

HINDUSTAN CONSTRUCTION COMPANY LTD

(CIN: L45200MH1926PLC001228)

Regd Office: Hincan House, LBS Marg, Vikhroli (West), Mumbai – 400 083.

Website: www.hccindia.com

Tel.: +91 22 25751000 **Fax.:** +91 22 25777568

Notice of Postal Ballot

NOTICE TO MEMBERS PURSUANT TO SECTION 110 OF THE COMPANIES ACT, 2013:

Dear Member(s)

Notice is hereby given pursuant to the provisions of Section 110 and other applicable provisions, if any, of the Companies Act, 2013, ('the Act') read with the Companies (Management and Administration) Rules, 2014 (including any statutory modification or re-enactment thereof for the time being in force) and other applicable laws and regulations, to seek the consent of Member(s) of Hindustan Construction Company Limited, for passing of the following proposed resolution(s) by way of Postal Ballot.

SPECIAL BUSINESS:

1. Sale of beneficial interest/rights in certain awards & claims

To consider and, if thought fit, to pass the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT pursuant to the provisions of the Companies Act, 2013 (including any amendments, statutory modification(s) and/or re-enactment thereof for the time being in force), the Articles of Association of the Company and subject to applicable statues and regulations and requisite approvals, consents and clearance from the Bankers, Financial Institutions or other statutory authorities, if required, the consent of the Company be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as the **"Board"** which term shall be deemed to include any committee thereof) to sell, transfer, hive-off, assign, dispose-off or otherwise transfer to a strategic partner, investor, special purpose vehicle, trust or to any third party, the beneficial interest, rights and/or receivables in certain arbitration awards and claims pursued by the Company amounting to Rs.2082 crores accounted in its Books as on 31st March 2019, for a total consideration of approximately Rs.1750 crore to be received, as may be agreed to and decided by the Board.

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board be and is hereby authorised to finalize the manner and method of sale, transfer or disposal and execute all necessary agreements (including such representations, warranties indemnities and covenants as may be customary in such transactions), deeds and documents and subsequent modifications thereto; resolve or settle any question, difficulty, dispute or doubt; further delegate the powers/authorities expressly or impliedly granted under this resolution to any of its committees, employees/officers of the Company, authorized representative(s) etc.; hiring any consultants, agents, advisors etc. 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 unless, obtaining of such further consent/approval is mandatory under the provisions of any law."

2. Payment of remuneration to Mr. Ajit Gulabchand, Chairman & Managing Director for financial year 2014-15

To consider and, if thought fit, to pass, the following resolution as a **Special Resolution**:

"RESOLVED THAT pursuant to the provisions of Section 197 read with Schedule V and other applicable provisions, if any, of the Companies Act, 2013 and the rules made thereunder (including any amendments thereto or statutory modifications or re-enactment thereof for the time being in force) ("the Act") and in furtherance to the approval accorded by the shareholders at the 87th Annual General Meeting of the Company held on June 21, 2013 and consequent to abatement of application, made to Central Government for approval for payment of remuneration to Mr. Ajit Gulabchand for financial year 2014-15, in view of commencement of the Companies (Amendment) Act, 2017 (Amendment Act) and pursuant to the recommendation of the Nomination and Remuneration Committee and approval of the Board of Directors, the consent be and is hereby accorded to the Company for the payment of the following remuneration to Mr. Ajit Gulabchand, Chairman & Managing Director, for the financial year 2014-15 (not paid so far) as during the said year the Company had inadequate profits and the remuneration payable is in excess of the limits specified in Section II of Part II of Schedule V of Companies Act, 2013:-

Amount (in ₹)

Financial Year	Annual Salary	Perquisites and Allowances (per annum)	Other Retirals, Provident Fund & Superannuation (per annum)	Total payable (per annum)
2014-15	4,80,00,000	4,56,00,000	1,29,60,000	10,65,60,000

In addition, Mr. Gulabchand will be provided the following perquisites for the said financial year, which are not included in the computation of remuneration:-

- Provision for use of Company's car for official duties and telephone and other communication facilities at residence, which are not included in the computation of perquisites;
- Gratuity/Insurances, as per the Rules of the Company;
- One month's leave for every eleven months of service and such other benefits in accordance with the Rules of the Company;
- Encashment of leave at the end of the tenure.

RESOLVED FURTHER THAT the Board of Directors of the Company (hereinafter referred to as the "Board")(which term shall be deemed to include any duly authorized Committee thereof, for the time being exercising the powers conferred on the Board, including the Nomination and Remuneration Committee) be and is hereby authorized to revise, amend, alter and/or vary the terms and conditions in relation to the above remuneration in such manner as may be permitted in accordance with the provisions of the Act and/or to the extent as may be required, by the concerned authority, if any, while according their approval and to do all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary, proper or desirable including making of an application to regulatory authorities, execution of necessary documents and to settle any questions, difficulties and/or doubts that may arise in this regard in order to implement and give effect to the foregoing resolution."

