income</b>		
<b>    In India</b>		
Khandwala Securities Limited	0.01	0.01
3,332 (31 March 2022: 3,332) equity shares of ₹ 10 each, fully paid- quoted		
Housing Development Finance Corporation Limited	4.00	3.64
15,220 (31 March 2022: 15,220) equity shares of ₹ 2 each, fully paid- quoted		
HDFC Bank Limited	0.81	0.73
5,000 (31 March 2022: 5,000) equity shares of ₹ 1 each, fully paid- quoted		
Shushrusha Citizens Co-Op. Hospitals Limited	0.00*	0.00*
100 (31 March 2022 : 100) equity shares of ₹ 100 each, fully paid- unquoted		
Hincon Finance Limited	13.65	15.29
120,000 (31 March 2022 : 120,000) equity shares of ₹ 10 each, fully paid- unquoted		
	<b>18.47</b>	<b>19.67</b>
<b>    Outside India</b>		
Opernhaus Zürich AG	0.05	0.05
10 (31 March 2022 : 10) equity shares of CHF 900 each, fully paid- unquoted		
Genossenschaft Theater für den Kt. Zürich	0.00*	0.00*
1 (31 March 2022 : 1) equity shares of CHF 300 each, fully paid- unquoted		
Betriebsges. Kongresshaus Zürich AG	0.03	0.33
10 (31 March 2022 : 10) equity shares of CHF 100 each, fully paid- unquoted		
MTZ Medizinisches Therapiezentrum	0.44	0.40
50 (31 March 2022 : 50) equity shares of CHF 1,000 each, fully paid- unquoted		
Mobimo Holding AG	-	1.79
Nil (31 March 2022 : 720) equity shares of CHF 29 each, fully paid- quoted		
Namenaktien Messe Zürich	0.04	0.04
10 (31 March 2022 : Nil) equity shares of CHF 50 each, fully paid- unquoted		
MCH Group AG	0.08	0.16
2,100 (31 March 2022 : 2,100) equity shares of CHF 10 each, fully paid- quoted		
	<b>0.64</b>	<b>2.77</b>
<b>Total non-current investments (6 + 6A)</b>	<b>78.77</b>	<b>58.37</b>

\* Represents amount less than ₹ 1 lakh



## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2023

(Amount in ₹ crore, unless otherwise stated)

### NOTE 6 INVESTMENTS IN ASSOCIATES AND JOINT VENTURES...Contd.

Detailed list of other investments	As at 31 March 2023	As at 31 March 2022
<b>Details:</b>		
<b>Aggregate value of non-current investments is as follows:</b>		
(i) Aggregate value of unquoted investments	73.87	52.04
(ii) Aggregate value of quoted investments and market value thereof	4.90	6.33
(iii) Aggregate value of impairment of investments	-	-
(i) Investments carried at cost	59.66	20.47
(ii) Investments carried at fair value through profit and loss account	-	15.46
(iii) Investments carried at fair value through other comprehensive income	19.11	22.44

### NOTE 7 TRADE RECEIVABLES

	As at 31 March 2023	As at 31 March 2022
<b>Non-current</b>		
Trade receivables ^ (Refer note 7.1)	670.12	235.75
<b>Total non-current trade receivables</b>	<b>670.12</b>	<b>235.75</b>
<b>Current</b>		
Trade receivables (Refer notes 7.1 and 38)	2,180.68	4,377.29
[Including retention ₹ 789.11 crore (31 March 2022: ₹ 866.95 crore)]		
Less: Transferred to assets held for sale (Refer note 17.3)	-	(2,286.33)
<b>Total current trade receivables</b>	<b>2,180.68</b>	<b>2,090.96</b>
<b>Total trade receivables</b>	<b>2,850.80</b>	<b>2,326.71</b>

^ Presented net off advance received against favourable arbitration awards ₹ 3,378.69 crore (31 March 2022: ₹ 3,238.43)

	As at 31 March 2023	As at 31 March 2022
<b>Break-up of security details</b>		
Trade receivables considered good- secured	-	-
Trade receivables considered good- unsecured	2,850.80	2,326.71
Trade receivables which have significant increase in credit risk	-	-
Trade receivables- credit impaired	33.31	3.14
<b>Total</b>	<b>2,884.11</b>	<b>2,329.85</b>
Loss allowance	(33.31)	(3.14)
<b>Total trade receivables</b>	<b>2,850.80</b>	<b>2,326.71</b>

**Note 7.1** Non-current trade receivables and current trade receivables as at 31 March 2023 includes ₹ 670.12 crore (31 March 2022: ₹ 187.59 crore) and ₹ 452.13 crore (31 March 2022: ₹ 2,770.14 crore) respectively, representing claims awarded in arbitration in favour of the Holding Company and which have been challenged by the customers in courts. Out of the above, net arbitration awards as at 31 March 2022 amounting to ₹ 2,283.06 crore was reclassified as assets of a disposal group held for sale, which has been derecognised during the current year (Refer notes 17.3 and 34).

**Note 7.2** There are no trade receivables due from any director or any officer of the Group, either severally or jointly with any other person, or from any firms or private companies in which any director is a partner, a director or a member.

**Note 7.3** Trade receivables (other than receivables on account of claims awarded in arbitration in favour of the Company) are non-interest bearing and are generally on terms of 30 to 90 days except retention deposits which are due after completion of the defect liability period of the respective projects.

# SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2023

(Amount in ₹ crore, unless otherwise stated)

## NOTE 7 TRADE RECEIVABLES...Contd.

### Note 7.4 Trade receivables ageing shedule

As at 31 March 2023	Outstanding for following periods from due date of payment						Total
	Not due	Less than 6 months	6 Months - 1 year	1-2 years	2-3 years	More than 3 years	
(i) Undisputed trade receivables- considered good	436.27	301.89	107.42	154.82	269.13	198.02	1,467.55
(ii) Undisputed trade receivables- which have significant increase in credit risk	-	-	-	-	-	-	-
(iii) Undisputed trade receivables- credit impaired	-	6.88	3.33	4.91	11.88	6.31	33.31
(iv) Disputed trade receivables- considered good (Non- current)	-	35.27	110.22	139.08	216.93	120.63	622.13
(v) Disputed trade receivables- considered good (Current)	-	309.21	1.98	367.18	46.39	36.36	761.12
(vi) Disputed trade receivables- which have significant increase in credit risk	-	-	-	-	-	-	-
(vii) Disputed trade receivables- credit impaired	-	-	-	-	-	-	-
	<b>436.27</b>	<b>653.25</b>	<b>222.95</b>	<b>665.99</b>	<b>544.33</b>	<b>361.32</b>	<b>2,884.11</b>
Less: Allowance for expected credit loss							<b>(33.31)</b>
<b>Total trade receivables</b>							<b>2,850.80</b>

Note: Refer note 16 for details of unbilled dues i.e. contract assets.

As at 31 March 2022	Outstanding for following periods from due date of payment						Total
	Not due	Less than 6 months	6 Months - 1 year	1-2 years	2-3 years	More than 3 years	
(i) Undisputed trade receivables- considered good	495.16	327.23	67.13	512.69	93.31	159.79	1,655.31
(ii) Undisputed trade receivables- which have significant increase in credit risk	-	-	-	-	-	-	-
(iii) Undisputed trade receivables- credit impaired	-	-	-	-	3.14	-	3.14
(iv) Disputed trade receivables- considered good (Non- current)	-	91.42	7.11	18.24	13.53	57.29	187.59
(v) Disputed trade receivables- considered good (Current)	-	446.52	179.66	397.19	300.43	1,446.34	2,770.14
(vi) Disputed trade receivables- which have significant increase in credit risk	-	-	-	-	-	-	-
(vii) Disputed trade receivables- credit impaired	-	-	-	-	-	-	-
	<b>495.16</b>	<b>865.17</b>	<b>253.90</b>	<b>928.12</b>	<b>410.41</b>	<b>1,663.42</b>	<b>4,616.18</b>
Less: Allowance for expected credit loss							<b>(3.14)</b>
<b>Total trade receivables</b>							<b>4,613.04</b>

Note:

i) Refer note 16 for details of unbilled dues i.e. contract assets.

ii) Trade receivable ageing schedule as at 31 March 2022 includes ageing in respect of trade receivables which were classified as assets of disposal group held for sale.

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2023**

(Amount in ₹ crore, unless otherwise stated)

**NOTE 8 LOANS**

	As at 31 March 2023	As at 31 March 2022
Loans to:		
- related parties	36.58	57.32
- others	5.68	-
<b>Total non-current loans</b>	<b>42.26</b>	<b>57.32</b>
<b>Break-up of security details</b>		
Loans considered good- secured	-	-
Loans considered good- unsecured	42.26	57.32
Loans- which have significant increase in credit risk	-	-
Loans- credit impaired	-	-
	<b>42.26</b>	<b>57.32</b>
Loss allowance	-	-
<b>Total loans</b>	<b>42.26</b>	<b>57.32</b>

**NOTE 9 OTHER FINANCIAL ASSETS**

	As at 31 March 2023	As at 31 March 2022
<b>Non-current</b>		
Awards and claims (carried at fair value through profit and loss account)	3,127.97	-
Security and other deposits	5.27	33.46
Interest receivable on loans to others	0.85	-
Bank deposits with balance maturity of more than 12 months	-	0.27
<b>Total</b>	<b>3,134.09</b>	<b>33.73</b>
Less: loss allowance	(15.64)	(15.64)
<b>Total non-current financial assets</b>	<b>3,118.45</b>	<b>18.09</b>
<b>Current</b>		
Security deposits	27.05	36.36
Interest accrued on deposits/ advances	5.65	11.44
Other receivables	65.64	52.43
Less : Transferred to assets held for sale (Refer note 17.4)	-	(0.68)
<b>Total</b>	<b>98.34</b>	<b>99.55</b>
Less: Loss allowance	(1.41)	(6.13)
<b>Total current financial assets</b>	<b>96.93</b>	<b>93.42</b>
<b>Total other financial assets</b>	<b>3,215.38</b>	<b>111.50</b>

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2023**

(Amount in ₹ crore, unless otherwise stated)

**NOTE 10 NON-CURRENT TAX ASSETS (NET)**

i. The following table provides the details of income tax assets and liabilities:

	As at 31 March 2023	As at 31 March 2022
a) Income tax assets	323.64	334.42
Less : Transferred to assets held for sale (Refer note 17.4)	-	(7.80)
	<b>323.64</b>	<b>326.62</b>
b) Income tax liabilities	215.15	206.32
<b>Net income tax assets (net)</b>	<b>108.49</b>	<b>120.30</b>
Income tax assets in certain entities	117.46	121.54
Current tax liabilities in case of certain entities	8.97	1.24
<b>Net income tax assets</b>	<b>108.49</b>	<b>120.30</b>

ii. The gross movement in the income tax assets/ liabilities is as follows:

	As at 31 March 2023	As at 31 March 2022
Net income tax asset at the beginning	120.30	69.49
Income tax (refund)/ paid (net)	(3.51)	84.38
Transferred to assets held for sale (Refer note 17.4)	-	(7.80)
Current income tax expense	(8.30)	(25.78)
<b>Net income tax assets at the end</b>	<b>108.49</b>	<b>120.30</b>

iii. Income tax expense comprises:

	As at 31 March 2023	As at 31 March 2022
Current tax expense	8.47	25.78
Deferred tax charge / (credit)	(70.79)	52.81
<b>Income tax charge / (credit) [net] in the Statement of Profit and Loss</b>	<b>(62.32)</b>	<b>78.59</b>
Deferred tax charge in Other Comprehensive Income	0.00*	(0.14)
<b>Tax charge / (credit) [net]</b>	<b>(62.32)</b>	<b>78.45</b>

\* Represents amount less than ₹ 1 lakh.

iv. A reconciliation of the income tax provision to the amount computed by applying the statutory income tax rate to the profit/ (loss) before income taxes is as below:

	Year ended 31 March 2023	Year ended 31 March 2022
Profit / (loss) before income tax (including discontinuing operations)	(90.16)	641.33
Applicable tax rate in India	34.944%	34.944%
<b>Computed expected tax charge / (credit)</b>	<b>(31.51)</b>	<b>224.11</b>
Effect of difference in tax rates of overseas subsidiaries	62.41	(66.60)
Effect of expenses not allowed for tax purpose	119.16	10.47
Effect of income not considered for tax purpose	(128.90)	(17.80)
Impact of losses where deferred tax not recognised in certain entities	(88.97)	46.66
Earlier year tax adjustments	1.32	-
Utilization of unrecognized loss carry forwards from prior years	-	(132.98)
Impact of change in tax rate	-	9.95
Others	4.16	4.78
<b>Income tax charge / (credit) [net] in the Statement of Profit and Loss</b>	<b>(62.32)</b>	<b>78.59</b>

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2023**

(Amount in ₹ crore, unless otherwise stated)

**NOTE 10 INCOME TAX ASSETS (NET) AND CURRENT TAX LIABILITY ...Contd.**

**v. Components of deferred income tax assets and liabilities arising on account of temporary differences are:**

	As at 31 March 2023	As at 31 March 2022
<b>(A) Deferred tax assets (Refer note 10.1)</b>		
(a) Business loss / unabsorbed depreciation / MAT credit entitlements	2,139.99	1,708.21
(b) Impairment allowance on receivables / other assets	9.69	0.65
(c) Timing difference on tangible and intangible assets' depreciation and amortisation	35.19	36.13
(d) Expense allowable on payment basis	167.13	165.39
	<b>2,352.00</b>	<b>1,910.38</b>
<b>(B) Deferred tax liabilities</b>		
(a) Arbitration awards not offered to tax	(1,569.98)	(1,167.56)
(b) Others	-	(31.59)
	<b>(1,569.98)</b>	<b>(1,199.15)</b>
<b>Deferred tax assets (net) (A) - (B)</b>	<b>782.02</b>	<b>711.23</b>
Deferred tax assets in case of certain entities	782.02	742.68
Deferred tax liabilities in case of certain entities	-	31.45
<b>Net deferred tax assets</b>	<b>782.02</b>	<b>711.23</b>

**vi. Movement in components of deferred tax assets and deferred tax liabilities are as follows:**

	Business loss / unabsorbed depreciation / MAT credit entitlements	Impairment allowance on receivables / other assets	Timing difference on tangible and intangible assets' depreciation and amortisation	Arbitration awards not offered for tax	Expense allowable on payment basis and others	Other	Total
<b>At at 1 April 2021</b>	<b>2,224.03</b>	<b>0.65</b>	<b>41.33</b>	<b>(1,679.50)</b>	<b>164.99</b>	<b>(0.14)</b>	<b>751.36</b>
(Charged) / credited							
- to profit or loss	(515.82)	-	(5.20)	511.94	0.26	(31.45)	(40.27)
- to other comprehensive income	-	-	-	-	0.14	-	0.14
<b>As at 31 March 2022</b>	<b>1,708.21</b>	<b>0.65</b>	<b>36.13</b>	<b>(1,167.56)</b>	<b>165.39</b>	<b>(31.59)</b>	<b>711.23</b>
(Charged) / credited							
- to profit or loss	431.78	9.04	(0.92)	(402.42)	1.73	31.59	70.79
- to other comprehensive income	-	-	-	-	-	-	-
<b>As at 31 March 2023</b>	<b>2,139.99</b>	<b>9.69</b>	<b>35.19</b>	<b>(1,569.98)</b>	<b>167.13</b>	<b>-</b>	<b>782.02</b>

**Note 10.1:** As at 31 March 2023, deferred tax assets of the Group includes net deferred tax assets recognised by Holding Company amounting to ₹ 741 .93 crore (31 March 2022: ₹ 741 .74 crore) mainly on account of carried forward unused tax losses, unused tax credits and other taxable temporary differences. The Holding Company is confident of generating taxable profits from the unexecuted orders on hand/ future projects and expected realisation of claims/ arbitration awards. Accordingly, the Holding Company's management believes it is probable that sufficient future taxable profits will be available against which such deferred tax assets can be utilised.

**Note 10.2:** Deferred tax liabilities on undistributed earnings of the Group subsidiaries have not been provided as such earnings are deemed to be reinvested in the business and the Group is able to control the timing of the reversals of temporary differences associated with these investments.

**Note 10.3:** There are unused tax losses in the Group companies for which no deferred tax asset has been recognised as the Group believes that availability of taxable profit against which such temporary difference can be utilised, is not probable.

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2023**

(Amount in ₹ crore, unless otherwise stated)

**NOTE 11 OTHER ASSETS**

	As at 31 March 2023	As at 31 March 2022
<b>Non-current</b>		
Capital advances	63.27	1.29
Balances with government authorities	52.38	65.52
Prepaid expenses	1.66	1.87
Others	0.25	-
	<b>117.56</b>	<b>68.68</b>
Less : Transferred to assets held for sale (Refer note 17.4)	-	(0.78)
<b>Total other non-current assets</b>	<b>117.56</b>	<b>67.90</b>
<b>Current</b>		
Advance to suppliers and subcontractors	84.20	131.22
Balances with government authorities	159.76	171.14
Prepaid expenses	8.85	11.55
Others	10.15	39.22
	<b>262.96</b>	<b>353.13</b>
Less : Transferred to assets of disposal groups held for sale (Refer note 17.4)	-	(0.42)
	<b>262.96</b>	<b>352.71</b>
Less: Loss allowance	-	(29.73)
<b>Total other current assets</b>	<b>262.96</b>	<b>322.98</b>
<b>Total other assets</b>	<b>380.52</b>	<b>390.89</b>

**NOTE 12 INVENTORIES**

	As at 31 March 2023	As at 31 March 2022
Land and development rights	319.73	308.69
Construction raw material, stores and spares	166.18	170.05
Fuel and others	4.61	6.10
<b>Total inventories</b>	<b>490.52</b>	<b>484.84</b>

**NOTE 13 CURRENT INVESTMENTS**

	As at 31 March 2023	As at 31 March 2022
<b>Investments in others carried at fair value through profit and loss</b>		
Investment in mutual funds	0.70	0.66
<b>Total current investments</b>	<b>0.70</b>	<b>0.66</b>
<b>Detailed list current investments</b>		
<b>Investments in mutual funds</b>		
Essel Liquid Fund Growth plan	0.02	0.02
72,422 units (31 March 2022: 72.422 units)		
Canara Rebeco Mutual Fund	0.53	0.50
1,976.26 units (31 March 2022: 1976.26 units)		
ICICI Money Market Fund	0.01	0.01
748,574 units (31 March 2022: 709,181 units)		
SBI Premier Liquid Fund	0.14	0.13
1,205,366 units (31 March 2022: 1,205,366 units)		
	<b>0.70</b>	<b>0.66</b>

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2023**

(Amount in ₹ crore, unless otherwise stated)

**NOTE 13 CURRENT INVESTMENTS...Contd.**

	As at 31 March 2023	As at 31 March 2022
<b>Details:</b>		
<b>Aggregate value of current investments is as follows:</b>		
(i) Aggregate value of unquoted investments	-	-
(ii) Aggregate value of quoted investments and market value thereof	0.70	0.66
(iii) Aggregate value of impairment in the value of investments	-	-
(i) Investments carried at cost	-	-
(ii) Investments carried at amortised cost	-	-
(iii) Investments carried at fair value through profit and loss	0.70	0.66

**NOTE 14 CASH AND CASH EQUIVALENTS**

	As at 31 March 2023	As at 31 March 2022
a) Balances with banks		
- In current accounts	565.39	560.84
- in deposit account (with original maturity upto 3 months)	15.92	228.01
b) Cash on hand	0.60	0.99
Less : Transferred to assets of disposal groups held for sale (Refer note 17.4)	-	(68.87)
<b>Total cash and cash equivalents</b>	<b>581.91</b>	<b>720.97</b>

**NOTE 15 BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS**

	As at 31 March 2023	As at 31 March 2022
Bank deposits with maturity of more than 3 months and less than 12 months ^	571.63	977.63
Less : Transferred to assets of disposal groups held for sale (Refer note 17.4)	-	(156.21)
<b>Total bank balances other than cash and cash equivalents</b>	<b>571.63</b>	<b>821.42</b>

^ Includes ₹ 16.76 crore (31 March 2022: ₹ 26.04 crore) held as margin money against arbitration awards

**Note 15.1** There are no amounts due and outstanding to be credited to the Investor Education and Protection Fund as at 31 March 2023

**NOTE 16 UNBILLED WORK-IN-PROGRESS (CONTRACT ASSETS)**

	As at 31 March 2023	As at 31 March 2022
<b>Non-current</b>		
Unbilled work-in-progress (contract assets)	-	24.56
<b>Total non-current unbilled work-in-progress (contract assets)</b>	<b>-</b>	<b>24.56</b>
<b>Current</b>		
Unbilled work-in-progress (contract assets) ^	3,442.44	4,280.88
Less: Transferred to Assets of disposal group held for sale (Refer note 17.3)	-	(359.40)
<b>Total current Unbilled work-in-progress (contract assets)</b>	<b>3,442.44</b>	<b>3,921.48</b>
<b>Total unbilled work-in-progress (contract assets)</b>	<b>3,442.44</b>	<b>3,946.04</b>

^ Net of advance received against work bill ₹ 174.33 crore (31 March 2022: ₹ 103.14 crore)



# SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2023

(Amount in ₹ crore, unless otherwise stated)

## NOTE 17 ASSETS HELD FOR SALE

	As at 31 March 2023	As at 31 March 2022
<b>a) Asset held for sale - Freehold Land</b>		
Opening balance	-	6.49
Add: Assets classified as held for sale (Refer note 17.1)	2.19	-
Less: Asset re-classified as Property, plant and equipment (Refer note 17.2)	-	(6.49)
	<b>2.19</b>	<b>-</b>
<b>b) Assets of a disposal group held for sale (Refer note 17.3)</b>		
Trade receivables	-	2,283.06
Unbilled work-in-progress (contract assets)	-	359.40
	<b>-</b>	<b>2,642.46</b>
<b>c) Assets of discontinued operations - Baharampore Farakka Highways Limited (Refer note 17.4)</b>		
Property, plant and equipment		1.24
Intangible asset	-	739.08
Investment property	-	0.26
Intangible asset under development	-	97.94
Other non current asset	-	0.78
Trade receivables	-	3.27
Cash and cash equivalent	-	68.87
Other bank balance	-	156.21
Non-current tax assets (net)	-	7.80
Other current asset	-	0.42
Other financial asset	-	0.68
	<b>-</b>	<b>1,076.55</b>
<b>Total assets held for sale</b>	<b>2.19</b>	<b>3,719.01</b>

**Note 17.1** During the current year, the Holding Company has entered into an agreement to sell a freehold land situated at village Karnala (Tara) for an aggregate consideration of ₹ 95 crore. Pursuant to the agreement, the Holding Company has received an advance of ₹ 5 crore, which has been presented under other current liabilities. The above sale is subject to approval from lenders of the Holding Company. The Holding Company expects the sale to be completed by 30 September 2023.

**Note 17.2** During the earlier years, the Holding Company had entered into an agreement with a subsidiary company to develop a parcel of freehold land situated at Vikhroli, Mumbai pursuant to which an advance of ₹ 20.20 crore was received. However, as at 31 March 2022, considering the market conditions, the Holding Company did not foresee to complete the transaction and therefore the sale no longer classified as 'highly probable' in accordance with Ind AS 105- Non-current Assets Held for Sale and Discontinued Operations. Accordingly, the same was re-classified as "Property, plant and equipment".

**Note 17.3** As detailed in note 34.1, pursuant to implementation of the resolution plan in the current year, assets representing specified arbitration awards and claims and liabilities representing specified debt and accrued interest /charges have been derecognised effective 1 July 2022.

As at 31 March 2022, the resolution plan with lenders had become binding due to receipt of requisite majority approvals. In accordance with Ind AS 105- Non-current Assets Held for Sale and Discontinued Operations, the assets (represented by arbitration award and claims) and liabilities (represented by debt and accrued interest / charges) qualified as assets and liabilities of a disposal group held for sale. Consequently, as at 31 March 2022, trade receivables and unbilled work-in-progress (contract assets) was classified as assets of a disposal group held for sale. Similarly, as at 31 March 2022, current borrowings, trade payables and other current financial liabilities was classified as liabilities of a disposal group held for sale.

**Note 17.4** On 1 February 2022, HCC Infrastructure Company Limited, a wholly owned subsidiary, signed a binding term sheet with Cube Highways and Infrastructure V Pte Limited for 100% equity stake sale of its subsidiary i.e Baharampore Farakka Highways Limited ('BFHL'). During the current year, Share Purchase Agreement (SPA) has been executed on 15 February 2023 and the equity consideration has been received on 28 March 2023.

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2023

(Amount in ₹ crore, unless otherwise stated)

### NOTE 17 ASSETS HELD FOR SALE...Contd.

Pursuant to the above as at 31 March 2023, BFHL has been presented as discontinued operations in accordance with Ind AS 105 - Non-current Assets Held for Sale and Discontinued Operations. The requisite disclosures in accordance with Ind AS 105 are given below:

#### Financial performance from discontinued operations

	For the period 1 April 2022 to 28 March 2023	For the year ended 31 March 2022
<b>Statement of profit and loss</b>		
Total income	379.93	188.57
Total expenses	405.93	195.59
<b>Loss before tax</b>	<b>(26.00)</b>	<b>(7.02)</b>
Tax expenses	(0.17)	(13.07)
<b>Loss after tax</b>	<b>(26.17)</b>	<b>(20.09)</b>
<b>Other comprehensive income</b>	-	-
<b>Cash flow statement</b>		
Net cash generated from operating activities	173.61	309.48
Net cash used in investing activities	(67.67)	(0.02)
Net cash used in financing activities	(95.73)	(30.79)
<b>Net cash generated from discontinued operations</b>	<b>10.21</b>	<b>278.67</b>

### NOTE 18 EQUITY SHARE CAPITAL

	As at 31 March 2023		As at 31 March 2022	
	Number	₹ in crore	Number	₹ in crore
<b>Authorised share capital</b>				
Equity shares of ₹ 1 each	2,000,000,000	200.00	2,000,000,000	200.00
<b>Total authorised share capital</b>	<b>2,000,000,000</b>	<b>200.00</b>	<b>2,000,000,000</b>	<b>200.00</b>
<b>Issued, subscribed and paid-up equity share capital:</b>				
Equity shares of ₹ 1 each, fully paid up	1,512,976,244 <sup>^</sup>	151.31	1,512,976,244 <sup>^</sup>	151.31
<sup>^</sup> Excludes 13,225 equity shares forfeited by the Company				
<b>Total issued, subscribed and paid-up equity share capital</b>	<b>1,512,976,244</b>	<b>151.31</b>	<b>1,512,976,244</b>	<b>151.31</b>

#### a. Reconciliation of the equity shares outstanding at the beginning and at the end of the reporting year

	Number	₹ crore
<b>As at 1 April 2021</b>	<b>1,512,976,244</b>	<b>151.31</b>
Issued during the year	-	-
<b>As at 31 March 2022</b>	<b>1,512,976,244</b>	<b>151.31</b>
Issued during the year	-	-
<b>As at 31 March 2023</b>	<b>1,512,976,244</b>	<b>151.31</b>

#### b. Terms / rights attached to equity shares:

The Holding 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 Holding Company declares and pays dividends in Indian Rupees. The dividend proposed by the Board of Directors, if any, is subject to the approval of the shareholders in the ensuing Annual General Meeting, except interim dividend, if any.

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2023

(Amount in ₹ crore, unless otherwise stated)

### NOTE 18 EQUITY SHARE CAPITAL...Contd.

In the event of liquidation of the Holding Company, the holders of equity shares will be entitled to receive remaining assets after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

#### c. Shareholding of more than 5%:

Name of the Shareholder	As at 31 March 2023		As at 31 March 2022	
	No. of shares	% held	No. of shares	% held
Arya Capital Management Private Limited	-	-	244,013,391	16.13%
Hincon Holdings Limited	216,023,600	14.28%	216,023,600	14.28%
Asia Opportunities IV (Mauritius) Limited	115,462,961	7.63%	115,462,961	7.63%
HDFC Trustee Company Limited	73,580,077	4.86%	73,580,077	4.86%

As per the records of the holding company, including its register of shareholders / members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownership of shares.