3. Payment of remuneration to Mr. Ajit Gulabchand, Chairman & Managing Director for financial year 2015-16

To consider and, if thought fit, to pass the following resolution as a **Special Resolution**:

"RESOLVED THAT pursuant to the provisions of Section 197 read with Schedule V and other applicable provisions, if any, of the Companies Act, 2013 and the rules made thereunder (including any amendments thereto or statutory modifications or re-enactment thereof for the time being in force) ("the Act") and in furtherance to the approval accorded by the shareholders at the 87th Annual General Meeting of the Company held on June 21, 2013 and consequent to abatement of the application made to Central Government for approval for payment of remuneration to Mr. Ajit Gulabchand for financial year 2015-16 and in view of commencement of the Companies (Amendment) Act, 2017 (the Amendment Act) and pursuant to the recommendation of the Nomination and Remuneration Committee and approval of the Board of Directors, the consent be and is hereby accorded to the Company in respect of the following remuneration paid to Mr. Ajit Gulabchand, Chairman & Managing Director, for the financial year 2015-16, as during the said year the Company had inadequate profits and the remuneration so paid was in excess of the limits specified in Section II of Part II of Schedule V of Companies Act, 2013:-

Amount (in ₹)

Financial Year	Annual Salary	Perquisites and Allowances (per annum)	Other Retirals, Provident Fund & Superannuation (per annum)	Total payable (per annum)
2015-16	4,80,00,000	4,56,00,000	1,29,60,000	10,65,60,000

In addition, Mr. Gulabchand will be provided the following perquisites for the said financial year, which are not included in the computation of remuneration:-

- Provision for use of Company's car for official duties and telephone and other communication facilities at residence, which are not included in the computation of perquisites;
- Gratuity/Insurances, as per the Rules of the Company;
- One month's leave for every eleven months of service and such other benefits in accordance with the Rules of the Company;
- Encashment of leave at the end of the tenure.

RESOLVED FURTHER THAT the Board of Directors of the Company (hereinafter referred to as the “Board”) (which term shall be deemed to include any duly authorized Committee thereof, for the time being exercising the powers conferred on the Board including the Nomination and Remuneration Committee) be and is hereby authorized to revise, amend, alter and / or vary the terms and conditions in relation to the above remuneration in such manner as may be permitted in accordance with the provisions of the Act and/or to the extent as may be required, by the concerned authority, if any, while according their approval and to do all such acts, deeds, matters and things as it may, in its absolute discretion deem necessary, proper or desirable including making of an application to regulatory authorities, execution of necessary documents and to settle any questions, difficulties and/or doubts that may arise in this regard in order to implement and give effect to the foregoing resolution.”

By the Order of the Board of Directors
For Hindustan Construction Company Ltd.

Ajay Singh
Company Secretary

Registered Office:

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

Place : Mumbai

Date : August 01, 2019

Notes:

1. The Explanatory Statement to be annexed to Notice under Section 102 read with section 110 of the Act setting out the material facts and reasons for the proposed Ordinary Resolution under Item No. 1 and Special Resolutions under Item Nos. 2 & 3 is appended herewith.
2. The Postal Ballot Notice alongwith the Postal Ballot Form is being sent to all the Members, whose names appear in the Register of Members/list of Beneficial Owners as received from National Securities Depository Limited (NSDL) and CDSL on Friday, July 19, 2019.
3. Mr. P. N. Parikh, Practising Company Secretary (Membership No. FCS 327 and Certificate of Practice No. 1228) or failing him Mr. Mitesh Dhabliwala, Practising Company Secretary (Membership No. FCS 8331 and Certificate of Practice No. 9511) has been appointed by the Board of Directors of your Company as the Scrutinizer for conducting the postal ballot/e-voting process in a fair and transparent manner.
4. Members who have registered their email IDs for receipt of documents in electronic form under the Green Initiative of the Ministry of Corporate Affairs are being sent the Postal Ballot Notice alongwith the Postal Ballot Form, by e-mail to their email addresses registered with their Depository Participant/the Company's Registrar and Transfer Agent.
Members who receive the Postal Ballot Notice alongwith the Postal Ballot Form by e-mail and who wish to vote through Physical Postal Ballot Form can download the same from the website of the Company <https://www.hccindia.com> For members whose email IDs are not registered, physical copies of this Postal Ballot Notice, alongwith the Postal Ballot Form, is being sent by courier along with a postage-prepaid self-addressed Business Reply Envelope.
5. **Further Members who have not registered their email IDs are requested to register the same with their Depository Participant/the Company's Registrar and Transfer Agents for sending future communication(s) in electronic form.**
6. This Postal Ballot Notice is also placed on the website of the Company (<https://www.hccindia.com>) and on the website of NSDL at www.evoting.nsdl.com.
7. Voting rights shall be determined on the basis of the paid-up value of shares registered in the name of Member/beneficial owner (in case electronic shareholding) as on the cut-off date Friday, July 19, 2019. The voting rights for the Equity Shares of the Company are one vote per equity share, registered in the name of the member/beneficial owner (in case electronic shareholding). A person who is not a member as on the cut-off date should treat this Postal Ballot Notice for informational purposes only.

8. Members wishing to exercise their vote by physical postal ballot are requested to carefully read the instructions printed on the Postal Ballot Form and return the Postal Ballot Form duly completed and signed, in the enclosed self-addressed Business Reply Envelope to the Scrutinizer, so that it reaches the Scrutinizer not later than 5.00 pm on Monday, September 09, 2019, the last date for receipt of the completed Postal Ballot Forms. The postage on the self addressed postage pre-paid envelope shall be borne and paid by the Company. However, envelopes containing postal ballots, if sent by courier or registered / speed post at the expense of the members, will also be accepted. Postal Ballot Forms received after 5.00 pm on Monday, September 09, 2019 shall be deemed invalid. Voting by Postal Ballot, in the physical form or e-voting, can be exercised only by the member or his/her duly constituted attorney, with the proof of their authorization. In case of shares held by Companies, Bodies corporate, Trusts, Societies etc. the duly completed Postal Ballot Form should be accompanied by a certified copy of the Board Resolution/Authority letter together with attested specimen signature(s) of the duly authorized signatory/ies, giving requisite authority to the person.
9. In case, shares are jointly held, the postal ballot form should be completed and signed (as per the specimen signature registered with the Company) by the first named Member and in his/her absence, by the next named Member.
10. A tick (✓) mark should be placed in the relevant box signifying assent / dissent for the resolution, as the case may be, before mailing the Postal Ballot Form.
11. The vote in this Postal Ballot cannot be exercised through proxy.
12. **A member need not use all his/her/its votes nor does he/she/it need to cast his/her/its votes in the same way.**
13. Members can opt for only one mode of voting, i.e., either by physical ballot or e-voting. In cases where members cast their votes through both modes, voting cast through e-voting shall be treated as valid and votes cast through the physical Postal Ballot Forms will be treated as invalid.
14. **The Scrutinizers decision of the validity of the Postal Ballot shall be final.**
15. Members who do not receive the Postal Ballot Form may apply and obtain a duplicate thereof, from the Company or from Company's Registrars and Share Transfer Agents ('R & T Agents') at their address mentioned below, fill in the requisite details and send the same to the Scrutinizer:

TSR Darashaw Consultants Private Ltd.
6-10, Haji Moosa Patrawala Indl. Estate,
20, Dr. E. Moses Road, Near Famous Studio,
Mahalaxmi, Mumbai – 400 011.

Further, Members wishing to obtain a printed Postal Ballot Form may also send an email to R&T agents and upon receipt of such request, R&T agents will forward the same along with postage-prepaid self addressed Business Reply Envelope to the member.

16. **Voting through Electronic means (E-Voting)**

In compliance with Sections 108, 110 and other applicable provisions of the Act read with Companies (Management and Administration) Rules, 2014 as amended from time to time (including any statutory modification or re-enactment thereof, for the time being in force) and Regulation 44 of Securities and Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulations, 2015 (the "SEBI LODR Regulations"), the Company is pleased to provide E-voting facility to all its members, to enable them to cast their votes electronically, instead of dispatching physical postal ballot form by post. E-voting is optional and all members (whether holding shares in demat form or physical form) may vote either by completing and dispatching the postal ballot form by post or by E-voting. The Company has engaged the services of National Securities Depository Limited ('NSDL') as the authorised agency for the purpose of providing e-voting facility to all its members. The instructions for electronic voting are annexed to this Postal Ballot Notice. Members cannot exercise votes by proxy, though corporate and institutional members shall be entitled to vote through their authorized representatives with proof of their authorization.

The e-voting period commences on Sunday, August 11, 2019, (9:00 am) and ends on Monday, September 09, 2019, (5:00 pm).

During this period members' of the Company holding shares either in physical form or in dematerialized form, as on the cut-off date of Friday, July 19, 2019, may cast their vote electronically in the manner and process set out herein above. The e-voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the member, the shareholder shall not be allowed to change it subsequently.

Please carefully read and follow the instructions on Voting through electronic means as printed in this notice. The way to vote electronically on NSDL e-Voting system consists of "Two Steps" which are mentioned below:

A. For Members whose e-mail addresses are registered with the Company/ Depositories:

Step 1 : Log-in to NSDL e-Voting system at <https://www.evoting.nsd.com/>

Step 2 : Cast your vote electronically on NSDL e-Voting system.

Details on Step 1 is mentioned below:

How to Log-in to NSDL e-Voting website?

1. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <https://www.evoting.nsd.com/> either on a Personal Computer or on a mobile.
2. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholders' section.
3. A new screen will open. You will have to enter your User ID, your Password and a Verification Code as shown on the screen.

Alternatively, if you are registered for NSDL eservices i.e. IDEAS, you can log-in at <https://eservices.nsd.com/> with your existing IDEAS login. Once you log-in to NSDL eservices after using your log-in credentials, click on e-Voting and you can proceed to Step 2 i.e. Cast your vote electronically.

4. Your User ID details are given below:

Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical	Your User ID is:
a) For Members who hold shares in demat account with NSDL.	8 Character DP ID followed by 8 Digit Client ID For example if your DP ID is IN300*** and Client ID is 12***** then your user ID is IN300***12*****.
b) For Members who hold shares in demat account with CDSL.	16 Digit Beneficiary ID For example if your Beneficiary ID is 12***** then your user ID is 12*****.
c) For Members holding shares in Physical Form.	EVEN Number followed by Folio Number registered with the company. For example if folio number is 001*** and EVEN is 101456 then user ID is 101456001***

5. Your password details are given below:

- a) If you are already registered for e-Voting, then you can use your existing password to login and cast your vote.
- b) If you are using NSDL e-Voting system for the first time, you will need to retrieve the 'initial password' which was communicated to you. Once you retrieve your 'initial password', you need to enter the 'initial password' and the system will force you to change your password.
- c) How to retrieve your 'initial password'?
 - (i) If your email ID is registered in your demat account or with the company, your 'initial password' is communicated to you on your email ID. Trace the email sent to you from NSDL from your mailbox. Open the email and open the attachment i.e. a .pdf file. Open the .pdf file. The password to open the .pdf file is your 8 digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your 'User ID' and your 'initial password'.
 - (ii) If your email ID is not registered, your 'initial password' is communicated to you on your postal address.

6. If you are unable to retrieve or have not received the " Initial password" or have forgotten your password:

- a) Click on "**Forgot User Details/Password?**"(If you are holding shares in your demat account with NSDL or CDSL) option available on www.evoting.nsd.com.
- b) **Physical User Reset Password?**" (If you are holding shares in physical mode) option available on www.evoting.nsd.com.

- c) If you are still unable to get the password by aforesaid two options, you can send a request at evoting@nsdl.co.in mentioning your demat account number/folio number, your PAN, your name and your registered address.
 - d) 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.

Details on Step 2 is given below:

How to cast your vote electronically on NSDL e-Voting system?

1. After successful login at Step 1, you will be able to see the Home page of e-Voting. Click on e-Voting. Then, click on Active Voting Cycles.
2. After click on Active Voting Cycles, you will be able to see all the companies “EVEN” in which you are holding shares and whose voting cycle is in active status.
3. Select “EVEN” of company for which you wish to cast your vote.
4. Now you are ready for e-Voting as the Voting page opens.
5. Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on “Submit” and also “Confirm” when prompted.
6. Upon confirmation, the message “Vote cast successfully” will be displayed.
7. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
8. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

General Guidelines for shareholders

1. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/ JPG Format) of the relevant Board Resolution/ Authority letter etc. with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer by e-mail to cs@parikhassociates.com with a copy marked to evoting@nsdl.co.in.
2. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the “**Forgot User Details/Password?**” or “**Physical User Reset Password?**” option available on www.evoting.nsdl.com 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 or call on toll free no.: 1800-222-990 or send a request at evoting@nsdl.co.in

B. For Members whose e-mail addresses are not registered with Company/Depositories:

Such Members will receive a physical copy of the Postal Ballot Notice alongwith the Postal Ballot form.

Initial Password will be as provided at the bottom of the Postal Ballot Form.

EVEN (Remote e-voting Event Number)	USER ID	PASSWORD/PIN

Please follow Step 1 and Step 2 mentioned above, for e-voting and carefully read and follow the instructions printed on the postal ballot form for physical voting.

Additional Information:

In case Members have any queries relating to e-voting, they are requested to refer the 'Frequently Asked Questions (FAQs) for Members' and 'Remote e-voting User Manual for Members' available at the downloads section of www.evoting.nsdl.com or call on toll free no.: 1800-222-990.

Members may also send their queries relating to e-voting to Ms. Pallavi Mhatre, Manager, NSDL at : E-mail id: evoting@nsdl.co.in; Toll free No.: 1800-222-990.

Members are requested to update their mobile numbers and e-mail IDs in the user profile details of the folio, which may be used by the Company for sending future communication(s) to them

17. Mr. P. N. Parikh, the Scrutinizer shall on the closure of the e-voting period after 5.00 pm on Monday, September 09, 2019, unblock the votes cast through e-voting in the presence of at least two(2) witnesses not in the employment of the Company and shall submit his report to the Chairman or any other person authorized by the Chairman after the completion of scrutiny, by aggregating the physical ballots and also the votes cast electronically through e-voting. The Scrutinizer's decision on the validity or otherwise of the Postal Ballot / e-voting will be final.

The results of the postal ballot will be announced by the Chairman on or before Tuesday, September 10, 2019, at the Registered Office of the Company. The date of announcement of the result of postal ballot shall be taken to be the date of passing of the resolutions as mentioned in this Notice, subject to receipt of requisite number of votes. Resolutions passed by the members through postal ballot are deemed to have been passed as if they are passed at a General Meeting of the members. The result of the postal ballot will also be displayed on the Company's website www.hccindia.com and on the website of NSDL immediately after the date of announcement of the result of the postal ballot and will be communicated to the Stock exchanges thereafter.

18. Members can also contact TSR Darashaw Consultants Private Ltd. 6-10, Haji Moosa Patrawala Indl. Estate, 20, Dr. E. Moses Road, Near Famous Studio, Mahalaxmi, Mumbai – 400 011, Phone number +91 22 66568484, R&T agent to resolve any grievances with regard to voting by Postal Ballot.
19. The material documents referred to in the Explanatory Statement, if any, will be available for inspection at the registered office of the Company during office hours on all working days from the date of dispatch of the Notice until the last date for receipt of votes by Postal Ballot / e-voting.

By the Order of the Board of Directors
For Hindustan Construction Company Ltd.

Ajay Singh
Company Secretary

Registered Office:

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

Place : Mumbai

Date : August 01, 2019

Information at a glance:

Particulars	Dates
Cut off date to determine Members who are eligible to vote on resolutions	Friday, July 19, 2019
Voting start Date and time	August 11, 2019 at 9.00 am
Voting end Date and time	September 09, 2019 at 5.00 pm
Last date to receive Physical ballot papers	September 09, 2019 at 5.00 pm
Date on which the resolutions are deemed to be passed	On or before September 10, 2019

EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

Item No. 1 (Ordinary Resolution)

In order to improve cashflows of the Company and to reduce its outstanding debts, the Company proposes to monetize its interest in certain arbitration awards and claims. To implement the plan, the Company proposes to sell, transfer, hive-off, assign, dispose-off or otherwise transfer to a strategic partner, investor, special purpose vehicle, trust or to any third party, the beneficial interest, rights and/or receivables in certain arbitration awards and claims amounting to Rs.2082 crores accounted in its Books as on 31st March 2019 for a total consideration of approximately Rs.1750 crore.

Proceeds received from the transaction are proposed to be utilized towards, *inter alia*, (a) repayment of certain long term facilities comprising term loans and certain optionally convertible debentures including yield, and accordingly, an *inter se* re-arrangement of working capital facilities granted to the Company by the lenders is proposed; b) capital expenditure, working capital and general corporate expenses of the Company; and (c) such other purpose(s), as may be decided by the Board, from time to time.

The awards & claims will not remain as an asset of the Company and shall be free from all encumbrances. The transaction may result in a partial write down of the net worth of the Company.