#### d. Bonus shares / buy back shares for consideration other than cash issued during past five years:

- (i) Aggregate number and class of shares allotted as fully paid up pursuant to contracts without payment being received in cash- Nil
- (ii) Aggregate number and class of shares allotted as fully paid up by way of bonus shares- Nil
- (iii) Aggregate number and class of shares bought back- Nil

#### e. Shareholding of promoters

##### As at 31 March 2023

Name of Promoters	As at 31 March 2023		As at 31 March 2022		% Change during the year
	No. of shares held	% of total shares	No. of shares held	% of total shares	
Arya Capital Management Private Limited	-	-	244,013,391	16.13%	16.13%
Hincon Holdings Limited	216,023,600	14.28%	216,023,600	14.28%	-
Hincon Finance Limited	62,261,186	4.12%	62,261,186	4.12%	-
Ajit Gulabchand	2,117,294	0.14%	2,117,294	0.14%	-
Shalaka Investment Private Limited	538,000	0.04%	538,000	0.04%	-
Anjani Ashwin Parekh	251,400	0.02%	251,400	0.02%	-
Shalaka Gulabchand Dhawan	10,000	0.00%*	10,000	0.00%*	-

\* represents less than 0.01%

##### As at 31 March 2022

Name of Promoters	As at 31 March 2022		As at 31 March 2021		% Change during the year
	No. of shares held	% of total shares	No. of shares held	% of total shares	
Arya Capital Management Private Limited	244,013,391	16.13%	244,013,391	16.13%	-
Hincon Holdings Limited	216,023,600	14.28%	216,023,600	14.28%	-
Hincon Finance Limited	62,261,186	4.12%	62,261,186	4.12%	-
Ajit Gulabchand	2,117,294	0.14%	2,117,294	0.14%	-
Shalaka Investment Private Limited	538,000	0.04%	538,000	0.04%	-
Anjani Ashwin Parekh	251,400	0.02%	251,400	0.02%	-
Shalaka Gulabchand Dhawan	10,000	0.00%*	10,000	0.00%*	-

\* represents less than 0.01%

# SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2023

(Amount in ₹ crore, unless otherwise stated)

## NOTE 19 OTHER EQUITY

	For the period 1 April 2022 to 28 March 2023	For the year ended 31 March 2022
<b>Reserves and surplus</b>		
- Capital reserve	39.70	39.70
- Forfeited debentures account	0.02	0.02
- Securities premium	2,650.87	2,650.87
- Debenture redemption reserve	54.99	54.99
- Foreign currency monetary translation reserve	(0.17)	1.47
- General reserve	180.24	180.24
- Share option outstanding reserve	0.00*	-
- Retained earnings	(3,622.20)	(3,574.12)
<b>Other comprehensive income</b>		
- Equity instruments at fair value through other comprehensive income	(11.01)	(11.54)
- Translation loss relating to foreign operation (net)	(158.13)	(152.07)
Non-controlling interest	0.00*	0.00*
<b>Total Reserves and surplus</b>	<b>(865.69)</b>	<b>(810.45)</b>

\* Represents amount less than ₹ 1 lakh

### Nature and purpose of reserves

#### i. Capital reserve

The Group recognizes profit or loss on purchase or cancellation (including forfeiture) of its own equity instruments to capital reserve. Capital reserve represents gain arising from business combination and gain / loss on account of acquisition / divestment of non- controlling interest/ merger of subsidiaries.

#### ii. Forfeited debentures account

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

#### iii. Securities premium

Securities premium is used to record the premium on issue of shares or debentures. This account is utilised in accordance with the provisions of the Companies Act, 2013.

#### iv. Debenture redemption reserve

The Act requires that where a Company issues debentures, it shall create a debenture redemption reserve out of profits of the Company available for payment of dividend. The Company is required to maintain a Debenture Redemption Reserve of 25% of the value of the debentures issued, either by a public issue or a private placement basis. The amounts credited to the debenture redemption reserve cannot be utilised by the Company except to redeem debentures. Consequent to the amendment in the provision of Act, requirement to create reserve in respect of certain debenture have been withdrawn.

#### v. Foreign currency monetary translation reserve

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

#### vi. General reserve

Under the erstwhile Companies Act 1956, a general reserve was created through an annual transfer of net profit at a specified percentage in accordance with applicable regulations. Consequent to the introduction of the Companies Act, 2013, the requirement to mandatorily transfer a specified percentage of net profit to general reserve has been withdrawn.

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2023

(Amount in ₹ crore, unless otherwise stated)

### NOTE 19 OTHER EQUITY..Contd.

#### vii. Share option outstanding reserve

The share option outstanding reserve represents reserve in respect of equity settled share options granted to the Holding Company's employees in pursuance of the Employee Stock Option Plans.

#### viii. Retained earnings

Retained earnings represents the profits/ losses that the Group has earned / incurred till date including gain / (loss) on fair value of defined benefits plans as adjusted for distributions to owners, transfer to other reserves etc.

#### ix. Equity instruments at fair value through other comprehensive income

The Group has elected to recognise changes in the fair value of certain investments in equity securities in other comprehensive income. These changes are accumulated within FVTOCI reserve within equity. The Group transfers amount from this reserve to retained earnings when the relevant equity securities are disposed off.

#### x. Translation loss relating to foreign operation (net)

The Group recognised exchange differences arising on translation of the foreign operations in other comprehensive income and accumulated in 'Translation loss relating to foreign operation (net)' in other equity.

### NOTE 20 LONG TERM BORROWINGS

	As at 31 March 2023	As at 31 March 2022
<b>I. Non-current borrowing:</b>		
<b>Secured</b>		
<b>A. Non-Convertible Debentures</b>		
(i) From banks	3,203.97	-
<b>B. 0.01% Optionally Convertible Debentures (OCDs)</b>		
(i) From banks	863.92	854.22
(ii) From others	77.92	88.29
<b>C. Foreign Currency Term Loans from banks</b>	274.02	213.57
<b>D. Rupee Term Loans (RTL-A)</b>		
<b>E. Other term loans</b>		
(i) From banks	-	590.55
(ii) From others	-	87.61
Less : Transferred to liabilities held for sale [Refer notes 17.3, 25.1, 34]	-	(678.16)
<b>Unsecured</b>		
<b>A. Non-Convertible Debentures</b>		
(i) From banks	404.30	-
<b>B. Foreign Currency Term Loan from bank</b>	26.98	22.39
<b>Total non-current borrowings</b>	<b>4,851.11</b>	<b>1,178.47</b>
<b>II. Current borrowing:</b>		
<b>Secured</b>		
<b>i) Current maturities of long-term debts:</b>		
(a) Non-Convertible Debentures	34.93	41.12
(b) Foreign Currency Term Loans from others	7.83	72.04
(c) Rupee Term Loans (RTL-A)		
(i) From banks	-	53.61
(ii) From others	-	25.90

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2023**

(Amount in ₹ crore, unless otherwise stated)

**NOTE 20 LONG TERM BORROWINGS...Contd.**

	As at 31 March 2023	As at 31 March 2022
(d) Rupee Term Loans (RTL-1)		
(i) From banks	-	47.91
(ii) From others	-	41.93
(e) Rupee Term Loans (RTL-2)		
(i) From banks	-	287.37
(ii) From others	-	37.93
(f) Working Capital Term Loan from Banks (WCTL-2)		
(i) From banks	-	4.52
(ii) From others	-	11.08
(g) 0.01 % Optionally Convertible Debentures (OCDs)		
(i) From banks	107.99	225.68
(ii) From others	9.74	23.09
(h) Other term loans		
(i) From banks	27.00	86.51
	<b>187.49</b>	<b>958.69</b>
<b>ii) Cash credit facilities (Repayable on demand)</b>	-	1,154.31
<b>iii) Other working capital loans from banks</b>	245.75	784.05
<b>Unsecured</b>		
i) Current maturities of long-term borrowings		
a) Foreign Currency Term Loan from Others	-	-
ii) Other bank loans	10.17	164.60
<b>Total</b>	<b>443.41</b>	<b>3,061.65</b>
Less: Transferred to Liabilities held for sale (Refer note 25.1)	-	(2,448.94)
<b>Total current borrowings</b>	<b>443.41</b>	<b>612.71</b>
<b>Total borrowings</b>	<b>5,294.52</b>	<b>1,791.18</b>

**20.1 Details of security and terms of repayment**

**I. Secured**

**(a) Non-Convertible Debentures (NCDs)**

**i) NCDs issued by Prolific Resolution Private Limited ('PRPL')**

During the current year, the Holding Company has novated specified debt of lenders aggregating ₹ 2,854.40 crore to the Company, with the consideration being the assignment of beneficial interest in the specified arbitration awards and claims by way of Deed of Assignment dated 10 August 2022 between Holding Company, lenders of Holding Company and the Company.

NCDs have been issued to the lenders as part of the Resolution Plan with a tenure of 8 years and a coupon of 0.01 % with an interest yield of 12.00% p.a. in yield equalization compounded and payable on a yearly basis. These NCDs are issued in 2 Series namely Series I and Series II having different security structure as given in security details. Refer note 20.1.1 for details of security. These NCDs are listed NCDs in BSE. Repayment schedule is as stated below:

Date of repayment	Series I Amount	Series II Amount
30-Sep-30	690.90	165.42
30-Sep-29	575.75	137.85
30-Sep-28	460.60	110.28
30-Sep-27	345.45	82.71
30-Sep-26	230.30	55.14
<b>Total</b>	<b>2,303.00</b>	<b>551.40</b>

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2023

(Amount in ₹ crore, unless otherwise stated)

### NOTE 20 LONG TERM BORROWINGS...Contd.

#### (ii) Non Convertible Debentures - LIC

These debentures were classified as RTL-1 and RTL-A as on 31 March 2022. These debentures carried an interest yield of 11.50% p.a. and were repayable in 31 quarterly instalments commencing 15 April 2014 and ending on 15 October 2021.

During the current year, the Holding Company implemented its debt resolution plan with lenders pursuant to which principal outstanding of RTL-1 as at 1 July 2022 have been settled by issuing fresh NCDs. These NCDs carry an interest yield of 11.50% p.a. quarterly compounding and a coupon of 0.01% p.a. and are repayable in 7 structured annual instalments commencing 31 March 2023 and ending on 31 March 2029. Refer note 20.1.2 for security details.

#### (iii) Non Convertible Debentures - Karnataka Bank

These debentures are issued to one of the lender of erstwhile subsidiary, which carry an interest yield of 9.5% p.a. compounded quarterly and a coupon of 0.01% p.a. These NCDs are repayable on 31 March 2026. These NCDs are secured by exclusive charge upto 0.19% on specific claims of the Holding Company.

#### (iv) Non Convertible Debentures - ACRE

These debentures have been issued during the current year. These NCDs carry an interest yield of 9.5% p.a. compounded quarterly and a coupon of 0.01% p.a. These are repayable in 2 structured instalments on 31 March 2026 and 30 June 2029. These NCDs are secured by exclusive charge upto 49.53% on specific claims of the Holding Company.

#### (b) 0.01% Optionally Convertible Debentures (OCDs)

OCDs have been issued to the lenders as part of the S4A Scheme with a tenor of 10 years and a coupon of 0.01% with an interest yield of 11.50% p.a. in yield equalization compounded on a quarterly basis. After the expiry of eighteen months from the issuance, the OCDs were to be converted into non-convertible debentures in case of non-occurrence of event of default as per the guidelines of the S4A Scheme. Pursuant to the exemption provided by the Securities and Exchange Board of India ('SEBI') from the application of Regulation 75 of SEBI ICDR regulations to the Holding Company, the tenure of OCDs has been extended for a further 2.5 years beyond the statutorily prescribed period of 18 months. The lenders have an option to convert the OCDs into equity shares of the Holding Company, in accordance with the terms thereof including in case of any event of default or default in payment during the 10 years from the date of issuance of respective OCDs. However, further lenders have extended the repayment period till 31 March 2029. The repayment tenure has been approved by SEBI. Accordingly, the revised repayment of the OCD commenced from 31 March 2023. Details of principal maturity have been provided below. Refer note 20.1.3 for security details.

Date of Repayment	₹ crores
31 March 2024	117.73
31 March 2025	176.60
31 March 2026	176.60
31 March 2027	176.60
31 March 2028	176.60
31 March 2029	235.44
<b>Total</b>	<b>1,059.57</b>

#### (c) Foreign Currency Term Loans

##### (i) Export-Import Bank of India

The loan availed by HCC Mauritius Enterprise Limited, a subsidiary company, has been restructured with a cut-off date of 30 June 2017, bearing an interest rate of LIBOR 3M + 500 bps per annum payable quarterly. The spread over LIBOR would be subject to change in case of (a) drawal beyond availability period and / or (b) changes in market conditions. This loan shall be repaid in 31 quarterly instalments commencing from 30 September 2017 from the date of first drawal ending on 31 March 2025. This loan is secured by exclusive charge on (i) corporate guarantee by Holding Company (ii) pledge of equity shareholding of the borrower held by Holding Company (iii) a first charge over specific fixed assets of Holding Company having written down value of ₹ 50 crore (at the time of original sanction in May 2010) (iv) pledge of 33% equity share holding of Steiner AG, held by HMEL, a subsidiary company (v) non disposal undertaking for non-disposal of shareholding in Steiner AG or any other SPV created for the purpose of acquisition.



## **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2023**

(Amount in ₹ crore, unless otherwise stated)

### **NOTE 20 LONG TERM BORROWINGS...Contd.**

#### **(ii) Export-Import Bank of India**

The loan availed by HCC Mauritius Investment Limited, a subsidiary company, has been restructured with a cut-off date of 30 June 2017, bearing an interest rate of LIBOR 3M + 500 bps per annum payable quarterly. The spread over LIBOR would be subject to change in case of (a) drawal beyond availability period and / or (b) changes in market conditions. This loan shall be repaid in 31 quarterly instalments commencing from 30 September 2017 from the date of first drawal ending on 31 March 2025.

This loan is secured by exclusive charge on (i) corporate guarantee by Holding Company (ii) pari-passus first charge over specific fixed assets of Holding Company (also encumbered for term loan availed by HMEL from Exim bank for acquisition of 66% of the equity shares of Steiner AG) (iii) corporate guarantee by HMEL (iv) pledge of 66% equity share holding of Steiner AG, held by HMEL, a subsidiary company (including pari-passu pledge on 33% shares encumbered for term loan availed by HMEL from Exim bank) (v) pledge of 100% equity shares of HMIL held by Holding Company (vi) pledge of 34% equity shares of Steiner AG, held by HMIL, a subsidiary company.

#### **(iii) Asia Opportunities IV (Mauritius) Limited**

The FCTL carried a floating interest rate equal to 3 month LIBOR plus 350 basis points and were repayable in 3 quarterly instalments commencing from 31 December 2019.

During the current year, the Holding Company implemented debt resolution plan pursuant to which the same has been restructures and are payable in 7 structured annual instalments commencing from 31 March 2023. The FCTL carries a floating interest rate equal to 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.

#### **(d) Other term loans - Baharampore Farakka Highways Limited**

- (i) Carrying interest rate ranging 9.75% to 10.75 % p.a. repayable in 52 unstructured quarterly instalments commencing from March 2016 and ending in 30 June 2029.
- (ii) Carrying interest rate ranging 9.75 % to 11.00% p.a. repayable in 52 unstructured quarterly installments commencing from June 2018 and ending on September 2031.

#### **(e) Rupee Term Loans (RTL-A)**

RTL-A carried an interest rate of 11.75% p.a., payable monthly, to be reset annually with a two years moratorium and repayment terms of five years commencing 25 May 2017. During the current year, the Holding Company implemented debt resolution plan pursuant to which the same have been transferred to PRPL. Refer note 20.1.4 for security details.

#### **(f) Rupee Term Loans 1 (RTL-1) and Rupee Term Loans 2 (RTL-2)**

RTL- 1 and RTL- 2 carried an interest yield of 11.50% p.a. and are repayable in 31 quarterly instalments commencing 15 April 2014 and ending on 15 October 2021. During the current year, the Holding Company implemented debt resolution plan pursuant to which the same have been transferred to PRPL. Refer note 20.1.4 for security details.

#### **(g) Working Capital Term Loan (WCTL-2)**

Working Capital Term Loan (WCTL-2) carried an interest rate ranging from 11.10% p.a. to 11.75% p.a. (floating) linked to Monitoring Institution's base rate. These were repayable in 31 quarterly instalments commencing 15 April 2014 and ending on 15 October 2021. During the current year, the Holding Company implemented debt resolution plan pursuant to which the same have been transferred to PRPL. Refer note 20.1.4 for security details.

#### **(h) Other term loans from banks**

##### **i) Loan availed by Highbar Technologies Limited**

Term Loan from ICICI bank carrying interest rate of ICICI Base Rate (9.25% p.a.) plus 2.25% p.a. This loan is repayable within 10 years in 28 structured quarterly instalments commencing from 15 April 2016 and ending on 15 January 2023. As on 31 March 2023, this loan is still overdue and expected to be repaid within next 12 months.

This term loan is secured by:

- a) first exclusive charge on the current assets and fixed assets of the borrower (subsidiary company)

## **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2023**

(Amount in ₹ crore, unless otherwise stated)

### **NOTE 20 LONG TERM BORROWINGS..Contd.**

- b) mortgage over land situated at Kavsar, Thane, Maharashtra (32 acres) of HRL (Thane) Real Estate Limited on first pari-passu basis.
- c) Pledge over 30% shareholding of HREL in HRL (Thane) Real Estate Limited.
- d) Pledge over 30% shareholding of HCC in Highbar Technologies Limited.

#### **ii) Loan availed by Raiganj Dalkhola Highways Limited**

Rupee Term Loan I from Banks are Secured by way of first pari-passu charge on all assets both present and future, excluding the project assets as defined in the Concession Agreement and pledge of 51% shareholding of the promoters.

The land is under lien by way of mortgage to SBI Cap Trustee Company Limited by way of charge dated 03 March 2011.

Rupee Term Loan II are Secured by way of first pari-passu charge on all assets both present and future, excluding the project assets as defined in the Concession Agreement and pledge of 51% shareholding of the promoters.

The land is under lien by way of mortgage to SBI Cap Trustee Company Limited by way of charge modified dated 30 May 2016.

Term Loans from Banks and IIFCL are secured by way of first pari-passu charge on all assets, both present and future, excluding the project assets as defined in the concession agreement dated 28 June, 2010 and pledge of 28.22% equity shares of the company held by promoter companies.

Loans are taken under Common Loan Agreement (CLA) and are secured by way of first pari-passu charge on all assets both present and future, excluding the project assets as defined in the Concession Agreement & pledge of 1,53,00,000 shares of the promoters equity shareholding.

The loans have been classified as Non Performing Assets (NPA) and IIFCL have recalled the entire financial assistance extended by them to the Company vide letter dated 3 October 2018. In financial it is netted with transaction cost.

#### **(i) Cash credit facilities**

Cash credit facilities carried a floating interest rate equal to 6 month ICICI MCLR plus 285 basis points and were repayable on demand. During the current year, the Holding Company implemented debt resolution plan pursuant to which the same have been transferred to PRPL. Refer note 20.1.5 for security details.

#### **(j) Working capital loan**

- (i) Working Capital Loans of Holding Company carried a floating interest rate equal to 6 month ICICI MCLR plus 285 basis points. During the current year, the Holding Company implemented debt resolution plan pursuant to which the same have been transferred to PRPL. Refer note 20.1.5 for security details.
- (ii) Working Capital Demand Loan from bank include loan facilities availed by Steiner AG, a subsidiary company, aggregating ₹ 245.75 crore (31 March 2022: ₹ 147.49 crore) secured by first charge by way of a (i) mortgage on land in favour of a foreign bank (Project: Vista Nobile) (ii) mortgage on a land in favour of a foreign bank (Project: BASF Wandenswil).

### **Note 20.1 Details of security**

#### **Note 20.1.1: Non-Convertible Debentures issued by Prolific Resolution Private Limited**

Series I- First Ranking Pari-passu Charge over Specified Awards and Claims.

Series II- Second Ranking Pari-passu Charge over Specified Awards and Claims.

## **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2023**

(Amount in ₹ crore, unless otherwise stated)

### **NOTE 20 LONG TERM BORROWINGS..Contd.**

#### **Note 20.1.2: Non-Convertible Debentures- LIC**

1. The parcel of land (immovable non-residential property) admeasuring 21.9 hectares at Tara Village, Panvel Taluka described as the First Mortgaged Properties.
2. All the present and future movable assets of the Borrower (excluding 'Current Assets' and 'Specified Assets') as the Second Mortgaged Properties.
3. All the present and future 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.

The terms 'Current Assets', 'Specified Assets' and 'Additional Assets' have been defined in the Master Restructuring Agreement (MRA).

The above security having ranking in respect to LIC-NCD are as below:

1. A first ranking and pari-passu security interest by way of legal mortgage over the First Mortgaged Properties and Second Mortgaged Properties.
2. A second ranking and pari-passu security interest by way of legal mortgage over the Third Mortgaged Properties, Fourth Mortgaged Properties and the Fifth Mortgaged Properties.

Collateral security pari-passu with lenders for LIC-NCD and OCD

1. HREL Real Estate Limited has provided Corporate guarantee for the above outstanding facilities of the Holding Company.
2. First pari-passu charge on 154,151,669 shares of the Company and second charge on 85,767,617 equity shares of the Company held by Hincan Holdings Limited and Hincan Finance Limited.
3. Personal guarantee of Mr. Ajit Gulabchand, Chairman and Non-Executive Director of the Holding Company.

#### **Note 20.1.3: Optionally Convertible Debentures (OCDs) are secured in the form of:**

1. First ranking pari-passu charge on all of the Company's Property, plant and equipment (immovable and movable) [excluding the Specified Assets and Excluded Assets]; and
2. Second ranking and pari-passu security interest by way of a legal mortgage over the First, Second and the Fifth Mortgaged Properties as specified in the mortgage deed. The security perfection has been completed on the OCD facilities issued as part of the S4A scheme.

#### **Note 20.1.4 RTL-A, RTL-1, RTL-2 and WCTL-2 are secured in the form of:**

1. The parcel of land (immovable non-residential property) admeasuring 21.9 hectare at Tara Village, Panvel Taluka described as the First Mortgaged Properties.
2. All the present and future movable assets of the Holding Company (excluding 'Current Assets' and 'Specified Assets') as the Second Mortgaged Properties.
3. All the present and future current assets of the Holding Company (other than those forming part of 'Additional Assets') as the Third Mortgaged Properties.
4. All of the 'Additional Assets' collectively referred to as the Fourth Mortgaged Properties.
5. All of the 'Specified Assets' collectively referred to as the Fifth Mortgaged Properties.

The terms 'Current Assets', 'Specified Assets' and 'Additional Assets' have been defined in the MRA.

The above security having ranking in respect to RTL1 and RTL-A are as below:

1. A first ranking and pari-passu security interest by way of legal mortgage over the First Mortgaged Properties and Second Mortgaged Properties.
2. A second ranking and pari-passu security interest by way of legal mortgage over the Third Mortgaged Properties, Fourth Mortgaged Properties and the Fifth Mortgaged Properties.

## **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2023**

(Amount in ₹ crore, unless otherwise stated)

### **NOTE 20 LONG TERM BORROWINGS..Contd.**

The above security having ranking in respect to RTL2 and WCTL2 are as below:

A second ranking and pari-passu security interest by way of legal mortgage over all the Mortgaged Properties.

Collateral security pari-passu with lenders defined in MRA:

1. HREL Real Estate Limited has provided Corporate guarantee for the above outstanding facilities of the Company.
2. First pari-passu charge on 154,151,669 shares of the Company and second charge on 85,767,617 equity shares of the Company held by Hincon Holdings Limited and Hincon Finance Limited.
3. Personal guarantee of Mr. Ajit Gulabchand, Chairman and Non-Executive Director of the Company.

#### **Note 20.1.5 Security and terms for Cash Credit Facilities and Other Working Capital Demand Loan:**

1. The parcel of land (immovable non-residential property) admeasuring 21.9 hectares at Tara Village, Panvel Taluka described as the First Mortgaged Properties.
2. All the present and future movable assets of the Borrower (excluding 'Current Assets' and 'Specified Assets') as the Second Mortgaged Properties.
3. All the present and future 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 Third and Fourth Mortgaged Properties.
2. In the form of a second ranking and pari-passu security interest by way of a legal mortgage over the First, Second and the Fifth Mortgaged Properties.

Collateral security pari-passu with lenders defined in MRA are same as indicated in note 19.1.1.

The securities towards working capital facilities also extend to guarantees given by the banks on behalf of the Holding Company.

The terms 'Current Assets', 'Specified Assets' and 'Additional Assets' have been defined in the MRA.

## **II. Unsecured**

### **(a) Foreign Currency Term Loan from Bank**

During the previous year, the Holding Company has entered into an amendment agreement with the lender wherein the parties have agreed to restructure the outstanding amounts for USD 6.89 Million with fixed interest rate of 1.91% compounded annually, repayable in 3 structured instalments commencing from 31 December 2028 and ending on 31 December 2030.

### **(b) Non Convertible Debentures - ARCIL**

These debentures have been issued during the current year. These NCDs carry an interest yield of 9.5% p.a. compounded quarterly and a coupon of 0.01% p.a. These NCDs are repayable in 7 structured annual instalments commencing 31 March 2023 and ending on 31 March 2029.

### **(c) Non Convertible Debentures - Others**

These debentures are classified as NCDs and carry an interest yield of 9.5% p.a. quarterly compounding and a coupon of 0.01% p.a. and are repayable in 3 structured instalments on 30 June 2029 and on 30 June 2031.

# SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2023

(Amount in ₹ crore, unless otherwise stated)

## NOTE 20 LONG TERM BORROWINGS..Contd.

### Note 20.2 Net debt reconciliation

An analysis of net debt and the movement in net debt for the year ended 31 March 2022 and 31 March 2021 is as follows:

Particulars	31 March 2023	31 March 2022
Cash and cash equivalents	581.91	720.97
Non-current borrowings	4,851.11	1,856.62
Current borrowings	443.41	3,061.65
Interest payable	1,843.16	1,689.80
<b>Net debt</b>	<b>6,555.78</b>	<b>5,887.10</b>

Particulars	Cash and cash equivalents	Non-current borrowings	Current borrowings	Interest payable	Total
	(A)	(B)	(C )	(D)	(D) = B + C- A
<b>Net debt as at 1 April 2021</b>	<b>642.13</b>	<b>2,008.17</b>	<b>3,124.93</b>	<b>1,238.25</b>	<b>5,729.22</b>
Net increase in cash and cash equivalents	61.65	-	-	-	(61.65)
Repayment of long-term borrowings	-	(55.84)	-	-	(55.84)
Repayment of short-term borrowings	-	-	(158.99)	-	(158.99)
Foreign exchange fluctuations	17.19	-	-	(6.67)	(23.86)
Gain on one-time settlement	-	-	-	(106.10)	(106.10)
Reclassification	-	(95.71)	95.71	-	-
Interest expense	-	-	-	814.57	814.57
Interest paid	-	-	-	(250.25)	(250.25)
<b>Net debt as at 31 March 2022</b>	<b>720.97</b>	<b>1,856.62</b>	<b>3,061.65</b>	<b>1,689.80</b>	<b>5,887.10</b>
<b>Net debt as at 1 April 2022</b>	<b>720.97</b>	<b>1,856.62</b>	<b>3,061.65</b>	<b>1,689.80</b>	<b>5,887.10</b>
Net increase in cash and cash equivalents	(161.49)	-	-	-	161.49
Repayment of long-term borrowings	-	(175.43)	-	-	(175.43)
Repayment of short-term borrowings	-	-	(26.00)	-	(26.00)
Foreign exchange fluctuations	22.43	(4.79)	-	-	(27.22)
Gain on debt resolution plan	-	-	-	(223.30)	(223.30)
Impact of deconsolidation of erstwhile subsidiary	-	(584.14)	(64.62)	-	(648.76)
Reclassification	-	129.74	(129.74)	-	-
Conversion of other financial liability to debt (Refer note 21.1)	-	773.42	-	332.36	1,105.78
Impact of resolution plan (Refer note 34.1)	-	2,855.69	(2,397.13)	(458.56)	(0.00)
Gain on one time settlement	-	-	(0.75)	(43.21)	(43.96)
Interest expense	-	-	-	812.66	812.66
Interest paid	-	-	-	(266.59)	(266.59)
<b>Net debt as at 31 March 2023</b>	<b>581.91</b>	<b>4,851.11</b>	<b>443.41</b>	<b>1,843.17</b>	<b>6,555.78</b>

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2023

(Amount in ₹ crore, unless otherwise stated)

### NOTE 20 LONG TERM BORROWINGS..Contd.

#### Note 20.3 Default in repayment of Borrowings

As at 31 March 2023, the subsidiary companies has defaulted in repayment of borrowings (non-current and current) including interest thereon. The item-wise breakup is as under:

Sr. No.	Particulars	Period	Principal	Interest
1	Term Loans from Banks	Upto 30 days	10.65	2.84
		31 to 90 days	-	0.21
		91 to 180 days	-	0.81
		181 to 365 days	12.40	32.38
		> 365 days	6.63	2.54
2	Term Loans from Financial Institutions	31 to 90 days	-	-
		91 to 180 days	-	-
		181 to 365 days	4.32	6.91
Total			34.00	45.69

As at 31 March 2022, the Company has defaulted in repayment of borrowings (non-current and current) including interest thereon. The item-wise breakup is as under:

Sr. No.	Particulars	Period	Principal	Interest
1	Non-Convertible Debentures	31 to 90 days	-	-
		91 to 180 days	1.49	0.02
		181 to 365 days	2.98	0.23
2	Term Loans from Banks	Upto 30 days	-	0.09
		31 to 90 days	13.65	21.82
		91 to 180 days	20.83	14.39
		181 to 365 days	125.05	152.98
		> 365 days	305.59	117.79
3	Term Loans from Financial Institutions	31 to 90 days	1.55	7.93
		91 to 180 days	6.86	4.19
		181 to 365 days	24.76	39.90
		> 365 days	157.40	36.95
4	Working Capital Demand Loans	> 365 days	636.57	44.84
5	Cash Credit Facilities	31 to 90 days	-	-
		181 to 365 days	-	-
		> 365 days	493.74	118.98
		31 to 90 days	-	-
6	Other Bank Loans	91 to 180 days	10.73	1.02
		181 to 365 days	-	-
		> 365 days	153.89	47.34
Total			1,955.09	608.47

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2023

(Amount in ₹ crore, unless otherwise stated)

### NOTE 20 LONG TERM BORROWINGS..Contd.

**Note 20.4 Reconciliation of stock statement submitted to the consortium banks with books of account where borrowings have been availed based on security of current assets:**

**By Holding Company**

Quarter ended	Name of the Bank	Particulars	Amount as per books of accounts	Amount reported in the quarterly return/ statement	Amount of difference	Reason for material variances
31 March 2022	ICICI Bank, Punjab National Bank, Indian Bank, Union Bank of India, Canara Bank, State Bank of India, IDBI Bank Limited, Jammu & Kashmir Bank, Standard Chartered Bank, Bank of Baroda, Federal Bank, DBS Bank	Inventory & Unbilled work-in-progress	3,028.59	2,187.87	840.72	Refer note below
		Trade Receivables	4,234.78	1,748.15	2,486.63	
30 June 2022	ICICI Bank, Punjab National Bank, Indian Bank, Union Bank of India, Canara Bank, State Bank of India, IDBI Bank Limited, Jammu & Kashmir Bank, Standard Chartered Bank, Bank of Baroda, Federal Bank, DBS Bank	Inventory & Unbilled work-in-progress	3,026.01	2,295.50	730.51	Refer note below
		Trade Receivables	4,279.58	1,726.20	2,553.38	

Quarter ended	Name of the Bank	Particulars	Amount as per books of accounts	Amount reported in the quarterly return/ statement	Amount of difference	Reason for material variances
30 June 2021	ICICI Bank, Punjab National Bank, Indian Bank, Union Bank of India, Canara Bank, State Bank of India, IDBI Bank Limited, Jammu & Kashmir Bank, Standard Chartered Bank, Bank of Baroda, Federal Bank, DBS Bank	Inventory & Unbilled work-in-progress	2,741.38	2,160.21	581.17	Refer note below
		Trade Receivables	4,285.78	2,410.07	1,875.71	
30 September 2021	ICICI Bank, Punjab National Bank, Indian Bank, Union Bank of India, Canara Bank, State Bank of India, IDBI Bank Limited, Jammu & Kashmir Bank, Standard Chartered Bank, Bank of Baroda, Federal Bank, DBS Bank	Inventory & Unbilled work-in-progress	2,796.76	2,205.14	591.62	Refer note below
		Trade Receivables	3,800.76	1,631.40	2,169.36	
31 December 2021	ICICI Bank, Punjab National Bank, Indian Bank, Union Bank of India, Canara Bank, State Bank of India, IDBI Bank Limited, Jammu & Kashmir Bank, Standard Chartered Bank, Bank of Baroda, Federal Bank, DBS Bank	Inventory & Unbilled work-in-progress	2,989.20	2,287.09	702.11	Refer note below
		Trade Receivables	3,961.10	1,713.78	2,247.32	

- Difference is mainly on account of arrangement with banks/ financial institution, which requires the Holding Company to submit the details of inventory, trade receivable, unbilled work-in-progress excluding projects executed as joint operations and projects which are closed/ suspended/ terminated etc.
- No other group company has availed borrowings based on security of current assets.

### NOTE 21 OTHER FINANCIAL LIABILITIES

	As at 31 March 2023	As at 31 March 2022
<b>Non-current</b>		
Security deposits	0.14	0.13
Interest accrued but not due (Refer note 21.2)	1,656.36	1,014.86
Financial liabilities of erstwhile subsidiary assumed (Refer note 21.1)	-	490.20
Financial guarantees	52.23	49.70
<b>Total non-current financial liabilities</b>	<b>1,708.73</b>	<b>1,554.89</b>
<b>Current</b>		
Interest accrued but not due (Refer note 21.2)	143.65	445.77
Interest accrued and due	64.83	612.35
Unpaid dividends	0.00 *	0.00*
Financial guarantees	0.36	-
Financial liabilities of erstwhile subsidiary assumed (Refer note 21.4)	275.39	494.56



## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2023

(Amount in ₹ crore, unless otherwise stated)

### NOTE 21 OTHER FINANCIAL LIABILITIES..Contd.

	As at 31 March 2023	As at 31 March 2022
Others		
- Due to employees	60.04	97.93
- Liability for capital goods	9.25	6.46
- Interest payable on contractee advances	279.23	213.44
- Refundable bid bond deposit (Refer note 21.3)	9.75	-
- Other liabilities	14.17	20.17
	<b>856.67</b>	<b>1890.68</b>
Less: Transferred to liabilities held for sale (Refer note 25)	-	(473.66)
<b>Total current financial liabilities</b>	<b>856.67</b>	<b>1,417.02</b>
<b>Total other financial liabilities</b>	<b>2,565.40</b>	<b>2,971.91</b>
Other financial liabilities carried at amortised cost	2,565.40	2,971.91
Other financial liabilities carried at FVPL	-	-

\* Represents amount less than ₹ 1 lakh

#### Note 21.1: Liability towards invocation of put options and corporate guarantees by lenders of Lavasa Corporation Limited ('LCL')

In view of the invocation of put options by lenders of LCL and pursuant to sanction letters entered with lenders of LCL during earlier years, LCL liabilities aggregating ₹ 865.23 crore were taken over by the Holding Company at ₹ 515 crore. As per the sanction letters, these liabilities carried an interest of 9.50% p.a. compounded quarterly with effect from 1 October 2018. Further, certain lenders of LCL had invoked corporate guarantees of the Holding Company during earlier years and consequently, liabilities of ₹ 232.20 crore were recognised by the Holding Company.

Pursuant to default in the terms of the sanction letter, in earlier years, one of the lender issued a letter to the Holding Company for revocation of the settlement. Based on the negotiations and discussion by the management, the lender had agreed to continuing with similar settlement terms in the restructuring plan. Pending the final approvals, the differential between the liability pursuant to the put option agreement and the liability as per sanction letter was reported as Contingent Liability in the financial statements until period ended 31 March 2022.

**Note 21.2:** Includes ₹ 353.60 crore (31 March 2022: ₹ 178.56 crore) and ₹ 13.04 crore (31 March 2021: ₹ 204.62 crore) in respect of non-current interest accrued but not due and current interest accrued but not due, respectively, towards financial liabilities of LCL assumed as mentioned in Note 21.1 above.

**Note 21.3:** Prolific Resolution Private Limited ('PRPL') has received Bid Bond deposit money as per Expression of Interest (EOI) on winning of Bid by Jadeja Investments Management Private Limited (JIMPL). This deposit represents 5% of the resolution amount i.e. aggregate of proposed equity and priority debt amount of ₹ 100 crore along with Voluntary deposit made by JIMPL.

**Note 21.4:** HCC Operations and Maintenance Limited ('HOML'), a step down subsidiary, had signed a Debenture Sale Purchase (DSP) agreement on 29 September 2017 with certain debenture holders for purchase of debentures issued by Lavasa Corporation Limited (LCL), in the event of any default for an aggregate consideration of ₹ 138 crore plus Interest @ 10.27 % per annum. Pursuant to default by LCL, HOML has till date assumed liability of LCL towards these debentures amounting to ₹ 273.27 crore.

# SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2023

(Amount in ₹ crore, unless otherwise stated)

## NOTE 22 PROVISIONS

	As at 31 March 2023	As at 31 March 2022
<b>Non-current</b>		
Provision for employee benefits		
- Gratuity	72.01	50.70
- Pension fund	10.29	6.62
Provision for warranty (Refer note 22.1)	44.38	54.64
Provision for major maintenance (Refer notes below)	-	67.93
Less: Transferred to liabilities of a disposal group held for sale (Refer note 17.4 and 25)	-	(67.93)
<b>Total non-current provisions</b>	<b>126.68</b>	<b>111.96</b>
<b>Current</b>		
Provision for employee benefits		
- Gratuity	8.53	6.74
- Pension fund	7.08	6.09
- Leave entitlement and compensated absences	11.81	15.24
Provision for warranty (Refer note 22.1)	98.89	126.19
Provision for foreseeable losses	475.63	324.94
Provision for major maintenance (Refer notes below)	-	47.94
Less: Transferred to liabilities of a disposal group held for sale (Refer note 25)	-	(47.94)
<b>Total current provisions</b>	<b>601.94</b>	<b>479.20</b>
<b>Total provisions</b>	<b>728.62</b>	<b>591.16</b>

### Note 22.1 Detail of provision for warranty is as stated below:

	As at 31 March 2023	As at 31 March 2022
<b>Opening provision as at the beginning of the year</b>	180.83	148.26
Addition during the year	21.60	69.43
Utilised during the year	(59.16)	(36.86)
<b>Closing provision as at the end of the year</b>	<b>143.27</b>	<b>180.83</b>
Non current	44.38	54.64
Current	98.89	126.19
<b>Total</b>	<b>143.27</b>	<b>180.83</b>

This provision represent estimates made towards estimated liability arising out of contractual obligations in respect of warranties.

After the handover of the project there is a warranty liability, which lasts between 2 and 10 years, depending on the project and its components. During construction the warranty provision is recorded based on past experience and, in general, remains unchanged during construction. Actual warranty costs are recorded against the warranty provision of projects in warranty phase (pool approach). As per closing date, future warranty costs are estimated and if needed the warranty provisions are increased or released.

**Note 22.2** The Group has adequately recognised foreseeable losses on projects wherever it was probable that total contract costs will exceed total contract revenue.

# SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2023

(Amount in ₹ crore, unless otherwise stated)

## NOTE 23 TRADE PAYABLES

	As at 31 March 2023	As at 31 March 2022
Total outstanding dues of micro enterprises and small enterprises	134.67	80.07
Less: Transferred to liabilities held for sale (Refer note 25.1)	-	(0.07)
	<b>134.67</b>	<b>80.00</b>
Total outstanding dues of creditors other than micro enterprises and small enterprises	2,856.54	3,018.30
Less: Transferred to liabilities held for sale (Refer note 25.1)	-	(39.77)
	<b>2,856.54</b>	<b>2,978.54</b>
<b>Total trade payables</b>	<b>2,991.21</b>	<b>3058.54</b>

**Note 23.1 Trade payables are non-interest bearing and are normally settled as per the payment terms stated in the contract.**

**Note 23.2 Trade payables ageing schedule**

As at 31 March 2023	Outstanding for following periods from due date of payment						Total
	Not due	Unbilled	Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i) MSME	27.06	-	82.51	11.83	1.84	11.43	134.67
(ii) Others	973.79	609.34	895.90	66.41	49.92	261.18	2,856.54
(iii) Disputed dues – MSME	-	-	-	-	-	-	-
(iv) Disputed dues- Others	-	-	-	-	-	-	-
<b>Total trade payables</b>	<b>1,000.85</b>	<b>609.34</b>	<b>978.41</b>	<b>78.24</b>	<b>51.76</b>	<b>272.61</b>	<b>2,991.21</b>

As at 31 March 2022	Outstanding for following periods from due date of payment						Total
	Not due	Unbilled	Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i) MSME	-	-	70.77	2.22	4.61	2.47	80.07
(ii) Others	476.64	1,346.27	829.27	87.88	45.61	232.63	3,018.30
(iii) Disputed dues – MSME	-	-	-	-	-	-	-
(iv) Disputed dues- Others	-	-	-	-	-	-	-
<b>Total trade payables</b>	<b>476.64</b>	<b>1,346.27</b>	<b>900.04</b>	<b>90.10</b>	<b>50.22</b>	<b>235.10</b>	<b>3,098.37</b>

## NOTE 24 OTHER CURRENT LIABILITIES

Particulars	As at 31 March 2023	As at 31 March 2022
<b>Current</b>		
Due to customers	669.19	798.84
Advance received from contractee	1,315.85	1,562.71
Statutory dues payable	55.38	38.25
Other liabilities	48.11	55.77
	<b>2,088.53</b>	<b>2,455.57</b>
Less: Transferred to liabilities held for sale (Refer note 17.4 and 25.2)	-	(10.65)
<b>Total other current liabilities</b>	<b>2,088.53</b>	<b>2,444.92</b>

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2023

(Amount in ₹ crore, unless otherwise stated)

### NOTE 25 LIABILITIES HELD FOR SALE

#### Note 25.1 Liabilities of a disposal group held for sale (Refer Notes 17.3 and 34)

Particulars	As at 31 March 2023	As at 31 March 2022
a) Current borrowings	-	2,448.94
b) Other financial liabilities	-	470.80
c) Trade payables	-	39.84
	-	<b>2,959.58</b>
<b>Note: 25.2 Liabilities of discontinued operations - Baharampore Farakka Highways Limited (Refer notes 17.4 and 52)</b>		
a) Borrowings	-	678.15
b) Other current financial liabilities	-	2.86
c) Provisions	-	115.87
d) Other current liabilities	-	10.65
	-	<b>807.53</b>
<b>Total Liabilities of disposal groups held for sale</b>	<b>-</b>	<b>3,767.11</b>

### NOTE 26 REVENUE FROM OPERATIONS

Particulars	Year ended 31 March 2023	Year ended 31 March 2022
<b>Sale of products and services:</b>		
a) Construction revenue	9,296.45	10,204.97
b) Royalty income	5.38	2.10
c) Operation and maintenance fees	-	10.64
	<b>9,301.83</b>	<b>10,217.71</b>
<b>Other operating revenue:</b>		
a) Fair valuation gain on subsequent measurement of financial assets	248.55	-
b) Interest on arbitration awards	255.90	424.39
c) Provision no longer required written back	50.14	23.43
d) Others	0.17	2.74
	<b>554.76</b>	<b>450.56</b>
<b>Total revenue from operations</b>	<b>9,856.59</b>	<b>10,668.26</b>

#### Notes:

#### Disclosure in accordance with Ind AS 115 Revenue from Contracts with Customers

##### (a) Disaggregation of revenue

Group's entire business falls under one operational segment of 'Engineering and Construction'. Contract revenue represents revenue from Engineering and Construction contracts wherein the performance obligation is satisfied over a period of time. Further, the management believes that the nature, amount, timing and uncertainty of revenue and cash flows from all its contracts are similar. Accordingly, disclosure of revenue recognised from contracts disaggregated into categories has not been made.

##### (b) Unsatisfied performance obligations

The aggregate amount of transaction price allocated to performance obligations that are unsatisfied as at the end of reporting period is ₹ 23,343 crore (31 March 2022: ₹ 20,867 crore). Most of the Group's contracts have a life cycle of three to five years. Management expects that around 30%-35% of the transaction price allocated to unsatisfied contracts as of 31 March 2023 will be recognised as revenue during next reporting period depending upon the progress on each contracts. The remaining amounts are expected to be recognised over the next three to four years. The amount disclosed above does not include variable consideration.

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2023

(Amount in ₹ crore, unless otherwise stated)

### NOTE 26 REVENUE FROM OPERATIONS...Contd.

#### (c) Contract balances

(i) Movement in contract balances during the year:

Particulars	Contract assets (unbilled work-in-progress)	Contract liabilities (due to customers)	Net contract balance
<b>Balance as at 31 March 2021</b>	<b>4,003.54</b>	<b>1,143.93</b>	<b>2,859.61</b>
Net increase / (decrease)	301.89	(345.09)	646.98
<b>Balance as at 31 March 2022<sup>^</sup></b>	<b>4,305.44</b>	<b>798.84</b>	<b>3,506.60</b>
Net increase / (decrease)	(862.99)	(129.65)	(733.34)
<b>Balance as at 31 March 2023</b>	<b>3,442.44</b>	<b>669.19</b>	<b>2,773.26</b>

<sup>^</sup> includes ₹ 359.40 crore classified as assets of a disposal group held for sale (Refer note 16 and 17.3)

Note: Reduction in contract assets is primarily due to transfer of claims to Prolific Resolution Private Limited as part of debt resolution plan as referred in note 34. Further, contract liability has decreased due to higher recognition of revenue as compared to progress bills raised during the year.

- (ii) Revenue recognised during the year from opening balance of contract liability amounts to ₹ 790.80 crore (31 March 2022: ₹ 1,031.73 crore)
- (iii) Revenue recognised during the year from the performance obligation satisfied upto previous year amounts to ₹ 61.58 crore (31 March 2022: ₹ 479.01 crore)

(d) Out of the total revenue recognised during the year, ₹ 9,800.95 crore (31 March 2022: ₹ 10,632.09 crore) is recognised over a period of time and ₹ 55.64 crore (31 March 2022: ₹ 36.17 crore) is recognised at a point in time.

(e) There are no reconciliation items between revenue from contracts with customers and revenue recognised with contract price.

(f) Cost to obtain or fulfil the contract:

- (i) Amount of amortisation recognised in Statement of Profit and Loss during the year : Nil
- (ii) Amount recognised as contract assets as at 31 March 2023 : Nil

### NOTE 27 OTHER INCOME

	Year ended 31 March 2023	Year ended 31 March 2022
a) Interest income from financial assets at amortised cost	20.95	62.94
b) Dividend from non-current investments	4.57	1.14
c) Other non-operating income:		
- Rental income	0.50	0.54
- Profit on disposal of property, plant and equipment (net)	2.89	2.36
- Exchange gain (net)	4.18	3.92
- Miscellaneous	22.65	87.30
<b>Total other income</b>	<b>55.74</b>	<b>158.20</b>

### NOTE 28 COST OF MATERIALS CONSUMED

	Year ended 31 March 2023	Year ended 31 March 2022
Stock at beginning of the year	170.05	182.15
Add: Purchases	1,042.41	876.91
	<b>1,212.46</b>	<b>1,059.06</b>
Less: Sale of scrap and unserviceable material	(36.65)	(23.95)
	<b>1,175.80</b>	<b>1,035.11</b>
Less: Stock at the end of the year	(166.17)	(170.05)
<b>Total cost of materials consumed</b>	<b>1,009.64</b>	<b>865.06</b>

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2023

(Amount in ₹ crore, unless otherwise stated)

### NOTE 29 CHANGES IN INVENTORIES

	Year ended 31 March 2023	Year ended 31 March 2022
Opening inventory	308.69	291.55
Less: Closing inventory	(319.73)	(308.69)
<b>Total changes in inventories</b>	<b>(11.04)</b>	<b>(17.14)</b>

### NOTE 30 EMPLOYEE BENEFITS EXPENSE

	Year ended 31 March 2023	Year ended 31 March 2022
Salaries and wages	752.67	799.60
Contribution to provident and other funds	29.00	67.70
Staff welfare	55.00	66.23
Share based payment expense	0.00*	-
<b>Total employee benefits expense</b>	<b>836.67</b>	<b>933.53</b>

\* Represents amount less than ₹ 1 lakh

**Note 30.1** On 29 September 2022, the Holding Company has obtained approval from shareholders by way of a special resolution in the Annual General Meeting for payment of managerial remuneration to Whole Time Directors ('WTDs') aggregating ₹ 10.50 crore for the financial year ending 31 March 2023. Consequent to the successful implementation of the resolution plan by the Holding Company effective 26 September 2022, the Company was no longer required to obtain the prior approval from lenders.

Further, the managerial remuneration to WTDs for the period 1 April 2019 to 31 March 2022 aggregating ₹ 41.65 crore was accrued, of which ₹ 6.41 crore was paid, for which the approval from shareholders were obtained but the requisite approval from lenders were awaited. In the absence of the specific approval from lenders, the Holding Company has decided to reverse/ adjust the aforementioned managerial remuneration from WTDs. In view of the successful implementation of the resolution plan with lenders, the Holding Company has also decided to make payment of a consolidated amount in lieu of the remuneration (accrued, but not paid) to WTDs for the period 01 April 2019 to 31 March 2022 and shareholders approval in the Annual General Meeting held on 29 September 2022 by way of a special resolution has been obtained by the Holding Company.

The aforementioned payments are in accordance with section 197 of the Act and no further approvals are required to be obtained by the Holding Company.

### NOTE 31 FINANCE COSTS

	Year ended 31 March 2023	Year ended 31 March 2022
<b>Interest expense on:</b>		
- debentures	605.37	259.80
- term loan and cash credit facilities	134.14	393.68
- financial liabilities of an erstwhile subsidiary	90.15	156.77
- advance from contractee	100.38	108.75
- lease liabilities (Refer note 41)	2.93	3.32
- others	18.71	47.38
<b>Other borrowing costs</b>		
- guarantee commission	50.60	62.37
- others	10.03	4.19
<b>Total finance costs</b>	<b>1,012.31</b>	<b>1,036.26</b>

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2023

(Amount in ₹ crore, unless otherwise stated)

### NOTE 32 DEPRECIATION AND AMORTISATION EXPENSE

	Year ended 31 March 2023	Year ended 31 March 2022
a) Depreciation of tangible assets (Refer note 3A)	83.75	99.93
b) Depreciation on right-of-use assets (Refer note 3B)	30.81	30.32
c) Depreciation of investment properties (Refer note 4)	0.03	0.03
d) Amortisation of intangible assets (Refer note 5)	13.96	8.06
<b>Total depreciation and amortisation expense</b>	<b>128.55</b>	<b>138.34</b>

### NOTE 33 OTHER EXPENSES

	Year ended 31 March 2023	Year ended 31 March 2022
a) Stationery, postage, telephone and advertisement	5.70	4.67
b) Travelling and conveyance	41.28	34.89
c) Rates and taxes	30.02	24.27
d) Power, fuel and water	147.65	137.83
e) Insurance	28.87	30.49
f) Rent (Refer note 41)	91.70	98.64
g) Professional fees	60.76	47.85
h) Repairs and maintenance- building	4.83	4.02
i) Repairs and maintenance- others	11.87	11.16
j) Directors' sitting fees	0.57	0.75
k) Payment to auditors	6.65	5.95
l) Office expenses	13.60	25.05
m) Operation, maintenance and warranty	95.07	104.88
n) Selling and distribution expenses	4.44	5.66
o) IT support and computer maintenance	7.97	7.42
p) Loss allowance on financial assets	29.72	16.90
q) Miscellaneous expenses	30.83	25.78
<b>Total other expenses</b>	<b>611.53</b>	<b>586.21</b>

### NOTE 34 EXCEPTIONAL ITEMS

	Year ended 31 March 2023	Year ended 31 March 2022
a) Gain on implementation of debt resolution plan of Holding Company (Refer note 34.1)	223.30	-
b) Gain on one-time settlement with a customer (Refer note 34.2)	-	354.54
c) Gain on deconsolidation of a erstwhile subsidiary (Refer note 52)	142.48	-
d) Gain on settlement of debt (Refer note 34.3 below)	43.96	106.10
<b>Total exceptional items</b>	<b>409.74</b>	<b>460.64</b>

**Note 34.1** During the current year, the Holding Company has successfully implemented its debt resolution plan in relation to its Facilities, Guarantees and Put Obligations in accordance with the Reserve Bank of India (Prudential Framework for Resolution of Stressed Assets) Directions, 2019 dated 7 June 2019 and pursuant to the approval granted by the Members in their Extra-Ordinary General Meetings held on 29 June 2021 and 23 March 2022. The key highlights of the Debt Resolution Plan are as follows:

- Effective 1 July 2022, the Holding Company has novated specified debt of lenders aggregating ₹ 2,855.69 crore to Prolific Resolution Private Limited ('PRPL'), a wholly owned subsidiary of the Company, with the consideration being the assignment of beneficial interest in the specified arbitration awards and claims of ₹ 6,508.44 crore with a carrying value of ₹ 2,894.11 crore in favor of PRPL;



## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2023

(Amount in ₹ crore, unless otherwise stated)

### NOTE 34 EXCEPTIONAL ITEMS...Contd.

- b) PRPL has issued and allotted 28,544 non-convertible debentures ('NCD') having a face value of ₹ 1,000,000 each at par aggregating ₹ 2,854.40 crore for the consideration other than cash representing the debt novated to PRPL by the Company and the balance amounting to ₹ 1.29 crore has been paid upfront to the lenders;
- c) The Holding Company has furnished Corporate Guarantee in favor of the PRPL's lenders for debt novated to PRPL as well as pledge of shares held by the Holding Company in PRPL to secure the above NCD's;
- d) The specified terms of facilities have been revised with respect to the repayment terms, rates of interest and waiver of penal interest by lenders, including lenders of Lavasa Corporation Limited ('LCL'), an erstwhile subsidiary of the Holding Company, whose liabilities were taken over in earlier years by the Holding Company pursuant to exercise/ invocation of Put options and Corporate Guarantees issued by the Holding Company to LCL lenders. The liability towards LCL lenders has been extinguished by issuance of NCD; and
- e) Upon the repayment of PRPL's liabilities, the beneficial interest of the PRPL's assets yet to be recovered or outstanding shall be assigned/ transferred and distributed between HCC and lenders of PRPL as per agreed terms and conditions.

Consequent to the above, assets and liabilities of a disposal group held for sale aggregating ₹ 2,894.11 crore and ₹ 2,855.69 crore, respectively, have been derecognised effective 1 July 2022. In addition, the revision in the specified term of facilities resulted in reduction of liabilities to lenders and a resultant gain of ₹ 223.30 crore, has been recognised in Statement of Profit and Loss and has been presented as an exceptional item.

#### Note 34.2 Gain on one-time settlement with a customer

On 22 September 2020, HCC Concessions Limited ('HCON') completed the 100% stake sale of its erstwhile subsidiary i.e. FRHL to Cube Highways II Pte. Ltd. ('Cube'). Additionally, as part of the agreement with Cube, HCON continued to remain entitled to its share of proceeds from settlement with NHAI, earn-outs (contingent on traffic/ revenue projections) and royalty representing revenue share from FRHL over the concessions period. During the previous year, material condition precedents were fulfilled for realisability of its share of settlement proceeds with NHAI, royalty income from FRHL and interest on holdback amounting to ₹ 312.56 crore, ₹ 23.97 crore and ₹ 18 crore, respectively. Accordingly, HCON (merged with HCC Infrastructure Company Limited ('HICL')) recognised the aforementioned receivables aggregating ₹ 354.54 crore in these financial statements. Considering the nature and materiality of amounts, the same was presented under exceptional items in the financial statements for the year ended 31 March 2022.

#### Note 34.3 Gain on settlement of debt

During the previous year, pursuant to an one time settlement by HICL with its lenders, the total outstanding debt (including interest thereon) aggregating ₹ 371.10 crore was settled for ₹ 265.00 crore resulting in a gain of ₹ 106.10 crore. Similarly, in the current year, Raiganj Dakhola Highways Limited ('RDHL'), wholly owned subsidiary of HICL, entered into one time settlement with its lenders, where part of outstanding debt (including interest thereon) aggregating ₹ 92.43 crore was settled for ₹ 48.47 crore resulting in a gain of ₹ 43.96 crore. The aforementioned resultant gains have been presented as exceptional items.

### NOTE 35 EARNINGS/ (LOSS) PER SHARE (EPS)

		Year ended 31 March 2023	Year ended 31 March 2022
<b>Basic and diluted EPS</b>			
<b>Earnings/ (Loss) per share (Face value of ₹ 1 each) - for continuing operations</b>			
A.	Profit / (loss) computation for basic earnings per share of ₹ 1 each		
	Net profit / (loss) as per the Consolidated Statement of Profit and Loss (₹ crore)	(26.59)	571.74
B.	Weighted average number of equity shares for EPS computation (Nos.)	1,512,976,244	1,512,976,244
	Add: Effect of dilution on account of employee stock option issued	12,035	-
	Weighted average number of equity shares adjusted for the effect of dilution	<b>1,512,988,279</b>	<b>1,512,976,244</b>
C.	EPS- Basic and Diluted (₹ per share)		
-	Basic EPS	(0.18)	3.78
-	Diluted EPS	(0.18)	3.78

# SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2023

(Amount in ₹ crore, unless otherwise stated)

## NOTE 35 EARNINGS/ (LOSS) PER SHARE (EPS)...Contd.

		Year ended 31 March 2023	Year ended 31 March 2022
<b>Earnings / (Loss) per share (Face value of ₹ 1 each) - for discontinued operations</b>			
A.	Profit / (loss) computation for basic earnings per share of ₹ 1 each		
	Net profit / (loss) as per the Consolidated Statement of Profit and Loss available for equity shareholders (₹ crore)	(1.25)	(9.00)
B.	Weighted average number of equity shares for EPS computation (Nos.)	1,512,976,244	1,512,976,244
	Add: Effect of dilution on account of employee stock option issued	12,035	-
	Weighted average number of equity shares adjusted for the effect of dilution	<b>1,512,988,279</b>	<b>1,512,976,244</b>
C.	EPS- Basic and Diluted (₹ per share)		
-	Basic EPS	(0.01)	(0.06)
-	Diluted EPS	(0.01)	(0.06)
<b>Earnings / (Loss) per share (Face value of ₹ 1 each) - for total operations</b>			
A.	Profit / (loss) computation for basic earnings per share of ₹ 1 each		
	Net profit / (loss) as per the Consolidated Statement of Profit and Loss available for equity shareholders (₹ crore)	(27.84)	562.74
B.	Weighted average number of equity shares for EPS computation (Nos.)	1,512,976,244	1,512,976,244
	Add: Effect of dilution on account of employee stock option issued	12,035	-
	Weighted average number of equity shares adjusted for the effect of dilution	<b>1,512,988,279</b>	<b>1,512,976,244</b>
C.	EPS- Basic and Diluted (₹ per share)		
-	Basic EPS	(0.19)	3.72
-	Diluted EPS	(0.19)	3.72

## NOTE 36 CONTINGENT LIABILITIES AND COMMITMENTS

	As at 31 March 2023	As at 31 March 2022
<b>A. CONTINGENT LIABILITIES</b>		
(i) Claims not acknowledged as debts by the Group	194.39	181.32
(ii) Income tax liability that may arise in respect of which the Group is in appeals	118.18	132.01
(iii) Sales tax liability / works contract tax liability / service tax / customs liability that may arise in respect of matters in appeal	162.66	205.53
(iv) Put option given to lenders of Lavasa Corporation Limited to sell debentures to the Holding Company in the event of default (including interest and penal charges thereon) (Refer note 21.1)	-	976.60
(v) Other	-	0.99

Note : It is not practicable for the Group to estimate the timings of cash outflows, if any, in respect of the above pending resolution of the respective proceedings. The Group does not expect any reimbursements in respect of the above contingent liabilities. Future cash outflows in respect of the above are determinable only on receipt of judgments / decisions pending with various forums / authorities. The Group does not expect any outflow of economic resources in respect of the above and therefore no provision is made in respect thereof.

	As at 31 March 2023	As at 31 March 2022
<b>B. Commitments</b>		
(i) Capital Commitment (net of advances)	1.29	294.08
(ii) Other Commitments	-	1.25

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2023

(Amount in ₹ crore, unless otherwise stated)

**Note 37 :** HREL Real Estate Limited ('HREL'), a subsidiary company, has provided corporate guarantees and put options to the lenders of its erstwhile subsidiaries namely Lavasa Corporation Limited ('LCL') and Warasgaon Assets Maintenance Limited ('WAML') in respect of amounts borrowed by these subsidiaries, the aggregate liability in respect of which as at 31 March 2023 stands at ₹ 7,275.47 crore.

LCL and WAML have been admitted under the Corporate Insolvency and Resolution Process in accordance with the Insolvency and Bankruptcy Code, 2016 (IBC) dated 30 August 2018 and 20 December 2018, respectively, and Resolution Professionals ('RP') have been appointed by the Committee of Creditors (CoC) of respective companies. The lenders, to whom these corporate guarantees and put options were furnished, have filed their claims with RP which is presently under the IBC process and have also invoked the corporate guarantee / put options issued by the HREL. The National Company Law Tribunal, Mumbai Bench vide its order dated 26 February 2020, have approved the request of lenders of LCL and WAML to consolidate LCL, WAML and Dasve Convention Centre Limited (a subsidiary of LCL) and thereby get better valuation on liquidation. RP is in the process of formulating a resolution plan including identifying potential resolution applicant. The liability of HREL shall be determined once the debts due to these lenders are settled by RP upon completion of the IBC process. Pending the outcome of the resolution process, no provision has been considered necessary in the consolidated financial statements as at year ended 31 March 2023, as impact, if any, is currently unascertainable. Further, the aforementioned liabilities of lenders are restricted to HREL and do not have any recourse to the Holding Company or other Group companies.

**Note 38 :** Unbilled work-in-progress (contract assets), current trade receivables and non-current trade receivables includes ₹ 602.33 crore, ₹ 255.69 crore and ₹ 57.52 crore, respectively, outstanding as at 31 March 2023 representing receivables from customers of Holding Company based on the terms and conditions implicit in the contracts and other receivables in respect of closed/ substantially closed / suspended/ terminated projects. These aforementioned receivables are mainly in respect of cost over-run arising due to client caused delays, deviation in design and change in scope of work; for which Holding Company is at various stages of negotiation/ discussion with the clients or under arbitration / litigation. Considering the contractual tenability, progress of negotiations / discussions / arbitration / litigations and as legally advised in certain contentious matters, the management is confident of recovery of these receivables.

**Note 39 :** Short-term borrowings and other current financial liabilities of Raiganj Dalkhola Highways Limited ('RDHL'), a wholly owned step-down subsidiary, as at 31 March 2023 includes ₹ 43.13 crore and ₹ 50.63 crore, respectively, for which confirmations from lenders have not been received. Further, during the year, Yes Bank has assigned entire RDHL loan / facility to J.C. Flowers Asset Reconstruction Private Limited ("JCF ARC") on 16 December 2022. The loan / facility has been assigned as per stipulations under Financing Agreements executed amongst the consortium lenders including Yes Bank. Yes Bank has stated that the total loan outstanding as on 30 November 2022 is ₹ 44.75 crore, however the same is subject to reconciliation. In the meanwhile, the Company has also requested JCF ARC to provide the detailed loan statements, terms of repayment and interest rate etc, which is still awaited. In the absence of such confirmation or communication, RDHL has provided for interest and other penal charges based on the latest communication available from the lenders / bankers at the terms specified in the agreements. RDHL believes that amount payable on settlement will not exceed the liability provided in books in respect of these borrowings.

**Note 40 :** The Notification under Section 3C(1) under the Maharashtra Slum Area (Improvement & Redevelopment) Act, 1971 declaring the land parcel at Vikhroli (East) held by the Panchkutir Developers Limited ('PDL'), a subsidiary of Holding Company, as "Slum Rehabilitation Area" has been challenged by some persons and appeals preferred are pending in the Bombay High Court. Similarly, a suit filed in the High Court by some persons for declaration that they are Lessees of the said property is also pending. Suit filed by PDL for vacant and peaceful possession of part of the said land is in the Small Causes Court, Mumbai. On 12 December 2021, Small Causes Court passed ex-parte decree & judgement in PDL's favour. The opposite party has filed application to set aside the order of Decree and Judgement.

### NOTE 41 LEASES - IND AS 116

#### Right-of-use assets:

The net carrying value of right-of-use assets as at 31 March 2023 amounts to ₹ 186.80 crore (31 March 2022 : ₹ 217.61 crore) have been disclosed on the face of the balance sheet. (Also, refer note 3B)

#### Lease liabilities:

As at 31 March 2023, the obligations under leases amounts to ₹ 217.05 crore (31 March 2022 : ₹ 226.82 crore), which have been classified as lease liabilities on the face of balance sheet [non-current ₹ 185.70 crore and current ₹ 31.35 crore (31 March 2022 : non-current ₹ 197.67 crore and current ₹ 29.15 crore)]

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2023

(Amount in ₹ crore, unless otherwise stated)

### NOTE 41 LEASES - IND AS 116...Contd.

The following is the movement in lease liabilities:

	As at 31 March 2023	As at 31 March 2022
<b>Balance at the beginning of the year</b>	<b>226.82</b>	<b>243.68</b>
Additions during the year	-	2.16
Finance cost accrued during the year	0.13	3.41
Payment of lease liabilities	(9.77)	(19.01)
Translation difference	(0.13)	(3.42)
<b>Balance at the end of the year</b>	<b>217.05</b>	<b>226.82</b>

The table below provides details regarding the contractual maturities (undiscounted) of lease liabilities:

Lease Liabilities	Carrying amount	Contractual cash flows			
		Total	0-1 year	1-5 years	5 years and above
<b>31 March 2023</b>	<b>217.05</b>	<b>244.23</b>	<b>36.81</b>	<b>143.60</b>	<b>63.82</b>
31 March 2022	226.82	255.42	34.99	130.78	89.65

During the year ended 31 March 2023, the Group recognised the following in the Statement of Profit and Loss:

- (i) Depreciation expense from right-of-use assets of ₹ 30.81 crore (31 March 2022 ₹ 30.32 crore) (Refer note 32)
- (ii) Finance cost on lease liabilities of ₹ 0.13 crore (31 March 2022 ₹ 3.41 crore) (Refer note 31)
- (iii) Rent expense amounting to Nil (31 March 2022 Nil) and ₹ 91.70 crore (31 March 2022 ₹ 98.64 crore) pertaining to leases with less than twelve months of lease term have been included under rent expense (Refer note 33). Further the group does not have rent expenses relating to leases of low-value assets.

### NOTE 42 DISCLOSURE IN ACCORDANCE WITH IND AS 24 RELATED PARTY DISCLOSURES

#### A. Names of related parties and nature of relationship

Sr No	Name	Country of incorporation	Group's holding as at (%)	
			31 March 2023	31 March 2022
<b>a)</b>	<b>Joint venture</b>			
	Werkarena Basel AG	Switzerland	50.00	50.00
<b>b)</b>	<b>Associates</b>			
	Evostate AG	Switzerland	30.00	30.00
	Evostate Immobilien AG (Subsidiary of Evostate AG)	Switzerland	30.00	30.00
	MCR Managing Corp. Real Estate	Switzerland	30.00	30.00
	Hegias AG, Zurich (with effect from 18 August 2022)	Switzerland	23.20	-
	Highbar Technocrat Limited	India	49.00	49.00

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2023**

(Amount in ₹ crore, unless otherwise stated)

**NOTE 42 DISCLOSURE IN ACCORDANCE WITH IND AS 24 RELATED PARTY DISCLOSURES...Contd.**

**c) Key Management Personnel and relative of Key Management Personnel**

<b>Name</b>	<b>Relationship</b>
Mr. Ajit Gulabchand	Chairman and Managing Director (upto 31 March 2023) Chairman and Non-Executive Director (w.e.f. 1 April 2023)
Mr. Jaspreet Bhullar	Chief Executive Officer (from 23 March 2022 to 31 March 2023) Chief Executive Officer and Managing Director (w.e.f. 1 April 2023)
Mr. Arjun Dhawan	Group Chief Executive Officer and Whole Time Director (upto 22 March 2022) Vice Chairman and Whole Time Director (w.e.f 23 March 2022)
Mr. Mukul Sarkar	Nominee Director
Mr. N. R. Acharyulu	Independent Director
Dr. Mita Dixit	Independent Director
Mr. Anil C. Singhvi	Independent Director (upto 23 December 2021)
Mr. Arun Karambelkar	Non-Executive, Non-Independent Director (w.e.f 23 June 2021)
Mr. Mahendra Singh Mehta	Independent Director
Mr. Santosh Janakiram Iyer	Independent Director
Mr. Vithal P. Kulkarni	Company Secretary (upto 12 May 2022)
Mr. Nitesh Jha	Company Secretary (w.e.f 12 May 2022)
Mr. Rahul Rao	Chief Financial Officer (w.e.f 12 August 2021)
Mr. U.V. Phani Kumar	Chief Executive Officer- E&C (upto 23 March 2022)

**d) Other related parties**

<b>Name</b>	<b>Relationship</b>
Mrs. Shalaka Gulabchand Dhawan	Daughter of Chairman and Non-Executive Director and Wife of Vice Chairman and Whole Time Director
Gulabchand Foundation (formed under section 25 of the erstwhile Companies Act, 1956)	Other related party
Hincon Holdings Limited	Other related party
Hincon Finance Limited	Other related party
Shalaka Investment Private Limited	Other related party
Aarya Capital Management Private Limited	Other related party
HCC Employee's Provident Fund	Post-employment contribution plan
Stiftung der Steiner AG (Steiner pension foundation)	Post-employment benefit plan

**B. Nature of transactions**

	<b>As at 31 March 2023</b>	<b>As at 31 March 2022</b>
<b>Transactions with related parties:</b>		
<b>Revenue from operations</b>		
Joint ventures		
- Werkarena Basel AG	1.81	172.66
	<b>1.81</b>	<b>172.66</b>

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2023**

(Amount in ₹ crore, unless otherwise stated)

**NOTE 42 DISCLOSURE IN ACCORDANCE WITH IND AS 24 RELATED PARTY DISCLOSURES...Contd.**

	As at 31 March 2023	As at 31 March 2022
Associate		
- Highbar Technocrat Limited	0.16	0.22
	<b>0.16</b>	<b>0.22</b>
<b>Reimbursement of expenses</b>		
Associates		
- Highbar Technocrat Limited	-	0.77
	<b>-</b>	<b>0.77</b>
Other related parties		
- Hincon Finance Limited	-	0.26
	<b>-</b>	<b>1.03</b>
<b>Professional fees</b>		
Associates		
- Highbar Technocrat Limited	2.28	3.83
	<b>2.28</b>	<b>3.83</b>
<b>Other services received</b>		
Other related party		
- Hincon Holding Limited	-	0.24
	<b>-</b>	<b>0.24</b>
Associate		
- Evostate AG	-	2.69
	<b>-</b>	<b>2.69</b>
<b>Remuneration paid / accrued to Key Management Personnel</b>		
<b>(a) Short-term employee benefits</b>		
- Mr. Ajit Gulabchand	5.13	6.17
- Mr. Arjun Dhawan	4.67	6.63
- Mr. Vithal P. Kulkarni	0.30	1.16
- Mr. U. V. Phani Kumar	-	2.95
- Mr. Jaspreet Bhullar	2.49	0.31
- Mr. Rahul Rao	1.19	0.69
- Mr. Nitesh Kumar Jha	0.38	-
	<b>14.16</b>	<b>17.91</b>
<b>(b) Post employment benefits</b>		
- Mr. Ajit Gulabchand	0.37	0.83
- Mr. Arjun Dhawan	0.33	0.37
- Mr. U. V. Phani Kumar	-	0.09
- Mr. Jaspreet Bhullar	0.10	0.00*
- Mr. Rahul Rao	0.06	0.04
- Mr. Nitesh Kumar Jha	0.01	-
	<b>0.87</b>	<b>1.33</b>
<b>(c) Total remuneration [(a) + (b)]</b>		
- Mr. Ajit Gulabchand	5.50	7.00
- Mr. Arjun Dhawan	5.00	7.00
- Mr. Vithal P. Kulkarni	0.30	1.16
- Mr. U. V. Phani Kumar	-	3.04

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2023**

(Amount in ₹ crore, unless otherwise stated)

**NOTE 42 DISCLOSURE IN ACCORDANCE WITH IND AS 24 RELATED PARTY DISCLOSURES...Contd.**

	As at 31 March 2023	As at 31 March 2022
- Mr. Jaspreet Bhullar	2.59	0.31
- Mr. Rahul Rao	1.25	0.73
- Mr. Nitesh Kumar Jha	0.39	-
	<b>15.03</b>	<b>19.24</b>
<b>Remuneration paid / accrued</b>		
- Other related parties		
- Mrs. Shalaka Gulabchand Dhawan	1.30	1.28
	<b>1.30</b>	<b>1.28</b>
<b>Directors' sitting fees paid / accrued</b>		
Key management personnel		
- Mr. Anil C. Singhvi	-	0.10
- Mr. N. R. Acharyulu	0.18	0.16
- Mr. Arun V. Karambelkar	0.01	0.04
- Mr. Santosh Jankiram Iyer	0.10	0.11
- Mr. Mahendra Singh Mehta	0.15	0.18
- Mr. Mukul Sarkar	0.04	0.05
- Dr. Mita Dixit	0.09	0.11
	<b>0.57</b>	<b>0.75</b>

\* Represents amount less than ₹ 1 lakh.

**Outstanding balances:**

	As at 31 March 2023	As at 31 March 2022
<b>Outstanding receivables</b>		
<b>Trade receivables</b>		
Joint ventures		
- Werkarena Basel AG	-	16.95
Associate		
- Highbar Technocrat Limited	0.14	0.35
	<b>0.14</b>	<b>17.30</b>
<b>Other receivables</b>		
Other related parties		
- Hincon Holdings Limited	-	0.01
	<b>-</b>	<b>0.01</b>
<b>Inter corporate deposits</b>		
Joint ventures		
- Werkarena Basel AG	36.11	34.71
Associate		
- Evostate AG	0.47	22.61
	<b>36.58</b>	<b>57.32</b>
<b>Outstanding payables</b>		
<b>Other payables</b>		
Associates		



# SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2023

(Amount in ₹ crore, unless otherwise stated)

## NOTE 42 DISCLOSURE IN ACCORDANCE WITH IND AS 24 RELATED PARTY DISCLOSURES...Contd.

	As at 31 March 2023	As at 31 March 2022
- Highbar Technocrat Limited	1.75	1.90
Other related parties		
- Hincon Holdings Limited	0.00*	0.01
	<b>1.75</b>	<b>1.91</b>
<b>Retention payable</b>		
Associates		
- Highbar Technocrat Limited	-	0.72
	<b>-</b>	<b>0.72</b>
<b>Remuneration payable (net)</b>		
- Key management personnel		
- Mr. Ajit Gulabchand	0.35	17.39
- Mr. Arjun Dhawan	0.12	16.77
- Mr. Rahul Rao	0.10	0.10
- Mr. Jaspreet Bhullar	0.22	0.32
- Mr. Nitesh Kumar Jha	0.03	-
- Mr. U. V. Phani Kumar	-	0.15
- Mr. Vithal P. Kulkarni	-	0.08
	<b>0.82</b>	<b>34.81</b>
- Other related parties		
- Mrs. Shalaka Gulabchand Dhawan	0.11	0.11
	<b>0.11</b>	<b>0.11</b>
	<b>0.93</b>	<b>34.92</b>

\* represents amount less than ₹ 1 lakh.

### Notes:

- The above figure does not include provisional gratuity liability valued by an actuary, as separate figures are not available.
- Refer note 20 for personal guarantee provided by CMD, shares pledged and other security created in respect of borrowing by the Holding Company or the related parties.
- All Related Party Transactions entered during the year were in ordinary course of the business and are on arm's length basis.

## NOTE 43 FINANCIAL INSTRUMENTS

The fair value of the financial assets are included at amounts at which the instruments could be exchanged in a current transaction between willing parties other than in a forced or liquidation sale.

The following methods and assumptions were used to estimate the fair value:

- Fair value of cash and short term deposits, trade and other short term receivables, trade payables, other current liabilities, approximate their carrying amounts largely due to the short-term maturities of these instruments.
- Financial instruments with fixed and variable interest rates are evaluated by the Group based on parameters such as interest rates and individual credit worthiness of the counterparty. Based on this evaluation, allowances are taken to account for the expected losses of these receivables.

# SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2023

(Amount in ₹ crore, unless otherwise stated)

## NOTE 43 FINANCIAL INSTRUMENTS..Contd.

### A Financial instruments by category

The carrying value and fair value of financial instruments by categories were as follows:

#### As at 31 March 2023

Particulars	Refer note	Amortised cost	Fair value through profit or loss	Fair value through Other Comprehensive Income	Total carrying value	Total fair value
<b>Assets:</b>						
Investments:						
Investments in equity shares (unquoted)	6, 6A	-	-	14.21	14.21	14.21
Investments in equity shares (quoted)	6A	-	-	4.90	4.90	4.90
Investments in debentures	6A	-	-	-	-	-
Investment in mutual funds (unquoted)	13	-	0.70	-	0.70	0.70
Trade receivables	7	2,850.80	-	-	2,850.80	2,850.80
Loans	8	42.26	-	-	42.26	42.26
Other financial assets	9	87.41	3,127.97	-	3,215.38	3,215.38
Cash and cash equivalents	14	581.91	-	-	581.91	581.91
Bank balances other than cash and cash equivalents	15	571.63	-	-	571.63	571.63
<b>Liabilities:</b>						
Borrowings (including current maturities of long-term debts)	20	5,294.53	-	-	5,294.53	5,294.53
Trade payables	23	2,991.21	-	-	2,991.21	2,991.21
Lease liabilities	41	217.05	-	-	217.05	217.05
Other financial liabilities	21	2,565.40	-	-	2,565.40	2,565.40

The carrying value and fair value of financial instruments by categories were as follows:

#### As at 31 March 2022

Particulars	Refer note	Amortised cost	Fair value through profit or loss	Fair value through Other Comprehensive Income	Total carrying value	Total fair value
<b>Assets:</b>						
Investments:						
Investments in equity shares (unquoted)	6, 6A	-	-	16.12	16.12	16.12
Investments in equity shares (quoted)	6A	-	-	6.32	6.32	6.32
Investments in debentures	6A	-	15.46	-	15.46	15.46
Investment in mutual funds (unquoted)	13	-	0.66	-	0.66	0.66
Trade receivables	7	4,613.04	-	-	4,613.04	4,613.04
Loans	8	57.32	-	-	57.32	57.32
Others financial assets	9	111.51	-	-	111.51	111.51
Cash and cash equivalents	14	720.97	-	-	720.97	720.97
Other bank balances	15	821.42	-	-	821.42	821.42
<b>Liabilities:</b>						
Borrowings (including current maturities of long-term debts)	20	4,918.28	-	-	4,918.28	4,918.28
Trade payables	23	3,058.53	-	-	3,058.53	3,058.53
Lease liabilities	41	226.82	-	-	226.82	226.82
Other financial liabilities	21	3,445.56	-	-	3,445.56	3,445.56

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2023

(Amount in ₹ crore, unless otherwise stated)

### NOTE 43 FINANCIAL INSTRUMENTS..Contd.

#### B Fair value hierarchy

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

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

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

The following table presents fair value hierarchy of assets and liabilities measured at fair value on a recurring basis:

	31 March 2023			31 March 2022		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Investments in equity shares (quoted)	4.90	-	-	6.37	-	-
Investments in equity shares (unquoted)	-	13.65	0.56	-	15.29	0.78
Investments in debentures (unquoted)	-	-	-	-	15.46	-
Investment in mutual funds (unquoted)	-	0.70	-	-	0.66	-
Other financial assets	-	-	3,127.97	-	-	-

### NOTE 44 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's activities expose it to a variety of financial risks, market risk, credit risk and liquidity risk. The Group's focus is to foresee the unpredictability of financial markets and seek to minimize potential adverse effects on its financial performance.

#### i) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, foreign currency risk and other price risk, such as equity price risk. Major financial instruments affected by market risk includes loans and borrowings.

##### a) Interest rate risk

A reasonably possible change of 100 basis points in interest rates at the reporting date would have increased / (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant.

Particulars	Year ended 31 March 2023	Year ended 31 March 2022
Increase in basis points	100 basis points	
Increase	2.92	12.80
Decrease in basis points	100 basis points	
Decrease	(2.92)	(12.80)

##### b) Foreign currency risk

The Group has several balances in foreign currency and consequently the Group is exposed to foreign exchange risk. The exchange rate between the rupee and foreign currencies has changed substantially in recent years, which has affected the results of the Group, and may fluctuate substantially in the future. The Group evaluates exchange rate exposure arising from foreign currency transactions and follows established risk management policies.

# SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2023

(Amount in ₹ crore, unless otherwise stated)

## NOTE 44 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES...Contd.

The following table analyses foreign currency risk from financial instruments as at 31 March 2023

(currency in crore)

Particulars	USD	EUR	SEK	CHF	SGD	CAD
<b>Assets</b>						
Advance to suppliers	0.01	0.01	-	-	-	0.02
Trade receivables	0.00*	0.09	-	1.10	-	-
Bank balances (including deposit accounts)	0.00*	0.01	-	7.89	-	-
Other financial assets	-	-	-	0.19	-	-
Unbilled work-in-progress (contract asset)	-	0.09	-	15.24	-	-
	<b>0.01</b>	<b>0.20</b>	<b>-</b>	<b>24.42</b>	<b>-</b>	<b>0.02</b>
<b>Liabilities</b>						
Borrowings	4.12	-	-	2.77	-	-
Advance from contractee	-	0.61	-	-	-	-
Trade payables	0.27	0.32	0.12	12.27	0.01	-
Interest accrued	0.24	-	-	-	-	-
	<b>4.63</b>	<b>0.93</b>	<b>0.12</b>	<b>15.04</b>	<b>0.01</b>	<b>-</b>
<b>Net assets / (liabilities)</b>	<b>(4.62)</b>	<b>(0.73)</b>	<b>(0.12)</b>	<b>9.38</b>	<b>(0.01)</b>	<b>0.02</b>

\* Represents amount less than ₹ 1 lakh.

The following table analyses foreign currency risk from financial instruments as at 31 March 2022.

(currency in crore)

Particulars	USD	EUR	SEK	CHF	SGD	AUD
<b>Assets</b>						
Advance to suppliers	0.01	0.08	0.05	-	-	0.02
Trade receivables	0.00*	0.19	-	4.03	-	-
Bank balances (including deposit accounts)*	0.00*	0.00*	-	12.05	-	-
Other financial assets	-	-	-	0.61	-	-
Unbilled work-in-progress (contract asset)	-	0.11	-	16.56	-	-
	<b>0.01</b>	<b>0.38</b>	<b>0.05</b>	<b>33.25</b>	<b>-</b>	<b>0.02</b>
<b>Liabilities</b>						
Borrowings	4.46	-	-	1.83	-	-
Advance from contractee	-	0.62	-	-	-	-
Trade payables	0.27	0.23	0.01	14.99	0.00*	-
Interest accrued	0.55	-	-	-	-	-
	<b>5.28</b>	<b>0.85</b>	<b>0.01</b>	<b>16.82</b>	<b>0.00*</b>	<b>-</b>
<b>Net assets / (liabilities)</b>	<b>(5.27)</b>	<b>(0.47)</b>	<b>0.04</b>	<b>16.43</b>	<b>(0.00)*</b>	<b>0.02</b>

\* Represents amount less than ₹ 1 lakh.

### Sensitivity analysis

A reasonably possible change in foreign exchange rates by 5% (31 March, 2022 : 5%) would have increased/ (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables in particular interest rates remain constant.

	Year ended 31 March 2023	Year ended 31 March 2022
Increase in basis points	100 basis points	
Increase	17.30	42.36
Decrease in basis points	100 basis points	
Decrease	(17.30)	(42.36)

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2023

(Amount in ₹ crore, unless otherwise stated)

### NOTE 44 DISCLOSURE IN ACCORDANCE WITH IND AS 24 RELATED PARTY DISCLOSURES...Contd.

#### c) Equity price risk

The Company's listed and non-listed equity securities are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Company manages the equity price risk through diversification and by placing limits on individual and total equity instruments. Reports on the equity portfolio are submitted to the Company's senior management on a regular basis. The Company's Board of Directors review and approve all equity investment decisions.

As at 31 March 2023, the exposure to listed equity securities including mutual fund at fair value was ₹ 4.89 crore (31 March 2022: ₹ 6.32 crore). A movement (decrease / increase) of 10% in the value of listed securities could have an impact of approximately ₹ 0.49 crore on the Other Comprehensive Income or equity attributable to owners of parent. These changes would not have a material effect on the profit or loss of the Group.

#### ii) Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, financial assets. Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount.

#### a) Trade receivable (gross of provision)

Trade receivables are typically unsecured and are derived from revenue earned from two main classes of trade receivables i.e. receivables from government promoted agencies and receivables from private third parties. A substantial portion of the Group's trade receivables are from government promoted agencies having strong credit worthiness.

	As at 31 March 2023		As at 31 March 2022	
	Amount	%	Amount	%
<b>Trade receivable</b>				
- from government promoted agencies	2,294.95	79.57%	3,841.69	83.22%
- from private third parties	589.16	20.43%	774.49	16.78%
<b>Total trade receivables^ (Refer note 7)</b>	<b>2,884.11</b>	<b>100.00%</b>	<b>4,616.18</b>	<b>100.00%</b>

^ includes balances classified assets of a disposal group held for sale as at 31 March 2022.

#### The movement of the allowance for lifetime expected credit loss is stated below:

	As at 31 March 2023	As at 31 March 2022
Balance at the beginning of the year	3.14	3.01
Allowance for expected credit loss	29.72	16.90
Impact of exchange fluctuation	0.45	0.10
Written off as bad debts	-	(16.87)
<b>Balance at the end of the year</b>	<b>33.31</b>	<b>3.14</b>

#### b) Financial assets other than trade receivables

Financial assets other than trade receivables comprise of cash and cash equivalents, bank balances other than cash and cash equivalents, loan to employees and other financial assets. The Group monitors the credit exposure on these financial assets on a case-to-case basis. Based on the Group's historical experience, the credit risk on other financial assets is also low.