The Board of Directors at its meeting held on March 26, 2019 had approved the broad framework of the claims monetization transaction to a consortium of investors and had constituted the Committee and delegated powers in relation to finalisation of the same, the resolution plan and other matters to the Committee, vide resolution dated June 17, 2019.

The proposed Resolution provides adequate flexibility and discretion to the Board to finalise the terms of the sale/transfer or disposal of these awards & claims in consultation with Lenders, advisors, experts or other authorities as may be required.

The Company, as a good governance practice, is seeking approval of shareholders by way of this Ordinary Resolution.

The Board recommends the passing of this Ordinary Resolution at Item No. 1 of the accompanying Notice for approval by the Members of the Company.

None of the Directors, Key Managerial Persons (KMPs) or their respective relatives are in any way concerned or interested, financially or otherwise, in the resolution mentioned at Item No. 1 of this Notice except to the extent of their respective shareholding in the Company, if any.

Item Nos. 2 & 3 (Special Resolution)

The Board of Directors of the Company at its meeting held on March 28, 2013, had re-appointed Mr. Ajit Gulabchand as Managing Director, designated as Chairman & Managing Director of the Company for a period of 5 years with effect from April 1, 2013 and the Nomination and Remuneration Committee had approved the payment of remuneration for a period of 3 years effective from April 1, 2013 to March 31, 2016, based on the approval of the Nomination and Remuneration Committee and subject to the approval of the shareholders.

At the Eighty-seventh Annual General Meeting of the Company, the shareholders had approved the re-appointment of Mr. Ajit Gulabchand as Managing Director, designated as Chairman & Managing Director of the Company for a period of 5 years with effect from April 1, 2013 and also approved payment of below mentioned remuneration for a period of 3 years effective from April 1, 2013 to March 31, 2016, subject to the approval of the Central Government.

Accordingly, the Company made application to the Central Government on June 27, 2013 for approval for the payment of remuneration for a period of 3 years effective April 1, 2013 to March 31, 2016. The Central Government vide its letter dated March 9, 2015 approved the payment of remuneration for a sum of Rs.1,91,60,000/- for financial year 2013-14 (MCA Order). The Company, thereafter, filed a representation with the Central Government on March 31, 2015, which is still pending with the Central Government. Also, in respect of the remuneration for financial year 2014-15 and financial year 2015-16, there has been no revert from the Central Government and the applications are still pending with the Central Government. A snapshot of the application and remuneration paid/payable is as under:

(Amount in ₹)

Financial Year	Remuneration (per annum)	Status on approval from Central Govt.	Remuneration paid to Mr. Ajit Gulabchand	Remuneration as per approval from Central Govt. /as per prescribed limit under Companies Act
2013-14	10,65,60,000	Reconsideration application filed with CG on the MCA Order was pending	10,65,60,000	1,91,60,000
2014-15	10,65,60,000	Pending	Nil	1,94,62,750
2015-16	10,65,60,000	Pending	10,65,60,000	1,96,88,810

The Members are further informed that anticipating the re-consideration of its approval by Central Government, the Company had paid the entire managerial remuneration for financial year 2013-14, out of which an amount of Rs.8,74,00,000 (Rupees eight

crores seventy four lakh only) was in excess of the amount specified in MCA Order, which excess amount is being held in trust by Mr. Ajit Gulabchand.

The Members are also informed that while no remuneration was paid to Mr. Ajit Gulabchand for the financial year 2014-15, anticipating receipt of the Central Government approval, the remuneration of Rs.10,65,60,000 (Rupees ten crores sixty five lacs sixty thousand only) has been paid to Mr. Gulabchand for the financial year 2015-16, of which an amount of Rs.8,68,71,190 (Rupees eight crores sixty eight lacs seventy one thousand one hundred ninety only) is being held in trust by Mr. Ajit Gulabchand.

The matter regarding remuneration of Mr. Ajit Gulabchand was taken up in the lender's Monitoring Committee of Corporate Debt Restructuring (CDR) in the year 2013. The Committee was informed that for the years 2013-14, 2014-15 and 2015-16, the Shareholders have approved remuneration at the same level as approved for the year 2012-13 i.e. Rs.10.66 crores per annum and there has been no increase. The lender's Monitoring Committee of the CDR deliberated the matter and requested HCC for a reduction in remuneration of the promoter and if the same is not feasible, the promoters can infuse the increased salary back into HCC as additional promoters contribution. Based on the request by the lenders, the promoter group has infused additional contributions in the Company.

Pending the approval of the applications and representations made by the Company, the Central Government amended Section 197 of the Companies Act, 2013 vide Companies (Amendment) Act, 2017 ('Amendment Act'), which was notified with effect from September 12, 2018. The amended sub-section (17) of Section 197 states as under:

"On and from the commencement of the Companies (Amendment) Act, 2017, any application made to the Central Government under the provisions of this section [as it stood before such commencement], which is pending with that Government shall abate, and the company shall, within one year of such commencement, obtain the approval in accordance with the provisions of this section, as so amended."

Consequent to the aforementioned notification of the Companies (Amendment) Act, 2017 amending Section 197 of the Companies Act, 2013 ("the Act"), as no response was received from the Central Government on the representations made by the Company, the case for managerial remuneration did not achieve finality.

In view of this, the Board of Directors of the Company, on the recommendation of Nomination and Remuneration Committee, at its meeting held on February 7, 2019 has decided on recovery of the aforementioned managerial remuneration paid in excess for financial year 2013-14.

Further, the application made to Central Government in relation to payment of remuneration to Mr. Ajit Gulabchand for financial year 2014-15 and financial year 2015-16, which stood pending on the commencement of the aforesaid Amendment Act, also stands abated. The Nomination and Remuneration Committee at its meeting held on February 7, 2019 and the Board of Directors at their meeting held on February 7, 2019 and August 1, 2019, have considered the matter and approved the payment of remuneration to Mr. Ajit Gulabchand for financial year 2014-15 and financial year 2015-16 of Rs.10,65,60,000/- for each year (as already approved by the shareholders), subject to compliance with the provisions of the Amendment Act and amended Section 197 of the Companies Act, 2013.

The members are accordingly requested to accord their approval for the aforementioned payment of remuneration to Mr. Ajit Gulabchand for financial year 2014-15 and financial year 2015-16, by passing separate special resolutions under Item Nos. 2 & 3 of the Notice vide postal ballot.

The Members are informed that the Company has sought the lenders' approval for the proposed remuneration for the financial years 2014-15 and 2015-16, which has been delayed. The proposal has now been placed, before the Shareholders in view of the fact that the time period for seeking Shareholders approval for the years 2014-15 and 2015-16 lapses on 12th September, 2019 and the Company may not be in a position to place it before the Shareholders again. The Shareholders' approval to the proposed remuneration to Mr. Ajit Gulabchand will be implemented and be given effect to by the Company only after receipt of the approval of the lenders.

Except for Mr. Ajit Gulabchand, who is interested to the extent of remuneration paid/payable to him under Resolutions placed under Item Nos. 2 & 3 and Mr. Arjun Dhawan, Group CEO & Whole-time Director of the Company and Ms. Shalaka Gulabchand Dhawan (Daughter of Mr. Ajit Gulabchand), being relatives of Mr. Ajit Gulabchand, who are deemed to be directly/indirectly concerned or interested in the said resolution, none of the other Directors, Key Managerial Persons or their respective relatives are in any way concerned or interested, financially or otherwise, in the resolutions mentioned at Item Nos. 2 & 3 of this Notice, except to the extent of their respective shareholding in the Company, if any.

Statement containing required information pursuant to Section II of Schedule V of the Act for item nos. 2 & 3 is as under:

I. General information:										
(1)	Nature of industry	Engineering and Construction								
(2)	Date or expected date of commencement of commercial production	Not Applicable								
(3)	In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus	Not Applicable								
(4)	Financial performance based on given indicators Financial year 2018-19: Revenue from Operations – Loss after Tax –	(₹ in crore) ₹ 4341 ₹ (1961.75)								
(5)	Foreign investments or collaborations, if any.	As of June 30, 2019, the aggregate number of Equity Shares held by Foreign Institutional Investors (FIIs) and Foreign Portfolio Investment (FPIs) is 190,879,028 Equity Shares of Re.1 each which constitutes 12.62% of the Paid up Equity Share Capital of the Company. There is no foreign collaboration for any investment.								
II. Information about the Managerial person:										
(1)	Background details									
	Mr. Ajit Gulabchand is the Chairman & Managing Director of the Company. He has over three decades of enriched experience in the Infrastructure and Construction business and has served the Board of the Company, as Managing Director from April 1, 1983 and was elevated as the Chairman of the Company in May 1994. Since then he has been re-appointed for a term of 5 (five) years each. His last re-appointment as Managing Director, designated as Chairman & Managing Director of the Company, was approved by the Members at the last Annual General Meeting held on July 12, 2018 for a period of 5 years with effect from April 1, 2018, based on the justification placed before the Members, for his re-appointment after attainment of 70 years of age, including payment of remuneration for FY 2018-19 in accordance with Schedule V of the Act.									
(2)	Past remuneration									
	The details of remuneration paid to Mr. Ajit Gulabchand, Chairman & Managing Director for the last three financial years viz., 2016-17, 2017-18, 2018-19 are as given below:									
	<table border="1"> <thead> <tr> <th>Financial year</th> <th>Total (Annual Salary, Perquisites, Allowances and Retirals) in ₹</th> </tr> </thead> <tbody> <tr> <td>2016-17</td> <td>3,10,03,200</td> </tr> <tr> <td>2017-18</td> <td>3,37,35,600</td> </tr> <tr> <td>2018-19</td> <td>3,28,38,600</td> </tr> </tbody> </table>		Financial year	Total (Annual Salary, Perquisites, Allowances and Retirals) in ₹	2016-17	3,10,03,200	2017-18	3,37,35,600	2018-19	3,28,38,600
Financial year	Total (Annual Salary, Perquisites, Allowances and Retirals) in ₹									
2016-17	3,10,03,200									
2017-18	3,37,35,600									
2018-19	3,28,38,600									