	Year ended 31 March 2023	Year ended 31 March 2022
<b>Revenue from external customers:</b>		
India	5,477.18	4,720.73
Outside India	4,379.41	5,947.53
<b>Total revenue from operations</b>	<b>9,856.59</b>	<b>10,668.26</b>

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2023

(Amount in ₹ crore, unless otherwise stated)

### NOTE 44 DISCLOSURE IN ACCORDANCE WITH IND AS 24 RELATED PARTY DISCLOSURES...Contd.

The following table gives details in respect of contract revenues generated from the top customer and top 5 customers for the year ended:

	Year ended 31 March 2023	Year ended 31 March 2022
Revenue from top customer	723.00	803.10
Revenue from top five customers	2,903.09	2,399.95

For the year ended 31 March 2023, Nil (31 March 2022: Nil) customer, individually, accounted for more than 10% of the revenue.

- c) Credit risk on cash and cash equivalents is limited as the Group generally invest in deposits with banks and financial institutions with high credit ratings.

### iii Liquidity risk

Liquidity is defined as the risk that the Group will not be able to settle or meet its obligations on time or at a reasonable price. The Group's treasury department is responsible for liquidity, funding as well as settlement management. In addition, processes and policies related to such risks are overseen by senior management. Management monitors the Group's net liquidity position through rolling forecasts on the basis of expected cash flows.

The table below provides details regarding the contractual maturities of significant financial liabilities:

Particulars	Less than 1 year #	1 - 5 years	More than 5 years	Total
<b>As at 31 March 2023</b>				
Borrowings (including interest accrued)	630.22	4,144.83	2,392.80	7,167.85
Trade payables	2,509.04	482.17	-	2,991.21
Lease liabilities	36.81	143.60	63.82	244.23
Other financial liabilities	648.20	52.37	-	700.55
<b>Total</b>	<b>3,824.26</b>	<b>4,822.97</b>	<b>2,456.62</b>	<b>11,103.85</b>
<b>As at 31 March 2022</b>				
Borrowings (including interest accrued)	3,876.02	1,992.38	53.55	5,921.95
Trade payables	2,726.63	331.91	-	3,058.54
Lease liabilities	34.99	130.78	89.65	255.42
Other financial liabilities	801.71	587.68	-	1,389.39
<b>Total</b>	<b>7,439.35</b>	<b>3,042.75</b>	<b>143.20</b>	<b>10,625.30</b>

# includes loan repayable on demand

### NOTE 45 CAPITAL MANAGEMENT

For the purpose of the Group's capital management, capital includes issued equity capital and all other equity reserves attributable to the equity holders of the parent. The Group strives to safeguard its ability to continue as a going concern so that they can maximise returns for the shareholders and benefits for other stake holders. The aim to maintain an optimal capital structure and minimise cost of capital.

The Group manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Group may return capital to shareholders, issue new shares or adjust the dividend payment to shareholders (if permitted). Consistent with others in the industry, the Group monitors its capital using the gearing ratio which is total debt (excluding interest accrued) divided by total capital plus total debt.

	As at 31 March 2023	As at 31 March 2022
Total debt (₹ crore)	5,294.52	4,918.28
Total equity plus total debt (₹ crore)	(754.08)	(698.84)
<b>Total debt to equity ratio (Gearing ratio)</b>	<b>(7.02)</b>	<b>(7.04)</b>

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2023

(Amount in ₹ crore, unless otherwise stated)

### NOTE 45 CAPITAL MANAGEMENT...Contd.

In the long run, the Group's strategy is to maintain a positive gearing ratio of less than 1.

In order to achieve this overall objective, the Group's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the borrowings that define the capital structure requirements. Breaches in meeting the financial covenants would permit the lenders to immediately call loans and borrowings. Subsequent to restructuring of the borrowings, there have been no communications from the banks in this regard which might have a negative impact on the gearing ratio.

### NOTE 46 DISCLOSURES REQUIRED PURSUANT TO IND AS 102 SHARE BASED PAYMENT

The Holding Company during the current year ended 31 March 2023 has granted stock options under the HCC Employees Stock Option Scheme ('ESOP Scheme'). These options would vest based on the vesting conditions as per letter of grant executed between the Holding Company and its employees. Each option when exercised would be converted into one fully paid up equity share of ₹ 1 each of the Holding Company. The relevant details of the scheme, grant and activity under ESOP Scheme are summarised below:

#### A. The number and weighted average exercise prices of, and movements in, share option:

Particulars	No. of Options	Exercise Price (₹)
<b>Options outstanding as at 1 April 2021</b>	-	-
Options granted during the year	-	-
Options forfeited/lapsed/expired during the year	-	-
Options exercised during the year	-	-
<b>Options outstanding as at 31 March 2022</b>	-	-
<b>Options outstanding as at 1 April 2022</b>	-	-
Options granted during the year	371,748	13.45
Options forfeited/lapsed/expired during the year	-	-
Options exercised during the year	-	-
<b>Options outstanding as at 31 March 2023</b>	<b>371,748</b>	<b>13.45</b>

The weighted average of the remaining contractual life is 2.96 years.

#### B. Fair value of the options has been calculated using Black Scholes Pricing Model. The following inputs were used to determine the fair value for options granted during the period:

Particulars	ESOP Scheme
Vesting period	3 years
Date of grant	15 March 2023
Market price	₹ 14.85
Expected life	2.96 years
Volatility	64%
Risk free rate	7.36%
Exercise price	₹ 13.45
Dividend yield	NIL
Option fair value	₹ 8.31

**Note:** Expected volatility reflects assumption that the historical volatility over a year similar to the life of the options is indicative of future trends, which may not necessarily be the actual outcome.



# SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2023

(Amount in ₹ crore, unless otherwise stated)

## NOTE 47 INTEREST IN OTHER ENTITIES

### 47.1 Subsidiaries

The Group's subsidiaries as at 31 March 2023 are set out below. Unless otherwise stated, they have share capital consisting solely of equity shares that are held directly by the Group, and the proportion of ownership interests held equals the voting rights held by the Group. The country of incorporation is also their principal place of business.

Name of the entity	Country of incorporation	Ownership interest held by the group (%) ^		Ownership interest held by non controlling interests (%)		Principal activities
		31 March 2023	31 March 2022	31 March 2023	31 March 2022	
Steiner AG	Switzerland	100.00	100.00	-	-	Engineering and construction
Steiner Construction SA (incorporated w.e.f.12 July 2022)	Switzerland	100.00	100.00	-	-	Engineering and construction
Steiner Promotions et Participations SA	Switzerland	100.00	100.00	-	-	Engineering and construction
Steiner (Deutschland) GmbH	Germany	100.00	100.00	-	-	Engineering and construction
VM + ST AG	Switzerland	100.00	100.00	-	-	Engineering and construction
Steiner Leman SAS	France	100.00	100.00	-	-	Engineering and construction
Steiner India Limited	India	100.00	100.00	-	-	Engineering and construction
Manufakt8048 AG	Switzerland	100.00	100.00	-	-	Engineering and construction
HCC Contract Solutions Limited	India	100.00	100.00	-	-	Engineering and construction
HCC Mauritius Enterprises Limited	Mauritius	100.00	100.00	-	-	Engineering and construction
HCC Mauritius Investments Limited	Mauritius	100.00	100.00	-	-	Engineering and construction
HCC Infrastructure Company Limited**	India	100.00	100.00	-	-	Infrastructure-Toll Management
Baharampore-Farakka Highways Limited (Upto 28 March 2023)	India	100.00	100.00	-	-	Infrastructure-Toll Management
Narmada Bridge Tollway Limited	India	100.00	100.00	-	-	Infrastructure-Toll Management
Raiganj-Dalkhola Highways Limited	India	100.00	100.00	-	-	Infrastructure-Toll Management
Badarpur Faridabad Tollway Limited	India	100.00	100.00	-	-	Infrastructure-Toll Management
HCC Operation and Maintenance Limited	India	100.00	100.00	-	-	Infrastructure- Operation and Maintenance of Road
HREL Real Estate Limited	India	100.00	100.00	-	-	Real Estate Development
Panchkutir Developers Limited	India	100.00	100.00	-	-	Real Estate Development
HRL (Thane) Real Estate Limited	India	100.00	100.00	-	-	Real Estate Development

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2023

(Amount in ₹ crore, unless otherwise stated)

### NOTE 47 INTEREST IN OTHER ENTITIES...Contd.

Name of the entity	Country of incorporation	Ownership interest held by the group (%) ^		Ownership interest held by non controlling interests (%)		Principal activities
		31 March 2023	31 March 2022	31 March 2023	31 March 2022	
HRL Township Developers Limited	India	100.00	100.00	-	-	Real Estate Development
Nashik Township Developers Limited	India	100.00	100.00	-	-	Real Estate Development
Maan Township Developers Limited	India	100.00	100.00	-	-	Real Estate Development
Powai Real Estate Developer Limited	India	100.00	100.00	-	-	Real Estate Development
HCC Realty Limited	India	100.00	100.00	-	-	Real Estate Development
Western Securities Limited	India	97.87	97.87	2.13	2.13	Others- Insurance auxiliary services
Highbar Technologies Limited	India	100.00	100.00	-	-	Others- Information Technology Consulting
HCC Aviation Limited	India	100.00	100.00	-	-	Others- Aircraft services
Prolific Resolution Private Limited	India	100.00	100.00	-	-	Others- Services of recovering, assessing Managing claim, awards etc.

^ including through subsidiary companies

\*\*The Board of Directors of HCC Infrastructure Company Limited ('HICL'), a wholly owned subsidiary of the Holding Company, at its meeting held on 18 November 2021 had approved a Scheme of Merger by absorption (the 'Scheme') of HCC Concessions Limited, HCC Power Limited, HCC Energy Limited and Dhule Palesner Operations and Maintenance Limited (together referred to as the 'transferor companies') with HICL. The shareholders of the transferor companies had also approved the Scheme at their separate meetings.

The Hon'ble National Law Tribunal, Mumbai Bench ('NCLT') has approved the aforesaid scheme vide its order dated 23 November 2022 pronouncing 1 April 2021 as the 'Appointed Date'. The certified true copy of the said order was received by HICL on 9 February 2023 and the order was filed with the Registrar of Companies on 30 March 2023. Pursuant to the Scheme, HCC Concessions Limited, HCC Power Limited, HCC Energy Limited and Dhule Palesner Operations and Maintenance Limited which hitherto considered as subsidiary has now been merged with HICL w.e.f. 1 April 2021.

### 47.2 Non-controlling interest (NCI)

The following table summarises the information relating to the subsidiaries that has NCI. The amounts disclosed are before intra-group eliminations

Particulars	Western Securities Limited	
	31 March 2023	31 March 2022
<b>NCI percentage</b>	<b>2.13%</b>	<b>2.13%</b>
<b>Summarised balance sheet</b>		
Current assets (A)	0.66	0.56
Non-current assets (B)	2.18	2.48
Current liabilities (C)	0.75	0.69
Non-current liabilities (D)	0.14	0.15
<b>Net assets (A+B-C-D)</b>	<b>1.95</b>	<b>2.20</b>
<b>Net assets attributable to NCI</b>	<b>0.04</b>	<b>0.05</b>
<b>Summarised statement of profit and loss</b>		
Revenue	-	0.15
<b>Profit/(loss) for the year</b>	<b>(0.23)</b>	<b>0.12</b>
Other comprehensive income/(loss)	(0.01)	0.03
<b>Total comprehensive income</b>	<b>(0.24)</b>	<b>0.15</b>

# SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2023

(Amount in ₹ crore, unless otherwise stated)

## NOTE 47 INTEREST IN OTHER ENTITIES...Contd.

Particulars	Western Securities Limited	
	31 March 2023	31 March 2022
Profit/(loss) allocated to NCI	(0.00)*	0.00*
OCI allocated to NCI	(0.00)*	0.00*
<b>Total comprehensive income allocated to NCI</b>	<b>0.00*</b>	<b>0.00*</b>
<b>Summarised cash flows</b>		
Cash flow from operating activities	0.21	(0.15)
Cash flow from investing activities	(0.15)	(0.61)
Cash flow from financing activities	-	-
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>0.06</b>	<b>(0.76)</b>

\* Represents amount less than ₹ 1 lakh

### 47.3 Interest in associates and joint ventures

	Note	Carrying amount as at	
		31 March 2023	31 March 2022
Interest in associates	See (A) below	59.66	20.47
Interest in joint ventures	See (B) below	0.00*	0.00*
		<b>59.66</b>	<b>20.47</b>

\* Represents amount less than ₹ 1 lakh.

#### (A) Interest in associates

The Group's associates as at 31 March 2023 are set out below. Unless otherwise stated, they have share capital consisting solely of equity shares that are held directly by the Group, and the proportion of ownership interests held equals the voting rights held by the Group. The country of incorporation is also their principal place of business.

Name of the entity	Country of incorporation	Ownership interest (%)	Carrying amount as at ^		Principal activities
			31 March 2023	31 March 2022	
Evostate AG	Switzerland	30.00	10.57	3.66	Real estate development
MCR Managing Corporate Real Estate AG	Switzerland	30.00	1.41	0.84	Real estate development
Hegias AG	Switzerland	23.20	27.19	NA	IT services
Highbar Technocrat Limited	India	49.00	20.49	15.97	IT services
<b>Total</b>			<b>59.66</b>	<b>20.47</b>	

^ Unlisted entity- no quoted price available

Refer note 47.4 for the summarised financial information of associates. The information disclosed reflects the amount presented in the financial statement of the relevant associates and not Group's share of those amounts. They have been amended to reflect adjustments made by the Group when using the equity method, including fair value adjustments at the time of acquisition and modifications for difference in accounting policies.

Group share of capital commitment and contingent liability in relation to its interest in associates is Nil.

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2023

(Amount in ₹ crore, unless otherwise stated)

### NOTE 47 INTEREST IN OTHER ENTITIES...Contd.

#### (B) Interest in joint ventures

The Group's joint ventures as at 31 March 2023 are set out below. Unless otherwise stated, they have share capital consisting solely of equity shares that are held directly by the Group, and the proportion of ownership interests held equals the voting rights held by the Group. The country of incorporation is also their principal place of business.

Name of the entity	Country of incorporation	Ownership interest (%)	Carrying amount as at ^		Principal activities
			31 March 2022	31 March 2021	
Werkarena Basel AG	Switzerland	50.00	0.00*	0.00*	Real Estate Development
			<b>0.00*</b>	<b>0.00*</b>	

\* Represents amount less than ₹ 1 lakh.

^ Unlisted entity- no quoted price available

Refer Note 47.5 for the table below provide summarised financial information of joint ventures. The information disclosed reflects the amount presented in the financial statement of the relevant joint ventures and not Group's share of those amounts. They have been amended to reflect adjustments made by the Group when using the equity method, including fair value adjustments at the time of acquisition and modifications for difference in accounting policies.

Group share of capital commitment and contingent liability in relation to its interest in joint ventures is Nil

#### Note 47.4 Table below provide summarised financial information for associates

Particulars	Estate AG		MCR Managing Corporate Real Estate AG		Hegias AG	
	31 March 2023	31 March 2022	31 March 2023	31 March 2022	31 March 2023	31 March 2022
<b>Summarised Balance Sheet</b>						
Current assets (A)	346.86	181.95	5.18	3.24	16.49	-
Non-current assets (B)	-	0.81	-	-	25.04	-
Current liabilities (C)	315.18	166.97	0.46	0.41	7.61	-
Non-current liabilities (D)	-	-	-	-	0.58	-
<b>Net assets (A+B-C-D)</b>	<b>31.68</b>	<b>15.79</b>	<b>4.72</b>	<b>2.83</b>	<b>33.34</b>	<b>-</b>
<b>Summarised Statement of Profit and Loss</b>						
Revenue	-	96.44	0.22	-	14.46	-
Profit / (loss) for the year (A)	22.69	2.24	1.50	(1.61)	(13.10)	-
Other comprehensive income (B)	-	-	-	-	-	-
<b>Total comprehensive income (A+B)</b>	<b>22.69</b>	<b>2.24</b>	<b>1.50</b>	<b>(1.61)</b>	<b>(13.10)</b>	<b>-</b>

Particulars	Highbar Technocrat Limited	
	31 March 2023	31 March 2022
<b>Summarised Balance Sheet</b>		
Current assets (A)	68.49	57.37
Non-current assets (B)	3.53	8.16
Current liabilities (C)	29.25	32.03
Non-current liabilities (D)	0.97	0.92
<b>Net assets (A+B-C-D)</b>	<b>41.80</b>	<b>32.58</b>
<b>Summarised Statement of Profit and Loss</b>		
Revenue	99.12	104.88
Profit/(loss) for the year (A)	9.73	5.58
Other comprehensive income (B)	(0.53)	(0.20)
<b>Total comprehensive income (A+B)</b>	<b>9.20</b>	<b>5.38</b>

\* Represents amount less than ₹ 1 lakh

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2023**

(Amount in ₹ crore, unless otherwise stated)

**NOTE 47 INTEREST IN OTHER ENTITIES...Contd.**

**Note 47.5 - Financial information for joint ventures:**

Particulars	Werkarena Basel AG	
	31 March 2023	31 March 2022
<b>Summarised Balance Sheet</b>		
Cash and cash equivalents	18.14	4.32
Other assets	441.30	375.84
<b>Current assets (A)</b>	<b>459.44</b>	<b>380.16</b>
<b>Non-current assets (B)</b>	<b>-</b>	<b>-</b>
Financial liabilities (excluding trade and other payable and provision)	-	0.47
Other liabilities	302.55	235.85
<b>Current liabilities (C)</b>	<b>302.55</b>	<b>236.32</b>
Financial liabilities (excluding trade and other payable and provision)	143.60	-
Other liabilities	-	138.86
<b>Non-current liabilities (D)</b>	<b>143.60</b>	<b>138.86</b>
<b>Net assets (A+B-C-D)</b>	<b>13.29</b>	<b>4.98</b>
<b>Summarised Statement of Profit and Loss</b>		
<b>Revenue (A)</b>	<b>1.98</b>	<b>0.47</b>
Employee benefit expenses	-	-
Depreciation and amortization	-	-
Finance Cost	3.84	4.49
Other Expenses	1.34	2.35
<b>Total Expenses (B)</b>	<b>5.18</b>	<b>6.84</b>
<b>Profit / (Loss) before Exceptional items (C=A-B)</b>	<b>(3.20)</b>	<b>(6.37)</b>
Tax Expense (D)	0.79	-
<b>Profit for the year from continued business (E=C-D)</b>	<b>(2.41)</b>	<b>(6.37)</b>
Loss from discontinued business (F)	-	-
<b>Profit for the year (G=E+F)</b>	<b>(2.41)</b>	<b>(6.37)</b>
Other Comprehensive Income (H)	2.24	-
<b>Total comprehensive income (I=G+H)</b>	<b>(0.17)</b>	<b>(6.37)</b>

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2023

(Amount in ₹ crore, unless otherwise stated)

### NOTE 47 INTEREST IN OTHER ENTITIES...Contd.

#### Note 47.6 Interest in other entities [Joint operations (unincorporated entities)]

The Group's share of interest in joint operations is set out below:

Name of the entity	% of ownership interest held by the Group		Name of Joint operator	Principal place of business	Principal activities
	31 March 2023	31 March 2022			
HCC- L&T Purulia Joint Venture	57.00	57.00	Larsen and Toubro Limited	India	Construction
Nathpa Jhakri Joint venture	40.00	40.00	Impregilio-Spa, Italy	India	Construction
Kumagai- Skanska- HCC- Itochu Joint Venture	19.60	19.60	Skanska, Kumagai	India	Construction
Alpine- Samsung-HCC Joint Venture	33.00	33.00	Itochu, Alpine Meyreder Bau, Samsung Corporation	India	Construction
Alpine- HCC Joint Venture	49.00	49.00	Alpine Meyreder Bau	India	Construction
HCC- Samsung Joint Venture CC-34	50.00	50.00	Samsung C&T Corporation	India	Construction
HCC- HDC Joint Venture	55.00	55.00	Hyundai Development Company	India	Construction
HCC- VCCL Joint Venture	50.00	50.00	Vensar Constructions Co Ltd	India	Construction

#### i) Classification of joint arrangements

The aforementioned entities are joint arrangements whereby the parties that have joint control of the arrangement (i.e. joint operators) have rights to the assets, and obligations for the liabilities, relating to the arrangement. The Holding Company (i.e. Joint Operator) recognises its direct right to assets, liabilities, revenue and expenses of Joint Operations and its share of any jointly held or incurred assets, liabilities, revenues and expenses and are incorporated in the Holding Company's financial statements under the respective financial statement line item.

Particulars	As at 31 March 2023	As at 31 March 2022
<b>ii) Summarised balance sheet</b>		
Total assets	265.14	272.30
Total liabilities	394.62	440.44
<b>iii) Contingent liability/ capital commitment as at reporting date</b>		
Contingent liability	32.23	32.23
Capital and other commitment	-	-

Particulars	Year ended 31 March 2023	Year ended 31 March 2022
<b>iv) Summarised statement of profit and loss account</b>		
Revenue from operations	359.79	350.23
Other income	2.29	4.81
Total expenses (including taxes)	362.65	358.81

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2023**  
(Amount in ₹ crore, unless otherwise stated)

**NOTE 48 ADDITIONAL INFORMATION PURSUANT TO PARA 2 OF GENERAL INSTRUCTIONS FOR THE PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS**  
**as at 31 March 2023**

Name of the entity	Country of incorporation	% of voting power	Net assets / (liabilities) i.e. total assets minus total liabilities		Share in profit / (loss) [including discontinued operation]		Share in other comprehensive income		Share in total comprehensive income / (loss)	
			Amount	As % of consolidated net assets / (liabilities)	Amount	As % of consolidated profit / (loss)	Amount	As % of consolidated other comprehensive income	Amount	As % of consolidated total comprehensive income
Hindustan Construction Company Limited	India	-	720.92	92.92%	253.42	(459.89%)	0.66	(1.83%)	254.08	(278.05%)
<b>Subsidiaries **</b>										
<b>Indian</b>										
HCC Real Estate Limited	India	100.00%	(537.86)	(69.33%)	(1.56)	2.83%	-	-	(1.56)	1.71%
HCC Infrastructure Company Limited	India	100.00%	171.74	22.14%	111.77	(202.83%)	0.12	(0.33%)	111.89	(122.44%)
HCC Construction Limited	India	100.00%	(0.00)	0.00%	(0.01)	0.01%	-	-	(0.01)	0.01%
Panchkurt Developers Limited	India	100.00%	41.97	5.41%	(0.00)	0.00%	-	-	(0.00)	0.00%
Maan Township Developers Limited	India	100.00%	(11.33)	(1.46%)	(0.00)	0.00%	-	-	(0.00)	0.00%
HRL Township Developers Limited	India	100.00%	(0.54)	(0.07%)	(0.00)	0.00%	-	-	(0.00)	0.00%
Western Securities Limited	India	97.87%	1.96	0.25%	(0.23)	0.42%	(0.01)	0.03%	(0.24)	0.27%
Highbar Technologies Limited	India	100.00%	5.45	0.70%	3.08	(5.58%)	(0.19)	0.53%	2.89	(3.16%)
Prolific Resolution Private Limited	India	100.00%	7.20	0.93%	(58.73)	106.57%	-	0.00%	(58.73)	64.27%
<b>Foreign</b>										
Steiner AG	Switzerland	100.00%	487.33	62.81%	(351.79)	638.40%	(24.60)	67.78%	(376.39)	411.90%
HCC Mauritius Enterprises Limited	Mauritius	100.00%	(88.17)	(11.36%)	(19.35)	35.12%	(9.32)	25.67%	(28.67)	31.34%
HCC Mauritius Investments Limited	Mauritius	100.00%	(22.85)	(2.95%)	8.30	(15.06%)	(2.95)	8.16%	5.35	(5.86%)
<b>TOTAL</b>			<b>775.82</b>	<b>100.00%</b>	<b>(55.10)</b>	<b>100.00%</b>	<b>(36.29)</b>	<b>100.00%</b>	<b>(91.39)</b>	<b>100.00%</b>
<b>a) Adjustments arising out of consolidation</b>			(1,490.20)		2726		10.53		3779	
<b>b) Non-controlling interest in subsidiaries</b>			0.00*		(0.00)*		(0.00)*		(0.00)*	
<b>TOTAL</b>			<b>(714.38)</b>		<b>(27.84)</b>		<b>(25.76)</b>		<b>(53.60)</b>	

\* Represents amount less than ₹ 1 lakh

\*\* Including step-down subsidiaries and their joint ventures/ associates



**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2023**  
(Amount in ₹ crore, unless otherwise stated)

**NOTE 48 ADDITIONAL INFORMATION PURSUANT TO PARA 2 OF GENERAL INSTRUCTIONS FOR THE PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS**

As at 31 March 2022

Name of the entity	Country of incorporation	% of voting power	Net assets / (liabilities) i.e. total assets minus total liabilities	Share in profit / (loss) [including discontinued operation]		Share in other comprehensive income		Share in total comprehensive income / (loss)	
				Amount	As % of consolidated profit / (loss)	Amount	As % of consolidated other comprehensive income	Amount	As % of consolidated total comprehensive income
Hindustan Construction Company Limited	India	-	468.33	(153.10)	(2781 %)	786	10.46%	(145.25)	(23.22%)
<b>Subsidiaries **</b>									
<b>Indian</b>									
HCC Real Estate Limited	India	100.00%	(536.30)	3.15	0.57%	-	-	3.15	0.50%
HCC Infrastructure Company Limited	India	100.00%	182.73	397.59	72.22%	0.00	0.00%	397.59	63.55%
HCC Construction Limited	India	100.00%	0.00*	(0.00)*	0.00%	-	-	(0.00)	0.00%
Panchkurt Developers Limited	India	100.00%	41.97	(0.01)	0.00%*	-	-	(0.01)	0.00%
Maan Township Developers Limited	India	100.00%	(11.33)	(0.01)	0.00%*	-	-	(0.01)	0.00%
HRL Township Developers Limited	India	100.00%	(0.54)	(0.00)*	0.00%*	-	-	(0.00)	0.00%
Western Securities Limited	India	97.87%	2.20	0.11	0.02%	0.04	0.05%	0.15	0.02%
Highbar Technologies Limited	India	100.00%	2.57	0.77	0.14%	0.15	0.20%	0.92	0.15%
Prolific Resolution Private Limited	India	100.00%	(0.03)	(0.03)	(0.01 %)	-	0.00%	(0.03)	(0.01%)
<b>Foreign</b>									
Steiner AG	Switzerland	100.00%	831.88	311.84	56.65%	71.16	94.69%	383.00	61.22%
HCC Mauritius Enterprises Limited	Mauritius	100.00%	(62.81)	(9.66)	(1.76%)	(2.94)	(3.92%)	(12.61)	(2.02%)
HCC Mauritius Investments Limited	Mauritius	100.00%	(28.88)	(0.15)	(0.03%)	(1.11)	(1.47%)	(1.25)	(0.20%)
<b>TOTAL</b>			<b>889.79</b>	<b>100.00%</b>	<b>100.00%</b>	<b>75.16</b>	<b>100.00%</b>	<b>625.65</b>	<b>100.00%</b>
<b>a) Adjustments arising out of consolidation</b>			(1,548.93)	12.25		9.91		22.16	
<b>b) Non-controlling interest in subsidiaries</b>			0.00*	(0.00)*		(0.00)*		(0.00)*	
<b>TOTAL</b>			<b>(659.14)</b>	<b>562.74</b>		<b>85.07</b>		<b>647.81</b>	

\* Represents amount less than ₹ 1 lakh

\*\* Including step-down subsidiaries and their joint ventures/ associates

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2023

(Amount in ₹ crore, unless otherwise stated)

**Note 49** During the year ended 31 March 2023, the performance of Steiner AG ('SAG'), a wholly owned step-down subsidiary, has suffered due to the ongoing impact of the COVID pandemic on the supply chain and high inflation on construction cost further increased from the Ukraine war. This resulted in raising interest rates due to global tightening of monetary policy by all central banks and temporary reluctance of investors in the Swiss Real Estate market. Also, as at 31 March 2023, SAG is not in compliance with certain financial covenants in respect of the facility agreement with a Bank syndicate to provide guarantees for its construction projects.

The management has initiated liquidity enhancing measures including one-time settlement with customers. The management also expects the overall economic situation in Swiss market to turn back to a stable situation in the course of the year. Based on the proposed liquidity measures, the management is optimistic of successfully seeing through the current situation in next quarters and accordingly considers it appropriate to prepare the consolidated financial statements of SAG on a going concern basis.