(3)	Recognition or awards
	<p>Mr. Ajit Gulabchand has received several global recognitions and accolades during his tenure as Chairman and Managing Director. Alongside his responsibilities at HCC, Mr. Gulabchand holds leadership positions in several key industry bodies. He is the Member of the Governor’s Steering Board of the Infrastructure and Urban Development Community at the World Economic Forum, Geneva and co-chaired the community in 2016. A regular participant at the World Economic Forum (WEF) for over two decades, Mr. Gulabchand was the first Asian to Chair the Governor’s Steering Board of the Engineering & Construction Community at WEF in Davos, 2011. He also served as a Co-Chair at the WEF’s India Economic Summit in 2010. He chaired the Disaster Resource Partnership, formed in coordination between the World Economic Forum’s Engineering and Construction community along with Humanitarian organizations and civil society in 2015 and 2016. He is also the founder member and Chair of Disaster Resource Network, India. He is Member of Steering Boards of initiatives of World Economic Forum like Future of Urban Development Services, Partnering Against Corruption Initiative and Future of Construction. He is Member of the Private Sector Alliance for Disaster Resilient Societies (ARISE) of United Nations International Strategy for Disaster Risk Reduction (UNISDR) and Member of UK India Business Council (UKIBC) Advisory Council. He is Member of Board of Trustees – New Cities Foundation and has been the President of International Federation of Asian and Western Pacific Contractors’ Associations (IFAWPCA) in 2011-12.</p> <p>He is the Chairman of the Governing Council of the Construction Skills Development Council of India. He is Member of Confederation of India Industry (CII) National Council and President of the Construction Federation of India. Mr. Gulabchand is also the first Asian signatory to endorse the United Nations’ Global Compact’s CEO Water Mandate. He is signatory Member of Caring for Climate, United Nation’s action platform for business and Signatory Member of WEF’s CEO Climate Leaders. He has been the Executive Committee Member of TERI’s (The Energy and Resources Institute) Council for Business Sustainability (2015-18). He is Chairman of the Board of Governors and Board of Trustees of the National Institute of Construction Management and Research (NICMAR) and Chairman of the Administrative Council of the Walchand College of Engineering.</p>
(4)	Job profile and suitability
	<p>A graduate of Mumbai University, Mr. Ajit Gulabchand has served the Board of HCC, as Managing Director from April 1, 1983 and was elevated as the Chairman of the Company in May 1994. Since then, he has been re-appointed, from time to time, for a period of 5 years each.</p> <p>India is transitioning through broad based economic recovery after unleashing major structural reforms such as the introduction of Goods and Services Tax, insolvency resolution and bank recapitalization. The Government has begun the task of unlocking the full growth potential of the Indian economy and infrastructure will be the key reform pillars to make growth more inclusive.</p> <p>At a time when the infrastructure sector, including HCC, is passing through financial stress and complexities, Mr. Ajit Gulabchand has continued to provide the strength and consistency of leadership needed to deliver a world-class business in HCC through an assertive strategy.</p> <p>Mr. Gulabchand with his enriched experience in the construction industry has guided the overall growth of HCC for nearly three-and-half-decades. He has steadfastly steered the company and has been instrumental and integral to the sustained growth of HCC. He brought much needed energy and charisma to the Chief Executive’s job ever since he has been at the helm of HCC.</p> <p>Amid all the ups and downs, Mr. Gulabchand with his visionary zeal has pursued the course for HCC, transforming the company from a construction major into a diversified infrastructure group of global scale.</p> <p>Under his stewardship, the company’s businesses span across Engineering & Construction, Real Estate, Infrastructure, Urban Development & Management; and the HCC Group of companies now comprise of HCC Ltd, HCC Infrastructure Co. Ltd etc. in India and Steiner AG in Switzerland.</p> <p>To help the company grow on a solid and sustainable ground, Mr. Gulabchand ensured that the Company invested in cutting-edge technologies, adopted best work practices and benchmarked against global operational standards to promote responsible infrastructure development in India.</p>

	<p>The result is a business that plays a leading role in meeting the huge infrastructure needs of India, leveraging best-in-class equipment and technology, knowledge-driven processes and innovation-led next practices. Mr. Gulabchand's unflinching contribution has ensured the long-term survival and sustainability of the Company through challenging times for the Company.</p> <p>While the infrastructure landscape has changed immensely in the last 35 years, HCC has remained a major and a leading player in the industry.</p> <p>Under the leadership of Mr. Gulabchand, HCC's accomplishments include constructing over 25% of India's Hydro Power generation and over 65% of India's Nuclear Power generation capacities, over 3,800 lane km of Expressways and Highways, more than 335 km of complex Tunneling and over 365 Bridges. The Company's landmark projects include the Bandra Worli Sea Link, Mumbai – India's first and longest open sea cable-stayed bridge, Koltaka Metro, Bogibeel Rail cum Road Bridge across River Brahmaputra in Assam (the 4.9 km fully welded steel bridge for which European codes and welding standard were adhered to for the first time in the country), Sone Bridge in Bihar, part of West Bound Ramp of the Kolkata Elevated Corridor, Farakka Barrage and India's largest nuclear power plant at Kudankulam - Tamil Nadu. Further, under his stewardship, the Company is executing Tunneling with TBM on the twin lines of Mumbai Metro, Highway Projects including Numaligarh Jorhat Section of NH 37 and Ramban Banihal section of NH44 in J&K and Anji Khad Cable stayed bridge in J&K, Railway Tunnel T13 and T14 in the Katra Banihal section of Udhampur Srinagar Baramulla Railway line Project in Jammu and Kashmir and part of the Mumbai Coastal Road.</p> <p>As the Company hit the growth trajectory in India across various business segments, Mr. Gulabchand had his vision set on globalization. Under his guidance, in March 2010, HCC acquired the controlling stake in Steiner AG, Switzerland, the second largest total services contractor in the Swiss Real Estate market. This was company's first international acquisition, which has witnessed a turnaround since taken over by HCC.</p> <p>When the infrastructure sector was hit by multiple complexities and the industry was facing liquidity crunch in 2012, Mr. Gulabchand with his far-sighted decisions, crafted financial strategies that have helped the Company come back on the track. In order to get the Company out of the industry-wide liquidity crunch, it was imperative to restructure the Company's debt. In July 2016, the Joint Lender's Forum of the Lenders (JLF) agreed to resolve the HCC account under the Reserve Bank of India (RBI) guidelines for 'Scheme for Sustainable Structuring of Stressed Assets (S4A)'. The decision of the banks to approve S4A for the Company reflected their faith in the leadership. The company has also in 2018 successfully floated the Rights issue and infused ₹ 497.57 Crores in the Company.</p> <p>Both the cases of financial restructuring reflect lenders faith in the leadership of Mr. Gulabchand and Company's long-term capability to deliver good returns and streamline the business.</p> <p>In the present complex and challenging business environment, there is a continuing need to formulate competitive strategies and review the business on an ongoing basis to provide the much-needed impetus to bolster the growth prospects of the Company. This necessitates the higher involvement of Mr. Gulabchand in managing the overall affairs of the Company.</p>
(5)	Remuneration proposed
	<p>Details of the total remuneration comprising, <i>inter-alia</i>, Salary, Perquisites and Allowances together with Retirals, paid/payable to Mr. Ajit Gulabchand, Chairman & Managing Director for financial year 2014-15 and financial year 2015-16 have been fully set out in the Special Resolution at Item Nos. 2 & 3.</p>
(6)	Comparative remuneration profile with respect to industry, size of the company, profile of the position and person (in case of expatriates the relevant details would be with respect to the country of his origin)
	<p>While proposing the managerial remuneration for Mr. Ajit Gulabchand, the remuneration trends for the private sector industry have been considered and IMA India's 2018 Executive & Board Remuneration Report presenting a summary and analysis of compensation trends in 248 Indian publicly listed companies has been taken into account. As per the Report, in Financial year 2018, the private sector CMDs / Executive Chairmen were paid remuneration of ₹ 7.90 crores per annum at a median level. A quarter of the population studied under the Report drew remuneration over ₹ 15 crores per annum.</p> <p>Considering Mr. Ajit Gulabchand's industry standing and professional achievements, it is well justified that he be paid remuneration at least at the median level of the private sector industry.</p>