### NOTE 50 SEGMENT REPORTING

- (a) The Group is engaged in a single business segment viz. "Engineering and Construction", which is substantially seasonal in character. The Group's chief operating decision makers monitor and review the operating result of the Group as a whole. Therefore, there are no reportable segments for the Group as per requirements of Ind AS 108 'Operating Segment'.
- (b) The geographical segments have been considered for disclosure as the secondary segment, under which the domestic segment includes sales to customers located in India and overseas segment includes sales to customers located outside India.

The following information discloses external revenues and non-current assets based on the physical location of the customers.

Particulars	31-Mar-23		31-Mar-22	
	In India	Outside India	In India	Outside India
Revenue from operations	5,477.17	4,379.41	4,720.72	5,947.54
Non-current assets (Refer note (i) below)	564.75	293.61	595.13	317.54

#### Notes :

(i) Excludes financial instruments and deferred tax assets

(ii) For details of major customers, refer note 44 (ii).

### NOTE 51 BUSINESS COMBINATION

The Board of Directors of the HCC Infrastructure Company Limited ('HICL') on 18 November 2021 approved a scheme of merger ('the Scheme') of HCC Concessions Ltd ('First Transferor Company' or 'HCON'), HCC Power Ltd ('Second Transferor Company' or 'HPL'), HCC Energy Limited ('Third Transferor Company' or 'HEL') and Dhule Palesnar Operation & Maintenance Ltd ('Fourth Transferor Company' or 'DPOML') (collectively together hereinafter referred to as 'Transferor Companies') with the Parent Company under Section 230 to 232 of the Companies Act, 2013 and other applicable statutory provisions. The Hon'ble National Company Law Tribunal, Mumbai Bench ('NCLT') has approved the aforesaid Scheme vide its order dated 09 February 2023 with 01 April 2021 as the 'Appointed Date'. The aforesaid merger has been given accounting effect from the beginning of the preceding period, being 1 April 2021, by restating comparative financial information included in the accompanying financial statements, in accordance with the accounting prescribed in the approved Scheme and Appendix C of Ind AS 103, Business Combinations.

Summary of assets and liabilities assumed as at 01 April 2021 is given below:

Value of investments in transferor companies	1,090.00
<b>Total</b>	<b>1,090.00</b>
<b>Consolidated net amount of assets and liabilities</b>	
<b>Assets</b>	
<b>Non- Current Assets</b>	
Property, plant and equipment	0.03
Financial assets	-
Investments in subsidiaries	357.94
Investments	217.06
Loans	591.14
Other financial assets	8.61
Other non-current assets	0.56
Income tax assets (net)	17.74
<b>Total non-current assets (A)</b>	<b>1,193.08</b>

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2023**

(Amount in ₹ crore, unless otherwise stated)

**NOTE 51 BUSINESS COMBINATION...Contd.**

<b>Current Assets</b>	
Financial assets	
Trade receivables	0.29
Cash and cash equivalents	31.66
Other financial assets	204.14
Other current assets	2.08
<b>Total current assets (B)</b>	<b>238.17</b>
<b>Total assets C= A+B</b>	<b>1,431.25</b>
<b>Equity and liabilities</b>	
<b>Equity</b>	
Other equity	
Deemed capital contribution	0.73
Retained earnings	(562.04)
<b>Total equity (D)</b>	<b>(561.32)</b>
<b>Liabilities</b>	
<b>Non-current liabilities</b>	
Financial liabilities	
Borrowings	84.50
Other financial liabilities	7.74
Provisions	0.41
<b>Total non-current liabilities (E)</b>	<b>92.65</b>
<b>Current Liabilities</b>	
Financial liabilities	
Borrowings	312.66
Trade payables	-
- total outstanding dues of micro enterprises and small enterprises	0.00*
- total outstanding dues of creditors other than micro enterprises and small enterprises	11.48
Other financial liabilities	472.64
Other current liabilities	4.12
Provisions	0.80
<b>Total current liabilities (F)</b>	<b>801.70</b>
<b>Total liabilities (G=E+F)</b>	<b>894.35</b>
<b>Total equity and liabilities (H=G+D)</b>	<b>333.04</b>
<b>Net assets acquired (after excluding share capital and deemed capital contribution) (I=C-H)</b>	<b>1,098.21</b>
<b>Excess of carrying value of net assets acquired over equity interest previously held, transferred to capital reserve</b>	<b>(8.21)</b>

\* Represents amount less than ₹ 1 lakh

**Note 52** During the previous year, HCC Concessions Limited ('HCL') (now merged with HICL) entered into a binding term sheet with Cube Highways and Infrastructure II Pte. Limited ('Cube') for a 100% stake sale of Bahrapore-Farakka Highways Limited ('BFHL'), a step-down subsidiary of Holding Company. Consequently, the results of BFHL's operations have been presented as discontinued operations in accordance with 'Ind AS 105 Non-current Assets Held for Sale and Discontinued Operations'.

On 28 March 2023, HCL has completed the 100% stake sale of BFHL to Cube. Pursuant to the above, HCL has received ₹ 373.99 crore towards consideration for sale of equity shares and a resultant gain of ₹ 142.48 crore on sale of BFHL has been recognised during the current quarter.

Additionally as a part of the agreement with Cube, the Group continues to be entitled to certain earn-outs (contingent on future traffic / revenue projections), certain revenue share from BFHL over the concessions period which would overall be material in nature.

# SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2023

(Amount in ₹ crore, unless otherwise stated)

## Note 52...Contd.

Particulars	Amount
Non-current liabilities	578.46
Current liabilities	275.63
<b>Total liabilities (a)</b>	<b>854.09</b>
Non-current assets	1,023.22
Current assets	62.38
<b>Total assets (b)</b>	<b>1,085.60</b>
Sale proceeds (c)	373.99
<b>Gain on deconsolidation [(a) - (b) - (c)]</b>	<b>(142.48)</b>

## NOTE 53 OTHER STATUTORY INFORMATION

- (i) The Group do not have any Benami property, where any proceeding has been initiated or pending against the Group for holding any Benami property.
- (ii) The Group do not have any transactions with struck off companies.
- (iii) The Group do not have any charges or satisfaction which is yet to be registered with Registrar of Companies beyond the statutory period,
- (iv) The Group have not traded or invested in Crypto currency or Virtual Currency during the financial year.
- (v) The Group have not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:
  - (a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (Ultimate Beneficiaries) or
  - (b) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries
- (vi) The Group have not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Group shall:
  - (a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or
  - (b) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries,
- (vii) The Group does not have any such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961.
- (viii) None of the Group entities have been declared wilful defaulter by any bank or financial institution or government or any government authority.
- (ix) The Group has complied with the number of layers prescribed under the Companies Act, 2013.

This is a summary of significant accounting policies and other explanatory information referred to in our report of even date.

For **Walker Chandio & Co LLP**

Chartered Accountants

Firm Registration No. 001076N / N500013

**Shashi Tadwalkar**

Partner

Membership No.: 101797

Place: Mumbai

Date : 18 May 2023

For and on behalf of the Board of Directors

**Ajit Gulabchand**

DIN : 00010827

Chairman

**Arjun Dhawan**

DIN : 01778379

Vice Chairman

**Jaspreet Bhullar**

DIN : 03644691

Managing Director & Chief Executive Officer

**Rahul P. Rao**

Chief Financial Officer

**Dr. Mita Dixit**

DIN : 08198165

Director

**Nitesh Jha**

FCS No. 8436

Company Secretary

Place: Mumbai

Date : 18 May 2023

## ANNEXURE I

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

#### Statement on Implication of Audit Qualifications for the Financial Year ended 31 March 2023

[See Regulation 33/52 of the SEBI (LODR) Amendment Regulations, 2016]

I.	Sl. No.	Particulars	Audited Figures (as reported before adjusting for qualifications)	Adjusted Figures (audited figures after adjusting for qualifications)
	1	Turnover/Total Income	9,912.33	Not ascertainable [Refer note II (a) below]
	2	Total Expenditure	10,420.74	Not ascertainable [Refer note II (a) below]
	3	Exceptional items	409.74	Not ascertainable [Refer note II (a) below]
	4	Net Loss for the year after tax	(26.59)	Not ascertainable [Refer note II (a) below]
	5	Earnings/ (Loss) per share (amount in ₹)	(0.18)	Not ascertainable [Refer note II (a) below]
	6	Total Assets	13,179.93	Not ascertainable [Refer note II (a) below]
	7	Total Liabilities	13,894.31	Not ascertainable [Refer note II (a) below]
	8	Net Worth	(714.38)	Not ascertainable [Refer note II (a) below]
	9	Any other financial item(s) (as felt appropriate by the management)	-	-
<b>II. Audit Qualification</b>				
	<b>a.</b>	<b>Details of Audit Qualification:</b>	Note 3 to the accompanying Statement, the Holding Company has recognised net deferred tax assets amounting to ₹ 741.93 crore as at 31 March 2023, which includes deferred tax assets on carried forward unused tax losses, unused tax credits and other taxable temporary differences on the basis of expected availability of future taxable profits for utilization of such deferred tax assets. However, in view of the history of losses recorded by the Holding Company, we are unable to obtain sufficient appropriate audit evidence with respect to the projections for future taxable profits prepared by the management and therefore, are unable to comment on any adjustments that may be required to the carrying value of aforesaid net deferred tax assets as at 31 March 2023.	
	<b>b.</b>	<b>Type of Audit Qualification (Qualified/ Disclaimer of opinion/ Adverse):</b>	Qualified Opinion	
	<b>c.</b>	<b>Frequency of Qualification:</b>	Qualification II (a)- Appeared in continuation since the quarter and year ended 31 March 2020;	
	<b>d.</b>	<b>For Audit Qualifications where the impact is quantified by the auditor, Management views:</b>	Not applicable as the impact is unquantified	
	<b>e.</b>	<b>For Audit Qualifications where the impact is not quantified by the auditor:</b>		
	<b>i)</b>	<b>Management's estimation on the impact of audit qualification:</b>	Not ascertainable	

## ANNEXURE I...Contd.

<b>ii) If management is unable to estimate the impact, reasons for the same:</b>	II (a) The net deferred tax assets of the Group as at 31 March 2023 includes deferred tax assets amounting to ₹ 741.93 crore recognised by the Holding Company, on carried forward unused tax losses, unused tax credits and other taxable temporary differences. The Holding Company is confident of generating taxable profits from the unexecuted orders on hand/ future projects and expected realisation of claims/ arbitration awards. Accordingly, the Holding Company's management believes it is probable that sufficient future taxable profits will be available against which such deferred tax assets can be utilised.
<b>iii) Auditors' comments on (i) or (ii) above</b>	Included in details of auditor's qualifications stated above

### III. Signatories:

For **Walker Chandiok & Co LLP**

**Shashi Tadwalkar**

Partner

Membership No.: 101797

Place: Mumbai

Date: 18 May 2023

For **Hindustan Construction Company Limited**

**Jaspreet Bhullar**

CEO and Managing Director

Place: Mumbai

Date: 18 May 2023

**Mahendra Singh Mehta**

Audit Committee Chairman

Place : Mountain View, California

Date: 18 May 2023

**Rahul Rao**

Chief Financial Officer

Place : Mumbai

Date: 18 May 2023

## FORM AOC-I

### Pursuant to first proviso to sub-section (3) of Section 129 read with rule 5 of Companies (Accounts) Rules, 2014

Statement containing silent features of the financial statement of subsidiaries \ associates \ joint venture

#### Part "A": Subsidiaries

Sr. No.	Name of the subsidiary	Reporting period	Reporting currency	Exchange Rate	Share capital	Reserves & surplus	Total assets	Investments	Turnover	Profit / (loss) before taxation	Provision for taxation	Proposed Dividend	Extent of Holding (in percentage)	₹ crore
1	HCC Contract Solution Limited	31/3/2023	INR	NA	0.05	(0.05)	0.03	-	-	(0.01)	-	-	100%	
2	Highbor Technologies Limited	31/3/2023	INR	NA	6.25	(0.80)	39.62	20.49	2.48	-	0.06	-	100%	
3	Panchkutr Developers Limited	31/3/2023	INR	NA	1.40	40.57	102.64	-	-	(0.00)	-	-	100%	
4	HCC Operations & Maintenance Limited	31/3/2023	INR	NA	0.05	(34.00)	155.06	0.02	20.61	14.44	3.91	-	100%	
5	HCC Infrastructure Company Limited	31/3/2023	INR	NA	0.25	415.26	545.71	134.25	51.52	172.98	11.67	-	100%	
6	Narmada Bridge Tollway Limited	31/3/2023	INR	NA	0.05	0.04	0.13	-	-	0.03	0.01	-	100%	
7	Badarpur Faridabad Tollway Limited	31/3/2023	INR	NA	98.00	(107.24)	1.02	-	-	0.33	-	-	100%	
8	Raiganj-Dalkhola Highways Limited	31/3/2023	INR	NA	137.15	(53.60)	267.39	-	-	27.77	-	-	100%	
9	Steiner India Limited	31/3/2023	INR	NA	19.64	47.55	88.31	-	16.82	0.24	-	-	100%	
10	HREL Real Estate Limited	31/3/2023	INR	NA	66.19	(576.03)	67.33	19.52	-	(0.07)	-	-	100%	
11	Western Securities Limited	31/3/2023	INR	NA	2.00	(0.04)	2.84	0.22	-	(0.28)	0.05	-	97.87%	
12	HCC Aviation Limited	31/3/2023	INR	NA	0.05	(15.85)	0.05	-	-	(0.00)	-	-	100%	
13	HCC Realty Limited	31/3/2023	INR	NA	0.05	(0.05)	0.03	-	-	(0.00)	-	-	100%	
14	HRL (Thane) Real Estate Limited	31/3/2023	INR	NA	0.10	(22.87)	19.00	-	-	0.06	-	-	100%	
15	HRL Township Developers Limited	31/3/2023	INR	NA	0.10	(0.64)	0.05	-	-	(0.00)	-	-	100%	
16	Maan Township Developers Limited	31/3/2023	INR	NA	0.10	(11.43)	10.83	-	-	(0.00)	-	-	100%	
17	Nashik Township Developers Limited	31/3/2023	INR	NA	0.10	(1.90)	0.12	-	-	(0.00)	-	-	100%	
18	Powai Real Estate Developers Limited	31/3/2023	INR	NA	0.05	(0.07)	0.00	-	-	(0.00)	-	-	100%	
19	Prolific Resolution Private Limited	31/3/2023	INR	NA	0.05	7.20	3,159.59	-	221.21	(58.73)	-	-	100%	
<b>Foreign Subsidiary Companies</b>														
1	HCC Mauritius Investment Limited	31/3/2023	USD	82.00	8.20	(31.05)	249.45	36.48	-	8.30	-	-	100%	
2	HCC Mauritius Enterprises Limited	31/3/2023	USD	82.00	41.04	(129.19)	264.36	264.30	-	(19.32)	-	-	100%	
3	Steiner AG, Zurich	31/3/2023	CHF	88.64	356.78	130.57	3,001.33	0.64	4,379.41	(422.34)	(70.54)	-	100%	
4	Steiner (Deutschland)GmbH Paderborn	31/3/2023	EUR	87.95	87.95	(19.10)	38.70	-	-	(1.91)	-	-	100%	
5	VM & ST AG, Zurich	31/3/2023	CHF	88.64	8.86	(0.01)	8.89	-	-	(0.06)	-	-	100%	
6	Steiner Leman SAS	31/3/2023	EUR	87.95	0.88	(0.27)	0.32	-	-	(0.10)	-	-	100%	
7	Steiner Promotions et Participations SA	31/3/2023	CHF	88.64	26.59	(10.94)	185.73	-	24.80	(4.21)	-	-	100%	
8	Manufakt8048 AG, Zurich	31/3/2023	CHF	88.64	0.68	(0.35)	13.47	-	-	(0.03)	-	-	100%	
9	Steiner Construction SA (incorporated 12.07.2022)	31/3/2023	CHF	88.64	1.03	108.52	1,350.51	-	1,733.79	25.17	(4.41)	-	100%	

#### Notes

- 1 All above subsidiaries has commenced the operation
- 2 No subsidiaries liquidated during the current year



**Part "B": Associates and Joint Ventures**

**Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures**

Sr. No.	Name of Associates/Joint Ventures	Highbar Technocrat Limited	Evostate AG (Incl. Evostate Immobilien AG)	MCR Managing Corporate Real-estate AG	Hegias AG, Zurich	Werkarena Basel AG
<b>₹ crore</b>						
1	Latest audited balance sheet date	31-Mar-23	31-Dec-22	31-Dec-22	31-Mar-23	31-Mar-23
2	Date on which the associate or joint venture was associated or acquired	21-Jul-16	1-May-10	31-May-17	18-Aug-22	30-Sep-19
3	Shares of associate/joint ventures held by the company at the year end					
	- Number	99,940	300	30	7082	500
	- Amount of investment in associates/joint venture	15.97	3.66	0.84	0.87	-
	- Extend of holding %	49.00%	30.00%	30.00%	23.20%	50.00%
4	Description of how there is significant influence	Associate-Significant Influence over Share Capital	Associate-Significant Influence over Share Capital	Associate-Significant Influence over Share Capital	Associate-Significant Influence over Share Capital	Joint Venture
5	Reason why the associate/joint venture is not consolidated	Consolidated - Equity Method	Consolidated - Equity Method	Consolidated - Equity Method	Consolidated - Equity Method	NA
6	Whether company has commenced the operations	Yes	Yes	Yes	Yes	Yes
7	Networth attributable to shareholders as per latest audited balance sheet	32.53	14.97	2.68	33.33	5.46
8	Profit / Loss for the year	5.58	(0.19)	(0.53)	(13.10)	(7.11)
	i. Considered in consolidation	2.94	(0.14)	(0.37)	(10.06)	(3.55)
	ii. Not considered in consolidation	2.94	(0.12)	(1.13)	(3.24)	-

**Notes:**

- 1 All above joint ventures and associates has commenced the operation
- 2 No joint ventures and associates liquidated during the current year

## Form No. AOC-2

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

**Form for disclosure of particulars of contracts/arrangements entered into by the Company with related parties referred to in sub-section (1) of Section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto.**

**1. Details of contracts or arrangements or transactions not at arm's length basis**

Nil

**2. Details of material contracts or arrangement or transactions at arm's length basis**

**a. Name(s) of the related party and nature of relationship**

Prolific Resolution Private Limited (PRPL), a wholly owned subsidiary of the Company

**b. Nature of Contracts / arrangements / transactions**

Transfer of awards, claims and liabilities pursuant to debt resolution plan.

**c. Duration of the contracts / arrangements / transactions**

One time

**d. Salient terms of the contracts or arrangements or transactions including the value, if any:**

During the year, the Company has successfully implemented its debt resolution plan in relation to its Facilities, Guarantees and Put Obligations in accordance with the Reserve Bank of India (Prudential Framework for Resolution of Stressed Assets) Directions, 2019 dated 7 June 2019 and pursuant to the approval granted by the Members in their Extra-Ordinary General Meetings held on 29 June 2021 and 23 March 2022.

Effective 1 July 2022, the Company has novated specified debt of lenders aggregating ₹ 2,855.69 crore to PRPL, with the consideration being the assignment of beneficial interest in the specified arbitration awards and claims with a carrying value of ₹ 2,894.11 crore. PRPL has issued and allotted 28,544 Non-Convertible Debentures ('NCD') having a face value of ₹ 1,000,000 each at par aggregating ₹ 2,854.40 crore, for consideration other than cash representing the debt and the balance amounting to ₹ 1.29 crore has been paid upfront to the lenders.

**e. Date(s) of approval by the Board, if any**

23 March, 2022

**f. Amount paid as advances, if any**

Nil

For and on behalf of Board of Directors

**Ajit Gulabchand**

Chairman

Date: 18 May, 2023

Place: Mumbai

# NOTICE

**NOTICE** is hereby given that the Ninety-Seventh Annual General Meeting of the Members of Hindustan Construction Company Ltd. ("the Company") will be held on Wednesday, August 30, 2023 at 11.00 a.m. through Video Conferencing ("VC")/ Other Audio-Visual Means ("OAVM") to transact the following businesses:-

## ORDINARY BUSINESS

### 1. Adoption of the Audited Standalone and Consolidated Financial Statements of the Company

To receive, consider and adopt:

- a) the Audited Standalone Financial Statements of the Company for the financial year ended March 31, 2023 including the Audited Standalone Balance Sheet as at March 31, 2023 and the Standalone Statement of Profit and Loss for the year ended on that date together with the Reports of the Board of Directors and Auditors thereon; and
- b) the Audited Consolidated Financial Statements of the Company for the financial year ended March 31, 2023 including the Audited Consolidated Balance Sheet as at March 31, 2023 and the Consolidated Statement of Profit and Loss for the year ended on that date together with the Report of the Auditors thereon.

## SPECIAL BUSINESS

### 2. Appointment of Mr. Arun Karambelkar (DIN: 02151606) Non-Executive-Non-Independent Director as an Independent Director of the Company

To consider and, if thought fit, to pass the following resolution as a **Special Resolution**:

**"RESOLVED THAT** pursuant to the provisions of Sections 149, 150, 152 and other applicable provisions, if any, of the Companies Act, 2013 ("the Act") and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any amendment(s) thereto or any statutory modification(s) or re-enactment(s) thereof, for the time being in force) read with Schedule IV to the Act, and pursuant to the provisions of Regulation 17(1C) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time, approval be and is hereby granted for the appointment of Mr. Arun Karambelkar (DIN : 02151606), Non-Executive-Non-Independent Director by the Board of Directors as an Independent Director of the Company with effect from June 07, 2023 to hold office for a term of 5 consecutive years, upto conclusion of 102<sup>nd</sup> Annual General Meeting of the Company to be held in the calendar year 2028, not liable to retire by rotation.

**RESOLVED FURTHER THAT** the Board of Directors of the Company (hereinafter referred to as the "Board") (which term shall be deemed to include any duly authorized Committee thereof, for the time being exercising the

powers conferred on the Board), be and is hereby authorized to do all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary, proper or desirable and to settle any questions, difficulties and/or doubts that may arise in this regard in order to implement and give effect to this Resolution."

### 3. Appointment of Mr. Aditya Pratap Jain (DIN: 08115375) as a Non-Executive-Non-Independent Director of the Company, liable to retire by rotation

To consider and, if thought fit, to pass the following resolution as an **Ordinary Resolution**:

**"RESOLVED THAT** pursuant to the provisions of Section 152 and other applicable provisions, if any, of the Companies Act, 2013 ("the Act") and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any amendment(s) thereto or any statutory modification(s) or re-enactment(s) thereof, for the time being in force) read with Schedule IV to the Act, and pursuant to the provisions of Regulation 17(1C) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time, approval be and is hereby granted for the appointment of Mr. Aditya Pratap Jain (DIN: 08115375), who was appointed by the Board of Directors as an Additional Director with effect from June 07, 2023, as a Non-Executive-Non-Independent Director of the Company, liable to retire by rotation.

**RESOLVED FURTHER THAT** the Board of Directors of the Company (hereinafter referred to as the "Board") (which term shall be deemed to include any duly authorized Committee thereof, for the time being exercising the powers conferred on the Board), be and is hereby authorized to do all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary, proper or desirable and to settle any questions, difficulties and/or doubts that may arise in this regard in order to implement and give effect to this Resolution."

### 4. Re-appointment of Dr. Mita Dixit (DIN: 08198165), as an Independent Director of the Company

To consider and, if thought fit, to pass the following resolution as a **Special Resolution**:

**"RESOLVED THAT** pursuant to the provisions of Sections 149, 150, 152 and other applicable provisions of the Companies Act, 2013 ("the Act") and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV the Act, if any, and Regulations 17(1) (a) and 25 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time and based on the recommendation of the Nomination and Remuneration Committee, Dr. Mita Dixit (DIN: 08198165), who has given declaration that she meets

with the criteria of independence and qualifies for being re-appointed as an Independent Director, be and is hereby re-appointed as an Independent Director of the Company, not liable to retire by rotation, to hold office for a second term of 5 consecutive years upto the conclusion of the 102<sup>nd</sup> Annual General Meeting of the Company to be held in the calendar year 2028.

**RESOLVED FURTHER THAT** the Board of Directors of the Company (hereinafter referred to as the "Board") (which term shall be deemed to include any duly authorized Committee thereof, for the time being exercising the powers conferred on the Board), be and is hereby authorized to do all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary, proper or desirable and to settle any questions, difficulties and/or doubts that may arise in this regard in order to implement and give effect to this Resolution."

#### 5. Alteration of existing Articles of Association of the Company to enable Nomination of Director by Debenture Trustee

To consider and, if thought fit, to pass the following resolution as a **Special Resolution**:

**"RESOLVED THAT** pursuant to provisions of Section 14 and any other applicable provisions of the Companies Act, 2013 ("the Act") (including any amendments, statutory modification(s) or re-enactment thereof for the time being in force) and rules made thereunder, the Article 91 of existing Articles of Association of the Company be and is hereby replaced with the following Article :

91. Notwithstanding anything to contrary contained in these Article(s), if the Company has availed any loan(s) from any Bank(s), Financial Institutions, Non-Banking Finance Company or any other Body Corporate ("Lender(s)") and so long as any monies with respect to such loan(s) granted by such Lender(s) to the Company remain outstanding by the Company to any Lender(s)/ or so long as the Lenders(s) /Debenture Trustee continue to hold debenture(s) in the Company by direct subscription or private placement or so long as the Lender(s) holds equity shares in the Company as a result of conversion of such loan(s)/debenture(s). Such Lender(s) /Debenture(s) Trustee shall have the right to appoint from time to time any person or persons as a Director or Directors (which Director or Directors is/are referred to as "Nominee Directors") on the Board of the Company and remove from such office any person or persons so appointed and to appoint any other person or persons in his or their places.

The Board of Directors of the Company shall have no power to remove from office the Nominee Director(s). Subject to any stipulations by the Lender(s), such Nominee Director(s) shall not be liable to retirement by rotation, subject as aforesaid. The Nominee Director(s) shall be entitled to the same rights and privileges and be subject to the same obligations as any other Directors of the Company.

**RESOLVED FURTHER THAT** the Board of Directors of the Company (hereinafter referred to as the "Board") (which term shall be deemed to include any duly authorized Committee thereof, for the time being exercising the powers conferred on the Board), be and is hereby authorized to do all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary, proper or desirable and to settle any questions, difficulties and/or doubts that may arise in this regard in order to implement and give effect to this Resolution."

#### 6. Ratification of Remuneration of Cost Auditors for the financial year 2022-23

To consider and, if thought fit, to pass the following resolution as an **Ordinary Resolution**:

**"RESOLVED THAT** pursuant to the provisions of Section 148 (3) and other applicable provisions, if any, of the Companies Act, 2013 ("the Act") read with Rule 14 of the Companies (Audit and Auditors) Rules, 2014 (including any amendment(s) thereto or any statutory modification(s) and/or re-enactment thereof, for the time being in force), the remuneration payable to M/s. Joshi Apte & Associates, Cost Accountants (Firm Registration No. 00240), appointed by the Board of Directors of the Company as Cost Auditors to conduct the audit of the cost records of the Company for the financial year 2022-23 amounting to ₹ 2,85,000/-(Rupees Two Lakhs Eighty-Five Thousands Only) plus applicable taxes and reimbursement of out-of-pocket expenses, in connection with the said audit, be and is hereby ratified and confirmed.

**RESOLVED FURTHER THAT** the Board of Directors of the Company (hereinafter referred to as the "Board") (which term shall be deemed to include any duly authorized Committee thereof, for the time being exercising the powers conferred on the Board), be and is hereby authorized to do all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary, proper or desirable and to settle any questions, difficulties and/or doubts that may arise in this regard in order to implement and give effect to this Resolution."

#### 7. Issue of Securities of the Company

To consider and, if thought fit, to pass the following resolution as a **Special Resolution**:

**"RESOLVED THAT** pursuant to the provisions of Sections 42, 62, 71, 180(1)(c) and other applicable provisions, if any, of the Companies Act, 2013 ("the Act") and the rules made thereunder (including any amendment(s) thereto or any statutory modification(s) and/or re-enactment thereof, for the time being in force) and all other applicable laws and regulations including the Foreign Exchange Management Act, 1999 ("FEMA"), the Foreign Exchange Management (Non-debt Instruments) Rules, 2019, as amended, including any statutory modification(s) or re-enactment(s) thereof, the Issue of Foreign Currency Convertible Bonds and Ordinary Shares (Through Depository Receipt Mechanism) Scheme, 1993, as amended and modified from time to time and such other statutes, notifications, clarifications,

circulars, rules and regulations, as may be applicable, issued by Government of India ("GOI"), Reserve Bank of India ("RBI"), Stock Exchanges, Securities and Exchange Board of India ("SEBI") including the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018, the SEBI (Issue and Listing of Non-Convertible Securities) Regulations, 2021 (the "SEBI Regulations") and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the "SEBI Regulations") as amended and modified from time to time and such other statutes, notifications, clarifications, circulars, rules and regulations, as may be applicable and in accordance with enabling provisions in the Memorandum and Articles of Association of the Company and/or stipulated in the listing agreements entered into by the Company with the Stock Exchanges where the Equity Shares of the Company are listed and subject to such approvals, consents, permissions and sanctions, if any, of the GOI, SEBI, RBI, Stock Exchanges and any other relevant statutory/governmental/ regulatory authorities (the "Concerned Authorities") as may be required and applicable and further subject to such terms and conditions as may be prescribed or imposed by any of the Concerned Authorities while granting such approvals, consents, permissions and sanctions, as may be necessary, which may be agreed upon by the Board of Directors of the Company as deemed appropriate (hereinafter referred to as Board, which term includes a committee constituted by the Board or any person authorized by the Board to exercise the powers conferred on the Board by this Resolution), consent be and is hereby accorded to the Board to create, issue, offer and allot (including with provisions for reservation on firm and/ or competitive basis, of such part of issue and for such categories of persons as may be permitted), Equity Shares and/or Equity Shares through depository receipts including American Depository Receipts (ADRs), Global Depository Receipts (GDRs) and/or Foreign Currency Convertible Bonds (FCCBs), Fully Convertible Debentures (FCDs) and Non-Convertible Debentures (NCDs), Partly Convertible Debentures (PCDs), Optionally Convertible Debentures (OCDs), and/or other securities convertible into Equity Shares at a later date, at the option of the Company and/or the holder(s) of such securities or with or without detachable warrants with a right exercisable by the warrant holders to convert or subscribe to the Equity Shares or otherwise, whether rupee denominated or denominated in foreign currency (collectively referred as "Securities"), as the Board at its sole discretion or in consultation with underwriters, merchant bankers, financial advisors or legal advisors may at any time decide, by way of one or more public or private offerings/placement in domestic and/ or one or more international market(s), with or without a green shoe option, or issued/ allotted through Qualified Institutions Placement (QIP) in accordance with the SEBI Regulations, or by any one or more combinations of the above or otherwise and at such time or times and in one or more tranches, to any eligible investors including residents and/or non-residents and/or qualified institutional buyers and/or institutions/banks/lenders against repayment/ restructuring of debts and/or corporate bodies and/ or individuals and/or trustees and/or stabilizing agent or otherwise, whether or not such investors are Members of the Company, as may be deemed appropriate by the Board and as permitted under applicable laws and regulations, for an aggregate amount not exceeding ₹ 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, 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, prescribe any terms or a combination of terms in respect of the Securities in accordance with local and/or international practices including conditions in relation to offer, early redemption of Securities, debt service payments, voting rights, variation of price and all such terms as are provided in domestic and/or international offerings and any other matter in connection with, or incidental to the issue, in consultation with the merchant bankers or other advisors or otherwise, together with any amendments or modifications thereto ("the Issue").

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

**RESOLVED FURTHER THAT** if the issue or any part thereof is made for a QIP, FCDs, PCDs, OCDs or any other Securities, which are convertible into or exchangeable with the Equity Shares of the Company (hereinafter collectively referred as "Other Specified Securities" and together with Equity Shares of the Company (hereinafter referred as "Specified Securities") within the meaning of the SEBI Regulations or any combination of Specified Securities as may be decided by the Board, issued for such purpose, the same shall be fully paid-up and the allotment of such Specified Securities shall be completed within twelve months from the date of this resolution or such other time as may be allowed under the SEBI Regulations, from time to time, at such price being not less than the price determined in accordance with the pricing formula provided under the SEBI Regulations and the Specified Securities shall not be eligible to be sold except as may be permitted, from time to time, under the SEBI Regulations.

**RESOLVED FURTHER THAT** the Company may, in accordance with applicable laws, also offer a discount of such percentage as permitted under applicable laws on the price calculated in accordance with the pricing formula provided under the SEBI Regulations.

**RESOLVED FURTHER THAT** in the event of issue of Specified Securities by way of a QIP, the 'Relevant Date' on the basis of which the price of the Specified Securities shall be determined as specified under SEBI Regulations, shall be the date of the Meeting in which the Board or the Committee of Directors duly authorized by the Board decides to open the proposed issue of Specified Securities or such other date as may be decided by the Board and as

permitted by the SEBI Regulations, subject to any relevant provisions of applicable laws, rules and regulations, as amended from time to time, in relation to the proposed issue of the Specified Securities.

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

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

**RESOLVED FURTHER THAT** in the event the Securities are proposed to be issued as American Depositary Receipts ("ADRs") or Global Depositary Receipts ("GDRs"), pursuant to the provisions of the Issue of Foreign Currency Convertible Bonds and Ordinary Shares (Through Depositary Receipt Mechanism) Scheme, 1993 and other applicable pricing provisions issued by the Ministry of Finance, the relevant date for the purpose of pricing the Equity Shares to be issued pursuant to such issue shall be the date of the Meeting in which the Board or duly authorised committee of directors decides to open such issue after the date of this resolution or such other date as may be decided by the Board subject to the relevant provisions of the applicable law, rules and regulations as amended from time to time, in relation to the proposed issue of the Securities.

**RESOLVED FURTHER THAT** for the purpose of giving effect to the above resolution and any issue, offer and allotment of Securities, the Board be and is hereby authorized to take all such actions, give such directions and to do all such acts, deeds, things and matters connected therewith, as it may, in its absolute discretion deem necessary, desirable or incidental thereto including, without limitation, the determination of terms and conditions for issuance of Securities, the number of Securities that may be offered in domestic and/or international markets and proportion thereof, timing for issuance of such Securities and shall be entitled to vary, modify or alter any of the terms and conditions, as it may deem expedient, the entering into and executing arrangements/ agreements for managing, underwriting, marketing, listing of Securities, trading, appointment of merchant banker(s), advisor(s),

registrar(s), trustee(s), paying and conversion agent(s) and any other advisors, professionals, intermediaries and all such agencies as may be involved or concerned in such offerings of Securities and to issue and sign all deeds, documents, instruments and writings and to pay any fees, commission, costs, charges and other outgoings in relation thereto and to settle all questions whether in India or abroad, for the issue and executing other agreements, including any amendments or supplements thereto, as necessary or appropriate and to finalise, approve and issue any document(s) including, but not limited to, prospectus, offer documents and/or letter of offer and/or circular, documents and agreements including conducting all requisite filings with GOI, RBI, SEBI, Stock Exchanges, if required, and any other concerned authority in India or outside, and to give such directions that may be necessary in regard to or in connection with any such issue, offer and allotment of Securities and utilization of the issue proceeds, as it may in its absolute discretion deem fit, without being required to seek any further consent or approval of the Members or otherwise, to the end and intent that they shall be deemed to have given their approval thereto expressly by the authority of this resolution, and accordingly any such action, decision or direction of the Board shall be binding on all the Members of the Company.

**RESOLVED FURTHER THAT** for the purpose of giving effect to any offer, issue or allotment of Equity Shares or Securities or instruments representing the same, as described above, the Board be and is hereby authorised on behalf of the Company to seek listing of any or all of such Securities on one or more Stock Exchanges in India or outside India and the listing of Equity Shares underlying the ADRs and/or GDRs on the Stock Exchanges in India.

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

**8. Divestment of entire interest in Steiner Construction SA, Switzerland, a step-down material subsidiary of the Company by Steiner AG, Switzerland, a material subsidiary of the Company**

To consider and, if thought fit, to pass the following resolution as a **Special Resolution**:

**"RESOLVED THAT** pursuant the applicable provisions, if any, of the Companies Act, 2013 (the "Act") and the Rules made thereunder (including any amendment(s) thereto or any statutory modification(s) and/or re-enactment thereof, for the time being in force), Regulation 24 (5) and the applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the "SEBI LODR Regulations") including

amendments thereto and other applicable regulations, the Memorandum and Articles of Association of Hindustan Construction Company Ltd. (the "Company") and subject to applicable statutes and regulations and requisite approvals, consents and clearances, if required, consent of the Members of the Company be and is hereby accorded to the Board of Directors of the Company (the "Board"), which term includes a Committee constituted by the Board or any person authorized by the Board to exercise the powers conferred on the Board by this Resolution, to effect divestment by way of sale, transfer or otherwise dispose of in whole by Steiner AG, Switzerland, a material subsidiary of the Company, of its entire equity interest in Steiner Construction SA, Switzerland, a step-down material subsidiary of the Company, for such consideration or, otherwise and on such terms and conditions and in such manner as the Board in its absolute discretion decide or as it may deem fit, which post divestment shall result in the Company ceasing to have any equity interest (direct or indirect) and managerial control in Steiner Construction SA and the Company shall cease to exercise indirect control over Steiner Construction SA.

**RESOLVED FURTHER THAT** for the purpose of giving effect to this resolution, the Board be and is hereby authorised to do and perform or cause to be done all such acts, deeds, matters and things as may be required or deemed necessary or incidental thereto and to execute all necessary agreements, deeds and documents and subsequent modifications thereto; resolve or settle any question, difficulty, dispute or doubt; and to take such actions and to give all such directions as may be necessary or desirable and further delegate the powers/authorities expressly or impliedly granted under this resolution to any of its Committees, employees/officers, authorized representative(s) etc.; hire any consultant(s), agent(s), advisor(s) etc., make necessary applications to statutory or regulatory authorities, if required, and generally to do or undertake such activities and execute such documents as the Board may in its absolute discretion deem fit, without the necessity of seeking any further consent or approval from Members of the Company unless, obtaining of such further consent/approval is mandatory under the provisions of any law."

By Order of the Board  
For **Hindustan Construction Company Ltd.**

**Nitesh Kumar Jha**  
**Company Secretary**

**Registered Office:**

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

Place: Mumbai  
Date : August 03, 2023

**NOTES – FORMING PART OF THE NOTICE**

1. The Explanatory Statement pursuant to the provisions of Section 102 of the Companies Act, 2013 ("the Act"), in respect of the businesses mentioned under Item numbers 2 to 8 of the Notice dated August 03, 2023 is appended hereto.

Details of the Directors seeking appointment/re-appointment in pursuance of the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with Secretarial Standard-2 on General Meetings, as applicable are annexed to this Notice.

2. Pursuant to the Circular No. 14/2020 dated April 08, 2020, Circular No. 17/2020 dated April 13, 2020, Circular No. 20/2020 dated May 05, 2020 and Circular No. 10/2022 dated December 28, 2022 and all other relevant circulars issued from time to time ("MCA Circulars"), physical attendance of the Members to the AGM venue is not required and General Meeting can be held through Video Conferencing (VC) or Other Audio Visual Means (OAVM).

In compliance with the Companies Act, 2013, the SEBI Listing Regulations and the MCA Circulars, the 97<sup>th</sup> Annual General Meeting of the Company (AGM) is being held through VC/OAVM and Members can attend and participate in the ensuing AGM through VC/OAVM.

The detailed procedure for participating in the AGM through VC/OAVM is annexed herewith (Refer serial no. 16) and is also available at the Company's website i.e., [www.hccindia.com](http://www.hccindia.com).

3. Pursuant to the Circular No. 14/2020 dated April 08, 2020, issued by the Ministry of Corporate Affairs, the facility to appoint proxy to attend and cast vote for the Members is not available for this AGM and accordingly, the Proxy Form and Attendance Slip are not annexed to this Notice. However, the Body Corporates are entitled to appoint authorised representatives to attend the AGM through VC/OAVM and participate thereat and cast their votes through e-Voting (Refer para 1 of 'General Guidelines for Shareholders' mentioned under serial no. 16).
4. The Members can join the AGM in the VC/OAVM mode 15 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. The facility of participation at the AGM through VC/OAVM will be made available for 1000 Members on first come first served basis. This will not include large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc. who are allowed to attend the AGM without restriction on account of first come first served basis.
5. The attendance of the Members attending the AGM through VC/OAVM will be counted for the purpose of reckoning the quorum under Section 103 of the Companies Act, 2013.
6. Since the AGM will be held through VC/OAVM, the Route Map is not annexed in this Notice.



7. The SEBI has decided that securities of listed companies can be transferred only in dematerialized form with effect from April 01, 2019. In view of the above and to avail various benefits of dematerialisation, Members are advised to dematerialize shares that are held by them in physical form. Members can contact the Company or Company's Registrar and Transfer Agents, TSR Consultants Private Limited (TCPL) for assistance in this regard.
8. The Register of Members and the Share Transfer Books of the Company will remain closed from Thursday, August 24, 2023 to Wednesday, August 30, 2023 (both days inclusive) for the purpose of the AGM of the Company.
9. The Register of Directors and Key Managerial Personnel and their shareholding, maintained under Section 170 of the Act and the Register of Contracts or Arrangements in which the Directors are interested, maintained under Section 189 of the Act, will be available for inspection in the electronic form (scanned copy) by the Members during the AGM. All documents referred to in the Notice will also be available for inspection in the electronic form (scanned copy) without any fee by the Members from the date of circulation of this Notice up to the date of AGM i.e., Wednesday, August 30, 2023. Members seeking to inspect such documents can send an email to [secretarial@hccindia.com](mailto:secretarial@hccindia.com).
10. In compliance with the provisions of Section 129(3) of the Act, the Audited Financial Statements include the Consolidated Financial Statements of the Company as defined in the Act for consideration and adoption by the Members of the Company.
11. **The Members are requested to:**
  - a) Intimate change in their registered address, if any, to TCPL at C-101, 1<sup>st</sup> Floor, 247 Park, L.B.S Marg, Vikhroli (West), Mumbai-400083 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 TCPL immediately of the change in residential status on return to India for permanent settlement.

Please note that in accordance with the provisions of Section 72 of the Act, Members are entitled to make nominations in respect of the Equity Shares held by them. Members desirous of making nominations may procure the prescribed form SH-13 from TCPL and have it duly filled, signed and sent back to them, in respect of shares held in physical form. Members holding shares in dematerialised mode should file their nomination with their Depository Participant (DP).

## 12. Green Initiative

The MCA and the SEBI have encouraged paperless communication as a contribution to greener environment.

In compliance with the aforesaid MCA Circulars and the SEBI Circular dated January 05, 2023, the copy of the Annual Report for the financial year 2022-23 including

Audited Financial Statements, Board's Report etc. and Notice of the 97<sup>th</sup> Annual General Meeting of the Company, inter-alia, indicating the process and manner of remote e-Voting is being sent by electronic mode, to all those Members whose e-mail IDs are registered with their respective Depository Participants.

Members who have not registered their email address and holding shares in physical mode are requested to register their e-mail IDs with TCPL and Members holding shares in Demat mode are requested to register their e-mail IDs with the respective Depository Participants (DPs) in case the same is still not registered.

If there is any change in the e-mail ID already registered with the Company, Members are requested to immediately notify such change to TCPL in respect of shares held in physical form and to their respective DPs in respect of shares held in electronic form.

Members may also note that the Notice of the 97<sup>th</sup> AGM and the Annual Report for the financial year 2022-23 of the Company are also available on the Company's website [www.hccindia.com](http://www.hccindia.com).

## 13. Appointment/Re-appointment of Directors

Relevant details of the Directors seeking appointment/re-appointment pursuant to Regulation 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("the SEBI Listing Regulations"), as amended, read with Secretarial Standard-2 on General Meetings are provided in Annexure A to the Explanatory Statement to the AGM Notice.

## 14. IEPF Disclosures

Pursuant to Section 124 of the Act read with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund Rules), 2016 ("the IEPF Rules"), during the year under review, no amount of Unclaimed dividend and corresponding equity shares were due to be transferred to IEPF account.

## 15. Voting

Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015 (as amended) and the MCA Circulars, the Company is providing facility of remote e-Voting to its Members in respect of the business to be transacted at the AGM. For this purpose, the Company has entered into an agreement with National Securities Depository Limited (NSDL) for facilitating voting through electronic means, as the authorized agency. The facility of casting votes by a Member using remote e-Voting system as well as venue voting on the date of the AGM will be provided by NSDL.

Any Member holding shares in physical form and non-individual Members, who acquires shares of the Company and becomes Member of the Company after the Notice is sent through e-mail and holding shares as of the cut-off date i.e., Wednesday, August 23, 2023, may obtain the login ID and password by sending a request at [evoting@](mailto:evoting@)

[nsdl.co.in](http://nsdl.co.in) or Issuer/RTA. However, if you are already registered with NSDL for Remote e-Voting, then you can use your existing user ID and password for casting your vote. If you forgot your password, you can reset your password by using “Forgot User Details/ Password” or “Physical User Reset Password” option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com) or call on toll free nos. 1800 1020 990 and 1800 22 44 30. In case of Individual Member holding securities in demat mode who acquires shares of the Company and becomes a Member of the Company after sending of the Notice and holding shares as of the cut-off date i.e., Wednesday, August 23, 2023 may follow steps mentioned in this Notice of the AGM under “Access to NSDL e-Voting system.”

In line with the Ministry of Corporate Affairs (MCA) Circular No. 17/2020 dated April 13, 2020, the Notice calling the AGM has been uploaded on the website of the Company at [www.hccindia.com](http://www.hccindia.com). The Notice can also be accessed from the websites of the Stock Exchanges i.e., BSE Limited and National Stock Exchange of India Limited at [www.bseindia.com](http://www.bseindia.com) and [www.nseindia.com](http://www.nseindia.com) respectively and the AGM Notice is also available on the website of NSDL (agency for providing the Remote e-Voting facility) i.e., [www.evoting.nsdl.com](http://www.evoting.nsdl.com)

AGM is being convened through VC/OAVM in compliance with applicable provisions of the Companies Act, 2013 read with MCA Circular No. 14/2020 dated April 08, 2020, MCA Circular No. 17/2020 dated April 13, 2020, MCA Circular No. 20/2020 dated May 05, 2020 and Circular No. 10/2022 dated December 28, 2022.

#### 16. The Instructions for Members for remote e-Voting and joining General Meeting are as under:-

The remote e-Voting period begins on Saturday, August 26, 2023 (9.00 a.m.) and ends on Tuesday, August 29, 2023 (5.00 p.m.). The remote e-Voting module shall be disabled by NSDL for voting thereafter. The Members, whose names appear in the Register of Members / Beneficial Owners as on the record date (cut-off date) i.e., Wednesday, August 23, 2023 may cast their vote electronically. The voting right of Shareholders shall be in proportion to their share in the paid-up equity share capital of the Company as on the cut-off date, being Wednesday, August 23, 2023.

If a person was a Member as on the date of dispatch of the notice but has ceased to be a Member as on the cut-off date i.e. Wednesday, August 23, 2023, he/she shall not be entitled to vote. Such person should treat this Notice for information purpose only.

#### How do I vote electronically using NSDL e-Voting system?

The way to vote electronically on NSDL e-Voting system consists of “Two Steps” which are mentioned below:

#### For Members whose e-mail addresses are registered with the Company /depositories

**Step 1:** Log-in to NSDL e-Voting system at <https://www.evoting.nsdl.com>

**Step 2:** Cast your vote electronically on NSDL e-Voting system.

Details on step 1 are mentioned below:

#### How to Log-in to NSDL e-Voting website?





The way to vote electronically on NSDL e-Voting system consists of “Two Steps” which are mentioned below:

#### Step 1: Access to NSDL e-Voting system

##### A) Login method for e-Voting and joining virtual Meeting for Individual shareholders holding securities in demat mode

Login method for Individual Shareholders holding securities in demat mode is given below:

Type of Shareholders	Login Method
Individual Shareholders holding securities in demat mode with NSDL	<ol style="list-style-type: none"> <li>Existing <b>IDeAS</b> user can visit the e-Services website of NSDL Viz. <a href="https://eservices.nsdl.com">https://eservices.nsdl.com</a> either on a Personal Computer or on a mobile. On the e-Services home page click on the “<b>Beneficial Owner</b>” icon under “<b>Login</b>” which is available under ‘<b>IDeAS</b>’ section, this will prompt you to enter your existing User ID and Password. After successful authentication, you will be able to see e-Voting services under Value added services. Click on “<b>Access to e-Voting</b>” under e-Voting services and you will be able to see e-Voting page. Click on company name or <b>e-Voting service provider i.e. NSDL</b> and you will be re-directed to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting.</li> <li>If you are not registered for IDeAS e-Services, option to register is available at <a href="https://eservices.nsdl.com">https://eservices.nsdl.com</a>. Select “<b>Register Online for IDeAS Portal</b>” or click at <a href="https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp">https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp</a></li> <li>Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <a href="https://www.evoting.nsdl.com/">https://www.evoting.nsdl.com/</a> either on a Personal Computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon “Login” which is available under ‘Shareholder/ Member’ section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number hold with NSDL), Password/ OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on company name or <b>e-Voting service provider i.e. NSDL</b> and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting.</li> </ol>

Type of Shareholders	Login Method
	<p>4. Shareholders/Members can also download NSDL Mobile App “<b>NSDL Speede</b>” facility by scanning the QR code mentioned below for seamless voting experience.</p> <p><b>NSDL Mobile App is available on</b></p> <p> <b>App Store</b>  <b>Google Play</b></p> <div style="display: flex; justify-content: space-around;">   </div>
Individual Shareholders holding securities in demat mode with CDSL	<p>1. Users who have opted for CDSL Easi / Easiest facility, can login through their existing user id and password. Option will be made available to reach e-Voting page without any further authentication. The users to login Easi /Easiest are requested to visit CDSL website <a href="http://www.cdslindia.com">www.cdslindia.com</a> and click on login icon &amp; New System Myeasi Tab and then user your existing my easi username &amp; password.</p> <p>2. After successful login the Easi / Easiest user will be able to see the e-Voting option for eligible companies where the e-Voting is in progress as per the information provided by company. On clicking the e-Voting option, the user will be able to see e-Voting page of the e-Voting service provider for casting your vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting. Additionally, there is also links provided to access the system of all e-Voting Service Providers, so that the user can visit the e-Voting service providers’ website directly.</p> <p>3. If the user is not registered for Easi/ Easiest, option to register is available at CDSL website <a href="http://www.cdslindia.com">www.cdslindia.com</a> and click on login &amp; New System Myeasi Tab and then click on registration option.</p> <p>4. Alternatively, the user can directly access e-Voting page by providing Demat Account Number and PAN No. from a e-Voting link available on <a href="http://www.cdslindia.com">www.cdslindia.com</a> home page. The system will authenticate the user by sending OTP on registered Mobile &amp; Email as recorded in the Demat Account. After successful authentication, user will be able to see the e-Voting option where the e-Voting is in progress and also able to directly access the system of all e-Voting Service Providers.</p>

Type of Shareholders	Login Method
Individual Shareholders (holding securities in demat mode) login through their depository participants	You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/ CDSL for e-Voting facility. Upon logging in, you will be able to see e-Voting option. Click on e-Voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on company name or e-Voting service provider i.e. NSDL and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.

**Important note:** Members who are unable to retrieve User ID/ Password are advised to use Forget User ID and Forget Password option available at above mentioned website.

**Helpdesk for Individual Shareholders holding securities in demat mode for any technical issues related to login through Depository i.e., NSDL and CDSL.**

Login type	Helpdesk details
Individual Shareholders holding securities in demat mode with NSDL	Members facing any technical issue in login can contact NSDL helpdesk by sending a request at <a href="mailto:evoting@nsdl.co.in">evoting@nsdl.co.in</a> or call at 022- 4886 7000 and 022- 2499 7000
Individual Shareholders holding securities in demat mode with CDSL	Members facing any technical issue in login can contact CDSL helpdesk by sending a request at <a href="mailto:helpdesk.evoting@cdslindia.com">helpdesk.evoting@cdslindia.com</a> or contact at toll free no. 1800 22 55 33

**B) Login Method for e-Voting and joining virtual meeting for shareholders other than Individual Shareholders holding securities in demat mode and shareholders holding securities in physical mode.**

**How to Log-in to NSDL e-Voting website?**

1. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <https://www.evoting.nsdl.com/> either on a Personal Computer or on a mobile.
2. Once the home page of e-Voting system is launched, click on the icon “Login” which is available under ‘Shareholder/ Member’ section.
3. A new screen will open. You will have to enter your User ID, your Password/OTP and a Verification Code as shown on the screen.

Alternatively, if you are registered for NSDL eservices i.e., IDEAS, you can log-in at <https://eservices.nsdl.com/> with your existing IDEAS login. Once you log-in to NSDL eservices after using your log-in credentials, click on e-Voting and you can proceed to Step 2 i.e., Cast your vote electronically.

#### 4. Your User ID details are given below:

Manner of holding shares i.e., Demat (NSDL or CDSL) or Physical	Your User ID is:
a) For Members who hold shares in demat account with NSDL.	8 Character DP ID followed by 8-Digit Client ID  For example, if your DP ID is IN300*** and Client ID is 12***** then your user ID is IN300***12*****.
b) For Members who hold shares in demat account with CDSL.	16 Digit Beneficiary ID  For example, if your Beneficiary ID is 12***** then your user ID is 12*****.
c) For Members holding shares in Physical Form.	EVEN Number followed by Folio Number registered with the company  For example, if folio number is 001*** and EVEN is 101456 then user ID is 101456001***.

#### 5. Password details for Shareholders other than Individual Shareholders are given below:

- If you are already registered for e-Voting, then you can use your existing password to login and cast your vote.
- If you are using NSDL e-Voting system for the first time, you will need to retrieve the 'initial password' which was communicated to you. Once you retrieve your 'initial password', you need to enter the 'initial password' and the system will force you to change your password.
- How to retrieve your 'initial password'?
  - If your email ID is registered in your demat account or with the company, your 'initial password' is communicated to you on your email ID. Trace the email sent to you from NSDL from your mailbox. Open the email and open the attachment i.e. a .pdf file. Open the .pdf file. The password to open the .pdf file is your 8 digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your 'User ID' and your 'initial password'.
  - If your email ID is not registered, please follow steps mentioned below in **process for those Shareholders whose email ids are not registered**.

#### 6. If you are unable to retrieve or have not received the "Initial password" or have forgotten your password:

- Click on "**Forgot User Details/Password?**" (If you are holding shares in your demat account with NSDL or CDSL) option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com).

- "**Physical User Reset Password?**" (If you are holding shares in physical mode) option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com).
- If you are still unable to get the password by aforesaid two options, you can send a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) mentioning your demat account number/folio number, your PAN, your name and your registered address etc.
- Members can also use the **OTP** (One Time Password) based login for casting the votes on the e-Voting system of NSDL.

#### 7. After entering your password, tick on Agree to "Terms and Conditions" by selecting on the check box.

#### 8. Now, you will have to click on "Login" button.

#### 9. After you click on the "Login" button, Home page of e-Voting will open.

#### Step 2: Cast your vote electronically and join General Meeting on NSDL e-Voting system.

#### How to cast your vote electronically and join General Meeting on NSDL e-Voting system?

- After successful login at Step 1, you will be able to see all the companies "EVEN" in which you are holding shares and whose voting cycle and General Meeting is in active status.
- Select "EVEN" of company for which you wish to cast your vote during the remote e-Voting period and casting your vote during the General Meeting. For joining virtual Meeting, you need to click on "VC/OAVM" link placed under "Join General Meeting".
- Now you are ready for e-Voting as the Voting page opens.
- Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on "Submit" and also "Confirm" when prompted.
- Upon confirmation, the message "Vote cast successfully" will be displayed.
- You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
- Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

#### General Guidelines for Shareholders

- Institutional Shareholders (i.e., other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/ JPG Format) of the relevant Board Resolution/ Authority letter etc. with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer by e-mail to [evoting.hcc@gmail.com](mailto:evoting.hcc@gmail.com) with a copy marked to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in). Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) can also upload their Board Resolution / Power of Attorney / Authority Letter etc. by clicking on "Upload Board Resolution / Authority Letter" displayed under "e-Voting" tab in their login.

2. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-Voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the "Forgot User Details/Password?" or "Physical User Reset Password?" option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com) to reset the password.
3. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the download section of [www.evoting.nsdl.com](http://www.evoting.nsdl.com) or call on: 022- 4886 7000 and 022- 2499 7000 or send a request to Ms. Pallavi Mhatre, Manager, NSDL at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in).

**Process for those Shareholders whose email ids are not registered with the depositories for procuring user id and password and registration of email ids for e-Voting for the resolutions set out in this Notice:**

1. In case shares are held in physical mode please provide Folio No., Name of Shareholder, scanned copy of the share certificate (front and back), PAN (self-attested scanned copy of PAN card), AADHAR (self-attested scanned copy of Aadhar Card) by email to [secretarial@hccindia.com](mailto:secretarial@hccindia.com).
2. In case shares are held in demat mode, please provide DPID-CLID (16-digit DPID + CLID or 16-digit beneficiary ID), Name, client master or copy of Consolidated Account statement, PAN (self-attested scanned copy of PAN card), AADHAR (self-attested scanned copy of Aadhar Card) to [secretarial@hccindia.com](mailto:secretarial@hccindia.com). If you are an Individual Shareholder holding securities in demat mode, you are requested to refer to the login method explained at step **1 (A) i.e., Login method for e-Voting and joining virtual Meeting for Individual Shareholders holding securities in demat mode.**
3. Alternatively, Shareholder/Members may send a request to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) for procuring user id and password for e-Voting by providing above mentioned documents.
4. In terms of SEBI circular dated December 9, 2020 on e-Voting facility provided by Listed Companies, Individual Shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are required to update their mobile number and email ID correctly in their demat account in order to access e-Voting facility.