	(7) Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel, if any.	
	Mr. Ajit Gulabchand, Chairman & Managing Director, Mr. Arjun Dhawan (relative – son-in-law) and Ms. Shalaka Gulabchand Dhawan (relative-Daughter) are related to each other. Save and except for the remuneration set out in the resolutions at Item Nos. 2 & 3 for Mr. Ajit Gulabchand, to the extent of the Promoter shareholding in the Equity Share Capital of the Company, he does not have any other pecuniary relationship, directly or indirectly with the Company or with any other managerial personnel of the Company.	
III.	Other information:	
	(1) Reasons of loss or inadequate profits	With the entire Infrastructure development eco-system under stress in India, since 2012, there has been a considerable slowdown in construction activities. Primarily there are the legacy issues of the past more than seven years that have put individual players under very difficult financial stress. These relate to the adverse effects of the massive build-up of stalled and delayed projects in the country. This business environment has thrown up several challenges for Engineering and Construction (E&C) companies in India.
	(2) Steps taken or proposed to be taken for improvement	Government of India has increased budgetary and extra budgetary expenditure on Infrastructure by around 20% for FY 2018-19, and within the Infrastructure sector, the focus areas of growth are clearly road transportation, railways, urban development and airports. As one of the leading players in the Indian construction Industry, the Company has been exposed to the vagaries of the external business environment faced. The Company has continuously re-crafted its strategic positioning and calibrated its business objectives in line with the evolving business environment. During the last year, this strategic Intent translated into further enhancing focus on the construction business. In effect HCC has had to strike a fine balance between maintaining pace of execution activities, closing completed projects and growing the order book while carefully managing the limited working capital available. The Company has also undertaken several initiatives to monetize or dilute its own positions in non-core businesses. In December 2018, the Company has made a successful Rights issue and raised an equity capital of ₹ 497.57 Crores, which was also subscribed by the promoters of HCC.
	(3) Expected increase in productivity and profits in measurable terms	The Company has been working on various strategic initiatives to infuse additional liquidity and turn around operations of the Company, among others, as follows: HCC has followed a rigorous process of working on collections where there have been deviations from project terms by clients and/or project delays due to issues on the client's side. With concerted efforts, even while focusing on selective orders that meet strict risk return equations, HCC has successfully increased the order book of the construction business to ₹ 18,554 crore as of March 31, 2019.

			<p>In March 2019, HCC entered into agreement with a consortium of investors led by BlackRock, to monetize certain pool of arbitration awards and claims for a consideration of ₹ 1,750 crore. The proposed transaction was approved by the Board of Directors of the Company at its meeting held on March 26, 2019, and is subject to requisite approvals. Under the terms of the transaction, HCC will transfer its beneficial interest and rights in certain portfolio of arbitration awards and claims to a special purpose vehicle (SPV) controlled by a consortium of investors, including BlackRock, which will be utilised to prepay debt of ₹ 1,250 crore. The balance ₹ 500 crore will be made available to fund working capital and business growth. Consequently, the balance sheet of HCC would stand substantially deleveraged, with debt servicing over the next 4 years being limited to its working capital facilities.</p> <p>As mentioned above, the management has already taken and is continuing to undertake diligent efforts to step up the performance of the Company and barring the unforeseen circumstances, it is expected that the reinforced efforts would certainly bring about an improvement in the operational growth in future.</p>
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DISCLOSURES:

The Members of the Company have been informed of the remuneration payable to Mr. Ajit Gulabchand in the resolution at Item Nos. 2 and 3 respectively, in the following manner:

Details of the total remuneration comprising, *inter-alia*, Salary, Perquisites and Allowances together with Retirals, which are proposed for payment to Mr. Ajit Gulabchand, Chairman & Managing Director for FY 2014-15 and FY 2015-16 have been fully set out in the Special Resolutions at Item Nos. 2 & 3 of the Notice.

By the Order of the Board of Directors
For Hindustan Construction Company Ltd.

Ajay Singh
Company Secretary

Registered Office:

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

Place : Mumbai

Date : August 01, 2019

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