**17. THE INSTRUCTIONS FOR MEMBERS FOR E-VOTING ON THE DAY OF THE AGM ARE AS UNDER:**

1. The procedure for e-Voting on the day of the AGM is same as the instructions mentioned above for remote e-Voting.
2. Only those Members/ Shareholders, who will be present in the AGM through VC/OAVM facility and have not cast their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system in the AGM.

3. Members who have voted through Remote e-Voting will be eligible to attend the AGM. However, they will not be eligible to vote at the AGM.
4. The details of the person who may be contacted for any grievances connected with the facility for e-Voting on the day of the AGM shall be the same person mentioned for Remote e-Voting.

**18. INSTRUCTIONS FOR MEMBERS FOR ATTENDING THE AGM THROUGH VC/OAVM ARE AS UNDER:**

1. Member will be provided with a facility to attend the AGM through VC/OAVM through the NSDL e-Voting system. Members may access by following the steps mentioned above for **Access to NSDL e-Voting system**. After successful login, you can see link of "VC/OAVM link" placed under "**Join Meeting**" menu against company name. You are requested to click on VC/OAVM link placed under Join General Meeting menu. The link for VC/OAVM will be available in Shareholder/Member login where the EVEN of Company will be displayed. Please note that the Members who do not have the User ID and Password for e-Voting or have forgotten the User ID and Password may retrieve the same by following the remote e-Voting instructions mentioned in the notice to avoid last minute rush.
2. Members are encouraged to join the Meeting through Laptops for better experience.
3. Further Members will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the Meeting.
4. Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
5. Shareholders who would like to express their views or ask questions during the AGM may register themselves as a speaker by sending their request from their registered email address mentioning their name, DP ID and Client ID/folio number, email id, mobile number at [secretarial@hccindia.com](mailto:secretarial@hccindia.com) latest by Friday, August 25, 2023 (5:00 p.m.). Those Members who have registered themselves as a speaker will only be allowed to express their views/ask questions during the AGM. The Company reserves the right to restrict the number of speakers depending on the availability of time for the AGM.

19. Mr. B. Narasimhan, Proprietor, B N & Associates, Practicing Company Secretary (Membership No. FCS 1303 and Certificate of Practice No. 10440) has been appointed as the Scrutinizer to scrutinize the remote e-Voting process and voting at AGM, in a fair and transparent manner and he has communicated willingness to be appointed and shall be available for the same purpose.

20. The Scrutinizer shall, immediately after the conclusion of voting at the AGM, first count the votes cast during the AGM, thereafter, unblock the votes cast through remote e-Voting and make a consolidated Scrutinizer's Report of the total votes cast in favour or against, if any, to the Chairman or a person authorised by him in writing. The voting results along with the consolidated Scrutinizer's Report shall be submitted to the Stock Exchanges i.e., BSE and NSE within two working days of conclusion of the AGM by the Company.
21. The Results declared along with the report of the Scrutinizer shall be placed on the website of the Company and on the website of NSDL immediately after the declaration of results by the Chairman or a person authorized by him in writing.
- The results shall also be uploaded on the BSE Listing Portal and on the NSE NEAPS Portal.
22. Subject to receipt of requisite number of votes, the Resolutions shall be deemed to be passed on the date of the 97<sup>th</sup> Annual General Meeting i.e Wednesday, August 30, 2023.

By Order of the Board  
For **Hindustan Construction Company Ltd.**

**Nitesh Kumar Jha**  
**Company Secretary**

**Registered Office:**

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

Place: Mumbai

Date : August 03, 2023

## ANNEXURE TO THE NOTICE

### **AS REQUIRED BY SECTION 102 OF THE COMPANIES ACT, 2013 ("THE ACT"), THE FOLLOWING EXPLANATORY STATEMENT SETS OUT ALL MATERIAL FACTS RELATING TO THE BUSINESSES MENTIONED UNDER ITEM NUMBERS 2 TO 8 OF THE ACCOMPANYING NOTICE DATED AUGUST 03, 2023.**

#### **Item No.2**

Based on the recommendation of the Nomination and Remuneration Committee, the Board of Director has appointed Mr. Arun Karambelkar (DIN: 02151606), Non-Executive-Non-Independent Director as an Independent Director of the Company with effect from June 07, 2023 subject to approval of the Members to hold office for a term of 5 consecutive years, up to the conclusion of the 102<sup>nd</sup> Annual General Meeting of the Company to be held in the calendar year 2028, not liable to retire by rotation.

Mr. Arun Karambelkar is eligible for being appointed as Independent Director. The Company has also received the declaration from him confirming that he meets the criteria of Independence as prescribed under Section 149 of the Companies Act, 2013 ('the Act') and Regulation 16 (1)(b) SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 ("SEBI Listing Regulations") read with Regulation 25(8) of the SEBI Listing Regulations. Accordingly, the Board of Directors of the Company is of the opinion that Mr. Arun Karambelkar is meeting the criteria of independence and is independent of the management.

#### **Brief profile of Mr. Arun Karambelkar is as under:**

"Mr. Arun Karambelkar was appointed as a Non-Executive, Non-Independent Director of the Company with effect from June 23, 2021, and his appointment was regularized in the 95<sup>th</sup> Annual General Meeting of the Company held on September 23, 2021.

Mr. Karambelkar was on the Board of Directors of Hindustan Construction Company Ltd. (HCC) as Whole Time Director between April 2011 and April 2014. Subsequent to this, he was the President & CEO of HCC E&C Business from April 2014 till April 2018.

At HCC, Mr. Karambelkar was responsible for managing business growth through strategic financial initiatives across HCC's market-segments: namely Hydro Power, Transportation, Water Solutions, Nuclear Power, Industrial Construction, Ports & Marine Works, etc.

Mr. Karambelkar possesses a rich and diverse experience of over 37 years in various industries such as automobiles, engineering, and electronics. During his career of over 27 years at HCC, he was involved in the strategic functions of Procurement & Sub-contracting, managing HCC's construction equipment fleet worth US \$ 330 million (₹ 1500 crore). The driving force in the application of benchmark ERP practices for Materials Management, he was instrumental in introducing eProcurement at HCC. Under his leadership, HCC was awarded SAP's 'Best Innovation' award for creative use of their Materials Management module.

In 2010, the Indian Institute of Material Management (IIMM), Mumbai, recognized his contribution to the field of Materials Management and Supply Chain by awarding him the prestigious 'UNITOP AWARD'.

He is life-time member of IIMM since 1982, was a member of Western Region Committee and the National Councillor also.

Mr. Karambelkar is a silver medallist with a Bachelor of Engineering (Mechanical) from Mumbai University and a top ranker in Masters in Materials Management from Pune University.

Presently, Mr. Karambelkar is on the Board of Capacit'e Infraprojects Limited, that provides an end-to-end construction service for buildings and factories across sectors (including design and building services)."

Mr. Arun Karambelkar does not hold by himself or for any other person on a beneficial basis, any Equity Shares in the Company.

Copy of the draft letter of appointment of Mr. Arun Karambelkar as an Independent Director, setting out the terms and conditions is available for inspection by the Members at the Registered Office of the Company during normal business hours on any working day, excluding Saturday.

Relevant details pursuant to Regulation 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("the SEBI Listing Regulations"), as amended, read with Secretarial Standard-2 on General Meetings are provided in Annexure A to the Explanatory Statement to the AGM Notice.

The Board considers that Mr. Arun Karambelkar's appointment on the Board as an Independent Director of the Company would be of immense benefit to the Company.

Accordingly, approval of the Members is sought for passing the Special Resolution as set out at Item No. 2 of this Notice for appointment of Mr. Arun Karambelkar (DIN: 02151606) Non-Executive-Non-Independent Director as an Independent Director of the Company.

The Board recommends the resolution set out at Item No. 2 of this Notice for approval of the Members as a Special Resolution.

Except Mr. Arun Karambelkar, none of the Directors, Key Managerial Personnel or their respective relatives are in any way concerned or interested, financially or otherwise, in the resolution set out at Item No. 2 of this Notice except to the extent of their respective shareholding in the Company, if any.

### **Item No. 3**

Based on the recommendation of the Nomination and Remuneration Committee, in accordance with Section 161 of the Companies Act, 2013 read with Article 88 of the Articles of Association of the Company, the Board of Directors, vide its circular resolution passed on June 09, 2023, has appointed Mr. Aditya Pratap Jain as an Additional (Non-Executive-Non Independent) Director on the Board of the Company with effect from June 07, 2023, liable to retire by rotation subject to approval of the Members of the Company pursuant to Regulation 17(1C) of the SEBI(Listing Obligations and Disclosure Requirements) Regulations, 2015.

The Company is in receipt of his consent to act as Director of the Company, alongwith a declaration to the effect that he is not disqualified to act as such.

### **Brief profile of Mr. Aditya Pratap Jain is as under:**

"Mr. Aditya Pratap Jain is a Law Graduate from Delhi University and has done his Post Graduate Diploma in Personnel Management from the National Institute of Personnel Management, Calcutta in 1994. He started his career as an Executive Trainee with National Thermal Power Corporation and was the Gold Medalist of his batch.

He has a rich experience of over 32 years in reputed Public Sector, Multinational and Private Sector organizations. Having worked across a diverse industry spectrum ranging from Project-based organizations, Manufacturing and the Telecom Sector, Mr. Aditya Pratap Jain has in-depth exposure to all facets of Human Resources Strategy, Development, Processes and Operations. He joined the HCC Group in October 2007 and was responsible for providing HR leadership to all the HCC Group Companies till March 2022 with a major focus on expansion, competency development, change initiatives and management.

Mr. Aditya Pratap Jain has also been associated with ABB, Alstom India, Tata Teleservices Limited, Tata Tea Limited and has been a stalwart in the field of Human Resources."

Mr. Aditya Pratap Jain does not hold by himself or for any other person on a beneficial basis, any Equity Shares in the Company.

Relevant details pursuant to Regulation 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("the SEBI Listing Regulations"), as amended, read with Secretarial Standard-2 on General Meetings are provided in Annexure A to the Explanatory Statement to the AGM Notice.

The Board considers that Mr. Aditya Pratap Jain's appointment on the Board as a Director of the Company would be of immense benefit to the Company considering his experience and long-standing association with the Company.

Accordingly, approval of the Members is sought for passing the Ordinary Resolution as set out at Item No. 3 of this Notice for appointment of Mr. Aditya Pratap Jain (DIN: 08115375) as a Non-Executive-Non-Independent Director of the Company, liable to retire by rotation.

Accordingly, the Board recommends the resolution set out at Item No. 3 of this Notice for approval of the Members as an Ordinary Resolution.

Except Mr. Aditya Pratap Jain, none of the Directors, Key Managerial Personnel or their respective relatives are in any way concerned or interested, financially or otherwise, in the resolution set out at Item No. 3 of this Notice except to the extent of their respective shareholding in the Company, if any.

### **Item No. 4**

At the 94<sup>th</sup> Annual General Meeting ("AGM") of the Company held on December 24, 2020, Members of the Company had approved appointment of Dr. Mita Dixit, who was appointed as an Additional Independent Director by the Board with effect from February 06, 2020, as an Independent Director of the Company for a term of 3 consecutive years i.e., upto the conclusion of 97<sup>th</sup> AGM to be held in the calendar year 2023, not liable to retire by rotation. Accordingly, her tenure is ending at the 97<sup>th</sup> AGM.



The Company has received declaration from Dr. Mita Dixit that she continues to meet with the criteria of independence as prescribed under sub-section (6) of Section 149 of the Companies Act, 2013 ("the Act") and the SEBI (Listing Obligations & Disclosure Requirements) Regulation 2015 ("SEBI Listing Regulations").

In terms of Section 149 and the other applicable provisions of the Act and SEBI Listing Regulations, Dr. Mita Dixit being eligible has offered herself for re-appointment. The Company is in receipt of her consent to act as Director of the Company, alongwith a declaration to the effect that she is not disqualified to act as such.

Based on the performance evaluation carried out by the Board, and after reviewing the declaration submitted by Dr. Mita Dixit and pursuant to the recommendation of the Nomination and Remuneration Committee, the Board at its Meeting held on August 03, 2023 has formed an opinion that Dr. Mita Dixit is meeting the criteria of independence as per the provisions of Section 149 of the Act and rules made thereunder read with the requirements of SEBI Listing Regulations and that she is independent of the management. In view of the same, it has recommended to the Members the re-appointment of Dr. Mita Dixit as an Independent Director, not liable to retire by rotation, for a second term of 5 consecutive years upto the conclusion of the 102<sup>nd</sup> Annual General Meeting of the Company to be held in calendar year 2028.

#### **Brief profile of Dr. Mita Dixit is as under:**

"Dr. Mita Dixit is a Chemical Engineer and has done Master's in Marketing Management, PhD from BITS Pilani University.

She is the Co-Founder and Director of Equations Advisors Private Limited, a specialized consulting Company for family owned-and managed Business with 20+ years of experience.

Dr. Mita Dixit facilitates owner-families to align their family aspirations and expectation with business vision and goals. She helps families to practice good governance by developing family policies, family Constitution, and conflict resolution process. At Equations, she leads a team of consultants and professionals providing services in strategic growth, organizational development, professionalization, business restructuring, and executive coaching. As a Management Professional, Dr. Mita Dixit has worked with prominent corporates like Garware Group, Indian Express, and an Ajay Piramal Group Company in Marketing and Branding.

Dr. Mita Dixit is the first Indian to do a Doctoral research in "Conflict in Indian Family Businesses." She has co-authored "The 5Gs of Family Business," a practical insightful and engaging book on success framework of family businesses. She was the Head of Research and Consulting at the CFMB at SPJIMR, Mumbai and is a visiting faculty at several family business management programs.

Dr. Mita Dixit is an Independent Director on the Board of ANUH Pharmaceuticals Limited, Hindustan Construction Company Limited (HCC), Prolific Resolution Private Limited and Shetron Limited and also a certified Management Consultant (CMC). She is currently the Chairperson, Mumbai Chapter of Institute of Management Consultants of India."

Dr. Mita Dixit does not hold by herself or for any other person on a beneficial basis, any Equity Shares in the Company.

Copy of the draft letter of appointment of Dr. Mita Dixit as an Independent Director, setting out the terms and conditions is available for inspection by the Members at the Registered Office of the Company during normal business hours on any working day, excluding Saturday.

Relevant details pursuant to Regulation 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("the SEBI Listing Regulations"), as amended, read with Secretarial Standard-2 on General Meetings are provided in Annexure A to the Explanatory Statement to the AGM Notice.

The Board considers that Dr. Mita Dixit's continuance on the Board as an Independent Director of the Company would be of immense benefit to the Company.

Accordingly, approval of the Members is sought for passing the Special Resolution as set out at Item No. 4 of this Notice for Re-appointment of Dr. Mita Dixit (DIN: 08198165), as an Independent Director of the Company.

The Board recommends the resolution set out at Item No. 4 of this Notice for approval of the Members as a Special Resolution.

Except Dr. Mita Dixit, none of the Directors, Key Managerial Personnel or their respective relatives are in any way concerned or interested, financially or otherwise, in the resolution set out at Item No. 4 of this Notice except to the extent of their respective shareholding in the Company, if any.

#### **Item No.5**

SEBI, vide its notification dated February 02, 2023, bearing reference number SEBI/LAD-NRO/GN/2023/119 ("SEBI Notification"), amended the Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021 ("SEBI NCS Regulation") and has mandated that Articles of Association ("AOA") of an issuer of debt securities should contain a clause authorising the Board of Directors of such issuer company to appoint a person nominated by the Debenture Trustee(s) in terms of Regulation 15(1)(e) of the Securities and Exchange Board of India (Debenture Trustees) Regulations, 1993 as a Director on its Board.

Further, in case AOA of issuer companies whose debt securities are already listed on the date of SEBI Notification does not contain a provision for appointing a Nominee Director by Debenture Trustee then such issuer companies should amend their AOA on or before September 30, 2023.

Members are requested to note that the Company has issued debt securities under SEBI NCS Regulations. Further, the existing Article 91 of the AOA of the Company does not contain any provision with respect to appointment of Nominee Director by the Debenture Trustee as required in terms of Regulation 15(1)(e) of the Securities and Exchange Board of India (Debenture Trustees) Regulations, 1993.

Accordingly, approval of the Members is sought in accordance with the provisions of Section 14 of the Companies Act, 2013 for passing the Special Resolution as set out at Item No. 5 for alteration of the AOA of the Company by substituting new Article 91 in place of the existing Article 91.

The draft amended Articles of Association of the Company is available for inspection by the Members at the Registered Office of the Company during normal business hours on any working day, excluding Saturday.

The Board of Directors recommends the Special Resolution set out at Item No. 5 of this Notice for the consideration and approval of the Members.

None of the Directors, Key Managerial Personnel or their respective relatives are in any way concerned or interested, financially or otherwise, in the resolution set out at Item No. 5 of this Notice.

#### **Item No. 6**

The Board of Directors, on the recommendation of the Audit Committee, approved the appointment and remuneration of M/s. Joshi Apte & Associates, Cost Accountants as Cost Auditors of the Company, to conduct the audit of the cost records of the Company for the financial year ended March 31, 2023.

In terms of the provisions of Section 148(3) of the Companies Act, 2013 ("the Act") read with Rule 14 the Companies (Audit and Auditors) Rules, 2014, the remuneration of the Cost Auditors, as recommended by the Audit Committee and approved by the Board of Directors, is required to be ratified by the Members.

The remuneration payable to M/s. Joshi Apte & Associates, Cost Auditors of the Company for conducting the audit of the cost records for the financial year ended March 31, 2023, as recommended by the Audit Committee, and approved by the Board of Directors at its Meeting held on August 04, 2022 will not exceed ₹ 2,85,000/- (Rupees Two Lakhs Eighty-Five Thousand Only) plus applicable taxes and reimbursement of out-of-pocket expenses.

Accordingly, approval of the Members is sought for passing the Ordinary Resolution as set out at Item No. 6 of this Notice to ratify the remuneration payable to the Cost Auditors for the financial year ended March 31, 2023.

The Board of Directors recommends the Ordinary Resolution set out at Item No. 6 of this Notice for the consideration and approval of the Members.

None of the Directors, Key Managerial Personnel or their respective relatives are in any way concerned or interested, financially or otherwise, in the resolution set out at Item No.6 of this Notice except to the extent of their respective shareholding in the Company, if any.

#### **Item No. 7**

The Special Resolution contained in the Notice under Item No. 7 relates to a resolution by the Company enabling the Board of Director to create, issue, offer and allot Equity Shares, GDRs, ADRs, Foreign Currency Convertible Bonds, Convertible Debentures, Non-Convertible Debentures and such other Securities as stated in the resolution (the 'Securities') at such price as may be deemed appropriate by the Board at its absolute discretion including the discretion to determine the categories of Investors to whom the issue, offer, and allotment shall be made considering the prevalent market conditions and other relevant factors and wherever necessary, in consultation

with merchant bankers, advisors, underwriters, etc., inclusive of such premium, as may be determined by the Board in one or more tranche(s), subject to the SEBI (Issue and Listing of Non-Convertible Securities) Regulations, 2021 (the "SEBI Regulations") and other applicable laws, rules and regulations.

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

The Board shall issue Securities pursuant to this Special Resolution to meet long term working capital and capital expenditure requirements of the Company and its subsidiaries, joint ventures and affiliates, investment in subsidiaries (including overseas subsidiaries), joint ventures and affiliates, repayment/restructuring of debts due to lenders/banks/institutions, strengthening the Balance Sheet of the Company, tap acquisition opportunities, 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 the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018, (the "SEBI Regulations") for raising capital. The pricing of the Specified Securities to be issued to QIBs pursuant to the said SEBI Regulations shall be freely determined subject to such price not being less than the price calculated in accordance with the relevant provisions of the said SEBI Regulations.

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

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

Pursuant to the provisions of Sections 42, 62, 71 and 180(1)(c) of the Companies Act, 2013 including any rules made thereunder and any other provision of the said Act, as may be applicable and the relevant provisions of the listing agreements with the stock exchanges and any other applicable laws, the issue of securities comprising Equity Shares, foreign currency convertible bonds, ADR's, GDR's, non-convertible debentures and/or issue of debentures on private placement, convertible debentures, etc., will require the prior approval of the Members by way of a Special Resolution.

The Special Resolution as set out at Item No. 7, is an enabling resolution and if passed, will have the effect of permitting the Board to issue and allot Securities to Investors, who may or may not be existing Members of the Company.

Accordingly, approval of the Members is sought for passing Special Resolution as set out at Item No. 7 of this Notice for issuance of securities of the Company.

The Board of Directors recommends the Special Resolution set out at Item No. 7 of this Notice for the consideration and approval of the Members.

None of the Directors and Key Managerial Personnel of the Company or their respective relatives are in any way concerned or interested, financially or otherwise, in the resolution set out at Item No. 7 of this Notice except to the extent of their respective shareholding in the Company, if any.

#### **Item No. 8**

Steiner Construction SA, Switzerland is a step-down material subsidiary of Steiner AG, Switzerland, a material subsidiary of Hindustan Construction Company Ltd. ("the Company"). The share capital of Steiner Construction SA is CHF 116,000.

Steiner AG intends to sell its 100% shareholding held in Steiner Construction SA at an enterprise value of at least CHF 60 million (~₹ 568 crores approximately) which will result in the divestment of its entire interest of the Company in Steiner Construction SA. Steiner AG has entered into an agreement, including exclusivity, with a shortlisted buyer after engaging a financial advisor and conducting a sale process. The Share Purchase Agreement shall be executed post receipt of all necessary approvals and the divestment is expected to be completed by Q3 FY24.

Steiner Construction SA was incorporated in July 2022 to achieve a bifurcation between the Steiner Group's core Real estate development business and Construction businesses, thereby catering to different stakeholders and allowing for value unlocking within the group. During the fiscal year ended March 31, 2023, Steiner Construction SA generated CHF 196 million of turnover and CHF 2.8 million of profit before tax (PBT).

Post sale of Steiner Construction SA by Steiner AG, Steiner AG will continue with its core business of real estate development in projects of over CHF 5 billion (value at completion).

Consequent to the sale, Steiner AG will book a material profit and generate substantial cash flow for its business.

Since as per the provisions of Regulation 24(5) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, a listed entity shall not dispose of shares in its material subsidiary resulting in reduction of its shareholding (either on its own or together with other subsidiaries) to less than or equal to fifty percent or cease the exercise of control over the subsidiary without passing a Special Resolution in its General Meeting. Accordingly, it is proposed to seek Members' approval for divestment of entire interest in Steiner Construction SA, Switzerland, a step-down material subsidiary of the Company by Steiner AG, Switzerland, a material subsidiary of the Company by way of this Special Resolution.

The Board of Directors recommends the Special Resolution set out at Item No. 8 of this Notice for the consideration and approval of the Members.

None of the Directors and Key Managerial Personnel of the Company or their respective relatives are in any way concerned or interested, financially or otherwise, in the resolution set out at Item No. 8 of this Notice except to the extent of their respective shareholding in the Company, if any.

By Order of the Board  
For **Hindustan Construction Company Ltd.**

**Nitesh Kumar Jha**  
**Company Secretary**

#### **Registered Office:**

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

Place: Mumbai  
Date: August 03, 2023

## ANNEXURE A (FOR ITEM NUMBERS 2, 3 AND 4)

Details of the Directors seeking appointment/re-appointment in pursuance of the Companies Act, 2013 and the SEBI Listing Regulations read with Secretarial Standard-2 on General Meetings, as applicable.

<b>1</b>	<b>Name of the Director</b>	<b>Mr. Arun Karambelkar</b>
	DIN	02151606
	Date of Birth	September 25, 1955
	Qualification	B.E. (Mechanical), M.B.A.
	Date of Appointment	June 07, 2023 (As Independent Director)
	Brief Resume alongwith Justification Note	As provided in the Explanatory Statement to the AGM Notice under Item No. 2.
	Relationship with Directors	None
	Expertise in specific functional areas	Diverse experience in Construction Industry
	No. of Board Meetings attended during the year	1
	Directorships held in other Companies and Bodies Corporate	CAPACIT'E INFRAPROJECTS LIMITED
	Chairman/Member of the Committee of the Board of Directors in other Companies	<b>CAPACIT'E INFRAPROJECTS LIMITED</b> Audit Committee – Chairman Nomination and Remuneration Committee – Member Stakeholders Relationship Committee – Member Risk Management Committee – Member Corporate Social Responsibility Committee – Member
	Number of Shares held in the Company	Nil
<b>2</b>	<b>Name of the Director</b>	<b>Mr. Aditya Pratap Jain</b>
	DIN	08115375
	Date of Birth	June 22, 1962
	Qualification	Law Graduate and Diploma in Personnel Management from the National Institute of Personnel Management
	Date of Appointment	June 07, 2023
	Brief Resume alongwith Justification Note	As provided in the Explanatory Statement to the AGM Notice under Item No. 3.
	Relationship with Directors	None
	Expertise in specific functional areas	Wide experience in the field of Human Resources
	No. of Board Meetings attended during the year	N. A
	Directorships held in other Companies and Bodies Corporate	N. A
	Chairman/Member of the Committee of the Board of Directors in other Companies	N. A
	Number of Shares held in the Company	Nil
<b>3</b>	<b>Name of the Director</b>	<b>Dr. Mita Dixit</b>
	DIN	08198165
	Date of Birth	February 16, 1965
	Qualification	Chemical Engineer, Masters in Marketing Management, PhD from BITS Pilani University
	Date of Appointment	February 06, 2020 (initial appointment)
	Brief Resume alongwith Justification Note	As provided in the Explanatory Statement to the AGM Notice under Item No. 4.
	Relationship with Directors	None
	Expertise in specific functional areas	Specialized consulting for family owned-and managed Business
	No. of Board Meetings attended during the year	5
	Directorships held in other Companies and Bodies Corporate	Anuh Pharma Limited Equations Advisors Private Limited Prolific Resolution Private Limited, wholly owned subsidiary of HCC Shetron Limited
	Chairman/Member of the Committee of the Board of Directors in other Companies	<b>Prolific Resolution Private Limited</b> Audit Committee – Member Nomination and Remuneration Committee – Chairperson Stakeholders Relationship Committee – Chairperson Risk Management Committee – Member
	Number of Shares held in the Company	Nil

NOTES

## This image shows a full page of blank white paper with horizontal ruling lines. The lines are evenly spaced and run across the width of the page, providing a template for writing or drawing. There are no margins, text, or other markings on the page.

# IMPORTANT FINANCIAL STATISTICS

Year	Paid Up Capital				Fixed Assets		Dividend paid on Preference and Equity shares			
	Equity ₹ Lacs	Preference ₹ Lacs	Reserves ₹ Lacs	Debentures ₹ Lacs	Gross Block ₹ Lacs	Net Block ₹ Lacs	Turnover ₹ Lacs	Net Profit ₹ Lacs	Equity shares ₹ Lacs	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	—	—
2013-14	6066.00	—	118673.00	22000.00	202580.00	91540.00	411349.00	8064.00	—	—
2014-15	6459.00	—	132286.00	21010.00	200646.00	78474.00	430114.00	8165.00	—	—
2015-16	7792.00	—	178491.00	18730.00	194985.00	66908.00	419090.00	8497.00	—	—
2016-17 (IND-AS)	10108.00	—	258890.00	14469.00	198988.00	59547.00	419594.00	8092.00	—	—
2017-18	10155.00	—	267339.00	11024.00	207258.00	59794.00	457508.00	6589.00	—	—
2018-19 (Restated)	15131.00	—	120232.00	10382.00	190284.00	41809.00	460349.00	-193506.00	—	—
2019-20	15131.00	—	102743.00	8259.00	185085.00	34547.00	364364.00	-18259.00	—	—
2020-21	15131.00	—	46055.00	6337.00	196138.00	48042.00	258974.00	-55956.00	—	—
2021-22	15131.00	-	31701.81	4112.00	170232.83	37232.00	466628.00	-14524.00	—	—
2022-23	15131.00	-	56961.00	78880.00	157824.00	29989.00	522201.00	25407.00	—	—





Hindustan Construction Co Ltd  
Hincon House,  
Lal Bahadur Shastri Marg  
Vikhroli (West)  
Mumbai 400083  
India  
Tel.: +91 22 2575 1000  
Fax: +91 22 2577 7568

[www.hccindia.com](http://www.hccindia.com)

This annual report has been printed on eco-friendly paper.

**Cover image**

Nikachhu Hydro Power Project, Bhutan